



GDP Growth resumes in April

Canadian GDP growth resumed in April following a steady March. Growth was up 0.3 per cent on a monthly basis and up 1.0 per cent year over year. Preliminary estimates for May point to a slight slowdown to 0.1 per cent, with growth in manufacturing, real estate and finance while slightly offset by declines in retail and wholesale trading.

Back to April data, 15 of the 20 industry sectors reported growth in April with only a few sectors seeing negligible growth. Goods-sector output rose 0.3 per cent in April after contracting 0.1 per cent in March, while services-sector growth also rose 0.3 per cent in April after seeing no growth in March.

Notable growth included mining, quarrying, oil and gas extraction, rebounded by 1.8 per cent following a 0.3 per cent contraction in March. This increase was driven by oil and gas (1.3 per cent), alongside support activities for mining and oil and gas extraction (6.9 per cent). Agriculture and forestry continued to grow, up 0.6 per cent. Manufacturing rebounded, by 0.4 per cent after a 0.9 per cent decline in the previous month. On the other hand, utilities saw a 0.2 per cent monthly decline while construction declined by 0.4 per cent – the sector's first monthly decline in four months.

Among services, there was a strong rebound in wholesale trade, up 2.0 per cent in April following a decline of 1.2 per cent in March. Most subsectors within wholesale trade saw growth as well, with the exception of building materials. Retail trade also grew 0.6 per cent after a decline of 0.3 per cent. Finance and insurance also increased 0.4 per cent following a decline of 0.3 per cent in March. Accommodation and food services were also up 1.2 per cent. Arts, entertainment and recreation rose 0.9 per cent, with Statistics Canada noting most growth was an increase in spectator sports due to four Canadian teams entering the NHL playoffs, starting mid-April.

With April's growth and May's early estimates, second quarter GDP is on pace to grow at an annual rate of 1.7 per cent, which is stronger than the 1.5 per cent estimated by the Bank of Canada in the April Monetary policy report. The stronger growth, combined with inflation ticking up to an annual rate of 2.9 per cent in May, significantly decreases the chances of another rate cut in July following the 0.25 basis points cut in June.

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