

## ECONOMIC NEWS



# Canada: Growth Remains Steady in April

### HIGHLIGHTS

- ▶ Real GDP by industry rose by 0.2% in April after increases of 0.5% in March and 0.1% in February (adjusted to 0.0%).
- ▶ Output in the goods sectors remained unchanged in April after a significant increase of 0.6% in March. Manufacturing fell by 0.9%, while the “mining, quarrying, and oil and gas extraction” sector jumped by 1.2%.
- ▶ The services sectors enjoyed a 0.3% increase. Eleven of the fifteen major business sectors saw increases during the month.

### COMMENTS

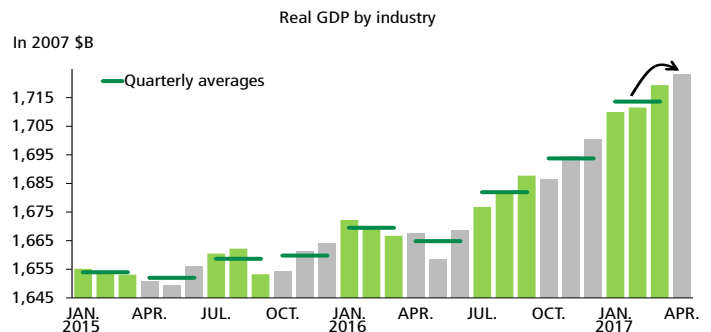
The 0.2% rise in real GDP by industry in April met expectations. These had risen over the last few weeks in light of the mostly positive economic indicators, in contrast to fears of a pullback on growth caused by the mostly bad weather that raged in early spring. Retail sales’ good performance had already alleviated some of this concern, and there appears to have been no impact on the data on real GDP. Therefore, April represented the sixth consecutive month of uninterrupted growth.

Some obvious signs of weakness are not terribly worrisome. So, while the 0.9% drop in manufacturing might seem disappointing, it follows on the heels of a significant 1.0% increase in March. Resource extraction, such as oil and gas, declined by 0.8% in April; however, support services for mining as well as oil and gas extraction saw growth of at least 10% for the second month in a row.

The carryover for the second quarter in 2017 (assuming zero growth for the months of May and June) is already sitting at 2.3% annualized. Barring any unforeseen setbacks during the next few months, annualized growth in real GDP of nearly 3% for the second quarter is plausible, exceeding our most recent forecast.

### GRAPH

#### Growth will probably remain high in the second quarter of 2017



### IMPLICATIONS

The absence of any negative impact caused by the challenging weather conditions in the spring suggests better growth than anticipated in the second quarter and possibly for all of 2017. Under these circumstances, we can now foresee a key rate increase announcement by the Bank of Canada at its meeting on July 12.

**Francis Généreux**, Senior Economist

François Dupuis, Vice-President and Chief Economist

Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](http://desjardins.com/economics)

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