

## ECONOMIC NEWS

# Canada: A Disappointing Start to a Quarter That Is Shaping Up to Be a Very Difficult One

### HIGHLIGHTS

- ▶ Real GDP by industry rose 0.1% in January.
- ▶ The goods sectors are up 0.2%. The service sectors advanced 0.1%. Sharp increases in wholesale trade, finance and insurance were notably offset by decreases in transportation and warehousing, educational services and retail trade.

### COMMENTS

After a gain of 0.3% in December, the uptick of just 0.1% in real GDP by industry in January is disappointing. However, a number of disruptive events impeded growth in January. Air transportation was affected by winter storms and a computer problem that hit one of the major airlines. In addition, the spread of COVID-19 in China led to travel restrictions with the country at the end of the month. Warmer-than-usual temperatures also resulted in decreased output by utilities and transport of natural gas.

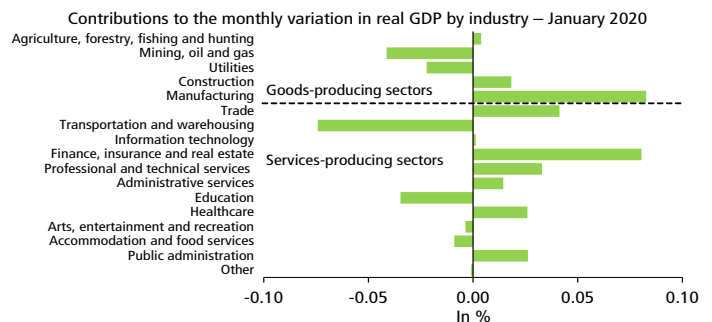
That said, the situation is shaping up to be even more difficult for the Canadian economy. February will be hit by the negative effects of interruptions in rail transportation due to demonstrations and supply chain setbacks stemming from the spread of COVID-19 in China. In March, it will be the Canadian economy's turn to be rocked by restrictive measures implemented by governments to limit the spread of COVID-19 in the country.

### IMPLICATIONS

Despite a somewhat positive start, the first quarter as a whole should close with a significant decline in Canada's real GDP as a result of the problems in February and March.

### GRAPH 1

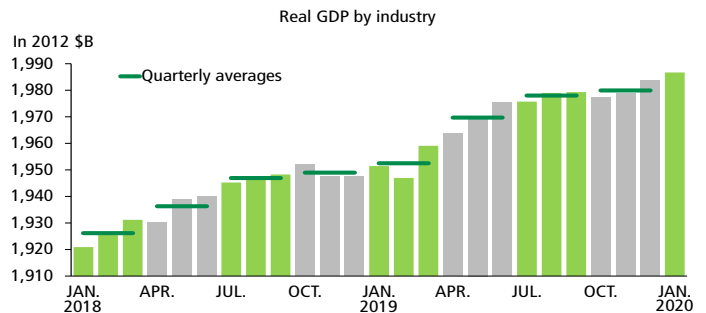
#### Transportation and warehousing curbed growth in January



Sources: Statistics Canada and Desjardins, Economic Studies

### GRAPH 2

#### The first quarter started on a somewhat positive note



Sources: Statistics Canada and Desjardins, Economic Studies

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