

# ECONOMIC NEWS

## Canada: The Economy's Resilience Is Reaffirmed

### HIGHLIGHTS

- ▶ Real GDP by industry climbed 0.7% in January, surpassing the preliminary result of 0.5% for the month.
- ▶ Production was higher in 11 of the 20 main industries. Wholesale trade (+3.9%), mines, oil and gas (+2.7%), manufacturing (+1.9%) and construction (+1.4%) stood out.
- ▶ According to Statistics Canada, preliminary results indicate that real GDP by industry increased about 0.5% in February.

### COMMENTS

Canada was in the middle of the second wave of COVID-19 in January with many new public health measures fully in place. Given the circumstances, some sectors, such as accommodation and food services (-3.0%) and retail trade (-1.7%), saw sharp drops during the month. The rest of the economy, however, continued to show astonishing resilience with an estimated monthly gain of 0.8%. This demonstrates the extent to which businesses and consumers are now more used to the constraints stemming from public health measures. This is very encouraging, especially since a third wave is beginning to emerge in many parts of the country.

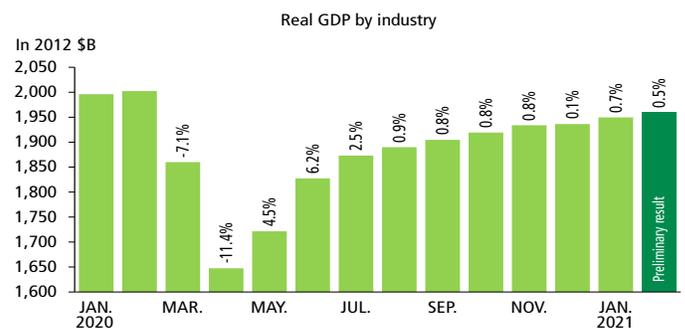
With January's increase, production overall is just 2.6% behind pre-pandemic levels. The recovery is very uneven, however, as some sectors are already even higher than they were before the pandemic. It comes as no surprise that the sectors most affected by public health measures, namely accommodation and food services as well as arts, entertainment and recreation, are still lagging far behind.

### IMPLICATIONS

Taking into account the preliminary estimate of 0.5% for February, the carryover for the first quarter as a whole is already over 5% (quarterly annualized). Of course, with some public health measures being relaxed further, the rise in real GDP

GRAPH 1

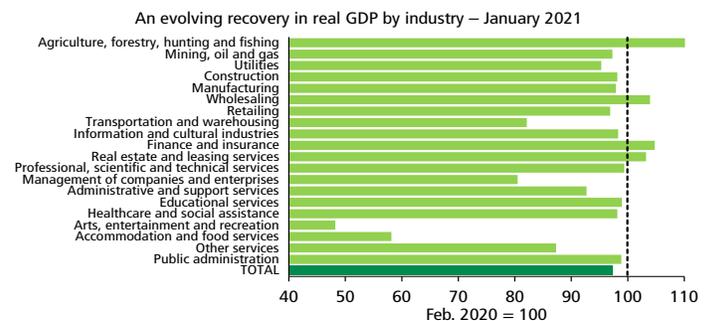
The Canadian economy continues to improve



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2

Some sectors have already surpassed their pre-pandemic levels



Sources: Statistics Canada and Desjardins, Economic Studies

should continue in March. Under these conditions, our forecast remains unchanged, with an expected gain of 6.0% (quarterly annualized) for the entire first quarter.

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