

# ECONOMIC NEWS

## Canada: Real GDP Continues to Climb

### HIGHLIGHTS

- ▶ Real GDP by industry climbed 0.4% in February, down slightly from the preliminary result of 0.5% for the month.
- ▶ Output was higher in 14 of the 20 main industries. Still, these gains were offset in part by major declines in mining, oil and natural gas (-2.8%), manufacturing (-0.9%), transportation and warehousing (-2.0%), wholesaling (-1.0%) and administrative services (-1.1%).
- ▶ According to Statistics Canada, preliminary results indicate that real GDP by industry increased about 0.9% in March.
- ▶ Statistics Canada's preliminary results also indicate that the first quarter ended with real GDP growth of about 1.6%, which works out to a 6.6% quarterly annualized gain.

### COMMENTS

Unsurprisingly, the Canadian economy continued to recover in February. Despite this tenth straight increase in as many months, output remains roughly 2.2% below its pre-pandemic level because many sectors are still seriously lagging.

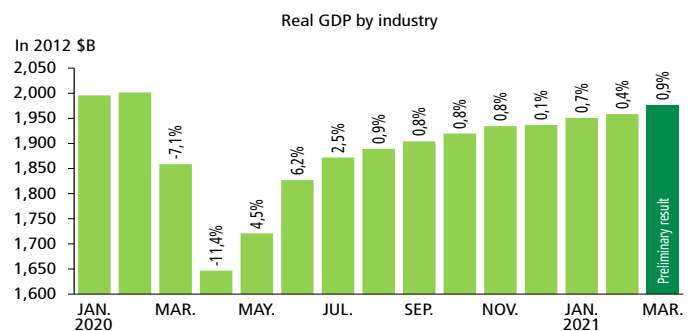
Even if some sectors struggled in February, the Canadian economy's outlook overall is bright and there is still a lot of momentum; the preliminary 0.9% hike for the month confirms this trend. And, while April may be a bit more challenging due to the new public health measures introduced to combat the third wave of COVID-19, the economy should still show significant resilience.

### IMPLICATIONS

Our projections indicate that real GDP by industry could return to pre-pandemic levels by the summer. In this case, we should expect the Bank of Canada to continue to throttle back its monetary policy stimulus by gradually reducing its bond purchases on the financial markets.

### GRAPH 1

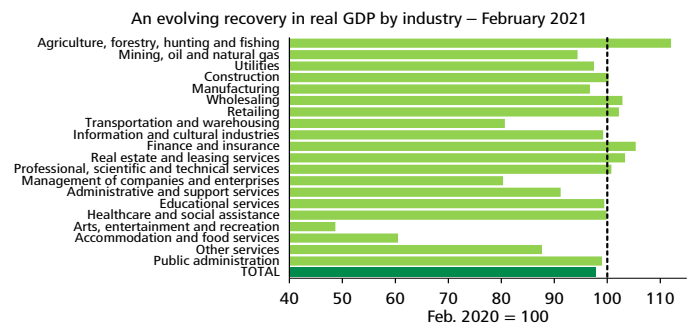
The Canadian economy's numbers for the first quarter are up



Sources: Statistics Canada and Desjardins, Economic Studies

### GRAPH 2

The recovery varies according to economic sector



Sources: Statistics Canada and Desjardins, Economic Studies

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