

Frosty the GDP Report

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Frosty the GDP report was a jolly lazy soul,
With zero growth and a boom not close,
And two sectors made of coal. (*Utilities and mining were down heavily*)

Frosty the GDP report is a fairy tale, they say,
He simply would not grow but economists
know he will come to life one day. (*We have revised up Q4 to a 1.8% a.r.*)

There must have been some magic in that
Wholesale trade they found. (*Monday reported up, today down 0.3%*)
For when they placed it in the mix,
It began to fall aground.

Oh, Frosty the GDP report
Was alive as he could be, (*which ain't much, though it was actually +0.04%*)
And economists say that he could laugh
And confuse both you and me. (*Manufacturing surprised at +0.3%*)

Frosty the GDP report knew
The sun was hot that day, (*so utilities were down 1.5% in the month*)
So he said, 'Let's run and we'll have some fun
now before I melt away.' (*GDP is still up 2.7% y/y, but will average 2% in '12*)

He led them down the streets of town
Right to the traffic cop.
And he only paused a moment when
He heard him holler 'Stop!' (*Stop growing...being Canadian, he obeyed.*)

For Frosty the GDP report
Had to hurry on his way,
But he waved goodbye saying, 'Don't you cry,
I'll be back again some day.' (*But not just yet...look for +0.1% next month*)

The Bottom Line: This report was broadly in line with expectations, although the mix was surprising, with manufacturing up and wholesale down (see table next page). Even with the flat reading, we are nudging up our call for Q4 growth to 1.8% a.r., based on a firming U.S. backdrop.

	(month/month % change)			(% change : a.r.)	
	Oct	Sep	Aug	3-month	12-month
Total GDP	0.0	0.2	0.4	2.9	2.7
Goods Producing	-0.2	0.5	1.2	6.0	4.1
Service Producing	0.2	0.1	0.1	1.5	2.1
Manufacturing	0.3	0.6	-0.4	2.0	2.3
Construction	-0.4	0.4	0.3	0.8	3.3
Mining	-0.2	0.3	4.1	18.0	6.7
Retail	0.6	0.6	0.3	6.3	2.3
Wholesale	-0.3	0.1	-0.9	-4.3	3.1
Finance	0.3	-0.1	0.6	3.3	2.8
Transportation	-0.1	0.4	0.0	1.4	4.0
Government	0.0	0.0	-0.1	-0.6	0.7