

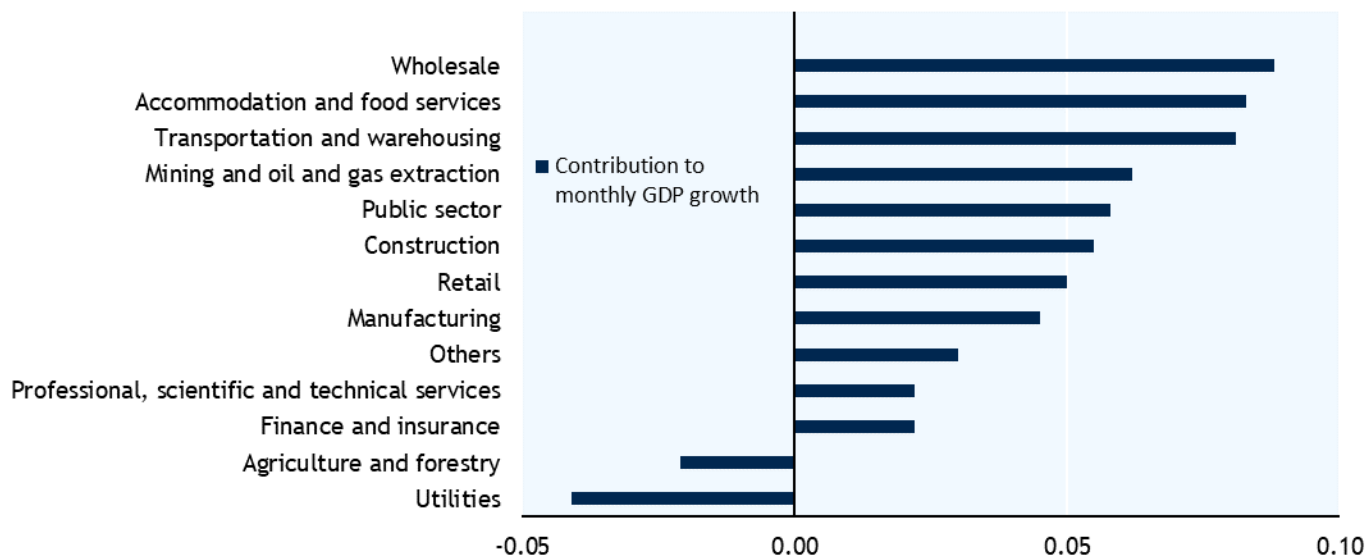
March 31, 2023

## Canadian GDP on track for a modest increase in Q1 2023

- GDP growth in January surprised with a big 0.5% gain after flatlining in Q4 2022. The increase was higher than previously expected and widespread, seen in 17 out of 20 private industries.
- Wholesale sales were the largest contributor to growth (+1.8%), followed by transport and warehousing (+1.9%). Accommodation and food services (+4%) also posted a large gain, thanks to strong restaurant sales.
- Prelim estimate was for another 0.3% increase in February's, leaving total GDP growth on track to rise by an annualized 2 1/2% in Q1 2023, slightly higher than our own tracking.
- Bottom line: GDP growth has been resilient to-date. But rising borrowing costs and higher prices continue to squeeze household purchasing power. Those headwinds will slow demand and growth and we continue to look for a moderate decline in GDP beginning in the second quarter of this year.

## January's Canadian GDP growth widespread among sectors

percentage points



Source: StatCan, RBC Economics

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