

## **Economy grows more than expected, bolstering chances of rate hike**

September 28, 2018 – *The Globe and Mail / Reuters*

Canada's economy grew by a greater than expected 0.2 per cent in July, Statistics Canada data indicated on Friday, a development set to cement market expectations of another interest rate increase next month.

Analysts in a Reuters poll had forecast 0.1 per cent growth from June. Twelve of the 20 sectors gained, led by manufacturing, wholesale trade and utilities.

The Bank of Canada, which this month forecast temporary factors would weigh on third-quarter GDP, on Thursday pledged to raise rates gradually and keep a close watch on economic

data. The next fixed interest rate decision is on Oct 24.

The manufacturing sector increased by 1.2 per cent as key sectors recovered after shutdowns for maintenance and retooling. Output of petroleum and coal products climbed by 7.6 per cent while chemical products posted a 5.5 per cent gain.

Wholesale trade grew by 1.4 per cent after a 1.2 per cent decline in June. The utilities sector expanded by 2.1 per cent as a heat wave boosted demand for electric power generation and distribution.