

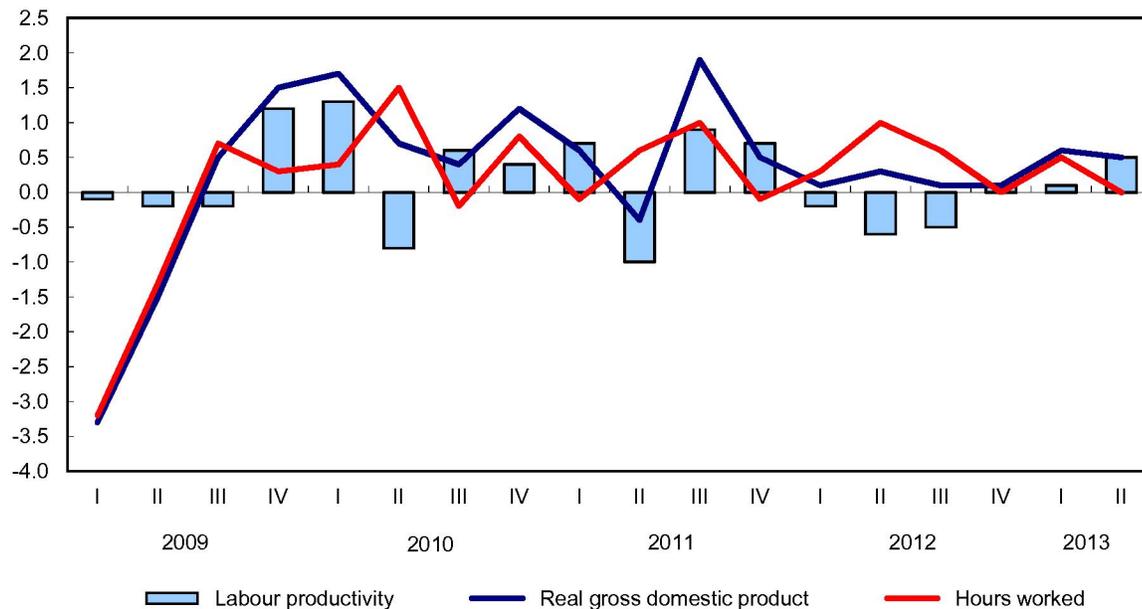
Labour productivity, hourly compensation and unit labour cost, second quarter 2013

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, September 6, 2013

Labour productivity in Canadian businesses rose 0.5% in the second quarter, after edging up 0.1% in each of the previous two quarters.

Chart 1
Productivity and real output of Canadian businesses grow at the same pace

quarterly % change



Real gross domestic product of businesses grew 0.5%, after gaining 0.6% in the first quarter. Service-producing businesses, especially in retail and wholesale trade, the finance and insurance sector and real estate services, were largely responsible for this growth.

Hours worked in the business sector were unchanged in the second quarter, after increasing 0.5% in the previous quarter. A 0.4% gain in hours worked in service-producing businesses was offset by a 0.8% decline in hours worked in goods-producing businesses. The extensive flooding in Southern Alberta and the construction strike in Quebec in the last two weeks of the second quarter resulted in a 0.2 percentage point reduction in the quarterly change in hours worked.

Productivity increased in both goods-producing businesses (+0.3%) and service-producing businesses (+0.6%) in the second quarter. The largest productivity gains were in arts and entertainment (+3.7%), utilities (+1.7%), finance and insurance (+1.5%) and agriculture (+1.5%). Conversely, labour productivity was lower in mining and oil and gas extraction (-1.0%), transportation and warehousing (-0.5%) and real estate services (-0.5%).

In the United States, the productivity of American businesses rose 0.2% in the second quarter, after edging up 0.1% in the first quarter and decreasing 0.5% in the fourth quarter of 2012.

Labour costs per unit of production for Canadian businesses were up 0.6% in the second quarter, as the growth of average compensation per hour worked (+1.1%) outpaced that of productivity.

The unit labour costs of Canadian businesses expressed in terms of US dollars fell 0.9%, a second consecutive quarterly decline. The average value of the Canadian dollar expressed in US dollars was down 1.4% in the quarter, a second straight quarter of depreciation.

By comparison, the unit labour costs of American businesses rose 0.4%, following a 1.4% decline in the first quarter.

Note to readers

Revisions

With this release of labour productivity and related variables, data were revised back to the first quarter of 2013 at the aggregate level and to the first quarter of 2012 at the industry level.

Productivity measure

The term "productivity" in this release refers to labour productivity. For the purposes of this analysis, labour productivity and related variables cover the business sector only. Labour productivity is a measure of real gross domestic product (GDP) per hour worked. Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP.

All the growth rates reported in this release are rounded to one decimal place. They are calculated with index numbers rounded to three decimal places, which are now available on CANSIM.

Table 1
Business sector: Labour productivity and related variables for Canada and the United States¹–
Seasonally adjusted

	Second quarter 2011	Third quarter 2011	Fourth quarter 2011	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013
% change from previous quarter									
Canada									
Labour productivity	-1.0	0.9	0.7	-0.2	-0.6	-0.5	0.1	0.1	0.5
Real gross domestic product	-0.4	1.9	0.5	0.1	0.3	0.1	0.1	0.6	0.5
Hours worked	0.6	1.0	-0.1	0.3	1.0	0.6	0.0	0.5	0.0
Hourly compensation	0.4	-0.3	1.3	1.0	0.4	0.7	0.7	0.0	1.1
Unit labour cost	1.3	-1.2	0.6	1.2	1.1	1.2	0.6	-0.1	0.6
Exchange rate ²	1.9	-1.3	-4.2	2.3	-0.9	1.5	0.4	-1.8	-1.4
Unit labour cost in US dollars	3.3	-2.4	-3.6	3.4	0.2	2.8	1.0	-1.8	-0.9
United States³									
Labour productivity	0.4	0.0	0.8	0.3	0.3	0.5	-0.5	0.1	0.2
Real gross domestic product	1.0	0.4	1.6	1.2	0.4	0.9	0.1	0.3	0.6
Hours worked	0.6	0.5	0.7	0.9	0.1	0.4	0.5	0.2	0.4
Hourly compensation	-0.2	0.7	-1.2	2.1	0.5	0.2	2.4	-1.3	0.6
Unit labour cost	-0.6	0.7	-2.0	1.8	0.2	-0.3	2.9	-1.4	0.4
	2008	2009	2010	2011	2012	Third quarter 2012	Fourth quarter 2012	First quarter 2013	Second quarter 2013
% change from the previous year					% change from same quarter of previous year				
Canada									
Labour productivity	-0.6	0.2	1.8	1.0	-0.2	-0.7	-1.2	-1.0	0.1
Real gross domestic product	0.3	-4.7	3.8	2.7	1.7	1.1	0.7	1.1	1.3
Hours worked	0.9	-4.9	2.0	1.7	1.9	1.8	1.9	2.1	1.1
Hourly compensation	2.9	2.5	1.4	3.5	2.8	3.4	2.8	1.8	2.5
Unit labour cost	3.5	2.3	-0.4	2.5	3.0	4.2	4.1	2.9	2.3
Exchange rate ²	0.9	-6.7	10.3	4.1	-1.0	-1.5	3.3	-0.8	-1.3
Unit labour cost in US dollars	4.3	-4.5	10.0	6.7	1.9	2.6	7.5	2.1	1.0
United States³									
Labour productivity	1.0	3.3	3.3	0.4	1.4	2.0	0.7	0.5	0.3
Real gross domestic product	-0.9	-4.1	3.1	2.4	3.6	4.1	2.6	1.7	1.9
Hours worked	-2.0	-7.1	-0.1	2.0	2.2	2.0	1.8	1.2	1.5
Hourly compensation	2.7	1.1	2.0	2.4	2.6	1.6	5.3	1.8	1.9
Unit labour cost	1.6	-2.2	-1.2	2.0	1.2	-0.4	4.6	1.3	1.6

1. Calculations of growth rates are based on index numbers rounded to three decimal places.

2. The exchange rate corresponds to the Canadian dollar value expressed in US dollars.

3. US data are from Bureau of Labor Statistics, Productivity and costs: Second quarter 2013 published in NEWS, August 16.

Available in CANSIM: tables 383-0008 and 383-0012.

Definitions, data sources and methods: survey number 5042.

The [National economic accounts](#) module, accessible from the *Browse by key resource* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

Links to other releases from the national accounts can be found in the second quarter 2013 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 12, no. 2 (13-010-X). This publication will be updated on September 13, at the time of the release of the financial flow accounts and national balance sheet accounts.

Labour productivity, hourly compensation and unit labour cost data for the third quarter will be released on December 6.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).