

Gross domestic product, income and expenditure, first quarter 2018

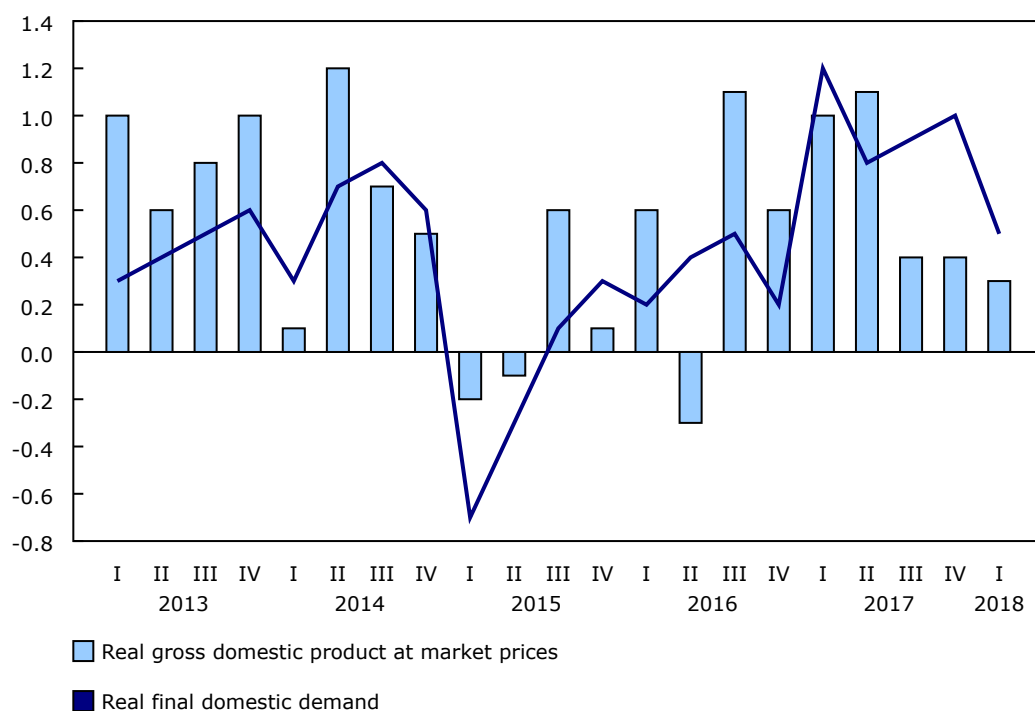
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, May 31, 2018

Real gross domestic product (GDP) grew 0.3% in the first quarter, following an increase of 0.4% in each of the previous two quarters. Final domestic demand rose by 0.5%.

Growth was moderated by a deceleration in household spending, lower exports of non-energy products and a decline in housing investment (-1.9%).

Chart 1
Gross domestic product and final domestic demand

quarterly % change, chained (2007) dollars



Source(s): CANSIM table [380-0064](#).

Household spending grew 0.3%, the slowest pace since the first quarter of 2015. Growth was driven by increased outlays on services (+0.5%). Household spending on goods was unchanged, following 11 consecutive quarterly increases.

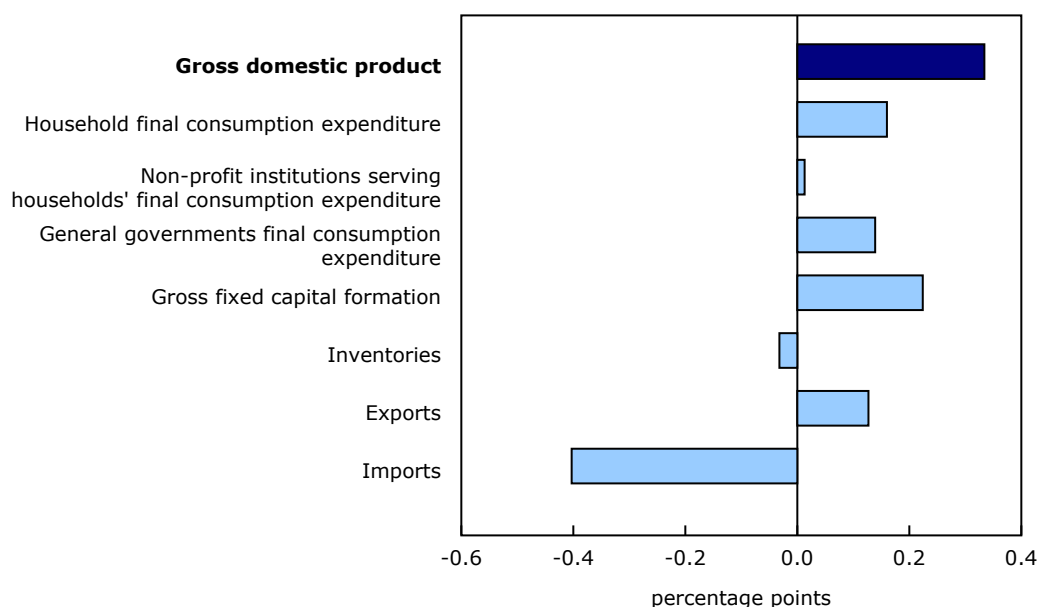
Export volumes rose 0.4% after increasing 1.0% in the fourth quarter of 2017. Exports of crude oil and crude bitumen (+9.9%) largely contributed to the gains. Exports of services grew 1.7% in the first quarter, following a 1.3% increase in the previous quarter.

Business investment in machinery and equipment (+4.2%) and intellectual property products (+3.3%) increased at a faster pace than in the fourth quarter of 2017.



Expressed at an annualized rate, real GDP was up 1.3% in the first quarter. In comparison, real GDP in the United States grew 2.2%.

Chart 2
Contributions to percent change in real gross domestic product, first quarter



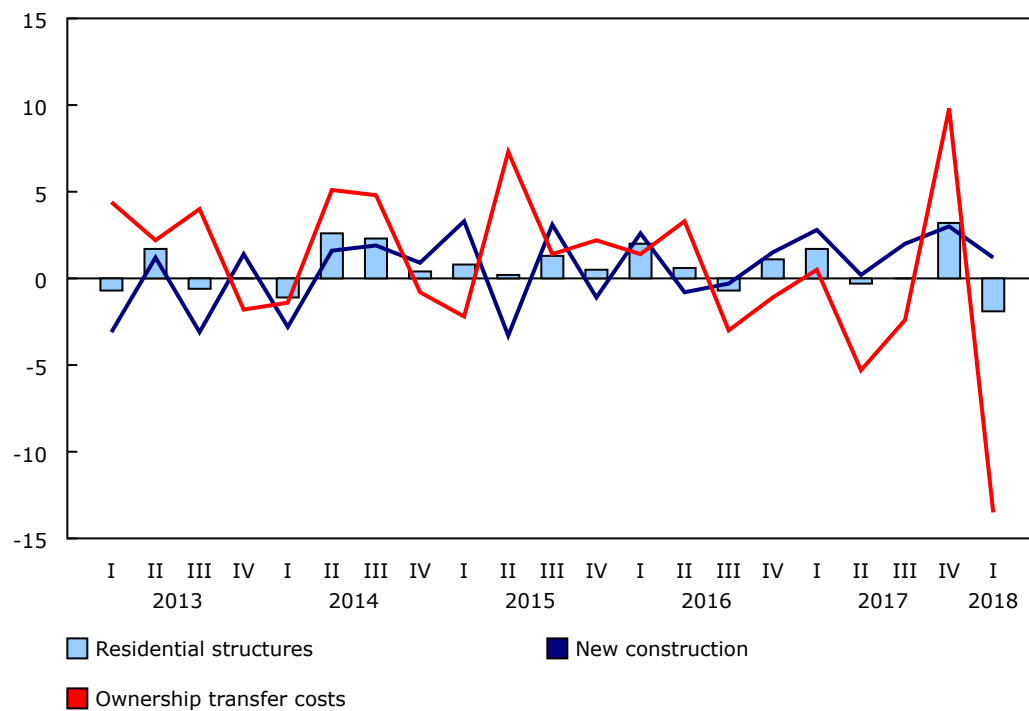
Source(s): CANSIM table [380-0064](#).

Housing investment falls

Investment in housing fell 1.9% in the first quarter, the largest decline since the first quarter of 2009, due to a drop in ownership transfer costs (-13.5%). Lower resale activity coincided with new mortgage stress measures introduced nationwide in January. Business outlays on new construction slowed to 1.2% growth, while renovations increased 1.4%.

Chart 3**Investment in residential structures, new construction and ownership transfer costs**

quarterly % change, chained (2007) dollars

Source(s): CANSIM tables [380-0064](#) and [380-0068](#).**Consumer spending decelerates**

Household final consumption expenditure decelerated for a third consecutive quarter, slowing to 0.3% in the first quarter. Outlays on goods were virtually unchanged, while outlays on services grew 0.5%.

Housing-related expenses (housing, water, electricity, gas and other fuels) increased 0.8% and outlays on insurance and financial services grew 1.5%. Purchases of vehicles were flat in the first quarter, following strong growth in 2017.

Non-residential investment increases

Investment in machinery and equipment rose 4.2% in the first quarter, with medium and heavy trucks, buses and other motor vehicles (+12.5%) and industrial machinery and equipment (+3.9%) contributing to the growth. Intellectual property products rose 3.3%, as mineral exploration and evaluation (+8.0%) rebounded and software (+3.2%) accelerated. Investment in non-residential structures increased 1.5%.

Export growth slows

Growth in export volumes slowed to 0.4% in the first quarter, following a 1.0% gain in the previous quarter. The first quarter growth was driven by exports of services (+1.7%), including commercial (+2.2%) and travel (+1.7%) services.

Exports of goods edged up 0.2%, as growth in crude oil and crude bitumen (+9.9%) and motor vehicles and parts (+2.0%) was partially offset by lower exports of refined petroleum energy products (-18.8%).

Imports rose by 1.2% in the first quarter, with similar increases in goods and services.

Growth in imports of goods was led by passenger cars and light trucks (+5.9%), tires, motor vehicle engines and parts (+6.0%) and basic chemicals and industrial chemical products (+8.6%).

Imports of services rose 1.1%, as those of commercial (+1.3%), transportation (+1.4%) and travel (+0.6%) services all increased.

Inventories continue to accumulate

Businesses added \$15.2 billion to their inventories in the first quarter, following an accumulation of \$15.9 billion in the previous quarter. Wholesalers (+\$5.4 billion), manufacturers (+\$4.0 billion) and retailers (+\$2.6 billion) all added to their stocks. Farm inventories grew by \$567 million, compared with an accumulation of \$2.7 billion in the fourth quarter of 2017. The economy-wide stock-to-sales ratio increased from 0.760 to 0.765 in the first quarter.

Economy-wide income increases

Real gross national income (the real purchasing power of income earned by Canadian-owned factors of production) increased 0.5% in the first quarter, outpacing real GDP growth for a third consecutive quarter.

The GDP implicit price index, representing the price of goods and services produced in Canada, rose 0.3%. Export prices (+1.0%) increased at a faster pace than import prices (+0.7%), leading to slightly improved terms of trade.

Gross operating surplus (in nominal terms) grew 0.7%, led by increased earnings of energy producers.

Household disposable income rose by 0.8%, as compensation of employees was up 1.0%. The household saving rate edged down to 4.4%, with household spending slightly outpacing disposable income in the first quarter.

Note to readers

For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Percentage changes for expenditure-based statistics (such as personal expenditures, investment, exports and imports) are calculated from volume measures that are adjusted for price variations. Percentage changes for income-based and flow-of-funds statistics (such as labour income, corporate profits, mortgage borrowing and total funds raised) are calculated from nominal values; that is, they are not adjusted for price variations.

There are two ways of expressing growth rates for gross domestic product (GDP) and other time series found in this release:

1. Unless otherwise stated, the growth rates in this release represent the percentage change in the series from one quarter to the next, such as from the fourth quarter of 2017 to the first quarter of 2018.
2. Quarterly growth can be expressed at an annual rate by using a compound growth formula, similar to the way in which a monthly interest rate can be expressed at an annual rate. Expressing growth at an annual rate facilitates comparisons with official GDP statistics from the United States. Both the quarterly growth rate and the annualized quarterly growth rate should be interpreted as an indication of the latest trend in GDP.

Revisions

Data on GDP for the first quarter were released along with revised data from the first quarter of 2017 through the fourth quarter of 2017. These data incorporate new and revised data, as well as updated data on seasonal trends.

Real-time CANSIM tables

Real-time CANSIM tables 380-8063 and 380-8064 will be updated on June 11. For more information, consult the document [Real-time CANSIM tables](#).

Next release

Data on GDP by income and expenditure for the second quarter will be released on August 30.

Sustainable Development Goals

On January 1, 2016, the world officially began implementation of the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the next 15 years. The plan is based on 17 specific sustainable development goals.

Gross domestic product, income and expenditure is an example of how Statistics Canada supports the reporting on the Global Goals for Sustainable Development. This release will be used in helping to measure the following goals:



Table 1**Gross domestic product by income account – Seasonally adjusted at annual rates**

| | Fourth quarter 2016 | First quarter 2017 | Second quarter 2017 | Third quarter 2017 | Fourth quarter 2017 | First quarter 2018 | Fourth quarter 2017 | First quarter 2018 |
|--|-----------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | quarter-to-quarter % change | | | | | | millions of dollars | |
| Compensation of employees | 1.1 | 1.0 | 0.9 | 1.4 | 1.4 | 1.0 | 1,105,296 | 1,116,096 |
| Gross operating surplus | 3.9 | 3.5 | 0.2 | -0.8 | 1.8 | 0.7 | 573,336 | 577,560 |
| Gross mixed income | 0.2 | 2.4 | 0.8 | 0.8 | 1.5 | 0.0 | 255,292 | 255,348 |
| Taxes less subsidies on production | 1.1 | 0.8 | 5.4 | -1.1 | 0.8 | -0.5 | 97,096 | 96,636 |
| Taxes less subsidies, on products and imports | 0.4 | 0.8 | 3.3 | 0.0 | 0.6 | 1.1 | 147,964 | 149,628 |
| Statistical discrepancy (millions of dollars) | 496 | -1,792 | 1,160 | -1,912 | 2,668 | -2,300 | 1,516 | -784 |
| Gross domestic product at market prices | 1.7 | 1.7 | 1.1 | 0.4 | 1.5 | 0.6 | 2,180,500 | 2,194,484 |

Source(s): CANSIM table [380-0063](#).

Table 2**Real gross domestic product by expenditure account, quarterly change – Seasonally adjusted at annual rates, chained (2007) dollars**

| | Fourth quarter 2016 | First quarter 2017 | Second quarter 2017 | Third quarter 2017 | Fourth quarter 2017 | First quarter 2018 | Fourth quarter 2017 | First quarter 2018 |
|---|-----------------------------|-----------------------|---------------------------|--------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | quarter-to-quarter % change | | | | | millions of dollars | | |
| Final consumption expenditure | 0.7 | 1.0 | 0.8 | 0.8 | 0.6 | 0.4 | 1,459,669 | 1,465,478 |
| Household final consumption expenditure | 0.9 | 1.0 | 1.1 | 0.8 | 0.5 | 0.3 | 1,073,957 | 1,077,010 |
| Non-profit institutions serving households' final consumption expenditure | 0.0 | -1.2 | 0.0 | 0.8 | -0.3 | 0.9 | 25,140 | 25,372 |
| General governments final consumption expenditure | 0.3 | 1.2 | 0.2 | 0.9 | 0.9 | 0.7 | 362,433 | 364,860 |
| Gross fixed capital formation | -1.4 | 2.0 | 0.7 | 1.2 | 2.3 | 1.0 | 408,620 | 412,546 |
| Business gross fixed capital formation | -2.2 | 2.7 | 0.9 | 0.9 | 2.3 | 0.9 | 336,996 | 339,895 |
| Residential structures | 1.1 | 1.7 | -0.3 | -0.0 | 3.2 | -1.9 | 131,321 | 128,884 |
| Non-residential structures, machinery and equipment | -4.7 | 3.4 | 1.8 | 1.5 | 1.9 | 2.6 | 176,943 | 181,573 |
| Intellectual property products | -2.1 | 2.9 | 1.7 | 2.2 | 0.7 | 3.3 | 30,133 | 31,125 |
| General governments gross fixed capital formation | 2.4 | -1.1 | -0.3 | 2.8 | 2.0 | 1.6 | 69,168 | 70,251 |
| Investment in inventories (millions of dollars) | -9,172 | 11,065 | 3,940 | 5,457 | -2,500 | -471 | 15,759 | 15,288 |
| Exports of goods and services | 0.3 | 0.6 | 1.6 | -2.6 | 1.0 | 0.4 | 586,800 | 589,242 |
| Less: imports of goods and services | -2.3 | 3.5 | 1.0 | 0.3 | 1.9 | 1.2 | 606,001 | 613,364 |
| Statistical discrepancy (millions of dollars) | -421 | 1,560 | -1,007 | 1,660 | -2,297 | 1,964 | -1,297 | 667 |
| Gross domestic product at market prices | 0.6 | 1.0 | 1.1 | 0.4 | 0.4 | 0.3 | 1,871,142 | 1,877,388 |
| Final domestic demand | 0.2 | 1.2 | 0.8 | 0.9 | 1.0 | 0.5 | 1,865,185 | 1,875,006 |

Source(s): CANSIM table [380-0064](#).**Table 3****Real gross domestic product by expenditure account, annualized change – Seasonally adjusted at annual rates, chained (2007) dollars**

| | Fourth quarter 2016 | First quarter 2017 | Second quarter 2017 | Third quarter 2017 | Fourth quarter 2017 | First quarter 2018 | Fourth quarter 2017 | First quarter 2018 |
|---|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | quarter-to-quarter % change, annualized | | | | | millions of dollars | | |
| Final consumption expenditure | 2.8 | 4.0 | 3.3 | 3.2 | 2.5 | 1.6 | 1,459,669 | 1,465,478 |
| Household final consumption expenditure | 3.5 | 4.0 | 4.3 | 3.1 | 2.2 | 1.1 | 1,073,957 | 1,077,010 |
| Non-profit institutions serving households' final consumption expenditure | 0.2 | -4.8 | 0.0 | 3.4 | -1.1 | 3.7 | 25,140 | 25,372 |
| General governments final consumption expenditure | 1.2 | 4.8 | 0.8 | 3.5 | 3.8 | 2.7 | 362,433 | 364,860 |
| Gross fixed capital formation | -5.5 | 8.2 | 2.9 | 5.0 | 9.5 | 3.9 | 408,620 | 412,546 |
| Business gross fixed capital formation | -8.5 | 11.1 | 3.8 | 3.8 | 9.7 | 3.5 | 336,996 | 339,895 |
| Residential structures | 4.4 | 7.1 | -1.3 | -0.1 | 13.5 | -7.2 | 131,321 | 128,884 |
| Non-residential structures, machinery and equipment | -17.6 | 14.3 | 7.5 | 5.9 | 8.0 | 10.9 | 176,943 | 181,573 |
| Intellectual property products | -8.0 | 11.9 | 6.8 | 9.2 | 3.0 | 13.8 | 30,133 | 31,125 |
| General governments gross fixed capital formation | 10.1 | -4.2 | -1.1 | 11.6 | 8.4 | 6.4 | 69,168 | 70,251 |
| Investment in inventories (millions of dollars) | -9,172 | 11,065 | 3,940 | 5,457 | -2,500 | -471 | 15,759 | 15,288 |
| Exports of goods and services | 1.1 | 2.6 | 6.4 | -9.9 | 3.9 | 1.7 | 586,800 | 589,242 |
| Less: imports of goods and services | -9.0 | 14.9 | 4.1 | 1.3 | 7.7 | 4.9 | 606,001 | 613,364 |
| Statistical discrepancy (millions of dollars) | -421 | 1,560 | -1,007 | 1,660 | -2,297 | 1,964 | -1,297 | 667 |
| Gross domestic product at market prices | 2.2 | 4.0 | 4.6 | 1.7 | 1.7 | 1.3 | 1,871,142 | 1,877,388 |
| Final domestic demand | 0.9 | 4.9 | 3.2 | 3.6 | 4.1 | 2.1 | 1,865,185 | 1,875,006 |

Source(s): CANSIM table [380-0064](#).

Table 4
Real gross domestic product by expenditure account – Seasonally adjusted at annual rates

| | Fourth quarter 2017 | First quarter 2018 | First quarter 2018 | | |
|---|------------------------------------|--------------------|---|---|---|
| | | | Contributions to percent change in real gross domestic product | Contributions to percent change in implicit price indexes | Annualized contributions to percent change in real gross domestic product |
| | millions of chained (2007) dollars | | percentage points | | |
| Final consumption expenditure | 1,459,669 | 1,465,478 | 0.313 | 0.406 | 1.258 |
| Household final consumption expenditure | 1,073,957 | 1,077,010 | 0.160 | 0.320 | 0.647 |
| Goods | 491,654 | 491,527 | -0.006 | 0.160 | -0.024 |
| Durable goods | 162,657 | 162,718 | 0.003 | 0.009 | 0.012 |
| Semi-durable goods | 89,650 | 89,652 | 0.000 | 0.005 | 0.000 |
| Non-durable goods | 242,503 | 242,335 | -0.009 | 0.147 | -0.036 |
| Services | 582,182 | 585,255 | 0.167 | 0.160 | 0.671 |
| Non-profit institutions serving households' final consumption expenditure | 25,140 | 25,372 | 0.013 | 0.021 | 0.052 |
| General governments final consumption expenditure | 362,433 | 364,860 | 0.139 | 0.066 | 0.559 |
| Gross fixed capital formation | 408,620 | 412,546 | 0.224 | 0.016 | 0.904 |
| Business gross fixed capital formation | 336,996 | 339,895 | 0.165 | -0.012 | 0.667 |
| Residential structures | 131,321 | 128,884 | -0.144 | -0.007 | -0.579 |
| Non-residential structures, machinery and equipment | 176,943 | 181,573 | 0.253 | -0.006 | 1.017 |
| Non-residential structures | 98,354 | 99,871 | 0.090 | 0.002 | 0.362 |
| Machinery and equipment | 76,609 | 79,862 | 0.163 | -0.007 | 0.655 |
| Intellectual property products | 30,133 | 31,125 | 0.057 | 0.001 | 0.229 |
| Non-profit institutions serving households' gross fixed capital formation | 2,658 | 2,599 | -0.003 | 0.001 | -0.012 |
| General governments gross fixed capital formation | 69,168 | 70,251 | 0.062 | 0.028 | 0.249 |
| Investment in inventories | 15,759 | 15,288 | -0.032 | -0.167 | -0.129 |
| Exports of goods and services | 586,800 | 589,242 | 0.127 | 0.290 | 0.511 |
| Goods | 491,924 | 492,686 | 0.039 | 0.237 | 0.157 |
| Services | 95,132 | 96,719 | 0.088 | 0.053 | 0.354 |
| Less: imports of goods and services | 606,001 | 613,364 | 0.403 | 0.239 | 1.620 |
| Goods | 487,470 | 493,562 | 0.334 | 0.213 | 1.343 |
| Services | 118,376 | 119,644 | 0.069 | 0.027 | 0.277 |
| Statistical discrepancy | -1,297 | 667 | 0.105 | 0.000 | 0.422 |
| Gross domestic product at market prices | 1,871,142 | 1,877,388 | 0.334 | 0.306 | 1.346 |
| Final domestic demand | 1,865,185 | 1,875,006 | 0.536 | 0.423 | 2.162 |

Source(s): CANSIM tables [380-0064](#) and [380-0066](#).

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

| | Fourth quarter 2016 | First quarter 2017 | Second quarter 2017 | Third quarter 2017 | Fourth quarter 2017 | First quarter 2018 |
|---|------------------------|--------------------|------------------------|-----------------------|------------------------|--------------------|
| Economy-wide | | | | | | |
| Real gross domestic income (index 2007=100) | 112.8 | 114.3 | 115.0 | 115.7 | 116.7 | 117.2 |
| Gross domestic product deflator (index 2007=100) | 114.4 | 115.2 | 115.2 | 115.3 | 116.5 | 116.9 |
| Terms of trade (index 2007=100) | 93.8 | 94.7 | 93.4 | 93.7 | 95.3 | 95.5 |
| Household sector | | | | | | |
| Household disposable income (millions of dollars) | 1,180,888 | 1,181,540 | 1,200,800 | 1,219,692 | 1,232,624 | 1,242,592 |
| Household net saving (millions of dollars) | 49,332 | 35,788 | 39,672 | 52,976 | 55,092 | 55,164 |
| Household saving rate (%) | 4.2 | 3.0 | 3.3 | 4.3 | 4.5 | 4.4 |
| Household debt service ratio (%) | 13.57 | 13.76 | 13.78 | 13.78 | 13.87 | 13.86 |
| Government sector | | | | | | |
| General government disposable income (millions of dollars) | 424,692 | 434,544 | 460,780 | 440,336 | 441,852 | 445,332 |
| General government net saving (millions of dollars) | -9,088 | -5,404 | 14,972 | -7,272 | -11,720 | -12,716 |
| Corporate sector | | | | | | |
| Non-financial corporations' net operating surplus (millions of dollars) | 216,928 | 238,036 | 234,916 | 233,088 | 239,180 | 242,332 |
| Financial corporations' net operating surplus (millions of dollars) | 38,552 | 37,796 | 36,236 | 36,288 | 36,360 | 36,208 |
| Non-financial corporations' net saving (millions of dollars) | -22,676 | 3,324 | -10,980 | -14,876 | -13,488 | -4,452 |
| Financial corporations' net saving (millions of dollars) | 38,888 | 37,328 | 19,576 | 40,460 | 42,644 | 37,728 |
| National | | | | | | |
| National net saving (millions of dollars) | 57,228 | 70,360 | 65,024 | 70,716 | 75,744 | 76,308 |
| National saving rate (%) | 3.4 | 4.1 | 3.7 | 4.0 | 4.2 | 4.2 |

Source(s): CANSIM tables [380-0065](#), [380-0066](#), [380-0071](#), [380-0072](#), [380-0073](#), [380-0076](#) and [380-0079](#).

Table 6
Real gross domestic product by expenditure account, year-over-year change – Seasonally adjusted at annual rates, chained (2007) dollars

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2016 | 2017 |
|---|-------------------------|------------|------------|------------|------------|------------|---------------------|------------------|
| | year-over-year % change | | | | | | millions of dollars | |
| Final consumption expenditure | 1.6 | 1.7 | 2.1 | 2.0 | 2.3 | 3.1 | 1,400,951 | 1,444,305 |
| Household final consumption expenditure | 1.9 | 2.6 | 2.7 | 2.1 | 2.4 | 3.5 | 1,027,118 | 1,062,887 |
| Non-profit institutions serving households' final consumption expenditure | 1.9 | 2.7 | -0.8 | 4.8 | -0.5 | -1.1 | 25,362 | 25,085 |
| General governments final consumption expenditure | 0.7 | -0.7 | 0.5 | 1.6 | 2.2 | 2.3 | 349,986 | 358,200 |
| Gross fixed capital formation | 4.9 | 1.3 | 2.4 | -5.1 | -3.0 | 2.8 | 387,663 | 398,612 |
| Business gross fixed capital formation | 6.6 | 2.7 | 3.4 | -6.1 | -4.5 | 2.6 | 320,469 | 328,941 |
| Residential structures | 5.6 | -0.3 | 2.2 | 3.8 | 3.3 | 2.9 | 124,780 | 128,373 |
| Non-residential structures, machinery and equipment | 8.6 | 5.6 | 4.8 | -11.3 | -9.4 | 2.8 | 167,770 | 172,403 |
| Intellectual property products | 0.1 | -2.2 | 0.3 | -8.4 | -6.4 | 1.2 | 29,178 | 29,522 |
| General governments gross fixed capital formation | -3.0 | -5.9 | -3.4 | 0.3 | 5.1 | 3.8 | 64,785 | 67,255 |
| Investment in inventories (millions of dollars) | -5,000 | 8,671 | -6,168 | -3,951 | -3,733 | 12,943 | 978 | 13,921 |
| Exports of goods and services | 2.6 | 2.7 | 5.9 | 3.5 | 1.0 | 1.1 | 581,691 | 587,932 |
| Less: imports of goods and services | 3.6 | 1.6 | 2.3 | 0.7 | -1.0 | 3.6 | 574,302 | 595,203 |
| Statistical discrepancy (millions of dollars) | 9 | 849 | -364 | 1,403 | -1,964 | 870 | -1,023 | -153 |
| Gross domestic product at market prices | 1.7 | 2.5 | 2.9 | 1.0 | 1.4 | 3.0 | 1,801,368 | 1,856,263 |
| Final domestic demand | 2.4 | 1.6 | 2.1 | 0.3 | 1.1 | 3.0 | 1,785,434 | 1,839,598 |

Source(s): CANSIM table [380-0064](#).

Available in CANSIM: tables [031-0009](#), [380-0063 to 380-0076](#), [380-0078 to 380-0088](#), [380-0100 to 380-0107](#) and [382-0006](#).

Definitions, data sources and methods: survey numbers [1901](#), [2602](#), [2820](#) and [5169](#).

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

The [System of Macroeconomic Accounts](#) module features an up-to-date portrait of national and provincial economies and their structure.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).