

Gross domestic product, income and expenditure, first quarter 2019

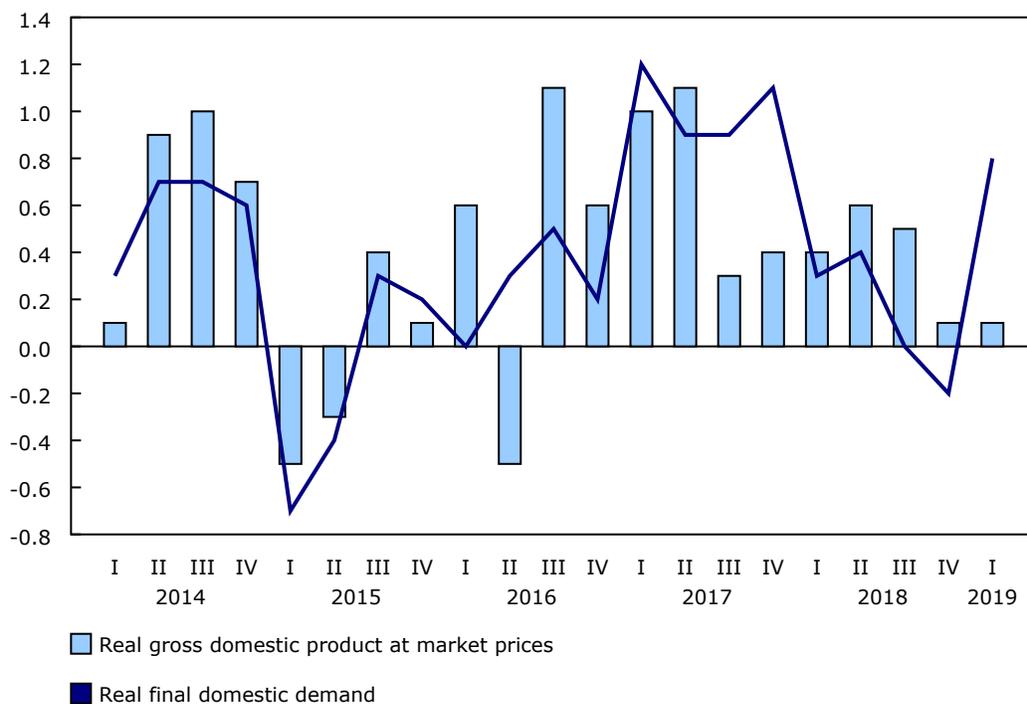
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, May 31, 2019

Real gross domestic product (GDP) grew 0.1% in the first quarter, the same growth rate as the fourth quarter of 2018. Real gross national income rose 0.9%, largely because of higher export prices of crude oil and crude bitumen. Higher consumer spending raised final domestic demand, which rebounded 0.8% after a 0.2% decline in the previous quarter.

Expressed at an annualized rate, real GDP increased 0.4% in the first quarter. In comparison, real GDP in the United States grew 3.2%.

Chart 1
Gross domestic product and final domestic demand

quarterly % change, chained (2012) dollars



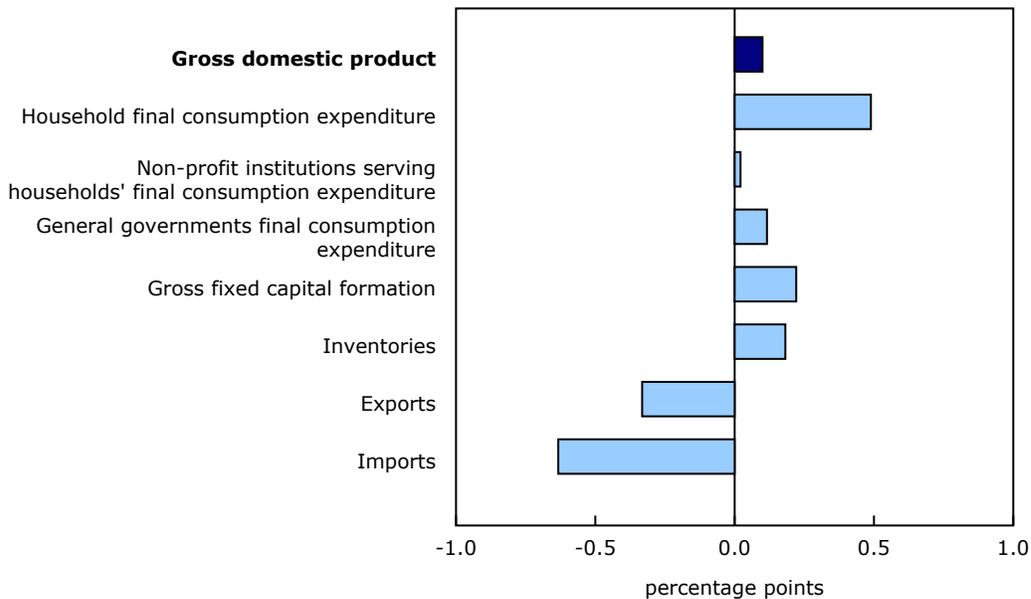
Source(s): Table 36-10-0104-01.

Growth in real GDP was driven by a 0.9% increase in household spending and an 8.7% rise in business investment in machinery and equipment. These increases were moderated by a 1.0% decline in exports, coupled with a 1.9% increase in imports. Additionally, investment in housing continued to decline, down 1.6% in the first quarter.

Businesses accumulated \$16.1 billion of non-farm inventories in the first quarter, pushing the economy-wide stock-to-sales ratio up from 0.838 in the fourth quarter of 2018 to 0.846. Accumulation of cannabis stocks largely contributed to the \$1.7 billion increase in farm inventories.



Chart 2
Contributions to percentage change in real gross domestic product, first quarter 2019



Source(s): Table 36-10-0104-01.

Household spending accelerates

Increases in household spending were broad based. Outlays on durable goods rebounded 1.2% in the first quarter, following a 0.5% decline in the fourth quarter of 2018. Vehicle purchases increased 0.9%, following a 0.8% decline. Similarly, household spending on audio-visual and information processing equipment rose 3.1%, following a 0.9% drop.

Outlays on semi-durable goods rose 1.2%, while non-durable goods increased 0.7%, including consumer spending on cannabis, up 5.5% following a 5.3% increase in the fourth quarter of 2018. Outlays on services rose 0.8%, led by life insurance and financial services (+2.1%).

Housing investment remains soft

Housing investment fell 1.6% in the first quarter, the fifth consecutive quarterly contraction. Declines in new home construction (-3.6%) and ownership transfer costs (-3.2%) were slightly offset by increased renovation activity (+1.8%).

Non-residential business investment rebounds

Overall business investment in non-residential structures and machinery and equipment rebounded 3.2% in the first quarter, following a 2.5% decline in the previous quarter.

The strength was mainly attributable to an 8.7% rise in machinery and equipment investment, with increases in eight of the nine sub-categories. Significant investment was recorded in aircraft and other transportation equipment, corresponding to strong imports. Business investment in non-residential buildings rebounded 2.3%, following a decline of a similar magnitude in the fourth quarter of 2018. The increases in machinery and equipment and non-residential buildings were partly offset by declines in investment in engineering structures (-1.7%).

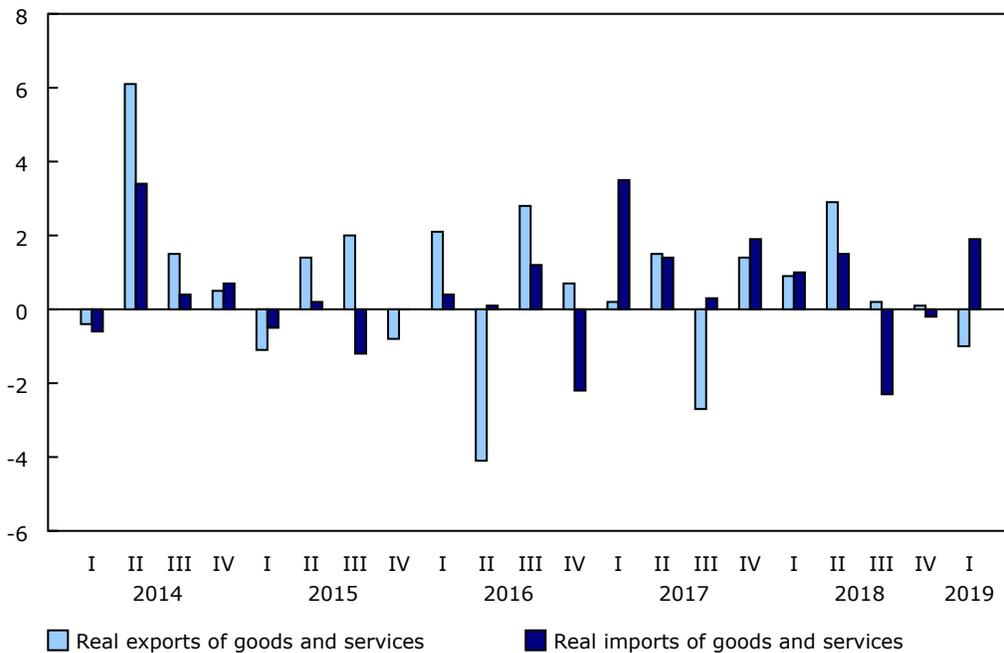
Investment in intellectual property products declined 1.1%, due to reduced mineral exploration and evaluation. Business investment in research and development rose 1.0% for the quarter.

Exports decline, while imports increase

Export volumes declined 1.0% in the first quarter, the first decrease since the third quarter of 2017. A 0.9% rise in services exports moderated a 1.5% drop in goods exports. There were substantial volume declines in exports of farm and fishing products (-9.5%), and crude oil and crude bitumen (-2.8%). Exports of commercial services rose 1.3%, after a 1.6% increase in the fourth quarter of 2018.

Chart 3
Real exports and real imports of goods and services

quarterly % change, chained (2012) dollars



Source(s): Table 36-10-0104-01.

Import volumes rose 1.9% in the first quarter, following a 0.2% drop in the fourth quarter. Aircraft, aircraft engines and aircraft parts (+38.6%), passenger cars and light trucks (+10.4%) and pharmaceuticals and medicinal products (+9.6%) were the main contributors to the increase. Imports of energy products were down 5.4%, largely because of lower crude oil and crude bitumen imports.

Real gross national income rises as terms of trade improve

Canada's terms of trade—the ratio of the price of exports to the price of imports—rebounded 2.4% in the first quarter, after a 3.8% decrease in the fourth quarter of 2018. Export prices were up 2.5%, while import prices were flat. Notably, prices of exported crude oil and crude bitumen rebounded 29.2%, after falling 35.4% in the previous quarter.

Improved terms of trade led to a 0.9% gain in real gross national income, the real purchasing power of income earned by Canadian-owned factors of production. The GDP implicit price index, which reflects the price of domestically-produced goods and services, rose 1.1% in the first quarter, after decreasing 0.8% in the fourth quarter of 2018.

Corporate earnings and household disposable income grow

Growth in nominal GDP rebounded 1.2% in the first quarter, following a 0.8% drop in the fourth quarter of 2018. Nominal gross operating surplus of non-financial corporations rose 1.7%, following a 6.2% decline in the previous quarter.

A 1.0% increase in compensation of employees, evidenced in both goods- and services-producing industries, resulted in a 0.9% rise in household disposable income. Higher household spending, however, lowered the household saving rate from 1.4% in the fourth quarter of 2018 to 1.1% in the first quarter.

Note to readers

Percentage changes for expenditure-based statistics (such as household spending, investment, exports, and imports) are calculated from volume measures that are adjusted for price variations. Percentage changes for income-based statistics (such as compensation of employees and operating surplus of corporations) 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 2018 to the first quarter of 2019.*
- 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.*

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

Revisions

Data on GDP for the first quarter of 2019 have been released along with revised data from the first quarter of 2018. These data incorporate new and revised data, as well as updated data on seasonal trends.

Real-time tables

Real-time tables 36-10-0430-01 and 36-10-0431-01 will be updated on June 10.

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.

Data on gross domestic product, income and expenditure are 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 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Fourth quarter 2018	First quarter 2019
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	1.8	1.0	0.6	0.6	1.1	1.0	1,134,096	1,145,836
Gross operating surplus	0.8	0.5	1.9	2.3	-5.1	1.4	570,496	578,324
Gross mixed income	2.3	0.9	1.2	0.1	1.5	0.8	268,944	271,188
Taxes less subsidies on production	1.4	0.9	-0.4	-0.6	0.5	1.5	98,504	99,952
Taxes less subsidies, on products and imports	0.8	1.5	0.3	2.3	-3.8	3.3	149,612	154,528
Statistical discrepancy (millions of dollars)	1,024	-1,784	144	580	1,728	-824	1,076	252
Gross domestic product at market prices	1.6	0.8	1.0	1.0	-0.8	1.2	2,222,728	2,250,080

Source(s): Table [36-10-0103-01](#).

Table 2
Real gross domestic product by expenditure account, quarterly change – Seasonally adjusted at annual rates, chained (2012) dollars

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Fourth quarter 2018	First quarter 2019	
	quarter-to-quarter % change					millions of dollars			
Final consumption expenditure	0.7	0.4	0.6	0.4	0.3	0.8	1,617,239	1,629,940	
Household final consumption expenditure	0.6	0.3	0.5	0.3	0.2	0.9	1,167,391	1,177,409	
Non-profit institutions serving households' final consumption expenditure	-0.8	0.5	1.0	0.2	1.0	1.3	29,608	30,004	
General governments final consumption expenditure	1.0	0.5	1.0	0.7	0.5	0.5	420,573	422,881	
Gross fixed capital formation	2.5	0.3	-0.4	-1.6	-2.3	1.0	427,409	431,706	
Business gross fixed capital formation	2.1	0.4	-0.1	-2.0	-2.1	0.9	351,137	354,242	
Residential structures	3.0	-2.2	-0.1	-0.8	-2.7	-1.6	136,425	134,295	
Non-residential structures, machinery and equipment	1.9	1.8	-0.2	-3.1	-2.5	3.2	180,883	186,689	
Intellectual property products	-0.7	4.3	0.1	-0.8	3.0	-1.1	34,137	33,746	
General governments gross fixed capital formation	4.2	-0.1	-1.7	0.4	-3.5	1.6	73,653	74,805	
Investment in inventories (millions of dollars)	-8,309	776	-3,213	-6,182	6,730	3,826	13,891	17,717	
Exports of goods and services	1.4	0.9	2.9	0.2	0.1	-1.0	661,817	654,871	
Less: imports of goods and services	1.9	1.0	1.5	-2.3	-0.2	1.9	655,652	667,941	
Statistical discrepancy (millions of dollars)	-958	1,655	-138	-543	-1,592	764	-995	-231	
Gross domestic product at market prices	0.4	0.4	0.6	0.5	0.1	0.1	2,063,887	2,065,958	
Final domestic demand	1.1	0.3	0.4	-0.0	-0.2	0.8	2,042,624	2,059,638	

Source(s): Table 36-10-0104-01.

Table 3
Real gross domestic product by expenditure account, annualized change – Seasonally adjusted at annual rates, chained (2012) dollars

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Fourth quarter 2018	First quarter 2019	
	quarter-to-quarter % change, annualized					millions of dollars			
Final consumption expenditure	2.7	1.5	2.5	1.7	1.3	3.2	1,617,239	1,629,940	
Household final consumption expenditure	2.4	1.3	1.9	1.3	1.0	3.5	1,167,391	1,177,409	
Non-profit institutions serving households' final consumption expenditure	-3.1	2.0	4.3	0.6	3.9	5.5	29,608	30,004	
General governments final consumption expenditure	4.0	2.0	4.3	2.7	2.1	2.2	420,573	422,881	
Gross fixed capital formation	10.2	1.0	-1.6	-6.1	-8.9	4.1	427,409	431,706	
Business gross fixed capital formation	8.7	1.5	-0.5	-7.7	-8.0	3.6	351,137	354,242	
Residential structures	12.5	-8.4	-0.3	-3.2	-10.4	-6.1	136,425	134,295	
Non-residential structures, machinery and equipment	7.7	7.3	-0.9	-11.8	-9.5	13.5	180,883	186,689	
Intellectual property products	-2.6	18.4	0.5	-3.1	12.7	-4.5	34,137	33,746	
General governments gross fixed capital formation	18.1	-0.5	-6.6	1.7	-13.1	6.4	73,653	74,805	
Investment in inventories (millions of dollars)	-8,309	776	-3,213	-6,182	6,730	3,826	13,891	17,717	
Exports of goods and services	5.7	3.6	12.0	0.8	0.3	-4.1	661,817	654,871	
Less: imports of goods and services	7.7	4.2	6.2	-8.9	-0.7	7.7	655,652	667,941	
Statistical discrepancy (millions of dollars)	-958	1,655	-138	-543	-1,592	764	-995	-231	
Gross domestic product at market prices	1.7	1.5	2.5	2.1	0.3	0.4	2,063,887	2,065,958	
Final domestic demand	4.3	1.4	1.6	-0.1	-1.0	3.4	2,042,624	2,059,638	

Source(s): Table 36-10-0104-01.

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

	Fourth quarter 2018	First quarter 2019	First quarter 2019		
			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 (2012) dollars		percentage points		
Final consumption expenditure	1,617,239	1,629,940	0.626	0.301	2.509
Household final consumption expenditure	1,167,391	1,177,409	0.489	0.168	1.960
Goods	520,914	525,658	0.225	0.011	0.902
Durable goods	153,405	155,254	0.088	0.005	0.353
Semi-durable goods	84,609	85,635	0.047	0.008	0.188
Non-durable goods	282,917	284,795	0.090	-0.002	0.361
Services	646,424	651,711	0.264	0.157	1.058
Non-profit institutions serving households' final consumption expenditure	29,608	30,004	0.021	0.001	0.084
General governments final consumption expenditure	420,573	422,881	0.116	0.131	0.465
Gross fixed capital formation	427,409	431,706	0.221	0.051	0.881
Business gross fixed capital formation	351,137	354,242	0.160	0.042	0.637
Residential structures	136,425	134,295	-0.113	-0.056	-0.453
Non-residential structures, machinery and equipment	180,883	186,689	0.292	0.085	1.170
Non-residential structures	108,120	107,421	-0.035	0.040	-0.140
Machinery and equipment	72,144	78,400	0.327	0.045	1.310
Intellectual property products	34,137	33,746	-0.020	0.012	-0.080
Non-profit institutions serving households' gross fixed capital formation	2,754	2,794	0.002	0.001	0.008
General governments gross fixed capital formation	73,653	74,805	0.059	0.009	0.236
Investment in inventories	13,891	17,717	0.182	0.032	0.729
Exports of goods and services	661,817	654,871	-0.332	0.756	-1.330
Goods	548,322	540,273	-0.384	0.754	-1.538
Services	112,868	113,927	0.052	0.001	0.208
Less: imports of goods and services	655,652	667,941	0.633	0.010	2.536
Goods	533,570	545,939	0.630	-0.049	2.524
Services	122,265	122,323	0.003	0.059	0.012
Statistical discrepancy	-995	-231	0.037	0.000	0.148
Gross domestic product at market prices	2,063,887	2,065,958	0.100	1.129	0.401
Final domestic demand	2,042,624	2,059,638	0.847	0.352	3.390

Source(s): Tables [36-10-0104-01](#) and [36-10-0106-01](#).

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019
Economy-wide						
Real gross domestic income (index 2012=100)	109.4	109.9	110.5	111.1	109.8	110.7
Gross domestic product deflator (index 2012=100)	107.2	107.7	108.1	108.6	107.7	108.9
Terms of trade (index 2012=100)	95.1	95.6	95.4	95.4	91.8	93.9
Household sector						
Household disposable income (millions of dollars)	1,211,084	1,216,552	1,227,808	1,229,128	1,245,168	1,255,960
Household net saving (millions of dollars)	28,036	22,936	18,472	11,032	17,464	13,844
Household saving rate (%)	2.3	1.9	1.5	0.9	1.4	1.1
Government sector						
General government disposable income (millions of dollars)	460,328	470,972	481,724	476,624	474,900	490,152
General government net saving (millions of dollars)	10,380	16,924	22,024	11,268	3,356	13,096
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	242,588	242,348	249,444	257,596	226,136	231,432
Financial corporations' net operating surplus (millions of dollars)	36,932	38,196	38,060	39,432	37,568	36,700
Non-financial corporations' net saving (millions of dollars)	2,792	4,788	12,600	26,076	-11,400	-12,396
Financial corporations' net saving (millions of dollars)	33,228	31,472	15,340	22,756	25,576	26,744
National						
National net saving (millions of dollars)	78,164	78,936	70,740	74,288	40,092	44,624
National saving rate (%)	4.4	4.4	3.9	4.0	2.2	2.4

Source(s): Tables [36-10-0105-01](#), [36-10-0106-01](#), [36-10-0111-01](#), [36-10-0112-01](#), [36-10-0118-01](#) and [36-10-0116-01](#).

Table 6
Real gross domestic product by expenditure account, year-over-year change – Seasonally adjusted at annual rates, chained (2012) dollars

	2013	2014	2015	2016	2017	2018	2017	2018
	year-over-year % change						millions of dollars	
Final consumption expenditure	1.7	2.0	2.0	2.1	3.1	2.3	1,571,546	1,607,381
Household final consumption expenditure	2.6	2.7	2.2	2.1	3.6	2.1	1,138,490	1,162,008
Non-profit institutions serving households' final consumption expenditure	2.6	-0.8	4.7	6.4	-0.6	1.7	28,816	29,297
General governments final consumption expenditure	-0.8	0.6	1.4	1.8	2.1	2.9	404,666	416,458
Gross fixed capital formation	1.4	2.3	-5.2	-4.3	3.0	1.2	433,764	438,845
Business gross fixed capital formation	2.9	3.3	-6.4	-4.6	2.3	0.7	357,966	360,453
Residential structures	-0.6	1.6	3.8	3.5	2.4	-1.5	142,008	139,874
Non-residential structures, machinery and equipment	5.9	4.7	-11.3	-9.9	2.5	1.9	183,986	187,394
Intellectual property products	-1.2	0.8	-11.5	-5.8	1.2	4.4	32,100	33,505
General governments gross fixed capital formation	-5.6	-3.4	1.5	-2.3	6.3	3.6	73,145	75,800
Investment in inventories (millions of dollars)	10,983	-6,889	-8,384	-241	15,291	-4,844	17,582	12,738
Exports of goods and services	2.4	6.2	3.4	1.3	1.1	3.2	635,697	656,205
Less: imports of goods and services	2.0	2.5	0.6	-0.0	4.2	2.9	643,038	661,685
Statistical discrepancy (millions of dollars)	925	-397	-847	231	1,077	549	-44	505
Gross domestic product at market prices	2.3	2.9	0.7	1.1	3.0	1.9	2,016,448	2,054,328
Final domestic demand	1.6	2.1	0.3	0.6	3.1	2.0	2,003,941	2,044,682

Source(s): Table 36-10-0104-01.

Available tables: [12-10-0134-01](#), [12-10-0135-01](#), [34-10-0163-01](#), [36-10-0103-01](#) to [36-10-0109-01](#), [36-10-0111-01](#), [36-10-0112-01](#), [36-10-0114-01](#) to [36-10-0118-01](#), [36-10-0121-01](#) to [36-10-0132-01](#), [36-10-0135-01](#), [36-10-0205-01](#), [36-10-0369-01](#), [36-10-0477-01](#), [36-10-0484-01](#), [36-10-0608-01](#), [36-10-0610-01](#) and [36-10-0611-01](#).

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

The data visualization product "[Infrastructure Statistics Hub](#)," which is part of *Statistics Canada – Data Visualization Products* ([71-607-X](#)), is now available.

The product *Cannabis Stats Hub* ([13-610-X](#)) is available.

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.

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).