

Natural resource indicators, first quarter 2019

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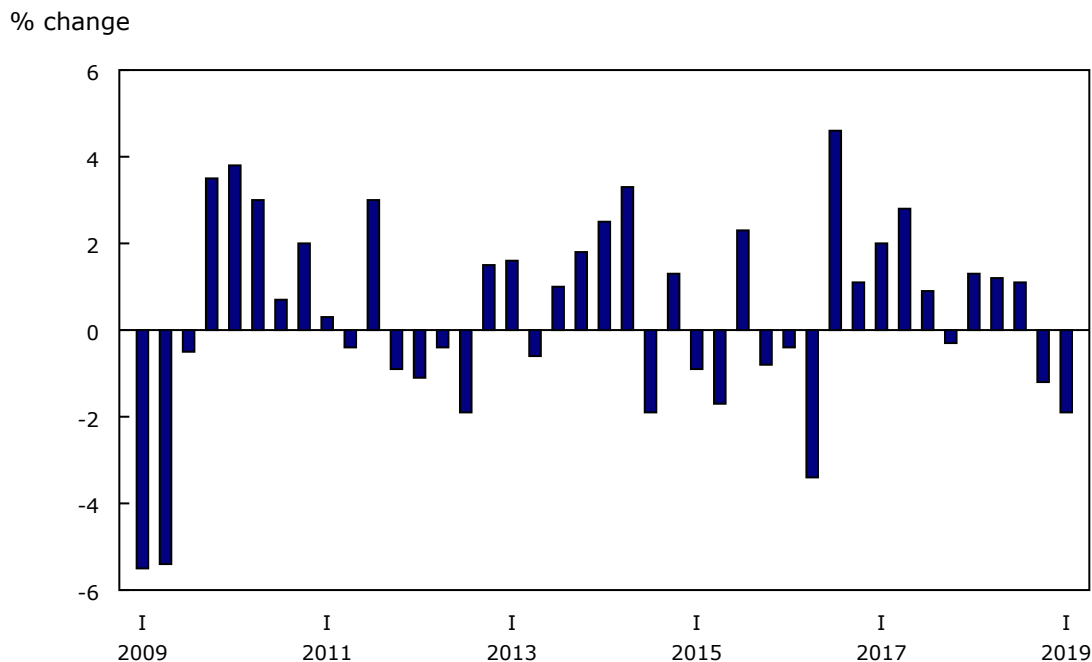
Natural resources gross domestic product continues to fall

Real gross domestic product (GDP) of the natural resources sector fell 1.9% in the first quarter, the largest decline since the second quarter of 2016. The decline in natural resources GDP was broad-based, as all subsectors—energy, mining, forestry, as well as hunting, fishing and water—declined for the second consecutive quarter.

By comparison, real GDP for the total economy rose 0.1%, the same growth rate as in the fourth quarter of 2018.

Chart 1

Growth in real gross domestic product of natural resources, first quarter 2019



Source(s): Table 38-10-0285-01.

Real natural resources GDP in the energy subsector contracted 1.7%, largely owing to a 1.4% decline in crude oil extraction coupled with a 5.0% drop in the production of refined petroleum products. Much of the decrease occurred in January, partly the result of the Government of Alberta's adoption of a temporary cut in oil production.

Real GDP of the mineral and mining subsector declined 2.9%, the sharpest drop since the second quarter of 2013. The declines in metallic (-2.3%) and non-metallic (-5.6%) mineral products were due primarily to lower international demand.

The forestry subsector was down 1.8%, a smaller decline than that of the previous quarter (-4.8%). A 1.8% rise in forestry services moderated the 5.4% decline in primary sawmill and wood products.

Real GDP of hunting, fishing and water edged down 0.1%, after a 0.9% decline in the previous quarter.



Exports and imports of natural resources decline

Real natural resource exports fell 3.8% in the first quarter, following a 0.8% drop in the fourth quarter of 2018. Exports of energy (-4.2%) and mineral (-3.7%) resources declined, while forestry was down 1.4%.

In nominal terms, rebounding prices of exported crude oil raised the value of energy exports by 25.0%, nearly offsetting the 33.9% drop in the previous quarter, while nominal imports of crude oil edged down 0.2%.

Natural resources account for one-ninth of gross domestic product

Expressed as an annual rate, nominal GDP of natural resources rose 0.6% to \$236.0 billion, representing 11.3% of the Canadian economy. Within natural resources, the energy subsector's share remained the largest at 67%, followed by the minerals and mining subsector, at 21%, and the forestry subsector, at 8%. Hunting, fishing and water accounted for the remaining 4% in the quarter.

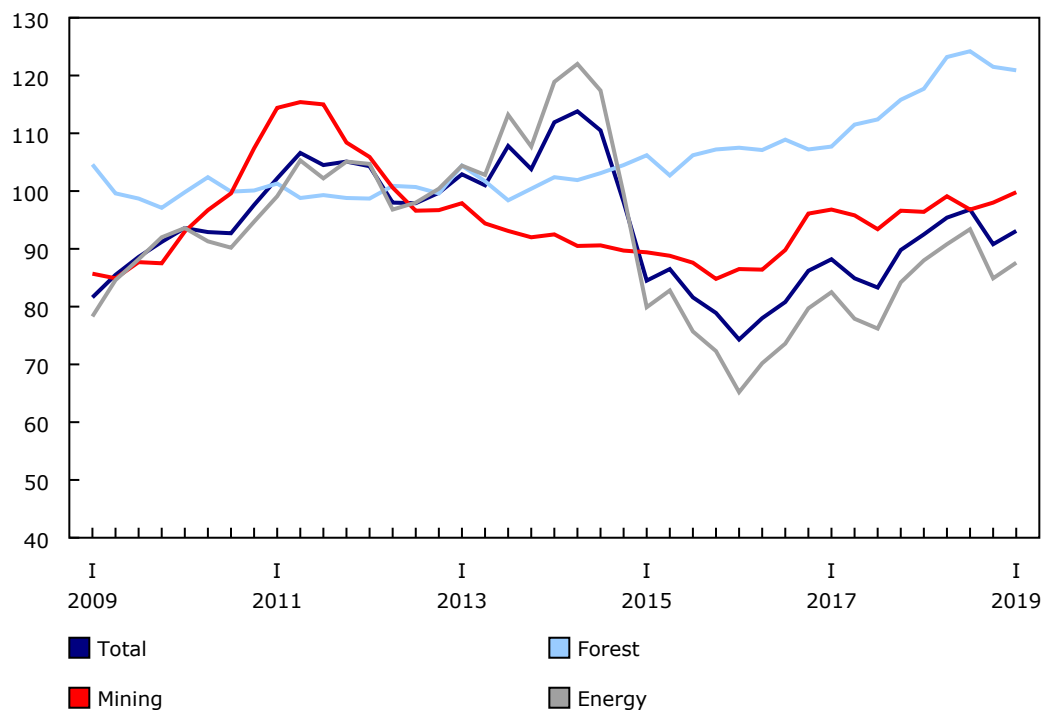
Nominal GDP of crude oil extraction grew 7.9%, following a sharp drop (-22.1%) in the fourth quarter of 2018. The overall nominal GDP growth was moderated by a 1.0% decline in mineral and mining, coupled with a 2.3% drop in the forestry subsector's nominal GDP.

Natural resource prices rebound

Natural resource prices rose 2.6% overall in the first quarter, after a 6.2% decline in the previous quarter. Energy prices rose 3.3%, as a 9.4% increase in crude oil prices was moderated by a 5.9% drop in prices of refined petroleum products. Prices of natural gas rose 8.8%, following a 6.9% rise in the previous quarter.

Chart 2
Natural resource prices, first quarter 2019

index (2012=100)



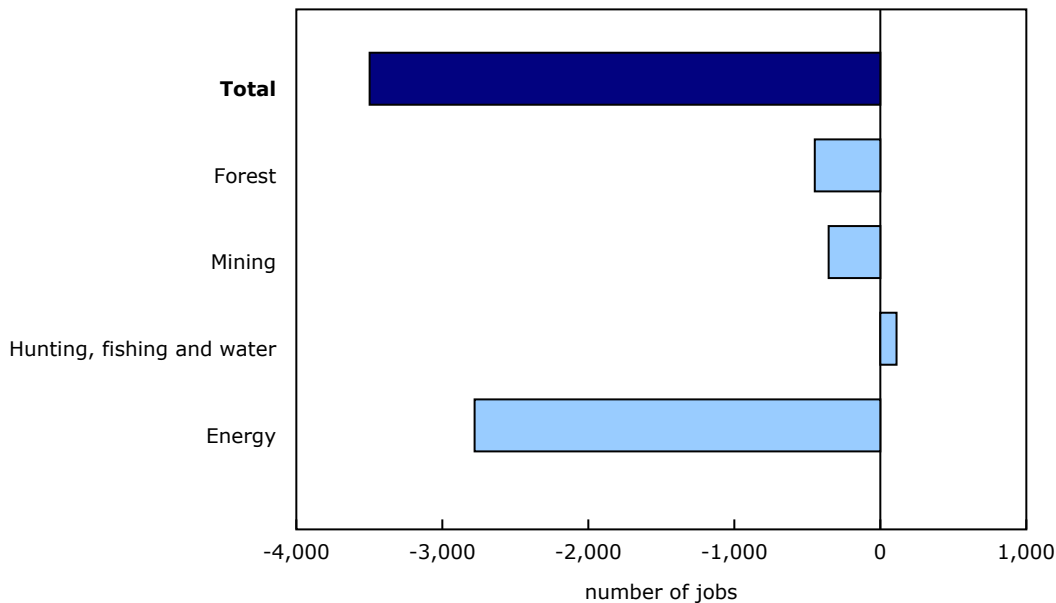
Source(s): Table 38-10-0285-01.

Prices of minerals and mining rose 1.9%. The increase was primarily attributable to a 1.9% rise in metallic and a 1.3% increase in non-metallic mineral prices. Prices in the forestry subsector dropped slightly (-0.5%), following a 2.2% decline in the previous quarter. These declines coincided with reduced activity in new home construction.

Employment continues to decline

Overall employment in the natural resources sector decreased by about 3,500 jobs (-0.6%). The largest drop occurred in the energy subsector (2,780 jobs), followed by forestry (450) and minerals and mining (350).

Chart 3
Employment changes, first quarter 2019



Source(s): Table 38-10-0285-01.

Downstream activities rise

For analytical purposes, secondary and tertiary processing for the forestry and the minerals and mining subsectors are identified separately. Real GDP of these downstream activities rose from 0.1% in the fourth quarter of 2018 to 2.1% in the first quarter. Downstream activities in forestry rose 1.7%, while downstream activities of minerals and mining increased 2.2% in the quarter.

This suggests that, in the short-term, downstream activities are not always impacted to the same degree as activities in the core natural resources sector.

Note to readers

The natural resource indicators (NRI) provide quarterly indicators for the main aggregates in the Natural Resource Satellite Account (NRSA), namely, gross domestic product, output, exports, imports, and employment. The estimates from this account are directly comparable to the estimates found in the Canadian System of Macroeconomic Accounts (CSMA).

Core natural resources: The NRSA defines natural resource activities as those which result in goods and services originating from naturally-occurring assets used in economic activity, as well as their initial processing (primary manufacturing).

Downstream activities: Although not part of the core account, natural resources have important downstream effects on other sectors. In general, this production uses a large portion of primary manufactured products as inputs.

Next release

Data on natural resource indicators for the second quarter will be released on September 25.

Available tables: table [38-10-0285-01](#).

Definitions, data sources and methods: survey number [1901](#).

Additional information can be found in the articles "[The Natural Resources Satellite Account: Feasibility study](#)" and "[The Natural Resources Satellite Account – Sources and methods](#)," which are part of the *Income and Expenditure Accounts Technical Series* ([13-604-M](#)).

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).