

Gross domestic product, income and expenditure, second quarter 2019

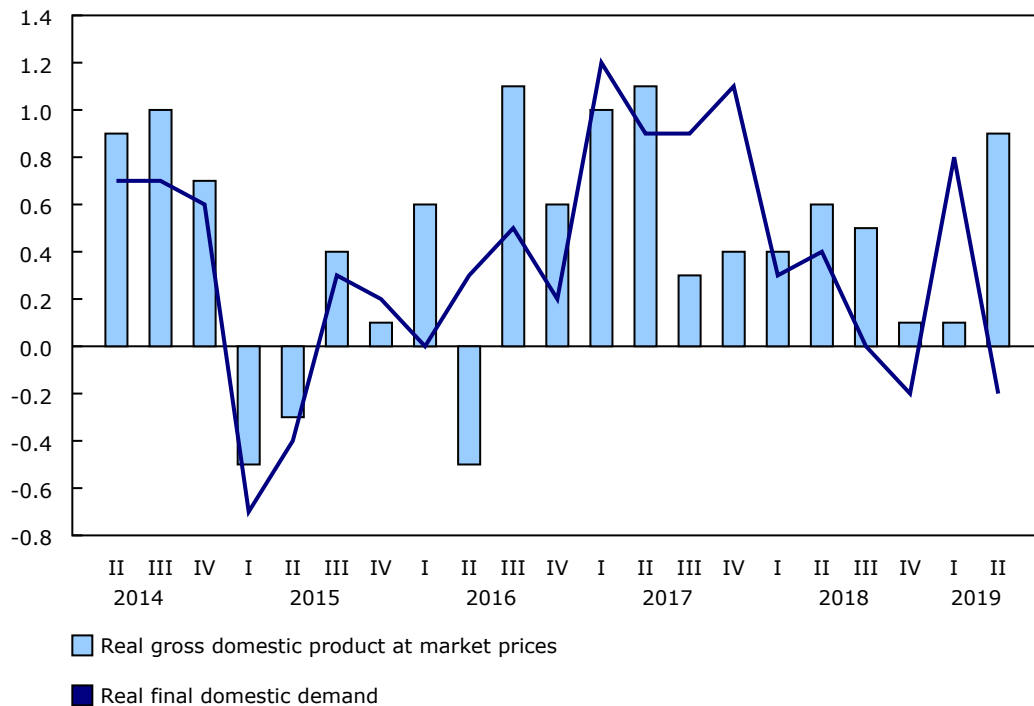
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, August 30, 2019

Real gross domestic product (GDP) grew 0.9% in the second quarter, after edging up 0.1% in each of the previous two quarters. This growth was led by a 3.2% rise in export volumes, while final domestic demand edged down (-0.2%).

Expressed at an annualized rate, real GDP advanced 3.7% in the second quarter. In comparison, real GDP in the United States grew 2.0%.

Chart 1
Gross domestic product and final domestic demand

quarterly % change, chained (2012) dollars



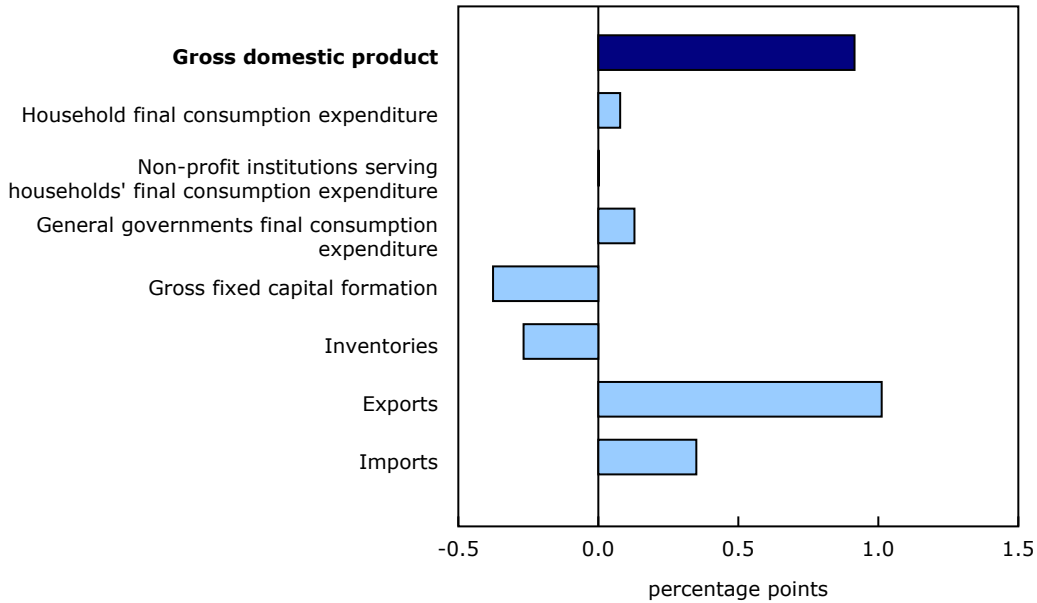
Source(s): Table 36-10-0104-01.

Exports of goods rose 3.7% in the second quarter, following declines in previous two quarters. The increase was led by energy products, which grew 5.9% after a 3.0% decline in the first quarter. Exports of services rose 1.1%, maintaining the pace of the previous quarter. Import volumes declined 1.0%.

GDP growth was moderated by a 1.6% decline in business investment; notable declines occurred in outlays on machinery and equipment and engineering construction. Growth in consumer spending slowed to 0.1%.

Businesses accumulated \$11.9 billion in non-farm inventories in the second quarter, and the economy-wide stock-to-sales ratio remained at 0.85. Cannabis stocks contributed to the \$2.1 billion accumulation of farm inventories.

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



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

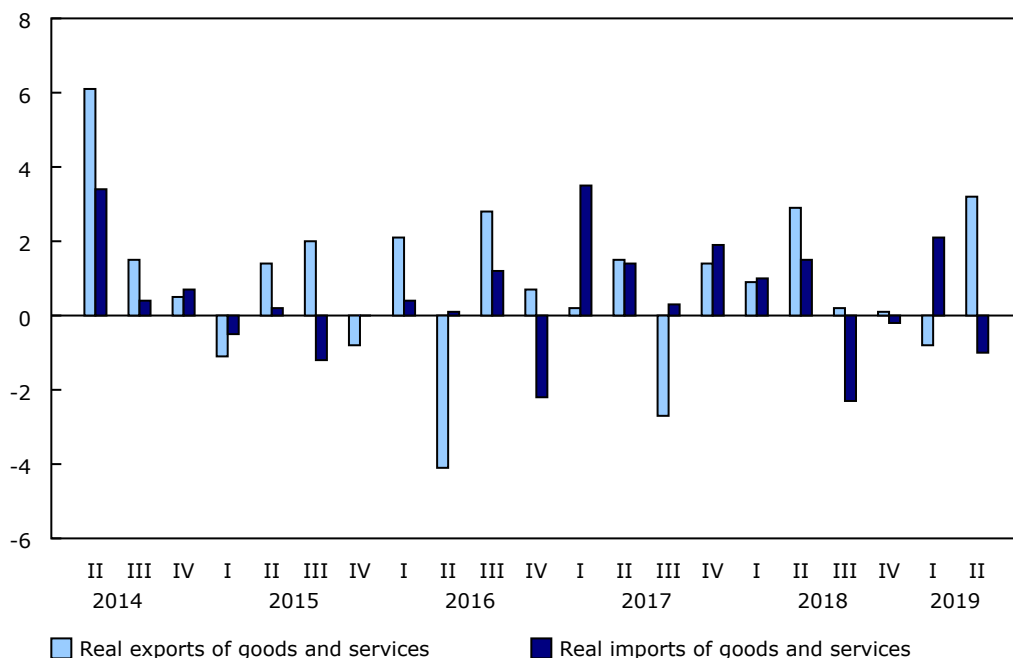
Exports drive growth

The second quarter increase in export volumes was broad-based. In addition to the growth in energy products, farm and fishing products rebounded 15.2%, following an 8.4% decline in the first quarter. Exports of non-metallic minerals rose 19.0%, the sharpest upturn since the third quarter of 2016, and exports of aircraft and related engines and parts grew 10.0%. Exports of travel services rose 2.4%, after a 1.4% increase in the previous quarter.

Exports of pulp and paper dropped 10.6%, the fourth consecutive quarterly decline.

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 declined 1.0% in the second quarter, after a 2.1% rise in the first quarter. Imports of aircraft and associated engines and parts fell sharply (-32.1%), following a 41.1% rise in the previous quarter. Other notable declines occurred in pharmaceuticals and medicinal products (-3.9%) and in communication and audio and video equipment (-6.7%).

Imports of energy products rebounded 7.8% in the second quarter, after a 4.2% decline in the first quarter, while imports of motor vehicles and parts slowed to 1.4% growth.

Imports of services fell 1.8%, largely owing to a 4.0% decline in imports of transportation services.

Growth in household spending slows

Growth in household spending slowed to 0.1% in the second quarter, following a 0.7% increase in the first quarter. Outlays on durable goods fell 0.3%, largely as a result of a 1.4% decline in purchases of vehicles. Outlays on semi-durable goods slowed to 0.3%.

Outlays on non-durable goods edged down 0.1%, after a 0.8% rise in the first quarter. Outlays on services rose 0.3%, after a 0.5% increase in the first quarter.

Housing investment resumes growth

Following five consecutive quarterly contractions, housing investment rose 1.4%, on broad-based gains. Increases in multi-dwelling investments and conversions led the growth in new home construction (+0.9%). Higher resale activities boosted growth in ownership transfer costs (+3.8%), while renovation activities grew 0.7%.

Non-residential business investment declines

Business investment in non-residential structures and machinery and equipment fell 4.3% in the second quarter, following a 3.4% rise in the first quarter. The decrease was due mainly to a 9.3% decline in machinery and equipment investment, largely attributable to a 61.1% decrease in aircraft and other transportation equipment. Investment in computers and related equipment rose 7.7%, after a 1.7% decline in the first quarter.

Growth in business investment in non-residential buildings slowed to 1.1%, while investment in engineering structures declined 1.0%, the sixth consecutive quarterly decline.

Business investment in intellectual property products rose 0.6% in the second quarter, after a 1.3% decline in the first quarter. Mineral exploration and evaluation grew 1.3%, followed by software (+0.6%) and research and development (+0.3%).

Real gross national income continues to rise

Real gross national income, the real purchasing power of income earned by Canadian-owned factors of production, rose 1.3%, after a 1.1% gain in the first quarter. The GDP implicit price index, which reflects the overall price of domestically produced goods and services, rose 1.1%.

Canada's terms of trade—the ratio of the price of exports to the price of imports—rose 0.9% in the second quarter, following a 2.7% increase in the first quarter. Export prices increased 1.3%, while import prices rose 0.4%. The price of exported crude oil and crude bitumen continued to increase, rising 15.2%, after a 31.8% boost in the previous quarter.

Corporate earnings and household disposable income grow

The growth in the gross operating surplus accelerated to 3.7% in the second quarter, after rising 2.1% in the first quarter. Growth in compensation of employees strengthened to 1.7% in the second quarter as both goods- (+1.5%) and services- (+1.8%) producing industries increased. This contributed to a 1.3% rise in household disposable income and a 1.7% increase in the household saving rate.

Note to readers

Percentage changes for expenditure-based statistics (such as household spending, investment, exports, and imports) are calculated from volume measures adjusted for price variations. Percentage changes for income-based statistics (such as compensation of employees and operating surplus) 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:

1. Unless otherwise stated, growth rates represent the percentage change in the series from one quarter to the next, such as from the first quarter of 2019 to the second quarter of 2019.
2. Quarterly growth can also 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. This growth rate is cited for comparisons with 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 second quarter of 2019 have been released along with revised data from the first quarter of 2019. 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 September 9.

Next release

Data on GDP by income and expenditure for the third quarter will be released on November 29.

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 to measure the following goals:



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

	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	First quarter 2019	Second quarter 2019
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	1.0	0.6	0.6	1.1	1.0	1.7	1,145,824	1,165,176
Gross operating surplus	0.5	1.9	2.3	-5.1	2.1	3.7	582,208	603,964
Gross mixed income	0.9	1.2	0.1	1.5	1.0	0.9	271,676	274,044
Taxes less subsidies on production	0.9	-0.4	-0.6	0.5	1.6	1.3	100,088	101,392
Taxes less subsidies, on products and imports	1.5	0.3	2.3	-3.8	2.7	0.2	153,700	153,992
Statistical discrepancy (millions of dollars)	-1,784	144	580	1,728	-996	324	80	404
Gross domestic product at market prices	0.8	1.0	1.0	-0.8	1.4	2.0	2,253,576	2,298,972

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

	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	First quarter 2019	Second quarter 2019
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	0.4	0.6	0.4	0.3	0.6	0.3	1,627,009	1,631,284
Household final consumption expenditure	0.3	0.5	0.3	0.2	0.7	0.1	1,175,734	1,177,341
Non-profit institutions serving households' final consumption expenditure	0.5	1.0	0.2	1.0	0.3	0.1	29,704	29,744
General governments final consumption expenditure	0.5	1.0	0.7	0.5	0.3	0.6	421,949	424,534
Gross fixed capital formation	0.3	-0.4	-1.6	-2.3	1.4	-1.7	433,466	426,101
Business gross fixed capital formation	0.4	-0.1	-2.0	-2.1	1.2	-1.6	355,326	349,470
Residential structures	-2.2	-0.1	-0.8	-2.7	-1.0	1.4	135,058	136,894
Non-residential structures, machinery and equipment	1.8	-0.2	-3.1	-2.5	3.4	-4.3	187,050	178,965
Intellectual property products	4.3	0.1	-0.8	3.0	-1.3	0.6	33,690	33,882
General governments gross fixed capital formation	-0.1	-1.7	0.4	-3.5	2.5	-2.0	75,487	73,964
Investment in inventories (millions of dollars)	776	-3,213	-6,182	6,730	5,655	-5,524	19,546	14,022
Exports of goods and services	0.9	2.9	0.2	0.1	-0.8	3.2	656,361	677,396
Less: imports of goods and services	1.0	1.5	-2.3	-0.2	2.1	-1.0	669,528	662,654
Statistical discrepancy (millions of dollars)	1,655	-138	-543	-1,592	925	-293	-70	-363
Gross domestic product at market prices	0.4	0.6	0.5	0.1	0.1	0.9	2,066,571	2,085,470
Final domestic demand	0.3	0.4	-0.0	-0.2	0.8	-0.2	2,058,556	2,055,180

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

	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	First quarter 2019	Second quarter 2019
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	1.5	2.5	1.7	1.3	2.4	1.1	1,627,009	1,631,284
Household final consumption expenditure	1.3	1.9	1.3	1.0	2.9	0.5	1,175,734	1,177,341
Non-profit institutions serving households' final consumption expenditure	2.0	4.3	0.6	3.9	1.3	0.5	29,704	29,744
General governments final consumption expenditure	2.0	4.3	2.7	2.1	1.3	2.5	421,949	424,534
Gross fixed capital formation	1.0	-1.6	-6.1	-8.9	5.8	-6.6	433,466	426,101
Business gross fixed capital formation	1.5	-0.5	-7.7	-8.0	4.9	-6.4	355,326	349,470
Residential structures	-8.4	-0.3	-3.2	-10.4	-3.9	5.5	135,058	136,894
Non-residential structures, machinery and equipment	7.3	-0.9	-11.8	-9.5	14.4	-16.2	187,050	178,965
Intellectual property products	18.4	0.5	-3.1	12.7	-5.1	2.3	33,690	33,882
General governments gross fixed capital formation	-0.5	-6.6	1.7	-13.1	10.3	-7.8	75,487	73,964
Investment in inventories (millions of dollars)	776	-3,213	-6,182	6,730	5,655	-5,524	19,546	14,022
Exports of goods and services	3.6	12.0	0.8	0.3	-3.3	13.4	656,361	677,396
Less: imports of goods and services	4.2	6.2	-8.9	-0.7	8.7	-4.0	669,528	662,654
Statistical discrepancy (millions of dollars)	1,655	-138	-543	-1,592	925	-293	-70	-363
Gross domestic product at market prices	1.5	2.5	2.1	0.3	0.5	3.7	2,066,571	2,085,470
Final domestic demand	1.4	1.6	-0.1	-1.0	3.2	-0.7	2,058,556	2,055,180

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

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

	First quarter 2019	Second quarter 2019	Second 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	1,627,009	1,631,284	0.209	0.537	0.844
Household final consumption expenditure	1,175,734	1,177,341	0.078	0.414	0.313
Goods	525,850	525,285	-0.026	0.224	-0.109
Durable goods	155,389	154,890	-0.024	0.029	-0.097
Semi-durable goods	85,327	85,615	0.013	0.005	0.053
Non-durable goods	285,148	284,808	-0.016	0.190	-0.065
Services	649,891	651,998	0.104	0.189	0.422
Non-profit institutions serving households' final consumption expenditure	29,704	29,744	0.002	0.019	0.008
General governments final consumption expenditure	421,949	424,534	0.129	0.104	0.523
Gross fixed capital formation	433,466	426,101	-0.376	0.162	-1.520
Business gross fixed capital formation	355,326	349,470	-0.299	0.131	-1.208
Residential structures	135,058	136,894	0.096	0.055	0.389
Non-residential structures, machinery and equipment	187,050	178,965	-0.404	0.054	-1.638
Non-residential structures	107,288	106,814	-0.023	0.030	-0.093
Machinery and equipment	78,877	71,534	-0.381	0.024	-1.545
Intellectual property products	33,690	33,882	0.010	0.022	0.041
Non-profit institutions serving households' gross fixed capital formation	2,790	2,801	0.001	0.000	0.004
General governments gross fixed capital formation	75,487	73,964	-0.078	0.031	-0.316
Investment in inventories	19,546	14,022	-0.267	0.112	-1.083
Exports of goods and services	656,361	677,396	1.012	0.408	4.104
Goods	541,307	561,110	0.953	0.389	3.865
Services	114,375	115,996	0.059	0.019	0.239
Less: imports of goods and services	669,528	662,654	-0.350	0.128	-1.419
Goods	547,249	542,610	-0.233	0.062	-0.945
Services	122,602	120,430	-0.117	0.066	-0.474
Statistical discrepancy	-70	-363	-0.014	0.000	-0.057
Gross domestic product at market prices	2,066,571	2,085,470	0.915	1.090	3.707
Final domestic demand	2,058,556	2,055,180	-0.167	0.699	-0.676

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

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	First quarter 2018	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019
Economy-wide						
Real gross domestic income (index 2012=100)	109.9	110.5	111.1	109.8	110.8	112.2
Gross domestic product deflator (index 2012=100)	107.7	108.1	108.6	107.7	109.0	110.2
Terms of trade (index 2012=100)	95.6	95.4	95.4	91.8	94.2	95.0
Household sector						
Household disposable income (millions of dollars)	1,216,552	1,227,808	1,229,128	1,245,168	1,255,644	1,271,464
Household net saving (millions of dollars)	22,936	18,472	11,032	17,464	16,180	20,980
Household saving rate (%)	1.9	1.5	0.9	1.4	1.3	1.7
Government sector						
General government disposable income (millions of dollars)	470,972	481,724	476,624	474,900	486,252	492,636
General government net saving (millions of dollars)	16,924	22,024	11,268	3,356	10,032	11,132
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	242,348	249,444	257,596	226,136	236,128	251,992
Financial corporations' net operating surplus (millions of dollars)	38,196	38,060	39,432	37,568	36,392	38,272
Non-financial corporations' net saving (millions of dollars)	4,788	12,600	26,076	-11,400	-2,188	20,252
Financial corporations' net saving (millions of dollars)	31,472	15,340	22,756	25,576	24,892	20,292
National						
National net saving (millions of dollars)	78,936	70,740	74,288	40,092	51,800	77,260
National saving rate (%)	4.4	3.9	4.0	2.2	2.8	4.1

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](#).

Available tables: [12-10-0134-01](#), [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](#) and [36-10-0484-01](#).

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

The data visualization product "[Infrastructure Statistics Hub](#)," part of the series *Statistics Canada – Data Visualization Products* ([71-607-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).