

Gross domestic product, income and expenditure, third quarter 2019

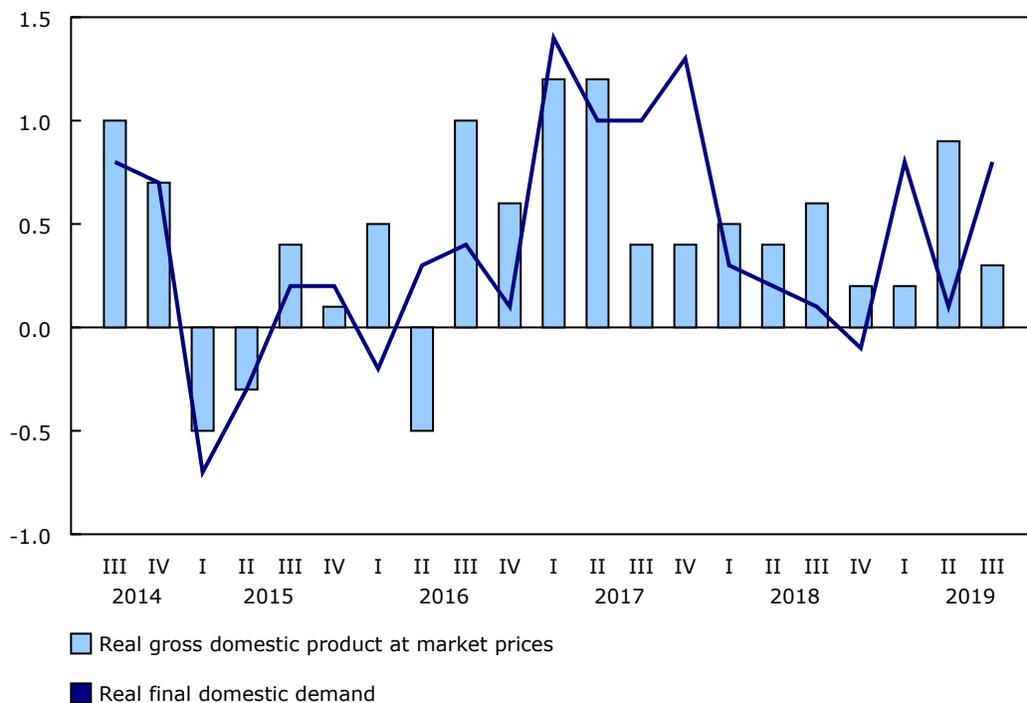
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 29, 2019

Real gross domestic product (GDP) grew 0.3%, following a 0.9% increase in the second quarter. Third quarter growth was led by higher business investment and increased household spending, boosting final domestic demand by 0.8%.

Expressed at an annualized rate, real GDP advanced 1.3% in the third quarter. In comparison, real GDP in the United States grew 1.9%.

Chart 1
Gross domestic product and final domestic demand

quarterly % change, chained (2012) dollars



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

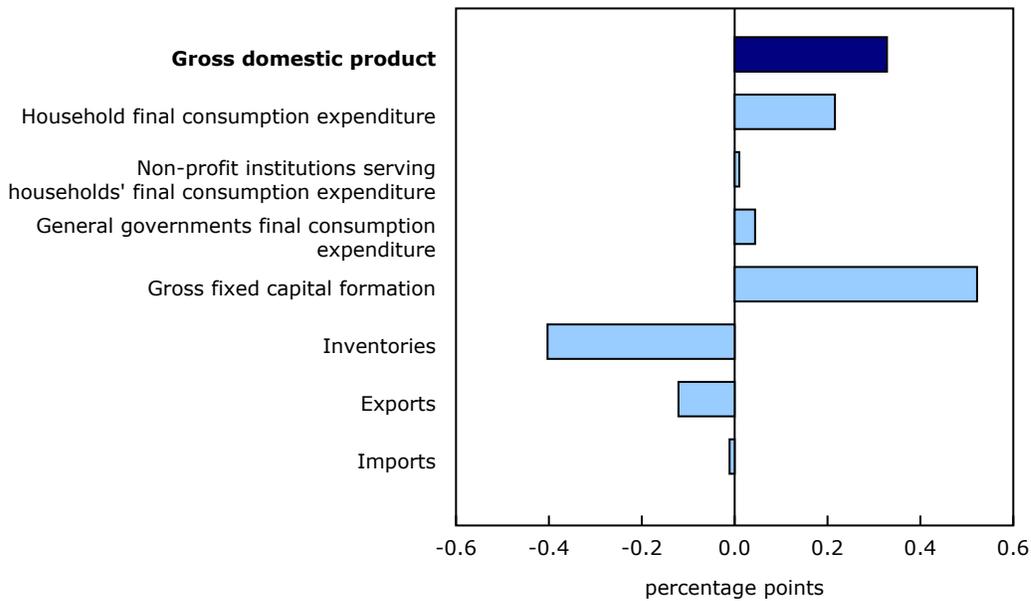
Business investment rose 2.6% in the third quarter, the fastest pace since the fourth quarter of 2017. Growth in household spending accelerated to 0.4%, after rising 0.1% in the second quarter. These increases were moderated by a 0.4% decline in exports, while imports were flat.

Non-farm business inventories were drawn down by \$550 million in the third quarter, and the economy-wide stock-to-sales ratio hovered at 0.84. Cannabis inventories contributed to the \$4.9 billion accumulation of farm inventories.



Chart 2

Contributions to percentage change in real gross domestic product, third quarter of 2019



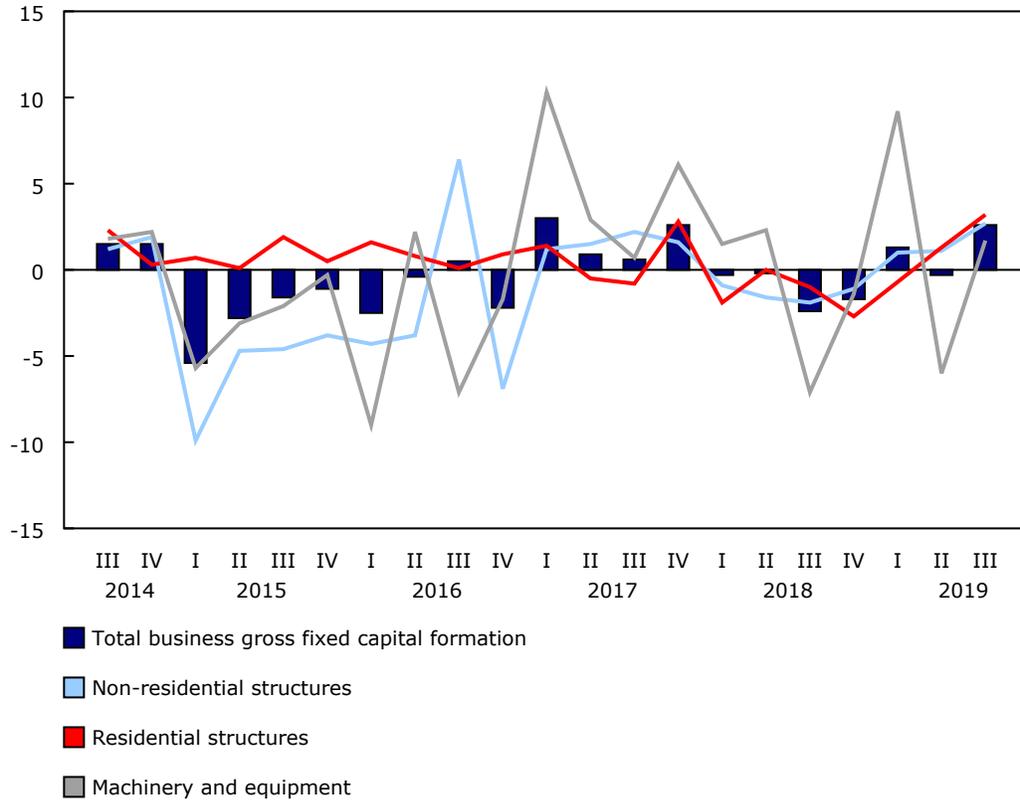
Source(s): Table 36-10-0104-01.

Housing investment accelerates

Housing investment rose 3.2%, the fastest pace since the first quarter of 2012. The increase was driven by both new home construction (+3.3%)—mostly single-detached homes in Ontario—and higher ownership transfer costs (+8.7%) from increased resale activities in British Columbia and Ontario.

**Chart 3
Business gross fixed capital formation**

quarterly % change, chained (2012) dollars



Source(s): Tables 36-10-0108-01 and 36-10-0104-01.

Business investment grows

Business investment in non-residential buildings was up 1.4%, after rising 1.0% in the second quarter. Growth in business investment in engineering structures accelerated to 3.1%, the fastest pace since the third quarter of 2016. Business investment in machinery and equipment rose 1.7%, after falling 6.0% in the second quarter, while investment in intellectual property products rose 1.5%, matching the previous pace of growth.

Moderate growth in household spending

Household spending rose 0.4% in the third quarter, after edging up 0.1% in the second quarter. Outlays on durable goods rebounded 0.4%, after declining by the same rate in the previous quarter. The increase was largely driven by purchases of new trucks, vans and sport utility vehicles (+4.9%)—the sharpest rise since the third quarter of 2015.

Outlays on semi-durable goods rose 0.5%, and outlays on non-durable goods advanced 0.3%. Growth in household spending on services, representing over half of total household spending, accelerated to 0.4%, after rising 0.2% in the second quarter.

Export volumes fall

Export volumes declined 0.4%, after rising 3.1% in the second quarter. Notable downturns occurred in exports of non-metallic minerals (-15.2%) and farm and fishing products (-4.5%). These declines were partly offset by higher exports of metal ores and concentrates (+11.6%), and clothing and footwear products (+17.3%). Exports of services were essentially unchanged.

Import volumes remained flat in the third quarter, following a 0.9% drop in the second quarter. Increases in imports of basic chemical products (+5.4%), and pharmaceutical and medicinal products (+5.2%) were offset by declines in imports of passenger cars and light trucks (-2.2%) and industrial machinery, equipment and parts (-1.5%). Imports of services further declined 0.4%, after a 1.8% drop in the second quarter.

Terms of trade decline

The third quarter decline in export prices (-1.5%), largely owing to a 10.9% drop in prices of exported crude oil and bitumen, was twice that of import prices (-0.7%). Consequently, the terms of trade—the ratio of the price of exports to the price of imports—dropped in the third quarter (-0.9%), offsetting the 0.8% gain in the second quarter.

The GDP implicit price index, which reflects the overall price of domestically produced goods and services, edged up 0.1%.

Corporate earnings fall while household disposable income increases

Gross operating surplus of corporations fell 2.4% (nominal terms) in the third quarter, after rising 4.1% in the second quarter. Compensation of employees rose 1.3%, after increasing 1.5%. Growth in compensation of employees was led by service-producing industries (+1.5%).

Household disposable income rose 0.9%, while nominal household spending increased 0.6%, resulting in an increase in household savings. The household saving rate rose to 3.2%.

Note to readers

This release incorporates the 2016 benchmark supply and use tables. This release reflects the integration of historical updates to exports, imports and final household spending on travel services. As a result, Canada's real gross domestic product (GDP) growth rate was revised down from 1.1% to 1.0% in 2016, and revised up from 3.0% to 3.2% in 2017. More up-to-date information reinforced the published estimates of weaker growth in 2016 and stronger growth in 2017 than originally reported, and estimates differ slightly from those published in the second quarter of 2019.

Percentage changes for expenditure-based statistics (such as household spending, investment and exports) 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) are calculated from nominal values; that is, they are not adjusted for price variations.

There are two ways of expressing growth rates for 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 second quarter of 2019 to the third 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 formulas represent the latest period-to-period quarterly growth.*

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

For more information on gross domestic product, see the video "[What is Gross Domestic Product \(GDP\)?](#)"

Revisions

Data on GDP for the third quarter have been released along with revised data from the first quarter of 2016. 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 December 9.

Next release

Data on GDP by income and expenditure for the fourth quarter will be released on February 28.

Sustainable development goals

On January 1, 2016, the world officially began implementing 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 sustainable development goals. This release will be used to measure the following goals:



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

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Second quarter 2019	Third quarter 2019
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	0.6	0.7	1.2	1.0	1.5	1.3	1,164,032	1,178,752
Gross operating surplus	1.5	2.4	-4.3	1.5	4.1	-2.4	613,480	598,692
Gross mixed income	1.0	0.4	1.4	0.9	1.3	1.5	275,144	279,376
Taxes less subsidies on production	0.5	-0.3	0.8	3.3	-1.1	2.9	101,452	104,352
Taxes less subsidies, on products and imports	-0.1	2.8	-4.7	4.0	-1.4	2.7	149,256	153,232
Statistical discrepancy (millions of dollars)	-460	-2,384	740	-764	2,384	-1,616	928	-688
Gross domestic product at market prices	0.8	1.1	-0.7	1.4	2.0	0.4	2,304,292	2,313,716

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

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Second quarter 2019	Third quarter 2019
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	0.4	0.6	0.4	0.6	0.2	0.3	1,633,104	1,638,719
Household final consumption expenditure	0.1	0.7	0.2	0.6	0.1	0.4	1,176,249	1,180,781
Non-profit institutions serving households' final consumption expenditure	1.1	-0.1	0.7	1.6	0.1	0.7	30,432	30,640
General governments final consumption expenditure	1.0	0.5	0.8	0.5	0.6	0.2	426,665	427,558
Gross fixed capital formation	-0.3	-1.8	-2.0	1.5	-0.6	2.4	432,880	443,216
Business gross fixed capital formation	-0.2	-2.4	-1.7	1.3	-0.3	2.6	353,781	362,868
Residential structures	-0.0	-1.0	-2.7	-0.7	1.3	3.2	137,448	141,794
Non-residential structures, machinery and equipment	-0.1	-3.9	-1.2	4.2	-1.8	2.3	183,103	187,315
Intellectual property products	-0.9	-0.3	-0.1	-5.4	1.5	1.5	33,570	34,060
General governments gross fixed capital formation	-1.1	0.9	-3.5	2.5	-1.9	1.7	77,148	78,452
Investment in inventories (millions of dollars)	-3,796	-5,984	7,211	6,146	-7,884	-8,553	12,754	4,201
Exports of goods and services	2.8	0.1	-0.1	-0.8	3.1	-0.4	681,634	679,068
Less: imports of goods and services	1.6	-1.9	-0.3	2.0	-0.9	0.0	666,473	666,684
Statistical discrepancy (millions of dollars)	427	2,205	-675	691	-2,176	1,460	-839	621
Gross domestic product at market prices	0.4	0.6	0.2	0.2	0.9	0.3	2,092,327	2,099,200
Final domestic demand	0.2	0.1	-0.1	0.8	0.1	0.8	2,063,979	2,080,248

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

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Second quarter 2019	Third quarter 2019
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	1.4	2.6	1.6	2.5	1.0	1.4	1,633,104	1,638,719
Household final consumption expenditure	0.4	2.9	1.0	2.5	0.5	1.6	1,176,249	1,180,781
Non-profit institutions serving households' final consumption expenditure	4.4	-0.2	2.9	6.5	0.3	2.8	30,432	30,640
General governments final consumption expenditure	4.1	1.9	3.1	2.1	2.4	0.8	426,665	427,558
Gross fixed capital formation	-1.4	-7.1	-7.8	6.3	-2.2	9.9	432,880	443,216
Business gross fixed capital formation	-0.6	-9.3	-6.7	5.4	-1.1	10.7	353,781	362,868
Residential structures	-0.1	-4.0	-10.4	-2.7	5.5	13.3	137,448	141,794
Non-residential structures, machinery and equipment	-0.4	-14.9	-4.8	18.0	-7.0	9.5	183,103	187,315
Intellectual property products	-3.6	-1.1	-0.3	-20.0	6.1	6.0	33,570	34,060
General governments gross fixed capital formation	-4.4	3.6	-13.1	10.2	-7.2	6.9	77,148	78,452
Investment in inventories (millions of dollars)	-3,796	-5,984	7,211	6,146	-7,884	-8,553	12,754	4,201
Exports of goods and services	11.6	0.6	-0.4	-3.3	12.9	-1.5	681,634	679,068
Less: imports of goods and services	6.5	-7.2	-1.3	8.1	-3.5	0.1	666,473	666,684
Statistical discrepancy (millions of dollars)	427	2,205	-675	691	-2,176	1,460	-839	621
Gross domestic product at market prices	1.6	2.5	1.0	0.8	3.5	1.3	2,092,327	2,099,200
Final domestic demand	0.8	0.3	-0.6	3.3	0.3	3.2	2,063,979	2,080,248

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

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

	Second quarter 2019	Third quarter 2019	Third 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	1,633,104	1,638,719	0.271	0.312	1.090
Household final consumption expenditure	1,176,249	1,180,781	0.216	0.139	0.873
Goods	525,919	527,827	0.089	0.026	0.358
Durable goods	156,098	156,798	0.033	0.020	0.133
Semi-durable goods	86,272	86,671	0.018	0.015	0.072
Non-durable goods	283,597	284,413	0.038	-0.009	0.153
Services	650,294	652,912	0.128	0.113	0.515
Non-profit institutions serving households' final consumption expenditure	30,432	30,640	0.010	0.009	0.040
General governments final consumption expenditure	426,665	427,558	0.044	0.164	0.177
Gross fixed capital formation	432,880	443,216	0.522	0.081	2.097
Business gross fixed capital formation	353,781	362,868	0.459	0.072	1.844
Residential structures	137,448	141,794	0.227	0.095	0.912
Non-residential structures, machinery and equipment	183,103	187,315	0.208	-0.027	0.836
Non-residential structures	112,677	115,694	0.147	-0.020	0.591
Machinery and equipment	70,039	71,242	0.061	-0.007	0.245
Intellectual property products	33,570	34,060	0.024	0.004	0.096
Non-profit institutions serving households' gross fixed capital formation	2,080	2,024	-0.003	0.001	-0.012
General governments gross fixed capital formation	77,148	78,452	0.066	0.008	0.265
Investment in inventories	12,754	4,201	-0.403	-0.025	-1.620
Exports of goods and services	681,634	679,068	-0.121	-0.519	-0.487
Goods	558,210	555,467	-0.129	-0.542	-0.519
Services	122,646	122,819	0.008	0.022	0.032
Less: imports of goods and services	666,473	666,684	0.011	-0.232	0.040
Goods	543,290	544,085	0.039	-0.217	0.157
Services	123,608	123,076	-0.029	-0.014	-0.117
Statistical discrepancy	-839	621	0.070	0.000	0.281
Gross domestic product at market prices	2,092,327	2,099,200	0.328	0.080	1.321
Final domestic demand	2,063,979	2,080,248	0.793	0.393	3.187

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

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	Second quarter 2018	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019
Economy-wide						
Real gross domestic income (index 2012=100)	110.6	111.2	110.1	111.2	112.5	112.6
Gross domestic product deflator (index 2012=100)	108.1	108.7	107.7	108.9	110.1	110.2
Terms of trade (index 2012=100)	95.4	95.4	91.8	94.1	94.9	94.1
Household sector						
Household disposable income (millions of dollars)	1,230,416	1,235,708	1,250,684	1,264,200	1,286,704	1,298,848
Household net saving (millions of dollars)	23,892	16,028	23,808	27,016	38,176	41,204
Household saving rate (%)	1.9	1.3	1.9	2.1	3.0	3.2
Government sector						
General government disposable income (millions of dollars)	480,096	484,864	483,928	492,592	491,056	499,420
General government net saving (millions of dollars)	17,036	16,964	8,728	13,404	6,268	9,824
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	252,096	260,540	233,020	239,320	257,884	243,932
Financial corporations' net operating surplus (millions of dollars)	38,788	40,492	38,248	37,956	41,532	40,164
Non-financial corporations' net saving (millions of dollars)	10,244	23,164	-5,980	-3,952	18,420	6,976
Financial corporations' net saving (millions of dollars)	25,508	24,552	22,844	27,104	26,844	21,496
National						
National net saving (millions of dollars)	73,768	74,060	44,580	58,136	84,828	73,344
National saving rate (%)	4.1	4.0	2.4	3.1	4.5	3.9

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	2.1	2.0	3.2	2.4	1,570,652	1,607,972
Household final consumption expenditure	2.6	2.7	2.3	1.9	3.7	2.2	1,136,630	1,161,173
Non-profit institutions serving households' final consumption expenditure	2.6	-0.8	4.7	9.0	-1.3	1.4	29,298	29,706
General governments final consumption expenditure	-0.8	0.6	1.4	1.8	2.3	3.0	405,132	417,433
Gross fixed capital formation	1.4	2.3	-5.2	-4.7	3.6	1.2	434,594	439,842
Business gross fixed capital formation	2.9	3.3	-6.4	-5.4	3.0	0.4	357,815	359,249
Residential structures	-0.6	1.6	3.8	3.9	2.2	-1.6	142,356	140,128
Non-residential structures, machinery and equipment	5.9	4.7	-11.3	-12.3	3.9	1.4	181,807	184,330
Intellectual property products	-1.2	0.8	-11.5	-1.7	2.1	3.9	33,792	35,111
General governments gross fixed capital formation	-5.6	-3.4	1.5	-0.1	6.3	5.2	74,805	78,664
Investment in inventories (millions of dollars)	10,983	-6,662	-9,178	-779	16,765	-4,926	17,951	13,025
Exports of goods and services	2.5	6.3	3.4	1.4	1.4	3.1	642,598	662,381
Less: imports of goods and services	2.1	2.5	0.8	0.1	4.2	2.6	647,899	664,754
Statistical discrepancy (millions of dollars)	923	-432	-300	2,116	-1,202	-130	73	-57
Gross domestic product at market prices	2.3	2.9	0.7	1.0	3.2	2.0	2,017,492	2,058,117
Final domestic demand	1.6	2.1	0.3	0.5	3.3	2.1	2,003,959	2,046,321

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 document, "[The 2016 to 2018 revisions of the Income and Expenditure Accounts](#)," which is part of the *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is now available.

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

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

The *Economic Accounts Statistics* portal, accessible from the *Subject* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

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).