

Natural resource indicators, third quarter 2019

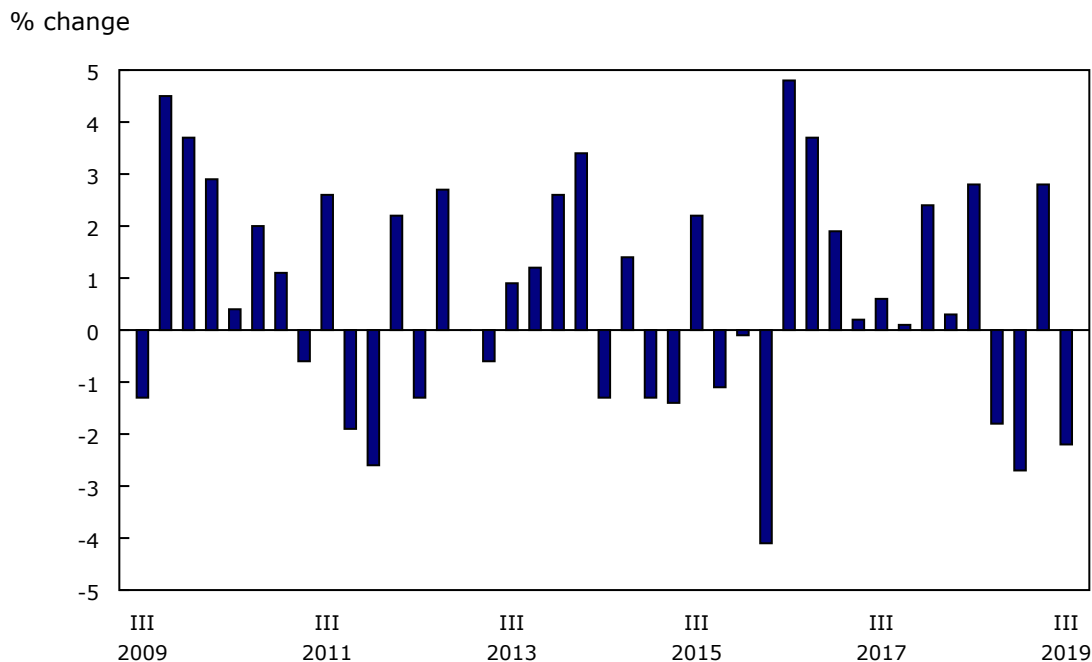
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 17, 2020

Natural resources real gross domestic product declines

Real gross domestic product (GDP) of the natural resources sector fell 2.2% in the third quarter, following a 2.8% rise in the second quarter. The decline was largely attributable to a substantial decrease in crude oil and bitumen extraction, reflecting shutdowns and maintenance of some production facilities.

Growth in real GDP of the total economy slowed to 0.3% in the third quarter, after a 0.9% increase in the second quarter.

Chart 1
Growth in real gross domestic product of natural resources



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

Among natural resources, real GDP of the energy subsector fell 2.3% in the third quarter, following a 3.7% increase in the second quarter. Oil sands extraction declined largely because of shutdowns and maintenance of some production facilities. Crude oil extraction dropped, because of shutdowns and maintenance at some offshore production facilities in Newfoundland and Labrador.

For the fifth consecutive quarter, the forestry subsector continued to decline. The decrease in the third quarter (-3.9%) resulted from mill closures in British Columbia, reflecting lower global demand for forestry products and higher production costs, partly due to higher stumpage fees in 2019.

The minerals and mining subsector fell 1.5%, largely owing to weak international demand for potash and iron ores. Meanwhile, hunting, fishing and water edged down 0.2%, after rising 0.7% in the previous quarter.



Exports fall and imports rise

Natural resource export volumes fell 0.4% in the third quarter, after rising 3.6% in the second quarter. An increase in exports of energy products (+0.5%) was more than offset by declines in exports of minerals (-1.2%) and forestry products (-2.8%).

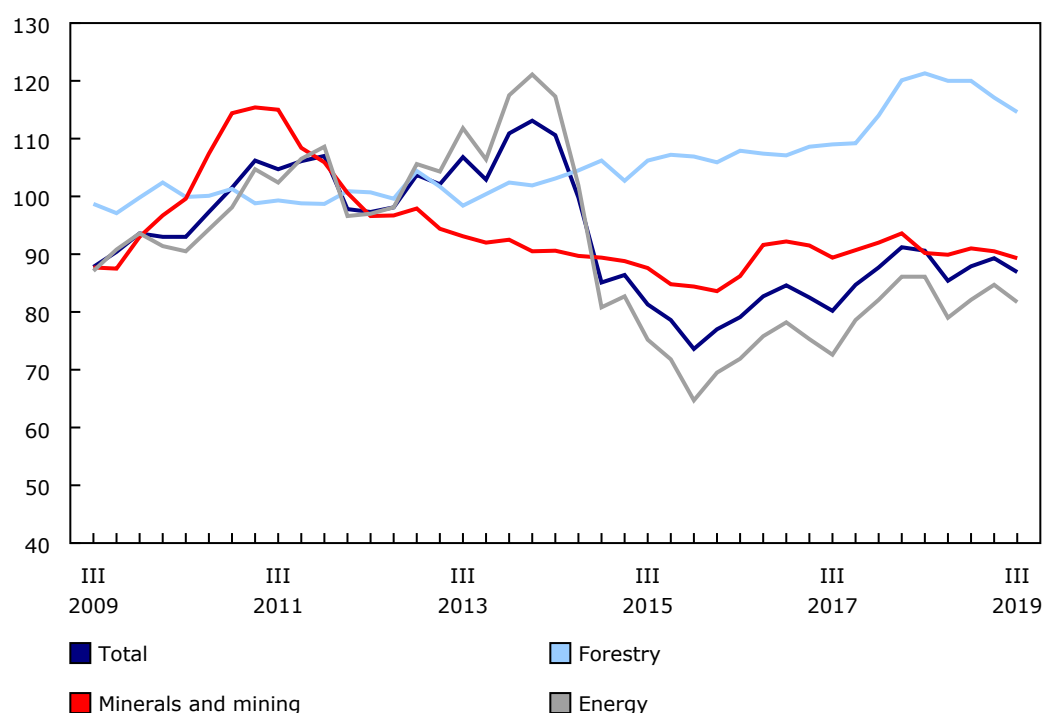
Import volumes of natural resources rose 2.8%, following a 3.3% increase in the previous quarter. Imports of minerals rose 3.1%, largely on unwrought gold, silver, and platinum. Export volumes were almost double those of imports, indicating that Canada is a net exporter of minerals.

Natural resource prices and nominal GDP fall

Overall, natural resource prices fell 2.8% in the third quarter, after rising 1.6% in the second quarter. Notable declines occurred in the prices of crude oil (-9.0%) and refined petroleum products (-4.8%). Prices of minerals and mining fell 1.4%, following a 0.5% decline in the previous quarter. Prices in the forestry subsector fell 2.1%, reflecting weak international demand.

Chart 2
Natural resource prices

index (2012=100)



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

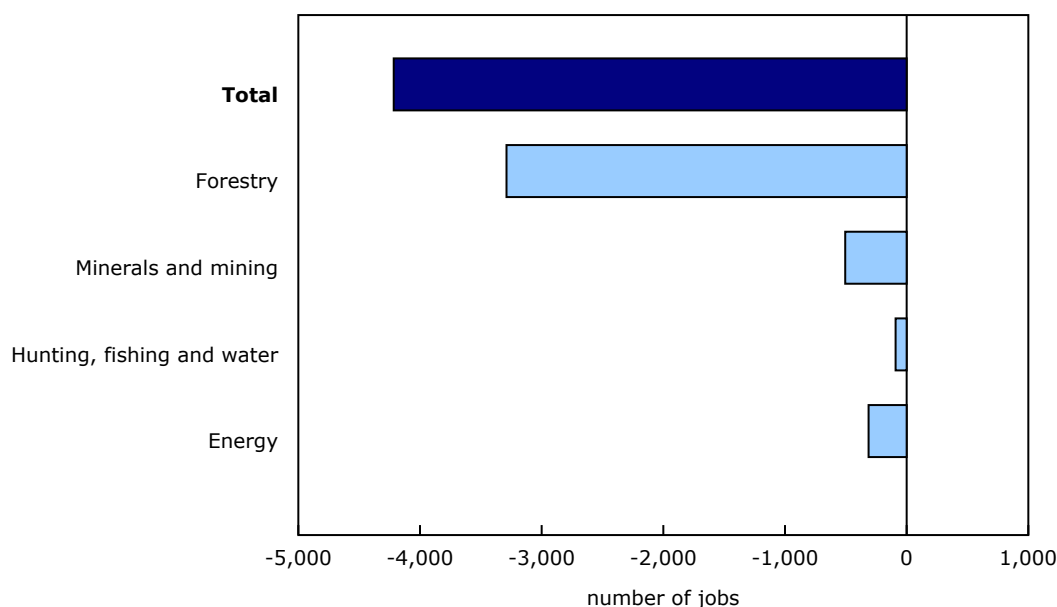
The nominal GDP of natural resources fell 4.9% in the third quarter, with declines in both volumes and prices. The downturn was broad-based: the forestry subsector decreased 5.9%, followed by the energy (-5.7%) and minerals and mining (-2.9%) subsectors.

Expressed as an annual rate, the nominal GDP of natural resources was \$221 billion, representing 10.2% of the Canadian economy. The energy subsector's share of natural resources GDP was 67% in the third quarter, followed by minerals and mining at 20%, and forestry at 8%. Hunting, fishing and water accounted for the remaining 5%.

Employment declines

Employment in the natural resources sector fell by about 4,200 jobs (-0.7%) in the third quarter, coinciding with the drop in real GDP. The job loss was broad-based: most layoffs occurred in the forestry subsector (-3,300 jobs) due to mill closures, followed by the minerals and mining (-500), energy (-300), and hunting, fishing, and water (-90) subsectors.

Chart 3
Employment changes, third quarter of 2019



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

Downstream activities drop

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 fell 1.0% in the third quarter, following a 1.7% rise in the second quarter. Downstream activities in minerals and mining fell 1.3%, while downstream activities of the forestry subsector edged down 0.1%.

Note to readers

Data on natural resources for the third quarter of 2019 have been released along with revised data back to the first quarter of 2016. This release also reflects updates to employment estimates back to the first quarter of 2007.

The natural resource indicators 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 in the Canadian System of Macroeconomic Accounts.

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 fourth quarter of 2019 will be released on March 26, 2020.

Available tables: [36-10-0456-01](#), [36-10-0458-01](#) to [36-10-0460-01](#) , [36-10-0490-01](#), [36-10-0596-01](#) and [38-10-0285-01](#).

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

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.

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).