

# Gross domestic product, income and expenditure, fourth quarter 2019

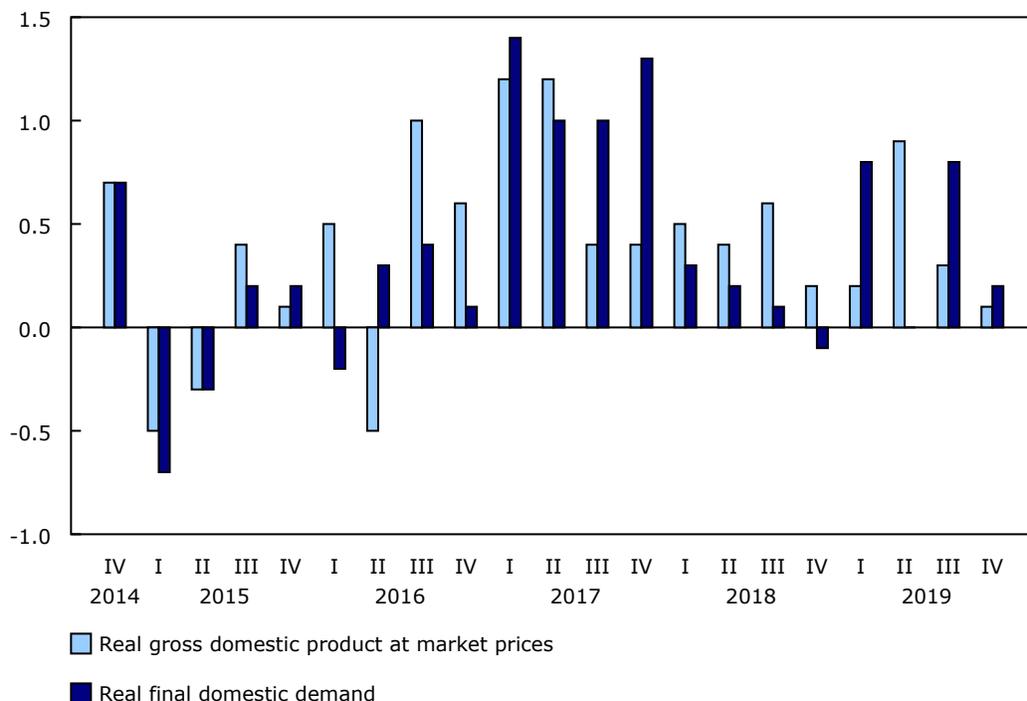
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, February 28, 2020

Growth in real gross domestic product (GDP) slowed to 0.1% in the fourth quarter, owing to a decrease in business investment and weak international trade. These declines were offset by increased household spending. Final domestic demand edged up 0.2%, after rising 0.8% in the third quarter.

The annual growth rate of Canada's real GDP was 1.6% for 2019, a deceleration from the 2.0% growth in 2018. By comparison, real GDP in the United States increased 2.3%.

**Chart 1**  
**Gross domestic product and final domestic demand**

quarterly % change, chained (2012) dollars



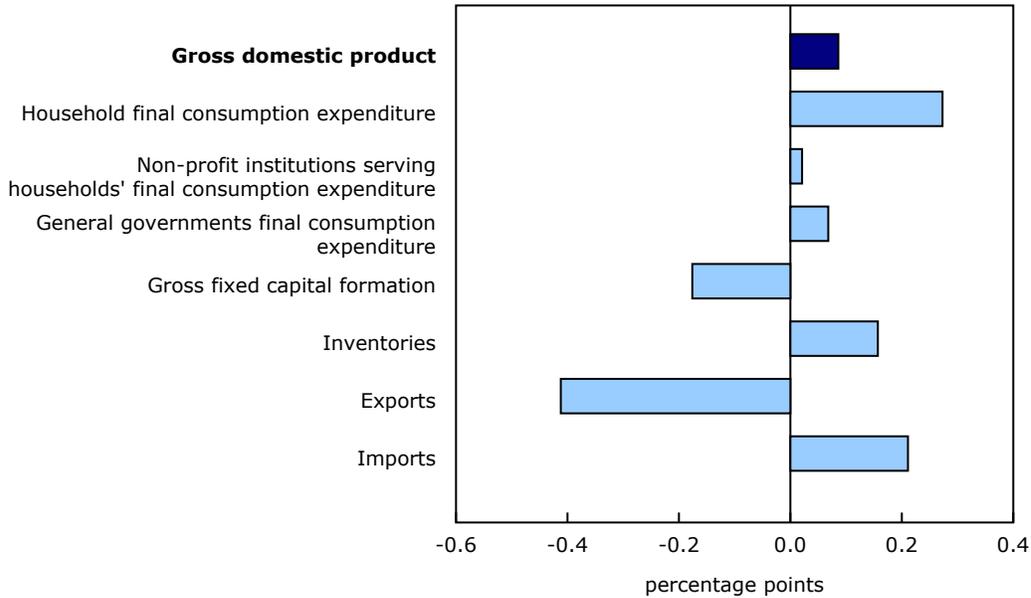
Source(s): Table 36-10-0104-01.

The slowing of Canada's fourth quarter GDP was influenced by several factors, including pipeline shutdowns, unfavourable harvest conditions, rail transportation strikes, impacts on motor vehicle and parts manufacturing from the United Auto Workers' strike in the United States, and continued global trade tensions and market uncertainty.

A strong increase in household spending on services (+0.8%) pushed overall growth into positive territory. Businesses accumulated \$10.5 billion of inventories, partly attributable to supply chain disruptions. The economy-wide stock-to-sales ratio increased from 0.850 in the third quarter to 0.862 in the fourth quarter.



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



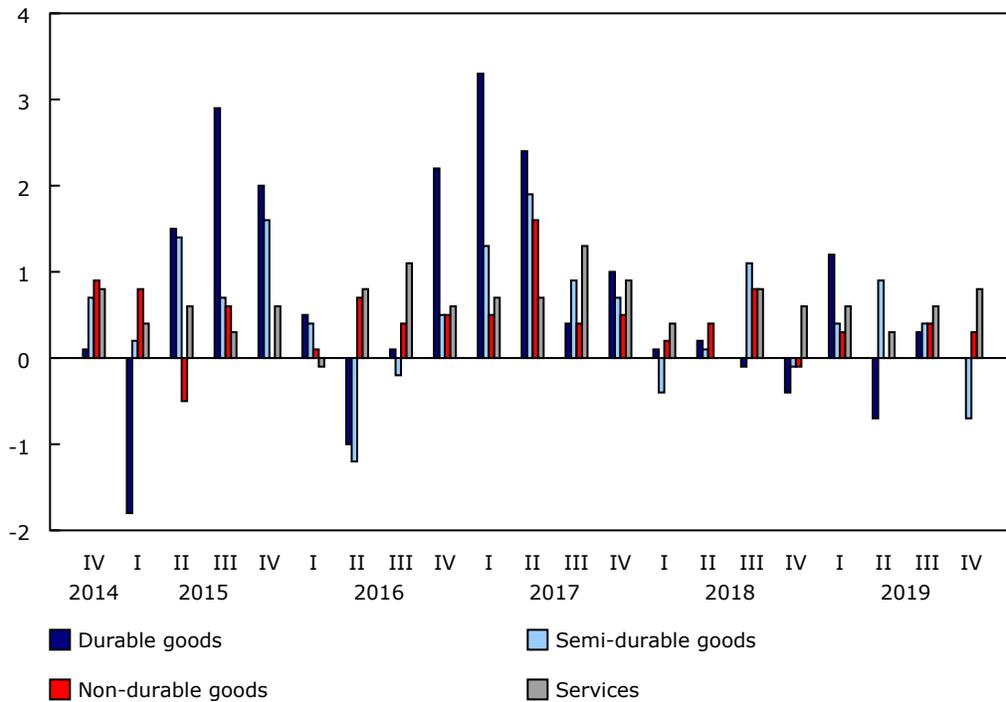
Source(s): Table 36-10-0104-01.

### Household spending remains strong

Growth in overall household spending (+0.5%) stemmed from household spending on services (+0.8%). Notable increases occurred in imputed rents of owner-occupied housing (+0.6%), paid rents (+0.7%), food and beverage services (+0.4%), air transport (+2.3%) and telecommunication services (+1.0%).

### Chart 3 Household final consumption

quarterly % change, chained (2012) dollars



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

Outlays on durable goods were flat in the quarter as higher spending on new trucks, vans and sport utility vehicles (+0.8%) was offset by declines in new passenger cars (-3.8%) and used motor vehicles (-0.7%). Additionally, outlays for semi-durable goods decreased 0.7%, while non-durable goods edged up 0.3%.

### Housing market softens

Growth in housing investment slowed to 0.3%, after rising 3.1% in the third quarter.

Growth in investment in new construction decelerated sharply from 3.9% in the third quarter to 0.6% in the fourth quarter. While construction of single-unit dwellings fell, construction of multiple-unit dwellings continued to grow, led by several major apartment projects in Ontario. Ownership transfer costs were up 3.5%, after increasing 7.7% in the third quarter, largely driven by resale activities in British Columbia, Quebec, and Ontario. Renovation activities (-2.2%) declined for the second consecutive quarter.

### Non-residential business investment falls

Business investment in machinery and equipment (-3.6%) declined for the third consecutive quarter. Notable decreases occurred in aircraft and other transportation equipment (-10.5%) and in trucks and buses (-10.9%).

Investment in engineering structures was down 1.1%, after rising 3.2% in the previous quarter. Investment in non-residential buildings rose 1.5% in the fourth quarter, following a 1.2% increase in the third quarter. Investment in intellectual property products was down (-0.8%).

## Export volumes continue to decline

Export volumes fell 1.3% in the fourth quarter, the second consecutive quarterly decline. Import volumes were down 0.6%, the third consecutive quarterly decrease. Export volumes weakened substantially in farm and fishing products (-10.2%), crude oil and bitumen (-5.3%), and passenger cars and light trucks (-4.6%).

Declines in import volumes were notable in aircraft and parts (-8.8%), passenger cars and light trucks (-2.9%), and industrial machinery and equipment (-3.6%). Increases in imports of travel services (+2.5%) and commercial services (+1.4%) pushed total service import growth to 1.7%.

## Terms of trade improve slightly

Import prices fell 0.5% in the fourth quarter, while export prices rose 0.3% largely because of a 2.5% increase in the prices of exported crude oil and crude bitumen. Consequently, the terms-of-trade—the ratio of the price of exports to the price of imports—rose 0.8%. Improved terms-of-trade contributed to growth in gross national income (+0.4%), which captures the real purchasing power of income earned by Canadian-owned factors of production.

The GDP implicit price index, which reflects the overall price of domestically produced goods and services, rose 1.0%.

## Household disposable income increases

In nominal terms, a 1.2% rise in compensation of employees boosted household disposable income by 1.3% in the fourth quarter. Household final consumption expenditure grew 1.0%, and the household saving rate was 3.0%.

## Annual GDP growth slows in 2019

The slowdown in annual growth from 2.0% in 2018 to 1.6% in 2019 was largely due to weaker international trade and investment declines.

Housing investment fell 0.6%, with a 3.4% decline in new construction partly offset by a 5.8% rise in ownership transfer costs. Business investment in non-residential structures was up 0.9%, while investment in machinery and equipment declined 1.4%, and investment in intellectual property products fell 4.7%.

Growth in export volumes slowed from 3.1% in 2018 to 1.2% in 2019, while growth in import volumes slowed from 2.6% to 0.3%. GDP growth was driven by robust household spending on services (+2.1%). Household spending on durable goods grew 0.6% in 2019, the lowest rate since 2009 (-3.0%).

In nominal terms, growth in GDP slowed slightly—from 3.9% in 2018 to 3.6% in 2019. The labour market remained resilient in 2019, resulting in a 4.4% rise in compensation of employees. This rise outpaced the increase in household spending (+3.3%) and raised the household saving rate to 2.7% in 2019.

## Note to readers

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 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 third quarter of 2019 to the fourth 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 fourth quarter have been released along with revised data from the first, second and third quarters 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 March 9.

## Next release

Data on GDP by income and expenditure for the first quarter will be released on May 29.

## 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**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019	Third quarter 2019	Fourth quarter 2019
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	0.7	1.2	1.0	1.4	1.2	1.2	1,178,108	1,192,316
Gross operating surplus	2.4	-4.3	1.3	4.6	-2.4	0.7	600,504	604,912
Gross mixed income	0.4	1.4	1.0	1.4	1.6	1.5	280,088	284,348
Taxes less subsidies on production	-0.3	0.8	2.7	-0.7	2.7	0.3	103,952	104,292
Taxes less subsidies, on products and imports	2.8	-4.7	4.7	-1.6	0.5	0.6	150,724	151,616
Statistical discrepancy (millions of dollars)	-2,384	740	-336	204	-268	1,292	-1,092	200
<b>Gross domestic product at market prices</b>	<b>1.1</b>	<b>-0.7</b>	<b>1.4</b>	<b>2.0</b>	<b>0.3</b>	<b>1.1</b>	<b>2,312,284</b>	<b>2,337,684</b>

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**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019	Third quarter 2019	Fourth quarter 2019
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	0.6	0.4	0.5	0.2	0.4	0.5	1,638,695	1,646,209
Household final consumption expenditure	0.7	0.2	0.6	0.1	0.5	0.5	1,181,631	1,187,371
Non-profit institutions serving households' final consumption expenditure	-0.1	0.7	1.3	-0.0	0.2	1.4	30,356	30,772
General governments final consumption expenditure	0.5	0.8	0.3	0.6	0.3	0.3	427,000	428,371
Gross fixed capital formation	-1.8	-2.0	1.6	-0.6	2.0	-0.8	441,252	437,752
Business gross fixed capital formation	-2.4	-1.7	1.4	-0.4	2.0	-0.8	360,787	358,017
Residential structures	-1.0	-2.7	-0.8	1.6	3.1	0.3	141,899	142,288
Non-residential structures, machinery and equipment	-3.9	-1.2	4.3	-2.0	1.4	-1.6	185,384	182,374
Intellectual property products	-0.3	-0.1	-5.0	0.7	0.9	-0.8	33,740	33,483
General governments gross fixed capital formation	0.9	-3.5	2.6	-1.9	1.7	-0.9	78,557	77,846
Investment in inventories (millions of dollars)	-5,984	7,211	9,636	-7,091	-9,928	3,389	7,109	10,498
Exports of goods and services	0.1	-0.1	-1.0	2.6	-0.2	-1.3	675,898	667,046
Less: imports of goods and services	-1.9	-0.3	2.0	-1.0	-0.0	-0.6	665,623	661,345
Statistical discrepancy (millions of dollars)	2,205	-675	298	-200	243	-1,163	987	-176
<b>Gross domestic product at market prices</b>	<b>0.6</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.3</b>	<b>0.1</b>	<b>2,098,694</b>	<b>2,100,493</b>
Final domestic demand	0.1	-0.1	0.8	0.0	0.8	0.2	2,078,185	2,081,990

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**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019	Third quarter 2019	Fourth quarter 2019
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	2.6	1.6	2.2	0.9	1.7	1.8	1,638,695	1,646,209
Household final consumption expenditure	2.9	1.0	2.4	0.4	2.0	2.0	1,181,631	1,187,371
Non-profit institutions serving households' final consumption expenditure	-0.2	2.9	5.1	-0.2	0.7	5.6	30,356	30,772
General governments final consumption expenditure	1.9	3.1	1.4	2.3	1.2	1.3	427,000	428,371
Gross fixed capital formation	-7.1	-7.8	6.6	-2.6	8.1	-3.1	441,252	437,752
Business gross fixed capital formation	-9.3	-6.7	5.5	-1.4	8.4	-3.0	360,787	358,017
Residential structures	-4.0	-10.4	-3.1	6.4	13.0	1.1	141,899	142,288
Non-residential structures, machinery and equipment	-14.9	-4.8	18.3	-7.7	5.6	-6.3	185,384	182,374
Intellectual property products	-1.1	-0.3	-18.7	2.8	3.7	-3.0	33,740	33,483
General governments gross fixed capital formation	3.6	-13.1	11.0	-7.5	7.0	-3.6	78,557	77,846
Investment in inventories (millions of dollars)	-5,984	7,211	9,636	-7,091	-9,928	3,389	7,109	10,498
Exports of goods and services	0.6	-0.4	-4.0	10.6	-0.6	-5.1	675,898	667,046
Less: imports of goods and services	-7.2	-1.3	8.3	-4.1	-0.2	-2.5	665,623	661,345
Statistical discrepancy (millions of dollars)	2,205	-675	298	-200	243	-1,163	987	-176
<b>Gross domestic product at market prices</b>	<b>2.5</b>	<b>1.0</b>	<b>1.0</b>	<b>3.4</b>	<b>1.1</b>	<b>0.3</b>	<b>2,098,694</b>	<b>2,100,493</b>
Final domestic demand	0.3	-0.6	3.1	0.1	3.1	0.7	2,078,185	2,081,990

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

**Table 4**

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

	Third quarter 2019	Fourth quarter 2019	Fourth quarter 2019		
	millions of chained (2012) dollars		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	1,638,695	1,646,209	0.361	0.505	1.445
Household final consumption expenditure	1,181,631	1,187,371	0.273	0.267	1.089
Goods	527,103	527,224	0.006	0.157	0.020
Durable goods	156,204	156,145	-0.003	0.027	-0.012
Semi-durable goods	86,344	85,710	-0.028	0.016	-0.112
Non-durable goods	284,596	285,376	0.036	0.114	0.144
Services	654,435	659,943	0.267	0.110	1.069
Non-profit institutions serving households' final consumption expenditure	30,356	30,772	0.021	-0.001	0.084
General governments final consumption expenditure	427,000	428,371	0.068	0.238	0.272
Gross fixed capital formation	441,252	437,752	-0.176	0.187	-0.709
Business gross fixed capital formation	360,787	358,017	-0.140	0.148	-0.561
Residential structures	141,899	142,288	0.020	0.073	0.080
Non-residential structures, machinery and equipment	185,384	182,374	-0.147	0.061	-0.589
Non-residential structures	115,744	115,249	-0.024	0.062	-0.096
Machinery and equipment	69,308	66,840	-0.123	-0.001	-0.493
Intellectual property products	33,740	33,483	-0.013	0.013	-0.052
Non-profit institutions serving households' gross fixed capital formation	2,037	2,017	-0.001	0.000	-0.004
General governments gross fixed capital formation	78,557	77,846	-0.036	0.039	-0.144
Investment in inventories	7,109	10,498	0.157	0.069	0.629
Exports of goods and services	675,898	667,046	-0.412	0.076	-1.650
Goods	553,184	545,074	-0.376	0.062	-1.506
Services	121,935	121,183	-0.036	0.014	-0.144
Less: imports of goods and services	665,623	661,345	-0.211	-0.175	-0.845
Goods	542,866	536,255	-0.320	-0.166	-1.282
Services	123,196	125,249	0.109	-0.008	0.437
Statistical discrepancy	987	-176	-0.055	0.000	-0.220
<b>Gross domestic product at market prices</b>	<b>2,098,694</b>	<b>2,100,493</b>	<b>0.086</b>	<b>1.012</b>	<b>0.340</b>
Final domestic demand	2,078,185	2,081,990	0.185	0.692	0.736

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

**Table 5**  
**Canadian economic accounts key indicators – Seasonally adjusted**

	Third quarter 2018	Fourth quarter 2018	First quarter 2019	Second quarter 2019	Third quarter 2019	Fourth quarter 2019
<b>Economy-wide</b>						
Real gross domestic income (index 2012=100)	111.2	110.1	111.3	112.6	112.5	112.9
Gross domestic product deflator (index 2012=100)	108.7	107.7	108.9	110.1	110.2	111.3
Terms of trade (index 2012=100)	95.4	91.8	94.2	95.0	94.1	94.8
<b>Household sector</b>						
Household disposable income (millions of dollars)	1,235,708	1,250,684	1,264,220	1,286,332	1,293,460	1,309,956
Household net saving (millions of dollars)	16,028	23,808	26,920	38,564	36,688	38,840
Household saving rate (%)	1.3	1.9	2.1	3.0	2.8	3.0
<b>Government sector</b>						
General government disposable income (millions of dollars)	484,864	483,928	493,616	491,252	499,380	509,212
General government net saving (millions of dollars)	16,964	8,728	14,596	6,312	9,472	12,212
<b>Corporate sector</b>						
Non-financial corporations' net operating surplus (millions of dollars)	260,540	233,020	239,108	259,492	244,508	244,816
Financial corporations' net operating surplus (millions of dollars)	40,492	38,248	38,136	42,280	41,504	42,312
Non-financial corporations' net saving (millions of dollars)	23,164	-5,980	-2,092	20,096	8,364	3,136
Financial corporations' net saving (millions of dollars)	24,552	22,844	28,100	29,348	26,952	30,944
<b>National</b>						
National net saving (millions of dollars)	74,060	44,580	60,944	87,480	75,012	80,764
National saving rate (%)	4.0	2.4	3.3	4.6	3.9	4.2

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**

	2014	2015	2016	2017	2018	2019	2018	2019
	year-over-year % change						millions of dollars	
Final consumption expenditure	2.0	2.1	2.0	3.2	2.4	1.8	1,607,972	1,636,136
Household final consumption expenditure	2.7	2.3	1.9	3.7	2.2	1.6	1,161,173	1,179,881
Non-profit institutions serving households' final consumption expenditure	-0.8	4.7	9.0	-1.3	1.4	2.5	29,706	30,435
General governments final consumption expenditure	0.6	1.4	1.8	2.3	3.0	2.1	417,433	426,113
Gross fixed capital formation	2.3	-5.2	-4.7	3.6	1.2	-0.7	439,842	436,854
Business gross fixed capital formation	3.3	-6.4	-5.4	3.0	0.4	-0.7	359,249	356,817
Residential structures	1.6	3.8	3.9	2.2	-1.6	-0.6	140,128	139,331
Non-residential structures, machinery and equipment	4.7	-11.3	-12.3	3.9	1.4	-0.0	184,330	184,304
Intellectual property products	0.8	-11.5	-1.7	2.1	3.9	-4.7	35,111	33,465
General governments gross fixed capital formation	-3.4	1.5	-0.1	6.3	5.2	-0.7	78,664	78,096
Investment in inventories (millions of dollars)	-6,662	-9,178	-779	16,765	-4,926	1,668	13,025	14,693
Exports of goods and services	6.3	3.4	1.4	1.4	3.1	1.2	662,381	670,007
Less: imports of goods and services	2.5	0.8	0.1	4.2	2.6	0.3	664,754	666,427
Statistical discrepancy (millions of dollars)	-432	-300	2,116	-1,202	-130	682	-57	625
<b>Gross domestic product at market prices</b>	<b>2.9</b>	<b>0.7</b>	<b>1.0</b>	<b>3.2</b>	<b>2.0</b>	<b>1.6</b>	<b>2,058,117</b>	<b>2,091,793</b>
Final domestic demand	2.1	0.3	0.5	3.3	2.1	1.2	2,046,321	2,071,097

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](#)," 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 *Subjects* 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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).