

Natural resource indicators, third quarter 2020

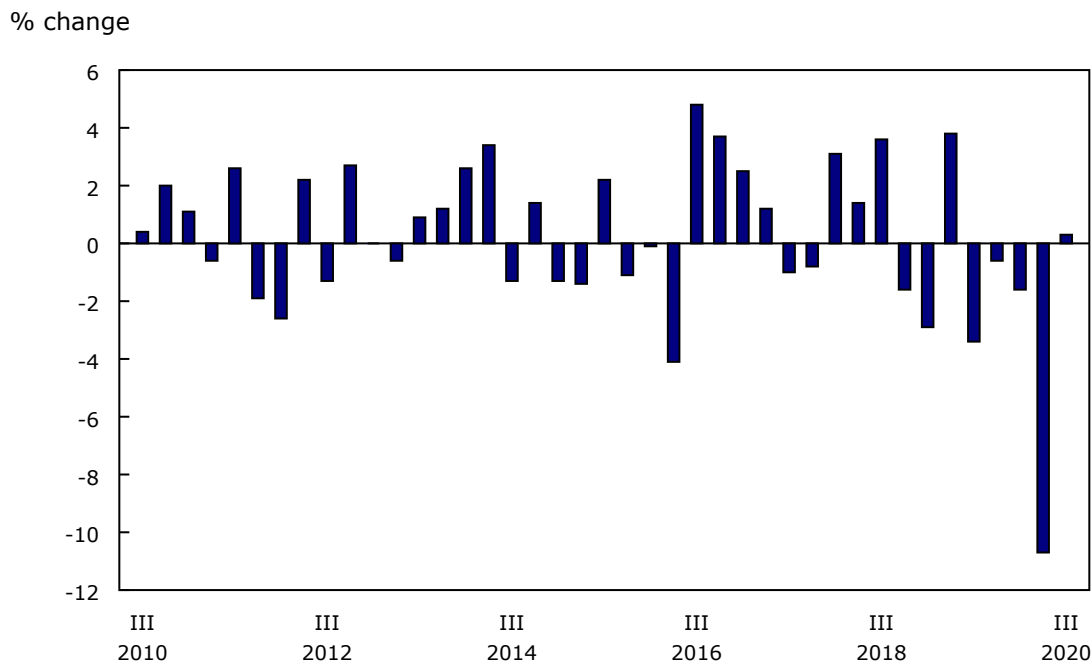
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 15, 2021

Natural resources real gross domestic product drops slightly

Real gross domestic product (GDP) of the natural resources sector edged up 0.3% in the third quarter, following a record 10.7% decline in the second quarter. Gains in the minerals and forestry subsectors were mostly offset by continued declines in the energy subsector, partly owing to weak international trade.

In contrast, economy-wide real GDP rose 8.9% in the third quarter, following an 11.3% drop in the second quarter—the sharpest fluctuations ever recorded.

Chart 1
Natural resources real gross domestic product



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

A 3.0% decline in the energy subsector was attributable in large part to decreased extractions of crude oil (-3.9%) and natural gas (-6.8%) for three consecutive quarters.

Led by increases in gold, copper, nickel, lead and zinc mining, notably in British Columbia and Ontario, the real GDP of metallic minerals rose 18.0%, after declining 16.1% in the previous quarter. This increase was moderated to some extent by a decline in non-metallic minerals (-7.0%), in particular, potash mining was down substantially, owing to factors that included the derailment of a train (near Hope, British Columbia) carrying a large amount of potash and COVID-19 outbreaks at some sites in Saskatchewan.

Real GDP of the forestry subsector rose 11.8%, reflecting a sharp upturn (+34.7%) in activity in primary sawmill and wood products, influenced by a record increase in housing investment (+30.2%). Hunting, fishing and water rose 9.3%, following a 5.7% drop in the second quarter.



Export volumes decline but import volumes rise

Natural resources export volumes fell 2.5% in the third quarter, continuing the 12.0% drop in the second quarter. Declines in exports of energy (-2.8%) and minerals and mining (-3.8%) were partly offset by increased forestry exports (+3.1%).

Import volumes rose 2.4%, after declining 12.8% in the second quarter. A substantial rebound occurred in primary sawmills (+12.4%), reflecting a resurgence of housing activity.

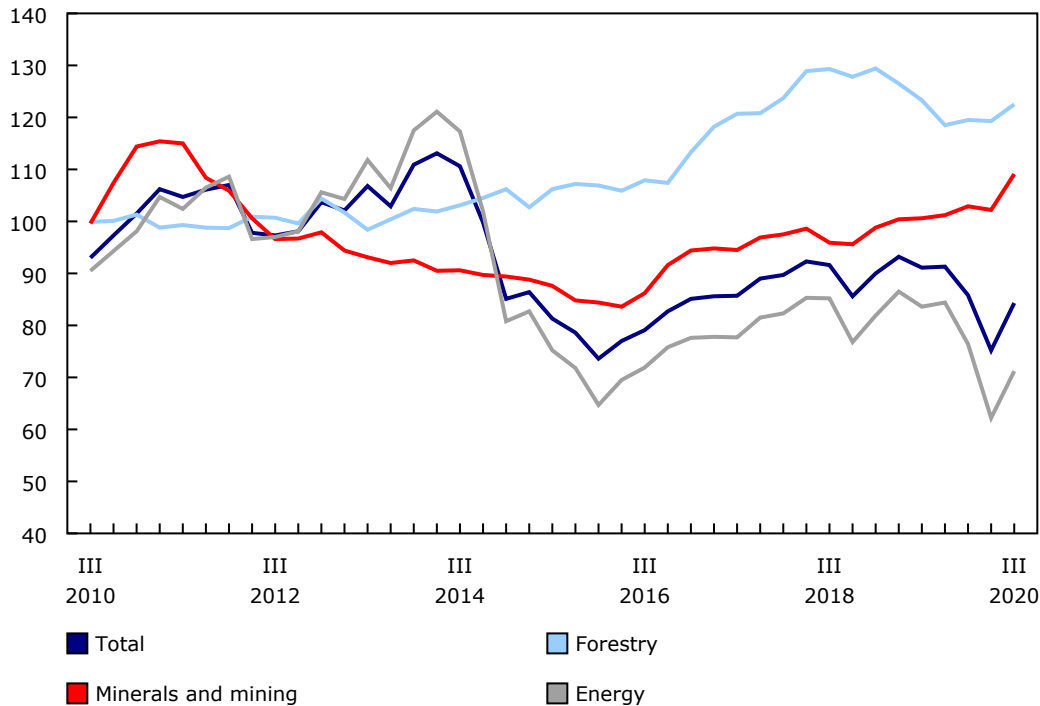
Canada has long been a net exporter of natural resources—export values are generally about double those of imports.

Natural resource prices and nominal GDP rebound

Overall, natural resource prices rose 12.1% after declining 12.3% and 6.1% in the second and first quarters, respectively. The fluctuations were led by crude oil prices, which rose 40.7% following a 36.2% drop in the second quarter and a 20.3% drop in the first, reflecting the volatility of crude oil prices in the world market. The first quarter's decline resulted primarily from higher production by Russia and Saudi Arabia. The second quarter's decline was attributable to a sharp drop in demand owing to a slump in the world economy. In the third quarter, crude oil prices began to recover.

Chart 2 Natural resource prices

index (2012=100)



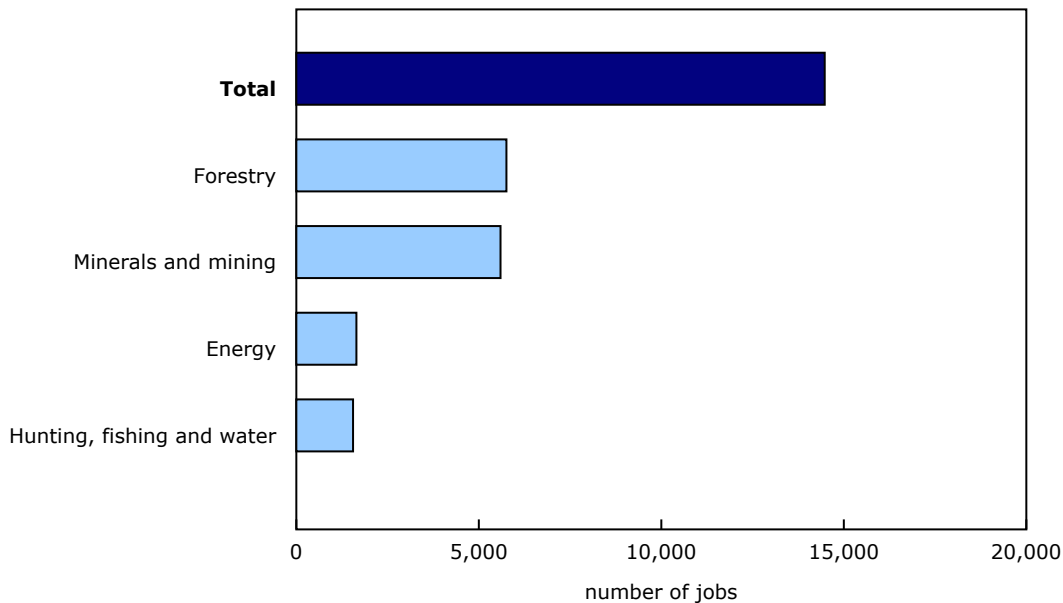
Source(s): Table 38-10-0285-01.

The higher prices boosted growth in natural resources nominal GDP by 12.4% in the third quarter, following a 21.7% drop in the second quarter. Expressed as an annual rate, the nominal GDP of natural resources was \$190.8 billion in the third quarter, representing 9.1% of the Canadian economy.

The energy subsector's share of the natural resources GDP was 59.9% in the third quarter, followed by minerals and mining (24.5%); forestry (9.2%); and hunting, fishing and water (6.4%).

Employment partly recovers

Chart 3
Employment changes, third quarter of 2020



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

Employment in the natural resources sector rose 2.5% after declining 8.4% in the second quarter. Job recovery was highest in the forestry subsector (+5,760 jobs) because of increased demand stemming from the housing subsector, followed by minerals and mining (+5,600 jobs); energy (+1,650); and hunting, fishing and water (+1,550).

Downstream activities rebound

For analytical purposes, secondary and tertiary processing for the forestry and minerals and mining subsectors are identified separately. With the rise in economy-wide GDP, the nominal GDP of these downstream activities reached \$7.5 billion in the third quarter, a 21.0% increase that followed a 22.2% drop in the second quarter. Much of this change stemmed from higher volumes, as prices increased 0.5% in the third quarter and 0.6% in the second.

Note to readers

Data on natural resources for the third quarter of 2020 have been released along with revised data back to the first quarter of 2017, after incorporating the 2017 benchmark supply and use tables.

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. In particular, the employment estimates reported in this release align with the following definitions of natural resource subsectors. Consequently, these estimates may differ from those that will be released by the labour productivity program.

Core natural resources: The NRSA defines natural resource activities as those that 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 2020 will be released on March 25, 2021.

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 *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structures.

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).