

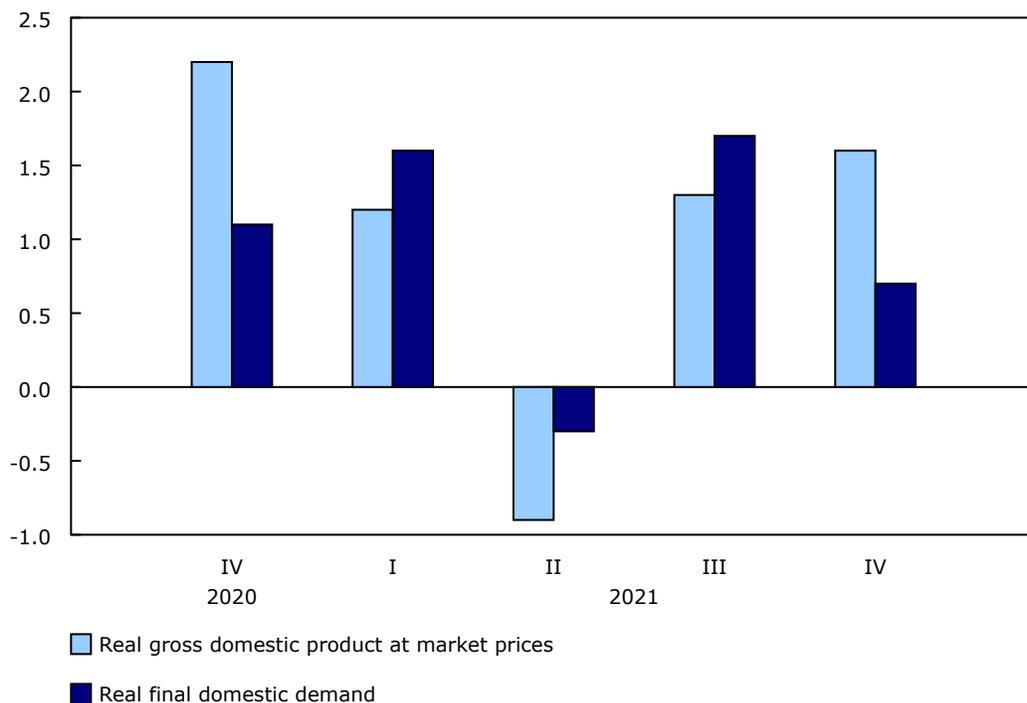
Gross domestic product, income and expenditure, fourth quarter 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, March 1, 2022

Real gross domestic product (GDP) grew 1.6% in the fourth quarter of 2021, following a 1.3% rise in the third quarter. Real GDP posted a strong 4.6% growth in 2021, after the COVID-19 pandemic-induced decline (-5.2%) in 2020. Final domestic demand rose 0.7% in the fourth quarter of 2021, after rising 1.7% in the previous quarter.

Chart 1
Real gross domestic product and final domestic demand

quarterly change (%), chained (2012) dollars

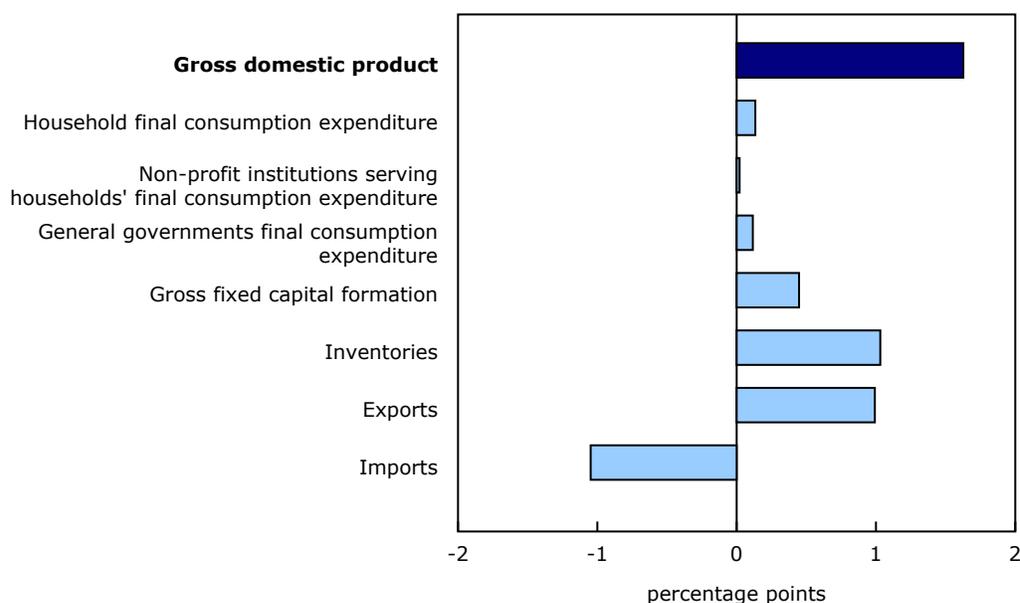


Source(s): Table 36-10-0104-01.

Growth in real GDP was driven by business investment in engineering structures (+3.5%) and home ownership transfer costs (+14.3%), which include commissions and land transfer taxes associated with home resale, and by an accumulation of inventories. Increases in international exports were overshadowed by larger increases in imports. Rising prices moderated growth in household final consumption.



Chart 2
Contributions to percentage change in real gross domestic product, fourth quarter of 2021



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

Accumulation of business non-farm inventories (+\$11.0 billion) was a major contributor to growth during the fourth quarter, driven by manufacturers and wholesalers. Manufacturers of non-durable goods accounted for the bulk of the inventory increase of the sector, with a smaller accumulation of durable goods inventories.

Wholesale inventory accumulation of durable goods was quite strong in the fourth quarter, and non-durable wholesalers added to the build-up as well. Inventory held by retailers decreased again, but at roughly half the level of the third quarter. In addition, several categories of both durable and non-durable goods were drawn down in the fourth quarter.

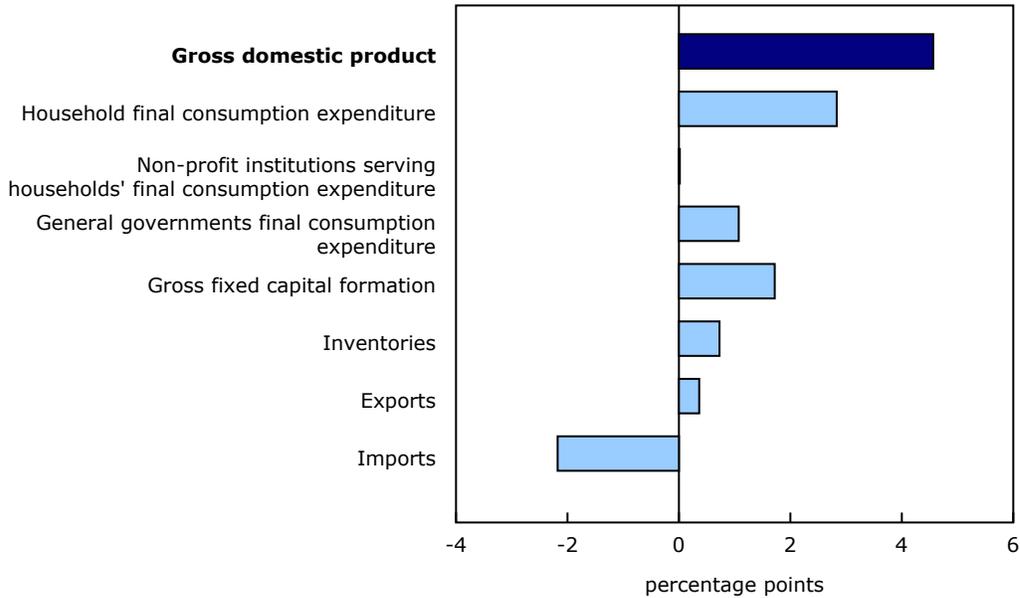
Overall, non-farm inventory accumulation kept the real economy-wide stock-to-sales ratio stable at 0.829, the same as in the third quarter. This was still below the 0.842 average for 2018 and 2019 and was most evident in the record-low stock-to-sales ratio of retail motor vehicle dealers.

Growth in international trade for both exports (+3.2%) and imports (+3.4%) was primarily driven by motor vehicles and parts, and in travel services. Increased motor vehicle production after the slowdown caused by motor vehicle parts shortages, combined with high demand domestically and externally, led to 14.0% growth in exports and 12.7% growth in imports. As countries loosened restrictions, there was a marked increase in travel for the second consecutive quarter.

Household spending and residential construction the largest GDP contributors to 2021

Large gains in household spending on food and beverage services and clothing in 2021 reflected re-opening of the economy, as activities outside the home increased. Moreover, working from home, savings from less travel and low mortgage rates fostered spending on housing. Across the country, new home construction, resales and renovations increased at near-record levels in 2021. Household mortgage debt was up 10.3% in 2021, an unprecedented increase of \$182.4 billion.

Chart 3
Contributions to percentage change in real gross domestic product, 2021

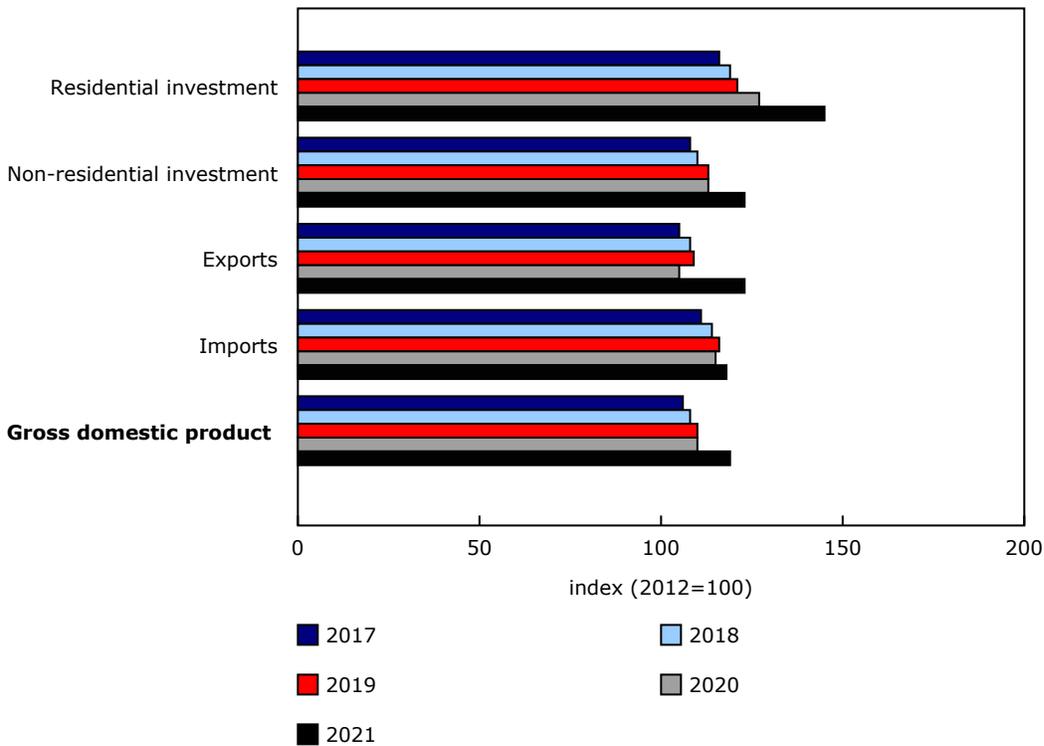


Source(s): Table 36-10-0128-01.

Terms-of-trade improves and gross domestic product implicit prices rise

The terms-of-trade (ratio of price of exports to price of imports) rose 1.0%, primarily because of a 12.5% increase in prices of exported crude oil and crude bitumen in the fourth quarter. In 2021, terms-of-trade rose by 14.0%, again reflecting an 81.7% increase in prices of exported crude oil and crude bitumen.

Chart 4
Gross domestic product price indexes, selected components



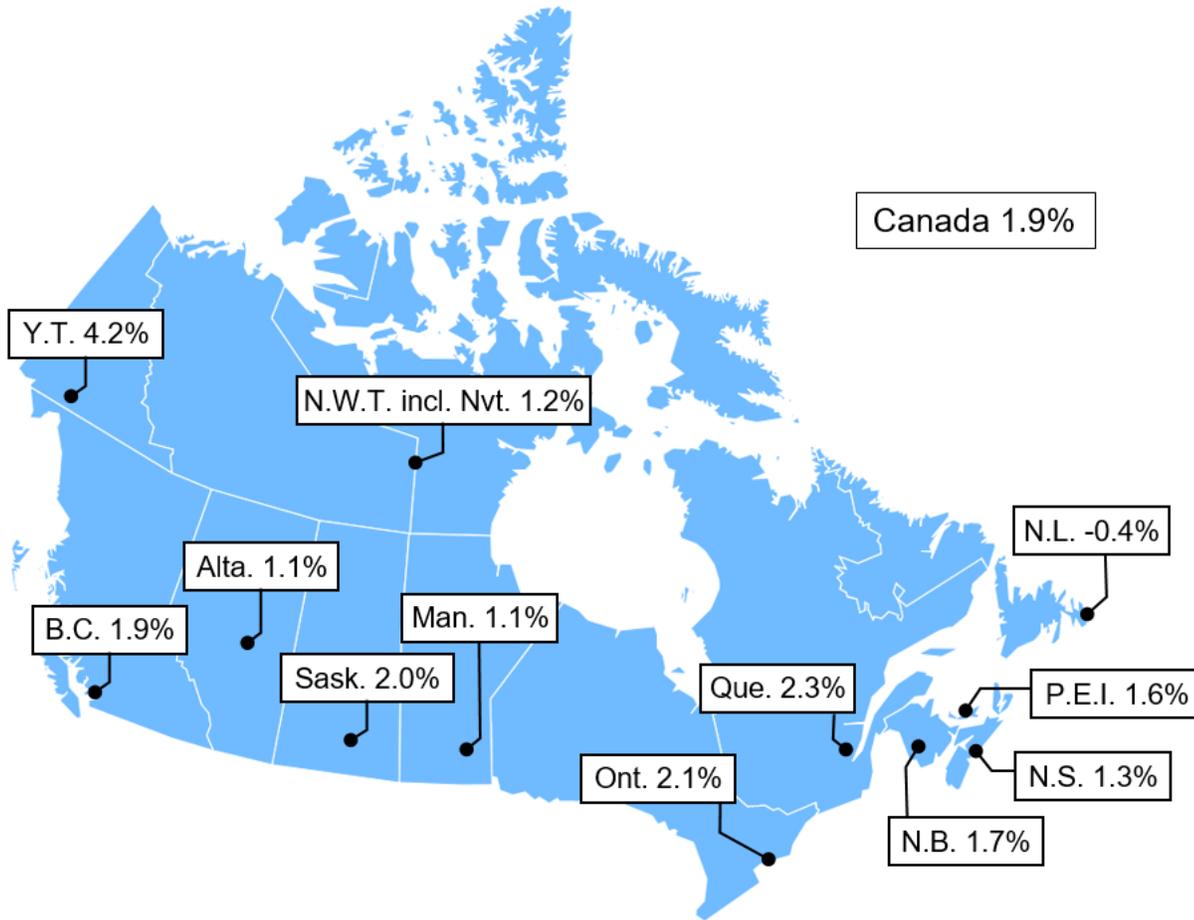
Source(s): Table 36-10-0130-01.

The GDP implicit price index, which reflects the overall price of domestically produced goods and services, increased 1.6% in the fourth quarter. Record growth in residential and non-residential construction prices and in the price for exported goods in 2021 pushed the GDP implicit price index up 8.2%, the highest since 1982. The price increase was exacerbated by higher production costs due to supply chain disruptions and increased housing demand.

Compensation of employees rises

Compensation of employees rose 1.9% in the fourth quarter, following the 2.9% rise in the third quarter. In 2021, compensation was 9.1% higher than in 2020.

Map 1 – Compensation of employees, quarter-to-quarter growth, seasonally adjusted



Source: Table 36-10-0205-01, March 2022.

The major contributors to wage growth in the fourth quarter were professional and personal services, finance, real estate and company management, and construction. Contributors varied by region, reflecting the diverse nature of employment across the country. After a solid third quarter, Yukon posted strong growth in the fourth quarter. Newfoundland and Labrador was the only region with a decrease in the fourth quarter.

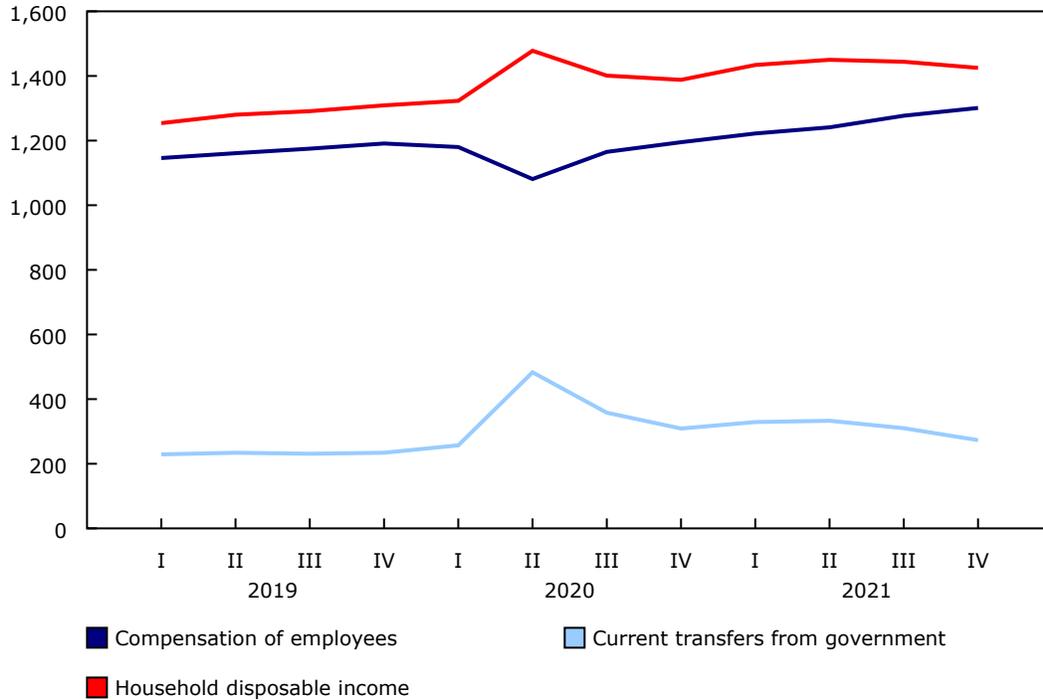
After a decrease in 2020, the \$77.0 billion gain in wages in 2021 compared with 2019 was felt in all regions except Alberta. Wages in Alberta for 2021 remain lower than in 2019, primarily due to the professional and personal services industry and the mining, oil and gas industry remaining below pre-pandemic levels. The strongest wage gains for 2021 compared with 2019 were in British Columbia, led by the health care industry; Prince Edward Island, mostly due to the educational services industry; and Yukon, due to the mining, oil and gas extraction industry.

Household disposable income and savings rate drop

Household disposable income was down 1.3% in the fourth quarter, the second consecutive quarterly decline, primarily due to an 11.9% decrease in government transfers to households. Government transfers to households as a proportion of disposable income fell to 19.1% in the fourth quarter, marking a return to pre-pandemic shares of less than 20%.

Chart 5
Household sector, selected components, seasonally adjusted, annual rates

billions of dollars



Source(s): Table 36-10-0112-01.

Continued easing of pandemic-related restrictions, despite the arrival of the Omicron variant late in the quarter, helped boost nominal household consumption by 1.3%. With less disposable income and higher expenditures, households were left with smaller net savings—\$23.0 billion at quarterly rates—a level that, despite the notable decrease, was more than double that of the last quarter of 2019. Consequently, the savings rate dropped to 6.4% in the fourth quarter from 9.0% in the third quarter, falling to single-digit territory in the latter half of 2021 after five consecutive quarters of savings rates in excess of 10%. The household savings rate is aggregated across all income brackets. In general, savings rates are higher for higher income brackets.

Support and recovery programs remain sizeable contributors to government expenditures, but their footprint has diminished

Overall, government revenues rebounded 11.4% in 2021, after a 2.2% decline in 2020. At the same time, expenditures decreased 1.9% in 2021, as support measures such as the Canada Emergency Wage Subsidy and Canada Recovery Benefit wound down in the fourth quarter of 2021. This was a reversal of the story from the previous year when support programs initially rolled out and government expenditures rose 23.8%. Still-elevated expenditures, representing roughly 45% of nominal GDP in 2021, balanced against growing revenues, meant that total government remained in a sizeable net borrowing position in 2021. However, by the fourth quarter of 2021, net borrowing had fallen considerably to \$11.8 billion at quarterly rates from a record-high \$114.8 billion in the second quarter of 2020 and \$44.9 billion in the second quarter of 2021.

Non-financial corporations remain in net lending position

Non-financial corporations were in a net lending position throughout 2021 as the economy rebounded. Net operating surplus rose 35.5% after a decline in 2020. Some industries, such as those engaged in energy-related activities, also benefited from rising prices.

Continued growth among financial corporations

Financial corporations recorded a strong year of growth, with net operating surplus up 15.9% in 2021 after weaker growth in 2020 as chartered banks and financial investment related firms, such as portfolio management companies, recorded notable gains. Increased investment activity and strong mortgage lending bolstered revenues despite lower interest rates. Household demand for financial services mirrored this trend, with investment-related expenditures and explicit fees recording double-digit increases in 2021 compared with 2020. Net operating surplus rose 5.0% in the fourth quarter, extending a string of consecutive growth since the second quarter of 2020, when the initial effects of the pandemic constrained activity.

Note to readers

Updates to data estimates

GDP data for the fourth quarter of 2021 have been released along with updated data from the first quarter of 2021. Updates to the first quarter to the third quarter of 2021 were due to incorporation of updated source data and of preliminary estimates from the Capital and Repair Expenditures survey.

Support measures by governments

To alleviate the economic impact of the pandemic, governments implemented programs, such as the Canada Emergency Wage Subsidy, and the recently ended Canada Emergency Rent Subsidy and the Canada Recovery Benefit. A comprehensive explanation of how government support measures were treated in the compilation of the estimates is available in "[Recording COVID-19 measures in the national accounts](#)" and "[Recording new COVID measures in the national accounts](#)."

Details of some of the more significant government measures can be found on the page [Federal government expenditures on COVID-19 response measures](#).

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

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

General

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.

Unless otherwise stated, growth rates represent the percentage change in the series from one quarter to the next; for instance, from the third quarter of 2021 to the fourth quarter of 2021.

Real-time tables

Real-time tables 36-10-0430-01 and 36-10-0431-01 will be updated on March 7, 2022.

Next release

Data on GDP by income and expenditure for the first quarter of 2022 will be released on May 31, 2022.

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 following 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 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 2020	Fourth quarter 2020	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	Third quarter 2021	Fourth quarter 2021
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	7.8	2.6	2.2	1.6	2.9	1.9	1,281,220	1,305,388
Gross operating surplus	14.4	1.8	9.5	0.6	-2.7	3.6	694,600	719,516
Gross mixed income	2.8	0.8	2.9	1.5	1.2	0.8	298,084	300,532
Taxes less subsidies on production	141.1	327.0	11.0	-4.0	87.8	33.0	79,212	105,384
Taxes less subsidies, on products and imports	20.4	3.1	2.5	7.7	3.2	1.7	163,104	165,888
Statistical discrepancy (millions of dollars)	1,052	1,144	-1,024	-2,076	632	1,716	-608	1,108
Gross domestic product at market prices	11.4	3.6	4.5	1.5	2.5	3.3	2,515,612	2,597,816

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 2020	Fourth quarter 2020	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	Third quarter 2021	Fourth quarter 2021
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	10.5	0.7	0.9	-0.3	3.3	0.4	1,668,656	1,674,543
Household final consumption expenditure	12.9	0.3	0.5	-0.2	4.7	0.2	1,192,886	1,195,840
Non-profit institutions serving households' final consumption expenditure	7.4	2.9	-2.5	0.3	1.4	1.5	31,056	31,516
General governments final consumption expenditure	5.3	1.7	2.1	-0.3	0.0	0.5	444,530	446,939
Gross fixed capital formation	13.7	2.3	4.1	-0.4	-3.3	1.9	452,446	461,075
Business gross fixed capital formation	15.5	2.4	4.7	0.0	-4.4	2.0	368,955	376,281
Residential structures	29.4	3.8	9.4	-2.9	-8.9	2.4	159,136	163,034
Non-residential structures, machinery and equipment	6.3	1.2	0.3	3.6	0.4	2.1	171,188	174,797
Intellectual property products	3.4	1.1	0.7	0.6	-0.8	-1.0	38,528	38,147
General governments gross fixed capital formation	5.9	2.0	1.1	-2.5	2.3	1.5	81,893	83,138
Investment in inventories (millions of dollars)	-6,506	36,402	-7,982	18,992	-19,660	22,050	-12,137	9,913
Exports of goods and services	14.3	0.9	0.5	-4.5	1.7	3.2	617,943	637,732
Less: imports of goods and services	21.2	2.7	1.2	0.7	-0.4	3.4	640,254	662,085
Statistical discrepancy (millions of dollars)	-958	-1,006	934	1,760	-538	-1,411	505	-906
Gross domestic product at market prices	9.0	2.2	1.2	-0.9	1.3	1.6	2,091,318	2,125,350
Final domestic demand	11.2	1.1	1.6	-0.3	1.7	0.7	2,118,235	2,133,430

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 2020	Fourth quarter 2020	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	Third quarter 2021	Fourth quarter 2021
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	49.0	3.0	3.6	-1.0	14.0	1.4	1,668,656	1,674,543
Household final consumption expenditure	62.2	1.2	1.9	-1.0	20.4	1.0	1,192,886	1,195,840
Non-profit institutions serving households' final consumption expenditure	32.9	12.0	-9.5	1.3	5.5	6.1	31,056	31,516
General governments final consumption expenditure	22.8	7.1	8.8	-1.2	0.1	2.2	444,530	446,939
Gross fixed capital formation	66.9	9.7	17.3	-1.7	-12.4	7.8	452,446	461,075
Business gross fixed capital formation	78.1	9.9	20.3	0.0	-16.3	8.2	368,955	376,281
Residential structures	180.7	16.0	43.2	-11.0	-31.0	10.2	159,136	163,034
Non-residential structures, machinery and equipment	27.7	4.8	1.0	15.3	1.7	8.7	171,188	174,797
Intellectual property products	14.2	4.6	3.0	2.4	-3.0	-3.9	38,528	38,147
General governments gross fixed capital formation	25.5	8.4	4.5	-9.6	9.4	6.2	81,893	83,138
Investment in inventories (millions of dollars)	-6,506	36,402	-7,982	18,992	-19,660	22,050	-12,137	9,913
Exports of goods and services	70.5	3.7	1.9	-16.7	7.1	13.4	617,943	637,732
Less: imports of goods and services	115.7	11.3	4.9	2.8	-1.6	14.4	640,254	662,085
Statistical discrepancy (millions of dollars)	-958	-1,006	934	1,760	-538	-1,411	505	-906
Gross domestic product at market prices	41.1	9.1	4.8	-3.6	5.5	6.7	2,091,318	2,125,350
Final domestic demand	52.8	4.5	6.6	-1.2	7.0	2.9	2,118,235	2,133,430

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

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

	Third quarter 2021	Fourth quarter 2021	Fourth quarter 2021		
			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	1,668,656	1,674,543	0.271	0.861	1.111
Household final consumption expenditure	1,192,886	1,195,840	0.134	0.580	0.550
Goods	556,117	555,178	-0.042	0.427	-0.171
Durable goods	156,825	157,180	0.016	0.129	0.066
Semi-durable goods	99,638	99,011	-0.025	0.011	-0.102
Non-durable goods	300,247	299,528	-0.033	0.287	-0.135
Services	638,819	642,672	0.176	0.153	0.721
Non-profit institutions serving households' final consumption expenditure	31,056	31,516	0.021	0.028	0.086
General governments final consumption expenditure	444,530	446,939	0.116	0.252	0.475
Gross fixed capital formation	452,446	461,075	0.448	0.557	1.836
Business gross fixed capital formation	368,955	376,281	0.386	0.497	1.582
Residential structures	159,136	163,034	0.229	0.377	0.939
Non-residential structures, machinery and equipment	171,188	174,797	0.175	0.121	0.717
Non-residential structures	105,274	108,064	0.140	0.109	0.574
Machinery and equipment	65,469	66,229	0.035	0.012	0.143
Intellectual property products	38,528	38,147	-0.018	-0.001	-0.074
Non-profit institutions serving households' gross fixed capital formation	1,799	1,836	0.002	0.002	0.008
General governments gross fixed capital formation	81,893	83,138	0.060	0.059	0.246
Investment in inventories	-12,137	9,913	1.031	-0.134	4.226
Exports of goods and services	617,943	637,732	0.992	1.029	4.065
Goods	505,773	518,376	0.643	0.959	2.635
Services	112,226	119,798	0.349	0.070	1.430
Less: imports of goods and services	640,254	662,085	1.048	0.699	4.296
Goods	532,451	548,947	0.786	0.689	3.222
Services	110,604	116,006	0.262	0.011	1.074
Statistical discrepancy	505	-906	-0.068	0.000	-0.279
Gross domestic product at market prices	2,091,318	2,125,350	1.627	1.614	6.663
Final domestic demand	2,118,235	2,133,430	0.719	1.418	2.947

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

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	Third quarter 2020	Fourth quarter 2020	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021
Economy-wide						
Real gross domestic income (index 2012=100)	107.4	110.6	114.0	114.5	115.5	117.7
Gross domestic product deflator (index 2012=100)	111.0	112.4	116.1	118.9	120.3	122.2
Terms of trade (index 2012=100)	92.6	94.9	101.0	105.7	104.0	105.0
Household sector						
Household disposable income (millions of dollars)	1,401,072	1,388,204	1,433,604	1,450,472	1,443,980	1,425,156
Household net saving (millions of dollars)	188,440	159,260	196,888	208,516	129,284	91,832
Household saving rate (%)	13.4	11.5	13.7	14.4	9.0	6.4
Government sector						
General government disposable income (millions of dollars)	255,884	350,448	386,328	382,496	472,140	534,416
General government net saving (millions of dollars)	-248,656	-164,724	-149,888	-151,792	-66,596	-13,656
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	276,164	287,596	344,512	340,896	310,944	329,136
Financial corporations' net operating surplus (millions of dollars)	40,188	42,700	45,076	46,012	47,016	49,388
Non-financial corporations' net saving (millions of dollars)	33,664	44,936	105,068	88,196	46,252	77,620
Financial corporations' net saving (millions of dollars)	35,396	36,624	-8,404	32,604	29,736	24,160
National						
National net saving (millions of dollars)	17,260	83,960	150,128	179,800	140,884	186,668
National saving rate (%)	1.0	4.4	7.5	8.8	6.8	8.7

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

	2016	2017	2018	2019	2020	2021	2020	2021
	year-over-year % change						millions of dollars	
Final consumption expenditure	2.0	3.3	2.8	1.5	-4.5	5.0	1,565,896	1,644,330
Household final consumption expenditure	1.9	3.8	2.6	1.4	-6.2	5.2	1,109,844	1,167,289
Non-profit institutions serving households' final consumption expenditure	9.0	0.4	2.6	3.0	-2.8	1.0	30,619	30,939
General governments final consumption expenditure	1.8	2.1	3.2	1.7	0.0	4.9	424,664	445,438
Gross fixed capital formation	-4.7	3.3	2.5	-0.0	-2.8	7.2	431,853	462,743
Business gross fixed capital formation	-5.4	2.7	2.5	0.9	-4.6	7.8	351,794	379,180
Residential structures	3.9	2.3	-1.1	-0.2	4.3	15.4	146,621	169,128
Non-residential structures, machinery and equipment	-12.3	1.9	3.5	2.5	-12.1	2.3	166,371	170,251
Intellectual property products	-1.7	8.8	12.4	-2.2	-3.3	0.7	38,265	38,522
General governments gross fixed capital formation	-0.1	6.5	2.7	-4.2	6.2	4.5	78,291	81,806
Investment in inventories (millions of dollars)	-779	18,014	-2,590	1,767	-37,097	17,177	-18,720	-1,543
Exports of goods and services	1.4	1.4	3.8	2.3	-9.7	1.4	616,342	624,758
Less: imports of goods and services	0.1	4.6	3.3	0.4	-10.8	7.4	601,271	645,886
Statistical discrepancy (millions of dollars)	2,116	-2,039	838	137	-366	136	-155	-19
Gross domestic product at market prices	1.0	3.0	2.8	1.9	-5.2	4.6	1,999,406	2,090,636
Final domestic demand	0.5	3.3	2.7	1.2	-4.1	5.5	1,996,456	2,105,736

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](#), [36-10-0611-01](#) and [36-10-0655-01](#).

Definitions, data sources and methods: [survey numbers 1901](#), [2602](#), [2820](#) and [5169](#).

The data visualization product "[Gross Domestic Product by Income and Expenditure: Interactive tool](#)," which is part of *Statistics Canada – Data Visualization Products (13-607-X)*, is now available.

The document, "[The 2018 to 2020 revisions of the Income and Expenditure Accounts](#)," which is part of *Latest Developments in the Canadian Economic Accounts (13-605-X)*, is available.

The document, "[Recording new COVID measures in the national accounts](#)," which is part of *Latest Developments in the Canadian Economic Accounts (13-605-X)*, is 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@statcan.gc.ca) or Media Relations (STATCAN.mediahotline-ligneinfomedias.STATCAN@statcan.gc.ca).