

Natural resource indicators, second quarter 2022

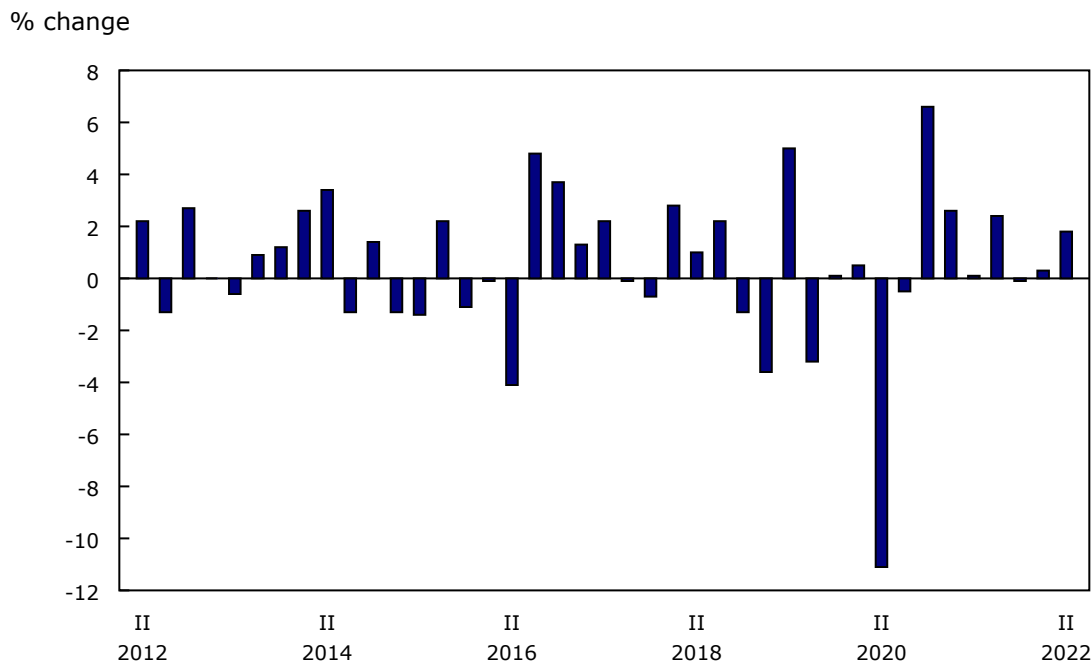
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, September 22, 2022

Natural resources real gross domestic product rises in the second quarter

Real gross domestic product (GDP) of the natural resources sector increased 1.8% in the second quarter, after rising 0.3% in the first quarter of 2022.

In contrast, the economy-wide real GDP rose 0.8% in the second quarter.

Chart 1
Natural resources real gross domestic product



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

The second quarter real GDP increase was driven by the energy (+2.2%) and the minerals and mining (+0.7%) subsectors. The increase in these subsectors was complemented by increases in the industrial capacity utilization rate for the mining, quarrying, and oil and gas extraction sector, which increased to 82.6%. Both real GDP of the natural resources sector and the industrial capacity utilization rate for mining, quarrying, and oil and gas extraction sector both reached high points not seen since before the COVID-19 pandemic. Real GDP of hunting, fishing and water contributed to the strength, rising 3.9%. These increases were partially offset by forestry (-0.4%), which saw a decrease in its real GDP. The decline in forestry was driven by falling prices and demand for softwood lumber in the United States.

Quarterly export and import volumes rise

Natural resources export volumes increased (+1.0%) in the second quarter. Minerals and mining exports rose (+10.1%), influenced by coal (+13.9%) and non-metallic minerals (+9.7%). Coal exports were up, mainly due to higher volumes exported to Asia to meet rising electricity demand. Russia has traditionally been the largest exporter



of fertilizers in the world, but amid the conflict in Ukraine, demand for fertilizer products exported by other countries has risen, leading to record-high exports of Canadian potash, contributing to the rise of non-metallic mineral exports.

Forestry exports increased 2.7%, led by a 6.2% increase in primary pulp and paper. In Europe, sanctions on Russia have reduced the amount of wood available to pulp producers, increasing demand and prices, which influenced higher Canadian exports.

Energy exports (-3.2%) decreased, influenced by low volumes of crude oil exports (-6.3%). This decrease in volumes is largely the result of planned maintenance shutdowns in April in the Alberta oil sands industry, particularly for upgrader facilities that produce synthetic crude oil. The decrease in crude oil exports was partially offset by a 13.0% increase in natural gas exports.

Meanwhile, import volumes (+6.8%) were up in the second quarter, led by forestry (+9.5%), followed by minerals and mining (+6.9%) and energy (+6.4%).

The increase in energy imports was driven by refined petroleum products (+19.7%) due to significant growth in the imports of motor gasoline (including blending components and ethanol fuel) from the United States due to increased demand.

Natural resource prices continue to surge

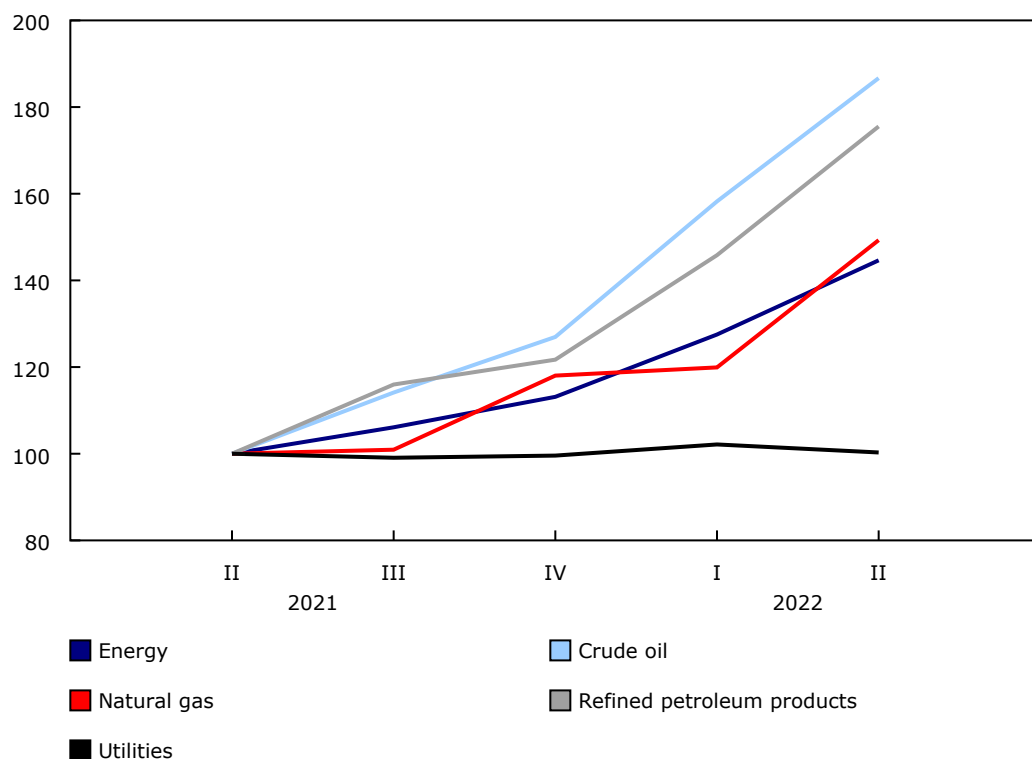
Overall, natural resource prices rose 10.1% in the second quarter, led by energy (+13.4%). Refined petroleum products (+26.5%) prices rose significantly, influenced by low US fuel inventories and high domestic demand.

Crude oil (+18.0%) and natural gas (+24.5%) continued to have strong price increases in the second quarter. Supply uncertainty related to the conflict in Ukraine arose as new European Union sanctions on Russian energy products came into force. Additionally, Organization of the Petroleum Exporting Countries Plus restrictions and the decline in US energy producers put further upward pressure on prices. This upward trend has been present over the previous year, with crude oil prices increasing 86.7% since the second quarter of 2021.

Chart 2

Crude oil and refined petroleum products outpace price growth of total energy products, second quarter of 2021 to second quarter of 2022

gross domestic product price index (second quarter of 2021=100)



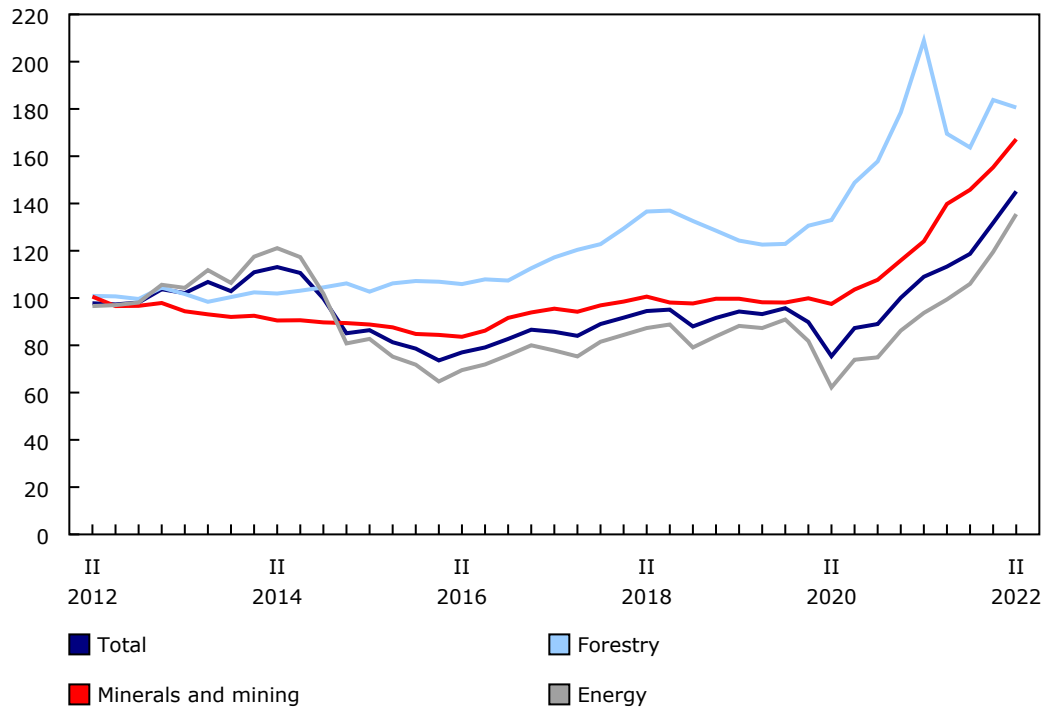
Source(s): Table 38-10-0285-01.

Minerals and mining prices (+7.7%) increased in the second quarter. Primary ferrous metal products rose mainly on higher prices for basic and semi-finished iron or steel products. This increase is partly attributable to limited steel production in China due to pandemic lockdowns. Steel prices also increased due to higher energy costs for producers.

Forestry prices declined 1.8% led by primary sawmill products (-10.8%). Lower lumber prices were partially attributable to slowing demand for construction. The June price drop followed a 14.4% decline in monthly US housing starts in May, the largest monthly decrease since April 2020. Rising interest rates and increasing costs for other inputs also influenced the decline of forestry subsector prices. The decline in softwood was partially offset by primary pulp and paper products (+8.6%), as supply chain disruptions and higher demand boosted prices.

Chart 3 Natural resource prices

index (2012=100)



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

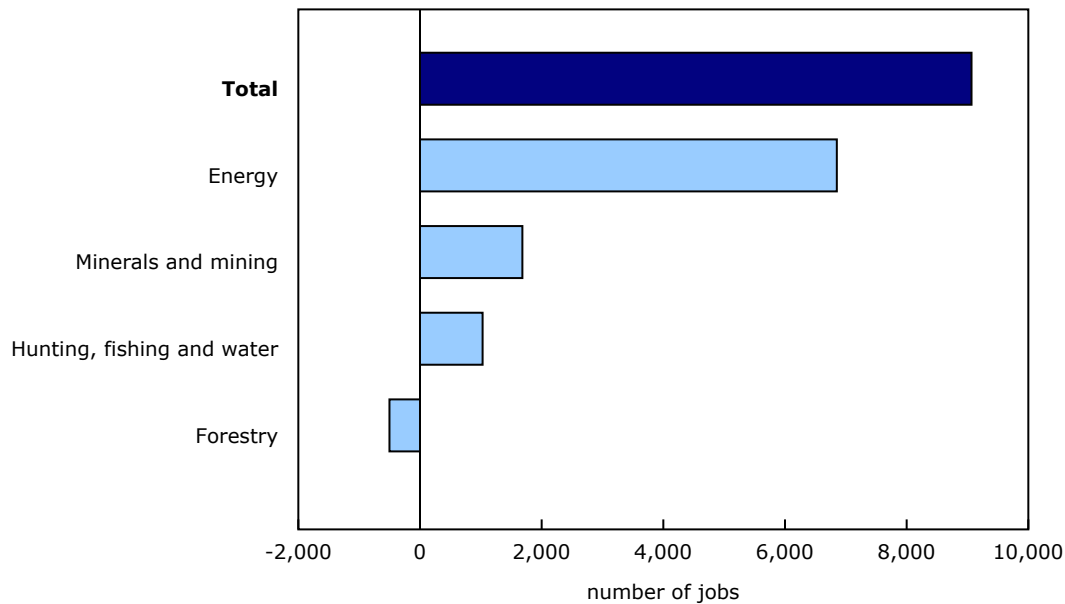
Nominal gross domestic product

Surging prices boosted growth in natural resources nominal GDP by 12.1% in the second quarter. Expressed as an annual rate, the nominal GDP of natural resources was \$380 billion in the second quarter, representing 14.4% of the Canadian economy.

Employment increases

Employment in the natural resources sector rose 1.5% in the second quarter after increasing 0.6% in the first quarter of 2022. The energy (+6,900 jobs), minerals and mining (+1,700 jobs), and hunting, fishing and water (+1,000 jobs) subsectors all saw increases in employment, as industries increased employment to respond to rising prices. Employment in the forestry (-500 jobs) subsector decreased in response to lower prices.

Chart 4
Employment changes, second quarter of 2022



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

Downstream activities

For analytical purposes, secondary and tertiary processing for the forestry and minerals and mining subsectors are identified separately. The nominal GDP of these downstream activities reached \$10.9 billion in the second quarter, a 5.3% increase. Prices increased 8.7% following a 7.1% increase in the first quarter of 2022.

Note to readers

Data on natural resources for the second quarter have been released along with revised data from the first quarter of 2022. The natural resource indicators provide quarterly indicators for the main aggregates in the Natural Resources 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 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.

Employment estimates reported in this release align with the noted definitions of natural resource subsectors. Consequently, these estimates may differ from those released by the labour productivity program.

Next release

Data on natural resource indicators for the third quarter of 2022 will be released on January 13, 2023.

Available tables: table [38-10-0285-01](#).

Definitions, data sources and methods: survey number [5367](#).

For more information on energy in Canada, including production, consumption, international trade and much more, please visit the [Canadian Centre for Energy Information](#) website and follow #energynews on social media.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada 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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).