

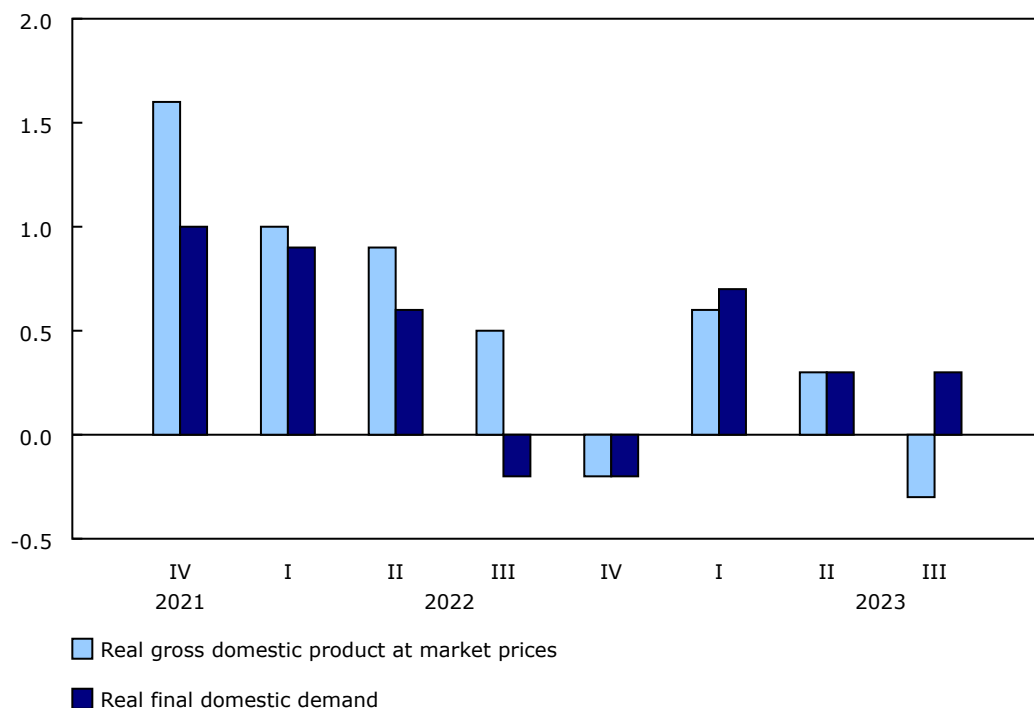
Gross domestic product, income and expenditure, third quarter 2023

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, November 30, 2023

Real gross domestic product (GDP) declined 0.3% in the third quarter, following a 0.3% increase in the second quarter. The decrease in international exports and slower inventory accumulation were partially offset by increases in government spending and housing investment. Final domestic demand increased 0.3%, following a similar increase in the second quarter.

Chart 1
Real gross domestic product and final domestic demand

quarterly change (%), chained (2017) dollars

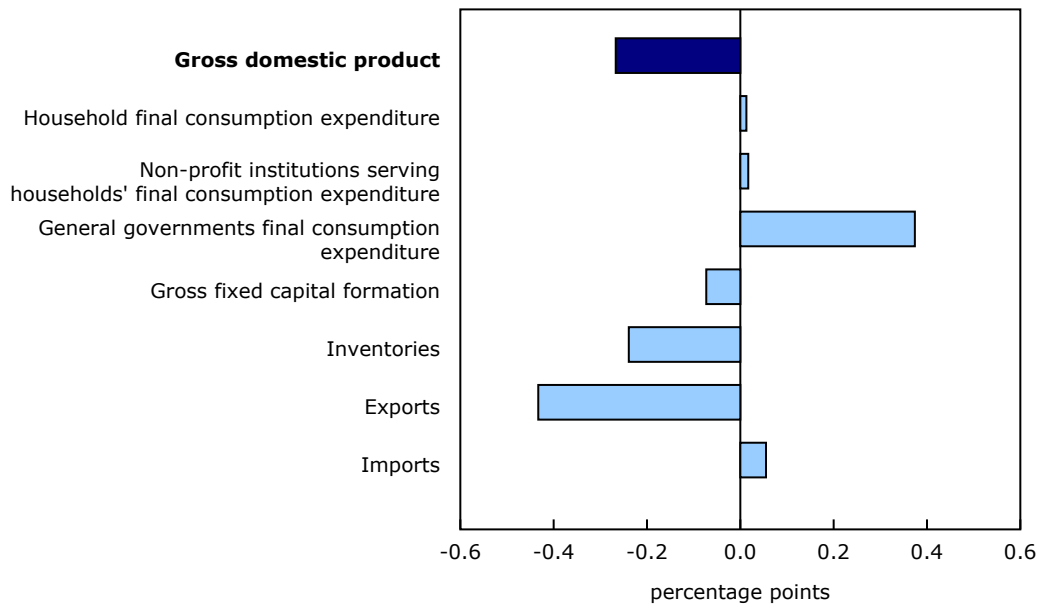


Source(s): Table 36-10-0104-01.



Chart 2

Contributions to percentage change in real gross domestic product, third quarter of 2023



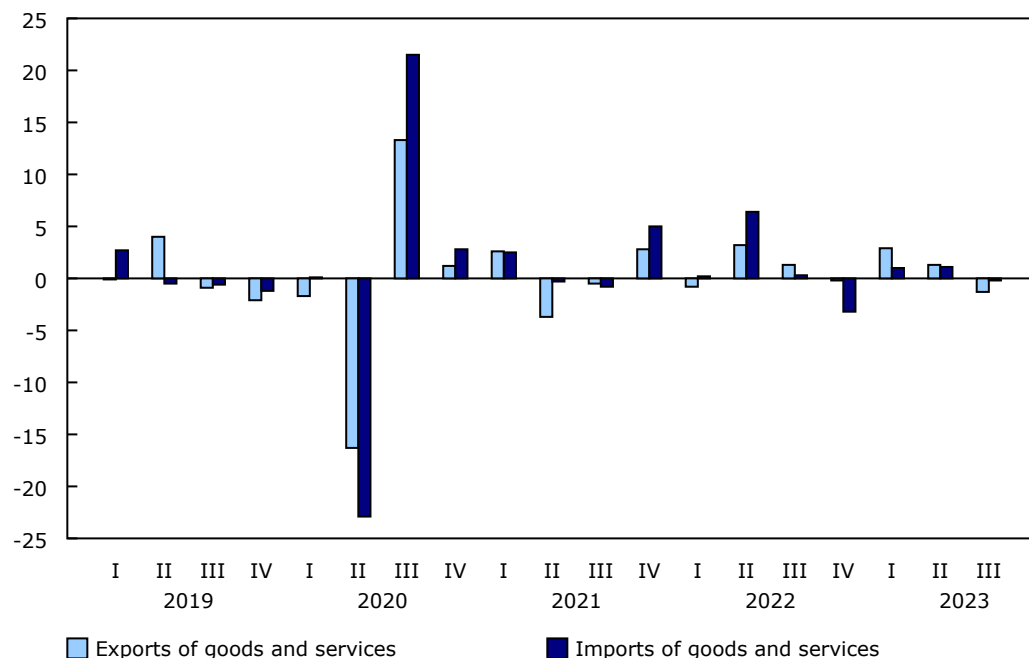
Source(s): Table [36-10-0104-01](#).

Lower exports led the decline in gross domestic product

Exports of goods and services fell 1.3% in the third quarter after increasing 1.3% in the second quarter. The leading contributor to the decrease was refined petroleum energy products, which dropped 25.4% in the third quarter after rising 23.9% in the second quarter.

Chart 3 Volumes of exports and imports

quarterly change (%), chained (2017) dollars



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

Imports of goods and services edged down 0.2% in the third quarter, following a 1.1% increase in the second quarter. The decrease in imports was led by declines in clothing, footwear and textile products, transportation services, and electronic and electrical equipment and parts. These declines were moderated by increased imports of passenger cars and light trucks as well as travel services.

Inventories accumulate at slowest pace in two years

Slower inventory accumulation in the third quarter applied downward pressure on GDP growth. This was the smallest buildup of inventories since the third quarter of 2021.

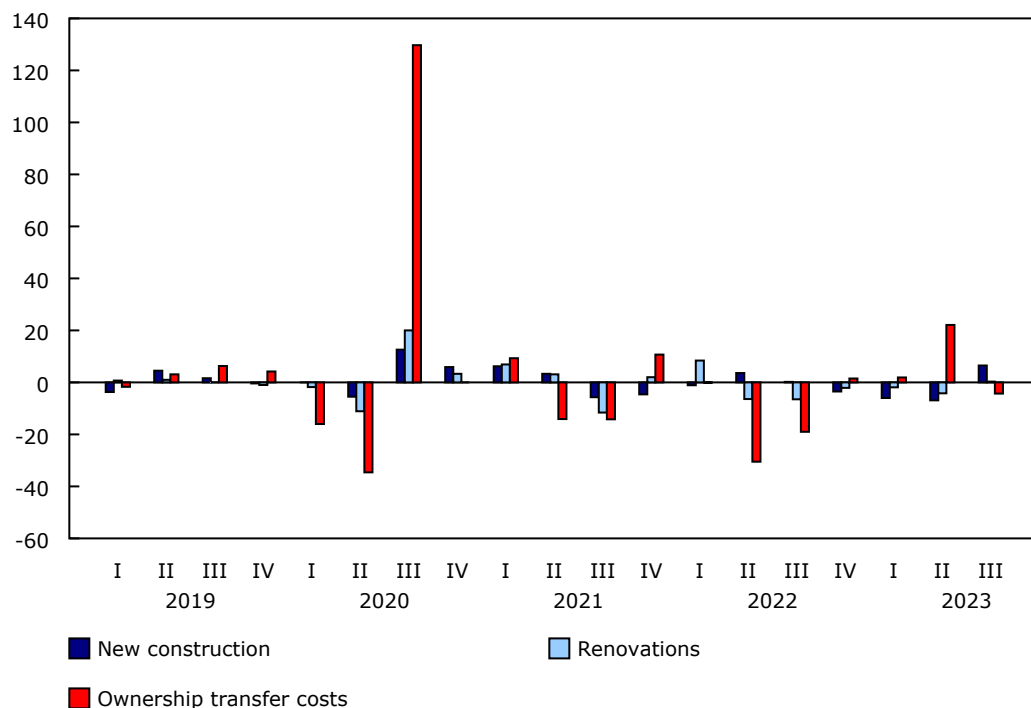
Among industries, manufacturers recorded a withdrawal in inventories in the third quarter of 2023 after six consecutive quarters of accumulations. Non-durable manufactured goods posted the largest quarterly withdrawal in inventories since the fourth quarter of 2010, while wholesale inventories withdrew for the first time since the first quarter of 2022. In contrast, retail inventories grew in the third quarter of 2023, primarily due to a buildup in motor vehicles inventories, which more than offset the inventory withdrawals in the manufacturing and wholesale sectors.

New housing construction increases for first time since early 2022

After five consecutive quarterly declines, housing investment increased 2.0% in the third quarter of 2023. An increase in new construction (+6.5%) was partly offset by a decline in ownership transfer costs (-4.3%), which represents resale activity.

Chart 4 Housing investment

quarterly change (%), chained (2017) dollars



Source(s): Table 36-10-0108-01.

Apartment construction had the greatest impact on new construction; costs related to new construction, such as taxes and closing costs upon ownership change, also contributed to new construction investment. The increase in new construction was observed across all provinces and the Northwest Territories, with the Atlantic provinces posting the largest increases.

Household spending remains flat

Household expenditure was unchanged in the third quarter, following a flat second quarter. Durable goods increased 1.0%, led by new trucks, vans and sport utility vehicles (+1.9%), as supply chain issues and manufacturing delays eased and inventories were replenished.

Higher household spending on services (+0.3%) was largely offset by declines in spending on non-durable (-0.4%) and semi-durable (-2.8%) goods.

Business investment in non-residential construction and machinery and equipment declines

Business investment in non-residential structures fell 2.0% in the third quarter, led by decreased spending on engineering structures (-2.5%), which declined for the first time since the first quarter of 2022. The near completion of the Kitimat liquified natural gas project contributed to the decline.

Business spending on machinery and equipment fell 3.8% in the third quarter of 2023, following a 4.4% increase in the second quarter. The decrease was led by lower spending on aircraft and other transportation equipment, after a strong growth in aircraft and ships in the second quarter.

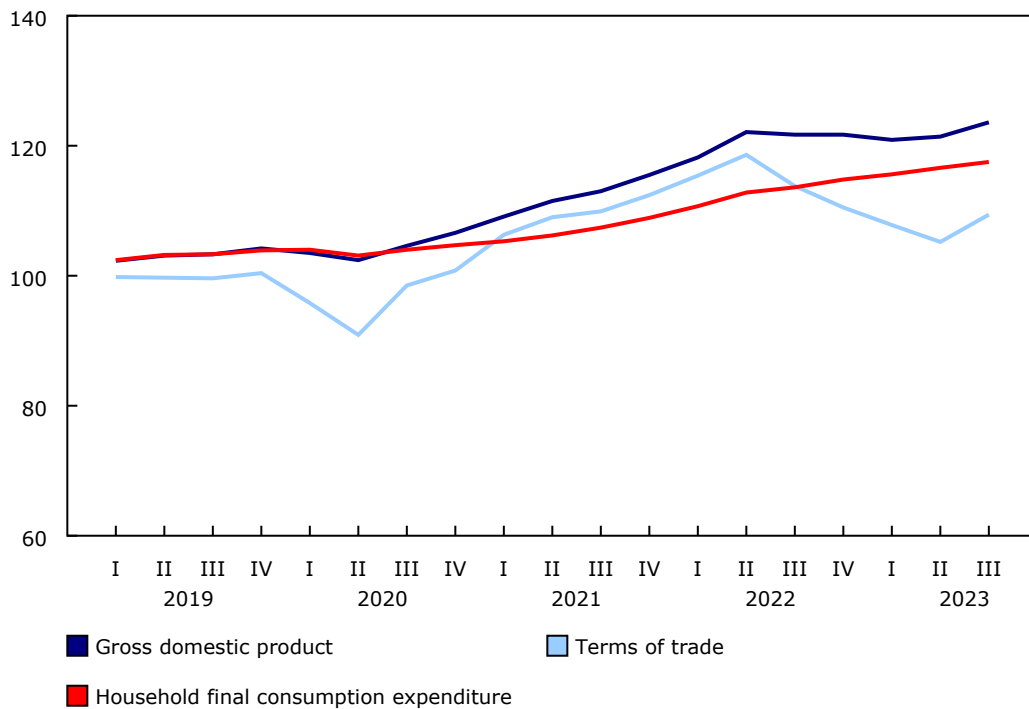
Business spending on intellectual property products edged down 0.3% in the third quarter. The decline was led by lower spending on software (-0.8%). However, spending on mineral exploration (+2.8%) nearly offset the decline.

Gross domestic product implicit prices rise on higher export prices

Largely driven by increased prices of exported items (+3.9%), including crude oil and crude bitumen, the GDP implicit price rose 1.8% in the third quarter. The terms of trade, which is the ratio of the price of exports to the price of imports, grew 4.0%, the first increase since the second quarter of 2022.

Chart 5
Gross domestic product price indexes, selected components

index (2017=100)



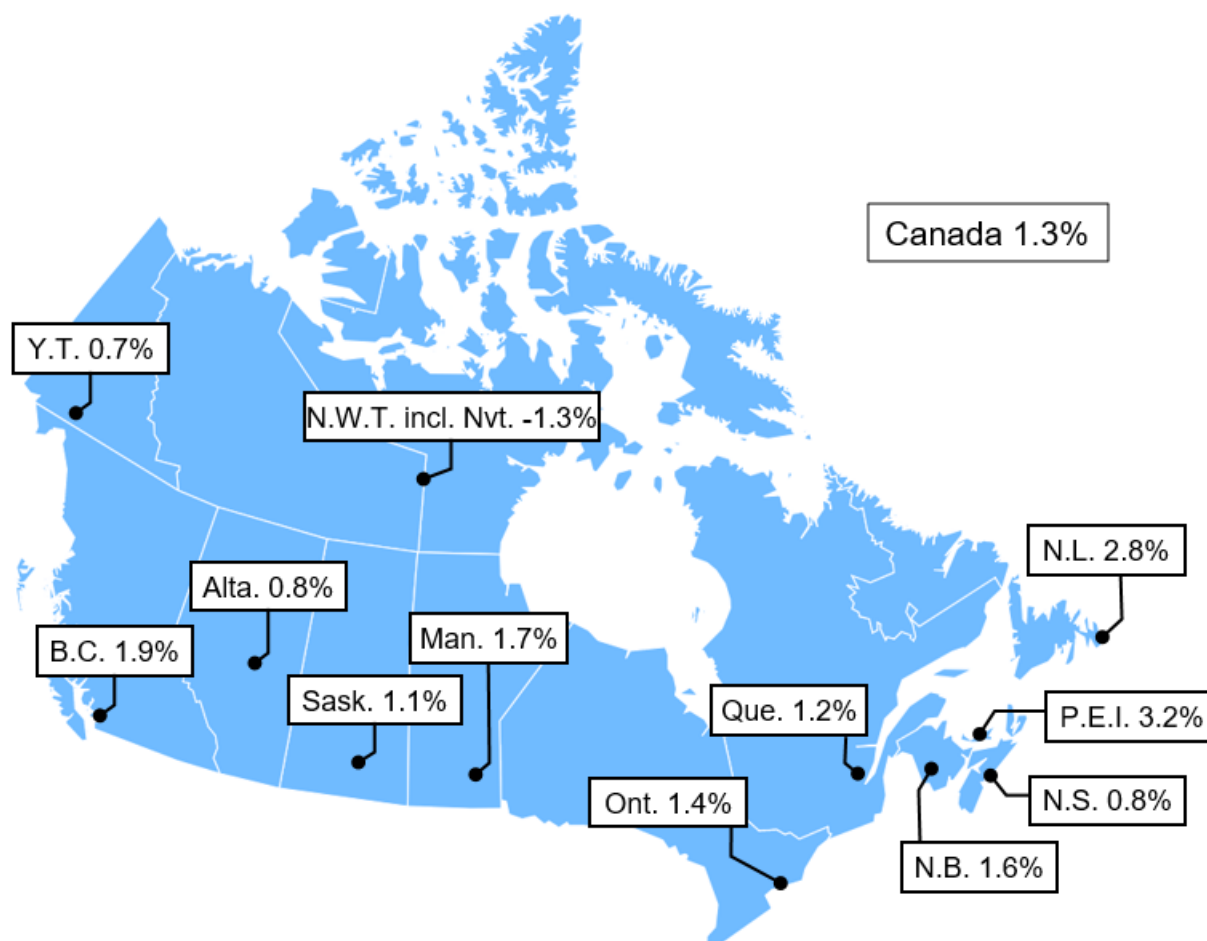
Source(s): Tables [36-10-0106-01](#) and [36-10-0105-01](#).

The implicit price of household final consumption rose 0.8% in the third quarter of 2023, following a 0.9% increase in the second quarter. Higher prices of non-durable goods and services led the increase. The price index for household final consumption expenditure (excluding food and energy) rose 0.5% in the third quarter, the smallest increase since the first quarter of 2021.

Compensation of employees rises

Compensation of employees rose 1.3% on a nominal basis in the third quarter of 2023, as average earnings and employment increased. Wages and salaries in services-producing industries rose 1.7%, while those in goods-producing industries were flat (+0.0%). The top industry contributors to overall wage growth were professional and personal services, health services, and federal public administration including military services.

Map 1 – Compensation of employees, quarter-to-quarter % change, seasonally adjusted data



Source(s): Table 36-10-0205-01, November 2023.

Prince Edward Island (+3.2%) and Newfoundland and Labrador (+2.8%) had the largest increases in compensation of employees in the third quarter, followed by British Columbia (+1.9%). After relatively low growth in the previous quarter, compensation of employees in the Northwest Territories and Nunavut (-1.3%) decreased.

Household saving rate increases

Household net saving (in nominal terms) increased in the third quarter, as a modest gain in household disposable income (+1.0%) surpassed the rise in household spending (+0.8%). Softening labour market conditions and weaker financial market gains relative to the second quarter were counteracted by higher government transfers, which were mainly due to the introduction of the [Grocery Rebate](#) on July 5, 2023.

Compensation of employees increased by 1.3% in the third quarter, led by higher property income (+2.9%). Meanwhile, government transfers to households grew by 0.7%, representing the first quarterly increase since the fourth quarter of 2022.

Consequently, the household saving rate reached 5.1% in the third quarter of 2023, up from 4.7% in the second quarter. The household saving rate is aggregated across all income brackets; in general, saving rates are greater in higher income brackets.

Gross operating surplus bounces back

In the third quarter, gross operating surplus rose 2.3% after declining in each of the previous four quarters. Higher gross operating surplus for non-financial corporations was partly offset by a decline in that of financial corporations.

Incomes for the non-financial sector in the third quarter were boosted by higher prices for crude oil and refined petroleum products. Increases in incomes across the entire motor vehicle supply chain also contributed to higher corporate incomes, reflected by increased profits, despite declines in motor vehicle sales in the first two months of the quarter.

Gross operating surplus for financial corporations continued to decline in the third quarter owing to higher insurance claims. Narrowing net interest margins among chartered banks due to the fast pace of central bank policy rate increases also contributed to the decline.

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:



Note to readers

In this release, new benchmark values from the supply-use tables (SUTs) for the 2020 reference year have been incorporated into the gross domestic product (GDP) by Income and Expenditure Accounts (IEA). The SUTs integrate data from a wide range of sources into a balanced accounting framework. They represent the most detailed, coherent accounting system for the structure of the Canadian economy and are considered the most accurate benchmarks on which to base estimates.

Revisions for the 2021 and 2022 reference years incorporate up-to-date information from the Annual Survey of Manufacturing and Logging, the Annual Survey of Research and Development in Canadian Industry, the Annual Census of Mines, Quarries and Sand Pits, government public accounts, and updated administrative data. These revisions also reflect the incorporation of T4 data for 2021 and preliminary T4 data for 2022, which are used to estimate wages and salaries.

Results from the Annual Capital and Repair Expenditure Survey, Actual, were incorporated for 2021, whereas 2022 estimates were revised to incorporate major project updates from the upcoming 2022 Actual release (February 2024).

For more information on revisions to GDP by IEA, see [The 2020 to 2022 Revisions of the Income and Expenditure Accounts](#).

Re-referencing of the volume and price estimates

Volume and price estimates for the quarterly GDP and accompanying set of accounts have been updated to the 2017 (2017=100) reference year with this release. Additionally, the international trade classification has been updated to the North American Product Classification System (NAPCS) 2022. Given the inclusion of a more recent NAPCS and reference year, price baskets have been updated.

Accounting for e-commerce transactions with non-resident vendors

The indicators used to estimate household final consumption expenditure have been adjusted to account for non-resident e-commerce sales. The Monthly Retail Trade Survey collects data only on resident vendor e-commerce sales. The non-resident vendor e-commerce adjustment, which is applied to the indicators to estimate household consumption, mainly the Retail Commodity Survey, is a non-seasonally adjusted, quarterly value. This adjustment has been in place since the fourth quarter of 2019. For the third quarter of 2023, the adjustment represents 849.9 million dollars, applied to the household consumption indicators. The adjustment is derived using sources such as details from customs transactions, goods and services tax remittances and financial statements for certain enterprises.

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 second quarter of 2023 to the third quarter of 2023.

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

Table 34-10-0163-01, "Flows and stocks of fixed non-residential and residential capital, by sector and asset, provincial and territorial," will be released with the National balance sheet and financial flow accounts on December 13, 2023.

Real-time tables

Real-time tables 36-10-0430-01 and 36-10-0431-01 will be updated on December 11, 2023.

Next release

Data on GDP by income and expenditure for the fourth quarter of 2023 will be released on February 29, 2024.

Table 1
Gross domestic product by income account – Seasonally adjusted at annual rates

	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Second quarter 2023	Third quarter 2023
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	1.8	1.1	1.1	1.9	2.2	1.3	1,470,848	1,490,476
Gross operating surplus	7.2	-0.1	-4.1	-5.8	-2.9	2.3	739,232	756,312
Gross mixed income	3.3	2.3	2.4	1.4	2.0	2.4	346,508	354,964
Taxes less subsidies on production	16.2	-4.6	2.5	3.5	-0.3	-0.0	109,800	109,796
Taxes less subsidies on products and imports	4.6	-6.9	1.6	6.2	2.0	0.1	194,256	194,364
Statistical discrepancy (millions of dollars)	-92	-540	620	-1,716	896	-612	-1,320	-1,932
Gross domestic product at market prices	4.2	0.1	-0.2	-0.1	0.8	1.6	2,859,324	2,903,980

Source(s): Table 36-10-0103-01.

Table 2
Real gross domestic product by expenditure account, quarterly change – Seasonally adjusted at annual rates, chained (2017) dollars

	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Second quarter 2023	Third quarter 2023
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	1.6	0.5	0.0	1.0	0.1	0.5	1,881,561	1,891,478
Household final consumption expenditure	2.1	0.1	0.2	1.3	-0.0	0.0	1,330,082	1,330,398
Non-profit institutions serving households' final consumption expenditure	1.2	0.6	0.4	2.4	2.5	1.1	37,860	38,288
General governments final consumption expenditure	0.2	1.3	-0.3	0.0	0.4	1.8	512,991	522,077
Gross fixed capital formation	-2.6	-2.3	-1.2	-0.1	0.9	-0.3	504,626	503,026
Business gross fixed capital formation	-3.1	-2.6	-1.9	-0.7	1.1	-0.5	411,204	409,134
Residential structures	-8.8	-5.9	-2.2	-3.3	-1.1	2.0	149,579	152,600
Non-residential structures, machinery and equipment	1.7	-0.1	-1.7	1.0	3.3	-2.6	212,914	207,301
Intellectual property products	2.9	0.5	-1.4	2.0	-0.3	-0.3	55,329	55,138
General governments gross fixed capital formation	0.2	-0.9	2.5	2.5	-0.2	0.6	91,512	92,046
Investment in inventories (millions of dollars)	32,826	6,615	-22,614	-18,012	-650	-5,782	31,181	25,399
Exports of goods and services	3.2	1.3	-0.2	2.9	1.3	-1.3	726,614	717,166
Less: imports of goods and services	6.4	0.3	-3.2	1.0	1.1	-0.2	795,410	794,126
Statistical discrepancy (millions of dollars)	62	439	-509	1,425	-745	472	1,088	1,560
Gross domestic product at market prices	0.9	0.5	-0.2	0.6	0.3	-0.3	2,355,700	2,349,419
Final domestic demand	0.6	-0.2	-0.2	0.7	0.3	0.3	2,381,447	2,389,345

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

Table 3
Real gross domestic product by expenditure account, annualized change – Seasonally adjusted at annual rates, chained (2017) dollars

	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Second quarter 2023	Third quarter 2023
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	6.5	1.9	0.2	3.9	0.5	2.1	1,881,561	1,891,478
Household final consumption expenditure	8.8	0.5	0.7	5.3	-0.1	0.1	1,330,082	1,330,398
Non-profit institutions serving households' final consumption expenditure	5.0	2.5	1.6	9.8	10.6	4.6	37,860	38,288
General governments final consumption expenditure	0.8	5.3	-1.3	0.1	1.4	7.3	512,991	522,077
Gross fixed capital formation	-9.9	-9.0	-4.6	-0.5	3.6	-1.3	504,626	503,026
Business gross fixed capital formation	-11.9	-10.1	-7.3	-2.7	4.5	-2.0	411,204	409,134
Residential structures	-30.7	-21.6	-8.6	-12.6	-4.2	8.3	149,579	152,600
Non-residential structures, machinery and equipment	7.0	-0.6	-6.5	4.2	13.9	-10.1	212,914	207,301
Intellectual property products	12.0	2.2	-5.6	8.4	-1.2	-1.4	55,329	55,138
General governments gross fixed capital formation	0.9	-3.5	10.5	10.5	-0.9	2.4	91,512	92,046
Investment in inventories (millions of dollars)	32,826	6,615	-22,614	-18,012	-650	-5,782	31,181	25,399
Exports of goods and services	13.4	5.4	-0.7	12.1	5.1	-5.1	726,614	717,166
Less: imports of goods and services	28.4	1.1	-12.1	4.0	4.4	-0.6	795,410	794,126
Statistical discrepancy (millions of dollars)	62	439	-509	1,425	-745	472	1,088	1,560
Gross domestic product at market prices	3.8	1.8	-0.9	2.5	1.4	-1.1	2,355,700	2,349,419
Final domestic demand	2.3	-0.8	-1.0	2.9	1.2	1.3	2,381,447	2,389,345

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

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

	Second quarter 2023	Third quarter 2023	Third quarter 2023		
			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 (2017) dollars		percentage points		
Final consumption expenditure	1,881,561	1,891,478	0.403	0.655	1.614
Household final consumption expenditure	1,330,082	1,330,398	0.013	0.417	0.056
Goods	574,435	572,222	-0.092	0.198	-0.362
Durable goods	167,235	168,877	0.067	0.006	0.267
Semi-durable goods	103,960	101,042	-0.106	-0.005	-0.422
Non-durable goods	304,205	303,012	-0.052	0.197	-0.207
Services	758,016	760,654	0.105	0.219	0.418
Non-profit institutions serving households' final consumption expenditure	37,860	38,288	0.017	0.004	0.068
General governments final consumption expenditure	512,991	522,077	0.374	0.234	1.490
Gross fixed capital formation	504,626	503,026	-0.073	0.080	-0.290
Business gross fixed capital formation	411,204	409,134	-0.096	0.078	-0.382
Residential structures	149,579	152,600	0.155	0.070	0.618
Non-residential structures, machinery and equipment	212,914	207,301	-0.243	-0.020	-0.968
Non-residential structures	133,889	131,244	-0.116	-0.045	-0.462
Machinery and equipment	78,238	75,261	-0.127	0.026	-0.506
Intellectual property products	55,329	55,138	-0.008	0.028	-0.032
Non-profit institutions serving households' gross fixed capital formation	2,439	2,446	0.000	0.000	0.000
General governments gross fixed capital formation	91,512	92,046	0.023	0.002	0.092
Investment in inventories	31,181	25,399	-0.239	-0.219	-0.952
Exports of goods and services	726,614	717,166	-0.433	1.278	-1.725
Goods	569,763	560,367	-0.438	1.198	-1.745
Services	159,394	159,502	0.005	0.080	0.020
Less: imports of goods and services	795,410	794,126	-0.055	-0.037	-0.219
Goods	626,974	624,672	-0.098	-0.127	-0.390
Services	169,730	170,744	0.043	0.090	0.171
Statistical discrepancy	1,088	1,560	0.020	0.001	0.080
Gross domestic product at market prices	2,355,700	2,349,419	-0.267	1.833	-1.054
Final domestic demand	2,381,447	2,389,345	0.330	0.736	1.324

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

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023
Economy-wide						
Real gross domestic income (index 2012=100)	114.7	113.6	112.2	112.0	111.4	112.6
Gross domestic product deflator (index 2012=100)	122.1	121.7	121.7	120.9	121.4	123.6
Terms of trade (index 2012=100)	118.6	113.8	110.5	107.8	105.2	109.4
Household sector						
Household disposable income (millions of dollars)	1,500,296	1,515,400	1,555,044	1,563,252	1,575,568	1,591,396
Household net saving (millions of dollars)	61,852	64,148	87,324	69,488	73,452	80,624
Household saving rate (%)	4.1	4.2	5.6	4.4	4.7	5.1
Government sector						
General government disposable income (millions of dollars)	644,536	620,484	594,960	609,044	651,768	647,844
General government net saving (millions of dollars)	68,692	34,524	3,216	15,268	45,824	24,416
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	429,880	422,140	385,408	337,824	313,068	327,404
Financial corporations' net operating surplus (millions of dollars)	48,176	45,428	39,560	38,696	37,716	35,504
Non-financial corporations' net saving (millions of dollars)	101,944	87,308	38,340	14,808	-30,996	-23,228
Financial corporations' net saving (millions of dollars)	23,560	36,148	41,860	37,428	48,788	61,420
National						
National net saving (millions of dollars)	259,548	223,632	175,700	135,036	135,636	142,312
National saving rate (%)	11.0	9.6	7.6	5.9	5.8	6.0

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 (2017) dollars

	2017	2018	2019	2020	2021	2022	2021	2022
	year-over-year % change						millions of dollars	
Final consumption expenditure	3.3	2.8	1.5	-4.2	5.2	4.5	1,769,059	1,849,390
Household final consumption expenditure	3.8	2.6	1.5	-6.4	5.2	5.1	1,240,811	1,304,163
Non-profit institutions serving households' final consumption expenditure	0.4	2.7	3.2	0.4	1.0	4.3	34,274	35,736
General governments final consumption expenditure	2.1	3.1	1.1	1.3	5.4	3.2	493,158	508,777
Gross fixed capital formation	3.3	2.4	0.8	-3.8	9.3	-2.4	527,182	514,778
Business gross fixed capital formation	2.7	2.3	1.6	-5.0	11.2	-3.5	439,896	424,413
Residential structures	2.3	-1.2	-0.8	2.9	14.6	-12.1	191,210	168,110
Non-residential structures, machinery and equipment	1.9	3.3	3.2	-12.3	8.7	4.0	197,959	205,883
Intellectual property products	8.9	12.5	3.7	-0.4	10.8	6.0	51,399	54,464
General governments gross fixed capital formation	6.5	2.6	-3.0	2.2	0.1	4.2	84,574	88,138
Investment in inventories (millions of dollars)	16,995	3,413	-4,104	-27,796	14,628	50,865	4,425	55,290
Exports of goods and services	1.5	3.6	2.3	-9.0	2.7	3.2	666,995	688,344
Less: imports of goods and services	4.8	3.5	-0.1	-9.4	8.1	7.6	729,405	785,120
Statistical discrepancy (millions of dollars)	-2,166	891	55	70	189	162	393	555
Gross domestic product at market prices	3.0	2.7	1.9	-5.0	5.3	3.8	2,240,936	2,326,537
Final domestic demand	3.3	2.7	1.3	-4.1	6.1	2.8	2,296,200	2,361,278

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

Available tables: [12-10-0161-01](#), [12-10-0162-01](#), [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](#), [36-10-0687-01](#) and [36-10-0688-01](#).

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 the *Statistics Canada – Data Visualization Products* series ([71-607-X](#)), is now available.

The document "[The 2020 to 2022 Revisions of the Income and Expenditure Accounts](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is now 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 the Statistics Canada 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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).