

Gross domestic product, income and expenditure, third quarter 2018

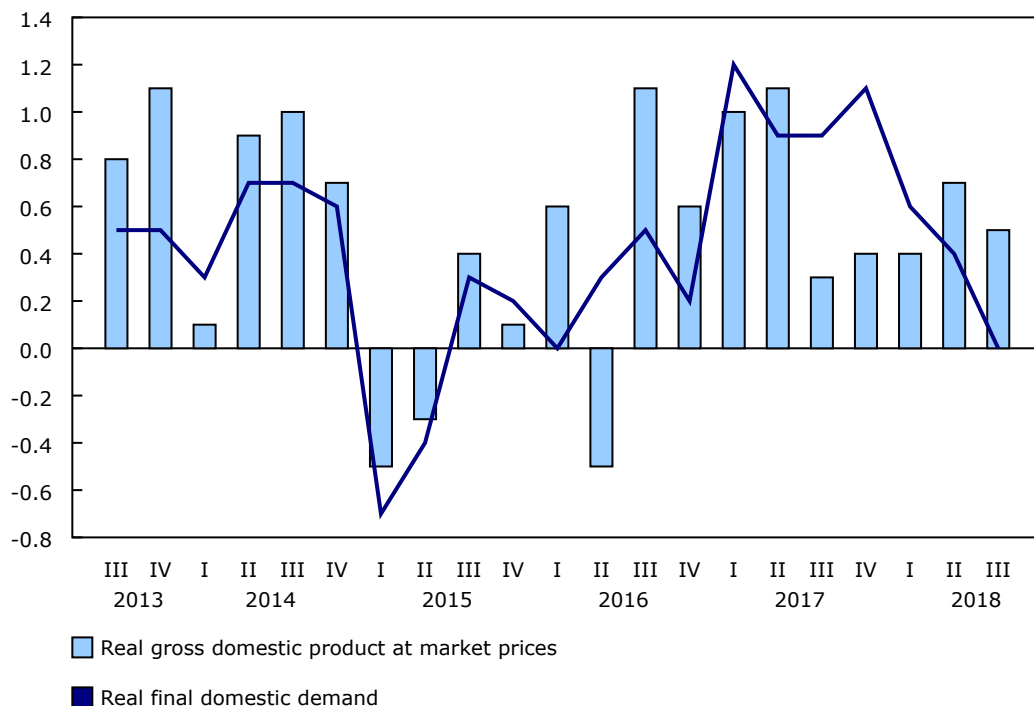
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 30, 2018

Canada's real gross domestic product (GDP) grew 0.5% in the third quarter, following a 0.7% increase in the second quarter. Final domestic demand was unchanged, constrained by falling investment, while export volumes edged up 0.2%. Strength in the mining and petroleum refining industries boosted corporate earnings.

Expressed as an annualized rate, real GDP was up 2.0% in the third quarter. In comparison, real GDP in the United States grew 3.5%.

Chart 1
Gross domestic product and final domestic demand

quarterly % change, chained (2012) dollars



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

Strength in mining and petroleum refineries

Strength in mining and petroleum refineries boosted growth in the third quarter. These industries benefited from higher prices and foreign demand. Generally, production recoveries drew on domestically produced inputs. Strength was also evident in service industries including real estate. Overall corporate earnings increased in the third quarter, led by a 3.0% nominal increase in the gross operating surplus of non-financial corporations.



Household spending slows

Growth in household spending slowed from 0.6% in the second quarter to 0.3% in the third quarter. Outlays for durable goods declined 0.7%, as motor vehicles purchases (-1.6%) fell for the third straight quarter. A 1.4% rise in outlays for semi-durable goods pushed overall goods spending to 0.2%. Household spending on services slowed to 0.3%, following 0.8% growth in the second quarter.

Housing investment continues to decline

Total residential investment (-1.5%) continued to fall in the third quarter. Investment in new residential construction declined 4.7%, the largest decrease since the second quarter of 2009. Renovation outlays (-2.0%) were also down. However, ownership transfer costs rose 7.1% following two quarters of declines.

Business non-residential investment falls

Non-residential investment in buildings and engineering structures fell 1.3% in the third quarter, following six consecutive quarterly increases. A notable drop in investment in engineering structures (-2.3%) was partly offset by increased investment in non-residential buildings (+1.3%). The decline in engineering structures was driven by the deceleration of investment in the oil and gas sector.

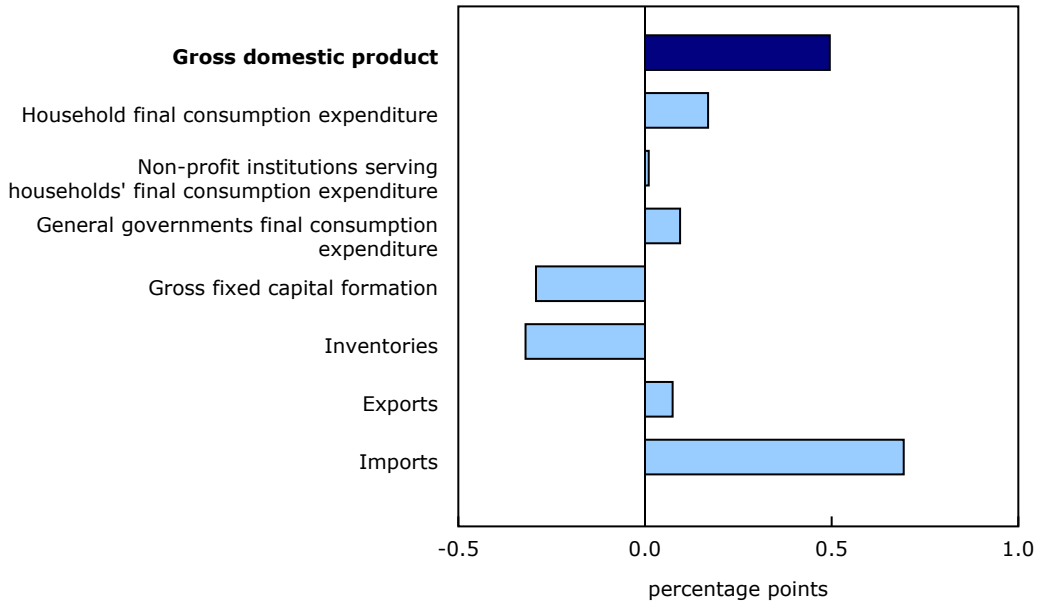
Machinery and equipment investment by businesses decreased 2.5%, the sharpest drop since the third quarter of 2016. The declines in investment in aircraft and other transportation equipment (-51.0%), industrial machinery and equipment (-2.1%), and furniture, fixtures, and prefabricated structures (-2.3%) contributed to the drop.

Slower inventory accumulation

Business inventory accumulation slowed from \$13.2 billion in the second quarter to \$6.9 billion in the third quarter. Retailers reduced inventories, with motor vehicle inventories falling by \$4.1 billion in the third quarter.

Manufacturers' inventory increased for both durable and non-durable goods, while wholesalers continued to build up stocks, but at a slower pace. The economy-wide stock-to-sale ratio increased to 0.82.

Chart 2
Contributions to percent change in real gross domestic product, third quarter



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

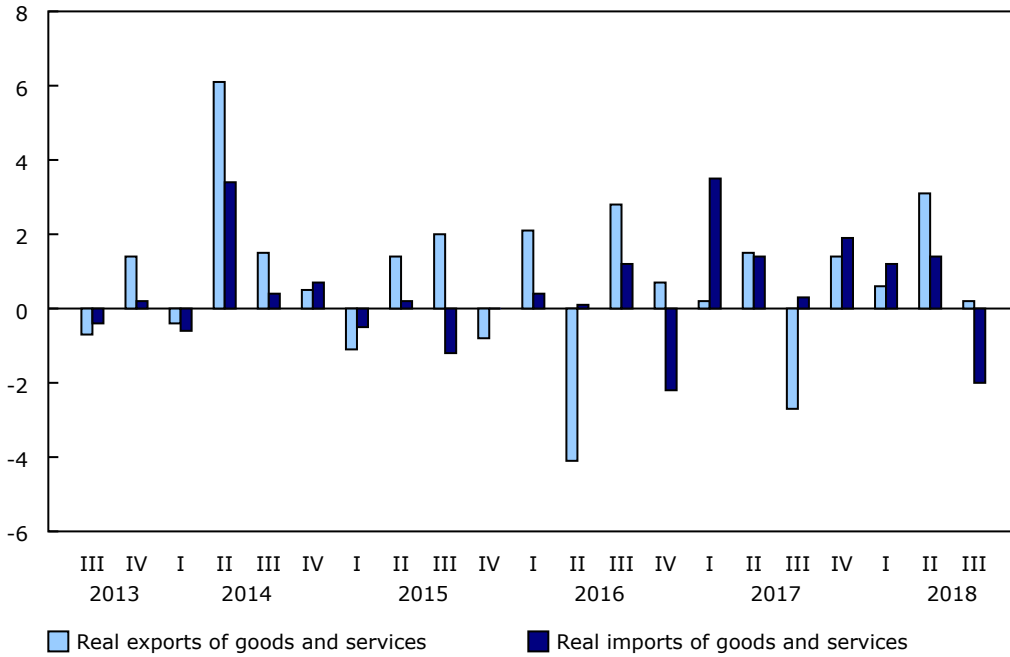
Imports fall while export volumes edge up

Import volumes declined 2.0% in the third quarter, with imports of refined petroleum products falling 27.2%. The drop in petroleum imports coincided with increased domestic production following the completion of maintenance work at certain Canadian refineries that had reduced output in the second quarter.

Imports of aircraft and other transportation equipment and parts (-22.0%) also fell. Volumes of service imports declined 2.5%, mainly on lower demand for commercial (-3.1%) and travel (-2.7%) services.

Chart 3
Exports and imports

quarterly % change, chained (2012) dollars



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

Growth in export volumes slowed to 0.2% in the third quarter, following a 3.1% increase in the second quarter. Total goods exports rose 0.4%, led by shipments of metal ores and non-metallic minerals (+27.6%). This largely reflected the resumption of operations at mines affected by work stoppages in the second quarter.

Exports of services declined 0.8%.

Note to readers

This release reflects a number of revisions. The 2015 benchmark supply and use tables have been incorporated in the income and expenditure accounts. The release also incorporates updates from the latest surveys and administrative data. A new base year has been adopted (from 2007 to 2012), and the trade classification was updated.

As a result, growth in Canada's real gross domestic product (GDP) was revised downward from 1.0% to 0.7% in 2015 and from 1.4% to 1.1% in 2016. More up-to-date information reinforced the published estimates of weaker growth in 2015. Consequently, starting from the first quarter of 2015, estimates embody a number of revisions, and may differ from those published in the second quarter of 2018.

Percentage changes for expenditure-based statistics (such as household final consumption expenditure, gross fixed capital formation, exports, and imports) are calculated from volume measures that are adjusted for price variations. Percentage changes for income-based statistics including gross operating surplus are calculated from nominal values; that is, they are not adjusted for price variations.

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

There are two ways of expressing growth rates for GDP and other time series found in this release:

1. Unless otherwise stated, the growth rates in this release represent the percentage change in the series from one quarter to the next, such as from the second to the third quarter of 2018.
2. Quarterly growth can 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. Expressing growth at an annual rate allows comparisons with official GDP statistics from the United States. Both the quarterly growth rate and the annualized quarterly growth rate should be interpreted as an indication of the latest trend in GDP.

Revisions

Data on GDP for the third quarter have been released along with revised data from the first quarter of 2015. 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 December 10.

Next release

Data on GDP by income and expenditure for the fourth quarter of 2018 will be released on March 1, 2019.

Sustainable Development Goals

On January 1, 2016, the world officially began implementation of 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.

Gross domestic product, income and expenditure is an example of how Statistics Canada supports the reporting on the Global Goals for Sustainable Development. This release will be used in helping to measure the following goals:



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

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Second quarter 2018	Third quarter 2018
	quarter-to-quarter % change						millions of dollars	
Compensation of employees	1.1	1.8	1.8	0.9	0.6	0.7	1,114,464	1,121,852
Gross operating surplus	0.1	-1.0	0.8	0.6	2.3	2.8	590,136	606,540
Gross mixed income	0.8	-0.1	2.3	0.4	1.6	0.8	260,300	262,436
Taxes less subsidies on production	4.9	-0.2	1.4	0.6	0.3	-1.1	98,904	97,836
Taxes less subsidies, on products and imports	4.6	-0.4	0.8	1.0	-0.7	2.4	149,740	153,404
Statistical discrepancy (millions of dollars)	-1,868	120	1,024	-756	1,836	-1,460	1,488	28
Gross domestic product at market prices	1.1	0.6	1.6	0.7	1.1	1.2	2,215,032	2,242,096

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

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Second quarter 2018	Third quarter 2018
	quarter-to-quarter % change						millions of dollars	
Final consumption expenditure	1.0	0.8	0.7	0.5	0.6	0.3	1,602,476	1,608,036
Household final consumption expenditure	1.2	0.9	0.6	0.4	0.6	0.3	1,157,926	1,161,382
Non-profit institutions serving households' final consumption expenditure	0.4	1.1	-0.8	0.5	2.2	0.7	29,600	29,800
General governments final consumption expenditure	0.7	0.5	1.0	0.8	0.7	0.5	415,329	417,220
Gross fixed capital formation	0.6	1.2	2.5	0.8	-0.2	-1.3	447,557	441,856
Business gross fixed capital formation	0.4	0.5	2.1	1.1	0.1	-1.7	369,382	363,219
Residential structures	-1.0	-0.3	3.0	-2.0	-0.0	-1.5	141,595	139,442
Non-residential structures, machinery and equipment	1.5	1.3	1.9	3.1	0.2	-1.8	194,817	191,268
Intellectual property products	0.5	-0.0	-0.7	4.8	-0.3	-1.4	33,405	32,924
General governments gross fixed capital formation	1.5	4.5	4.2	-0.8	-1.7	0.6	75,529	75,989
Investment in inventories (millions of dollars)	2,112	7,804	-8,309	811	-3,051	-6,932	13,540	6,608
Exports of goods and services	1.5	-2.7	1.4	0.6	3.1	0.2	658,048	659,560
Less: imports of goods and services	1.4	0.3	1.9	1.2	1.4	-2.0	672,066	658,581
Statistical discrepancy (millions of dollars)	1,764	-115	-960	700	-1,696	1,350	-1,376	-26
Gross domestic product at market prices	1.1	0.3	0.4	0.4	0.7	0.5	2,048,953	2,059,104
Final domestic demand	0.9	0.9	1.1	0.6	0.4	-0.0	2,048,801	2,048,427

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

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018	Second quarter 2018	Third quarter 2018
	quarter-to-quarter % change, annualized						millions of dollars	
Final consumption expenditure	4.1	3.1	2.7	2.0	2.6	1.4	1,602,476	1,608,036
Household final consumption expenditure	4.7	3.5	2.4	1.5	2.3	1.2	1,157,926	1,161,382
Non-profit institutions serving households' final consumption expenditure	1.7	4.5	-3.1	1.8	9.0	2.7	29,600	29,800
General governments final consumption expenditure	2.6	1.8	4.0	3.3	2.7	1.8	415,329	417,220
Gross fixed capital formation	2.3	4.9	10.2	3.2	-0.8	-5.0	447,557	441,856
Business gross fixed capital formation	1.6	2.2	8.7	4.6	0.3	-6.5	369,382	363,219
Residential structures	-4.1	-1.0	12.5	-7.9	-0.1	-5.9	141,595	139,442
Non-residential structures, machinery and equipment	6.3	5.3	7.7	13.0	1.0	-7.1	194,817	191,268
Intellectual property products	2.1	-0.1	-2.6	20.5	-1.2	-5.6	33,405	32,924
General governments gross fixed capital formation	6.2	19.4	18.1	-3.0	-6.5	2.5	75,529	75,989
Investment in inventories (millions of dollars)	2,112	7,804	-8,309	811	-3,051	-6,932	13,540	6,608
Exports of goods and services	6.0	-10.4	5.7	2.3	13.0	0.9	658,048	659,560
Less: imports of goods and services	5.9	1.3	7.7	4.7	5.9	-7.8	672,066	658,581
Statistical discrepancy (millions of dollars)	1,764	-115	-960	700	-1,696	1,350	-1,376	-26
Gross domestic product at market prices	4.4	1.3	1.7	1.7	2.9	2.0	2,048,953	2,059,104
Final domestic demand	3.7	3.5	4.3	2.2	1.8	-0.1	2,048,801	2,048,427

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

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

	Second quarter 2018	Third quarter 2018	Third quarter 2018		
			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	1,602,476	1,608,036	0.273	0.372	1.096
Household final consumption expenditure	1,157,926	1,161,382	0.169	0.251	0.677
Goods	516,376	517,657	0.061	0.105	0.246
Durable goods	155,944	154,881	-0.051	0.023	-0.206
Semi-durable goods	84,102	85,311	0.056	0.012	0.226
Non-durable goods	276,365	277,528	0.056	0.070	0.226
Services	641,603	643,768	0.107	0.147	0.431
Non-profit institutions serving households' final consumption expenditure	29,600	29,800	0.010	0.012	0.040
General governments final consumption expenditure	415,329	417,220	0.094	0.108	0.379
Gross fixed capital formation	447,557	441,856	-0.292	0.222	-1.176
Business gross fixed capital formation	369,382	363,219	-0.316	0.191	-1.273
Residential structures	141,595	139,442	-0.114	0.108	-0.459
Non-residential structures, machinery and equipment	194,817	191,268	-0.178	0.081	-0.717
Non-residential structures	118,213	116,633	-0.078	0.022	-0.314
Machinery and equipment	76,014	74,084	-0.100	0.060	-0.403
Intellectual property products	33,405	32,924	-0.024	0.002	-0.097
Non-profit institutions serving households' gross fixed capital formation	2,765	2,777	0.001	0.000	0.004
General governments gross fixed capital formation	75,529	75,989	0.023	0.030	0.093
Investment in inventories	13,540	6,608	-0.320	..	-1.290
Exports of goods and services	658,048	659,560	0.074	0.557	0.299
Goods	546,160	548,573	0.119	0.493	0.480
Services	111,322	110,407	-0.045	0.065	-0.181
Less: imports of goods and services	672,066	658,581	-0.693	0.490	-2.797
Goods	549,210	538,818	-0.528	0.428	-2.128
Services	123,188	120,128	-0.166	0.062	-0.669
Statistical discrepancy	-1,376	-26	0.066	..	0.266
Gross domestic product at market prices	2,048,953	2,059,104	0.495	0.723	1.992
Final domestic demand	2,048,801	2,048,427	-0.019	0.594	-0.080

.. not available for a specific reference period

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

Table 5
Canadian economic accounts key indicators – Seasonally adjusted

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018	Second quarter 2018	Third quarter 2018
Economy-wide						
Real gross domestic income (index 2012=100)	107.8	108.4	109.3	109.9	110.6	111.2
Gross domestic product deflator (index 2012=100)	105.9	106.1	107.3	107.7	108.1	108.9
Terms of trade (index 2012=100)	93.2	93.7	95.1	95.4	95.4	95.6
Household sector						
Household disposable income (millions of dollars)	1,170,208	1,191,764	1,207,192	1,208,576	1,221,748	1,230,932
Household net saving (millions of dollars)	11,144	25,116	27,288	15,976	12,372	10,372
Household saving rate (%)	1.0	2.1	2.3	1.3	1.0	0.8
Government sector						
General government disposable income (millions of dollars)	467,648	455,436	460,328	469,600	474,092	468,888
General government net saving (millions of dollars)	25,064	11,796	10,380	14,536	14,140	4,436
Corporate sector						
Non-financial corporations' net operating surplus (millions of dollars)	242,852	240,012	242,588	242,384	251,524	263,544
Financial corporations' net operating surplus (millions of dollars)	38,400	37,820	36,932	38,192	37,984	38,808
Non-financial corporations' net saving (millions of dollars)	6,216	13,960	2,792	7,912	12,400	32,972
Financial corporations' net saving (millions of dollars)	26,216	20,048	33,228	29,604	21,204	22,176
National						
National net saving (millions of dollars)	72,128	73,132	77,416	72,196	64,948	73,144
National saving rate (%)	4.1	4.1	4.3	4.0	3.6	4.0

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 (2012) dollars

	2012	2013	2014	2015	2016	2017	2016	2017
	year-over-year % change						millions of dollars	
Final consumption expenditure	1.6	1.7	2.0	2.0	2.1	3.1	1,519,172	1,566,925
Household final consumption expenditure	1.9	2.6	2.7	2.2	2.1	3.6	1,094,231	1,133,856
Non-profit institutions serving households' final consumption expenditure	1.9	2.6	-0.8	4.7	6.4	-0.6	28,982	28,816
General governments final consumption expenditure	0.7	-0.8	0.6	1.4	1.8	2.1	396,234	404,666
Gross fixed capital formation	4.9	1.4	2.3	-5.2	-4.3	3.0	421,316	433,764
Business gross fixed capital formation	6.6	2.9	3.3	-6.4	-4.6	2.3	349,893	357,966
Residential structures	5.6	-0.6	1.6	3.8	3.5	2.4	138,696	142,008
Non-residential structures, machinery and equipment	8.6	5.9	4.7	-11.3	-9.9	2.5	179,538	183,986
Intellectual property products	0.1	-1.2	0.8	-11.5	-5.8	1.2	31,709	32,100
General governments gross fixed capital formation	-3.0	-5.6	-3.4	1.5	-2.3	6.3	68,826	73,145
Investment in inventories (millions of dollars)	-5,943	10,983	-6,889	-8,384	-241	15,291	2,291	17,582
Exports of goods and services	2.7	2.4	6.2	3.4	1.3	1.1	627,293	634,339
Less: imports of goods and services	3.7	2.0	2.5	0.6	-0.0	4.2	616,628	642,627
Statistical discrepancy (millions of dollars)	9	927	-396	-848	230	1,078	-1,122	-44
Gross domestic product at market prices	1.8	2.3	2.9	0.7	1.1	3.0	1,952,608	2,010,894
Final domestic demand	2.4	1.6	2.1	0.2	0.6	3.1	1,939,204	1,999,347

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](#) and [36-10-0484-01](#).

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

The document, "[The 2015 to 2017 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 *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).