

Catalogue no. 11-631-X  
ISSN 2368-6723  
ISBN 978-1-100-25206-3

A presentation series from Statistics Canada about the economy, environment and society

## An overview of recent macroeconomic developments in Canada

by Cyndi Bloskie and Guy Gellatly

Release date: October 29, 2014



Statistics  
Canada

Statistique  
Canada

Canada

## How to obtain more information

For information about this product or the wide range of services and data available from Statistics Canada, visit our website, [www.statcan.gc.ca](http://www.statcan.gc.ca).

You can also contact us by

email at [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca),

telephone, from Monday to Friday, 8:30 a.m. to 4:30 p.m., at the following toll-free numbers:

- Statistical Information Service 1-800-263-1136
- National telecommunications device for the hearing impaired 1-800-363-7629
- Fax line 1-877-287-4369

## Depository Services Program

- Inquiries line 1-800-635-7943
- Fax line 1-800-565-7757

## To access this product

This product, Catalogue no. 11-631-X, is available free in electronic format. To obtain a single issue, visit our website, [www.statcan.gc.ca](http://www.statcan.gc.ca), and browse by “Key resource” > “Publications.”

## Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed standards of service that its employees observe. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on [www.statcan.gc.ca](http://www.statcan.gc.ca) under “About us” > “The agency” > “Providing services to Canadians.”

Published by authority of the Minister responsible for  
Statistics Canada

© Minister of Industry, 2014

All rights reserved. Use of this publication is governed by the  
Statistics Canada Open Licence Agreement ([www.statcan.gc.ca/reference/licence-eng.htm](http://www.statcan.gc.ca/reference/licence-eng.htm)).

Cette publication est aussi disponible en français.

## Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

## Standard symbols

The following symbols are used in Statistics Canada publications:

- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0<sup>s</sup> value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- P preliminary
- r revised
- X suppressed to meet the confidentiality requirements of the *Statistics Act*
- E use with caution
- F too unreliable to be published
- \* significantly different from reference category ( $p < 0.05$ )



# Organization

**Objective** — Highlight recent macroeconomic developments, focusing on:

- Trends in the post-recession period (2010 to current)
- Key developments through the first half of 2014

## **Major themes**

- (1) Economic growth and labour market conditions
- (2) Financial conditions in the household sector
- (3) International dimensions of Canada's economy



## Developments in the Canadian economy, post-recession

- (1) Pace and composition of GDP growth (2010-11 vs. 2012-13)
  - Consumer-led growth and household sector leverage
  - Business investment spending (2010-11 vs. 2012-14)
  - Rebalancing of growth from domestic demand to trade
- (2) Pace of employment creation (2010-12 vs. 2013-14)
- (3) Lower inflation (2013) and stable borrowing costs; impact on household sector and real estate market
- (4) Exchange rate movements (2013-14)

## Key developments through the second quarter of 2014

### (1) Changes in the pace and composition of economic growth

- ❑ Real GDP accelerates (3.1% annualized) on broad-based gains in Q2
- ❑ Drivers: exports, household spending, residential investment
- ❑ Contributions to growth widespread across major industrial sectors
- ❑ Steady gains through the spring across many of the major output indicators (merchandise trade, manufacturing sales, wholesale and retail sales, building permits, housing starts)

### (2) Employment growth remains subdued during the first half of 2014

- ❑ Little growth in the private sector; two-thirds of total employment growth in the six months to June (+53,000) in self-employed
- ❑ Decline in employment rates during the first half of 2014



## Key developments through the second quarter of 2014 (cont'd)

(3) Consumer prices accelerate through the second quarter but remain in Bank of Canada's target range

- ❑ Drivers: food, shelter and transportation
- ❑ Annual inflation moderates during the summer months

(4) Exchange rate movements

- ❑ Canadian dollar depreciates during Q1, rebounds through Q2 but remains significantly weaker than pre/post recession
- ❑ Non-energy exports advance steadily during the first half of 2014
- ❑ Auto exports advance on higher volumes, led export growth in Q2



# Topic 1

## Economic growth and labour market conditions

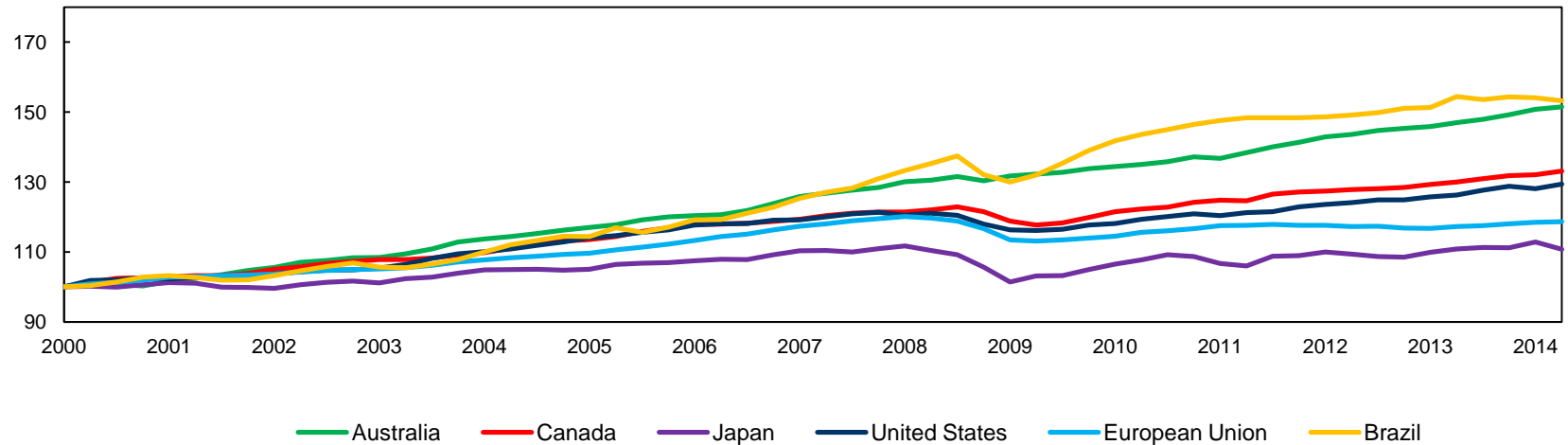


# Canada's economic growth in a comparative context

Question: How does economic growth in Canada compare with growth in other major economies?

## Real gross domestic product (GDP)

index (Q1 2000=100)



Sources: Statistics Canada CANSIM table 380-0064, OECD.

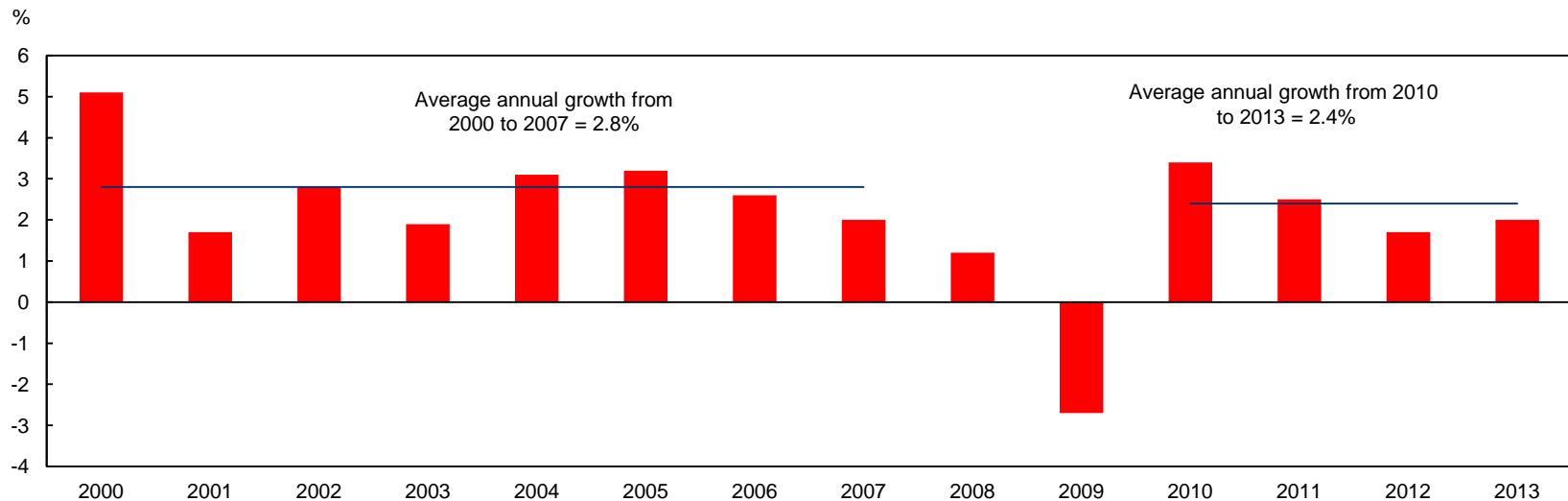




## Real GDP, annual growth rate

Question: How rapidly has the economy expanded in the post-2000 period, and subsequent to the 2008-09 recession?

GDP, average annual growth

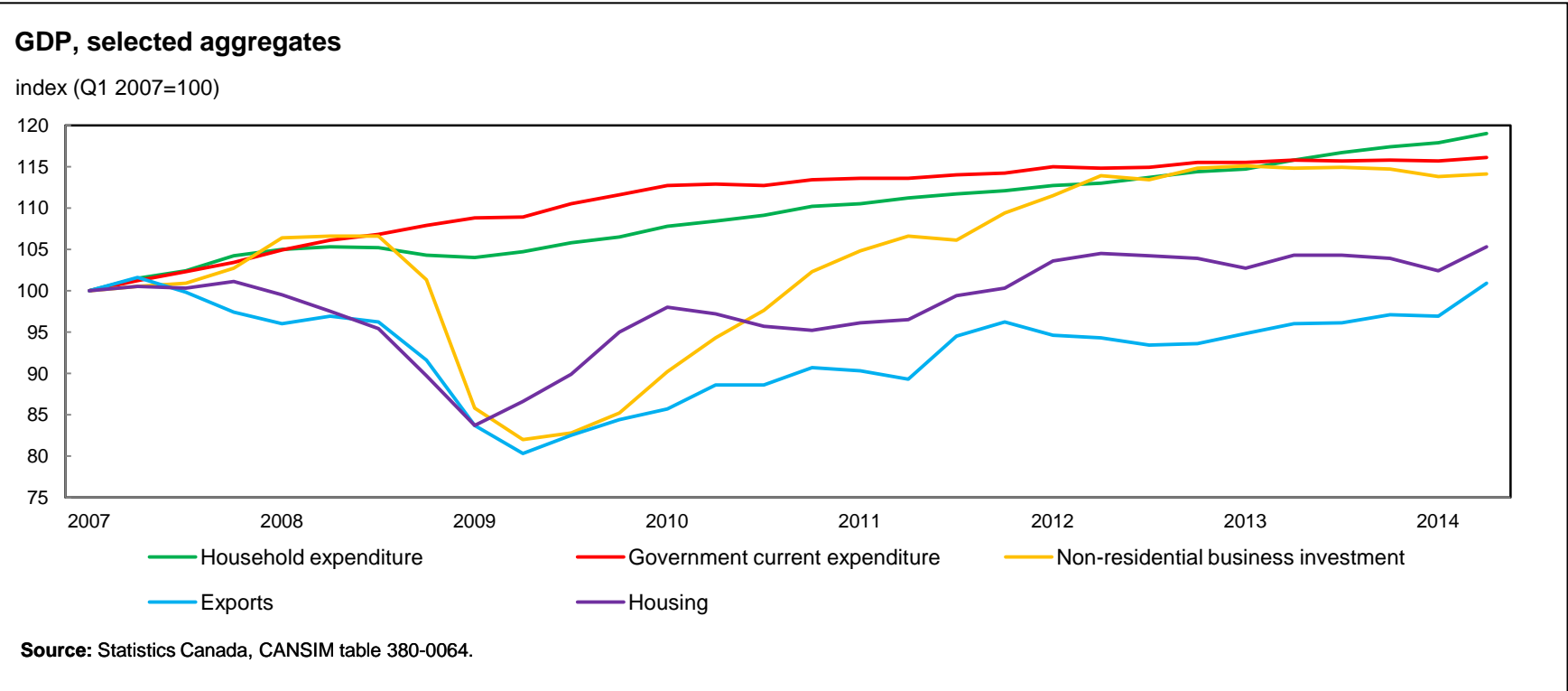


Source: Statistics Canada, CANSIM table 380-0064.



# Real GDP, expenditure components

Question: What types of final expenditures have supported economic growth in Canada? And how have the pace and composition of growth changed more recently?



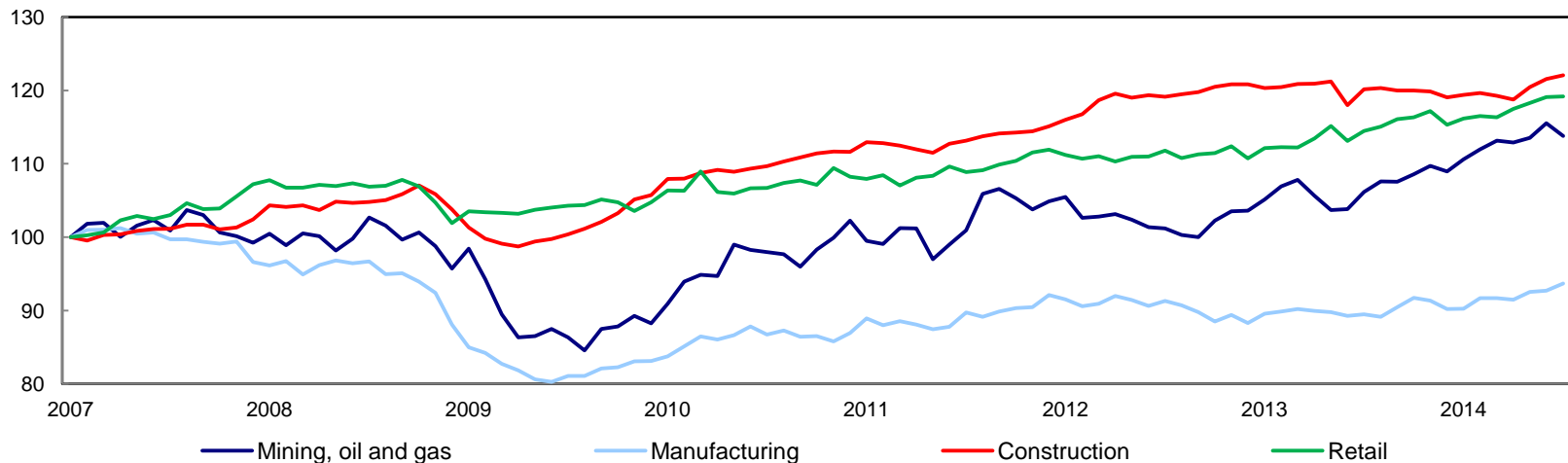


## Real GDP, by industry

Question: How have different industrial sectors fared during the recession and the recovery? And how broad based were gains during the spring of 2014?

### GDP, by selected industries

index (January 2007=100)



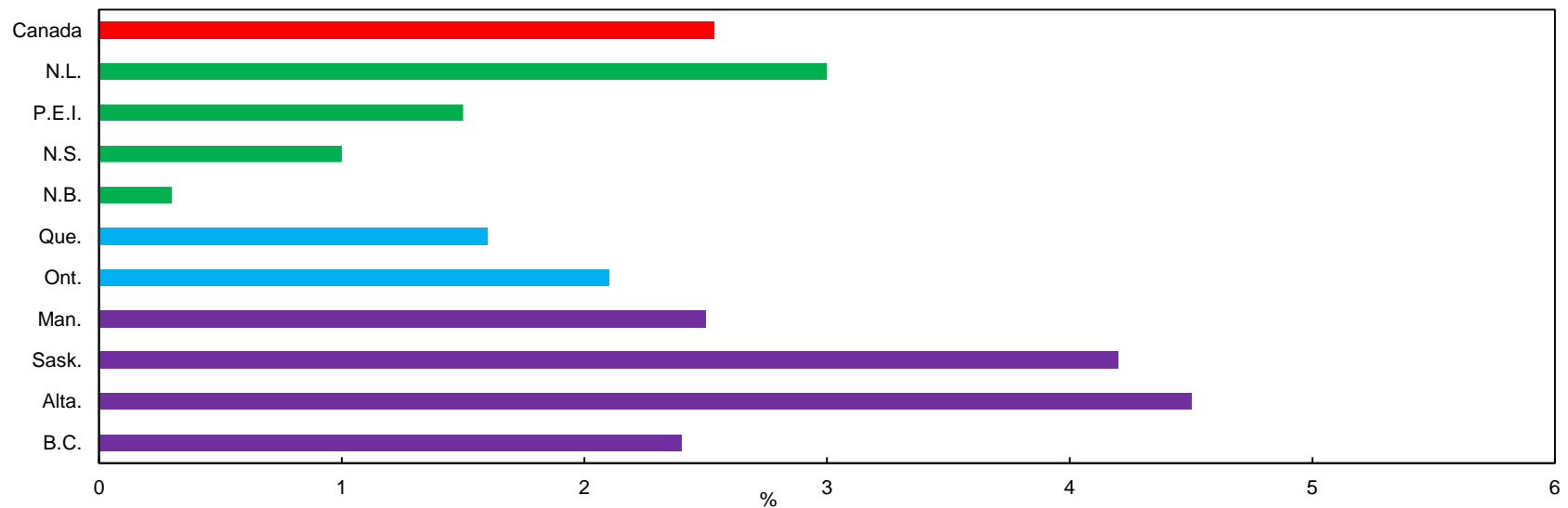
Source: Statistics Canada, CANSIM table 379-0031.



## Real GDP growth, by province

Question: How has the economy expanded in different regions of the country?

Average annual growth of real GDP by province, 2010 to 2013



Sources: Statistics Canada CANSIM tables 379-0030, 379-0031.

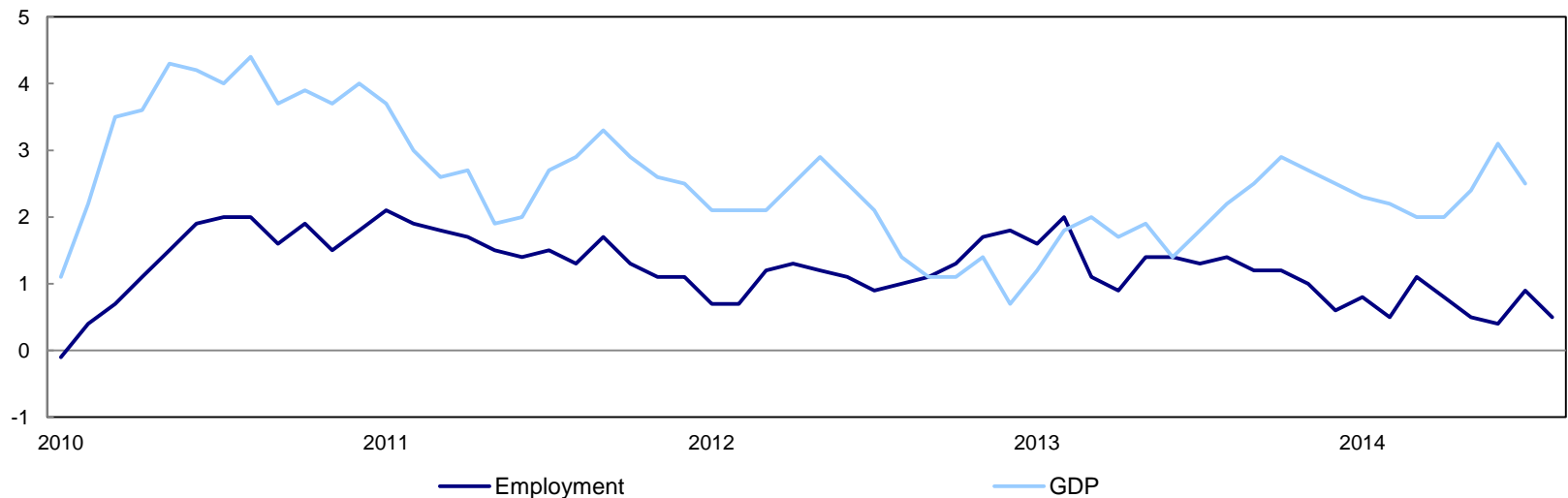


## Real GDP and employment

Question: How does employment growth compare with economic growth in the post-recession period?

### GDP and employment

year-over-year percent change



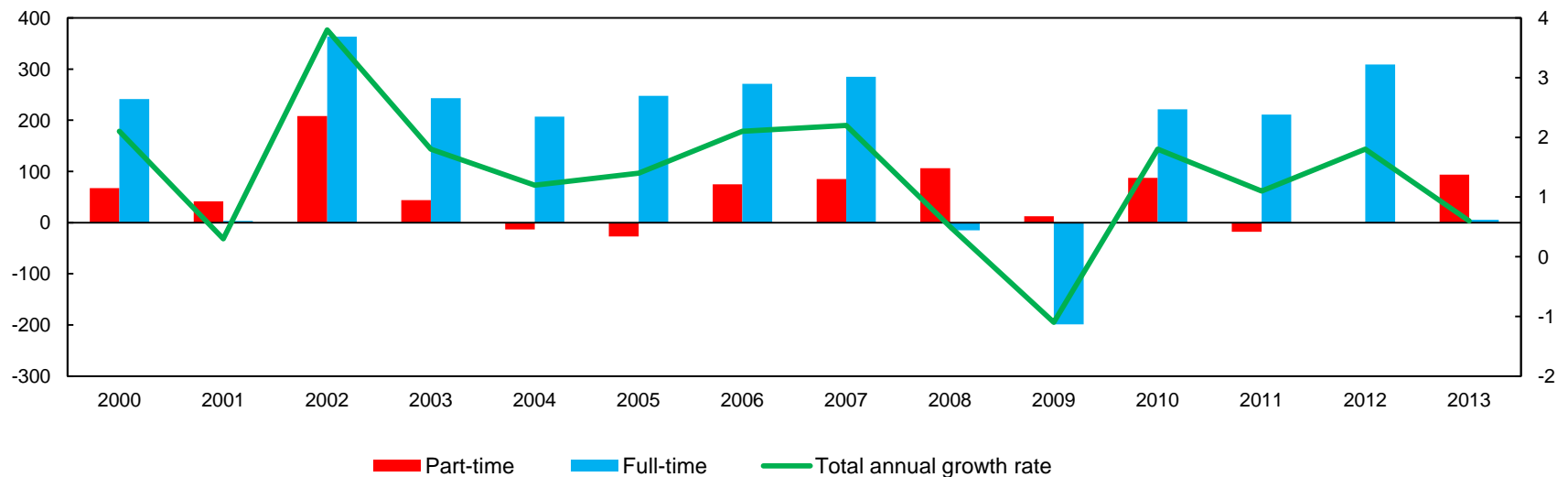
Sources: Statistics Canada, CANSIM tables 282-0087, 379-0031.

## Net employment growth

Question: How does the composition of employment growth in recent years compare with employment gains in the early to mid 2000s?

### Net employment growth

thousands of persons



Source: Statistics Canada, CANSIM table 282-0087.

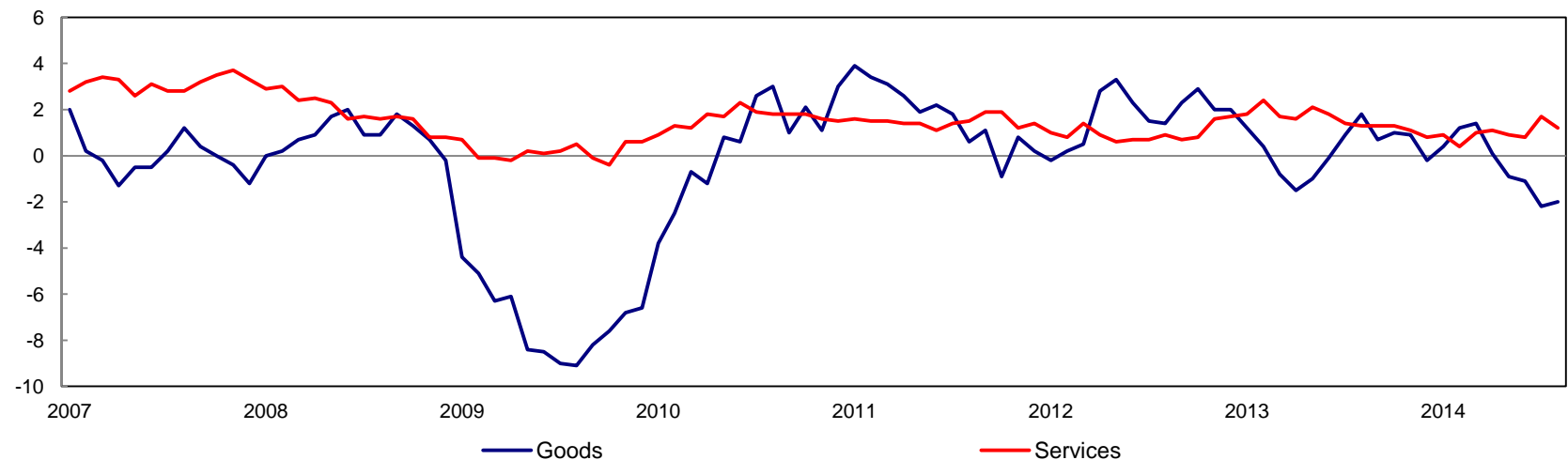


## Net employment growth

Question: How does employment growth in goods industries compare to service industries?

### Employment in goods and services

year-over-year percent change



Source: Statistics Canada, CANSIM table 282-0088.

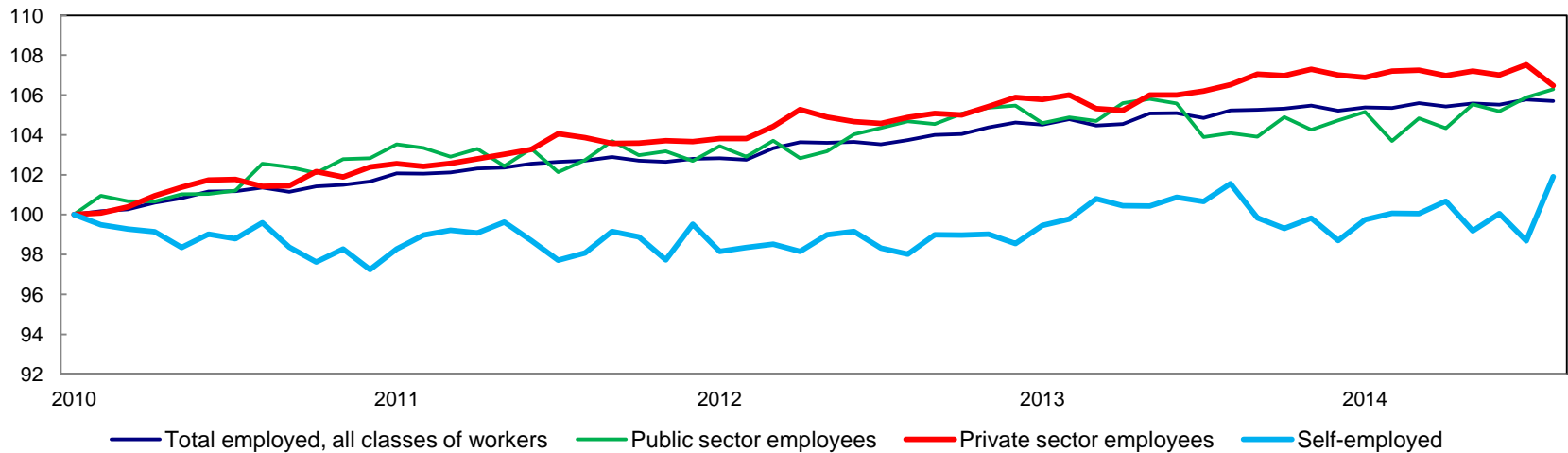


# Net employment growth

Question: To what extent has the pace of private sector job creation slowed during 2014?

## Employment growth, class of worker

index (January 2010=100)



Source: Statistics Canada, CANSIM table 282-0089.



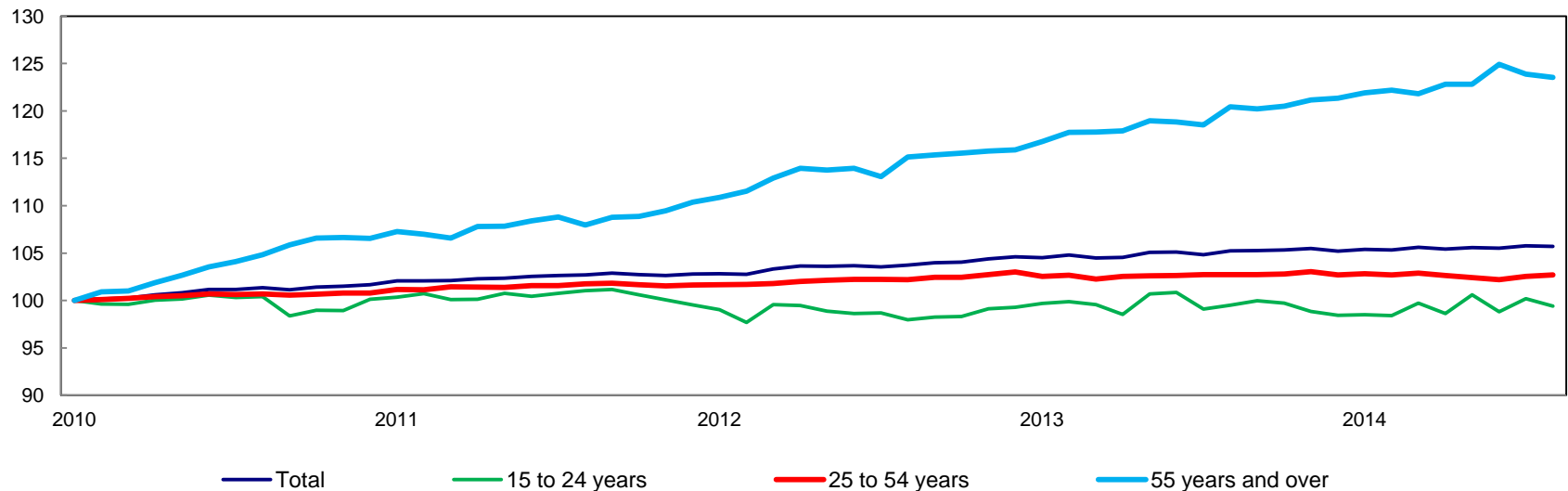


# Net employment growth

Question: To what extent has employment growth slowed among core-age workers?

Employment growth, age of worker

index (January 2010=100)

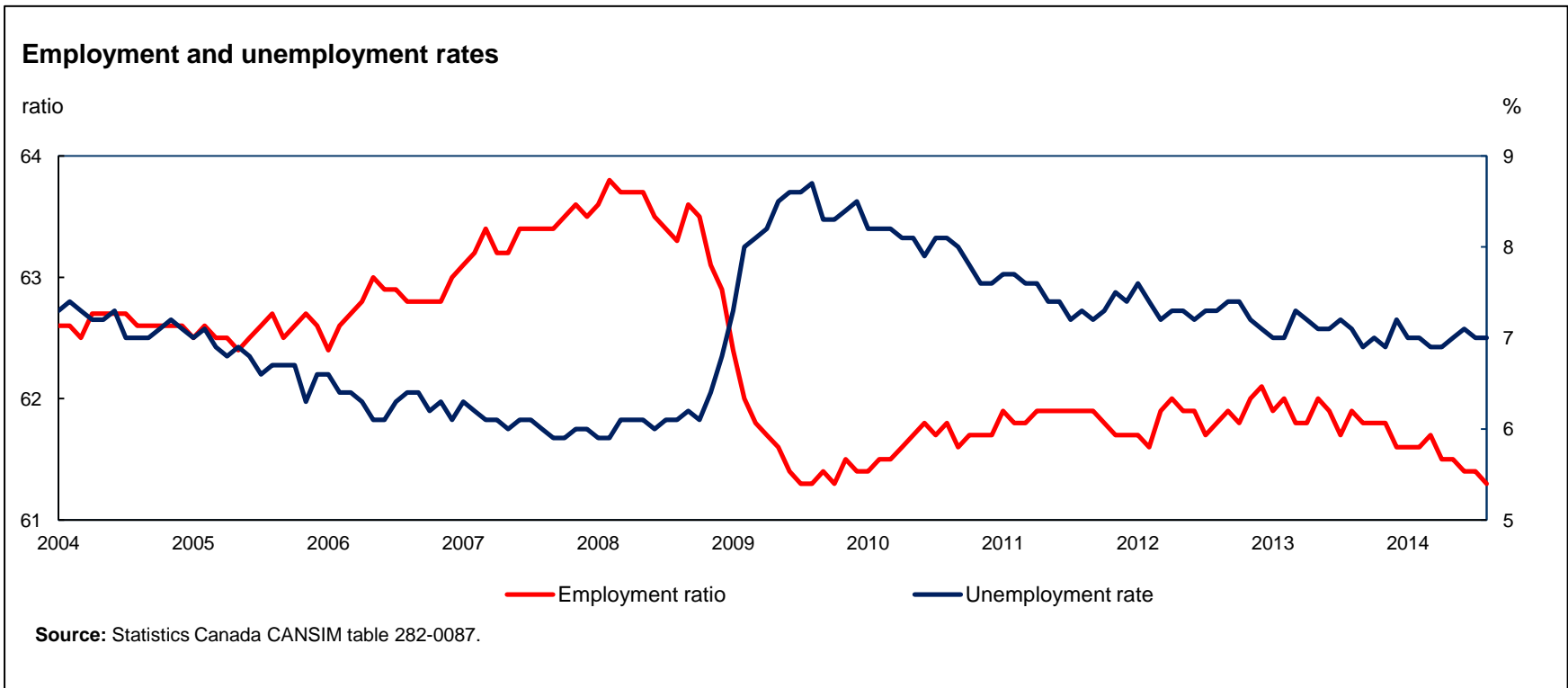


Source: Statistics Canada, CANSIM table 282-0087.



## Labour market conditions

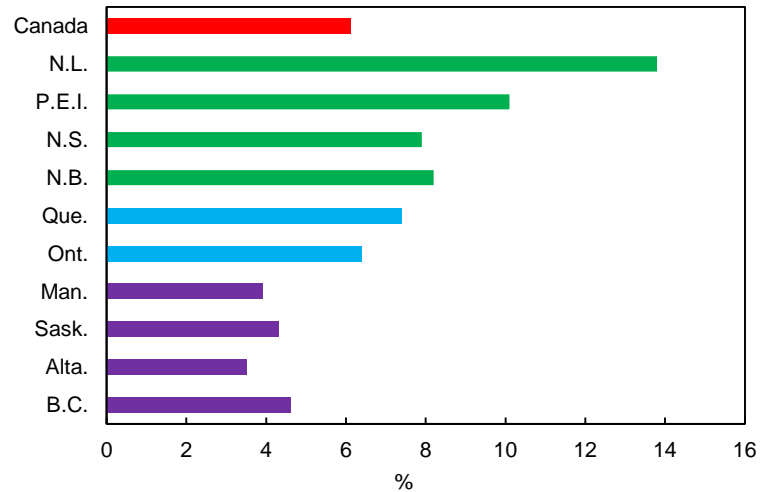
Question: How have Canada's employment rate and unemployment rate adjusted in the post-recession period?



# Unemployment rate by province

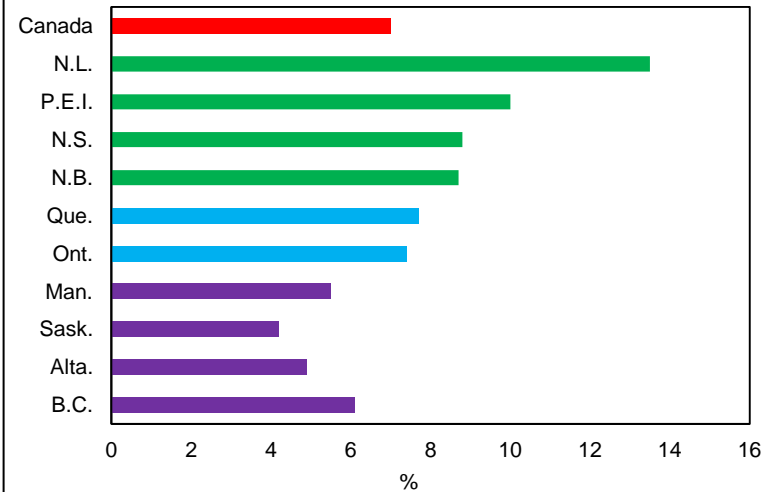
Question: How does unemployment vary across Canada?

**Unemployment rate by province, August 2008**



Source: Statistics Canada, CANSIM table 282-0087.

**Unemployment rate by province, August 2014**



Source: Statistics Canada, CANSIM table 282-0087.



## Topic 2

# Financial conditions in the household sector

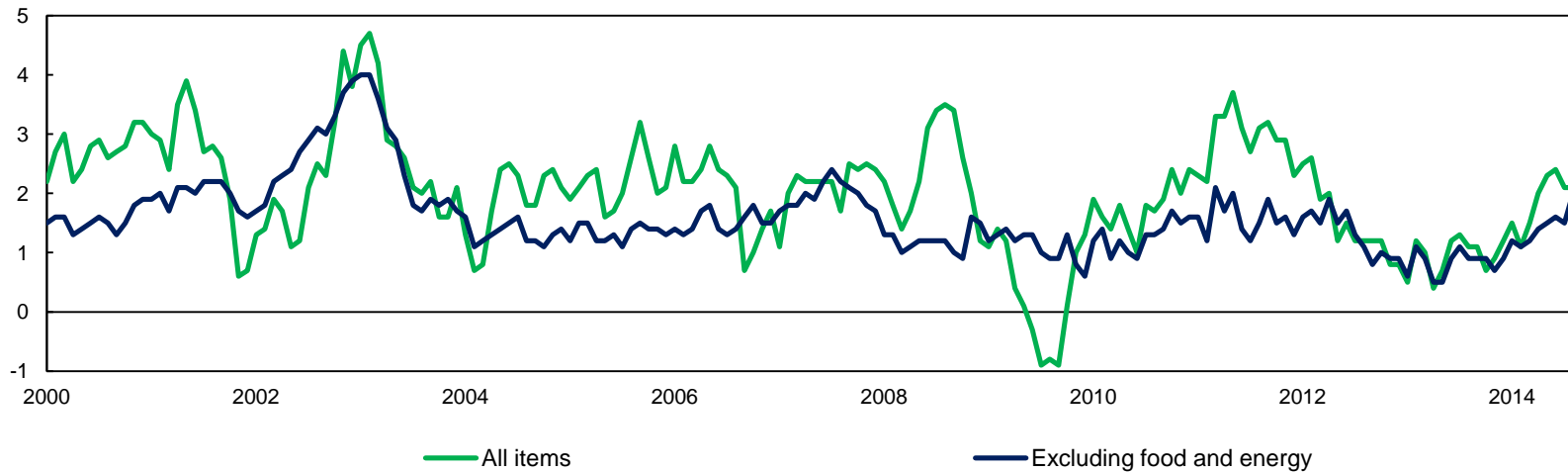


## Inflation in the Canadian economy

Question: How has the consumer price index evolved?

### Consumer price index

year-over-year percent change



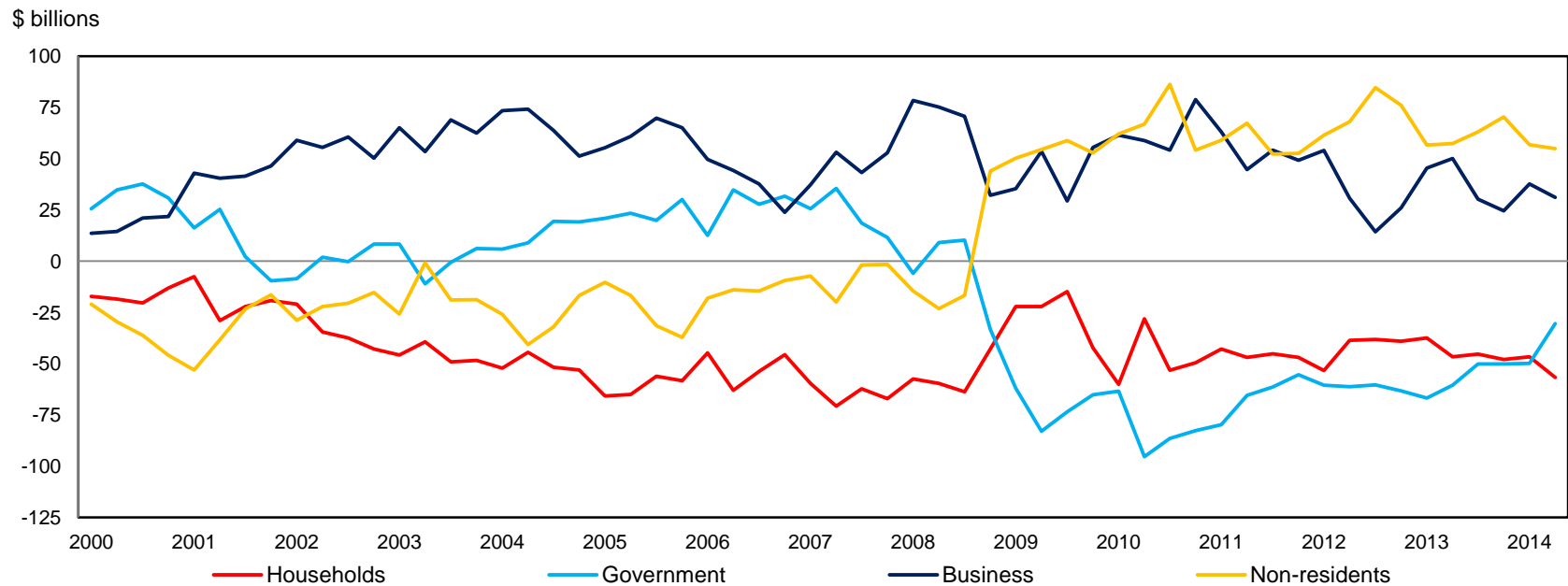
Source: Statistics Canada, CANSIM table 326-0020.



## Lending and borrowing in the Canadian economy

Question: How have the net lending and borrowing positions of different sectors of the economy changed in the post-recession period?

**Net lending by sector**



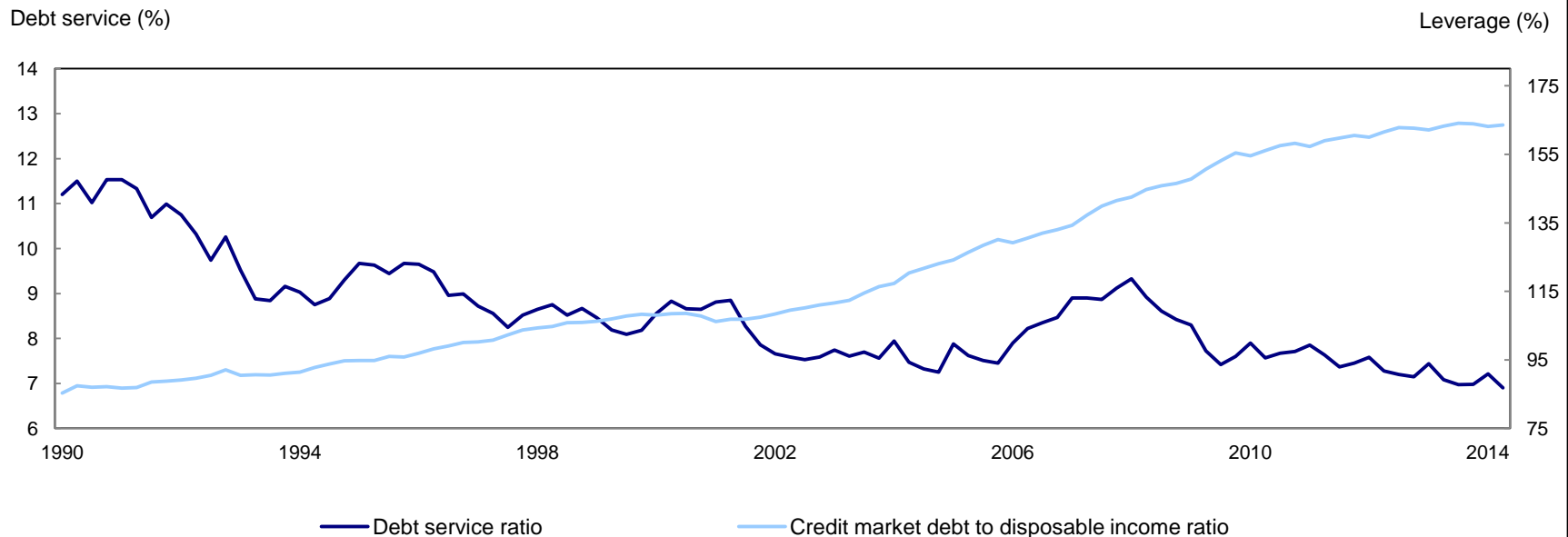
Sources: Statistics Canada, CANSIM tables 380-0072, 380-0079, 380-0076, 380-0082.



## Household sector leverage and debt service costs

Question: How much debt are consumers carrying as a proportion of their disposable income? How has the pace of leveraging changed in the post-recession period?

**Household leverage and debt service ratios**

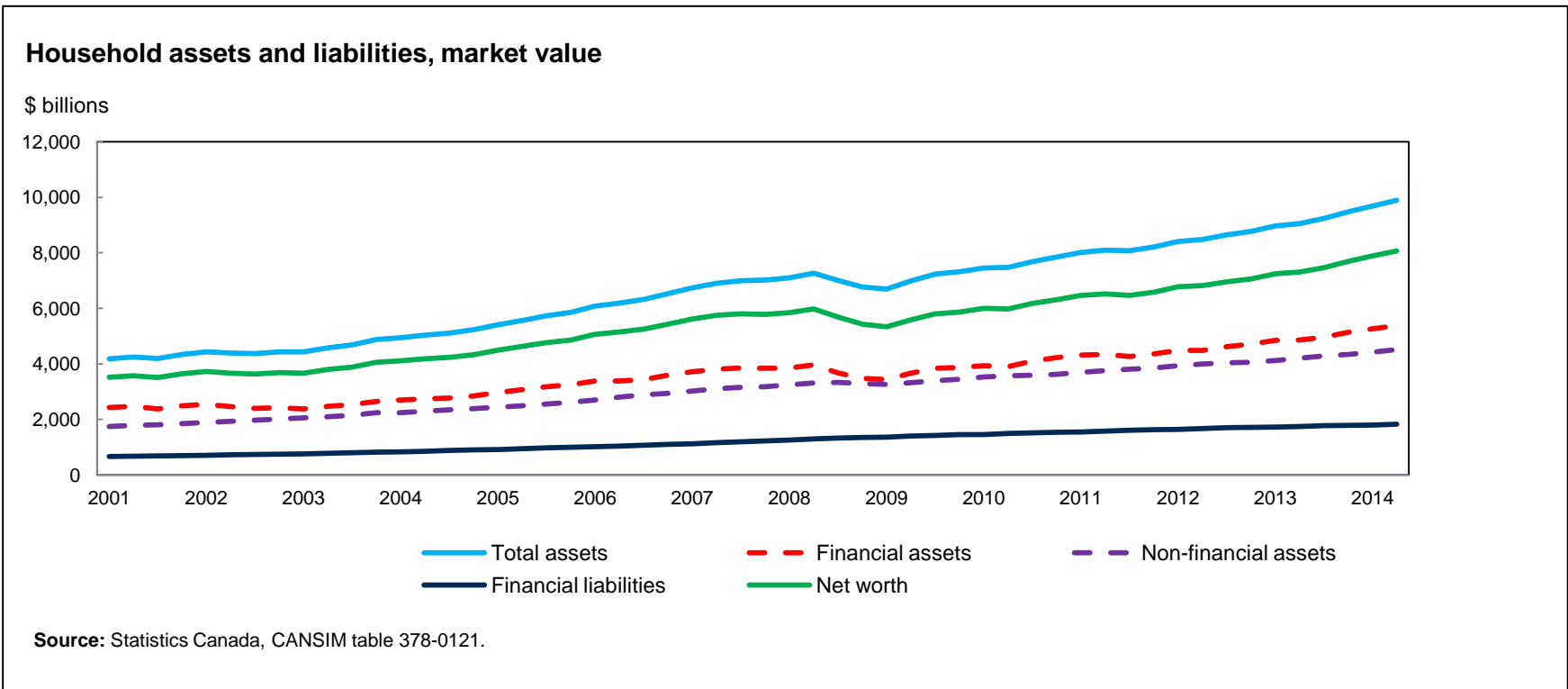


Sources: Statistics Canada, CANSIM tables 378-0123, 380-0073.



# Household sector assets and liabilities

Question: How has the net worth of households changed subsequent to the 2008-09 recession?





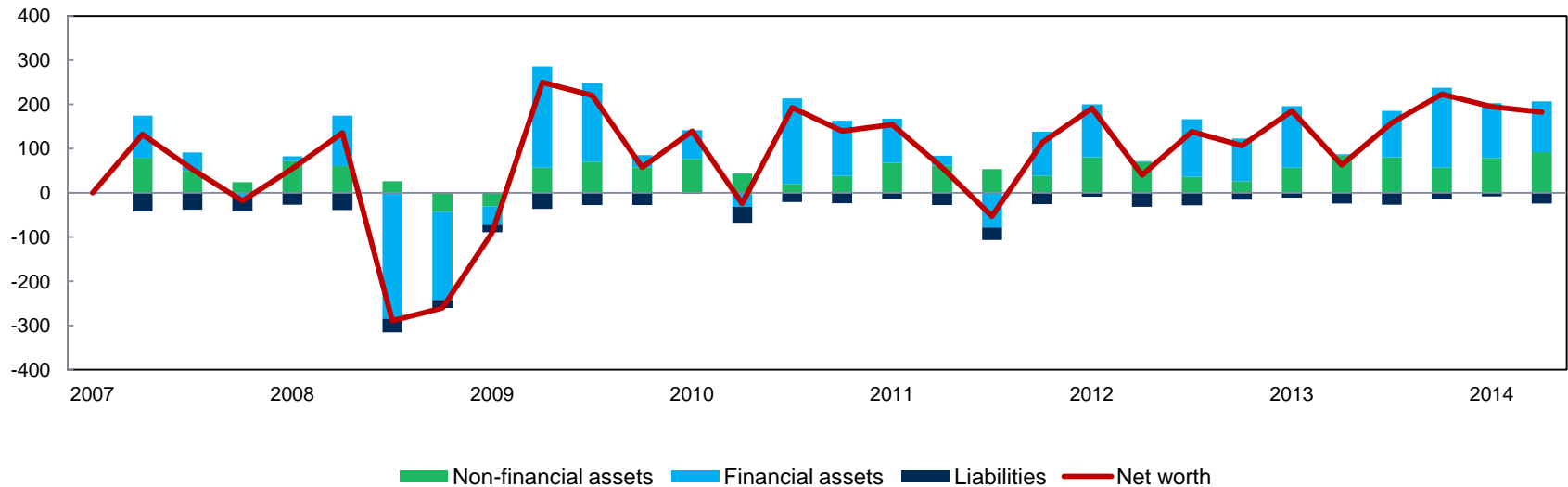


## Household sector worth

Question: How have financial and non-financial assets contributed to the increase in net worth after the recession?

### Household sector net worth changes, by component

\$ billions



Source: Statistics Canada, CANSIM table 378-0121.



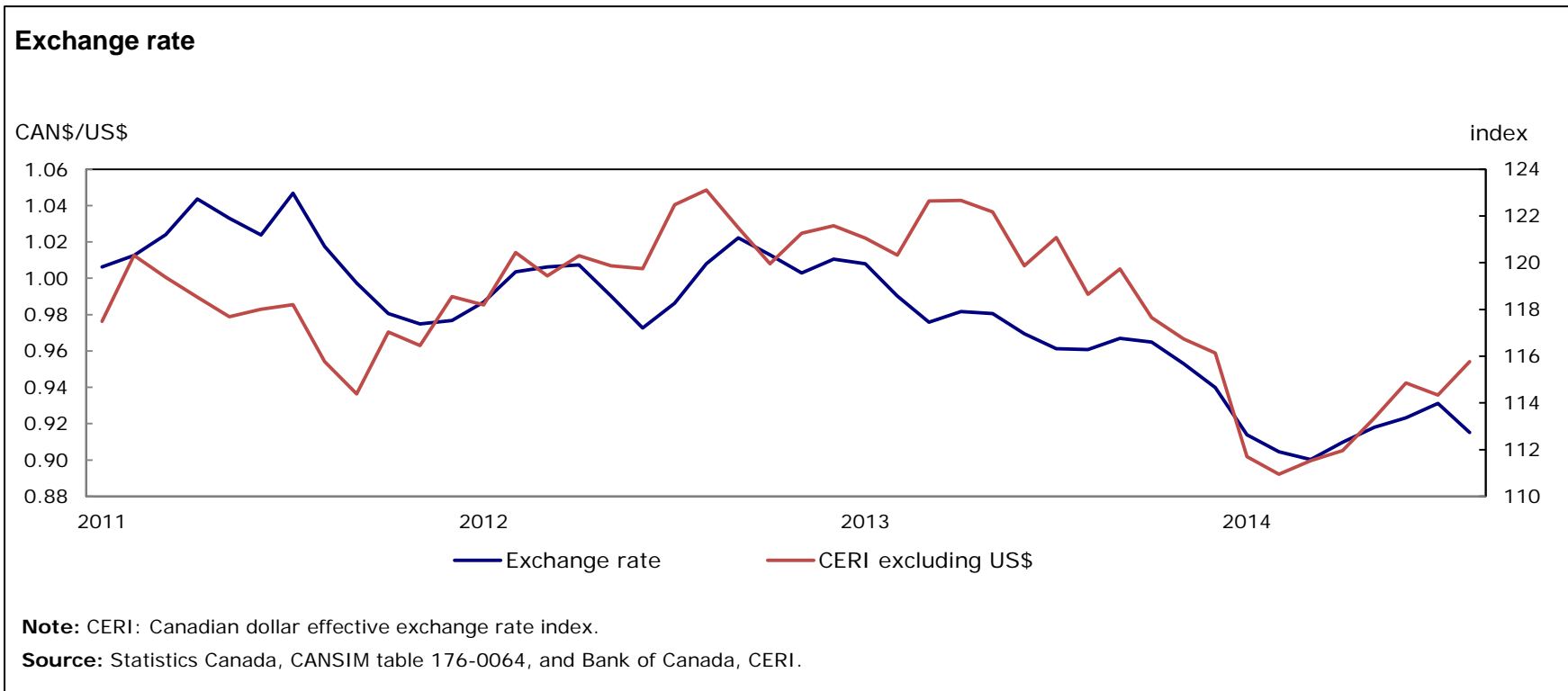
## Topic 3

# International dimensions of Canada's economy



# Canada's exchange rate

Question: How has Canada's exchange rate changed in recent years?



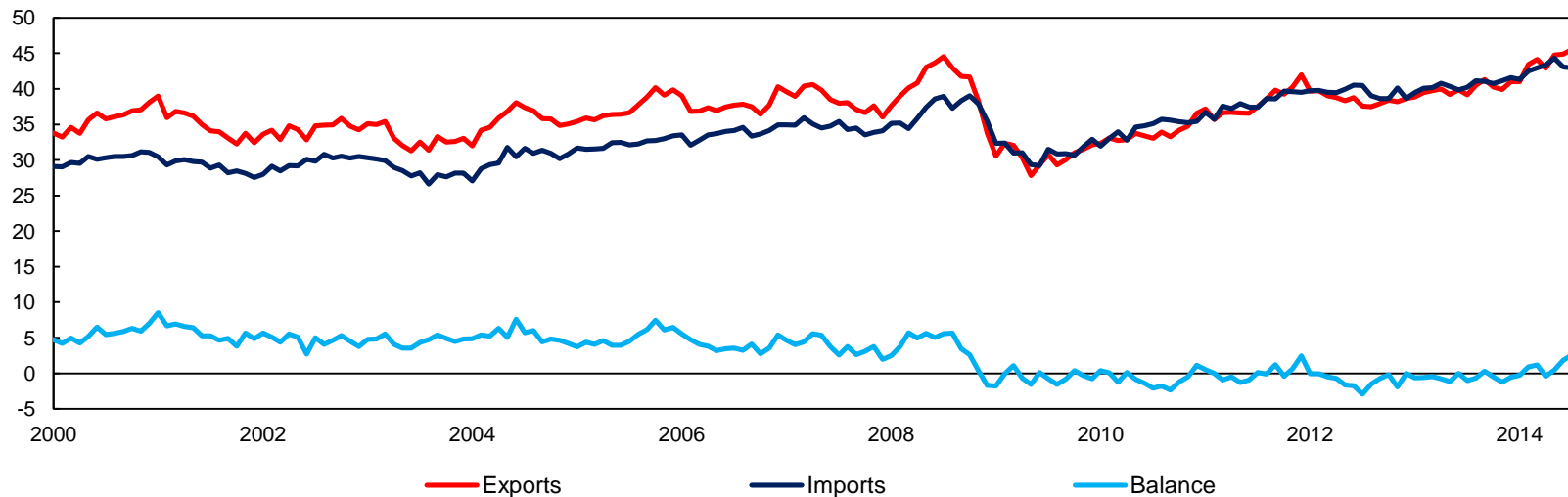


## Canada's merchandise trade

Question: How have exports, imports, and the balance of trade changed in the post-recession period?

### Merchandise trade

\$ billions



Source: Statistics Canada, CANSIM table 228-0059.

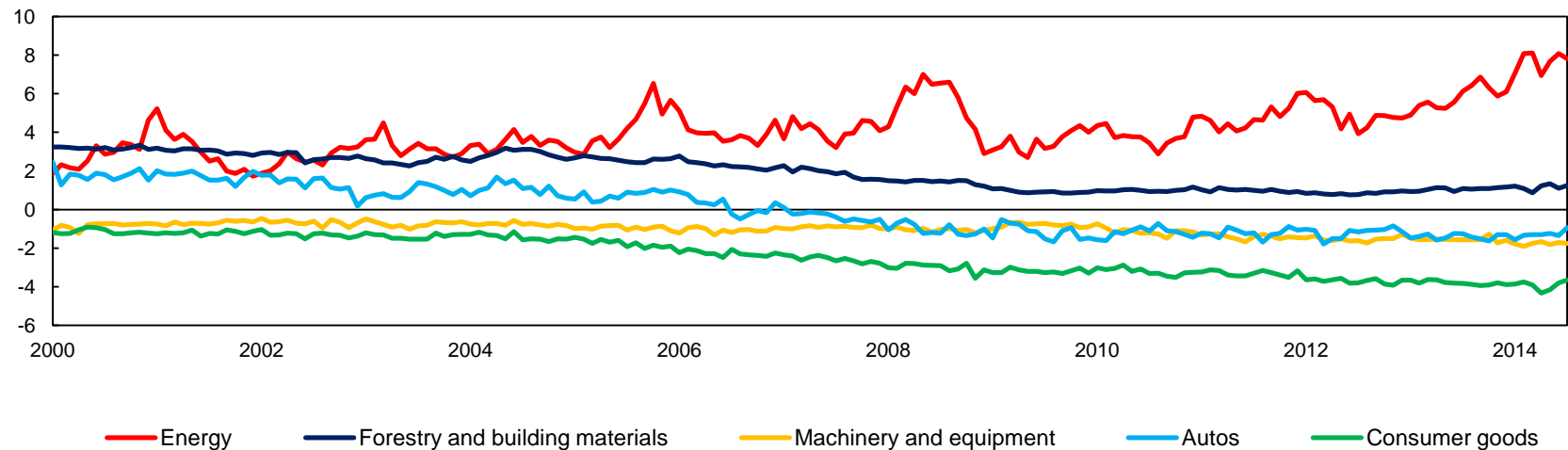


## Commodity trade balances, major sectors

Question: What accounts for the decline in Canada's trade surplus?

### Merchandise trade balances

\$ billions



Source: Statistics Canada, CANSIM table 228-0059.

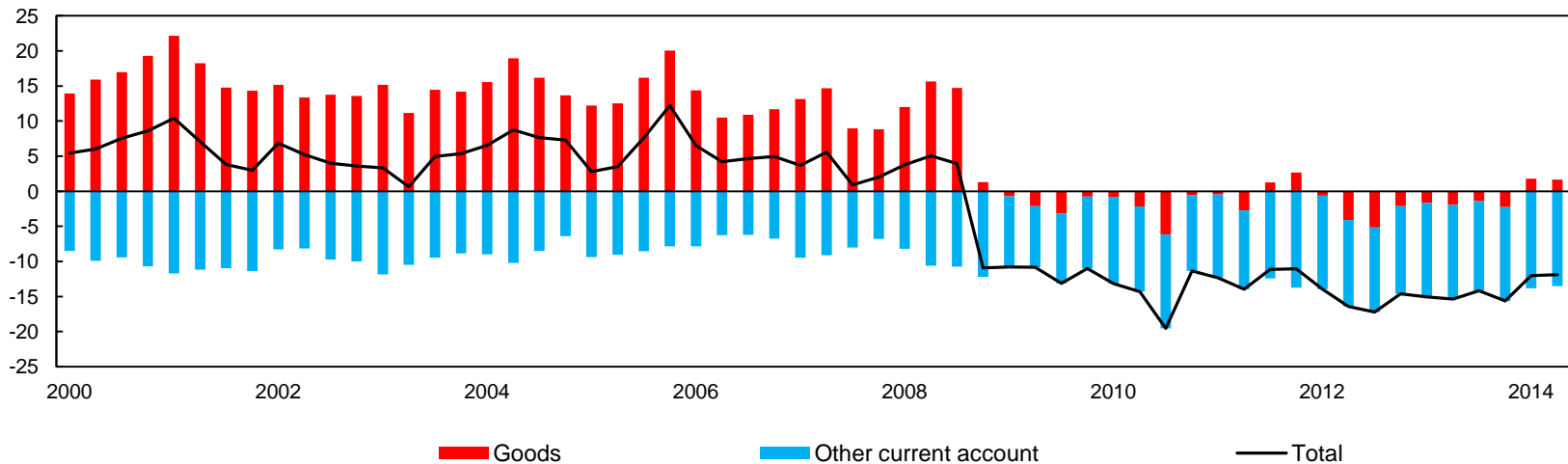


## Canada's current account

Question: How have recent changes in the merchandise trade balance affected Canada's current account balance?

### Current account

\$ billions



Source: Statistics Canada, CANSIM table 376-0105.



## Key developments

- (1) More broad-based economic growth during recent months reflecting increases in:
  - ❑ Household spending, residential investment and non-energy trade
  - ❑ Steady gains across many goods and services industries
  
- (2) The gap between economic and employment growth has widened
  - ❑ Little job creation among core-age and private sector workers
  - ❑ Declining employment rate during the first half of 2014
  
- (3) Household net worth continued to expand on strength in equities and real estate markets, as leverage rates remain stable and borrowing conditions remain favourable
  
- (4) Higher annual inflation during the spring moderates through the summer