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Canadian Economic Accounts Quarterly Review



Second Quarter 2003

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Symbols

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..	not available for a specific reference period
...	not applicable
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Statistics Canada
System of National Accounts

Canadian Economic Accounts Quarterly Review

Second Quarter 2003

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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 cooperation and goodwill.

Related products and services

GDP by income and by expenditure

CANSIM tables 378-0001, 378-0002, 380-0001 to 380-0017, 380-0019 to 380-0035, 380-0037, 380-0056 to 380-0058, 382-0006, 384-0001, 384-0002, 384-0004 to 384-0013, and 384-0036

Publication

National income and expenditure accounts, quarterly estimates 13-001-XIB, 13-001-XPB

Tables and analytical documents

Income and expenditure accounts 13-001-PPB
 Financial flow accounts 13-014-PPB
 Estimates of labour income 13F0016XPB
 Provincial economic accounts 13-213-PPB

Diskettes 13-001-DDB, 13-014-DDB, 13F0016DDB, 13-213-DDB
 13-001-XDB, 13-014-XDB, 13F0016XDB, 13-213-XDB

GDP by industry

CANSIM tables 379-0017 to 379-0022

Publication

Gross domestic product by industry 15-001-XIE

Balance of international payments

CANSIM tables 376-0001 to 376-0019, 376-0035

Publication

Canada's balance of international payments 67-001-XIB; 67-001-XPB

Labour productivity

CANSIM table 383-0008

Publication

Productivity growth in Canada 15-204-XIE

International investment position

CANSIM tables 376-0037, 376-0039 to 376-0042, 376-0055 to 376-0057 and 376-0059

Publication

Canada's international investment position 67-202-XIE

National balance sheets accounts

CANSIM tables 378-0003 to 378-0007

Publication

National balance sheet accounts, quarterly estimates 13-214-XIE

Diskettes 13-214-DDB, 13-214-XDB

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About this publication

This publication presents an overview of the economic developments reported in Canada's national accounts for the most recent quarter. The overview covers several broad areas: 1) Gross domestic product (GDP) by income and by expenditure, 2) Gross domestic product by industry, 3) balance of international payments accounts, 4) labour productivity and other related variables, 5) international investment position and 6) national balance sheet accounts.

The publication examines quarterly trends in the major aggregates that comprise Gross domestic product, both income and expenditure-based as well as prices, as well as the financing of economic activity by institutional sector. GDP is also examined by industry, both for the last month of the quarter and the quarter as a whole. Canada's transactions with non-residents related to international trade, investment income flows, transfers and international investing and financing activities are summarized. The quarterly productivity estimates are meant to assist in the analysis of the short-run relationship between the fluctuations of output, employment, compensation and hours worked. Complete national balance sheets provide estimates of Canada's wealth. Canada's financial position with the rest of the world is also articulated. The overview is accompanied by graphics and several detailed statistical tables. Some issues also contain more technical articles, explaining national accounts methodology or analyzing a particular aspect of the economy.

This publication carries the detailed analyses, charts and statistical tables that, prior to its first issue, were released in *The Daily* (11-001-XIE) under the headings National Economic and Financial Accounts, Canada's Balance of International Payments and Gross Domestic Product by industry.

Revision policy

GDP by income and by expenditure, Balance of international payments, Labour productivity, International investment position, National balance sheet accounts

Preceding quarters of the year are revised when the current quarter is published. Each year, revisions extending back four years are made with the publication of first quarter data. They are not normally revised again except when historical revisions are carried out.

GDP by industry

Revisions arise from updates to benchmark data, projectors and seasonal adjustment. January to June: Back to previous year; July: Back to January of fifth previous year; August to December: Back to January of current year. Occasionally, there are historical revisions due to conceptual, methodological and classification changes - the most recent with the July 2002 GDP release.

Overview

Second quarter 2003

Real gross domestic product (GDP) edged down 0.1% in the second quarter, as the impacts of SARS, the mad cow disease scare and a stronger Canadian dollar rippled through the economy. This small decline is the first quarterly contraction of economic activity since the third quarter of 2001. Much of the weakness came in April at the height of the SARS outbreak, as the economy posted gains in both May and June. On an annualized basis, GDP advanced 3.1% in the United States in the second quarter, compared with a 0.3% decline in Canada.

A slowdown of business investment in inventories held the economy back in the second quarter. The deceleration was centered entirely in the wholesale and retail trade industries. A 0.7% advance of domestic demand boosted imports, especially of consumer goods, machinery and equipment, and automotive products. The mining and utility industries lost ground, and manufacturing output contracted for the third straight quarter as a result of weaker international demand.

Consumer spending (+0.7%) and business investment (+0.5%) both served to shore up the economy in the second quarter, but with less impact than in the first, as both slowed significantly from their first quarter pace. With SARS and the war in Iraq, the number of Canadians traveling abroad (-5.9%) and of non-residents traveling to Canada (-14%) both dropped sharply. Consumer spending on purchased transportation, restaurant and accommodation services was down. Continued strong demand for housing and renovation activity drove up business investment in residential structures, although at a reduced pace from the previous three quarters.

A 0.6% rebound in the volume of exports, after two quarters of contraction, supported the economy in the second quarter. Government spending also propped up the economy through the health care and public administration sectors. The services sector continued to register solid gains, with travel-related industries the only major areas of weakness, as they were severely affected by SARS and the downturn in tourism.

Corporate profits fell 8.2%, marking their first decline since the fourth quarter of 2001. This sharp drop stemmed largely from reduced energy prices in the second quarter, which contributed to substantially lower profits in the energy sector. Lower energy prices also accounted for the 0.4% decline in economy-wide prices, as measured by the implicit chain price index for GDP.

Canadian Economic Accounts Key Indicators¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
seasonally adjusted at annual rates, \$ millions at current prices								
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	586,892 <i>1.7</i>	592,284 <i>0.9</i>	600,048 <i>1.3</i>	610,040 <i>1.7</i>	615,148 <i>0.8</i>	617,244 <i>0.3</i>	569,920 <i>4.6</i>	597,316 <i>4.8</i>
Corporation profits before taxes	120,004 <i>10.2</i>	132,648 <i>10.5</i>	138,656 <i>4.5</i>	140,708 <i>1.5</i>	151,984 <i>8.0</i>	139,544 <i>-8.2</i>	127,530 <i>-6.0</i>	133,004 <i>4.3</i>
Interest and miscellaneous investment income	48,940 <i>-0.3</i>	49,976 <i>2.1</i>	49,756 <i>-0.4</i>	49,028 <i>-1.5</i>	50,788 <i>3.6</i>	49,004 <i>-3.5</i>	53,010 <i>-2.3</i>	49,425 <i>-6.8</i>
Net income of unincorporated business	73,060 <i>1.4</i>	74,812 <i>2.4</i>	75,160 <i>0.5</i>	75,668 <i>0.7</i>	77,972 <i>3.0</i>	78,644 <i>0.9</i>	70,297 <i>5.8</i>	74,675 <i>6.2</i>
Taxes less subsidies	135,012 <i>2.3</i>	137,412 <i>1.8</i>	138,980 <i>1.1</i>	141,384 <i>1.7</i>	140,560 <i>-0.6</i>	140,168 <i>-0.3</i>	129,177 <i>1.1</i>	138,197 <i>7.0</i>
Personal disposable income	688,772 <i>1.9</i>	697,328 <i>1.2</i>	700,724 <i>0.5</i>	707,092 <i>0.9</i>	712,580 <i>0.8</i>	717,216 <i>0.7</i>	667,376 <i>4.4</i>	698,479 <i>4.7</i>
Personal saving rate ²	5.2 ...	4.6 ...	3.8 ...	3.2 ...	2.3 ...	2.4 ...	4.5 ...	4.2 ...
seasonally adjusted at annual rates, \$ millions chained (1997)								
Personal expenditure on consumer goods and services	593,710 <i>1.2</i>	600,164 <i>1.1</i>	602,163 <i>0.3</i>	608,753 <i>1.1</i>	615,288 <i>1.1</i>	619,394 <i>0.7</i>	581,590 <i>2.6</i>	601,198 <i>3.4</i>
Government current expenditure on goods and services	195,606 <i>0.2</i>	197,403 <i>0.9</i>	199,451 <i>1.0</i>	200,614 <i>0.6</i>	201,824 <i>0.6</i>	203,628 <i>0.9</i>	192,426 <i>3.7</i>	198,269 <i>3.0</i>
Gross fixed capital formation	212,675 <i>0.8</i>	213,417 <i>0.3</i>	215,087 <i>0.8</i>	215,153 <i>0.0</i>	218,593 <i>1.6</i>	220,049 <i>0.7</i>	211,356 <i>4.3</i>	214,083 <i>1.3</i>
Investment in inventories	-6,122 ...	9,932 ...	7,920 ...	11,566 ...	20,194 ...	13,131 ...	-2,044 ...	5,824 ...
Exports of goods and services	441,055 <i>0.8</i>	441,610 <i>0.1</i>	450,707 <i>2.1</i>	440,573 <i>-2.2</i>	433,028 <i>-1.7</i>	435,431 <i>0.6</i>	443,853 <i>-3.1</i>	443,486 <i>-0.1</i>
Imports of goods and services	372,277 <i>0.8</i>	389,046 <i>4.5</i>	394,603 <i>1.4</i>	393,171 <i>-0.4</i>	396,808 <i>0.9</i>	402,280 <i>1.4</i>	384,782 <i>-5.0</i>	387,274 <i>0.6</i>
Gross Domestic Product at market prices	1,062,382 <i>1.4</i>	1,072,315 <i>0.9</i>	1,079,490 <i>0.7</i>	1,083,875 <i>0.4</i>	1,090,732 <i>0.6</i>	1,089,797 <i>-0.1</i>	1,040,388 <i>1.9</i>	1,074,516 <i>3.3</i>
GDP by industry								
Goods producing industries	297,472 <i>1.6</i>	301,804 <i>1.5</i>	304,124 <i>0.8</i>	303,911 <i>-0.1</i>	305,727 <i>0.6</i>	302,262 <i>-1.1</i>	297,467 <i>-2.4</i>	301,828 <i>1.5</i>
Services producing industries	666,143 <i>1.4</i>	673,935 <i>1.2</i>	679,185 <i>0.8</i>	683,380 <i>0.6</i>	687,748 <i>0.6</i>	690,804 <i>0.4</i>	649,760 <i>3.3</i>	675,661 <i>4.0</i>
Industrial production	225,859 <i>2.5</i>	230,096 <i>1.9</i>	231,929 <i>0.8</i>	231,170 <i>-0.3</i>	231,492 <i>0.1</i>	227,689 <i>-1.6</i>	225,036 <i>-3.4</i>	229,763 <i>2.1</i>
Non-durable manufacturing	66,670 <i>1.8</i>	67,760 <i>1.6</i>	68,348 <i>0.9</i>	68,446 <i>0.1</i>	68,183 <i>-0.4</i>	67,944 <i>-0.4</i>	65,914 <i>0.4</i>	67,806 <i>2.9</i>
Durable manufacturing	94,307 <i>3.7</i>	96,566 <i>2.4</i>	97,586 <i>1.1</i>	96,600 <i>-1.0</i>	96,559 <i>0.0</i>	94,608 <i>-2.0</i>	93,972 <i>-7.6</i>	96,265 <i>2.4</i>
Information and communication technologies sector (ICT), total	57,691 <i>3.2</i>	58,716 <i>1.8</i>	58,938 <i>0.4</i>	59,412 <i>0.8</i>	60,024 <i>1.0</i>	60,470 <i>0.7</i>	57,222 <i>-1.1</i>	58,689 <i>2.6</i>
Manufacturing	160,922 <i>2.9</i>	164,291 <i>2.1</i>	165,902 <i>1.0</i>	164,980 <i>-0.6</i>	164,688 <i>-0.2</i>	162,449 <i>-1.4</i>	159,853 <i>-4.6</i>	164,024 <i>2.6</i>
Agriculture, forestry, fishing and hunting	20,462 <i>-3.6</i>	20,763 <i>1.5</i>	20,859 <i>0.5</i>	21,070 <i>1.0</i>	22,075 <i>4.8</i>	22,049 <i>-0.1</i>	22,036 <i>-5.3</i>	20,789 <i>-5.7</i>
Construction	51,009 <i>-0.1</i>	50,776 <i>-0.5</i>	51,161 <i>0.8</i>	51,521 <i>0.7</i>	52,079 <i>1.1</i>	52,486 <i>0.8</i>	50,347 <i>3.9</i>	51,117 <i>1.5</i>
Wholesale trade	56,344 <i>2.5</i>	58,423 <i>3.7</i>	59,129 <i>1.2</i>	59,980 <i>1.4</i>	61,717 <i>2.9</i>	61,852 <i>0.2</i>	54,534 <i>1.9</i>	58,469 <i>7.2</i>
Retail trade	54,103 <i>2.5</i>	54,165 <i>0.1</i>	54,328 <i>0.3</i>	54,730 <i>0.7</i>	55,344 <i>1.1</i>	55,568 <i>0.4</i>	51,399 <i>3.9</i>	54,331 <i>5.7</i>

¹ The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized and in smaller typeface, is the quarter to quarter percentage change at quarterly rates.

² Actual rate.

GDP by income and by expenditure

Second quarter 2003

Note to users

Due to the recent problems with the electricity in Ontario, several working days were lost in the current production cycle for these statistics, leaving less time to compile, evaluate and review them. While all possible efforts have been taken to assure the quality for these estimates users are advised that larger than normal revisions may be forthcoming.

In addition, a larger than usual adjustment has been made to the previously published data on merchandise trade related to the rapid appreciation of the Canadian dollar in the second quarter. As part of a data exchange agreement between Canada and the United States, in existence since the late 1980s, US imports from Canada are used to compile Canadian exports to the United States (and vice versa).

The use of a single set of customs documents as the basis for trade data in each of the national currencies requires exchange rate conversions at various points in the data processing. When exchange rates are stable or shift gradually, this presents little problem; however, the second quarter of 2003 saw the largest exchange rate shift in a single quarter in over half a century. When the trade data were reconciled with production and income data used to compile the quarterly National Accounts GDP figures, discrepancies emerged, in part due to the exchange rate conversions inherent in the calculation of trade statistics. Export values have therefore been revised up by \$4 billion and \$10.8 billion (seasonally adjusted at annual rates) respectively for the first two quarters of 2003, via a balance of payments adjustment.

These adjustments are preliminary estimates which may also be subject to larger than normal revisions for the first two quarters of 2003 in subsequent releases. Additional information on this measurement issue will be released as it becomes available.

Real Gross domestic product edged down 0.1% in the second quarter, as the impacts of SARS, the mad cow scare, and a stronger Canadian dollar rippled through the economy. This small decline is the first quarterly contraction of economic activity since the third quarter of 2001. On an annualized basis GDP advance 3.1% in the United States in the second quarter compared to a 0.3% decline in Canada.

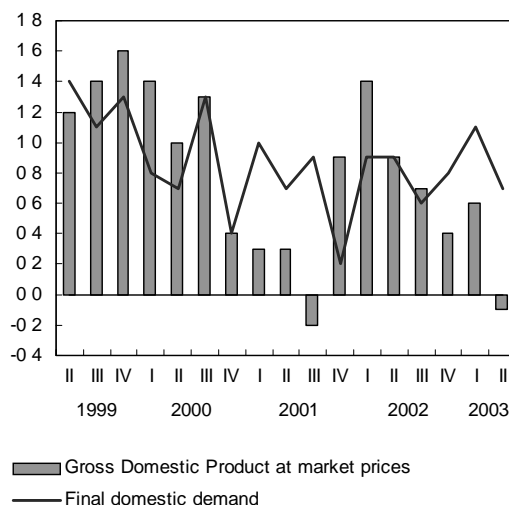
Real Gross domestic product, \$ chained (1997)¹

	Change	Annualized change	Year-over-year change
	%		
First quarter 2002	1.4	5.8	2.5
Second quarter 2002	0.9	3.8	3.2
Third quarter 2002	0.7	2.7	4.0
Fourth quarter 2002	0.4	1.6	3.5
First quarter 2003	0.6	2.6	2.7
Second quarter 2003	-0.1	-0.3	1.6

¹ The change is the growth rate from one period to the next. The annualized change is the growth rate compounded annually. The year-over-year change is the growth rate of a given quarter compared with the same quarter in a previous year.

GDP contracts slightly

Quarterly % change, chained \$ (1997)



A slowdown of business investment in inventories held the economy back in the second quarter. The deceleration was centered entirely in the wholesale and retail trade industries. A 0.7% advance of domestic demand boosted imports, especially of consumer goods, machinery and equipment and automotive products.

Consumer spending (+0.7%) and business investment (+0.5%) both served to shore up the economy in the second quarter, but with less impact than in the first – both slowed significantly from their first quarter pace. With SARS and the war in Iraq, the number of Canadians traveling abroad (-5.9%) and of non-residents traveling to Canada (-14%) both dropped sharply. Consumer spending on purchased transportation, restaurant and accommodation services was down. Continued strong demand for housing and renovation activity drove up business investment in residential structures, although at a reduced pace from the previous three quarters.

A 0.6% rebound in the volume of exports, after two quarters of contraction, supported the economy in the second quarter. Government spending also propped up the economy.

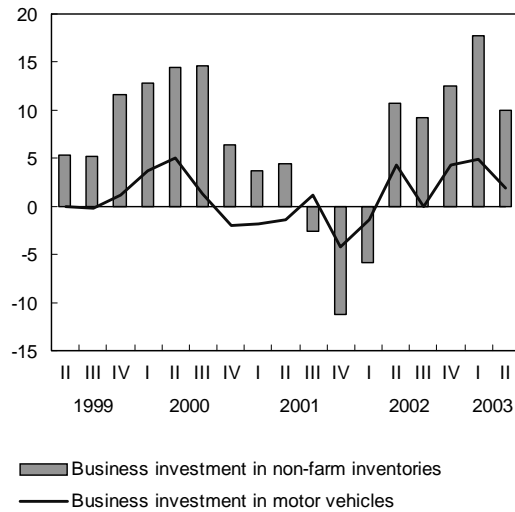
Corporate profits fell 8.2%, marking their first decline since the fourth quarter of 2001. This sharp drop stemmed largely from reduced energy prices in the quarter which contributed to substantially lower profits in the energy sector. Lower energy prices also accounted for the 0.4% decline in economy-wide prices, as measured by the implicit chain price index for GDP.

Slowdown in inventory investment held the economy back

Wholesalers and retailers built up inventories at a slower pace in the second quarter. More than half of this slowdown was due to motor vehicle inventories. In spite of this, the quarterly economy-wide stock-to-sales ratio increased slightly. On the other hand, farmers accumulated cattle inventory due to the ban on exports related to mad cow disease.

Motor vehicles inventory buildup slowed

Billions of chained \$ (1997)

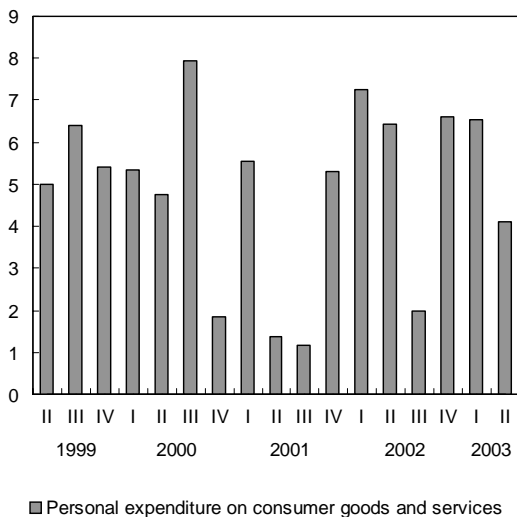


Consumers continued support

Consumer spending (+0.7%) continued to support the economy in the second quarter, but with less impact than in the first. Labour income growth slowed to 0.3% and job gains were negligible.

Continued strength in consumer spending

Quarter-to-quarter change, billions of chained \$ (1997)



Growth in spending on services accounted for three-fourths of the increase in consumer spending. Outlays on recreational services increased 2.6%, bolstered by gambling and attendance at spectator sports. Canadians spending on travel outside Canada slipped and foreign spending on travel in Canada dropped sharply. SARS contributed to an 8.4% reduction in spending on air transport and to the second straight decline in spending on restaurants and accommodation services. There were widespread, but modest, increases in spending on goods, with purchases of food and non-alcoholic beverages from stores increasing for the second quarter as people ate out less. Higher growth in furniture and appliance sales reflected continued strong demand for housing.

Demand for housing remained strong

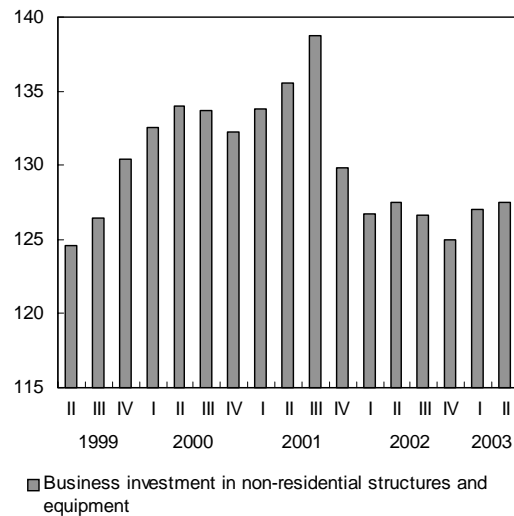
Investment in residential structures advanced 0.9%, matching growth of the first quarter. Higher outlays for renovations and ownership transfer costs, including real estate commissions, were partially offset by lower spending on new construction. Housing starts exceeded 200,000 units, still at historically high levels, but were nonetheless below the starts in the previous three quarters.

Business plant and equipment spending slowed

Growth in business investment in plant and equipment slowed to 0.4% in the second quarter, from 1.6% in the first. A 1.3% advance of non-residential investment in buildings was offset by lower investment in engineering structures. Growth in machinery and equipment outlays slowed to 0.6% from 2.1% in the first quarter. Growth in investment in industrial machinery and in computer and other office equipment was mitigated by lower outlays on automobiles and on other transportation equipment.

Growth in plant and equipment spending slows

Billions of chained \$ (1997)



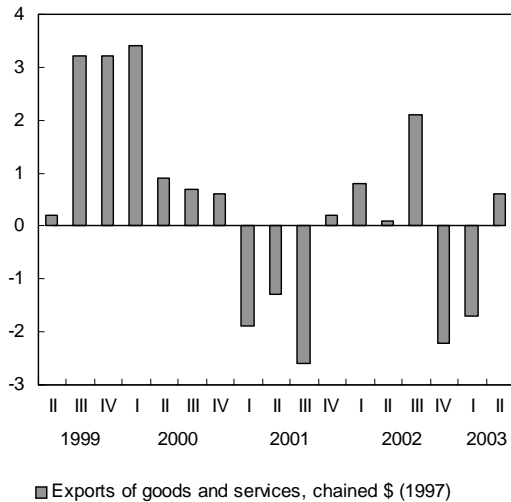
Exports picked up

Exports of goods and services grew 0.6% in the second quarter, after declining in the previous two quarters. Higher exports of goods were partially offset by lower exports of services. Automotive product exports advanced for the second consecutive quarter.

Consumer demand for motor vehicles and parts in the U.S. rebounded sharply in the second quarter. Services exports slid 2.5%, as exports of travel services, impacted by SARS, plummeted 14%.

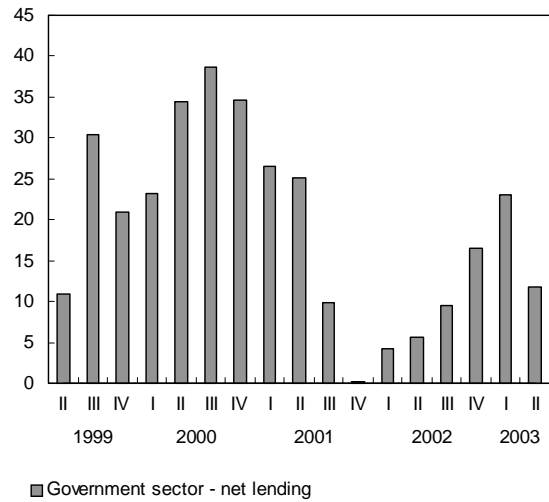
Rebound in export growth

Quarterly % change



Government surplus reduced

Billions of \$, seasonally adjusted at annual rates



The combined government surplus (annualized national accounts basis expressed in nominal terms) dropped to \$11.7 billion in the second quarter from \$23.0 billion in the first quarter. The federal government had a deficit of \$2.8 billion, the first in over three years. Most of the change in the federal government position related to a large supplemental payment (\$16.0 billion at annual rates) to the provinces under the Canada Health and Social Transfer program.

Imports of goods and services advanced 1.4% following a 0.9% gain in the first quarter. Higher imports of machinery and equipment (+1.2%), automotive products (+1.5%), and other consumer goods (+4.9%) were the largest contributors. The implicit price index for imports fell 5.8% as the Canadian dollar appreciated against the U.S. dollar over the quarter.

Government spending increased

Net current government spending on goods and services increased 1.5% in the second quarter, continuing a string of increases of almost five years. Modest spending increases were seen at the federal, provincial and local levels of government

Gross domestic product, income-based, current prices and quarterly percentage change¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Seasonally adjusted at annual rates, \$ millions at current prices								
Wages, salaries and supplementary labour income	586,892	592,284	600,048	610,040	615,148	617,244	569,920	597,316
	<i>1.7</i>	<i>0.9</i>	<i>1.3</i>	<i>1.7</i>	<i>0.8</i>	<i>0.3</i>	<i>4.6</i>	<i>4.8</i>
Corporation profits before taxes	120,004	132,648	138,656	140,708	151,984	139,544	127,530	133,004
	<i>10.2</i>	<i>10.5</i>	<i>4.5</i>	<i>1.5</i>	<i>8.0</i>	<i>-8.2</i>	<i>-6.0</i>	<i>4.3</i>
Government business enterprise profits before taxes	9,896	10,080	10,520	11,208	12,908	10,112	9,641	10,426
	<i>12.9</i>	<i>1.9</i>	<i>4.4</i>	<i>6.5</i>	<i>15.2</i>	<i>-21.7</i>	<i>-18.6</i>	<i>8.1</i>
Interest and miscellaneous investment income	48,940	49,976	49,756	49,028	50,788	49,004	53,010	49,425
	<i>-0.3</i>	<i>2.1</i>	<i>-0.4</i>	<i>-1.5</i>	<i>3.6</i>	<i>-3.5</i>	<i>-2.3</i>	<i>-6.8</i>
Accrued net income of farm operators from farm production	2,156	1,584	1,628	1,492	2,352	2,040	2,715	1,715
	<i>-21.3</i>	<i>-26.5</i>	<i>2.8</i>	<i>-8.4</i>	<i>57.6</i>	<i>-13.3</i>	<i>74.8</i>	<i>-36.8</i>
Net income of non-farm unincorporated business, including rent	70,904	73,228	73,532	74,176	75,620	76,604	67,582	72,960
	<i>2.3</i>	<i>3.3</i>	<i>0.4</i>	<i>0.9</i>	<i>1.9</i>	<i>1.3</i>	<i>4.2</i>	<i>8.0</i>
Inventory valuation adjustment	-5,092	-712	-5,312	-3,128	2,116	10,456	-21	-3,561

Taxes less subsidies, on factors of production	53,300	53,608	53,732	54,380	54,620	55,240	52,846	53,755
	<i>0.4</i>	<i>0.6</i>	<i>0.2</i>	<i>1.2</i>	<i>0.4</i>	<i>1.1</i>	<i>1.9</i>	<i>1.7</i>
Net Domestic Product at basic prices	887,000	912,696	922,560	937,904	965,536	960,244	883,223	915,040
	<i>2.1</i>	<i>2.9</i>	<i>1.1</i>	<i>1.7</i>	<i>2.9</i>	<i>-0.5</i>	<i>2.4</i>	<i>3.6</i>
Taxes less subsidies, on products	81,712	83,804	85,248	87,004	85,940	84,928	76,331	84,442
	<i>3.5</i>	<i>2.6</i>	<i>1.7</i>	<i>2.1</i>	<i>-1.2</i>	<i>-1.2</i>	<i>0.5</i>	<i>10.6</i>
Capital consumption allowances	151,540	153,900	156,332	158,244	159,752	162,392	146,798	155,004
	<i>1.6</i>	<i>1.6</i>	<i>1.6</i>	<i>1.2</i>	<i>1.0</i>	<i>1.7</i>	<i>6.3</i>	<i>5.6</i>
Statistical discrepancy	1,956	524	500	-1,128	600	-1,004	1,107	463

Gross Domestic Product at market prices	1,122,208	1,150,924	1,164,640	1,182,024	1,211,828	1,206,560	1,107,459	1,154,949
	<i>2.2</i>	<i>2.6</i>	<i>1.2</i>	<i>1.5</i>	<i>2.5</i>	<i>-0.4</i>	<i>3.0</i>	<i>4.3</i>

¹ The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized and in smaller typeface, is the quarter to quarter percentage change at quarterly rates.

Gross domestic product, expenditure-based, current prices and quarterly percentage change¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Seasonally adjusted at annual rates, \$ millions at current prices								
Personal expenditure on consumer goods and services	640,368	652,736	660,712	670,908	682,624	685,812	623,167	656,181
	<i>1.7</i>	<i>1.9</i>	<i>1.2</i>	<i>1.5</i>	<i>1.7</i>	<i>0.5</i>	<i>4.5</i>	<i>5.3</i>
Durable goods	90,812	91,868	91,700	94,144	94,324	94,976	84,788	92,131
	<i>2.7</i>	<i>1.2</i>	<i>-0.2</i>	<i>2.7</i>	<i>0.2</i>	<i>0.7</i>	<i>3.5</i>	<i>8.7</i>
Semi-durable goods	56,380	56,880	56,612	57,220	57,752	58,140	54,383	56,773
	<i>1.9</i>	<i>0.9</i>	<i>-0.5</i>	<i>1.1</i>	<i>0.9</i>	<i>0.7</i>	<i>4.5</i>	<i>4.4</i>
Non-durable goods	152,156	155,992	159,768	163,200	168,424	167,008	150,150	157,779
	<i>2.2</i>	<i>2.5</i>	<i>2.4</i>	<i>2.1</i>	<i>3.2</i>	<i>-0.8</i>	<i>4.9</i>	<i>5.1</i>
Services	341,020	347,996	352,632	356,344	362,124	365,688	333,846	349,498
	<i>1.3</i>	<i>2.0</i>	<i>1.3</i>	<i>1.1</i>	<i>1.6</i>	<i>1.0</i>	<i>4.6</i>	<i>4.7</i>
Government current expenditure on goods and services	213,804	217,324	220,828	223,624	226,056	229,336	207,508	218,895
	<i>0.6</i>	<i>1.6</i>	<i>1.6</i>	<i>1.3</i>	<i>1.1</i>	<i>1.5</i>	<i>4.9</i>	<i>5.5</i>
Government gross fixed capital formation	29,696	30,188	30,904	30,932	31,876	31,968	26,991	30,430
	<i>4.3</i>	<i>1.7</i>	<i>2.4</i>	<i>0.1</i>	<i>3.1</i>	<i>0.3</i>	<i>10.6</i>	<i>12.7</i>
Government investment in inventories	8	-24	-84	-80	-12	48	13	-45

Business gross fixed capital formation	195,564	195,620	197,060	198,812	200,752	199,328	192,854	196,764
	<i>2.1</i>	<i>0.0</i>	<i>0.7</i>	<i>0.9</i>	<i>1.0</i>	<i>-0.7</i>	<i>5.4</i>	<i>2.0</i>
Residential structures	63,352	63,472	65,796	68,460	69,732	70,624	54,976	65,270
	<i>8.7</i>	<i>0.2</i>	<i>3.7</i>	<i>4.0</i>	<i>1.9</i>	<i>1.3</i>	<i>13.4</i>	<i>18.7</i>
Non-residential structures	49,584	48,560	48,148	47,584	48,316	48,416	52,769	48,469
	<i>-4.7</i>	<i>-2.1</i>	<i>-0.8</i>	<i>-1.2</i>	<i>1.5</i>	<i>0.2</i>	<i>4.5</i>	<i>-8.1</i>
Machinery and equipment	82,628	83,588	83,116	82,768	82,704	80,288	85,109	83,025
	<i>1.9</i>	<i>1.2</i>	<i>-0.6</i>	<i>-0.4</i>	<i>-0.1</i>	<i>-2.9</i>	<i>1.4</i>	<i>-2.4</i>
Business investment in inventories	-9,636	7,592	5,188	8,348	17,756	9,764	-5,235	2,873

Non-farm	-8,320	8,884	7,164	10,448	16,444	8,016	-4,130	4,544

Farm	-1,316	-1,292	-1,976	-2,100	1,312	1,748	-1,105	-1,671

Exports of goods and services	462,956	470,984	482,920	480,352	480,792	457,692	482,074	474,303
	<i>2.2</i>	<i>1.7</i>	<i>2.5</i>	<i>-0.5</i>	<i>0.1</i>	<i>-4.8</i>	<i>-1.7</i>	<i>-1.6</i>
Goods	404,920	411,380	422,592	418,320	421,720	400,940	421,519	414,303
	<i>3.0</i>	<i>1.6</i>	<i>2.7</i>	<i>-1.0</i>	<i>0.8</i>	<i>-4.9</i>	<i>-2.0</i>	<i>-1.7</i>
Services	58,036	59,604	60,328	62,032	59,072	56,752	60,555	60,000
	<i>-2.9</i>	<i>2.7</i>	<i>1.2</i>	<i>2.8</i>	<i>-4.8</i>	<i>-3.9</i>	<i>0.7</i>	<i>-0.9</i>
Deduct: Imports of goods and services	408,592	422,976	432,388	432,000	427,420	408,388	418,806	423,989
	<i>1.7</i>	<i>3.5</i>	<i>2.2</i>	<i>-0.1</i>	<i>-1.1</i>	<i>-4.5</i>	<i>-2.2</i>	<i>1.2</i>
Goods	343,236	354,200	364,560	363,836	358,652	341,764	350,633	356,458
	<i>2.3</i>	<i>3.2</i>	<i>2.9</i>	<i>-0.2</i>	<i>-1.4</i>	<i>-4.7</i>	<i>-3.2</i>	<i>1.7</i>
Services	65,356	68,776	67,828	68,164	68,768	66,624	68,173	67,531
	<i>-1.6</i>	<i>5.2</i>	<i>-1.4</i>	<i>0.5</i>	<i>0.9</i>	<i>-3.1</i>	<i>3.2</i>	<i>-0.9</i>
Statistical discrepancy	-1,960	-520	-500	1,128	-596	1,000	-1,107	-463

Gross domestic product at market prices	1,122,208	1,150,924	1,164,640	1,182,024	1,211,828	1,206,560	1,107,459	1,154,949
	<i>2.2</i>	<i>2.6</i>	<i>1.2</i>	<i>1.5</i>	<i>2.5</i>	<i>-0.4</i>	<i>3.0</i>	<i>4.3</i>
Final domestic demand	1,079,432	1,095,868	1,109,504	1,124,276	1,141,308	1,146,444	1,050,520	1,102,270
	<i>1.7</i>	<i>1.5</i>	<i>1.2</i>	<i>1.3</i>	<i>1.5</i>	<i>0.5</i>	<i>4.9</i>	<i>4.9</i>

¹ The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized and in smaller typeface, is the quarter to quarter percentage change at quarterly rates.

Real Gross domestic product, expenditure-based, quarterly percentage change¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Seasonally adjusted at annual rates, \$ millions chained (1997)								
Personal expenditure on consumer goods and services	593,710	600,164	602,163	608,753	615,288	619,394	581,590	601,198
	<i>1.2</i>	<i>1.1</i>	<i>0.3</i>	<i>1.1</i>	<i>1.1</i>	<i>0.7</i>	<i>2.6</i>	<i>3.4</i>
Durable goods	92,366	92,975	92,627	95,208	95,186	96,100	85,958	93,294
	<i>2.8</i>	<i>0.7</i>	<i>-0.4</i>	<i>2.8</i>	<i>0.0</i>	<i>1.0</i>	<i>4.2</i>	<i>8.5</i>
Semi-durable goods	54,183	54,365	54,006	54,809	55,557	55,910	52,310	54,341
	<i>1.9</i>	<i>0.3</i>	<i>-0.7</i>	<i>1.5</i>	<i>1.4</i>	<i>0.6</i>	<i>3.8</i>	<i>3.9</i>
Non-durable goods	135,412	136,219	136,451	138,052	139,601	139,623	133,791	136,534
	<i>1.4</i>	<i>0.6</i>	<i>0.2</i>	<i>1.2</i>	<i>1.1</i>	<i>0.0</i>	<i>1.2</i>	<i>2.1</i>
Services	312,615	317,449	319,846	321,628	325,789	328,715	309,887	317,885
	<i>0.7</i>	<i>1.5</i>	<i>0.8</i>	<i>0.6</i>	<i>1.3</i>	<i>0.9</i>	<i>2.7</i>	<i>2.6</i>
Government current expenditure on goods and services	195,606	197,403	199,451	200,614	201,824	203,628	192,426	198,269
	<i>0.2</i>	<i>0.9</i>	<i>1.0</i>	<i>0.6</i>	<i>0.6</i>	<i>0.9</i>	<i>3.7</i>	<i>3.0</i>
Government gross fixed capital formation	28,858	29,374	29,775	29,763	30,589	31,085	26,329	29,443
	<i>3.7</i>	<i>1.8</i>	<i>1.4</i>	<i>0.0</i>	<i>2.8</i>	<i>1.6</i>	<i>10.3</i>	<i>11.8</i>
Government investment in inventories	8	-20	-76	-72	-12	44	13	-40

Business gross fixed capital formation	183,914	184,154	185,428	185,506	188,130	189,100	185,075	184,751
	<i>0.4</i>	<i>0.1</i>	<i>0.7</i>	<i>0.0</i>	<i>1.4</i>	<i>0.5</i>	<i>3.5</i>	<i>-0.2</i>
Residential structures	56,586	56,090	58,115	59,664	60,248	60,702	50,456	57,614
	<i>6.8</i>	<i>-0.9</i>	<i>3.6</i>	<i>2.7</i>	<i>1.0</i>	<i>0.8</i>	<i>10.3</i>	<i>14.2</i>
Non-residential structures	44,394	43,231	42,631	41,920	42,289	42,307	48,047	43,044
	<i>-5.3</i>	<i>-2.6</i>	<i>-1.4</i>	<i>-1.7</i>	<i>0.9</i>	<i>0.0</i>	<i>2.2</i>	<i>-10.4</i>
Machinery and equipment	82,479	84,606	84,340	83,453	85,199	85,703	86,494	83,720
	<i>-0.6</i>	<i>2.6</i>	<i>-0.3</i>	<i>-1.1</i>	<i>2.1</i>	<i>0.6</i>	<i>0.3</i>	<i>-3.2</i>
Business investment in inventories	-6,130	9,952	7,996	11,638	20,206	13,087	-2,057	5,864

Non-farm	-5,878	10,763	9,219	12,551	17,828	10,002	-1,436	6,664

Farm	-462	-906	-1,318	-1,013	2,053	2,613	-757	-925

Exports of goods and services	441,055	441,610	450,707	440,573	433,028	435,431	443,853	443,486
	<i>0.8</i>	<i>0.1</i>	<i>2.1</i>	<i>-2.2</i>	<i>-1.7</i>	<i>0.6</i>	<i>-3.1</i>	<i>-0.1</i>
Goods	387,858	386,883	395,514	384,335	379,178	382,949	388,001	388,648
	<i>1.6</i>	<i>-0.3</i>	<i>2.2</i>	<i>-2.8</i>	<i>-1.3</i>	<i>1.0</i>	<i>-3.5</i>	<i>0.2</i>
Services	53,447	54,935	55,417	56,425	54,028	52,670	56,003	55,056
	<i>-4.2</i>	<i>2.8</i>	<i>0.9</i>	<i>1.8</i>	<i>-4.2</i>	<i>-2.5</i>	<i>-0.4</i>	<i>-1.7</i>
Deduct: Imports of goods and services	372,277	389,046	394,603	393,171	396,808	402,280	384,782	387,274
	<i>0.8</i>	<i>4.5</i>	<i>1.4</i>	<i>-0.4</i>	<i>0.9</i>	<i>1.4</i>	<i>-5.0</i>	<i>0.6</i>
Goods	319,013	332,667	339,564	338,001	339,515	344,052	327,588	332,311
	<i>1.5</i>	<i>4.3</i>	<i>2.1</i>	<i>-0.5</i>	<i>0.4</i>	<i>1.3</i>	<i>-5.6</i>	<i>1.4</i>
Services	53,631	56,676	55,601	55,690	57,628	58,550	57,333	55,400
	<i>-2.4</i>	<i>5.7</i>	<i>-1.9</i>	<i>0.2</i>	<i>3.5</i>	<i>1.6</i>	<i>-2.2</i>	<i>-3.4</i>
Statistical discrepancy	-1,856	-484	-463	1,034	-536	903	-1,038	-442

Gross domestic product at market prices	1,062,382	1,072,315	1,079,490	1,083,875	1,090,732	1,089,797	1,040,388	1,074,516
	<i>1.4</i>	<i>0.9</i>	<i>0.7</i>	<i>0.4</i>	<i>0.6</i>	<i>-0.1</i>	<i>1.9</i>	<i>3.3</i>
Final domestic demand	1,001,902	1,010,923	1,016,634	1,024,500	1,035,634	1,043,010	985,225	1,013,490
	<i>0.9</i>	<i>0.9</i>	<i>0.6</i>	<i>0.8</i>	<i>1.1</i>	<i>0.7</i>	<i>3.2</i>	<i>2.9</i>

¹ The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized and in smaller typeface, is the quarter to quarter percentage change at quarterly rates.

Real Gross domestic product, expenditure-based, annualized percentage change¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
	quarter to quarter % change at annual rates, chained \$ (1997)							
Personal expenditure on consumer goods and services	5.0	4.4	1.3	4.4	4.4	2.7	2.6	3.4
Durable goods	11.8	2.7	-1.5	11.6	-0.1	3.9	4.2	8.5
Semi-durable goods	7.7	1.4	-2.6	6.1	5.6	2.6	3.8	3.9
Non-durable goods	5.5	2.4	0.7	4.8	4.6	0.1	1.2	2.1
Services	2.7	6.3	3.1	2.2	5.3	3.6	2.7	2.6
Government current expenditure on goods and services	0.8	3.7	4.2	2.4	2.4	3.6	3.7	3.0
Government gross fixed capital formation	15.7	7.3	5.6	-0.2	11.6	6.6	10.3	11.8
Government investment in inventories ²	32	-28	-56	4	60	56	-10	-53
Business gross fixed capital formation	1.6	0.5	2.8	0.2	5.8	2.1	3.5	-0.2
Residential structures	30.2	-3.5	15.2	11.1	4.0	3.0	10.3	14.2
Non-residential structures	-19.6	-10.1	-5.4	-6.5	3.6	0.2	2.2	-10.4
Machinery and equipment	-2.3	10.7	-1.3	-4.1	8.6	2.4	0.3	-3.2
Business investment in inventories ²	6,053	16,082	-1,956	3,642	8,568	-7,119	-14,643	7,921
Non-farm ²	5,351	16,641	-1,544	3,332	5,277	-7,826	-13,520	8,099
Farm ²	710	-444	-412	305	3,066	560	-1,166	-168
Exports of goods and services	3.3	0.5	8.5	-8.7	-6.7	2.2	-3.1	-0.1
Goods	6.5	-1.0	9.2	-10.8	-5.3	4.0	-3.5	0.2
Services	-15.6	11.6	3.6	7.5	-15.9	-9.7	-0.4	-1.7
Deduct: Imports of goods and services	3.4	19.3	5.8	-1.4	3.8	5.6	-5.0	0.6
Goods	6.0	18.3	8.6	-1.8	1.8	5.5	-5.6	1.4
Services	-9.1	24.7	-7.4	0.6	14.7	6.6	-2.2	-3.4
Statistical discrepancy ²	-1,196	1,372	21	1,497	-1,570	1,439	-2,275	595
Gross domestic product at market prices	5.8	3.8	2.7	1.6	2.6	-0.3	1.9	3.3
Final domestic demand	3.8	3.7	2.3	3.1	4.4	2.9	3.2	2.9

¹ Quarter to quarter percentage change, annualized.² Actual change in millions of dollars, at annual rates.

Contributions to percentage change in real Gross domestic product, expenditure-based

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
using seasonally adjusted data, percentage points								
Personal expenditure on consumer goods and services	0.707	0.618	0.189	0.619	0.605	0.376	1.519	1.901
Durable goods	0.227	0.053	-0.030	0.218	-0.002	0.075	0.322	0.650
Semi-durable goods	0.094	0.017	-0.033	0.072	0.065	0.030	0.184	0.190
Non-durable goods	0.184	0.081	0.023	0.161	0.155	0.002	0.178	0.282
Services	0.202	0.467	0.228	0.168	0.387	0.269	0.835	0.779
Government current expenditure on goods and services	0.038	0.174	0.196	0.110	0.113	0.167	0.686	0.571
Government gross fixed capital formation	0.096	0.047	0.036	-0.001	0.072	0.042	0.233	0.288
Government investment in inventories	0.003	-0.003	-0.005	0.000	0.006	0.005	-0.001	-0.005
Business gross fixed capital formation	0.069	0.023	0.117	0.007	0.235	0.085	0.597	-0.036
Residential structures	0.363	-0.049	0.199	0.151	0.056	0.044	0.472	0.719
Non-residential structures	-0.251	-0.115	-0.059	-0.069	0.035	0.002	0.108	-0.500
Machinery and equipment	-0.043	0.187	-0.023	-0.075	0.144	0.040	0.018	-0.254
Business investment in inventories	0.580	1.515	-0.183	0.333	0.773	-0.636	-1.461	0.688
Non-farm	0.507	1.558	-0.145	0.302	0.470	-0.688	-1.330	0.709
Farm	0.073	-0.043	-0.038	0.031	0.303	0.052	-0.131	-0.022
Exports of goods and services	0.341	0.052	0.843	-0.935	-0.696	0.215	-1.450	0.043
Goods	0.567	-0.091	0.797	-1.029	-0.476	0.337	-1.428	0.136
Services	-0.227	0.143	0.045	0.094	-0.220	-0.122	-0.022	-0.093
Deduct: Imports of goods and services	0.307	1.620	0.526	-0.134	0.332	0.473	-2.021	0.228
Goods	0.450	1.292	0.639	-0.144	0.135	0.384	-1.890	0.438
Services	-0.143	0.327	-0.113	0.009	0.196	0.089	-0.131	-0.209
Statistical discrepancy	-0.114	0.129	0.002	0.139	-0.145	0.132	-0.223	0.059
Gross domestic product at market prices	1.412	0.935	0.669	0.406	0.633	-0.086	1.920	3.280
Final domestic demand	0.910	0.862	0.538	0.735	1.026	0.671	3.035	2.724

The chained dollars (1997) data shown in the table "Real Gross domestic product, expenditure-based, quarterly percentage change" are not additive. The contributions to percentage change shown in the above table are additive and provide a measure of the composition of GDP growth.

Gross domestic product, implicit chain price indexes¹

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
	using seasonally adjusted data, (1997=100)							
Personal expenditure on consumer goods and services	107.9	108.8	109.7	110.2	110.9	110.7	107.2	109.2
	<i>0.6</i>	<i>0.8</i>	<i>0.8</i>	<i>0.5</i>	<i>0.6</i>	<i>-0.2</i>	<i>1.8</i>	<i>1.9</i>
Government current expenditure on goods and services	109.3	110.1	110.7	111.5	112.0	112.6	107.8	110.4
	<i>0.5</i>	<i>0.7</i>	<i>0.5</i>	<i>0.7</i>	<i>0.4</i>	<i>0.5</i>	<i>1.2</i>	<i>2.4</i>
Government gross fixed capital formation	102.9	102.8	103.8	103.9	104.2	102.8	102.5	103.4
	<i>0.5</i>	<i>-0.1</i>	<i>1.0</i>	<i>0.1</i>	<i>0.3</i>	<i>-1.3</i>	<i>0.3</i>	<i>0.8</i>
Business gross fixed capital formation	106.3	106.2	106.3	107.2	106.7	105.4	104.2	106.5
	<i>1.7</i>	<i>-0.1</i>	<i>0.1</i>	<i>0.8</i>	<i>-0.5</i>	<i>-1.2</i>	<i>1.9</i>	<i>2.2</i>
Exports of goods and services	105.0	106.7	107.1	109.0	111.0	105.1	108.6	107.0
	<i>1.4</i>	<i>1.6</i>	<i>0.4</i>	<i>1.8</i>	<i>1.8</i>	<i>-5.3</i>	<i>1.5</i>	<i>-1.5</i>
Imports of goods and services	109.8	108.7	109.6	109.9	107.7	101.5	108.9	109.5
	<i>0.8</i>	<i>-1.0</i>	<i>0.8</i>	<i>0.3</i>	<i>-2.0</i>	<i>-5.8</i>	<i>3.0</i>	<i>0.6</i>
Gross Domestic Product at market prices	105.6	107.3	107.9	109.1	111.1	110.7	106.5	107.5
	<i>0.8</i>	<i>1.6</i>	<i>0.6</i>	<i>1.1</i>	<i>1.8</i>	<i>-0.4</i>	<i>1.1</i>	<i>0.9</i>
Final domestic demand	107.7	108.4	109.1	109.7	110.2	109.9	106.6	108.7
	<i>0.7</i>	<i>0.6</i>	<i>0.6</i>	<i>0.5</i>	<i>0.5</i>	<i>-0.3</i>	<i>1.7</i>	<i>2.0</i>

¹ The first line is the series itself. The second line, italicized and in smaller typeface, is the quarter to quarter percentage change at quarterly rates.

Financial market summary table

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
seasonally adjusted at annual rates, \$ millions								
Persons and unincorporated business	47,164	45,556	49,140	48,312	46,752	48,120	41,386	47,543
Funds raised								
Consumer credit	16,920	16,092	15,828	17,156	16,052	17,232	15,152	16,499
Bank loans	940	464	1,424	516	852	356	-81	836
Other loans	3,472	3,228	3,428	2,516	2,112	1,872	5,575	3,161
Mortgages	25,832	25,772	28,460	28,124	27,736	28,660	20,740	27,047
Non-financial private corporations	48,664	50,804	39,636	21,232	24,172	26,780	59,214	40,084
Funds raised								
Bank loans	-12,884	5,760	7,400	3,864	-2,832	-4,936	-10,508	1,035
Other loans	-3,460	-892	1,636	1,608	-7,104	1,020	-2,607	-277
Other short-term paper	4,956	1,852	-6,972	-18,156	-9,656	-16,640	-7,397	-4,580
Mortgages	3,364	5,348	4,896	6,052	4,088	4,652	4,634	4,915
Bonds	26,288	2,660	1,084	2,140	18,340	20,852	42,844	8,043
Shares	30,400	36,076	31,592	25,724	21,336	21,832	32,248	30,948
Non-financial government enterprises	-3,984	-11,112	4,828	5,172	8,960	3,828	-1,777	-1,274
Funds raised								
Bank loans	-552	-1,324	1,764	-284	2,796	812	377	-99
Other loans	4	252	1,768	2,268	7,768	3,088	-372	1,073
Other short-term paper	1,904	-1,980	112	1,236	1,392	2,120	-129	318
Mortgages	-20	8	40	-4	-16	-8	37	6
Bonds	-5,320	-8,068	1,144	1,956	-2,980	-2,184	-1,690	-2,572
Shares	0	0	0	0	0	0	0	0
Federal government	-1,180	7,712	-5,952	-5,564	-2,276	1,400	-3,195	-1,246
Funds raised								
Bank loans	80	116	120	108	216	112	106	106
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	-6,512	27,764	4,696	5,076	3,040	10,424	14,256	7,756
Canada Savings Bonds	-884	-1,508	-1,644	-2,004	-1,224	-2,064	-1,819	-1,510
Marketable bonds	6,136	-18,660	-9,124	-8,744	-4,308	-7,072	-15,738	-7,598
Other levels of government	15,888	15,588	1,356	6,124	8,992	7,680	10,275	9,739
Funds raised								
Bank loans	580	540	524	-824	52	-104	-732	205
Other loans	396	628	216	576	732	780	328	454
Other short-term paper	-3,280	4,796	-5,568	-5,148	1,112	-1,420	1,255	-2,300
Mortgages	12	8	-72	24	32	20	-399	-7
Provincial bonds	18,176	7,428	7,644	10,376	8,012	8,784	9,950	10,906
Municipal bonds	-4	2,148	-1,412	1,120	-980	-404	-145	463
Other bonds	8	40	24	0	32	24	18	18
Total funds raised by domestic non-financial sectors	106,552	108,548	89,008	75,276	86,600	87,808	105,903	94,846
Consumer credit	16,920	16,092	15,828	17,156	16,052	17,232	15,152	16,499
Bank loans	-11,836	5,556	11,232	3,380	1,084	-3,760	-10,838	2,083
Other loans	412	3,216	7,048	6,968	3,508	6,760	2,924	4,411
Canada short-term paper	-6,512	27,764	4,696	5,076	3,040	10,424	14,256	7,756
Other short-term paper	3,580	4,668	-12,428	-22,068	-7,152	-15,940	-6,271	-6,562
Mortgages	29,188	31,136	33,324	34,196	31,840	33,324	25,012	31,961
Bonds	44,400	-15,960	-2,284	4,844	16,892	17,936	33,420	7,750
Shares	30,400	36,076	31,592	25,724	21,336	21,832	32,248	30,948

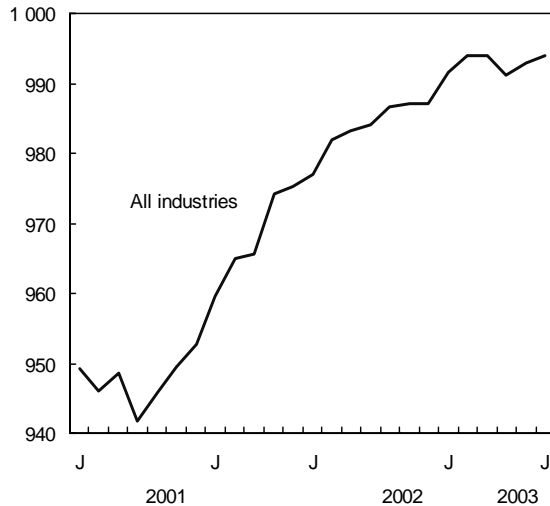
GDP by industry

June 2003

Canada's Gross Domestic Product inched up 0.1% in June after a 0.2% gain in May. On average the level of economic activity has remained flat since the start of the year.

Economic activity inches up

GDP billions of chained \$ (1997)



Economic activity edges up

Sluggishness in the economy resulted largely from a continuing decline in industrial production with significantly lower output in manufacturing and utilities. The service sector of the economy advanced 0.4% in June after a comparable increase in May. Most service sectors fared well with the exception of wholesale trade. Output of the finance and real estate sector was boosted by an improving stock market and the torrid pace of existing housing sales. Post-secondary educational institutions were busier due to increased demand for summer programs, generated by the double cohort of Ontario high school graduates. The state of many tourism-related industries reeling from the impact of SARS improved somewhat in June.

Industrial production fell for a fifth consecutive month, declining by 0.7% in June. A burst of oil and gas exploration mitigated the slide, as output in manufacturing and utilities fell significantly. Oil and gas drilling activities were up 18% in June after three months of decline. Oil and gas production also increased significantly; however, a mining strike significantly reduced output for metal ore mines. Manufacturing output fell 1.1%, the largest monthly decline since September 2001. In contrast, the US Index of Industrial Production edged up 0.1% in both May and June, as output in manufacturing and mining strengthened.

The decline in manufacturing output was fairly widespread, affecting food products, textiles, clothing, petroleum and chemical products, wood products, primary metal products, plastics and rubber products, machinery, electronic goods and transportation equipment. Effects of the "mad cow" crisis continued to push production of meat products and slaughtering lower. The output of Canadian sawmills fell 6.2% in June, as the impact of a higher Canadian dollar coupled with punitive tariffs thwarted export sales to the United States. Production of motor vehicles was scaled back in light of large stocks of unsold 2003 vehicles. The manufacturing of computer and electronic products declined 1.8%, with lower production of computers and communications equipment. Reduced manufacturing and forestry sector output was largely responsible for a decline in truck transportation services.

Manufacturing sector recedes

GDP billions of chained \$ (1997)



Manufacturing sector recedes

Real estate agents and brokers enjoyed another good month, as the sale of existing houses, spurred by low interest rates, remained brisk. Construction of new dwellings eased back slightly over the past two months in the wake of three months of declining housing starts. An increase in housing starts for June and July, however, indicates a resurgence of activity in residential construction in the months ahead.

Monthly Gross Domestic Product at basic prices in chained 1997 dollars (seasonally adjusted at annual rates)¹

Industry	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	June 2002 to June 2003
	millions \$						
All industries	991,687 <i>0.5</i>	993,974 <i>0.2</i>	993,879 <i>0.0</i>	991,191 <i>-0.3</i>	992,940 <i>0.2</i>	994,019 <i>0.1</i>	1.7
Goods-producing industries	305,691 <i>0.7</i>	305,936 <i>0.1</i>	305,554 <i>-0.1</i>	303,072 <i>-0.8</i>	302,675 <i>-0.1</i>	301,040 <i>-0.5</i>	-0.1
Agriculture, forestry, fishing and hunting	21,661 <i>1.2</i>	22,238 <i>2.7</i>	22,326 <i>0.4</i>	21,932 <i>-1.8</i>	22,084 <i>0.7</i>	22,132 <i>0.2</i>	6.7
Mining and oil and gas extraction	38,441 <i>1.0</i>	38,311 <i>-0.3</i>	38,151 <i>-0.4</i>	37,503 <i>-1.7</i>	37,551 <i>0.1</i>	38,401 <i>2.3</i>	4.1
Utilities	28,584 <i>2.1</i>	28,238 <i>-1.2</i>	27,781 <i>-1.6</i>	27,341 <i>-1.6</i>	27,300 <i>-0.1</i>	26,633 <i>-2.4</i>	-3.8
Construction	51,258 <i>-1.1</i>	52,563 <i>2.5</i>	52,417 <i>-0.3</i>	52,344 <i>-0.1</i>	52,544 <i>0.4</i>	52,569 <i>0.0</i>	3.3
Manufacturing	165,326 <i>0.8</i>	164,235 <i>-0.7</i>	164,502 <i>0.2</i>	163,543 <i>-0.6</i>	162,820 <i>-0.4</i>	160,983 <i>-1.1</i>	-2.1
Service-producing industries	686,285 <i>0.4</i>	688,333 <i>0.3</i>	688,627 <i>0.0</i>	688,447 <i>0.0</i>	690,609 <i>0.3</i>	693,357 <i>0.4</i>	2.6
Wholesale trade	61,670 <i>3.1</i>	61,846 <i>0.3</i>	61,635 <i>-0.3</i>	61,726 <i>0.1</i>	61,975 <i>0.4</i>	61,855 <i>-0.2</i>	5.8
Retail trade	55,021 <i>0.4</i>	55,707 <i>1.2</i>	55,304 <i>-0.7</i>	55,161 <i>-0.3</i>	55,638 <i>0.9</i>	55,906 <i>0.5</i>	2.3
Transportation and warehousing	45,515 <i>0.2</i>	45,542 <i>0.1</i>	45,478 <i>-0.1</i>	44,902 <i>-1.3</i>	44,453 <i>-1.0</i>	44,659 <i>0.5</i>	-1.8
Information and cultural industries	46,678 <i>0.2</i>	47,037 <i>0.8</i>	47,139 <i>0.2</i>	47,419 <i>0.6</i>	47,671 <i>0.5</i>	47,818 <i>0.3</i>	4.7
Finance, insurance and real estate	196,307 <i>0.1</i>	196,576 <i>0.1</i>	196,824 <i>0.1</i>	197,396 <i>0.3</i>	198,128 <i>0.4</i>	199,113 <i>0.5</i>	2.2
Professional, scientific and technical services	46,337 <i>0.3</i>	46,503 <i>0.4</i>	46,666 <i>0.4</i>	46,818 <i>0.3</i>	47,089 <i>0.6</i>	47,275 <i>0.4</i>	4.4
Administrative and waste management services	21,789 <i>0.1</i>	21,818 <i>0.1</i>	21,883 <i>0.3</i>	21,849 <i>-0.2</i>	21,907 <i>0.3</i>	22,082 <i>0.8</i>	4.5
Educational services	44,663 <i>0.1</i>	44,837 <i>0.4</i>	44,729 <i>-0.2</i>	44,825 <i>0.2</i>	44,817 <i>0.0</i>	45,155 <i>0.8</i>	1.8
Health care and social assistance	58,400 <i>0.2</i>	58,576 <i>0.3</i>	58,822 <i>0.4</i>	59,104 <i>0.5</i>	59,253 <i>0.3</i>	59,387 <i>0.2</i>	3.9
Arts, entertainment and recreation	9,366 <i>0.9</i>	9,326 <i>-0.4</i>	9,685 <i>3.8</i>	9,639 <i>-0.5</i>	9,715 <i>0.8</i>	9,886 <i>1.8</i>	7.5
Accommodation and food services	23,082 <i>-1.2</i>	23,039 <i>-0.2</i>	22,774 <i>-1.2</i>	21,911 <i>-3.8</i>	22,100 <i>0.9</i>	22,174 <i>0.3</i>	-5.6
Other services (except public administration)	22,465 <i>0.0</i>	22,455 <i>0.0</i>	22,498 <i>0.2</i>	22,481 <i>-0.1</i>	22,538 <i>0.3</i>	22,582 <i>0.2</i>	2.3
Public administration	56,021 <i>0.2</i>	56,111 <i>0.2</i>	56,219 <i>0.2</i>	56,276 <i>0.1</i>	56,390 <i>0.2</i>	56,511 <i>0.2</i>	2.5
Other aggregations							
Industrial production	232,641 <i>1.0</i>	231,076 <i>-0.7</i>	230,758 <i>-0.1</i>	228,738 <i>-0.9</i>	228,009 <i>-0.3</i>	226,319 <i>-0.7</i>	-1.3
Non-durable manufacturing industries	68,152 <i>-0.4</i>	68,159 <i>0.0</i>	68,239 <i>0.1</i>	68,089 <i>-0.2</i>	68,015 <i>-0.1</i>	67,728 <i>-0.4</i>	-0.1
Durable manufacturing industries	97,208 <i>1.6</i>	96,142 <i>-1.1</i>	96,328 <i>0.2</i>	95,536 <i>-0.8</i>	94,904 <i>-0.7</i>	93,385 <i>-1.6</i>	-3.4
Business sector industries	841,177 <i>0.5</i>	843,167 <i>0.2</i>	842,840 <i>0.0</i>	839,713 <i>-0.4</i>	841,237 <i>0.2</i>	841,675 <i>0.1</i>	1.6
Non-business sector industries	150,681 <i>0.1</i>	150,970 <i>0.2</i>	151,201 <i>0.2</i>	151,631 <i>0.3</i>	151,856 <i>0.1</i>	152,493 <i>0.4</i>	2.5
ICT sector, total	59,835 <i>0.5</i>	60,127 <i>0.5</i>	60,109 <i>0.0</i>	60,290 <i>0.3</i>	60,564 <i>0.5</i>	60,556 <i>0.0</i>	2.9

¹ The first line is the series itself expressed in millions of dollars. The second line, italicized and in smaller typeface is the percentage change.

Gross Domestic Product at basic prices in chained 1997 dollars, quarterly (seasonally adjusted at annual rates) and annual¹

Industry	First Quarter 2002	Second Quarter 2002	Third Quarter 2002	Fourth Quarter 2002	First Quarter 2003	Second Quarter 2003	2001	2002
	millions \$							
Goods-producing industries	297,472	301,804	304,124	303,911	305,727	302,262	297,467	301,828
	<i>1.6</i>	<i>1.5</i>	<i>0.8</i>	<i>-0.1</i>	<i>0.6</i>	<i>-1.1</i>	<i>-2.4</i>	<i>1.5</i>
Agriculture, forestry, fishing and hunting	20,462	20,763	20,859	21,070	22,075	22,049	22,036	20,789
	<i>-3.6</i>	<i>1.5</i>	<i>0.5</i>	<i>1.0</i>	<i>4.8</i>	<i>-0.1</i>	<i>-5.3</i>	<i>-5.7</i>
Mining and oil and gas extraction	37,193	37,408	37,473	37,664	38,301	37,818	37,485	37,434
	<i>1.4</i>	<i>0.6</i>	<i>0.2</i>	<i>0.5</i>	<i>1.7</i>	<i>-1.3</i>	<i>1.7</i>	<i>-0.1</i>
Utilities	27,437	28,063	28,197	28,194	28,201	27,091	27,419	27,973
	<i>1.2</i>	<i>2.3</i>	<i>0.5</i>	<i>0.0</i>	<i>0.0</i>	<i>-3.9</i>	<i>-2.4</i>	<i>2.0</i>
Construction	51,009	50,776	51,161	51,521	52,079	52,486	50,347	51,117
	<i>-0.1</i>	<i>-0.5</i>	<i>0.8</i>	<i>0.7</i>	<i>1.1</i>	<i>0.8</i>	<i>3.9</i>	<i>1.5</i>
Manufacturing	160,922	164,291	165,902	164,980	164,688	162,449	159,853	164,024
	<i>2.9</i>	<i>2.1</i>	<i>1.0</i>	<i>-0.6</i>	<i>-0.2</i>	<i>-1.4</i>	<i>-4.6</i>	<i>2.6</i>
Service-producing industries	666,143	673,935	679,185	683,380	687,748	690,804	649,760	675,661
	<i>1.4</i>	<i>1.2</i>	<i>0.8</i>	<i>0.6</i>	<i>0.6</i>	<i>0.4</i>	<i>3.3</i>	<i>4.0</i>
Wholesale trade	56,344	58,423	59,129	59,980	61,717	61,852	54,534	58,469
	<i>2.5</i>	<i>3.7</i>	<i>1.2</i>	<i>1.4</i>	<i>2.9</i>	<i>0.2</i>	<i>1.9</i>	<i>7.2</i>
Retail trade	54,103	54,165	54,328	54,730	55,344	55,568	51,399	54,331
	<i>2.5</i>	<i>0.1</i>	<i>0.3</i>	<i>0.7</i>	<i>1.1</i>	<i>0.4</i>	<i>3.9</i>	<i>5.7</i>
Transportation and warehousing	44,258	45,334	45,413	45,366	45,512	44,671	44,898	45,093
	<i>1.3</i>	<i>2.4</i>	<i>0.2</i>	<i>-0.1</i>	<i>0.3</i>	<i>-1.8</i>	<i>-0.7</i>	<i>0.4</i>
Information and cultural industries	44,788	45,463	46,028	46,400	46,951	47,636	42,376	45,670
	<i>2.1</i>	<i>1.5</i>	<i>1.2</i>	<i>0.8</i>	<i>1.2</i>	<i>1.5</i>	<i>10.0</i>	<i>7.8</i>
Finance, insurance and real estate	193,707	194,796	195,898	196,379	196,569	198,212	187,421	195,195
	<i>1.7</i>	<i>0.6</i>	<i>0.6</i>	<i>0.2</i>	<i>0.1</i>	<i>0.8</i>	<i>3.6</i>	<i>4.1</i>
Professional, scientific and technical services	44,792	45,326	45,681	46,114	46,502	47,061	44,107	45,479
	<i>1.4</i>	<i>1.2</i>	<i>0.8</i>	<i>0.9</i>	<i>0.8</i>	<i>1.2</i>	<i>6.5</i>	<i>3.1</i>
Administrative and waste management services	20,753	20,983	21,407	21,703	21,830	21,946	20,205	21,212
	<i>1.5</i>	<i>1.1</i>	<i>2.0</i>	<i>1.4</i>	<i>0.6</i>	<i>0.5</i>	<i>4.6</i>	<i>5.0</i>
Educational services	43,737	44,239	44,494	44,567	44,743	44,932	43,655	44,259
	<i>0.0</i>	<i>1.1</i>	<i>0.6</i>	<i>0.2</i>	<i>0.4</i>	<i>0.4</i>	<i>0.7</i>	<i>1.4</i>
Health care and social assistance	56,201	56,859	57,580	58,117	58,599	59,248	55,105	57,189
	<i>0.8</i>	<i>1.2</i>	<i>1.3</i>	<i>0.9</i>	<i>0.8</i>	<i>1.1</i>	<i>2.0</i>	<i>3.8</i>
Arts, entertainment and recreation	8,875	9,400	9,218	9,317	9,459	9,747	8,757	9,203
	<i>-0.7</i>	<i>5.9</i>	<i>-1.9</i>	<i>1.1</i>	<i>1.5</i>	<i>3.0</i>	<i>2.5</i>	<i>5.1</i>
Accommodation and food services	22,962	23,323	23,422	23,399	22,965	22,062	22,798	23,277
	<i>1.7</i>	<i>1.6</i>	<i>0.4</i>	<i>-0.1</i>	<i>-1.9</i>	<i>-3.9</i>	<i>1.8</i>	<i>2.1</i>
Other services (except public administration)	21,894	22,054	22,242	22,420	22,473	22,534	21,481	22,153
	<i>0.9</i>	<i>0.7</i>	<i>0.9</i>	<i>0.8</i>	<i>0.2</i>	<i>0.3</i>	<i>3.2</i>	<i>3.1</i>
Public administration	54,562	54,481	55,282	55,841	56,117	56,392	53,672	55,041
	<i>0.1</i>	<i>-0.1</i>	<i>1.5</i>	<i>1.0</i>	<i>0.5</i>	<i>0.5</i>	<i>3.4</i>	<i>2.6</i>
Other aggregations								
Industrial production	225,859	230,096	231,929	231,170	231,492	227,689	225,036	229,763
	<i>2.5</i>	<i>1.9</i>	<i>0.8</i>	<i>-0.3</i>	<i>0.1</i>	<i>-1.6</i>	<i>-3.4</i>	<i>2.1</i>
Non-durable manufacturing industries	66,670	67,760	68,348	68,446	68,183	67,944	65,914	67,806
	<i>1.8</i>	<i>1.6</i>	<i>0.9</i>	<i>0.1</i>	<i>-0.4</i>	<i>-0.4</i>	<i>0.4</i>	<i>2.9</i>
Durable manufacturing industries	94,307	96,566	97,586	96,600	96,559	94,608	93,972	96,265
	<i>3.7</i>	<i>2.4</i>	<i>1.1</i>	<i>-1.0</i>	<i>0.0</i>	<i>-2.0</i>	<i>-7.6</i>	<i>2.4</i>
Business sector industries	816,556	827,680	833,909	836,812	842,395	840,875	801,870	828,739
	<i>1.7</i>	<i>1.4</i>	<i>0.8</i>	<i>0.3</i>	<i>0.7</i>	<i>-0.2</i>	<i>1.3</i>	<i>3.4</i>
Non-business sector industries	146,945	147,959	149,302	150,355	150,951	151,993	145,320	148,640
	<i>0.2</i>	<i>0.7</i>	<i>0.9</i>	<i>0.7</i>	<i>0.4</i>	<i>0.7</i>	<i>1.9</i>	<i>2.3</i>
ICT sector, total	57,691	58,716	58,938	59,412	60,024	60,470	57,222	58,689
	<i>3.2</i>	<i>1.8</i>	<i>0.4</i>	<i>0.8</i>	<i>1.0</i>	<i>0.7</i>	<i>-1.1</i>	<i>2.6</i>

¹ The first line is the series itself expressed in millions of dollars. The second line, italicized and in smaller typeface is the percentage change.

Balance of international payments

Second quarter 2003

Canada's current account surplus with the rest of the world fell \$1.8 billion to \$5.1 billion on a seasonally adjusted basis in the second quarter. The decline in the overall balance was led by deteriorating balances for the goods and investment income components.

In the capital and financial account (not seasonally adjusted), foreign investors again actively acquired Canadian bonds, although they mainly switched to those denominated in foreign currencies. They also bought Canadian stocks, as equity markets picked up. For their part, Canadians continued to buy foreign bonds, bringing their acquisition for the first half of 2003 to an all-time high.

These events occurred against a backdrop of a strengthening Canadian dollar. By the end of the quarter, the Canadian dollar was at over 74 US cents, up six full cents from the first quarter and nearly 11 cents since the beginning of the year.

Note to readers

Because of the recent problems with electricity in Ontario, several working days were lost in the current production cycle for these statistics, leaving less time to compile, evaluate and review them. While all possible efforts have been taken to assure the quality for these estimates, users are advised that larger-than-normal revisions may be necessary in future.

In addition, a larger-than-usual adjustment has been made to the previously published data on merchandise trade related to the rapid appreciation of the Canadian dollar in the second quarter. As part of a data exchange agreement between Canada and the United States, in existence since the late 1980s, US imports from Canada are used to compile Canadian exports to the United States (and vice versa).

The use of a single set of customs documents as the basis for trade data in each of the national currencies requires exchange rate conversions at various points in the data processing. When exchange rates are stable or shift gradually, this presents little problem. However, the second quarter of 2003 saw the largest exchange rate shift in a single quarter in over half a century. When the trade data were reconciled with production and income data used to compile the quarterly National Accounts GDP figures, discrepancies emerged, in part as a result of the exchange rate conversions inherent in the calculation of trade statistics. Export values have therefore been revised up by \$1 billion and \$2.7 billion for the first and second quarters of 2003, respectively, via a balance of payments adjustment.

These adjustments are preliminary and may also be subject to larger-than-normal revisions in subsequent releases. Additional information on this measurement issue will be released as it becomes available.

Current account

Energy prices reduced the goods surplus

The surplus in goods went down \$1.0 billion in the second quarter, as exports decreased more than imports.

Exports of goods reached their lowest level since the fourth quarter of 2001 and their second lowest since the end of 1999. Decreases in energy prices were the main factor in the large drop in exports of energy products. Prices for crude petroleum and for natural gas declined about 15% each in the second quarter, following first quarter increases. The machinery and equipment export decline was mainly distributed between

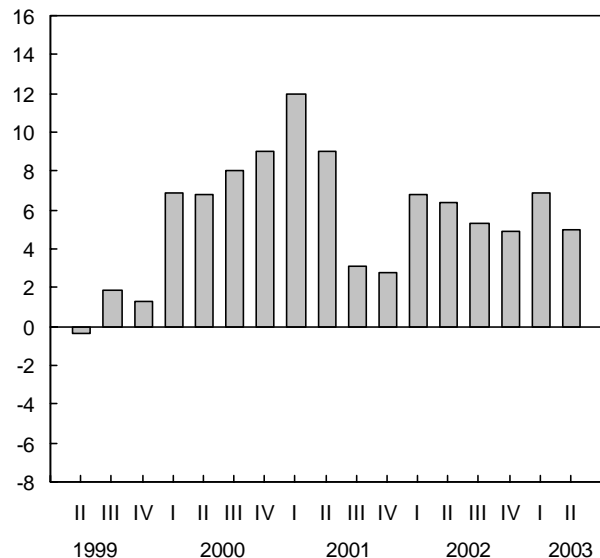
industrial machinery and other machinery and equipment. Exports of motor vehicle parts were at their lowest level since the first quarter of 2001 and were responsible for most of the decline in automotive products. Agriculture products fell as the fear of the bovine spongiform encephalopathy (BSE), or mad cow disease, had a large impact on exports of live animals and of meat and meat preparations. Wheat exports improved after five quarters of decline, while exports of lumber reached the lowest level in more than 10 years.

Imports of goods declined \$4.2 billion in the second quarter. Imports of aircraft, engines and parts, which were at the lowest level since 1996, were the main factor behind the \$1.3 billion reduction in imports of machinery and equipment. Industrial goods also had an important decline, spread across several commodities. As with exports, most of the large drop in imports of automotive products resulted from a decline in motor vehicle parts. Crude petroleum prices for imports fell about 13% in the second quarter causing most of the decline in value for that commodity.

Current account balance

\$ billions

Seasonally adjusted



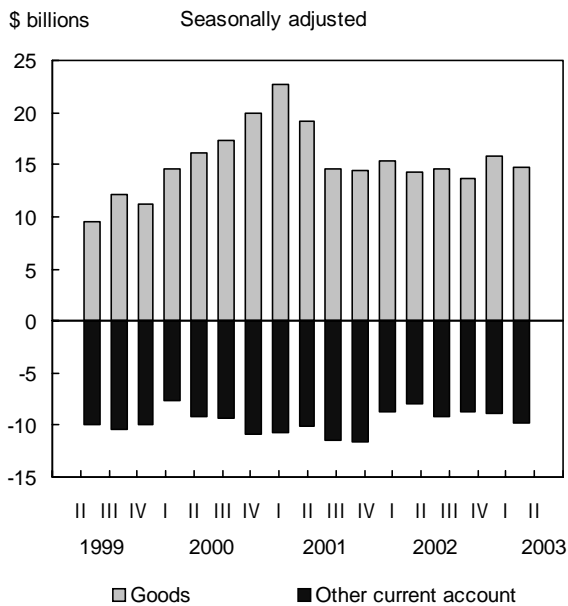
Payments of investment income increased

The deficit on investment income widened \$0.6 billion, as profits earned by foreign direct investors in Canada rebounded in the second quarter. The most important increase was in the finance and insurance sector. The strong Canadian dollar lowered payments of interest on Canadian debt issued in foreign currencies. Investment income receipts remained virtually unchanged, as higher reinvested earnings were offset by lower interest receipts on other investments.

Services deficit remained high

The travel deficit increased \$0.3 billion to \$1.1 billion, as fewer foreign visitors came to Canada in the second quarter. The number of foreign travellers spending at least one night in Canada dropped 14.9% in the second quarter, following a 7.4% decline in the first. Consequently, spending by foreign travellers was reduced by \$0.6 billion and reached \$3.4 billion in the second quarter. A number of factors have contributed to the decreases in travel spending, including the war in Iraq and concerns about severe acute respiratory syndrome (SARS) and BSE, or mad cow disease. This decline was partly offset by Canadians reducing their spending abroad by slightly more than \$0.2 billion.

Goods and other current account balances



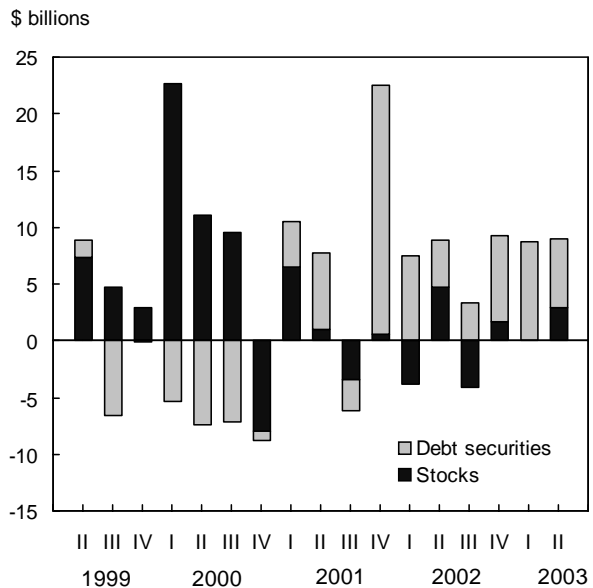
The situation in the other services improved somewhat, mainly because of higher exports of commercial services. Exports and imports of transportation services both declined. Overall, the services deficit increased slightly to \$2.7 billion, reaching its highest level since 1995.

Financial Account

Portfolio investment strong for a third straight quarter

Foreign portfolio investment in Canadian securities, at \$8.8 billion, was virtually unchanged for a third straight quarter. Foreign investors acquired Canadian bonds and stocks but sold a small amount of money market paper. At the same time, Canadian demand for foreign bonds was again robust, as the year-to-date investment was similar to that for all of 2002.

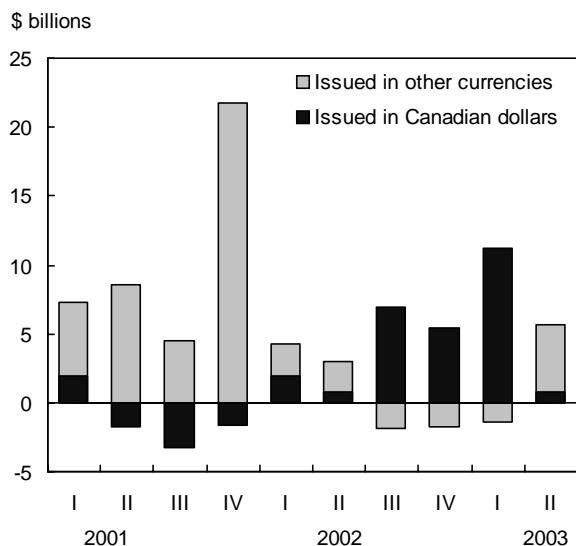
Foreign portfolio investment in Canada



Cross-border portfolio investment in bonds again strong

Foreign investors bought \$6.4 billion of Canadian bonds, two-thirds of the investment of the first quarter. They acquired both corporate and government bonds. However, there was mixed activity within government bonds, as foreign investors sold a large amount of Government of Canada bonds but bought federal enterprise and provincial direct bonds. Most of the demand came from Asia, especially Japan, with some investment from the United States. However, the US investment was down sharply from the first quarter. In the second quarter, foreign investment swung to bonds denominated in foreign currencies, whereas the three previous quarters had seen this investment go mainly to Canadian-dollar denominated bonds.

Foreign investment in Canadian bonds by currency



Canadian investors continued to buy foreign bonds in the quarter. The \$2.7 billion investment brought the total for the first half of 2003 to \$6.3 billion, equal to that for all of 2002. The buying in the quarter went entirely to US treasury bonds, as investors sold off a small amount of overseas bonds. In the previous three quarters, Canadian investors had shifted some of their acquisitions to overseas bonds.

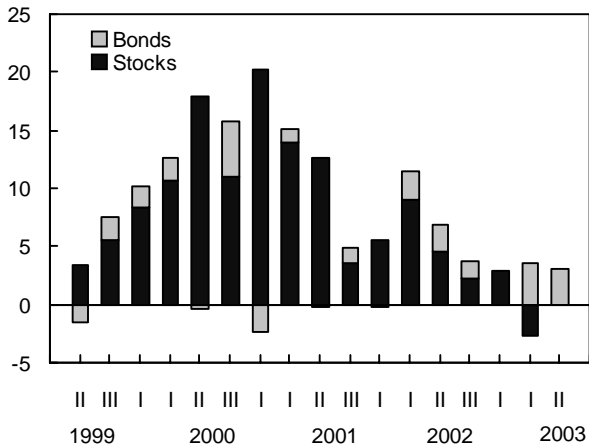
Canadian direct investment abroad fell to a meager \$2.8 billion, down from a moderate \$5.2 billion in the first quarter. Most of the investment was related to reinvested earnings and some small acquisitions.

Other investment

A large decrease in deposit liabilities led to an outflow in other investment category, completely offsetting the increase of the first quarter. As in the previous quarter, transactions between Canadian banks and their foreign affiliates dominated these transactions in deposit liabilities. In both periods, transactions with the United States and the United Kingdom in foreign currencies accounted for the largest part of the flows. Canada's international reserves continued to decline for a fourth consecutive quarter. Over this period, Canada has reduced its reserves by \$5.4 billion. Loan assets and loan liabilities both decreased in the quarter, mainly in repurchase agreements (repos). These repo loans, both asset and liability, had increased in the three previous quarters.

Canadian portfolio investment abroad¹

\$ billions



¹ Reverse of Balance of Payments signs.

Cross-border stock holdings up on strengthening equity markets

Foreign investors returned to buying Canadian equities, as share prices climbed throughout the quarter. They bought \$2.9 billion worth of shares after selling a small amount in the first quarter. At the same time, Canadian demand for foreign equities picked up, as Canadians bought \$0.5 billion of US equities, a major rebound from their selling of \$2.7 billion in the first quarter. The renewed demand came mainly from Canadian pension funds.

Foreign investors sold a small amount (\$0.6 billion) of money market paper, even with a strengthening Canadian dollar and an interest rate differential between Canada and the United States that continued to grow in favour of investing in Canada. There was a shift in the composition of money market investments, as foreign investors bought \$1.3 billion of Government of Canada treasury bills but sold \$1.9 billion of other government and corporate paper.

Direct investment again slow for both assets and liabilities

Foreign direct investors injected \$5.1 billion into the Canadian economy in the second quarter, marking the fourth consecutive quarter of slow investment. This, however, was an improvement from the very low level of the first quarter. Again, the investment went to existing affiliates for working capital purposes, as investment for acquisitions was virtually nil.

Balance of payments

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
	<i>Not seasonally adjusted</i>							
<i>Receipts</i>	\$ millions							
Goods and Services	112,500	120,597	120,120	119,411	118,491	115,860	480,404	472,628
Goods	100,064	106,083	102,235	105,923	105,628	102,135	421,519	414,305
Services	12,435	14,514	17,886	13,487	12,863	13,725	58,885	58,323
Investment income	6,842	7,778	7,828	9,191	7,644	7,713	26,715	31,638
Direct investment	2,776	3,618	3,756	5,196	3,597	3,848	7,297	15,345
Portfolio investment	2,055	2,133	2,064	2,072	2,064	2,061	7,907	8,323
Other investment	2,012	2,027	2,008	1,923	1,982	1,805	11,511	7,970
Current Transfers	1,964	1,469	1,543	2,026	1,981	1,455	6,990	7,002
Current Account receipts	121,306	129,844	129,491	130,628	128,115	125,027	514,110	511,268
<i>Payments</i>								
Goods and services	100,275	109,754	105,221	107,862	105,751	105,125	417,908	423,112
Goods	83,879	92,830	88,129	91,621	88,419	88,746	350,632	356,459
Services	16,396	16,924	17,092	16,241	17,332	16,379	67,276	66,653
Investment income	14,761	13,404	15,014	15,970	15,578	14,614	64,029	59,149
Direct investment	5,116	4,080	5,613	5,915	6,066	5,880	21,884	20,724
Portfolio investment	7,236	7,346	7,497	7,564	7,368	7,153	29,590	29,643
Other investment	2,408	1,979	1,904	2,490	2,145	1,580	12,555	8,782
Current transfers	1,909	1,060	1,295	1,377	1,998	1,203	5,308	5,641
Current Account payments	116,945	124,218	121,530	125,209	123,327	120,943	487,245	487,902
<i>Balances</i>								
Goods and Services	12,225	10,843	14,900	11,548	12,739	10,734	62,496	49,516
Goods	16,186	13,253	14,105	14,302	17,209	13,389	70,887	57,846
Services	-3,960	-2,410	794	-2,754	-4,469	-2,655	-8,391	-8,330
Investment income	-7,919	-5,626	-7,186	-6,779	-7,935	-6,901	-37,314	-27,511
Direct investment	-2,340	-462	-1,858	-719	-2,468	-2,033	-14,587	-5,379
Portfolio investment	-5,182	-5,212	-5,433	-5,493	-5,304	-5,093	-21,683	-21,320
Other investments	-397	48	104	-567	-163	225	-1,044	-811
Current transfers	55	409	247	650	-17	252	1,682	1,361
Current Account balance	4,361	5,625	7,961	5,419	4,788	4,084	26,864	23,366
<i>Capital and financial account^{1, 2}</i>								
<i>Capital Account</i>	1,396	1,476	1,102	842	958	867	5,678	4,816
<i>Financial account</i>	1,345	122	-9,830	-9,599	2,057	-11,603	-23,466	-17,961
<i>Canadian assets, net flows</i>								
Canadian direct investment abroad	-6,706	-8,731	-13,576	-16,205	-5,247	-2,801	-56,737	-45,217
Portfolio investment	-11,435	-6,866	-3,722	-2,928	-915	-3,146	-37,573	-24,950
Foreign bonds	-2,442	-2,298	-1,472	-32	-3,604	-2,665	-1,920	-6,243
Foreign stocks	-8,993	-4,567	-2,250	-2,897	-2,689	-482	-35,653	-18,707
Other investment	-7,342	2,636	-8	-5,943	-24,269	4,388	-19,748	-10,657
Loans	-2,448	2,237	-1,332	-6,136	-5,152	2,951	-8,011	-7,678
Deposits	-1,219	2,146	2,377	3,107	-18,940	3,376	-2,173	6,411
Official international reserves	-696	-1,450	1,885	559	2,711	229	-3,353	298
Other assets	-2,978	-297	-2,938	-3,474	-2,889	-2,167	-6,210	-9,688
Total Canadian assets, net flows	-25,482	-12,960	-17,306	-25,076	-30,431	-1,559	-114,058	-80,825
<i>Canadian liabilities, net flows</i>								
Foreign direct investment in Canada	16,779	7,324	2,620	5,619	3,493	5,097	44,608	32,342
Portfolio investment	3,594	8,891	-766	9,339	8,456	8,761	34,669	21,058
Canadian bonds	6,154	3,766	5,102	3,691	9,859	6,421	37,351	18,712
Canadian stocks	-3,865	4,781	-4,076	1,724	-265	2,933	4,667	-1,436
Canadian money market	1,305	344	-1,791	3,925	-1,137	-593	-7,349	3,782
Other investment	6,455	-3,132	5,622	519	20,539	-23,902	11,315	9,464
Loans	784	-3,095	1,857	1,670	1,252	-3,147	-7,008	1,216
Deposits	7,465	1,868	5,353	-1,128	21,200	-20,597	23,716	13,559
Other liabilities	-1,794	-1,905	-1,588	-23	-1,913	-158	-5,393	-5,311
Total Canadian liabilities, net flows	26,828	13,083	7,476	15,477	32,488	-10,044	90,592	62,864
<i>Total capital and financial account, net flows</i>	2,742	1,598	-8,727	-8,757	3,015	-10,737	-17,788	-13,145
Statistical discrepancy	-7,103	-7,223	767	3,338	-7,803	6,653	-9,076	-10,221

¹ A minus sign (-) denotes an outflow of capital resulting from an increase in claims on non-residents or from decrease in liabilities to non-residents.² Transactions are recorded on a net basis.

Current account

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
<i>Seasonally adjusted</i>								
\$ millions								
Receipts								
Goods and services	115,314	117,357	120,309	119,647	119,781	114,010	480,404	472,628
Goods	101,231	102,843	105,650	104,580	105,430	100,235	421,519	414,305
Services	14,083	14,513	14,659	15,067	14,351	13,775	58,885	58,323
Travel	4,238	4,040	4,195	4,258	3,942	3,367	16,414	16,731
Transportation	2,544	2,656	2,700	2,932	2,629	2,455	10,455	10,831
Commercial services	6,929	7,444	7,420	7,520	7,406	7,577	30,553	29,312
Government services	373	374	344	357	373	376	1,463	1,448
Investment income	6,878	7,686	7,963	9,111	7,625	7,608	26,715	31,638
Direct investment	2,789	3,525	3,923	5,108	3,565	3,732	7,297	15,345
Interest	129	147	127	144	220	127	341	546
Profits	2,660	3,378	3,796	4,964	3,345	3,605	6,956	14,799
Portfolio investment	2,056	2,118	2,060	2,089	2,063	2,045	7,907	8,323
Interest	465	490	394	426	440	428	2,014	1,775
Dividends	1,591	1,628	1,666	1,663	1,623	1,617	5,893	6,548
Other investment	2,033	2,043	1,980	1,915	1,997	1,831	11,511	7,970
Current Transfer	1,740	1,616	1,708	1,938	1,748	1,589	6,990	7,002
Private	686	628	676	630	688	588	2,460	2,619
Official	1,055	987	1,032	1,308	1,060	1,001	4,530	4,382
Total Receipts	123,933	126,658	129,980	130,696	129,154	123,207	514,110	511,268
Payments								
Goods and Services	101,931	105,516	107,880	107,785	106,654	101,887	417,908	423,112
Goods	85,813	88,551	91,137	90,958	89,665	85,440	350,632	356,459
Services	16,118	16,965	16,743	16,827	16,989	16,447	67,276	66,653
Travel	4,515	4,719	4,665	4,686	4,780	4,470	18,542	18,585
Transportation	3,290	3,527	3,718	3,667	3,612	3,380	13,807	14,202
Commercial services	8,094	8,507	8,146	8,258	8,379	8,378	34,091	33,005
Government services	219	211	214	216	219	219	836	861
Investment income	13,833	13,435	15,334	16,546	14,090	14,678	64,029	59,149
Direct investment	4,440	3,975	5,773	6,537	4,843	5,822	21,884	20,724
Interest	378	343	327	342	465	474	2,309	1,390
Profits	4,062	3,632	5,446	6,194	4,379	5,348	19,576	19,334
Portfolio investment	7,222	7,342	7,495	7,584	7,342	7,153	29,590	29,643
Interest	6,819	6,901	7,052	7,119	6,782	6,611	27,406	27,891
Dividends	403	441	442	465	560	542	2,184	1,752
Other investment	2,171	2,118	2,067	2,426	1,905	1,703	12,555	8,782
Current Transfers	1,392	1,331	1,432	1,487	1,494	1,570	5,308	5,641
Private	734	780	792	814	767	789	2,864	3,120
Official	658	551	640	672	727	781	2,444	2,521
Total payments	117,156	120,283	124,646	125,818	122,238	118,135	487,245	487,902
Balances								
Goods and services	13,384	11,840	12,430	11,862	13,127	12,122	62,496	49,516
Goods	15,419	14,292	14,513	13,622	15,765	14,795	70,887	57,846
Services	-2,035	-2,452	-2,083	-1,760	-2,638	-2,672	-8,391	-8,330
Travel	-277	-679	-470	-427	-838	-1,103	-2,128	-1,853
Transportation	-746	-872	-1,017	-736	-982	-925	-3,352	-3,371
Commercial services	-1,165	-1,064	-726	-738	-972	-802	-3,538	-3,693
Government services	153	163	130	141	154	157	627	587
Investment income	-6,955	-5,749	-7,371	-7,435	-6,465	-7,070	-37,314	-27,511
Direct investment	-1,651	-450	-1,849	-1,429	-1,278	-2,090	-14,587	-5,379
Interest	-249	-196	-200	-199	-244	-347	-1,968	-844
Profits	-1,402	-254	-1,649	-1,230	-1,034	-1,743	-12,620	-4,535
Portfolio investment	-5,166	-5,224	-5,435	-5,495	-5,279	-5,108	-21,683	-21,320
Interest	-6,354	-6,411	-6,659	-6,693	-6,342	-6,183	-25,392	-26,116
Dividends	1,188	1,187	1,224	1,198	1,063	1,075	3,709	4,796
Other investment	-138	-75	-87	-511	92	127	-1,044	-811
Current Transfers	348	285	276	451	254	19	1,682	1,361
Private	-49	-152	-116	-185	-79	-201	-404	-501
Official	397	436	392	636	333	221	2,086	1,862
Current Account	6,777	6,375	5,334	4,879	6,916	5,072	26,864	23,366

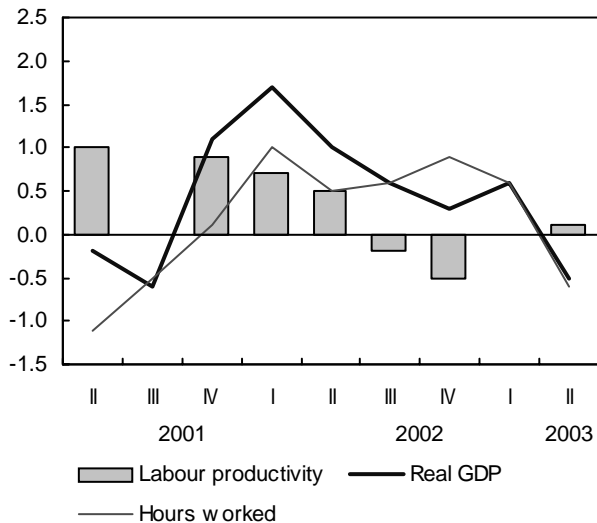
Labour productivity, hourly compensation and unit labour cost

Second quarter 2003

In spite of many obstacles to economic growth, labour productivity increased slightly by 0.1% in the second quarter relatively to the first quarter of 2003. This marginal improvement continued the lethargic pace of labour productivity growth that was experienced in the past four quarters.

Productivity has increased slightly after three quarters of negative or stable growth

Quarterly % change



During the three preceding quarters, the growth in hours worked has been greater than or equal to output growth, resulting in declining or stagnating productivity growth. In the second quarter of 2003, labour productivity increased slightly as a result of a decline in output combined with a slightly more pronounced decline in hours worked. Businesses have reacted in the most recent quarter to the decline in the demand for goods and services by decreasing employment.

Both output and hours worked in the second quarter of 2003 declined for the first time since the third quarter of 2001, when the September 11 terrorist attack took place in the United States. The magnitude of the decline in output and hours worked was similar in the two time periods.

On a quarter-to-quarter basis, output in the business sector declined by 0.5% in the second quarter. This output decline was accompanied by a sluggish labour market. The number of jobs declined by 0.3%, decreasing for the first time since the third quarter of 2001. Moreover, on average, there have been fewer hours per person worked (-0.4%) during the second quarter. This has also contributed to the drop in the volume of total hours worked. Hours worked declined by 0.6% in the second quarter after increasing 0.6% in the first quarter.

Unit labour cost rises

On a quarter-to-quarter basis, the unit labour cost (an indicator that measures changes in hourly compensation relative to labour productivity) increased at the rate of 0.6% in the second

Note to readers

The quarterly productivity estimates provide an initial indication of recent productivity trends in the Canadian economy. The data are produced from provisional estimates of gross domestic product (GDP). Because of the recent problems concerning electricity supply in Ontario, less time than usual has been spent in compiling and evaluating the GDP data; it is therefore to be expected that the productivity estimates may be subjected to a larger revision than normal at the time of the next release.

In this release, the use of the term 'productivity' refers to labour productivity. Calculations of the productivity growth rate and its related variables are based on index numbers rounded to one decimal place.

Labour productivity is the ratio of output to labour input (hours worked). Quarterly estimates of productivity are derived from a Fisher chained index of the GDP, or of the value added, produced in the business sector. Economic performance as measured by labour productivity must be interpreted carefully, since these estimates reflect changes in other inputs in addition to the growth in productive efficiency.

Labour compensation includes all payments in cash or in kind made by domestic producers to persons as remuneration for work. This includes salaries and supplementary labour income of paid workers, plus the imputed labour income of self-employed workers.

Unit labour cost is the labour cost per unit of output. It is calculated as the ratio of labour compensation to real value added. It is also the equivalent of the ratio of labour compensation per hour worked to labour productivity. The unit labour cost will increase when hourly compensation rises faster than labour productivity.

quarter. This quarterly increase is higher than the increase of 0.1% in the first quarter and comparable to the pace of growth observed in the three previous quarters. The growth rate in hourly compensation was 0.8% in the second quarter of 2003, which represents an increase over the 2.0% reported in the first quarter.

On an annual basis, the hourly compensation paid to business-sector employees increased in the second quarter at a faster pace than the first quarter; growing from 1.5% to 1.9%. This increase was exacerbated by a decline of 0.6% in labour productivity. As a result, the unit labour cost showed an annual rate of 2.5% in the second quarter. This was higher than the rate of 1.7% posted in the first quarter.

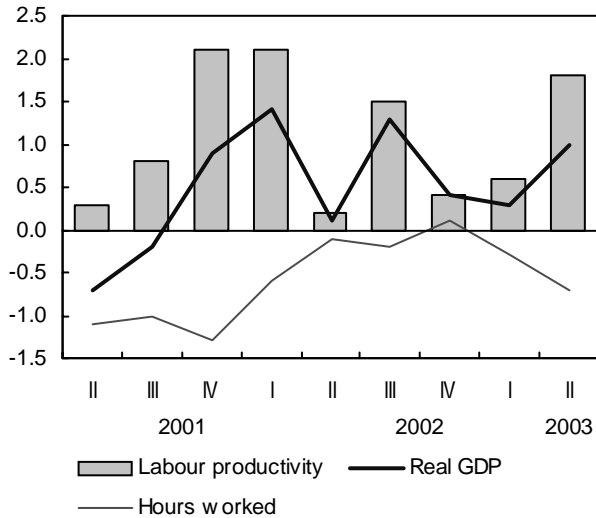
First quarterly decline to the output in Canada contributed to increase the productivity gap in favour of the United States

Economic output in the business sector declined by 0.5% during the second quarter of 2003 as the impact of SARS, mad cow disease and the stronger Canadian dollar rippled through the economy. At the same time, the number of hours worked in the business sector fell by 0.6%. Both declines halted a string of six straight quarterly gains in output and employment.

Economic output in the business sector south of the border increased 1.0% during the second quarter, in the wake of higher consumer spending and the return of growth in business investment.

Productivity growth in the U.S. rebounds

Quarterly % change



However, the number of hours worked in the U.S. business sector declined 0.7%, which was virtually the same drop as in Canada. Except for a slight increase of 0.1%, during the last three months of 2002, the number of hours worked in the United States has been declining steadily since the second quarter of 2001.

As a result of greater output growth, productivity growth in the United States between April and June surpassed that of Canada's business sector for the fourth straight quarter. In fact, growth in labour productivity south of the border has outpaced gains in Canada since the second quarter of 2002. American businesses increased their productivity by 1.8% compared with the first quarter, substantially faster than Canada's gain of 0.1%.

On an annual rate, the productivity in Canada fell for a second consecutive quarter

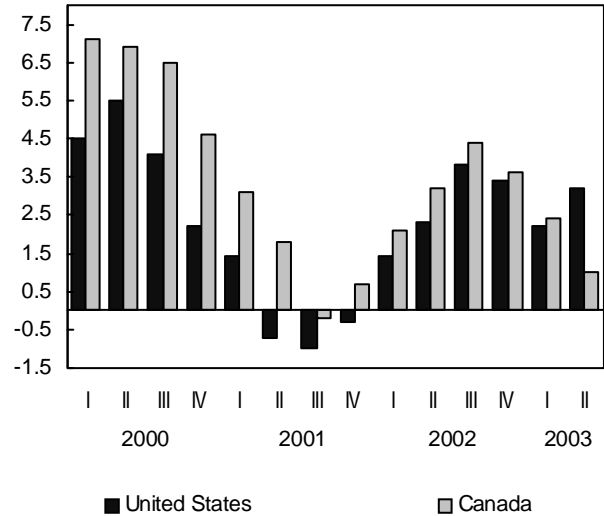
On a year-over-year basis, real GDP increased less rapidly in Canada than in the United States during the second quarter for the first time since the fourth quarter of 1998.

Since the fourth quarter of 2002, output growth in Canada has experienced a gradual deceleration from one year to the next, whereas output has followed a seesaw pattern in the United States.

Canadian businesses increased their output by an annual rate of 1.0% in the second quarter, continuing a deceleration in growth rates that commenced in the fourth quarter of 2002. In comparison, GDP growth in American businesses rebounded by 3.2% in the second quarter. This was higher than the 2.2% in the first quarter but comparable to the rate in the fourth quarter of 2002 (+3.4%).

U.S. output growth surpasses Canadian

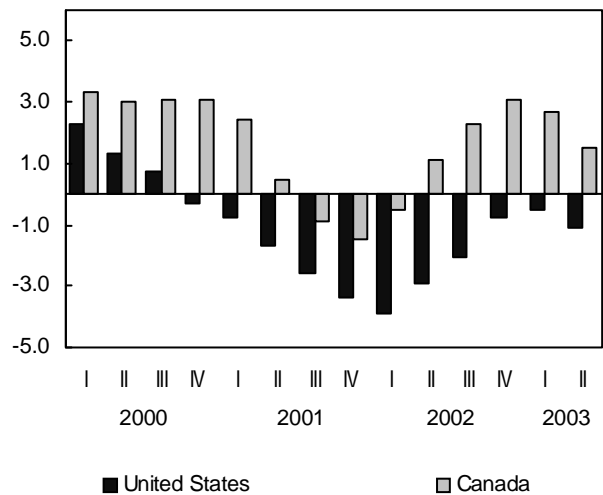
Year-over-year % change



While hours worked continued to increase in Canada on an annual rate in the second quarter, the American businesses continued to adjust their work force downward. From one year to the next, Canadian hours worked in the second quarter increased for a fifth consecutive quarter. The annual increase was 1.5%, lower than the 2.7% observed in the first quarter. By contrast, the hours worked in American businesses decreased at an annual rate of 1.1% in the second quarter. This constitutes the eleventh consecutive quarterly reduction for the United States.

During the last five quarters, hours worked rose in Canada, while they fell in the U.S.

Year-over-year % change

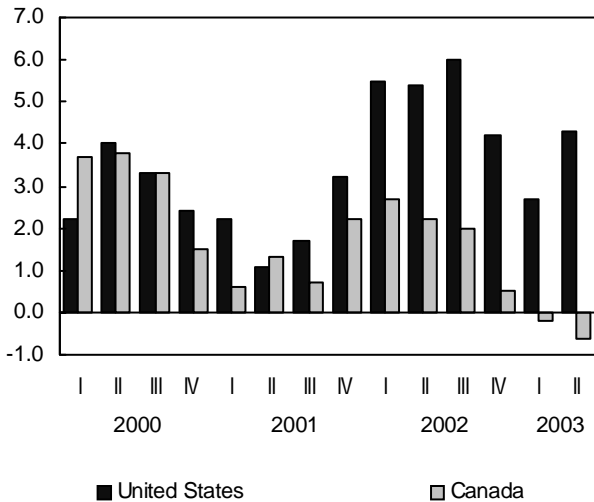


The lower annual growth in Canadian production, combined with the higher growth of Canadian employment increased the productivity gap between the two countries. In the second quarter, the United States reported strong productivity growth on an annual basis while productivity in Canada fell.

On an annual basis, Canadian businesses experienced a decrease in their productivity of 0.6% in the second quarter. This is a more pronounced decline than the 0.2% observed in the first quarter. On the American side, productivity increased strongly in the second quarter by 4.3%, the largest increase in three quarters. From one year to the next, Canada has fallen behind the United States in terms of productivity growth since the third quarter of 2001.

Productivity in Canada declined for second consecutive quarter

Year-over-year % change



Larger advantage for American businesses in labour costs, because of the strong appreciation of the exchange rate

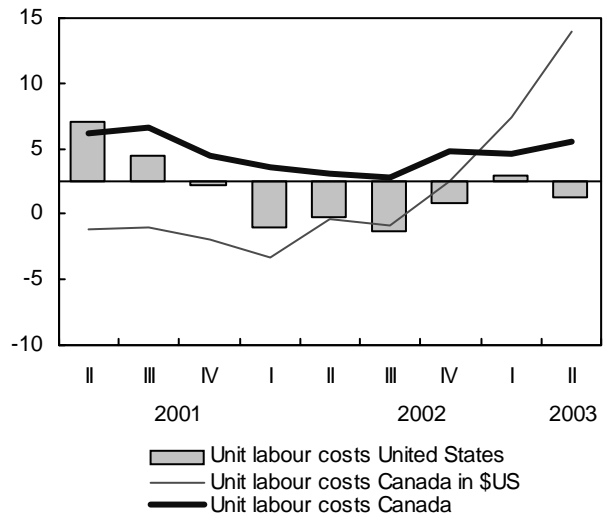
On a year-over-year basis, hourly compensation in the business sector during the second quarter continued to grow less in Canada than in the United States. Compared to the first quarter, hourly compensation growth accelerated in Canada while it remained similar in the United States.

After decelerating gradually since the third quarter of 2001, unit labour costs increased at a faster pace during the last two quarters. On an annual basis, the unit labour costs of Canadian businesses continued to grow in the second quarter of 2003. In contrast, unit labour costs in American businesses started declining again in the second quarter, after increasing slightly in the first quarter. Apart from this first-quarter increase, unit labour costs have declined in the United States since the fourth quarter of 2001.

American businesses enjoyed an even larger advantage when the unit labour cost estimate is adjusted for the change in the exchange rate. As a consequence of the abrupt increase (+10.0%) in the value of the Canadian dollar during the second quarter compared with the same quarter of 2002, the gap in unit labour costs between the two countries, which favours the United States, widened. Measured in American dollars, unit labour costs in Canada rose a dramatic 14.0% from the second quarter of 2002, compared with a decline of 1.1% in the United States on an annual basis.

The strong appreciation of the Canadian dollar increased Canadian unit labour costs

Year-over-year % change



Recent revisions of hours worked in the United States resulted in widening of the gap in productivity growth in the U.S.'s favour for 2001 and 2002

Data in this release incorporate revisions of number of hours worked in the United States back to 1947. Additional U.S. revisions of gross domestic product, which are usually published in September, have been postponed until next December. Revisions of gross domestic product in Canada for the last four years were released in the June 12, 2003 issue of *The Daily*.

Comparison of annual labour productivity growth in the business sector before and after revision

	Canada		United States	
	Before revision	After revision	Before revision	After revision
			annual % change	
1987-2001	1.5	1.8	1.9	1.9
1995-2000	2.0	2.7	2.6	2.6
1996-2001	2.3	2.3	2.5	2.5
1999	2.9	2.6	2.5	2.5
2000	3.1	3.0	3.1	3.1
2001	1.2	1.1	2.0	2.0
2002	1.8	4.8	5.3	5.3

Source: U.S. data are from the Bureau of Labor Statistics, Productivity and Costs - Second quarter 2003, published in NEWS, September 4.

Over the 1987 to 2002 period, the revisions in the U.S. data on hours worked (no corresponding revisions were made in Canada) have had the effect of increasing U.S. labour productivity growth, especially from 2001 onward. It is important to note that over the last four years, the United States has revised their preliminary labour productivity estimates downward substantially following output revisions, while Canada has revised its estimates upward (www.statcan.ca/english/concepts/15-204/productivity.pdf).

In 2001, U.S. productivity growth increased from 1.1% before revision to 2.0% after revision, which is now almost twice the growth of 1.2% observed in Canada for the same year. For 2002 as a whole, productivity growth in the United States has been revised upward from 4.8% to 5.3%.

During 2001 and 2002, the growth in real output in Canada was stronger than it was in the United States. At the same time, however, the labour force in Canada's business sector grew much faster than it did in the U.S. The net effect was a slower increase in business sector labour productivity in Canada.

For the period 1996-2001, the average annual growth in U.S. productivity was revised upward, from 2.3 % to 2.5%, providing a rate now slightly higher than that of Canada.

Finally, over the entire period from 1987 to 2001, the gap in the average annual productivity growth rate, which was already in favour of the United States, has increased from 0.3 to 0.4 percentage points as a result of the recent U.S. revisions.

Business sector: Labour productivity and related variables for Canada and the United States, seasonally adjusted

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003
% change from previous quarter						
Canada						
Labour productivity	0.7	0.5	-0.2	-0.5	0.0	0.1
Real GDP	1.7	1.0	0.6	0.3	0.6	-0.5
Hours worked	1.0	0.5	0.6	0.9	0.6	-0.6
Hourly compensation	0.9	0.3	0.4	0.6	0.2	0.8
Unit labour cost	0.2	-0.2	0.6	1.2	0.1	0.6
Exchange rate ¹	0.9	-2.5	0.6	0.4	-3.8	-7.4
Unit labour cost in US\$	-0.7	2.4	0.0	0.8	4.1	8.7
United States						
Labour productivity	2.1	0.2	1.5	0.4	0.6	1.8
Real GDP	1.4	0.1	1.3	0.4	0.3	1.0
Hours worked	-0.6	-0.1	-0.2	0.1	-0.3	-0.7
Hourly compensation	0.9	1.0	0.5	0.4	1.2	1.0
Unit labour cost	-1.2	0.8	-1.0	0.1	0.4	-0.6
% change from same quarter of previous year						
Canada						
Labour productivity	2.7	2.2	2.0	0.5	-0.2	-0.6
Real GDP	2.1	3.2	4.4	3.6	2.4	1.0
Hours worked	-0.5	1.1	2.3	3.1	2.7	1.5
Hourly compensation	3.6	2.6	2.2	2.2	1.5	1.9
Unit labour cost	0.9	0.5	0.2	1.8	1.7	2.5
Exchange rate ¹	4.4	0.9	1.1	-0.7	-5.3	-10.0
Unit labour cost in US\$	-3.3	-0.4	-0.9	2.5	7.4	14.0
United States						
Labour productivity	5.5	5.4	6.0	4.2	2.7	4.3
Real GDP	1.4	2.3	3.8	3.4	2.2	3.2
Hours worked	-3.9	-2.9	-2.1	-0.8	-0.5	-1.1
Hourly compensation	2.6	3.0	2.9	2.8	3.1	3.2
Unit labour cost	-2.8	-2.2	-2.9	-1.4	0.4	-1.1
% change from previous quarter at annualized rate ²						
Canada						
Labour productivity	2.9	2.2	-0.7	-2.1	0.0	0.4
Real GDP	7.1	4.0	2.3	1.3	2.3	-1.9
Hours worked	4.1	2.2	2.5	3.6	2.5	-2.4
Hourly compensation	3.5	1.4	1.7	2.4	0.7	3.0
Unit labour cost	0.8	-0.7	2.3	5.0	0.4	2.6
Unit labour cost in US\$	-2.7	9.9	-0.1	3.3	17.2	39.4
United States						
Labour productivity	8.7	0.8	5.9	1.5	2.7	7.2
Real GDP	5.9	0.6	5.3	1.7	1.4	4.2
Hours worked	-2.6	-0.2	-0.6	0.2	-1.2	-2.7
Hourly compensation	3.5	4.0	2.1	1.6	4.8	4.3
Unit labour cost	-4.8	3.1	-3.6	0.1	2.0	-2.7

¹ The exchange rate corresponds to the U.S. dollar value expressed in Canadian dollars.² The change at annualized rate corresponds to the annual growth rate that would have been observed if the growth over the quarter had been the same for the whole year.

Source: U.S. data are from Bureau of Labor Statistics, Productivity and costs - Second quarter 2003, published in NEWS, September 4.

Business sector : Some related variables for labour markets, seasonally adjusted

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003
% change from previous quarter						
Canada						
All jobs	1.4	0.9	0.7	1.0	0.3	-0.3
Hours worked	1.0	0.5	0.6	0.9	0.6	-0.6
Average hours	-0.4	-0.4	0.0	-0.1	0.4	-0.4
Labour share ¹	-0.8	-2.2	0.0	0.0	-2.3	1.3
United States						
All jobs	-0.8	-0.1	-0.1	0.2	-0.2	-0.3
Hours worked	-0.6	-0.1	-0.2	0.1	-0.3	-0.7
Average hours	0.1	0.1	-0.1	-0.1	-0.1	-0.5
Labour share ¹	-1.3	0.6	-1.0	-0.3	0.1	-0.9
% change from same quarter of previous year						
Canada						
All jobs	0.7	1.8	3.2	4.0	2.9	1.7
Hours worked	-0.5	1.1	2.3	3.1	2.7	1.5
Average hours	-1.2	-0.8	-0.8	-0.9	-0.1	-0.1
Labour share ¹	4.1	1.3	-1.2	-2.9	-4.4	-1.0
United States						
All jobs	-3.2	-2.7	-2.0	-0.8	-0.3	-0.3
Hours worked	-3.9	-2.9	-2.1	-0.8	-0.5	-1.1
Average hours	-0.8	-0.3	-0.1	0.0	-0.2	-0.8
Labour share ¹	-3.4	-2.6	-2.9	-2.0	-0.6	-2.1
% change from previous quarter at annualized rate ²						
Canada						
All jobs	5.6	3.6	2.9	3.9	1.1	-1.0
Hours worked	4.1	2.2	2.5	3.6	2.5	-2.4
Average hours	-1.6	-1.6	0.0	-0.4	1.6	-1.6
Labour share ¹	-3.1	-8.4	0.0	0.0	-8.9	5.5
United States						
All jobs	-2.8	-0.7	-0.3	0.8	-1.0	-0.8
Hours worked	-2.6	-0.2	-0.6	0.2	-1.2	-2.7
Average hours	0.4	0.4	-0.4	-0.4	-0.4	-2.0
Labour share ¹	-5.1	2.5	-4.0	-1.2	0.4	-3.6

¹ This is the ratio of labour compensation to GDP at market prices in current dollars.

² The change at annualized rate corresponds to the annual growth rate that would have been observed if the growth over the quarter had been the same for the whole year.

Source: U.S. data are from Bureau of Labor Statistics, Productivity and costs - Second quarter 2003, published in NEWS, September 4.

Canada's international investment position

Second quarter 2003

Note to readers

The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is calculated. Most of Canada's foreign assets are denominated in foreign currencies while less than half of our international liabilities are in foreign currencies.

When the Canadian dollar is appreciating in value, the restatement of the value of these assets and liabilities in Canadian dollars lowers the recorded value. The opposite is true when the dollar is depreciating.

With the release of these data, a new table has been added to the publication and CANSIM for gross external debt, to meet the special data dissemination standard of the IMF to which Canada has subscribed.

For the second consecutive quarter, the value of Canada's assets abroad, as well as its foreign liabilities, dropped dramatically mostly due to the strengthening Canadian dollar.

The decline in international assets and liabilities resulted in Canada's net liability to foreign residents – the difference between its external assets and foreign liabilities – reaching \$227.4 billion at the end of June, its highest level since the first quarter of 2000.

The value of Canada's international assets fell to \$891.8 billion, down \$61.8 billion from its level at the end of March and well below the \$983.3 billion at the end of 2002. Between March and June, the dollar gained 8% in relation to the US dollar. This gain in the dollar was responsible for \$61.0 billion in the decline in value of these assets, most of which are in US dollars.

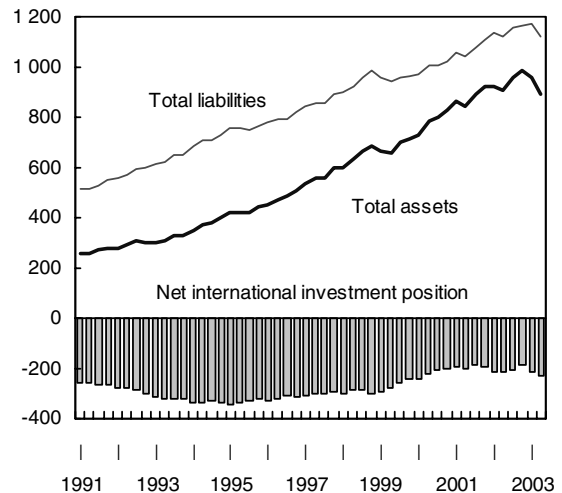
During the first six months of 2003, Canada's assets abroad fell by \$91.5 billion, or 9.3%.

At the same time, Canada's international liabilities declined by \$49.5 billion to \$1,119.2 billion. Outflows in the "other investment" category reduced these external liabilities by \$23.9 billion, while the strong Canadian dollar reduced them by a further \$38.5 billion.

As a result, Canada's net external debt represented 19% of its gross domestic product, up a full percentage point from 18% in the first quarter.

Canada's international investment position

\$ billions



Substantial decline in Canadian direct investment abroad

Again in the second quarter, the stronger Canadian dollar had a large impact on the value of Canadian direct investment abroad. It fell by \$25.6 billion to \$380.9 billion, its lowest level since the second quarter of 2001.

In addition, the flow of Canadian direct investment abroad fell to \$2.8 billion its lowest level since the second quarter of 1996.

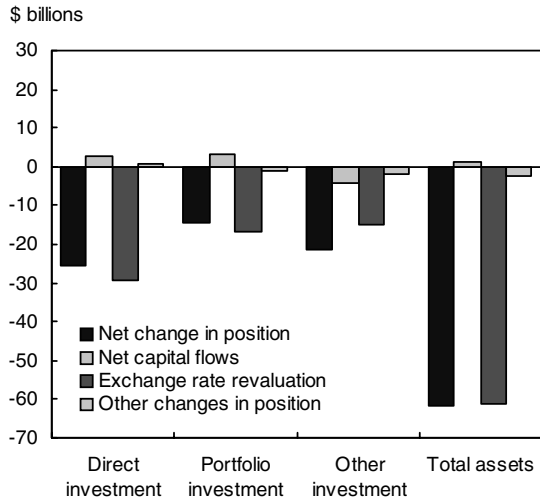
Canadian direct investment in the United States fell by \$14.3 billion to \$176.3 billion, which was in the range of levels observed in 2000. Since the beginning of the year, the strengthening dollar has lowered total direct investment abroad by about \$60 billion. About half of this was in the United States.

Foreign portfolio investment declines despite stronger equity markets

With the increase in prices on global equity markets, Canadians investors bought foreign bonds and equities in the second quarter. However, the increase in the Canadian dollar more than offset these investments, and resulted in a \$14.6-billion decline in the value of foreign portfolio position.

About two-thirds of the decrease came from the revaluation of holdings of US stocks. At the end of June, Canadians held \$104.8 billion in US stocks.

Contributors to net change in asset values between 2003Q1 and 2003Q2

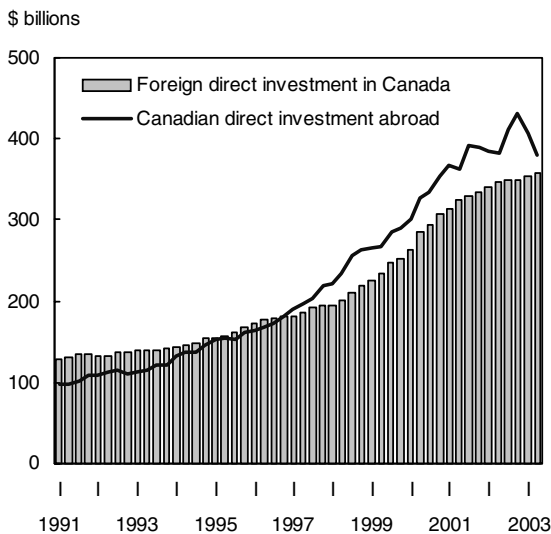


Foreign direct investment in Canada increases

Foreign direct investors added \$4.8 billion to their foreign direct investment position in Canada. Largely denominated in Canadian dollars, foreign direct investment in Canada reached \$357.7 billion at the end of June 2003.

The net direct investment position – the difference between Canadian direct investment abroad and foreign direct investment in Canada – decreased to \$23.2 billion at the end of June, but still contributed to Canadian’s wealth.

Foreign direct investment position



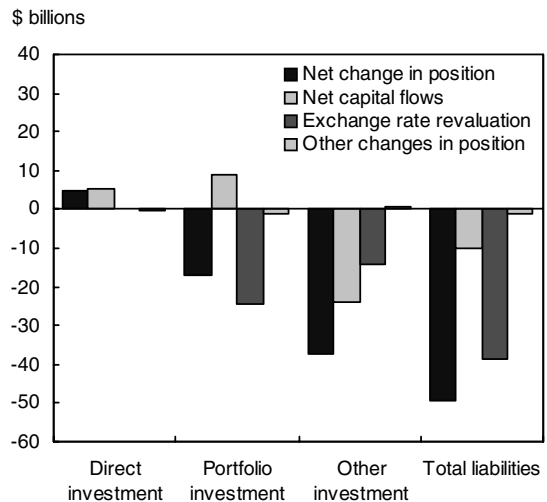
Portfolio and other investments down

Foreign investors acquired \$6.4 billion of Canadian bonds issued by corporations and governments in the second quarter.

However, as more than one-half of the outstanding Canadian bonds held by foreign investors are issued in US dollars, the total liability in this instrument fell by \$17.2 billion to \$418.2 billion.

Deposit liabilities decreased 16.7% or \$34.1 billion due to transactions between Canadian banks and their foreign affiliates, mostly in foreign currencies.

Contributors to net change in liability values between 2003Q1 and 2003Q2



Canada's international investment position at period-end

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
	\$ billions							
Assets								
Canadian direct investment abroad	385.8	383.4	410.9	431.8	406.5	380.9	389.7	431.8
Portfolio investment abroad								
Foreign bonds	38.3	38.6	40.8	40.0	42.1	41.2	37.1	40.0
Foreign stocks	206.0	205.8	215.9	219.2	202.3	188.5	203.5	219.2
Other investment								
Loans	68.6	64.4	65.4	71.1	73.7	66.3	68.6	71.1
Allowances	-11.9	-11.8	-11.9	-12.0	-11.8	-11.5	-11.9	-12.0
Deposits	110.3	104.6	105.6	102.3	115.4	104.4	108.9	102.3
Official international reserves	53.7	55.2	55.8	56.2	50.5	47.2	53.3	56.2
Other assets	70.6	68.6	72.1	74.7	74.9	74.9	70.4	74.7
Total assets	921.3	908.8	954.5	983.3	953.6	891.8	919.6	983.3
Liabilities								
Foreign direct investment in Canada	341.6	347.5	348.6	349.4	352.9	357.7	333.6	349.4
Portfolio investment								
Canadian bonds	427.9	420.1	439.3	443.7	435.4	418.2	421.4	443.7
Canadian stocks	72.9	74.8	72.9	73.7	73.6	74.7	74.1	73.7
Canadian money market	22.8	22.9	21.3	25.2	24.5	23.7	21.5	25.2
Other investment								
Loans	57.5	53.5	57.6	58.5	56.1	53.1	55.5	58.5
Deposits	188.7	183.7	196.5	194.5	204.1	170	181.1	194.5
Other liabilities	22.3	21.9	22.1	22.4	22.2	21.9	21.8	22.4
Total liabilities	1133.6	1124.3	1158.3	1167.3	1168.7	1119.2	1109.0	1167.3
Net international investment position	-212.3	-215.4	-203.7	-184.0	-215.1	-227.4	-189.4	-184.0

National balance sheet accounts

Second quarter 2003

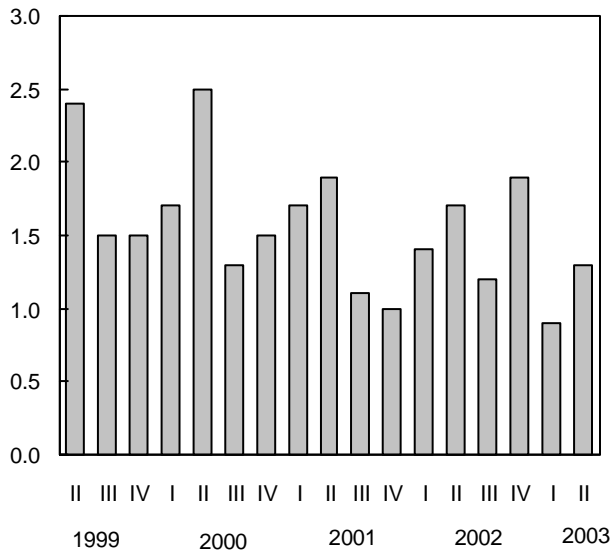
National net worth stood at \$3.9 trillion or \$121,900 per capita by the end of the second quarter of 2003.

Gain in national net worth tied to slower growth in net foreign debt

National net worth advanced at a faster pace (+1.3%) in the second quarter of 2003, the result of a smaller increase in the nation's net foreign liability – what Canadians owe to non-residents less what they owe to us. The rise in net foreign debt was again related to the appreciation of the Canadian dollar which had a larger impact on Canada's foreign currency denominated assets than on foreign currency-denominated liabilities.

National net worth

% change



Wealth advances at a slower pace, in line with a weaker economy

National wealth – the economy's non-financial assets, such as houses, automobiles, land, as well as business inventories and fixed capital – reached \$4.1 trillion. On a seasonally adjusted basis, growth slowed from 1.7% in the first quarter to 1.5% in the second quarter, in line with a weakened economy. Changes in non-financial assets reflected domestic spending as well as revaluations due to fluctuations in prices. The extended housing boom continued to support the growth in wealth. Gains in the value of residential real estate reflected both the impact of sustained demand in the resale market and continued high levels of construction activity. Business capital and consumer durable goods grew at a slower pace in the quarter. Inventory stocks declined.

Note to readers

The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. National wealth is the sum of non-financial assets – produced assets, land surrounding structures and agricultural land - in all sectors of the economy. National net worth is wealth less net foreign liabilities (i.e., what is owed to non-residents less what they owe to us – Canada's net international investment position); alternatively, it is the sum of the net worth of persons, corporations and governments. Quarterly series run from the first quarter of 1990. At this point, only selected series are available on a seasonally-adjusted basis. However additional seasonally adjusted data will be provided over the course of the year. The text refers to data unadjusted for seasonal variation unless otherwise specified. Users are advised that data for Canadian foreign investment in marketable securities (foreign investment) for certain institutional investors' sectors, in particular in recent years, may differ from those reported in other Statistics Canada surveys. This difference is related to the increased gap between the book value of Canadian asset-holders marketable foreign equity securities on the one hand, and the underlying book values of the foreign firms whose shares are being held and traded on the other. This situation will persist for the next few quarters, as the National Balance Sheet Accounts will continue to follow the International Investment Position concept for valuation of Canadian foreign investment in equity securities. However, this issue will be resolved as both accounts move to a common market valuation for tradable securities. An annual measure of national wealth that includes selected natural resources is also available (CANSIM table 378-0005).

Debt growth dampened by stronger Canadian currency

Total credit market debt (short-term paper, loans, mortgages and bonds) edged up in the second quarter, driven by higher seasonal demand for funds in the household sector, but significantly curtailed by the impact of an appreciating Canadian dollar for the second consecutive quarter. Liabilities denominated in foreign currencies declined in both the corporate and government sectors.

Corporate financial positions strengthened further

Lower capital spending coupled with strong undistributed earnings allowed the corporate sector to further expand a significant corporate surplus in the second quarter. This, along with reduction of foreign currency-denominated debt, allowed firms to continue to restructure their balance sheets.

Among non-financial private corporations, the debt-to-equity ratio continued to plummet in the second quarter. This ratio has reached levels not seen since the 1970's. The reduction in leverage in the second quarter was largely the result of earnings combined with a modest demand for funds and the effect of an appreciating dollar. In addition, businesses replaced loans and short-term paper liabilities with bond issues in the second quarter, further extending the downward trend in the ratio of short-term debt to long-term debt. This partly

resulted in the growth of current assets continuing to outpace that of current liabilities, with liquidity for these corporations increasing steadily since the second quarter of 2000.

Government net debt declined

Government net debt declined in the second quarter. At the federal level this largely reflected a reduced demand for funds, arising from the surplus recorded in the quarter. The decline at the provincial government level was principally related a reduction in gross debt — specifically to the drop in foreign currency denominated liabilities. The increase in the net asset position of social security funds further supported the decline in government sector net debt.

Government sector net debt fell further relative to gross domestic product (seasonally adjusted), making for the sixth consecutive quarter of decline in this ratio.

Household net worth advance driven by real estate

Household net worth advanced at a faster pace than in the previous two quarters, led by strong gains in the value of residential real estate, but was partly offset by a sharp rise in debt. This was a continuation of the trend set in 2002, and reflected the boom in the housing market.

The ratio of consumer credit and mortgage debt to personal disposable income rose to a new high of 100.1% (seasonally adjusted), as income growth slowed and borrowing advanced in the quarter.

Financial asset growth in the personal sector continued to be constrained by declines in pension and mutual fund assets reflecting, in part, the fall in value of foreign currency-denominated assets of these institutional investors over the last two quarters.

National balance sheet accounts¹

	Fourth quarter 2001	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	2001	2002
National net worth								
not seasonally adjusted								
National wealth	3,814	3,880	3,921	3,968	4,026	4,087	3,747	3,968
Net foreign debt	...	...	...	...	...	...	5.3	5.9
National net worth	3,602	3,665	3,717	3,784	3,810	3,860	3,558	3,784
National net worth per capita (dollars)	115,000	116,700	118,100	120,100	120,700	121,900	113,900	120,100
	...	...	...	...	...	...	4.8	5.4
Net worth:								
seasonally adjusted								
Personal sector	3,408	3,492	3,496	3,560	3,599	3,652	3,379	3,560
Net worth, personal sector	<i>0.9</i>	<i>2.5</i>	<i>0.1</i>	<i>1.8</i>	<i>1.1</i>	<i>1.5</i>	...	...
+ Corporate sector	430	400	429	431	419	407	408	431
	<i>5.4</i>	<i>-7.0</i>	<i>7.3</i>	<i>0.5</i>	<i>-2.8</i>	<i>-2.9</i>	...	...
+ Government sector	-229	-222	-211	-207	-201	-193	-229	-207

= National net worth	3,609	3,670	3,713	3,784	3,817	3,866	3,558	3,784
	<i>1.4</i>	<i>1.7</i>	<i>1.2</i>	<i>1.9</i>	<i>0.9</i>	<i>1.3</i>	...	...

¹ The first line is the series itself expressed in billions of dollars. The second line, italicized and in smaller typeface, is the period to period percentage change. ... Not applicable.

National balance sheet accounts

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Millions of dollars at quarter end								
Total assets	11,171,126	11,337,233	11,450,789	11,599,943	11,650,931	11,696,992	11,074,868	11,599,943
Non-financial assets	3,814,383	3,880,391	3,920,840	3,967,824	4,025,516	4,087,416	3,746,957	3,967,824
Residential structures	978,602	996,495	1,015,851	1,033,872	1,050,470	1,071,276	964,678	1,033,872
Non-residential structures	950,973	957,700	966,392	974,455	981,813	988,796	945,257	974,455
Machinery and equipment	420,273	426,920	429,540	433,192	434,876	440,499	416,434	433,192
Consumer durables	307,932	317,562	322,442	329,759	331,064	337,953	307,223	329,759
Inventories	191,710	188,780	194,056	197,349	202,934	197,318	190,265	197,349
Land	964,893	992,934	992,559	999,197	1,024,359	1,051,574	923,100	999,197
Net financial assets	-212,276	-215,428	-203,741	-184,007	-215,078	-227,421	-189,422	-184,007
Financial assets	7,356,743	7,456,842	7,529,949	7,632,119	7,625,415	7,609,576	7,327,911	7,632,119
Official reserves	53,660	55,231	55,758	56,230	50,534	47,172	53,328	56,230
Gold & foreign currency	47,973	49,037	49,407	49,478	43,926	40,548	47,796	49,478
IMF reserve position	4,697	5,170	5,263	5,628	5,523	5,592	4,554	5,628
Special drawing rights	990	1,024	1,088	1,124	1,085	1,032	978	1,124
Currency and bank deposits	641,120	656,658	664,398	670,724	666,727	685,918	632,392	670,724
Other deposits	157,799	161,552	163,566	165,149	166,289	168,379	160,117	165,149
Foreign currency deposits	78,763	88,393	82,901	95,029	102,444	84,336	80,530	95,029
Consumer credit	189,268	194,997	199,790	204,274	205,300	211,246	188,331	204,274
Trade receivables	211,684	215,023	219,297	220,591	222,992	223,075	214,875	220,591
Bank loans	173,420	175,612	175,054	177,120	181,305	178,934	176,722	177,120
Other loans	187,926	176,378	183,495	189,196	187,881	186,639	181,718	189,196
Canada short-term paper	90,285	97,782	97,118	97,631	98,223	99,670	92,290	97,631
Other short-term paper	164,809	172,749	174,125	168,316	167,231	165,329	168,800	168,316
Mortgages	571,201	583,402	594,337	594,108	599,527	610,197	569,644	594,108
Canada bonds	272,008	266,496	261,366	252,911	250,035	250,956	265,727	252,911
(of which CSB's)	24,021	23,685	23,442	22,309	22,034	21,644	23,819	22,309
Provincial bonds	244,312	247,149	248,566	250,495	253,787	255,606	243,158	250,495
Municipal bonds	31,386	32,129	31,931	32,838	32,148	31,608	31,490	32,838
Other bonds	190,028	213,615	201,312	213,595	222,034	230,654	188,412	213,595
Life insurance & pensions	966,434	964,031	953,061	968,425	951,705	954,779	959,753	968,425
Corporate claims	941,560	950,903	975,997	995,767	979,536	952,447	918,023	995,767
Government claims	188,290	189,695	192,631	191,612	183,515	179,527	185,253	191,612
Shares	1,118,289	1,139,617	1,161,038	1,180,418	1,180,374	1,182,208	1,143,820	1,180,418
Foreign investments	267,603	265,613	280,972	286,145	272,375	259,013	263,182	286,145
Other financial assets	616,898	609,817	613,236	621,545	651,453	651,883	610,346	621,545
Liabilities and net worth	11,171,126	11,337,233	11,450,789	11,599,943	11,650,931	11,696,992	11,074,868	11,599,943
Liabilities	7,569,019	7,672,270	7,733,690	7,816,126	7,840,493	7,836,997	7,517,333	7,816,126
Currency and bank deposits	656,186	670,198	679,304	684,823	680,502	700,448	648,632	684,823
Other deposits	157,799	161,552	163,566	165,149	166,289	168,379	160,117	165,149
Foreign currency deposits	101,026	102,296	102,787	112,225	109,589	89,144	104,351	112,225
Consumer credit	189,268	194,997	199,790	204,274	205,300	211,246	188,331	204,274
Trade payables	209,555	212,852	218,456	220,379	221,810	221,615	218,941	220,379
Bank loans	155,470	157,044	158,550	157,567	161,389	158,015	156,291	157,567
Other loans	196,510	184,631	190,425	194,173	191,521	191,108	192,030	194,173
Canada short-term paper	97,555	105,941	105,147	107,050	107,203	109,997	99,729	107,050
Other short-term paper	179,947	186,954	187,152	183,508	182,221	177,998	182,486	183,508
Mortgages	571,520	583,717	594,657	594,428	599,842	610,509	569,966	594,428
Canada bonds	344,471	337,657	334,657	331,079	330,734	326,163	339,262	331,079
(of which CSB's)	24,021	23,685	23,442	22,309	22,034	21,644	23,819	22,309
Provincial bonds	374,835	372,432	378,181	383,696	378,865	376,560	375,534	383,696
Municipal bonds	35,715	36,240	36,021	36,474	35,723	35,024	35,966	36,474
Other bonds	400,869	424,084	423,323	432,790	438,408	440,540	390,119	432,790
Life insurance & pensions	966,434	964,031	953,061	968,425	951,705	954,779	959,753	968,425
Corporate claims	432,061	444,797	451,490	460,006	463,238	433,174	418,579	460,006
Government claims	188,290	189,695	192,631	191,612	183,515	179,527	185,253	191,612
Shares	1,699,573	1,738,344	1,752,912	1,769,238	1,785,996	1,800,528	1,688,112	1,769,238
Other liabilities	611,935	604,808	611,580	619,230	646,643	652,243	603,881	619,230
Net worth	3,602,107	3,664,963	3,717,099	3,783,817	3,810,438	3,859,995	3,557,535	3,783,817

Credit market summary

	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Millions of dollars at quarter end								
Persons and unincorporated business	756,354	772,283	786,803	795,109	802,809	816,654	751,763	795,109
Consumer credit	189,268	194,997	199,790	204,274	205,300	211,246	188,331	204,274
Bank loans	33,928	32,870	32,403	32,073	34,717	33,457	32,581	32,073
Other loans	66,037	66,460	67,140	67,589	67,827	67,426	65,191	67,589
Mortgages	467,121	477,956	487,470	491,173	494,965	504,525	465,660	491,173
Non-financial private corporations	533,247	538,642	538,935	536,430	532,661	527,526	530,988	536,430
Bank loans	105,293	107,510	108,091	108,663	107,608	105,603	108,228	108,663
Other loans	80,606	79,705	80,702	81,943	77,986	77,355	82,520	81,943
Other short-term paper	55,343	56,096	54,855	48,644	47,517	40,596	52,724	48,644
Mortgages	94,751	95,341	96,433	97,030	98,339	99,421	94,439	97,030
Bonds	197,254	199,990	198,854	200,150	201,211	204,551	193,077	200,150
Non-financial government enterprises	71,582	67,235	68,198	70,065	72,595	71,762	71,319	70,065
Bank loans	2,394	1,986	2,074	2,456	3,374	3,466	1,915	2,456
Other loans	4,391	4,286	4,790	4,536	6,152	6,153	4,309	4,536
Other short-term paper	9,352	7,965	7,799	8,409	9,384	9,316	8,115	8,409
Mortgages	97	97	97	104	104	100	98	104
Canada bonds	0	0	0	0	0	0	0	0
Provincial bonds	54,225	51,214	51,924	52,809	52,330	50,985	55,987	52,809
Municipal bonds	121	121	121	121	121	121	121	121
Other bonds	1,002	1,566	1,393	1,630	1,130	1,621	774	1,630
Federal government	438,746	440,326	436,536	434,865	434,670	432,900	435,705	434,865
Bank loans	101	101	101	101	101	101	101	101
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	97,555	105,941	105,147	107,050	107,203	109,997	99,729	107,050
Canada bonds	341,090	334,284	331,288	327,714	327,366	322,802	335,875	327,714
Canada savings bonds	24,021	23,685	23,442	22,309	22,034	21,644	23,819	22,309
Other bonds	317,069	310,599	307,846	305,405	305,332	301,158	312,056	305,405
Other levels of government	366,434	370,961	375,254	378,009	374,761	373,689	366,125	378,009
Bank loans	4,150	4,007	4,621	4,076	4,099	4,083	3,871	4,076
Other loans	10,604	10,751	10,808	10,935	11,123	11,362	10,481	10,935
Other short-term paper	16,314	18,908	17,318	15,132	16,438	16,172	17,432	15,132
Mortgages	2,369	2,368	2,368	2,367	2,343	2,343	2,374	2,367
Provincial bonds	295,602	297,001	302,427	307,328	303,333	302,997	294,322	307,328
Municipal bonds	35,594	36,119	35,900	36,353	35,602	34,903	35,845	36,353
Other bonds	1,801	1,807	1,812	1,818	1,823	1,829	1,800	1,818
Total funds raised by domestic non-financial sectors	2,166,363	2,189,447	2,205,726	2,214,478	2,217,496	2,222,531	2,155,900	2,214,478
Consumer credit	189,268	194,997	199,790	204,274	205,300	211,246	188,331	204,274
Bank loans	145,866	146,474	147,290	147,369	149,899	146,710	146,696	147,369
Other loans	161,638	161,202	163,440	165,003	163,088	162,296	162,501	165,003
Canada short-term paper	97,555	105,941	105,147	107,050	107,203	109,997	99,729	107,050
Other short-term paper	81,009	82,969	79,972	72,185	73,339	66,084	78,271	72,185
Mortgages	564,338	575,762	586,368	590,674	595,751	606,389	562,571	590,674
Bonds	926,689	922,102	923,719	927,923	922,916	919,809	917,801	927,923
Non-residents	56,830	56,154	55,319	59,320	57,474	56,077	59,407	59,320
Bank loans	17,950	18,568	16,504	19,553	19,916	20,919	20,431	19,553
Other loans	38,880	37,586	38,815	39,767	37,558	35,158	38,976	39,767
Mortgages	0	0	0	0	0	0	0	0
Total borrowing excluding domestic financial institutions	2,223,193	2,245,601	2,261,045	2,273,798	2,274,970	2,278,608	2,215,307	2,273,798
Domestic financial institutions	351,492	366,744	375,062	383,721	387,140	388,690	345,289	383,721
Bank loans	9,604	10,570	11,260	10,198	11,490	11,305	9,595	10,198
Other loans	34,872	23,429	26,985	29,170	28,433	28,812	29,529	29,170
Other short-term paper	98,938	103,985	107,180	111,323	108,882	111,914	104,215	111,323
Mortgages	7,182	7,955	8,289	3,754	4,091	4,120	7,395	3,754
Bonds	200,896	220,805	221,348	229,276	234,244	232,539	194,555	229,276
Total funds raised = total funds supplied	2,574,685	2,612,345	2,636,107	2,657,519	2,662,110	2,667,298	2,560,596	2,657,519
Assets of:								
Persons and unincorporated business	106,713	131,584	120,179	118,399	131,838	138,108	98,683	118,399
Non-financial corporations	71,836	71,565	75,644	75,260	73,644	73,488	75,207	75,260
Governments	176,226	177,071	179,952	178,007	180,161	182,387	170,330	178,007
Non-residents	488,347	479,542	496,128	503,875	491,209	472,398	482,829	503,875
Domestic financial institutions	1,759,868	1,780,089	1,791,319	1,808,818	1,811,828	1,826,856	1,762,072	1,808,818