



Canadian Economic Accounts Quarterly Review



Second quarter 2006



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0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
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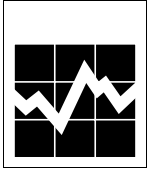
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Statistics Canada
System of National Accounts

Canadian Economic Accounts Quarterly Review

Second quarter 2006

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Publication: National Income and Expenditure Accounts	13-001-XIB
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GDP by industry

CANSIM tables	379-0017 to 379-0022
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Latest developments in the Canadian economic accounts

Publication	13-605-XIE
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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) GDP by industry, 3) Balance of international payments, 4) Financial flow accounts 5) Labour productivity and other related variables, 6) International investment position and 7) National balance sheet.

The publication examines quarterly trends in the major aggregates that comprise GDP, both income- and expenditure-based, as well as prices and 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 analysing 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, Financial flow accounts, Labour productivity, hourly compensation and unit labour cost, International investment position, National balance sheet:

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 the beginning of the 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.

Revisions in this issue

GDP by income and by expenditure, Balance of international payments, Financial flow accounts, International investment position, National balance sheet:

With this release revisions have been made back to the first quarter of 2006.

GDP by industry:

Since the last release of the *Canadian economic accounts quarterly review*, revisions were made back to January 2005.

Labour productivity, hourly compensation and unit labour cost:

With this release revisions have been made back to the first quarter of 2006 at the aggregate level and to the first quarter of first quarter of 2002 at the industry level.

Overview

Second quarter 2006 and June 2006

The economy slowed in the second quarter as real gross domestic product (GDP) advanced 0.5%, following a robust 0.9% in the first quarter. This slower growth reflected reduced but sustained growth in consumer spending and business investment in plant and equipment as well as a cooling in the housing market. Economic activity in June was essentially unchanged from May, as the production of goods declined, offsetting gains in service industries. The economy grew by 0.2% in April, followed by a 0.1% increase in May. A more detailed analysis is available in *Canadian Economic Accounts Quarterly Review*.

Real gross domestic product, chained (1997) dollars¹

	Change	Annualized change	Year-over-year change
	%		
First quarter 2005	0.6	2.2	3.2
Second quarter 2005	0.8	3.4	3.0
Third quarter 2005	0.8	3.2	2.7
Fourth quarter 2005	0.6	2.6	2.8
First quarter 2006	0.9	3.6	3.2
Second quarter 2006	0.5	2.0	2.9

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

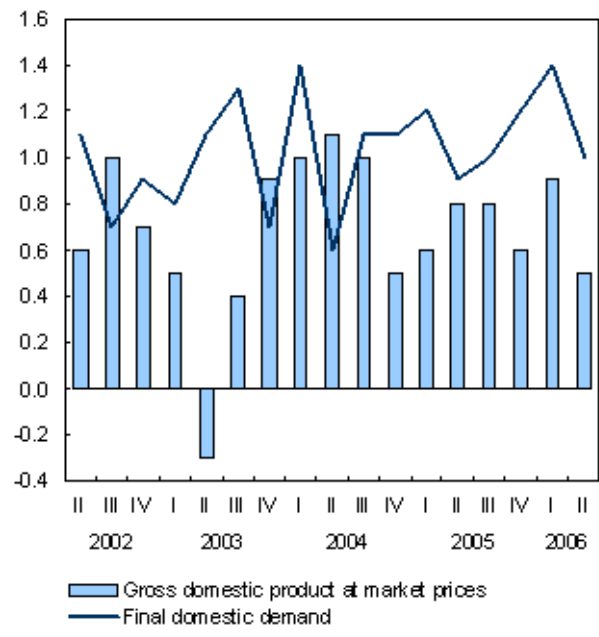
Service-producing industries continued to record strong growth (+0.8%) in the second quarter, as activities in retail and wholesale trade, finance, insurance and real estate all advanced. Output of goods-producing industries continued to soften – decreasing 0.3% in the second quarter – partly reflecting waning foreign demand for Canadian products, as exports declined for the second consecutive quarter. Output in the manufacturing sector as well as in the mining and oil and gas extraction sectors decreased. These declines were partially offset by a gain in the output of utilities. Industrial production – the output of factories, mines and utilities – fell 0.6%. In the United States, the index of industrial production rose 1.5%, with all three sectors showing strength.

Rising domestic spending on final goods and services continued to drive the economy forward. However, final domestic demand slowed as the first quarter jump in residential construction was not sustained in the second quarter. Continued strength in business investment in plant and equipment, particularly in machinery and equipment and engineering construction, and consumer expenditure

were behind most of the second quarter GDP growth. A surge in investment in telecommunication equipment and a jump in computers and other office equipment purchases accounted for much of the increase. Consumer spending, while having eased from the first quarter, increased at a moderate pace. A large business inventory investment was also evident in the second quarter.

Final domestic demand continues to outpace GDP

Quarterly % change, chained (1997) dollars



Economy-wide prices, as measured by the chain price index for GDP, fell 0.2% in the quarter (the fall was 0.1%, excluding energy). However, aggregate prices rose 0.3% in the second quarter when adjusting out the impact of a special pension contribution in the first quarter, which had the effect of reducing the price index for government goods and services in the second quarter. This reflected firmer prices for consumer non-durable goods and services as well as in construction, which were only partly offset by continuing declines in goods export prices. Excluding energy and the special pension payment, economy-wide prices advanced 0.5%

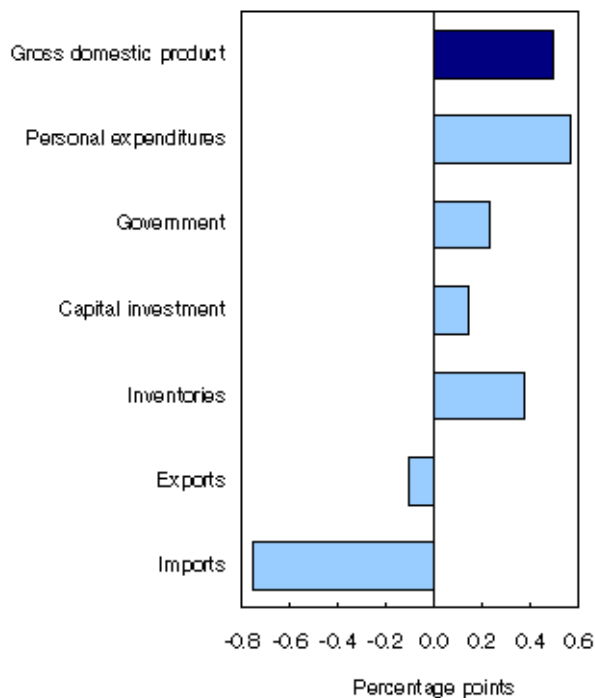
Note to readers

Percentage changes for expenditure-based and industry-based statistics (such as consumer expenditures, investment, exports, imports, production and output) are calculated using volume measures, i.e. adjusted for inflation. Percentage changes for income-based statistics (such as labour income, corporate profits and farm income) are calculated using nominal values, i.e. not adjusted for inflation.

Real gross domestic product at basic prices, by industry

	January 2006 ^r	February 2006 ^r	March 2005 ^r	April 2006 ^r	May 2006 ^r	June 2006 ^p
	Seasonally adjusted, chained (1997) dollars, month-to-month % change					
All industries	0.2	0.3	0.1	0.2	0.1	0.0
Goods-producing industries	-0.5	0.4	-0.3	-0.0	-0.2	-0.2
Service-producing industries	0.5	0.2	0.4	0.3	0.2	0.1
Industrial production	-0.9	0.2	-0.2	-0.3	-0.2	-0.2
Construction	0.8	1.3	-0.6	0.7	-0.3	-0.3
Retail trade	1.1	0.3	1.2	1.4	-0.6	0.2
Energy sector	-2.8	1.7	0.7	-0.8	-0.8	-0.8

The economy grew at an annualized rate of 2.0% in the second quarter, a sharp deceleration from the 3.6% pace set during the previous quarter. The growth in the US economy slowed to 2.9% in the second quarter, in tandem with the Canadian economy.

Contributions to percent change in GDP, second quarter 2006**Residential investment declines**

Output in the residential construction and real estate agents-brokers industries retreated, as investment in residential structures declined 1.3%, following the 3.0% jump in the first quarter.

Much of the strength in new residential construction in the first quarter likely resulted from mild winter weather conditions, which allowed builders to get an early start to the season. This activity returned to more normal levels in the second quarter. Declines in resale activity also contributed to the quarterly decline in overall residential investment.

Business investment in plant and equipment eases

Businesses continued to invest in plant and equipment, though at a slower pace (+1.8%) than in the first quarter. Capital expenditure on machinery and equipment increased across the board with the exception of automobiles and other transportation equipment which posted significant declines. Business engineering construction activity accelerated while building construction declined.

Consumer spending slows

While consumer spending slowed slightly in the second quarter (+1.0% compared to +1.3% in the first quarter), it continued to significantly support growth in the economy. The retail trade industry advanced at a good clip (+2.0%), as many consumer expenditure components recorded strong growth. Consumption of non-durables accelerated, led by food and beverages as well as motor fuels.

Consumer expenditure on durable goods decelerated sharply, as purchases of new trucks and vans declined on the heels of a significant increase in the first quarter. Weakened spending on furniture and household appliances reflected, in part, the dip in the housing market. Expenditure on recreational, sporting and camping equipment remained strong.

Exports decline for a second consecutive quarter

Exports fell 0.3%, adding to the decline in the first quarter. This slump in foreign demand was reflected in manufacturing output, which weakened further in the quarter. Production slid among export driven manufacturing industries including motor vehicles and wood products manufacturers, as well as selected non-durable industries.

Automotive exports (-5.1%), which had increased significantly in the last half of 2005, fell for a second consecutive quarter. Likewise, exports of agricultural and fish products, which performed well throughout 2005, declined 1.8%. Exports of forestry products posted a second significant decline. Energy was the only group to register a significant increase in exports (+5.8%), following a modest increase in the first.

Imports rebounded following a weak first quarter, as the Canadian dollar appreciated. The strength in business investment accounted for much of the increase, as imports of machinery and equipment advanced. Likewise retailers and wholesalers continued to snatch up cheaper foreign goods. Imports of crude petroleum products and automotive products also picked up in the second quarter.

Non-farm inventory accumulation picks up steam

Over \$16 billion was added to inventories in the second quarter, up from the \$11 billion build-up in the first. Non-farm inventory accumulation picked up steam, despite lower production in manufacturing. Wholesale inventories of durable goods piled up, in line with sagging foreign demand. Manufacturers also added to their stocks at a faster clip in the quarter. Retail inventories posted a third consecutive quarter of strong accumulation. Both motor vehicle and other durable goods inventories were built up, reflecting softer demand in these areas.

Labour income remains strong, corporate profits edge ahead

Current dollar labour income remained strong, despite the sharp deceleration from the first quarter (+2.4%). The jump in the first quarter was due to a large special payment to reduce an actuarial deficit of a government employer-sponsored defined benefit pension plan. Removing the effect of this special payment, the first and second quarter growth in labour income would be 1.3%. Wages and salaries grew by 1.4% and 1.3% in the first and second quarters, respectively. The strength in the second quarter was driven by the services industries.

Corporate profits, in nominal terms, edged ahead (+0.4%) in the second quarter, following a sharp decline (-3.7%) in the first, which arose from lower export prices for energy. The sluggish growth in the second quarter was in line with the second consecutive decline in the output of the manufacturing sector. In addition, profits of financial industries declined (-1.6%).

GDP by industry, June 2006

The Canadian economy remained stable in June, after registering increases of 0.2% in April and 0.1% in May. The production of goods, which has been showing signs of weaknesses since the beginning of the year, declined 0.2% in June. Service industries gained 0.1%. Oil and gas extraction, the manufacturing of chemical products, wholesale trade as well as construction recorded declines, while the manufacturing of motor vehicles and parts, of fabricated metal products, and forestry and logging posted the largest increases.

For a third consecutive month, the energy sector declined in June (-0.8%). This loss was largely attributable to a decrease in oil and gas extraction (-3.1%), particularly of natural gas. Declining prices and a high level of inventories of natural gas were the main factors behind this contraction.

Manufacturing output remained essentially unchanged in June. Of the 21 major groups, ten, accounting for 54% of total manufacturing output, boosted their production. The increase in durable goods production (+0.4%) was offset by a decline in non-durable goods output (-0.6%).

Industrial production, the output of mines, factories and utilities, slipped 0.2%, with utilities alone reporting a gain (+1.0%). In the United States, industrial production increased 0.8% in June, with the three sectors posting increases.

Wholesale trade fell 0.5%, with notable weakness in wholesale sales of motor vehicles and parts and of computers and office equipment. Retail trade advanced 0.2% in June. New and used car dealers contributed notably to the reduced growth of retail trade.

Canadian economic accounts key indicators[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions of dollars at current prices								
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	672,252	682,340	694,340	703,668	720,672	721,844	651,888	688,150
	<i>1.5</i>	<i>1.5</i>	<i>1.8</i>	<i>1.3</i>	<i>2.4</i>	<i>0.2</i>	<i>5.0</i>	<i>5.6</i>
Corporation profits before taxes	178,936	183,704	192,368	202,812	195,268	196,080	171,323	189,455
	<i>1.3</i>	<i>2.7</i>	<i>4.7</i>	<i>5.4</i>	<i>-3.7</i>	<i>0.4</i>	<i>18.3</i>	<i>10.6</i>
Interest and miscellaneous investment income	56,460	57,036	60,392	67,724	64,544	63,968	54,084	60,403
	<i>0.3</i>	<i>1.0</i>	<i>5.9</i>	<i>12.1</i>	<i>-4.7</i>	<i>-0.9</i>	<i>8.9</i>	<i>11.7</i>
Net income of unincorporated business	85,516	85,764	86,556	86,988	87,408	88,020	84,084	86,206
	<i>0.1</i>	<i>0.3</i>	<i>0.9</i>	<i>0.5</i>	<i>0.5</i>	<i>0.7</i>	<i>7.3</i>	<i>2.5</i>
Taxes less subsidies	152,072	155,740	156,352	157,024	159,868	161,656	148,564	155,297
	<i>0.4</i>	<i>2.4</i>	<i>0.4</i>	<i>0.4</i>	<i>1.8</i>	<i>1.1</i>	<i>5.8</i>	<i>4.5</i>
Personal disposable income	772,444	781,652	793,836	802,164	830,448	825,332	755,931	787,524
	<i>0.7</i>	<i>1.2</i>	<i>1.6</i>	<i>1.0</i>	<i>3.5</i>	<i>-0.6</i>	<i>4.7</i>	<i>4.2</i>
Personal saving rate[2]	1.2	1.0	1.3	1.3	3.0	1.0	2.6	1.2

Seasonally adjusted at annual rates, millions of chained (1997) dollars								
Personal expenditure on consumer goods and services	655,823	661,391	665,602	671,517	679,985	686,980	638,825	663,583
	<i>1.4</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	<i>1.3</i>	<i>1.0</i>	<i>3.3</i>	<i>3.9</i>
Government current expenditure on goods and services	215,267	216,627	218,239	220,622	222,016	224,571	211,883	217,689
	<i>0.5</i>	<i>0.6</i>	<i>0.7</i>	<i>1.1</i>	<i>0.6</i>	<i>1.2</i>	<i>3.0</i>	<i>2.7</i>
Gross fixed capital formation	255,191	258,014	264,002	269,080	275,221	277,085	244,221	261,572
	<i>1.7</i>	<i>1.1</i>	<i>2.3</i>	<i>1.9</i>	<i>2.3</i>	<i>0.7</i>	<i>8.0</i>	<i>7.1</i>
Investment in inventories	17,624	14,503	14,992	14,937	11,274	16,393	9,767	15,514

Exports of goods and services	466,955	464,866	474,439	481,889	477,303	475,858	462,239	472,037
	<i>1.3</i>	<i>-0.4</i>	<i>2.1</i>	<i>1.6</i>	<i>-1.0</i>	<i>-0.3</i>	<i>5.2</i>	<i>2.1</i>
Imports of goods and services	467,457	463,089	475,574	490,041	487,724	498,814	442,421	474,040
	<i>2.0</i>	<i>-0.9</i>	<i>2.7</i>	<i>3.0</i>	<i>-0.5</i>	<i>2.3</i>	<i>8.2</i>	<i>7.1</i>
Gross domestic product at market prices	1,144,136	1,153,623	1,162,822	1,170,239	1,180,674	1,186,555	1,124,688	1,157,705
	<i>0.6</i>	<i>0.8</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	<i>0.5</i>	<i>3.3</i>	<i>2.9</i>
GDP at basic prices, by industry								
Goods producing industries	337,012	338,959	342,680	345,288	345,657	344,692	332,217	340,985
	<i>0.2</i>	<i>0.6</i>	<i>1.1</i>	<i>0.8</i>	<i>0.1</i>	<i>-0.3</i>	<i>4.1</i>	<i>2.6</i>
Industrial production	250,396	251,208	253,579	255,102	253,882	252,464	247,374	252,571
	<i>-0.0</i>	<i>0.3</i>	<i>0.9</i>	<i>0.6</i>	<i>-0.5</i>	<i>-0.6</i>	<i>3.8</i>	<i>2.1</i>
Energy sector	62,842	63,817	65,170	65,938	65,161	64,779	63,109	64,441
	<i>-1.2</i>	<i>1.6</i>	<i>2.1</i>	<i>1.2</i>	<i>-1.2</i>	<i>-0.6</i>	<i>1.8</i>	<i>2.1</i>
Manufacturing	183,611	183,162	184,092	184,927	184,813	183,819	180,070	183,948
	<i>0.4</i>	<i>-0.2</i>	<i>0.5</i>	<i>0.5</i>	<i>-0.1</i>	<i>-0.5</i>	<i>4.6</i>	<i>2.2</i>
Non-durable manufacturing	73,653	73,234	73,517	72,960	72,394	72,129	73,714	73,341
	<i>-0.6</i>	<i>-0.6</i>	<i>0.4</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.4</i>	<i>2.0</i>	<i>-0.5</i>
Durable manufacturing	109,722	109,691	110,336	111,722	112,173	111,446	106,132	110,368
	<i>1.1</i>	<i>-0.0</i>	<i>0.6</i>	<i>1.3</i>	<i>0.4</i>	<i>-0.6</i>	<i>6.5</i>	<i>4.0</i>
Construction	62,352	63,251	64,241	65,754	67,314	67,610	60,689	63,900
	<i>1.4</i>	<i>1.4</i>	<i>1.6</i>	<i>2.4</i>	<i>2.4</i>	<i>0.4</i>	<i>4.6</i>	<i>5.3</i>
Services producing industries	722,895	730,301	736,164	740,825	749,425	755,652	709,357	732,546
	<i>0.9</i>	<i>1.0</i>	<i>0.8</i>	<i>0.6</i>	<i>1.2</i>	<i>0.8</i>	<i>2.7</i>	<i>3.3</i>
Wholesale trade	65,154	67,025	67,802	69,112	71,043	71,839	62,306	67,273
	<i>1.9</i>	<i>2.9</i>	<i>1.2</i>	<i>1.9</i>	<i>2.8</i>	<i>1.1</i>	<i>5.3</i>	<i>8.0</i>
Retail trade	61,453	62,121	62,241	62,635	64,160	65,420	59,405	62,112
	<i>1.8</i>	<i>1.1</i>	<i>0.2</i>	<i>0.6</i>	<i>2.4</i>	<i>2.0</i>	<i>3.8</i>	<i>4.6</i>
Transportation and warehousing	51,089	51,466	52,424	52,842	53,210	53,660	49,804	51,955
	<i>1.1</i>	<i>0.7</i>	<i>1.9</i>	<i>0.8</i>	<i>0.7</i>	<i>0.8</i>	<i>4.5</i>	<i>4.3</i>
Finance, insurance, real estate and renting	210,450	212,595	214,618	215,842	218,247	220,074	206,340	213,376
	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>0.6</i>	<i>1.1</i>	<i>0.8</i>	<i>3.4</i>	<i>3.4</i>
Information and communication technologies	60,153	61,111	61,936	62,084	63,183	63,893	58,112	61,321
	<i>1.6</i>	<i>1.6</i>	<i>1.4</i>	<i>0.2</i>	<i>1.8</i>	<i>1.1</i>	<i>4.3</i>	<i>5.5</i>

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

2. Actual rate.

GDP by income and by expenditure

Second quarter 2006

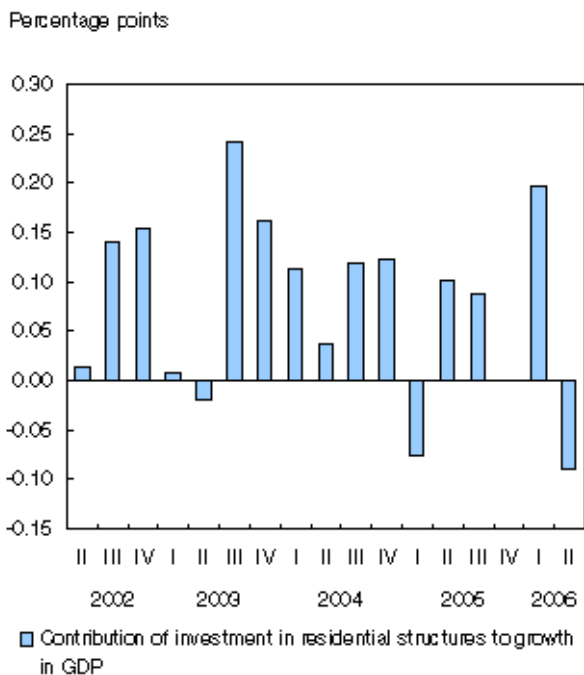
The economy slowed in the second quarter as real gross domestic product (GDP) advanced 0.5%, following a strong performance in the first quarter (+0.9%). This slower growth reflected reduced but sustained growth in consumer spending and business investment in plant and equipment as well as a cooling in the housing market. Nevertheless, final domestic demand continued to outpace overall GDP growth, as exports softened further. Notably, a large business inventory investment was also evident in the second quarter.

Investment in residential structures

Investment in residential structures declined 1.3%, following the jump registered in the first quarter. This was largely accounted for by a pronounced swing in new housing construction.

Much of the strength in new residential construction in the first quarter likely resulted from mild winter weather conditions, which allowed builders to get an early start to the season. This activity returned to more normal levels in the second quarter. Housing starts in the second quarter dropped to 228.9 thousand units from the notable 248.0 thousand units in the first quarter—rivalling the peak of the late '80s boom.

Residential construction dips



Activity in the resale housing market also declined in the second quarter, following a rebound in the first quarter. Renovation activity recorded its slowest pace in over a year.

Investment in plant and equipment

Businesses continued to invest in plant and equipment, though at a reduced pace from the first quarter.

Investment in machinery and equipment led the way (+2.1%), matching its growth in the first quarter. Expenditure increased across the board, with stronger investment in computers and other office equipment and telecommunications equipment, in particular. However, these gains were largely offset by significant declines in spending on automobiles and other transportation equipment.

Overall investment in non-residential structures was constrained by lower building construction activity (such as construction of offices, factories and shopping malls), marking the largest decrease since the beginning of 2003. However, engineering construction activity (such as dams, pipelines and oil and gas facilities) accelerated in the quarter.

Personal expenditure

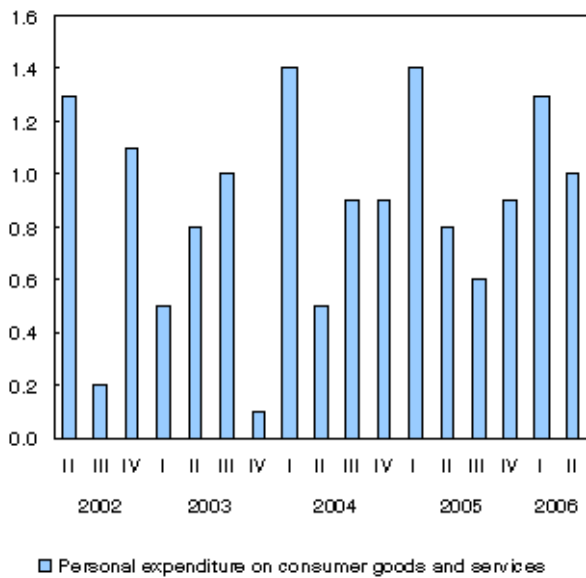
While consumer spending slowed slightly in the second quarter (+1.0% compared to +1.3% in the first quarter), it continued to be a major supporting factor in the economy. Consumption of non-durable goods accelerated, particularly spending on food, beverages and motor fuels. This stood in contrast to the deceleration in consumer spending on durables, semi-durables and services.

Consumer expenditure on durable goods decelerated sharply, as purchases of new motor vehicles—specifically, trucks and vans – declined on the heels of a significant increase in the first quarter. Growth in spending on furniture and household appliances also weakened in the quarter reflecting, in part, the dip in the housing market.

Expenditure on consumer services slowed to 0.8% from 1.2% in the first quarter, mostly due to financial services and net expenditure abroad. Uncertainty and volatility in financial markets affected both asset prices and trading activity, which reduced spending on stock and bond commissions and acquisition of mutual funds. Net expenditure abroad slowed considerably after the significant growth recorded in the last six quarters, as Canadian travel spending abroad grew at a similar rate to the spending of foreigners in Canada. Spending on air transport increased significantly in the quarter.

Consumer spending still strong

Quarterly % change, chained (1997) dollars



International trade

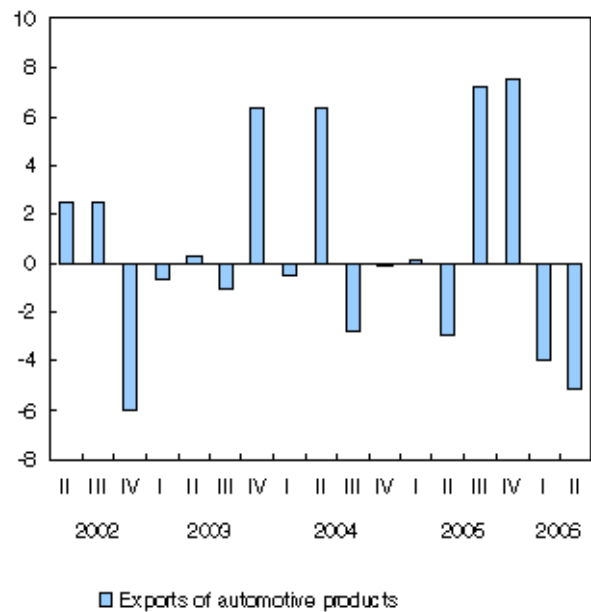
Following a large decline in the first quarter, exports fell a further 0.3% in the second quarter. Imports, supported by a strengthened Canadian dollar, were up 2.3%.

Exports of goods slipped a further 0.6%. Automotive products exports led the way, dropping sharply (-5.1%) for the second consecutive quarter. Forest product exports fell further (-2.6%), continuing a trend started about two years ago. Next in line were machinery and equipment (-2.5%), including exports of industrial machinery and aircraft.

Partially offsetting some of these declines was a sharp increase in the export of energy products (+5.8%), led by natural gas. Exports of services accelerated, with most of the gains in commercial services.

Automotive exports decline

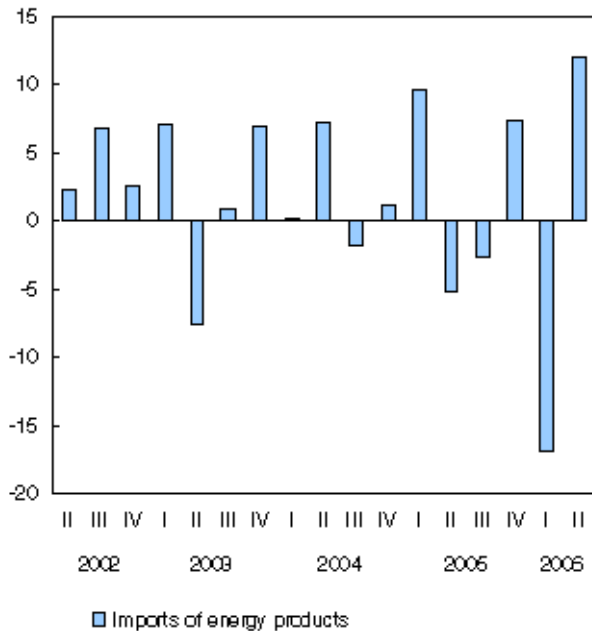
Quarterly % change, chained (1997) dollars



Meanwhile, imports of goods (+2.2%) rebounded in the second quarter. Imports of machinery and equipment reflected the strength in business investment in the quarter. Energy products imports, including crude petroleum, were particularly strong in the second quarter after having dropped in the first quarter. In addition, automotive products were up, and retailers and wholesalers continued to take advantage of cheaper foreign consumer goods. Growth in imports of services was led by a spike in purchases of commercial services and a second strong quarter in transportation services.

Energy imports surge

Quarterly % change, chained (1997) dollars

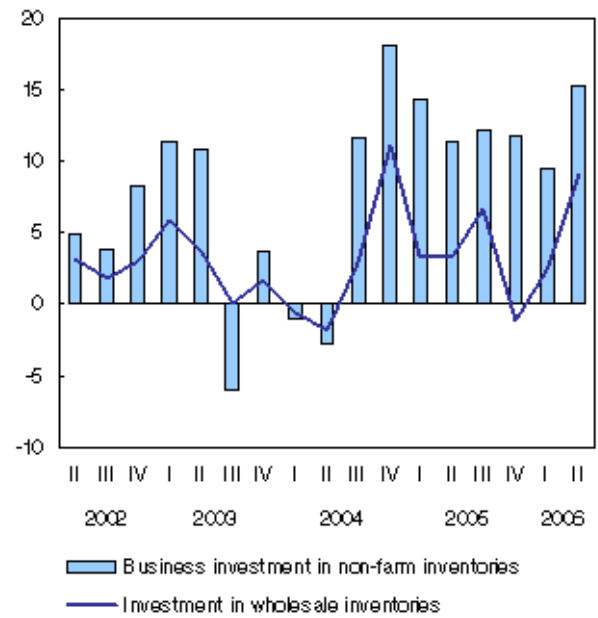


Investment in inventory

Over \$16 billion was added to inventories in the second quarter, up from the \$11 billion build-up in the first. Non-farm inventory accumulation picked up steam, despite lower production in manufacturing. Wholesale inventories of durable goods piled up, in line with sagging foreign demand. Manufacturers also added to their stocks at a faster clip in the quarter. Retail inventories posted a third quarter of strong accumulation. Both, motor vehicle and other durable goods inventories were built up, reflecting softer demand in these areas.

Wholesalers build up inventories

Billions of chained (1997) \$



Labour income

Current dollar labour income remained strong, despite the sharp deceleration from the spike (+2.4%) in the first quarter. The jump registered in the first quarter was due to a large special payment to reduce an actuarial deficit of a government employer-sponsored defined benefit pension plan, which served to drive up supplementary labour income in that period. Removing the effect of this special payment, the first and second quarter growth in labour income would be 1.3%. Wages and salaries grew by 1.4% and 1.3% in the first and second quarters, respectively.

The service-producing industries provided the strength in the second quarter, rising by 1.7%. Growth in these industries has averaged 1.7% over the last 6 quarters compared to an average growth of 1% in the goods-producing industries. Within the service-producing industries, continuing strength in the health care and social assistance and the finance, insurance and real estate industries have contributed to the overall growth.

Corporate profits

Corporate profits, in nominal terms, edged ahead (+0.4%) in the quarter following a sharp decline (-3.7%) in the first quarter, which arose from lower export prices for energy. The sluggish growth in the second quarter was in line with the second consecutive decline of the output in manufacturing. In addition, profits of financial industries declined (-1.6%). Profits in the mining, retail and wholesale trade advanced in the second quarter.

Sector accounts

Personal disposable income fell (-0.6%), and the saving rate (1.0%) returned closer to the average for 2005. This follows the special pension contribution-driven hike in both income and saving in the first quarter. Household financial assets accumulated at a slower pace, reflecting both the impact on pension assets and the strong growth of mutual funds in the first quarter. Household demand for credit also softened in the second quarter, consistent with slower growth in consumer spending and the drop in housing market activity.

Corporate undistributed earnings strengthened in the quarter, reflecting both the increase in profits and lower dividends paid to non-residents. Despite higher non-financial capital acquisition, corporations generated a level of surplus on par with the first quarter. The corporate sector has remained as a significant net lender to the rest of the economy, extending this trend to over six years.

A special pension contribution in the first quarter had contributed to increased government current expenditures and a reduced overall government surplus (national accounts basis) in the first quarter. The total government surplus rose to \$17.7 billion in the second quarter, up sharply from \$6.8 billion in the first. Government debt was repaid on a net basis in the second quarter.

Economy-wide prices

Economy-wide prices, as measured by the chain price index for GDP, fell 0.2% in the quarter (the fall was 0.1%, excluding energy). However, adjusting out the impact on the index of a special pension contribution in the first quarter, aggregate prices rose 0.3% in the second quarter. This reflected firmer prices for consumer non-durable goods and services as well as in construction which were only partly offset by continuing declines in goods export prices. Excluding energy and the special pension payment, economy-wide prices advanced 0.5%.

Gross domestic product, income-based, current prices and quarterly percentage change[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Wages, salaries and supplementary labour income	672,252 <i>1.5</i>	682,340 <i>1.5</i>	694,340 <i>1.8</i>	703,668 <i>1.3</i>	720,672 <i>2.4</i>	721,844 <i>0.2</i>	651,888 <i>5.0</i>	688,150 <i>5.6</i>
Corporation profits before taxes	178,936 <i>1.3</i>	183,704 <i>2.7</i>	192,368 <i>4.7</i>	202,812 <i>5.4</i>	195,268 <i>-3.7</i>	196,080 <i>0.4</i>	171,323 <i>18.3</i>	189,455 <i>10.6</i>
Government business enterprise profits before taxes	13,584 <i>2.5</i>	14,228 <i>4.7</i>	14,596 <i>2.6</i>	15,516 <i>6.3</i>	13,924 <i>-10.3</i>	13,592 <i>-2.4</i>	12,508 <i>1.8</i>	14,481 <i>15.8</i>
Interest and miscellaneous investment income	56,460 <i>0.3</i>	57,036 <i>1.0</i>	60,392 <i>5.9</i>	67,724 <i>12.1</i>	64,544 <i>-4.7</i>	63,968 <i>-0.9</i>	54,084 <i>8.9</i>	60,403 <i>11.7</i>
Accrued net income of farm operators from farm production	2,312 <i>-36.3</i>	1,612 <i>-30.3</i>	1,580 <i>-2.0</i>	1,320 <i>-16.5</i>	672 <i>-49.1</i>	324 <i>-51.8</i>	3,256 <i>137.1</i>	1,706 <i>-47.6</i>
Net income of non-farm unincorporated business, including rent	83,204 <i>1.7</i>	84,152 <i>1.1</i>	84,976 <i>1.0</i>	85,668 <i>0.8</i>	86,736 <i>1.2</i>	87,696 <i>1.1</i>	80,828 <i>5.0</i>	84,500 <i>4.5</i>
Inventory valuation adjustment	-1,136 ...	-1,944 ...	2,976 ...	-1,200 ...	2,344 ...	520 ...	-1,574 ...	-326 ...
Taxes less subsidies, on factors of production	59,980 <i>-0.6</i>	61,404 <i>2.4</i>	61,848 <i>0.7</i>	62,376 <i>0.9</i>	63,004 <i>1.0</i>	63,972 <i>1.5</i>	59,099 <i>5.4</i>	61,402 <i>3.9</i>
Net domestic product at basic prices	1,065,592 <i>0.8</i>	1,082,532 <i>1.6</i>	1,113,076 <i>2.8</i>	1,137,884 <i>2.2</i>	1,147,164 <i>0.8</i>	1,147,996 <i>0.1</i>	1,031,412 <i>6.7</i>	1,099,771 <i>6.6</i>
Taxes less subsidies, on products	92,092 <i>1.0</i>	94,336 <i>2.4</i>	94,504 <i>0.2</i>	94,648 <i>0.2</i>	96,864 <i>2.3</i>	97,684 <i>0.8</i>	89,465 <i>6.0</i>	93,895 <i>5.0</i>
Capital consumption allowances	174,224 <i>0.9</i>	176,156 <i>1.1</i>	178,216 <i>1.2</i>	180,692 <i>1.4</i>	182,944 <i>1.2</i>	185,128 <i>1.2</i>	169,858 <i>4.7</i>	177,322 <i>4.4</i>
Statistical discrepancy	804 ...	-464 ...	512 ...	896 ...	-248 ...	-1,008 ...	53 ...	437 ...
Gross domestic product at market prices	1,332,712 <i>1.0</i>	1,352,560 <i>1.5</i>	1,386,308 <i>2.5</i>	1,414,120 <i>2.0</i>	1,426,724 <i>0.9</i>	1,429,800 <i>0.2</i>	1,290,788 <i>6.4</i>	1,371,425 <i>6.2</i>

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

Gross domestic product, expenditure-based, current prices and quarterly percentage change[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Personal expenditure on consumer goods and services	745,616	756,184	765,928	773,792	786,468	798,032	719,869	760,380
	<i>1.7</i>	<i>1.4</i>	<i>1.3</i>	<i>1.0</i>	<i>1.6</i>	<i>1.5</i>	<i>4.9</i>	<i>5.6</i>
Durable goods	98,296	99,216	100,184	100,048	102,860	103,224	94,502	99,436
	<i>2.1</i>	<i>0.9</i>	<i>1.0</i>	<i>-0.1</i>	<i>2.8</i>	<i>0.4</i>	<i>1.1</i>	<i>5.2</i>
Semi-durable goods	62,548	63,164	63,160	63,732	65,764	66,852	60,632	63,151
	<i>2.5</i>	<i>1.0</i>	<i>-0.0</i>	<i>0.9</i>	<i>3.2</i>	<i>1.7</i>	<i>3.7</i>	<i>4.2</i>
Non-durable goods	184,548	187,404	191,444	192,084	193,340	197,888	177,640	188,870
	<i>1.2</i>	<i>1.5</i>	<i>2.2</i>	<i>0.3</i>	<i>0.7</i>	<i>2.4</i>	<i>5.5</i>	<i>6.3</i>
Services	400,224	406,400	411,140	417,928	424,504	430,068	387,095	408,923
	<i>1.8</i>	<i>1.5</i>	<i>1.2</i>	<i>1.7</i>	<i>1.6</i>	<i>1.3</i>	<i>5.7</i>	<i>5.6</i>
Government current expenditure on goods and services	258,380	262,928	266,552	269,108	279,952	278,208	249,779	264,242
	<i>1.7</i>	<i>1.8</i>	<i>1.4</i>	<i>1.0</i>	<i>4.0</i>	<i>-0.6</i>	<i>4.3</i>	<i>5.8</i>
Government gross fixed capital formation	32,924	33,744	34,572	35,708	36,312	36,948	31,553	34,237
	<i>3.4</i>	<i>2.5</i>	<i>2.5</i>	<i>3.3</i>	<i>1.7</i>	<i>1.8</i>	<i>4.9</i>	<i>8.5</i>
Government investment in inventories	28	72	-36	44	132	-92	21	27

Business gross fixed capital formation	242,108	247,204	252,176	257,756	264,932	268,088	229,787	249,811
	<i>2.1</i>	<i>2.1</i>	<i>2.0</i>	<i>2.2</i>	<i>2.8</i>	<i>1.2</i>	<i>10.7</i>	<i>8.7</i>
Residential structures	86,384	88,632	89,980	91,408	96,024	96,992	82,972	89,101
	<i>0.1</i>	<i>2.6</i>	<i>1.5</i>	<i>1.6</i>	<i>5.0</i>	<i>1.0</i>	<i>14.0</i>	<i>7.4</i>
Non-residential structures and equipment	155,724	158,572	162,196	166,348	168,908	171,096	146,815	160,710
	<i>3.3</i>	<i>1.8</i>	<i>2.3</i>	<i>2.6</i>	<i>1.5</i>	<i>1.3</i>	<i>8.8</i>	<i>9.5</i>
Non-residential structures	66,296	68,176	70,632	73,320	75,348	77,452	61,600	69,606
	<i>3.6</i>	<i>2.8</i>	<i>3.6</i>	<i>3.8</i>	<i>2.8</i>	<i>2.8</i>	<i>13.2</i>	<i>13.0</i>
Machinery and equipment	89,428	90,396	91,564	93,028	93,560	93,644	85,215	91,104
	<i>3.0</i>	<i>1.1</i>	<i>1.3</i>	<i>1.6</i>	<i>0.6</i>	<i>0.1</i>	<i>5.9</i>	<i>6.9</i>
Business investment in inventories	14,032	10,176	9,772	10,652	8,132	13,392	6,216	11,158

Non-farm	12,948	9,360	9,628	10,328	8,444	14,328	4,755	10,566

Farm	1,084	816	144	324	-312	-936	1,461	592

Exports of goods and services	498,276	506,224	526,944	547,276	524,260	517,328	494,578	519,680
	<i>1.7</i>	<i>1.6</i>	<i>4.1</i>	<i>3.9</i>	<i>-4.2</i>	<i>-1.3</i>	<i>7.1</i>	<i>5.1</i>
Goods	431,852	439,780	460,384	480,232	458,120	450,024	429,122	453,062
	<i>2.0</i>	<i>1.8</i>	<i>4.7</i>	<i>4.3</i>	<i>-4.6</i>	<i>-1.8</i>	<i>7.6</i>	<i>5.6</i>
Services	66,424	66,444	66,560	67,044	66,140	67,304	65,456	66,618
	<i>-0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.7</i>	<i>-1.3</i>	<i>1.8</i>	<i>4.4</i>	<i>1.8</i>
Deduct: Imports of goods and services	457,848	464,440	469,084	479,320	473,712	483,112	440,963	467,673
	<i>2.6</i>	<i>1.4</i>	<i>1.0</i>	<i>2.2</i>	<i>-1.2</i>	<i>2.0</i>	<i>5.9</i>	<i>6.1</i>
Goods	379,884	384,732	389,968	398,256	391,724	398,928	363,639	388,210
	<i>3.0</i>	<i>1.3</i>	<i>1.4</i>	<i>2.1</i>	<i>-1.6</i>	<i>1.8</i>	<i>6.1</i>	<i>6.8</i>
Services	77,964	79,708	79,116	81,064	81,988	84,184	77,324	79,463
	<i>0.8</i>	<i>2.2</i>	<i>-0.7</i>	<i>2.5</i>	<i>1.1</i>	<i>2.7</i>	<i>4.7</i>	<i>2.8</i>
Statistical discrepancy	-804	468	-516	-896	248	1,008	-52	-437

Gross domestic product at market prices	1,332,712	1,352,560	1,386,308	1,414,120	1,426,724	1,429,800	1,290,788	1,371,425
	<i>1.0</i>	<i>1.5</i>	<i>2.5</i>	<i>2.0</i>	<i>0.9</i>	<i>0.2</i>	<i>6.4</i>	<i>6.2</i>
<i>Final domestic demand</i>	<i>1,279,028</i>	<i>1,300,060</i>	<i>1,319,228</i>	<i>1,336,364</i>	<i>1,367,664</i>	<i>1,381,276</i>	<i>1,230,988</i>	<i>1,308,670</i>
	<i>1.8</i>	<i>1.6</i>	<i>1.5</i>	<i>1.3</i>	<i>2.3</i>	<i>1.0</i>	<i>5.8</i>	<i>6.3</i>

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

Real gross domestic product, expenditure-based, quarterly percentage change[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions of chained (1997) dollars[2]								
Personal expenditure on consumer goods and services	655,823	661,391	665,602	671,517	679,985	686,980	638,825	663,583
	<i>1.4</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	<i>1.3</i>	<i>1.0</i>	<i>3.3</i>	<i>3.9</i>
Durable goods	101,560	103,115	103,969	103,874	106,853	108,114	97,472	103,130
	<i>2.2</i>	<i>1.5</i>	<i>0.8</i>	<i>-0.1</i>	<i>2.9</i>	<i>1.2</i>	<i>2.5</i>	<i>5.8</i>
Semi-durable goods	60,510	61,254	61,141	62,049	64,125	65,427	58,664	61,239
	<i>2.3</i>	<i>1.2</i>	<i>-0.2</i>	<i>1.5</i>	<i>3.3</i>	<i>2.0</i>	<i>4.1</i>	<i>4.4</i>
Non-durable goods	146,034	146,311	146,511	146,747	146,698	148,375	143,176	146,401
	<i>0.8</i>	<i>0.2</i>	<i>0.1</i>	<i>0.2</i>	<i>-0.0</i>	<i>1.1</i>	<i>2.1</i>	<i>2.3</i>
Services	349,031	352,270	355,619	360,507	364,674	367,538	340,450	354,357
	<i>1.3</i>	<i>0.9</i>	<i>1.0</i>	<i>1.4</i>	<i>1.2</i>	<i>0.8</i>	<i>3.9</i>	<i>4.1</i>
Government current expenditure on goods and services	215,267	216,627	218,239	220,622	222,016	224,571	211,883	217,689
	<i>0.5</i>	<i>0.6</i>	<i>0.7</i>	<i>1.1</i>	<i>0.6</i>	<i>1.2</i>	<i>3.0</i>	<i>2.7</i>
Government gross fixed capital formation	31,460	31,845	32,469	33,507	33,952	34,263	30,257	32,320
	<i>3.2</i>	<i>1.2</i>	<i>2.0</i>	<i>3.2</i>	<i>1.3</i>	<i>0.9</i>	<i>3.3</i>	<i>6.8</i>
Government investment in inventories	24	60	-28	36	108	-76	19	23

Business gross fixed capital formation	223,748	226,187	231,549	235,599	241,287	242,843	213,984	229,271
	<i>1.5</i>	<i>1.1</i>	<i>2.4</i>	<i>1.7</i>	<i>2.4</i>	<i>0.6</i>	<i>8.6</i>	<i>7.1</i>
Residential structures	66,886	67,928	68,846	68,848	70,936	69,998	66,002	68,127
	<i>-1.1</i>	<i>1.6</i>	<i>1.4</i>	<i>0.0</i>	<i>3.0</i>	<i>-1.3</i>	<i>7.8</i>	<i>3.2</i>
Non-residential structures and equipment	156,856	158,158	162,813	167,251	170,713	173,750	147,387	161,270
	<i>2.9</i>	<i>0.8</i>	<i>2.9</i>	<i>2.7</i>	<i>2.1</i>	<i>1.8</i>	<i>9.1</i>	<i>9.4</i>
Non-residential structures	54,046	54,858	56,292	57,912	59,068	59,867	51,679	55,777
	<i>3.0</i>	<i>1.5</i>	<i>2.6</i>	<i>2.9</i>	<i>2.0</i>	<i>1.4</i>	<i>7.4</i>	<i>7.9</i>
Machinery and equipment	103,554	103,896	107,215	110,011	112,353	114,744	96,072	106,169
	<i>2.9</i>	<i>0.3</i>	<i>3.2</i>	<i>2.6</i>	<i>2.1</i>	<i>2.1</i>	<i>10.3</i>	<i>10.5</i>
Business investment in inventories	17,594	14,431	15,024	14,892	11,147	16,480	9,747	15,485

Non-farm	14,348	11,263	12,172	11,809	9,497	15,236	6,494	12,398

Farm	2,642	2,616	2,226	2,473	795	105	2,887	2,489

Exports of goods and services	466,955	464,866	474,439	481,889	477,303	475,858	462,239	472,037
	<i>1.3</i>	<i>-0.4</i>	<i>2.1</i>	<i>1.6</i>	<i>-1.0</i>	<i>-0.3</i>	<i>5.2</i>	<i>2.1</i>
Goods	407,275	405,291	415,328	422,567	418,547	416,166	402,699	412,615
	<i>1.6</i>	<i>-0.5</i>	<i>2.5</i>	<i>1.7</i>	<i>-1.0</i>	<i>-0.6</i>	<i>5.5</i>	<i>2.5</i>
Services	59,868	59,757	59,327	59,542	58,974	59,875	59,687	59,624
	<i>-0.8</i>	<i>-0.2</i>	<i>-0.7</i>	<i>0.4</i>	<i>-1.0</i>	<i>1.5</i>	<i>3.4</i>	<i>-0.1</i>
Deduct: Imports of goods and services	467,457	463,089	475,574	490,041	487,724	498,814	442,421	474,040
	<i>2.0</i>	<i>-0.9</i>	<i>2.7</i>	<i>3.0</i>	<i>-0.5</i>	<i>2.3</i>	<i>8.2</i>	<i>7.1</i>
Goods	398,269	392,943	405,171	417,833	413,850	423,096	373,891	403,554
	<i>2.5</i>	<i>-1.3</i>	<i>3.1</i>	<i>3.1</i>	<i>-1.0</i>	<i>2.2</i>	<i>8.4</i>	<i>7.9</i>
Services	69,401	70,126	70,611	72,471	73,840	75,658	68,294	70,652
	<i>-0.5</i>	<i>1.0</i>	<i>0.7</i>	<i>2.6</i>	<i>1.9</i>	<i>2.5</i>	<i>7.2</i>	<i>3.5</i>
Statistical discrepancy	-690	399	-433	-741	205	837	-52	-366

Gross domestic product at market prices	1,144,136	1,153,623	1,162,822	1,170,239	1,180,674	1,186,555	1,124,688	1,157,705
	<i>0.6</i>	<i>0.8</i>	<i>0.8</i>	<i>0.6</i>	<i>0.9</i>	<i>0.5</i>	<i>3.3</i>	<i>2.9</i>
<i>Final domestic demand</i>	<i>1,124,980</i>	<i>1,134,660</i>	<i>1,146,247</i>	<i>1,159,485</i>	<i>1,175,211</i>	<i>1,186,680</i>	<i>1,093,982</i>	<i>1,141,343</i>
	<i>1.2</i>	<i>0.9</i>	<i>1.0</i>	<i>1.2</i>	<i>1.4</i>	<i>1.0</i>	<i>4.2</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, is the period to period percentage change.

2. Chained dollar series are calculated as the product of the chain-type quantity index and the current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Real gross domestic product, expenditure-based, annualized percentage change[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Quarter to quarter % change at annual rates, chained (1997) dollars								
Personal expenditure on consumer goods and services	5.6	3.4	2.6	3.6	5.1	4.2	3.3	3.9
Durable goods	9.1	6.3	3.4	-0.4	12.0	4.8	2.5	5.8
Semi-durable goods	9.5	5.0	-0.7	6.1	14.1	8.4	4.1	4.4
Non-durable goods	3.1	0.8	0.5	0.6	-0.1	4.7	2.1	2.3
Services	5.3	3.8	3.9	5.6	4.7	3.2	3.9	4.1
Government current expenditure on goods and services	1.9	2.6	3.0	4.4	2.6	4.7	3.0	2.7
Government gross fixed capital formation	13.5	5.0	8.1	13.4	5.4	3.7	3.3	6.8
Government investment in inventories[2]	216	36	-88	64	72	-184	5	4
Business gross fixed capital formation	5.9	4.4	9.8	7.2	10.0	2.6	8.6	7.1
Residential structures	-4.5	6.4	5.5	0.0	12.7	-5.2	7.8	3.2
Non-residential structures and equipment	12.3	3.4	12.3	11.4	8.5	7.3	9.1	9.4
Non-residential structures	12.4	6.1	10.9	12.0	8.2	5.5	7.4	7.9
Machinery and equipment	12.2	1.3	13.4	10.8	8.8	8.8	10.3	10.5
Business investment in inventories[2]	-4,014	-3,163	593	-132	-3,745	5,333	1,075	5,739
Non-farm[2]	-3,698	-3,085	909	-363	-2,312	5,739	1,515	5,904
Farm[2]	-301	-26	-390	247	-1,678	-690	-610	-398
Exports of goods and services	5.3	-1.8	8.5	6.4	-3.8	-1.2	5.2	2.1
Goods	6.7	-1.9	10.3	7.2	-3.8	-2.3	5.5	2.5
Services	-3.2	-0.7	-2.8	1.5	-3.8	6.3	3.4	-0.1
Deduct: Imports of goods and services	8.1	-3.7	11.2	12.7	-1.9	9.4	8.2	7.1
Goods	10.3	-5.2	13.0	13.1	-3.8	9.2	8.4	7.9
Services	-2.1	4.2	2.8	11.0	7.8	10.2	7.2	3.5
Statistical discrepancy[2]	-1,742	1,089	-832	-308	946	632	216	-315
Gross domestic product at market prices	2.2	3.4	3.2	2.6	3.6	2.0	3.3	2.9
<i>Final domestic demand</i>	<i>5.1</i>	<i>3.5</i>	<i>4.1</i>	<i>4.7</i>	<i>5.5</i>	<i>4.0</i>	<i>4.2</i>	<i>4.3</i>

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[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Using seasonally adjusted data, percentage points								
Personal expenditure on consumer goods and services	0.761	0.475	0.354	0.488	0.691	0.569	1.851	2.139
Durable goods	0.161	0.112	0.060	-0.007	0.203	0.085	0.190	0.416
Semi-durable goods	0.106	0.057	-0.009	0.067	0.151	0.093	0.195	0.202
Non-durable goods	0.106	0.026	0.019	0.022	-0.005	0.156	0.292	0.310
Services	0.388	0.279	0.284	0.405	0.342	0.235	1.175	1.210
Government current expenditure on goods and services	0.091	0.123	0.144	0.208	0.122	0.224	0.589	0.523
Government gross fixed capital formation	0.078	0.030	0.049	0.079	0.034	0.023	0.081	0.164
Government investment in inventories	0.019	0.003	-0.008	0.006	0.006	-0.016	0.000	0.000
Business gross fixed capital formation	0.261	0.198	0.429	0.317	0.441	0.120	1.469	1.254
Residential structures	-0.075	0.101	0.088	0.000	0.198	-0.090	0.472	0.205
Non-residential structures and equipment	0.336	0.097	0.341	0.317	0.243	0.210	0.997	1.049
Non-residential structures	0.143	0.075	0.131	0.146	0.104	0.072	0.335	0.380
Machinery and equipment	0.192	0.022	0.210	0.170	0.139	0.138	0.662	0.669
Business investment in inventories	-0.320	-0.251	0.040	-0.015	-0.281	0.389	0.063	0.442
Non-farm	-0.300	-0.248	0.068	-0.030	-0.177	0.430	0.124	0.470
Farm	-0.020	-0.003	-0.028	0.015	-0.104	-0.041	-0.061	-0.029
Exports of goods and services	0.484	-0.168	0.772	0.600	-0.362	-0.111	1.980	0.820
Goods	0.525	-0.159	0.807	0.582	-0.317	-0.182	1.805	0.827
Services	-0.041	-0.009	-0.035	0.017	-0.045	0.071	0.175	-0.006
Deduct: Imports of goods and services	0.665	-0.324	0.910	1.018	-0.160	0.755	2.756	2.378
Goods	0.696	-0.385	0.870	0.869	-0.268	0.613	2.326	2.175
Services	-0.031	0.061	0.040	0.149	0.108	0.142	0.430	0.203
Statistical discrepancy	-0.153	0.095	-0.072	-0.027	0.081	0.053	0.021	-0.029
Gross domestic product at market prices	0.555	0.829	0.797	0.638	0.892	0.498	3.299	2.936
<i>Final domestic demand</i>	<i>1.190</i>	<i>0.826</i>	<i>0.976</i>	<i>1.092</i>	<i>1.288</i>	<i>0.937</i>	<i>3.990</i>	<i>4.080</i>

1. The chained (1997) dollars 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 indexes[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Using seasonally adjusted data, (1997 = 100)								
Personal expenditure on consumer goods and services	113.7 <i>0.4</i>	114.3 <i>0.5</i>	115.1 <i>0.7</i>	115.2 <i>0.1</i>	115.7 <i>0.4</i>	116.2 <i>0.4</i>	112.7 <i>1.5</i>	114.6 <i>1.7</i>
Government current expenditure on goods and services	120.0 <i>1.2</i>	121.4 <i>1.2</i>	122.1 <i>0.6</i>	122.0 <i>-0.1</i>	126.1 <i>3.4</i>	123.9 <i>-1.7</i>	117.9 <i>1.3</i>	121.4 <i>2.9</i>
Government gross fixed capital formation	104.7 <i>0.2</i>	106.0 <i>1.2</i>	106.5 <i>0.5</i>	106.6 <i>0.1</i>	107.0 <i>0.4</i>	107.8 <i>0.7</i>	104.3 <i>1.5</i>	106.0 <i>1.6</i>
Business gross fixed capital formation	108.2 <i>0.7</i>	109.3 <i>1.0</i>	108.9 <i>-0.4</i>	109.4 <i>0.5</i>	109.8 <i>0.4</i>	110.4 <i>0.5</i>	107.4 <i>1.8</i>	109.0 <i>1.5</i>
Exports of goods and services	106.7 <i>0.4</i>	108.9 <i>2.1</i>	111.1 <i>2.0</i>	113.6 <i>2.3</i>	109.8 <i>-3.3</i>	108.7 <i>-1.0</i>	107.0 <i>1.8</i>	110.1 <i>2.9</i>
Imports of goods and services	97.9 <i>0.6</i>	100.3 <i>2.5</i>	98.6 <i>-1.7</i>	97.8 <i>-0.8</i>	97.1 <i>-0.7</i>	96.9 <i>-0.2</i>	99.7 <i>-2.2</i>	98.7 <i>-1.0</i>
Gross domestic product at market prices	116.5 <i>0.4</i>	117.2 <i>0.6</i>	119.2 <i>1.7</i>	120.8 <i>1.3</i>	120.8 <i>0.0</i>	120.5 <i>-0.2</i>	114.8 <i>3.0</i>	118.4 <i>3.2</i>
<i>Final domestic demand</i>	<i>113.7</i> <i>0.6</i>	<i>114.6</i> <i>0.8</i>	<i>115.1</i> <i>0.4</i>	<i>115.3</i> <i>0.2</i>	<i>116.4</i> <i>1.0</i>	<i>116.4</i> <i>0.0</i>	<i>112.5</i> <i>1.5</i>	<i>114.7</i> <i>1.9</i>

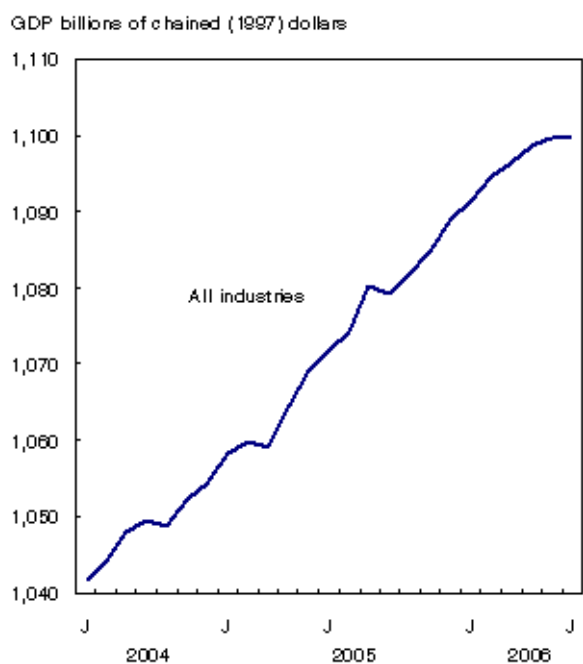
1. The first line is the series itself. The second line, italicized, is the percentage change.

GDP by industry

June 2006

The Canadian economy remained stable in June, after registering increases of 0.2% in April and 0.1% in May. The production of goods, which has shown signs of weaknesses since the beginning of the year, declined 0.2% in June. Service industries gained 0.1%. Oil and gas extraction, the manufacturing of chemical products, wholesale trade as well as construction recorded declines, while the manufacturing of motor vehicles and parts, of fabricated metal products, and forestry and logging posted the largest increases.

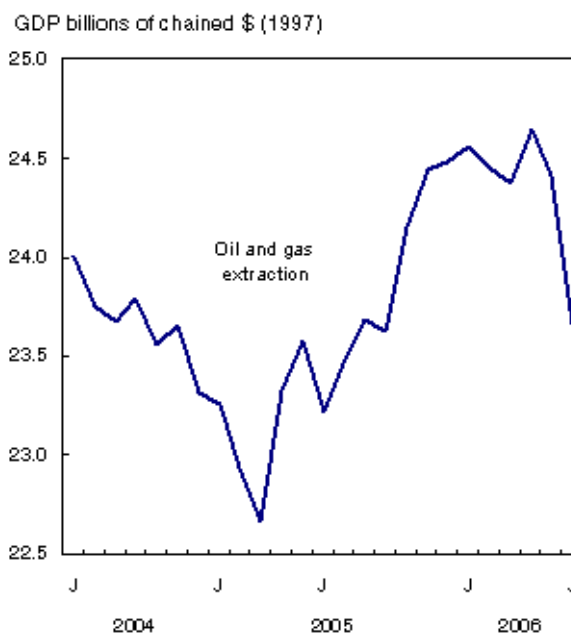
Economic growth slows



For a third consecutive month, the energy sector declined in June (-0.8%). This loss was largely attributable to a decrease in oil and gas extraction (-3.1%), particularly of natural gas. Declining prices and high level of inventories of natural gas were the main factors behind this contraction.

The reduced production of oil and natural gas contributed to a 2.7% decrease in pipeline transportation. However, electricity and natural gas distribution advanced 0.9% and 3.1% respectively.

Oil and gas producers reduce their output



Manufacturing output was essentially unchanged in June. Of the 21 major groups, ten, accounting for 54% of total manufacturing output, boosted their production. An increase in durable goods production (+0.4%) was offset by a decline in non-durable goods output (-0.6%). The largest increases were reported by manufacturers of light motor vehicles and parts, fabricated metal products, and computers and electronic equipment. A rise in US demand resulted in an increase in exports of some models of Canadian-made cars. There was, however, a marked decrease in the production of heavy trucks. Manufacturers of chemical and wood products recorded some of the largest decreases.

Note to readers

A new reference manual, *Gross Domestic Product by Industry: Sources and Methods with Industry Details* (15-548-XIE, 15-548-XWE, free), is now available. This document describes in detail the data sources used in the derivation of monthly GDP by industry series. For more information on this manual, contact Erika Young (613-951-3631; erika.young@statcan.ca), Industry Accounts Division.

The monthly gross domestic product (GDP) by industry data are chained volume estimates with 1997 as their reference year. This means that the estimates for each industry and aggregate are obtained from a chained volume index multiplied by the industry's value added in 1997. For the period 1997 to 2002, the monthly estimates are benchmarked to annually chained Fisher volume indexes of GDP obtained from the constant-price input-output tables. For the period starting with January 2003, the estimates are derived by chaining a Laspeyres volume index at 2002 prices to the prior period. This makes the monthly GDP by industry estimates more comparable with the expenditure-based GDP data, chained quarterly. For more information, see the *Chain Fisher Volume Index* page on our website.

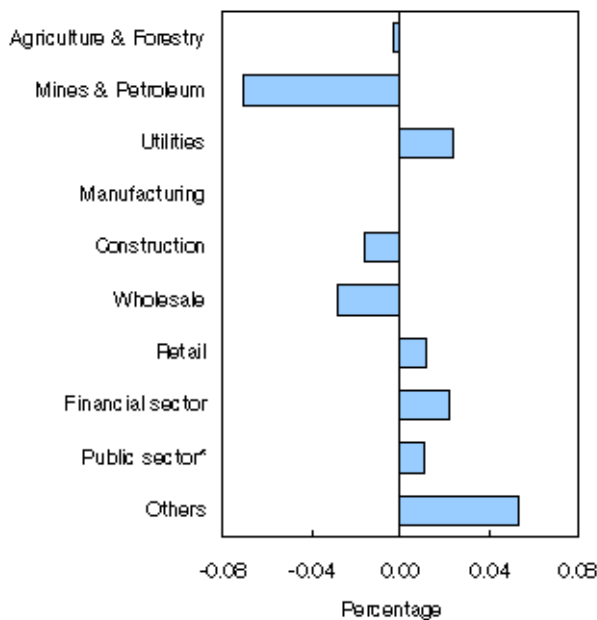
Industrial production, the output of mines, factories and utilities, slipped 0.2%, with utilities alone reporting a gain (+1.0%). In the United States, industrial production increased 0.8% in June, with the three sectors posting increases.

Construction activities declined 0.3% for a second consecutive month, largely as a result of a decrease in residential construction (-1.2%), while non-residential construction edged down 0.1% and engineering and repair work rose 0.3%.

Wholesale trade fell 0.5%, with notable weakness in sales of motor vehicles and parts and of computers and office equipment. Retail trade advanced 0.2% in June. New and used car dealers contributed notably to the slower growth of retail trade. Excluding new and used vehicle dealers, retail sales advanced 0.5%.

A slump in stockbrokers activities (-2.1%) that began in May contributed to hold back growth in the financial sector in June (+0.1%). As well, despite a rebound in activity in May, real estate agents and brokers saw a 1.6% decline in June, in line with the weakening of the home resale market observed since March.

Main industrial sectors' contribution to total growth - June 2006



* Education, health and public administration.

GDP by industry, second quarter 2006

Economy activity grew at a slower pace in the second quarter of 2006 than in the first. An increase in the production of services (+0.8%) more than offset the decline (-0.3%) observed in the goods-producing industries. The growth came mainly from retail and wholesale trade, finance and public administration. For a second consecutive quarter, industrial production (the output of utilities, mines and factories) contracted overall.

Retail trade rose 2.0%, led by increased sales of automotive products, and by pharmacies and retailers of other goods. Wholesale trade continued to grow at a healthy pace (+1.1%). The main contributors were wholesalers of motor vehicles, of computers and other electronic equipment, and of household and personal products. The financial sector advanced 0.8% in the second quarter, despite reduced activities in the insurance industries (-0.1%), and by real estate agents and brokers (-3.0%). The resale market for existing homes declined substantially during this quarter.

Construction activities rose 0.4% in the second quarter, a much slower pace than in the two previous ones (+2.4%). All of the strength was in engineering and repair work, as both residential and non-residential building construction fell in the second quarter.

Industrial production dropped 0.6% in the second quarter, marking a second consecutive quarterly decline. Both the manufacturing and the mining and oil and gas extraction sectors receded, while utilities gained ground. In the United States, industrial production rose 1.5% with all three sectors showing strength.

Manufacturing output fell 0.5% during the second quarter. Of the 21 major groups, eleven, accounting for 50% of total manufacturing output, declined. The production of both non-durable (-0.4%) and durable goods (-0.6%) retreated. The appreciation of the Canadian dollar with respect to the US currency during the quarter (+2.8%) played a role in weakening efforts by export-oriented manufacturers. The mining and oil and gas extraction sector decreased 1.2% in part because of unexpected maintenance work on oil extraction sites. Output of utilities increased 0.7%, partially offsetting the downturns in the manufacturing and mining sectors.

In the second quarter, output of the federal public administration excluding defence increased 2.5% largely as a result of the activities related to the 2006 Census.

Real gross domestic product by industry, at basic prices, monthly[1]

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	June 2005 to June 2006
	Seasonally adjusted at annual rates, millions chained (1997) dollars						%
All industries	1,091,374	1,094,713	1,096,303	1,098,610	1,099,622	1,099,686	...
	<i>0.2</i>	<i>0.3</i>	<i>0.1</i>	<i>0.2</i>	<i>0.1</i>	<i>0.0</i>	2.6
Goods-producing industries	345,029	346,534	345,407	345,300	344,741	344,035	...
	<i>-0.5</i>	<i>0.4</i>	<i>-0.3</i>	<i>-0.0</i>	<i>-0.2</i>	<i>-0.2</i>	1.5
Agriculture, forestry, fishing and hunting	25,097	25,259	25,111	25,286	25,383	25,356	...
	<i>1.0</i>	<i>0.6</i>	<i>-0.6</i>	<i>0.7</i>	<i>0.4</i>	<i>-0.1</i>	1.3
Mining and oil and gas extraction	40,422	40,338	40,747	40,638	39,964	39,393	...
	<i>-2.1</i>	<i>-0.2</i>	<i>1.0</i>	<i>-0.3</i>	<i>-1.7</i>	<i>-1.4</i>	2.1
Utilities	26,250	27,490	27,348	27,053	27,171	27,444	...
	<i>-4.6</i>	<i>4.7</i>	<i>-0.5</i>	<i>-1.1</i>	<i>0.4</i>	<i>1.0</i>	-2.5
Construction	66,866	67,742	67,333	67,825	67,595	67,411	...
	<i>0.8</i>	<i>1.3</i>	<i>-0.6</i>	<i>0.7</i>	<i>-0.3</i>	<i>-0.3</i>	5.9
Manufacturing	185,556	184,962	183,920	183,585	183,940	183,931	...
	<i>-0.0</i>	<i>-0.3</i>	<i>-0.6</i>	<i>-0.2</i>	<i>0.2</i>	<i>-0.0</i>	0.4
Services-producing industries	747,287	749,109	751,880	754,322	755,921	756,714	...
	<i>0.5</i>	<i>0.2</i>	<i>0.4</i>	<i>0.3</i>	<i>0.2</i>	<i>0.1</i>	3.2
Wholesale trade	70,813	71,095	71,220	71,411	72,222	71,885	...
	<i>1.9</i>	<i>0.4</i>	<i>0.2</i>	<i>0.3</i>	<i>1.1</i>	<i>-0.5</i>	5.9
Retail trade	63,778	63,952	64,749	65,627	65,249	65,385	...
	<i>1.1</i>	<i>0.3</i>	<i>1.2</i>	<i>1.4</i>	<i>-0.6</i>	<i>0.2</i>	4.9
Transportation and warehousing	53,033	53,168	53,430	53,645	53,608	53,726	...
	<i>-0.2</i>	<i>0.3</i>	<i>0.5</i>	<i>0.4</i>	<i>-0.1</i>	<i>0.2</i>	3.7
Information and cultural industries	44,734	44,793	44,849	44,683	44,744	45,090	...
	<i>0.7</i>	<i>0.1</i>	<i>0.1</i>	<i>-0.4</i>	<i>0.1</i>	<i>0.8</i>	1.8
Finance, insurance and real estate	217,495	218,300	218,946	219,646	220,163	220,413	...
	<i>0.5</i>	<i>0.4</i>	<i>0.3</i>	<i>0.3</i>	<i>0.2</i>	<i>0.1</i>	3.3
Professional, scientific and technical services	46,372	46,372	46,524	46,441	46,529	46,600	...
	<i>0.3</i>	<i>0.0</i>	<i>0.3</i>	<i>-0.2</i>	<i>0.2</i>	<i>0.2</i>	1.6
Administrative and waste management services	24,273	24,319	24,509	24,637	24,863	25,031	...
	<i>0.4</i>	<i>0.2</i>	<i>0.8</i>	<i>0.5</i>	<i>0.9</i>	<i>0.7</i>	5.2
Educational services	47,457	47,481	47,308	47,451	47,457	47,393	...
	<i>0.3</i>	<i>0.1</i>	<i>-0.4</i>	<i>0.3</i>	<i>0.0</i>	<i>-0.1</i>	0.9
Health care and social assistance	62,847	62,980	63,197	63,282	63,345	63,369	...
	<i>0.3</i>	<i>0.2</i>	<i>0.3</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	2.4
Arts, entertainment and recreation	9,602	9,557	9,719	9,935	9,782	9,793	...
	<i>-2.2</i>	<i>-0.5</i>	<i>1.7</i>	<i>2.2</i>	<i>-1.5</i>	<i>0.1</i>	3.5
Accommodation and food services	23,613	23,671	23,847	23,634	23,723	23,564	...
	<i>0.4</i>	<i>0.2</i>	<i>0.7</i>	<i>-0.9</i>	<i>0.4</i>	<i>-0.7</i>	1.3
Other services (except public administration)	26,172	26,256	26,311	26,313	26,369	26,448	...
	<i>0.2</i>	<i>0.3</i>	<i>0.2</i>	<i>0.0</i>	<i>0.2</i>	<i>0.3</i>	2.0
Public administration	59,180	59,281	59,386	59,715	60,030	60,190	...
	<i>0.4</i>	<i>0.2</i>	<i>0.2</i>	<i>0.6</i>	<i>0.5</i>	<i>0.3</i>	2.9
Other aggregations							
Industrial production	253,740	254,245	253,661	252,919	252,485	251,987	...
	<i>-0.9</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.3</i>	<i>-0.2</i>	<i>-0.2</i>	0.5
Non-durable manufacturing industries	73,136	72,140	71,906	72,040	72,393	71,955	...
	<i>0.3</i>	<i>-1.4</i>	<i>-0.3</i>	<i>0.2</i>	<i>0.5</i>	<i>-0.6</i>	-1.3
Durable manufacturing industries	112,175	112,574	111,769	111,302	111,305	111,732	...
	<i>-0.2</i>	<i>0.4</i>	<i>-0.7</i>	<i>-0.4</i>	<i>0.0</i>	<i>0.4</i>	1.6
Business sector industries	930,348	933,472	935,041	936,764	937,446	937,348	...
	<i>0.2</i>	<i>0.3</i>	<i>0.2</i>	<i>0.2</i>	<i>0.1</i>	<i>-0.0</i>	2.7
Non-business sector industries	161,567	161,797	161,828	162,402	162,722	162,877	...
	<i>0.3</i>	<i>0.1</i>	<i>0.0</i>	<i>0.4</i>	<i>0.2</i>	<i>0.1</i>	2.2
ICT sector, total	62,866	63,103	63,580	63,686	63,621	64,371	...
	<i>1.4</i>	<i>0.4</i>	<i>0.8</i>	<i>0.2</i>	<i>-0.1</i>	<i>1.2</i>	4.5
Energy sector	64,269	65,369	65,844	65,285	64,769	64,283	...
	<i>-2.8</i>	<i>1.7</i>	<i>0.7</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	1.2

1. The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period-to-period percentage change at monthly rates.

Real gross domestic product by industry, at basic prices, quarterly and annually[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions chained (1997) dollars								
Goods-producing industries	337,012	338,959	342,680	345,288	345,657	344,692	332,217	340,985
	<i>0.2</i>	<i>0.6</i>	<i>1.1</i>	<i>0.8</i>	<i>0.1</i>	<i>-0.3</i>	<i>4.1</i>	<i>2.6</i>
Agriculture, forestry, fishing and hunting	24,746	25,018	25,403	25,036	25,156	25,342	24,583	25,051
	<i>-0.0</i>	<i>1.1</i>	<i>1.5</i>	<i>-1.4</i>	<i>0.5</i>	<i>0.7</i>	<i>6.3</i>	<i>1.9</i>
Mining and oil and gas extraction	38,466	39,187	40,354	41,069	40,502	39,998	39,458	39,769
	<i>-2.2</i>	<i>1.9</i>	<i>3.0</i>	<i>1.8</i>	<i>-1.4</i>	<i>-1.2</i>	<i>2.8</i>	<i>0.8</i>
Utilities	27,368	27,676	27,632	27,417	27,029	27,223	26,349	27,523
	<i>1.2</i>	<i>1.1</i>	<i>-0.2</i>	<i>-0.8</i>	<i>-1.4</i>	<i>0.7</i>	<i>0.6</i>	<i>4.5</i>
Construction	62,352	63,251	64,241	65,754	67,314	67,610	60,689	63,900
	<i>1.4</i>	<i>1.4</i>	<i>1.6</i>	<i>2.4</i>	<i>2.4</i>	<i>0.4</i>	<i>4.6</i>	<i>5.3</i>
Manufacturing	183,611	183,162	184,092	184,927	184,813	183,819	180,070	183,948
	<i>0.4</i>	<i>-0.2</i>	<i>0.5</i>	<i>0.5</i>	<i>-0.1</i>	<i>-0.5</i>	<i>4.6</i>	<i>2.2</i>
Services-producing industries	722,895	730,301	736,164	740,825	749,425	755,652	709,357	732,546
	<i>0.9</i>	<i>1.0</i>	<i>0.8</i>	<i>0.6</i>	<i>1.2</i>	<i>0.8</i>	<i>2.7</i>	<i>3.3</i>
Wholesale trade	65,154	67,025	67,802	69,112	71,043	71,839	62,306	67,273
	<i>1.9</i>	<i>2.9</i>	<i>1.2</i>	<i>1.9</i>	<i>2.8</i>	<i>1.1</i>	<i>5.3</i>	<i>8.0</i>
Retail trade	61,453	62,121	62,241	62,635	64,160	65,420	59,405	62,112
	<i>1.8</i>	<i>1.1</i>	<i>0.2</i>	<i>0.6</i>	<i>2.4</i>	<i>2.0</i>	<i>3.8</i>	<i>4.6</i>
Transportation and warehousing	51,089	51,466	52,424	52,842	53,210	53,660	49,804	51,955
	<i>1.1</i>	<i>0.7</i>	<i>1.9</i>	<i>0.8</i>	<i>0.7</i>	<i>0.8</i>	<i>4.5</i>	<i>4.3</i>
Information and cultural industries	43,552	44,193	44,555	44,498	44,792	44,839	42,478	44,199
	<i>1.1</i>	<i>1.5</i>	<i>0.8</i>	<i>-0.1</i>	<i>0.7</i>	<i>0.1</i>	<i>1.3</i>	<i>4.1</i>
Finance, insurance and real estate	210,450	212,595	214,618	215,842	218,247	220,074	206,340	213,376
	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>0.6</i>	<i>1.1</i>	<i>0.8</i>	<i>3.4</i>	<i>3.4</i>
Professional, scientific and technical services	45,554	45,835	45,979	46,136	46,423	46,523	45,343	45,876
	<i>-0.0</i>	<i>0.6</i>	<i>0.3</i>	<i>0.3</i>	<i>0.6</i>	<i>0.2</i>	<i>2.0</i>	<i>1.2</i>
Administrative and waste management services	23,464	23,727	23,877	24,080	24,367	24,844	23,051	23,787
	<i>0.9</i>	<i>1.1</i>	<i>0.6</i>	<i>0.8</i>	<i>1.2</i>	<i>2.0</i>	<i>2.2</i>	<i>3.2</i>
Educational services	46,328	46,788	47,160	47,015	47,415	47,434	45,404	46,823
	<i>0.8</i>	<i>1.0</i>	<i>0.8</i>	<i>-0.3</i>	<i>0.9</i>	<i>0.0</i>	<i>0.9</i>	<i>3.1</i>
Health care and social assistance	61,131	61,572	62,169	62,556	63,008	63,332	61,012	61,857
	<i>-0.2</i>	<i>0.7</i>	<i>1.0</i>	<i>0.6</i>	<i>0.7</i>	<i>0.5</i>	<i>1.5</i>	<i>1.4</i>
Arts, entertainment and recreation	9,362	9,365	9,532	9,753	9,626	9,837	9,425	9,503
	<i>1.7</i>	<i>0.0</i>	<i>1.8</i>	<i>2.3</i>	<i>-1.3</i>	<i>2.2</i>	<i>0.6</i>	<i>0.8</i>
Accommodation and food services	23,178	23,140	23,116	23,359	23,710	23,640	22,925	23,198
	<i>0.8</i>	<i>-0.2</i>	<i>-0.1</i>	<i>1.0</i>	<i>1.5</i>	<i>-0.3</i>	<i>1.5</i>	<i>1.2</i>
Other services (except public administration)	25,809	25,917	25,953	26,055	26,246	26,377	25,541	25,934
	<i>0.2</i>	<i>0.4</i>	<i>0.1</i>	<i>0.4</i>	<i>0.7</i>	<i>0.5</i>	<i>1.5</i>	<i>1.5</i>
Public administration	57,980	58,365	58,594	58,867	59,282	59,978	57,523	58,452
	<i>0.7</i>	<i>0.7</i>	<i>0.4</i>	<i>0.5</i>	<i>0.7</i>	<i>1.2</i>	<i>0.9</i>	<i>1.6</i>
Other aggregations								
Industrial production	250,396	251,208	253,579	255,102	253,882	252,464	247,374	252,571
	<i>-0.0</i>	<i>0.3</i>	<i>0.9</i>	<i>0.6</i>	<i>-0.5</i>	<i>-0.6</i>	<i>3.8</i>	<i>2.1</i>
Non-durable manufacturing industries	73,653	73,234	73,517	72,960	72,394	72,129	73,714	73,341
	<i>-0.6</i>	<i>-0.6</i>	<i>0.4</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.4</i>	<i>2.0</i>	<i>-0.5</i>
Durable manufacturing industries	109,722	109,691	110,336	111,722	112,173	111,446	106,132	110,368
	<i>1.1</i>	<i>-0.0</i>	<i>0.6</i>	<i>1.3</i>	<i>0.4</i>	<i>-0.6</i>	<i>6.5</i>	<i>4.0</i>
Business sector industries	901,940	910,047	918,366	925,260	932,954	937,186	884,924	913,903
	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>0.8</i>	<i>0.8</i>	<i>0.5</i>	<i>3.6</i>	<i>3.3</i>
Non-business sector industries	157,604	158,822	160,108	160,521	161,731	162,667	156,250	159,264
	<i>0.4</i>	<i>0.8</i>	<i>0.8</i>	<i>0.3</i>	<i>0.8</i>	<i>0.6</i>	<i>1.0</i>	<i>1.9</i>
ICT sector, total	60,153	61,111	61,936	62,084	63,183	63,893	58,112	61,321
	<i>1.6</i>	<i>1.6</i>	<i>1.4</i>	<i>0.2</i>	<i>1.8</i>	<i>1.1</i>	<i>4.3</i>	<i>5.5</i>
Energy sector	62,842	63,817	65,170	65,938	65,161	64,779	63,109	64,441
	<i>-1.2</i>	<i>1.6</i>	<i>2.1</i>	<i>1.2</i>	<i>-1.2</i>	<i>-0.6</i>	<i>1.8</i>	<i>2.1</i>

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

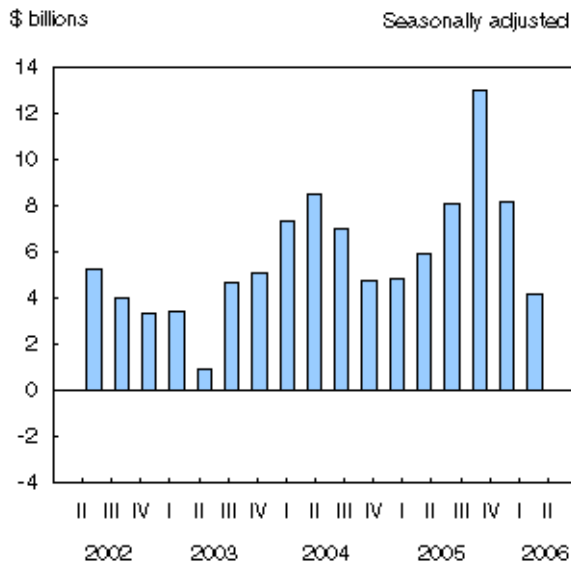
Balance of international payments

Second quarter 2006

Highlights

Canada's current account surplus with the rest of the world, on a seasonally adjusted basis, fell by \$4.0 billion in the second quarter to \$4.2 billion. This was the second consecutive important decrease in the surplus after it had peaked at the end of 2005. As in the previous quarter, most of the decline came from a lower surplus on trade in goods.

Current account surplus down sharply again



In the capital and financial account (not seasonally adjusted), Canada's international assets and liabilities grew strongly in roughly equal measures for a second consecutive quarter. The increase to Canada's foreign assets came, in part, from near record acquisitions by portfolio investors.

Current account

Goods surplus falls again

The surplus on trade in goods decreased \$3.8 billion to \$12.8 billion in the second quarter following a similar reduction in the first quarter. While the first quarter saw imports and exports decline, second quarter exports continued to decline while imports rebounded.

Exports shrank \$2.0 billion to \$112.5 billion while imports rose \$1.8 billion to a record \$99.7 billion.

The value of energy product exports improved somewhat in the second quarter, following a drop of \$4.5 billion in the previous quarter. While prices of natural gas continued to diminish, prices of crude petroleum rose by more than 20% during the quarter, notably due to much higher prices for heavy crude petroleum which accounted for roughly two-thirds of the total export volume.

Note to readers

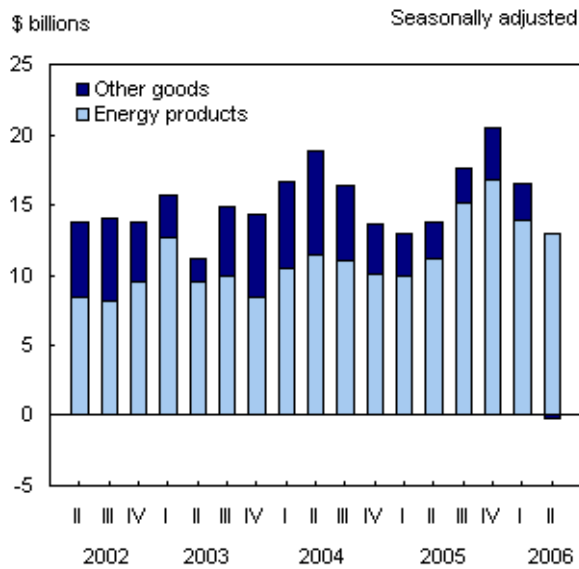
The **balance of payments** covers all economic transactions between Canadian residents and non-residents. It includes the current account and the capital and financial account.

The **current account** covers transactions on goods, services, investment income and current transfers. Transactions in exports and interest income are examples of receipts, while imports and interest expense are payments. The balance from these transactions determines if Canada's current account is in **surplus** or **deficit**.

The **capital and financial account** is mainly composed of transactions in financial instruments. Financial assets and liabilities with non-residents are presented under three functional classes: direct investment, portfolio investment and other investment. These investments belong either to Canadian residents (Canadian assets) or to foreign residents (Canadian liabilities). Transactions resulting in a capital inflow are presented as positive values while capital outflows from Canada are shown as negative values.

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the **statistical discrepancy** is the net unobserved inflow or outflow needed to balance the accounts.

Goods surplus all from energy



Lower exports of cars during the second quarter resulted in a \$1.7 billion reduction in exports of automotive products. This was the lowest level of exports for this group of products since 1998.

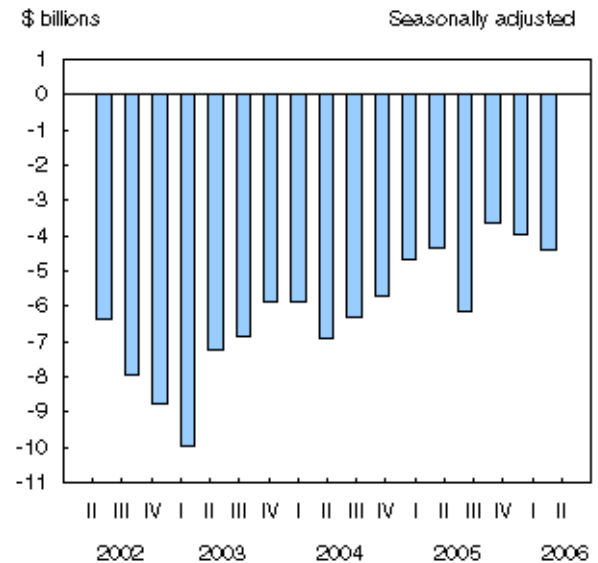
Machinery and equipment exports fell \$0.8 billion during the quarter, the drop being spread among most of the components while forestry products continued their downward trend which started two years ago. These decreases were partly offset by an improved performance for industrial goods, notably metal and alloys products.

Imports of energy products rose \$1.8 billion in the second quarter. Crude petroleum accounted for most of the rise as both prices and volumes went up while petroleum and coal products also registered a significant increase.

Deficit on investment income widens

The deficit on investment income increased \$0.4 billion to \$4.4 billion. Despite a second consecutive increase, the deficit remained low on an historical basis.

Investment income deficit widens but remains historically low



Profits earned by non-residents on their direct investments in Canada remained relatively stable in the second quarter. However, the dividends paid declined to more normal levels after two consecutive quarters above the \$5 billion level. At the same time, the profits earned by Canadian direct investors went down \$0.8 billion.

Receipts of interest on foreign bonds and money market instruments increased for the ninth consecutive quarter as Canadians continued to augment their holdings of such securities. Payments of interest on Canadian portfolio liabilities remained low, as lower payments on bonds were partly offset by higher transactions related to money market instruments.

Services deficit up slightly again

The services deficit increased \$0.3 billion during the second quarter to \$4.5 billion, another record. Higher payments for transportation services were the main contributor to the increase with the travel deficit remaining high. Both commercial service exports and imports registered similar increases and the deficit stayed at \$0.8 billion.

Canadian travellers have again increased their international payments in the second quarter, notably in countries other than the United States. However, for the first quarter since the end of 2004, there was an increase in spending by U.S. travellers in Canada.

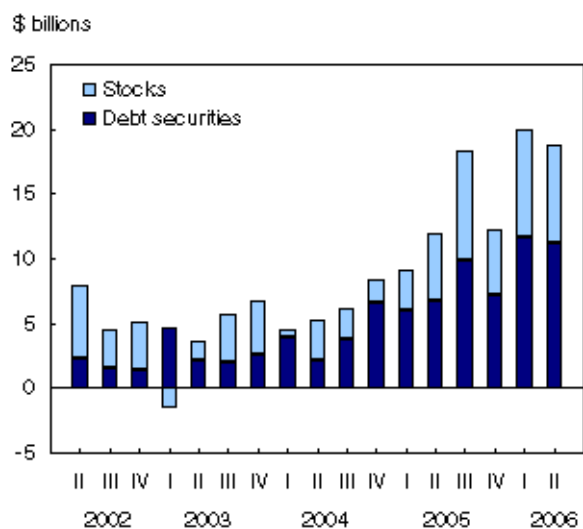
While the total number of travellers from the United States coming to Canada decreased slightly in the second quarter, there was a larger number of people staying at least one night in the country. On average, this group of travellers stay three to four days in the country and spend eight times more than same-day travellers.

Financial account

Near record investment in foreign securities

Canadians purchased \$18.8 billion of foreign securities in the second quarter, consisting of bonds and equities. Together with the record first quarter buying, the back-to-back quarters showed a \$38.7 billion investment, already over 60% of the record total for 2000.

Strong investment in foreign securities continues¹



1. Reverse of Balance of Payments signs.

Two-thirds of the \$18.8 billion investment was in foreign bonds, a high-water mark for a second straight quarter. The investment in foreign bonds was roughly split between US corporate bonds and overseas bonds. Canadian investment in US treasuries was little changed after 10 quarters of investment. Similar to the first quarter, some of the Canadian investment was channelled into "maple bonds". Foreign issuers have been marketing their debt in Canada for some time now. Typically, the bonds are denominated in Canadian dollars and sold to institutional investors.

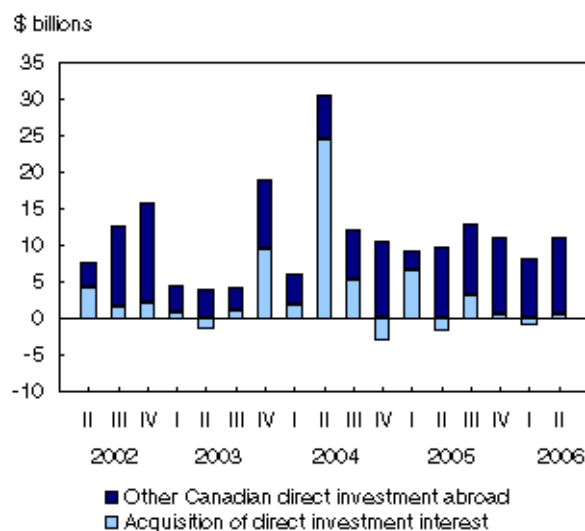
The second quarter saw Canadian investors again buy large amounts of foreign equities, totalling \$7.6 billion. Canadian pension funds have been particularly active in acquiring foreign shares. Just over half of the total was in US shares with the remainder in overseas equities. At the same time, Canadian investors sold back the \$1.1 billion worth of foreign money market paper they acquired in the

first quarter. During the second quarter, investors bought \$1.6 billion of US paper but sold \$2.8 billion of overseas paper.

Direct investment abroad up strongly from a low in quarter one

An \$11 billion injection into foreign economies by Canadian direct investors was a return to a more usual level of investment comparable to those observed over the last few years. The first quarter investment of \$7.3 billion was the lowest quarterly amount in two years. Most of the investments in the current quarter were injections of working capital into existing foreign affiliates. From an industry perspective, investment was concentrated in the finance and insurance sector. Direct investment abroad was well spread geographically, led by investment in Europe.

Canadian direct investment abroad rebounds¹



1. Reverse of Balance of Payments signs.

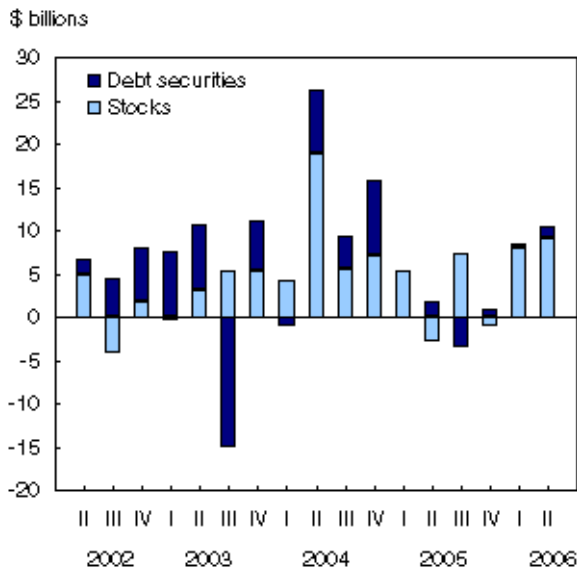
Foreign direct investment lower in Canada after three strong quarters

In the second quarter, foreign direct investors injected \$8.4 billion into the Canadian economy, down from the average of \$14.4 billion of the past three quarters. The foreign investment was split between acquisitions, advances of working capital and strong reinvested earnings. While there have been a number of announcements of major foreign acquisitions during the second quarter, many of these have not formally closed. Much of the quarter-two investment came from American investors and was widely spread by industry.

Strongest foreign investment in Canadian securities in six quarters

Foreign portfolio investment strengthened in the current quarter as investors bought equities and money market paper. They bought \$10.4 billion worth of Canadian securities in the quarter which exceeded investment for all of 2005.

Equities lead foreign investment in Canadian securities

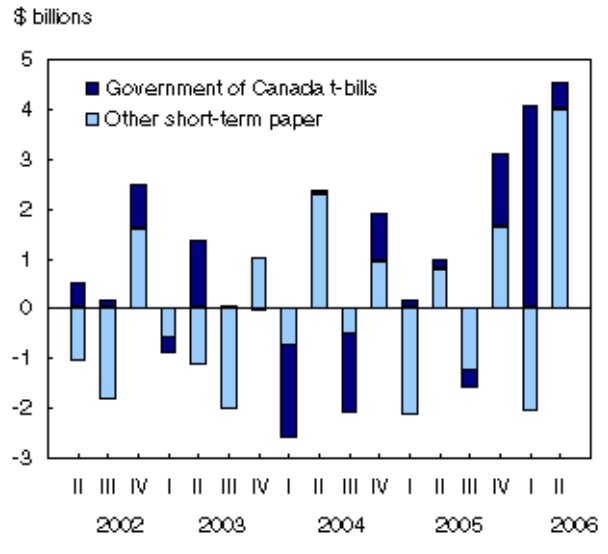


Foreign investors bought \$9.1 billion worth of equities during the quarter despite a falling S&P/TSX Composite Index. The investment came largely from the United States while investment from British investors was offset by sales of other Europeans.

Biggest quarterly foreign investment in Canadian paper since 1997

Foreign investors made a significant investment in Canadian money market paper for a third consecutive quarter. They bought \$4.6 billion worth of Canadian money market paper after buying a similar amount in the two previous quarters. Over half of the investment went to paper issued by federal enterprises with the remainder spread between corporate and government paper. Regionally, investors out of the US and UK led the buying. Short-term rates continued upward in the United States and in Canada, with the differential favouring investment in the US narrowing to just under one-half of a percentage point.

Largest foreign investment in Canadian paper in almost 10 years



Non-residents continued to sell Canadian bonds for a fourth straight quarter. The foreign divestment of \$3.2 billion in the second quarter was the largest of the four quarters, which have totalled \$8.9 billion. In quarter-two, they sold federal government and corporate bonds but bought some bonds issued by federal enterprises. Regionally, the divestment came mainly from the US and emerging economies countered by some buying from European investors. On a currency basis, the foreign selling was largely in Canadian bonds denominated in US dollars. However, there were purchases of bonds denominated in other foreign currencies.

Transactions in deposits, loans and reserves

The other investment account recorded a large net inflow of \$13.8 billion. The inflow was mostly related to higher deposit liabilities and secondly loan liabilities. Deposits and loans also increased strongly on the asset side partly offsetting the increased liabilities. The Canadian dollar jumped 4 full cents during the quarter to close at 89.6 US cents against its American counterpart. The Canadian dollar declined somewhat against most other major foreign currencies except the yen.

Balance of payments

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Not seasonally adjusted, millions of dollars								
Current account								
Receipts								
Goods and services	120,833	130,461	131,581	135,153	128,368	132,351	492,984	518,028
Goods	106,140	114,276	112,599	120,045	113,539	115,963	429,121	453,060
Services	14,693	16,185	18,982	15,108	14,829	16,388	63,863	64,968
Investment income	10,528	12,805	11,307	13,559	13,381	12,989	37,532	48,199
Direct investment	5,721	7,120	5,467	7,686	7,265	6,804	20,677	25,994
Portfolio investment	2,911	3,069	3,208	3,455	3,506	3,691	10,182	12,644
Other investment	1,896	2,616	2,631	2,418	2,610	2,494	6,673	9,561
Current transfers	2,292	1,830	1,816	2,128	3,011	2,103	7,427	8,066
Current account receipts	133,653	145,097	144,704	150,839	144,760	147,443	537,943	574,293
Payments								
Goods and services	112,345	121,145	115,462	117,945	117,794	125,672	440,218	466,896
Goods	92,521	101,457	95,584	98,649	96,942	104,744	363,639	388,210
Services	19,824	19,688	19,878	19,296	20,852	20,928	76,580	78,686
Investment income	15,747	17,154	17,027	17,082	18,012	17,638	62,346	67,010
Direct investment	6,635	7,898	8,338	8,082	7,815	8,371	27,489	30,953
Portfolio investment	6,740	6,838	6,848	6,765	6,133	6,111	28,139	27,192
Other investment	2,371	2,418	1,842	2,234	4,063	3,156	6,717	8,865
Current transfers	3,133	1,651	1,817	1,985	3,512	1,687	7,746	8,585
Current account payments	131,224	139,950	134,306	137,011	139,318	144,997	510,310	542,491
Balances								
Goods and services	8,488	9,316	16,119	17,208	10,573	6,678	52,765	51,132
Goods	13,620	12,819	17,015	21,396	16,597	11,219	65,482	64,850
Services	-5,131	-3,503	-896	-4,188	-6,024	-4,541	-12,717	-13,718
Investment income	-5,219	-4,349	-5,720	-3,523	-4,631	-4,649	-24,814	-18,811
Direct investment	-915	-778	-2,870	-397	-550	-1,567	-6,812	-4,960
Portfolio investment	-3,829	-3,769	-3,640	-3,310	-2,628	-2,420	-17,957	-14,548
Other investment	-475	198	790	184	-1,454	-662	-44	696
Current transfers	-841	180	-1	143	-501	417	-319	-519
Current account balance	2,429	5,147	10,398	13,828	5,442	2,446	27,633	31,802
Capital and financial account[1]								
Capital account	1,472	1,712	1,769	979	1,016	1,003	4,449	5,932
Financial account	-12,391	-9,624	-7,236	-5,857	-10,842	2,787	-36,956	-35,109
Canadian assets, net flows								
Canadian direct investment abroad	-9,229	-8,180	-12,786	-11,105	-7,271	-10,990	-56,274	-41,300
Portfolio investment	-9,073	-11,991	-18,291	-12,297	-19,888	-18,833	-24,369	-51,652
Foreign bonds	-6,284	-5,601	-9,234	-6,496	-10,633	-12,339	-15,290	-27,615
Foreign stocks	-3,091	-5,263	-8,407	-5,187	-8,250	-7,623	-8,092	-21,947
Foreign money market	302	-1,127	-651	-614	-1,005	1,129	-987	-2,089
Other investment	-15,351	-2,775	-13,277	9,238	-20,575	-18,047	-7,396	-22,164
Loans	-334	3,886	-251	5,229	-1,936	-4,323	3,505	8,529
Deposits	-9,372	-4,448	-12,911	11,043	-11,990	-13,866	-10,666	-15,688
Official international reserves	-3,437	585	1,092	108	-3,800	899	3,427	-1,653
Other assets	-2,206	-2,798	-1,207	-7,141	-2,849	-757	-3,662	-13,352
Total Canadian assets, net flows	-33,652	-22,946	-44,355	-14,164	-47,734	-47,869	-88,039	-115,116
Canadian liabilities, net flows								
Foreign direct investment in Canada	6,445	5,295	14,109	15,135	14,094	8,352	1,995	40,984
Portfolio investment	5,362	-807	3,836	81	8,546	10,415	54,267	8,472
Canadian bonds	2,067	896	-1,934	-2,212	-1,514	-3,244	18,955	-1,183
Canadian stocks	5,235	-2,679	7,389	-812	8,046	9,108	35,742	9,133
Canadian money market	-1,940	976	-1,619	3,105	2,013	4,550	-429	522
Other investment	9,453	8,834	19,174	-6,910	14,252	31,889	-5,179	30,551
Loans	7,710	3,249	-5,423	-3,528	2,476	4,852	-2,345	2,007
Deposits	-1,235	5,187	24,654	336	11,052	27,067	-531	28,942
Other liabilities	2,979	398	-58	-3,717	724	-30	-2,303	-398
Total Canadian liabilities, net flows	21,261	13,322	37,118	8,307	36,892	50,656	51,083	80,008
Total capital and financial account, net flows	-10,920	-7,912	-5,467	-4,878	-9,826	3,790	-32,507	-29,177
Statistical discrepancy	8,491	2,765	-4,931	-8,951	4,384	-6,235	4,874	-2,625

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

Current account

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted at quarterly rates, millions of dollars								
Receipts								
Goods and services	124,184	126,139	131,319	136,386	130,613	128,861	492,984	518,028
Goods	107,964	109,942	115,095	120,060	114,528	112,506	429,121	453,060
Services	16,220	16,197	16,225	16,327	16,084	16,355	63,863	64,968
Travel	4,218	4,107	4,100	4,035	3,914	4,036	16,745	16,460
Transportation	2,882	2,842	2,919	2,989	3,019	2,990	11,024	11,632
Commercial services	8,700	8,808	8,742	8,865	8,714	8,918	34,511	35,115
Government services	420	441	463	438	438	410	1,582	1,761
Investment income	10,709	12,516	11,433	13,541	13,452	12,693	37,532	48,199
Direct investment	5,827	6,925	5,613	7,629	7,277	6,587	20,677	25,994
Interest	235	310	340	391	259	319	754	1,275
Profits	5,592	6,615	5,273	7,239	7,018	6,268	19,923	24,718
Portfolio investment	2,922	3,067	3,217	3,438	3,563	3,672	10,182	12,644
Interest	861	912	1,042	1,190	1,221	1,336	2,387	4,006
Dividends	2,061	2,155	2,175	2,248	2,342	2,335	7,795	8,638
Other investment	1,960	2,524	2,603	2,474	2,612	2,435	6,673	9,561
Current transfers	1,941	2,010	2,060	2,056	2,616	2,335	7,427	8,066
Private	690	623	661	614	714	693	2,785	2,587
Official	1,250	1,387	1,400	1,442	1,902	1,642	4,642	5,479
Total receipts	136,833	140,665	144,812	151,983	146,681	143,888	537,943	574,293
Payments								
Goods and services	114,273	115,910	117,075	119,637	118,227	120,565	440,218	466,896
Goods	94,969	96,183	97,493	99,565	97,933	99,734	363,639	388,210
Services	19,305	19,727	19,582	20,072	20,294	20,831	76,580	78,686
Travel	5,497	5,526	5,520	5,717	5,790	5,869	20,747	22,260
Transportation	4,221	4,391	4,413	4,503	4,719	4,940	16,001	17,528
Commercial services	9,346	9,571	9,413	9,615	9,545	9,758	38,885	37,946
Government services	240	238	237	237	240	264	946	952
Investment income	15,373	16,855	17,604	17,177	17,424	17,079	62,346	67,010
Direct investment	6,665	7,429	8,726	8,134	7,709	7,555	27,489	30,953
Interest	578	582	579	574	578	579	2,280	2,313
Profits	6,087	6,847	8,147	7,559	7,130	6,977	25,209	28,640
Portfolio investment	6,772	6,839	6,823	6,758	6,180	6,133	28,139	27,192
Interest	5,855	5,937	5,799	5,649	5,404	5,394	24,137	23,239
Dividends	918	903	1,024	1,109	776	739	4,003	3,953
Other investment	1,936	2,587	2,056	2,286	3,535	3,391	6,717	8,865
Current transfers	2,393	2,012	2,037	2,143	2,853	2,050	7,746	8,585
Private	1,180	1,202	1,202	1,228	1,940	1,266	4,657	4,812
Official	1,214	810	835	915	913	783	3,089	3,773
Total payments	132,040	134,777	136,717	138,957	138,503	139,694	510,310	542,491
Balances								
Goods and services	9,911	10,229	14,244	16,749	12,386	8,295	52,765	51,132
Goods	12,995	13,759	17,602	20,494	16,595	12,772	65,482	64,850
Services	-3,084	-3,530	-3,358	-3,745	-4,209	-4,476	-12,717	-13,718
Travel	-1,279	-1,420	-1,419	-1,682	-1,876	-1,833	-4,002	-5,800
Transportation	-1,339	-1,550	-1,494	-1,515	-1,701	-1,950	-4,977	-5,897
Commercial services	-646	-763	-671	-750	-831	-840	-4,374	-2,831
Government services	180	203	226	201	199	146	636	810
Investment income	-4,664	-4,339	-6,172	-3,636	-3,972	-4,386	-24,814	-18,811
Direct investment	-838	-504	-3,113	-505	-432	-969	-6,812	-4,960
Interest	-342	-272	-239	-184	-320	-260	-1,527	-1,038
Profits	-496	-232	-2,874	-321	-112	-709	-5,286	-3,922
Portfolio investment	-3,850	-3,772	-3,606	-3,320	-2,618	-2,461	-17,957	-14,548
Interest	-4,993	-5,024	-4,757	-4,459	-4,183	-4,057	-21,750	-19,234
Dividends	1,143	1,253	1,151	1,139	1,566	1,596	3,793	4,686
Other investment	24	-64	547	188	-923	-956	-44	696
Current transfers	-453	-2	23	-87	-236	285	-319	-519
Private	-490	-579	-542	-614	-1,225	-574	-1,872	-2,225
Official	37	577	564	528	989	859	1,554	1,706
Current account	4,794	5,888	8,095	13,026	8,178	4,194	27,633	31,802

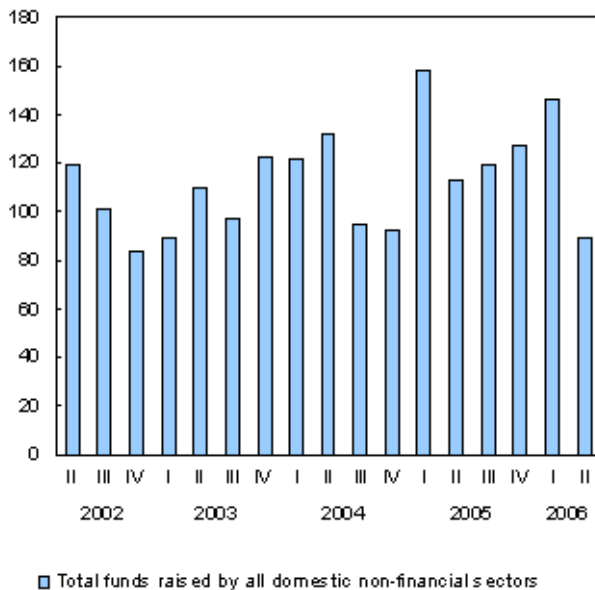
Financial flows

Second quarter 2006

Total funds raised by domestic non-financial sectors on credit markets amounted to \$89.5 billion in the second quarter of 2006 (seasonally adjusted at annual rates), down sharply from the first quarter of 2006. This reflected a significant reduction in public sector debt and an easing in the demand for funds by the private sector. The ratio of total funds raised by domestic non-financial private sectors to final domestic demand was 9.4% in the second quarter, a drop from 10.4% in the previous quarter.

Total funds raised by all domestic non-financial sectors fall back

Billions of dollars, seasonally adjusted at annual rates



The correction in the Toronto stock market was a highlight of the quarter. Financial markets were further marked with rising interest rates, including mortgage rates and bond yields. The Canadian dollar continued to gain strength, closing the quarter just under the 90 cents mark.

Household borrowing remains steady

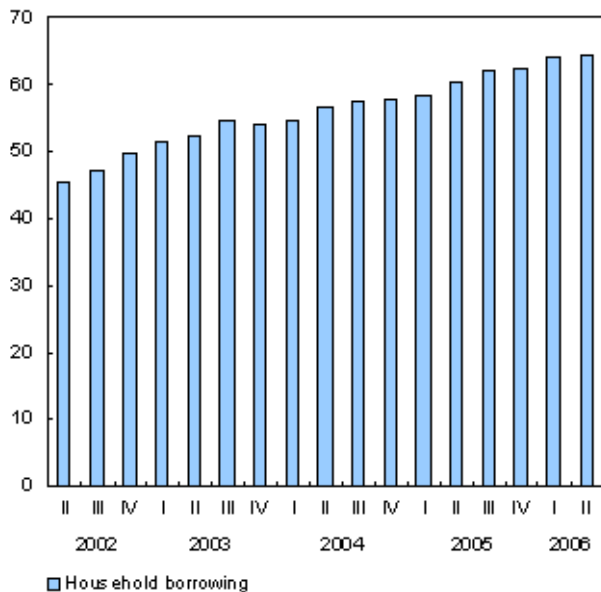
Household borrowing remained steady in the second quarter. Mortgage demand eased, reflecting slower residential investment. While overall consumer spending remained strong, weakness in expenditures on durable goods—in particular motor vehicles—translated into slower consumer debt growth.

Total household debt, the sum of mortgages and consumer credit, edged up. Debt amounted to 109.2% of personal disposable income. However, debt servicing charges remained stable at about 8% of personal disposable income.

The saving rate was 1.0% in the second quarter following the special pension contribution-driven hike in the first quarter. Correspondingly, household financial assets accumulated at a slower pace, largely accounted for in pension assets and shares (including mutual funds).

Household borrowing steady

Billions of dollars, seasonally adjusted at annual rates



Note to readers

The *Financial Flow Accounts* (FFA) measure net lending or borrowing by examining financial transactions in the economy by sector. The FFA arrive at a measure of net financial investment which is the difference between change in financial assets and liabilities. (e.g., net purchases of securities less net issuance of securities).

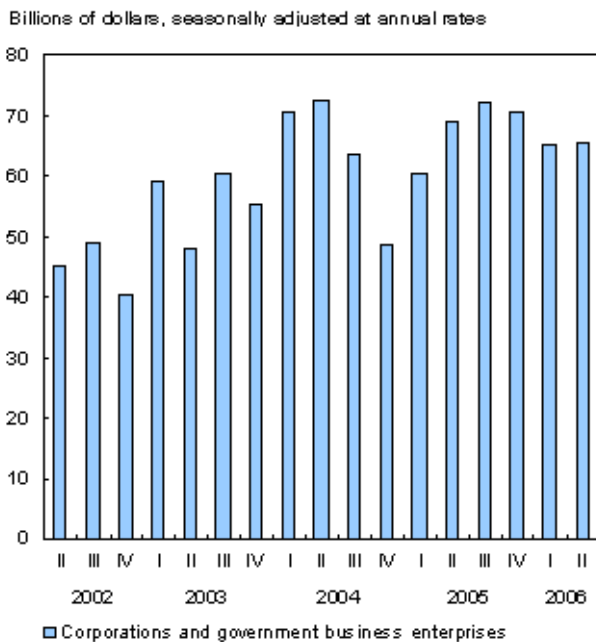
The Financial Flow Accounts also provide the link between financial and non-financial activity in the economy which ties estimates of saving and non-financial asset formation (e.g., investment in new housing) with the underlying financial transactions.

Corporations continue to save in excess of their capital spending needs

Corporations continued to internally generate more than enough funds to finance strong fixed capital investment, which was led by investment in machinery and engineering structures as well as in inventories in the second quarter. As a result, the corporate sector maintained its position as net lenders to the rest of the economy.

Demand for funds by non-financial private corporations was correspondingly down in the quarter, reflected in bonds and equities. Net new share issues fell back after a strong first quarter, a likely impact of stock price declines.

Corporate net lending continues

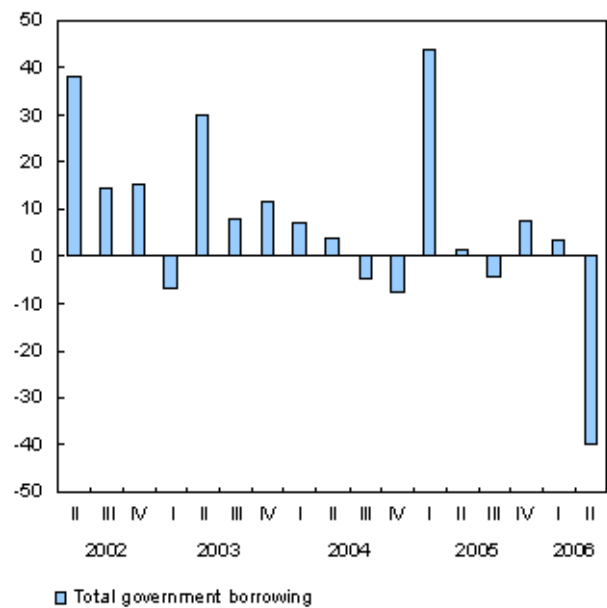


Government surplus up, borrowing down

In the second quarter, the government sector surplus widened substantially, and government debt was repaid on a net basis. In particular, the federal government redeemed short-term debt and both the federal and provincial governments reduced bond debt. This net repayment reflected reduced current expenditures in the quarter combined with stable capital finance requirements.

Total government marketable debt reduced

Billions of dollars, seasonally adjusted at annual rates



Financial market summary table

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Funds raised:								
Persons and unincorporated business	61,516	63,032	64,476	64,564	67,424	67,996	61,280	63,397
Consumer credit	21,576	21,824	21,864	21,404	21,844	21,612	21,329	21,667
Bank loans	2,684	1,332	1,276	1,148	1,872	3,604	1,535	1,610
Other loans	436	1,288	1,308	1,212	1,432	56	3,072	1,061
Mortgages	36,820	38,588	40,028	40,800	42,276	42,724	35,344	39,059
Non-financial private corporations	53,260	47,632	59,976	54,748	74,588	60,996	51,282	53,904
Bank loans	4,108	5,820	-1,188	9,736	11,840	14,796	8,953	4,619
Other loans	4,200	4,904	1,380	-336	5,712	10,332	-4,671	2,537
Other short-term paper	5,364	-448	9,548	1,236	10,488	15,828	2,654	3,925
Mortgages	7,296	7,692	11,068	12,228	11,248	11,520	6,442	9,571
Bonds	13,256	11,908	20,392	12,624	13,776	-7,292	16,065	14,545
Shares	19,036	17,756	18,776	19,260	21,524	15,812	21,839	18,707
Non-financial government enterprises	-760	1,008	-1,308	232	224	560	-1,654	-207
Bank loans	-304	-312	580	56	-364	768	7	5
Other loans	-40	3,068	-1,136	-928	724	736	250	241
Other short-term paper	-2,748	-912	1,612	1,424	1,148	-1,636	-1,160	-156
Mortgages	-4	12	0	0	0	0	-4	2
Bonds	2,336	-848	-2,364	-320	-1,284	692	-747	-299
Shares	0	0	0	0	0	0	0	0
Federal government	27,312	-17,796	440	-720	2,988	-32,540	-18,791	2,309
Bank loans	160	136	132	136	156	128	140	141
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	33,064	-8,200	11,108	8,172	13,500	-26,792	-55	11,036
Canada Savings Bonds	-2,656	-1,644	-1,572	-1,132	-2,420	-1,504	-1,443	-1,751
Other bonds	-3,256	-8,088	-9,228	-7,896	-8,248	-4,372	-17,433	-7,117
Other levels of government	16,540	19,052	-4,820	8,164	692	-7,552	18,346	9,734
Bank loans	-72	168	248	492	856	-216	-502	209
Other loans	1,180	248	732	768	-224	176	1,090	732
Other short-term paper	-17,344	-4,220	-5,036	8,840	4,612	1,012	-1,764	-4,440
Mortgages	-16	-12	-12	-12	4	-120	-33	-13
Provincial bonds	31,036	22,072	-3,684	-2,832	-6,364	-8,988	17,334	11,648
Municipal bonds	1,332	832	2,368	628	1,656	512	1,878	1,290
Other bonds	424	-36	564	280	152	72	343	308
Total funds raised by domestic non-financial sectors	157,868	112,928	118,764	126,988	145,916	89,460	110,463	129,137
Consumer credit	21,576	21,824	21,864	21,404	21,844	21,612	21,329	21,667
Bank loans	6,576	7,144	1,048	11,568	14,360	19,080	10,133	6,584
Other loans	5,776	9,508	2,284	716	7,644	11,300	-259	4,571
Canada short-term paper	33,064	-8,200	11,108	8,172	13,500	-26,792	-55	11,036
Other short-term paper	-14,728	-5,580	6,124	11,500	16,248	15,204	-270	-671
Mortgages	44,096	46,280	51,084	53,016	53,528	54,124	41,749	48,619
Bonds	42,472	24,196	6,476	1,352	-2,732	-20,880	15,997	18,624
Shares	19,036	17,756	18,776	19,260	21,524	15,812	21,839	18,707

Sector accounts - Persons and unincorporated businesses[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	1,005,028	1,020,336	1,036,668	1,048,900	1,079,024	1,074,872	979,012	1,027,733
	<i>0.9</i>	<i>1.5</i>	<i>1.6</i>	<i>1.2</i>	<i>2.9</i>	<i>-0.4</i>	<i>5.0</i>	<i>5.0</i>
Wages, salaries and supplementary labour income	672,252	682,340	694,340	703,668	720,672	721,844	651,888	688,150
	<i>1.5</i>	<i>1.5</i>	<i>1.8</i>	<i>1.3</i>	<i>2.4</i>	<i>0.2</i>	<i>5.0</i>	<i>5.6</i>
Unincorporated business net income[2]	85,516	85,764	86,556	86,988	87,408	88,020	84,084	86,206
	<i>0.1</i>	<i>0.3</i>	<i>0.9</i>	<i>0.5</i>	<i>0.5</i>	<i>0.7</i>	<i>7.3</i>	<i>2.5</i>
Interest, dividends and miscellaneous investment income	112,204	113,304	115,184	117,416	119,336	121,208	108,958	114,527
	<i>1.2</i>	<i>1.0</i>	<i>1.7</i>	<i>1.9</i>	<i>1.6</i>	<i>1.6</i>	<i>4.2</i>	<i>5.1</i>
Current transfers from government	130,868	134,976	136,436	136,792	147,128	139,392	129,956	134,768
	<i>-1.5</i>	<i>3.1</i>	<i>1.1</i>	<i>0.3</i>	<i>7.6</i>	<i>-5.3</i>	<i>4.2</i>	<i>3.7</i>
Current transfers from corporations	1,428	1,464	1,512	1,580	1,624	1,640	1,341	1,496
	<i>7.2</i>	<i>2.5</i>	<i>3.3</i>	<i>4.5</i>	<i>2.8</i>	<i>1.0</i>	<i>9.5</i>	<i>11.6</i>
Current transfers from non-residents	2,760	2,488	2,640	2,456	2,856	2,768	2,785	2,586
	<i>-1.1</i>	<i>-9.9</i>	<i>6.1</i>	<i>-7.0</i>	<i>16.3</i>	<i>-3.1</i>	<i>7.7</i>	<i>-7.1</i>
Outlay	995,412	1,012,380	1,026,644	1,038,660	1,053,784	1,066,812	959,297	1,018,274
	<i>1.8</i>	<i>1.7</i>	<i>1.4</i>	<i>1.2</i>	<i>1.5</i>	<i>1.2</i>	<i>5.1</i>	<i>6.1</i>
Personal expenditure on goods and services	745,616	756,184	765,928	773,792	786,468	798,032	719,869	760,380
	<i>1.7</i>	<i>1.4</i>	<i>1.3</i>	<i>1.0</i>	<i>1.6</i>	<i>1.5</i>	<i>4.9</i>	<i>5.6</i>
Current transfers to government	232,584	238,684	242,832	246,736	248,576	249,540	223,081	240,209
	<i>1.7</i>	<i>2.6</i>	<i>1.7</i>	<i>1.6</i>	<i>0.7</i>	<i>0.4</i>	<i>5.9</i>	<i>7.7</i>
Current transfers to corporations	13,548	13,840	14,168	14,484	14,928	15,424	12,741	14,010
	<i>3.7</i>	<i>2.2</i>	<i>2.4</i>	<i>2.2</i>	<i>3.1</i>	<i>3.3</i>	<i>5.6</i>	<i>10.0</i>
Current transfers to non-residents	3,664	3,672	3,716	3,648	3,812	3,816	3,606	3,675
	<i>0.9</i>	<i>0.2</i>	<i>1.2</i>	<i>-1.8</i>	<i>4.5</i>	<i>0.1</i>	<i>7.8</i>	<i>1.9</i>
Saving	9,616	7,956	10,024	10,240	25,240	8,060	19,715	9,459
	<i>-45.7</i>	<i>-17.3</i>	<i>26.0</i>	<i>2.2</i>	<i>146.5</i>	<i>-68.1</i>	<i>-1.3</i>	<i>-52.0</i>
Disposable income[3]	772,444	781,652	793,836	802,164	830,448	825,332	755,931	787,524
	<i>0.7</i>	<i>1.2</i>	<i>1.6</i>	<i>1.0</i>	<i>3.5</i>	<i>-0.6</i>	<i>4.7</i>	<i>4.2</i>
Saving rate	1.2	1.0	1.3	1.3	3.0	1.0	2.6	1.2

Gross saving and capital transfers	53,396	53,624	56,184	53,572	69,236	52,432	60,519	54,194
	<i>-10.3</i>	<i>0.4</i>	<i>4.8</i>	<i>-4.6</i>	<i>29.2</i>	<i>-24.3</i>	<i>5.1</i>	<i>-10.5</i>
Saving	9,616	7,956	10,024	10,240	25,240	8,060	19,715	9,459
	<i>-45.7</i>	<i>-17.3</i>	<i>26.0</i>	<i>2.2</i>	<i>146.5</i>	<i>-68.1</i>	<i>-1.3</i>	<i>-52.0</i>
Capital consumption allowances	39,184	39,812	40,184	40,648	41,064	41,436	37,799	39,957
	<i>1.4</i>	<i>1.6</i>	<i>0.9</i>	<i>1.2</i>	<i>1.0</i>	<i>0.9</i>	<i>5.9</i>	<i>5.7</i>
Net capital transfers	4,596	5,856	5,976	2,684	2,932	2,936	3,005	4,778
	<i>45.6</i>	<i>27.4</i>	<i>2.0</i>	<i>-55.1</i>	<i>9.2</i>	<i>0.1</i>	<i>57.8</i>	<i>59.0</i>
Deduct: Non-financial capital acquisition	105,260	109,148	106,488	109,392	115,820	116,668	100,178	107,572
	<i>1.1</i>	<i>3.7</i>	<i>-2.4</i>	<i>2.7</i>	<i>5.9</i>	<i>0.7</i>	<i>12.4</i>	<i>7.4</i>
Net lending	-51,864	-55,524	-50,304	-55,820	-46,584	-64,236	-39,659	-53,378

Transactions in financial assets	10,456	9,624	24,796	8,860	27,284	4,820	21,964	13,434

Currency and deposits	-5,432	10,532	7,176	4,480	23,936	32,932	27,752	4,189

Canadian debt securities	-3,608	-9,876	-8,984	-21,348	-44,184	-27,156	-12,330	-10,954

Corporate shares and mutual funds	18,340	8,944	10,364	9,840	18,944	-10,652	-1,906	11,872

Life insurance and pensions	36,336	36,124	39,892	39,732	51,160	44,828	31,960	38,021

Other financial assets	-35,180	-36,100	-23,652	-23,844	-22,572	-35,132	-23,512	-29,694

Transactions in liabilities	65,012	60,944	72,672	63,672	71,684	68,812	59,874	65,575

Consumer credit	21,576	21,824	21,864	21,404	21,844	21,612	21,329	21,667

Bank and other loans	3,120	2,620	2,584	2,360	3,304	3,660	4,607	2,671

Mortgages	36,820	38,588	40,028	40,800	42,276	42,724	35,344	39,059

Trade payables	3,496	-2,088	8,196	-892	4,260	816	-1,406	2,178

Net financial investment	-54,556	-51,320	-47,876	-54,812	-44,400	-63,992	-37,910	-52,141

Sector discrepancy	2,692	-4,204	-2,428	-1,008	-2,184	-244	-1,749	-1,237

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

2. Sum of accrued net income of farm operators from farm production and net income of non-farm unincorporated business, including rent.

3. Total income minus current transfers to government.

Sector accounts - Corporations and government business enterprises, total[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	328,632	340,000	355,936	374,748	364,084	363,484	315,804	349,829
	<i>0.3</i>	<i>3.5</i>	<i>4.7</i>	<i>5.3</i>	<i>-2.8</i>	<i>-0.2</i>	<i>9.8</i>	<i>10.8</i>
Corporation profits before taxes	178,936	183,704	192,368	202,812	195,268	196,080	171,323	189,455
	<i>1.3</i>	<i>2.7</i>	<i>4.7</i>	<i>5.4</i>	<i>-3.7</i>	<i>0.4</i>	<i>18.3</i>	<i>10.6</i>
Government business enterprise profits before taxes	13,584	14,228	14,596	15,516	13,924	13,592	12,508	14,481
	<i>2.5</i>	<i>4.7</i>	<i>2.6</i>	<i>6.3</i>	<i>-10.3</i>	<i>-2.4</i>	<i>1.8</i>	<i>15.8</i>
Inventory valuation adjustment	-1,136	-1,944	2,976	-1,200	2,344	520	-1,574	-326

Interest, dividends and miscellaneous receipts[2]	69,456	75,712	77,148	88,452	82,404	81,648	65,840	77,692
	<i>2.0</i>	<i>9.0</i>	<i>1.9</i>	<i>14.7</i>	<i>-6.8</i>	<i>-0.9</i>	<i>10.5</i>	<i>18.0</i>
Interest on consumer debt	13,548	13,840	14,168	14,484	14,928	15,424	12,741	14,010
	<i>3.7</i>	<i>2.2</i>	<i>2.4</i>	<i>2.2</i>	<i>3.1</i>	<i>3.3</i>	<i>5.6</i>	<i>10.0</i>
Interest on public debt[3]	54,244	54,460	54,680	54,684	55,216	56,220	54,966	54,517
	<i>-0.2</i>	<i>0.4</i>	<i>0.4</i>	<i>0.0</i>	<i>1.0</i>	<i>1.8</i>	<i>0.4</i>	<i>-0.8</i>
Outlay	230,444	237,344	244,236	263,196	261,124	254,412	227,033	243,805
	<i>-3.7</i>	<i>3.0</i>	<i>2.9</i>	<i>7.8</i>	<i>-0.8</i>	<i>-2.6</i>	<i>5.4</i>	<i>7.4</i>
Interest, dividends and miscellaneous payments	182,528	187,928	193,156	210,344	206,652	201,964	181,299	193,489
	<i>-4.7</i>	<i>3.0</i>	<i>2.8</i>	<i>8.9</i>	<i>-1.8</i>	<i>-2.3</i>	<i>3.8</i>	<i>6.7</i>
Direct taxes	46,252	47,644	49,308	50,852	49,772	50,392	44,132	48,514
	<i>0.3</i>	<i>3.0</i>	<i>3.5</i>	<i>3.1</i>	<i>-2.1</i>	<i>1.2</i>	<i>12.7</i>	<i>9.9</i>
Other current transfers	1,664	1,772	1,772	2,000	4,700	2,056	1,602	1,802
	<i>4.8</i>	<i>6.5</i>	<i>0.0</i>	<i>12.9</i>	<i>135.0</i>	<i>-56.3</i>	<i>13.1</i>	<i>12.5</i>
Saving	98,188	102,656	111,700	111,552	102,960	109,072	88,771	106,024
	<i>11.0</i>	<i>4.6</i>	<i>8.8</i>	<i>-0.1</i>	<i>-7.7</i>	<i>5.9</i>	<i>22.6</i>	<i>19.4</i>
Gross saving and capital transfers	211,160	217,216	227,704	229,524	222,656	230,268	199,775	221,401
	<i>5.2</i>	<i>2.9</i>	<i>4.8</i>	<i>0.8</i>	<i>-3.0</i>	<i>3.4</i>	<i>11.5</i>	<i>10.8</i>
Saving	98,188	102,656	111,700	111,552	102,960	109,072	88,771	106,024
	<i>11.0</i>	<i>4.6</i>	<i>8.8</i>	<i>-0.1</i>	<i>-7.7</i>	<i>5.9</i>	<i>22.6</i>	<i>19.4</i>
Capital consumption allowances	110,732	112,032	113,604	115,460	117,112	118,764	108,474	112,957
	<i>0.9</i>	<i>1.2</i>	<i>1.4</i>	<i>1.6</i>	<i>1.4</i>	<i>1.4</i>	<i>4.1</i>	<i>4.1</i>
Net capital transfers	2,240	2,528	2,400	2,512	2,584	2,432	2,530	2,420
	<i>-12.6</i>	<i>12.9</i>	<i>-5.1</i>	<i>4.7</i>	<i>2.9</i>	<i>-5.9</i>	<i>-3.6</i>	<i>-4.3</i>
Deduct: Non-financial capital acquisition	150,880	148,232	155,460	159,016	157,244	164,812	135,825	153,397
	<i>-0.8</i>	<i>-1.8</i>	<i>4.9</i>	<i>2.3</i>	<i>-1.1</i>	<i>4.8</i>	<i>10.0</i>	<i>12.9</i>
Net lending	60,280	68,984	72,244	70,508	65,412	65,456	63,950	68,004

Transactions in financial assets	415,636	482,652	459,244	455,728	558,448	379,452	352,032	453,315

<i>Of which:</i>								
Consumer credit	21,576	21,824	21,864	21,404	21,844	21,612	21,329	21,667

Bank and other loans	5,072	13,280	14,500	28,856	31,128	30,208	28,681	15,427

Mortgages	48,608	53,268	60,548	63,736	61,680	61,740	46,849	56,540

Short-term paper	22,504	2,720	51,292	27,520	74,972	-21,484	-3,659	26,009

Bonds	59,612	91,144	68,128	82,356	103,812	54,052	55,484	75,310

Shares	29,280	30,860	5,868	960	-16,556	-11,196	22,486	16,742

Foreign investments	35,012	52,956	60,528	57,816	75,252	59,344	17,907	51,578

Transactions in liabilities	350,832	412,544	403,948	389,920	505,780	331,976	286,511	389,311

<i>Of which:</i>								
Currency and deposits	72,468	123,412	96,180	79,988	91,108	58,644	90,712	93,012

Bank and other loans	15,936	17,084	8,748	12,192	23,324	25,372	14,892	13,490

Short-term paper	17,584	20,480	39,184	12,744	45,232	9,124	4,903	22,498

Bonds	51,244	72,672	81,496	80,400	92,416	29,832	66,173	71,453

Shares	56,876	48,276	46,224	83,872	95,360	53,800	33,289	58,812

Life insurance and pensions	34,392	32,804	38,228	36,168	45,652	39,856	28,773	35,398

Net financial investment	64,804	70,108	55,296	65,808	52,668	47,476	65,521	64,004

Sector discrepancy	-4,524	-1,124	16,948	4,700	12,744	17,980	-1,571	4,000

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

2. Includes interest and dividends received from non-residents.

3. Interest on the public debt is routed to other sectors of the economy through the corporate sector due to incomplete information on transactions of government debt instruments.

Sector accounts - Government[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	538,908	550,156	561,268	575,036	574,904	576,576	520,780	556,342
	<i>0.8</i>	<i>2.1</i>	<i>2.0</i>	<i>2.5</i>	<i>-0.0</i>	<i>0.3</i>	<i>5.7</i>	<i>6.8</i>
Taxes on incomes	210,596	217,608	223,148	228,556	230,456	229,616	199,588	219,977
	<i>1.8</i>	<i>3.3</i>	<i>2.5</i>	<i>2.4</i>	<i>0.8</i>	<i>-0.4</i>	<i>9.3</i>	<i>10.2</i>
Contributions to social insurance plans	63,372	64,324	64,516	64,872	65,444	66,756	62,437	64,271
	<i>1.2</i>	<i>1.5</i>	<i>0.3</i>	<i>0.6</i>	<i>0.9</i>	<i>2.0</i>	<i>1.1</i>	<i>2.9</i>
Taxes on production and imports	169,496	171,764	173,324	174,612	176,572	177,916	165,063	172,299
	<i>0.6</i>	<i>1.3</i>	<i>0.9</i>	<i>0.7</i>	<i>1.1</i>	<i>0.8</i>	<i>4.4</i>	<i>4.4</i>
Other current transfers from persons	9,872	9,944	10,076	9,928	10,056	10,132	9,831	9,955
	<i>-0.3</i>	<i>0.7</i>	<i>1.3</i>	<i>-1.5</i>	<i>1.3</i>	<i>0.8</i>	<i>2.8</i>	<i>1.3</i>
Investment income	44,124	44,724	47,080	53,752	48,752	48,348	43,408	47,420
	<i>-3.9</i>	<i>1.4</i>	<i>5.3</i>	<i>14.2</i>	<i>-9.3</i>	<i>-0.8</i>	<i>2.0</i>	<i>9.2</i>
Sales of goods and services[2]	41,448	41,792	43,124	43,316	43,624	43,808	40,453	42,420
	<i>1.4</i>	<i>0.8</i>	<i>3.2</i>	<i>0.4</i>	<i>0.7</i>	<i>0.4</i>	<i>5.7</i>	<i>4.9</i>
Outlay	516,656	522,860	530,244	534,076	554,984	545,612	504,717	525,959
	<i>0.9</i>	<i>1.2</i>	<i>1.4</i>	<i>0.7</i>	<i>3.9</i>	<i>-1.7</i>	<i>3.2</i>	<i>4.2</i>
Gross current expenditure on goods and services[2]	299,828	304,720	309,676	312,424	323,576	322,016	290,232	306,662
	<i>1.7</i>	<i>1.6</i>	<i>1.6</i>	<i>0.9</i>	<i>3.6</i>	<i>-0.5</i>	<i>4.5</i>	<i>5.7</i>
Current transfers	153,968	155,072	157,576	158,884	168,356	159,620	150,333	156,375
	<i>-0.2</i>	<i>0.7</i>	<i>1.6</i>	<i>0.8</i>	<i>6.0</i>	<i>-5.2</i>	<i>3.0</i>	<i>4.0</i>
Interest on the public debt	62,860	63,068	62,992	62,768	63,052	63,976	64,152	62,922
	<i>-0.4</i>	<i>0.3</i>	<i>-0.1</i>	<i>-0.4</i>	<i>0.5</i>	<i>1.5</i>	<i>-2.1</i>	<i>-1.9</i>
Saving	22,252	27,296	31,024	40,960	19,920	30,964	16,063	30,383
	<i>-0.9</i>	<i>22.7</i>	<i>13.7</i>	<i>32.0</i>	<i>-51.4</i>	<i>55.4</i>	<i>334.0</i>	<i>89.1</i>
Gross saving and capital transfers	45,608	50,072	54,152	64,264	43,232	54,536	38,562	53,524
	<i>0.3</i>	<i>9.8</i>	<i>8.1</i>	<i>18.7</i>	<i>-32.7</i>	<i>26.1</i>	<i>49.9</i>	<i>38.8</i>
Saving	22,252	27,296	31,024	40,960	19,920	30,964	16,063	30,383
	<i>-0.9</i>	<i>22.7</i>	<i>13.7</i>	<i>32.0</i>	<i>-51.4</i>	<i>55.4</i>	<i>334.0</i>	<i>89.1</i>
Capital consumption allowances	24,308	24,312	24,428	24,584	24,768	24,928	23,585	24,408
	<i>0.0</i>	<i>0.0</i>	<i>0.5</i>	<i>0.6</i>	<i>0.7</i>	<i>0.6</i>	<i>5.3</i>	<i>3.5</i>
Net capital transfers	-952	-1,536	-1,300	-1,280	-1,456	-1,356	-1,086	-1,267
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Deduct: Non-financial capital acquisition	32,952	33,816	34,536	35,752	36,444	36,856	31,574	34,264
	<i>4.2</i>	<i>2.6</i>	<i>2.1</i>	<i>3.5</i>	<i>1.9</i>	<i>1.1</i>	<i>4.9</i>	<i>8.5</i>
Net lending	12,656	16,256	19,616	28,512	6,788	17,680	6,988	19,260
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in financial assets	60,520	56,340	47,188	55,244	13,400	952	18,256	54,823
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Currency and deposits	5,260	2,872	2,140	1,532	4,588	2,184	35	2,951
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Loans	4,376	3,776	3,176	4,884	10,112	-2,860	5,993	4,053
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Canadian securities	25,572	12,048	8,780	22,900	2,440	-10,136	9,325	17,325
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Other financial assets	25,312	37,644	33,092	25,928	-3,740	11,764	2,903	30,494
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in liabilities	52,664	37,920	27,064	20,560	3,868	-16,920	9,609	34,552
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bank and other loans	1,268	552	1,112	1,396	788	88	728	1,082
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Short-term paper	15,720	-12,420	6,072	17,012	18,112	-25,780	-1,819	6,596
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bonds	26,272	12,324	-11,852	-11,344	-16,672	-16,056	19	3,850
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Other liabilities	9,404	37,464	31,732	13,496	1,640	24,828	10,681	23,024
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Net financial investment	7,856	18,420	20,124	34,684	9,532	17,872	8,647	20,271
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Sector discrepancy	4,800	-2,164	-508	-6,172	-2,744	-192	-1,659	-1,011
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>

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

2. In GDP, government current expenditure is recorded on a net basis, that is, after deduction of sales of goods and services. In the government sector accounts, sales of goods and services to other sectors are shown separately as part of revenue, and current expenditure is recorded on a gross basis, which leaves saving unchanged.

Sector accounts - Non-residents[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	516,068	525,824	531,384	551,136	548,012	548,376	498,913	531,103
	<i>1.0</i>	<i>1.9</i>	<i>1.1</i>	<i>3.7</i>	<i>-0.6</i>	<i>0.1</i>	<i>5.4</i>	<i>6.5</i>
Sales of goods (imports)	379,884	384,732	389,968	398,256	391,724	398,928	363,639	388,210
	<i>3.0</i>	<i>1.3</i>	<i>1.4</i>	<i>2.1</i>	<i>-1.6</i>	<i>1.8</i>	<i>6.1</i>	<i>6.8</i>
Sales of services (imports)	77,964	79,708	79,116	81,064	81,988	84,184	77,324	79,463
	<i>0.8</i>	<i>2.2</i>	<i>-0.7</i>	<i>2.5</i>	<i>1.1</i>	<i>2.7</i>	<i>4.7</i>	<i>2.8</i>
Interest, dividends and miscellaneous receipts	48,644	53,332	54,156	63,244	62,888	57,064	50,205	54,844
	<i>-14.1</i>	<i>9.6</i>	<i>1.5</i>	<i>16.8</i>	<i>-0.6</i>	<i>-9.3</i>	<i>1.2</i>	<i>9.2</i>
Current transfers	9,576	8,052	8,144	8,572	11,412	8,200	7,745	8,586
	<i>15.9</i>	<i>-15.9</i>	<i>1.1</i>	<i>5.3</i>	<i>33.1</i>	<i>-28.1</i>	<i>8.7</i>	<i>10.9</i>
Outlay	532,864	547,760	566,892	592,212	569,072	561,248	525,848	559,932
	<i>2.0</i>	<i>2.8</i>	<i>3.5</i>	<i>4.5</i>	<i>-3.9</i>	<i>-1.4</i>	<i>7.4</i>	<i>6.5</i>
Purchases of goods (exports)	431,852	439,780	460,384	480,232	458,120	450,024	429,122	453,062
	<i>2.0</i>	<i>1.8</i>	<i>4.7</i>	<i>4.3</i>	<i>-4.6</i>	<i>-1.8</i>	<i>7.6</i>	<i>5.6</i>
Purchases of services (exports)	66,424	66,444	66,560	67,044	66,140	67,304	65,456	66,618
	<i>-0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.7</i>	<i>-1.3</i>	<i>1.8</i>	<i>4.4</i>	<i>1.8</i>
Interest, dividends and miscellaneous payments	26,824	33,500	31,708	36,712	34,348	34,580	23,842	32,186
	<i>7.8</i>	<i>24.9</i>	<i>-5.3</i>	<i>15.8</i>	<i>-6.4</i>	<i>0.7</i>	<i>13.0</i>	<i>35.0</i>
Current transfers	7,764	8,036	8,240	8,224	10,464	9,340	7,428	8,066
	<i>3.3</i>	<i>3.5</i>	<i>2.5</i>	<i>-0.2</i>	<i>27.2</i>	<i>-10.7</i>	<i>10.2</i>	<i>8.6</i>
Saving	-16,796	-21,936	-35,508	-41,076	-21,060	-12,872	-26,935	-28,829

Gross saving and capital transfers	-22,680	-28,784	-42,584	-44,992	-25,120	-16,884	-31,384	-34,760

Saving	-16,796	-21,936	-35,508	-41,076	-21,060	-12,872	-26,935	-28,829

Net capital transfers	-5,884	-6,848	-7,076	-3,916	-4,060	-4,012	-4,449	-5,931

Net lending[2]	-22,680	-28,784	-42,584	-44,992	-25,120	-16,884	-31,384	-34,760

Transactions in financial assets	56,156	38,600	107,632	53,236	133,024	169,604	42,261	63,906

Currency and deposits	-1,308	3,780	5,728	8,600	-11,852	49,360	2,184	4,200

Loans	5,388	-708	-1,564	-16,644	-6,776	804	-5,140	-3,382

Short-term paper	656	-3,820	1,860	3,384	12,732	9,716	-150	520

Bonds	7,356	-1,876	-508	-11,064	-5,760	-12,576	18,507	-1,523

Shares	19,992	-20,992	32,412	5,124	30,784	21,804	35,743	9,134

Other financial assets	24,072	62,216	69,704	63,836	113,896	100,496	-8,883	54,957

Transactions in liabilities	74,260	75,808	135,176	98,916	150,824	170,960	78,519	96,040

Official reserves	7,412	-976	-2,636	2,820	6,572	-1,492	-3,426	1,655

Currency and deposits	4,188	5,124	7,464	8,292	8,468	9,856	11,198	6,267

Bank and other loans	-5,488	-3,908	3,668	1,148	7,048	-968	9,307	-1,145

Foreign investments	47,388	57,360	68,216	65,464	85,364	75,316	21,323	59,607

Other liabilities	20,760	18,208	58,464	21,192	43,372	88,248	40,117	29,656

Net financial investment	-18,104	-37,208	-27,544	-45,680	-17,800	-1,356	-36,258	-32,134

Sector discrepancy	-4,576	8,424	-15,040	688	-7,320	-15,528	4,874	-2,626

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

2. This account presents the saving as well as the net lending or borrowing position of non-residents with respect to their transactions with Canadian residents. The sign of these aggregates is, therefore, the reverse of what appears in the Canadian Balance of International Payments.

Labour productivity, hourly compensation and unit labour cost

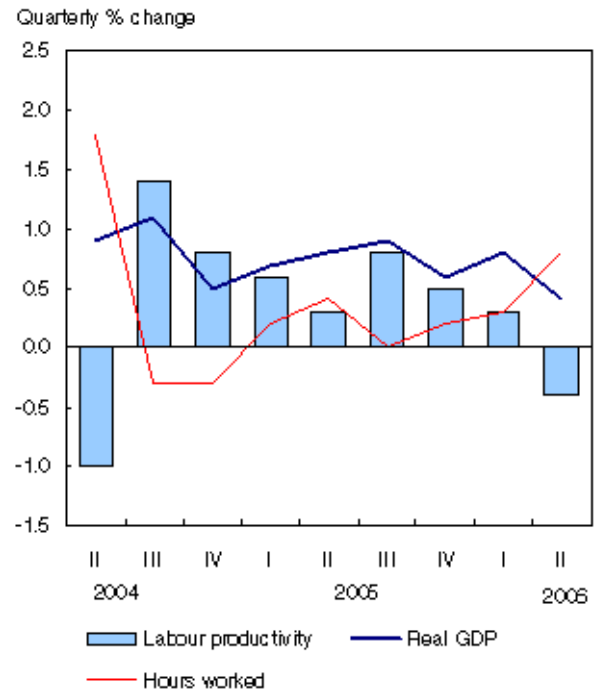
Second quarter 2006

Labour productivity in the Canadian business sector, measured on a quarterly basis, fell by 0.4% between April and June. This is the first time in two years that it has slipped into negative territory. On a year-over-year basis, productivity growth has declined from 2.1% in the first quarter of 2006 to 1.4% in the second quarter of 2006.

The second-quarter decline in productivity was the direct result of a slowdown in economic activity combined with a more pronounced increase in hours worked. The goods producing industries which experienced a decline of 1.0% in labour productivity were primarily responsible for the overall decline.

However, labour costs per unit of output, a key measure of inflationary pressure on wages, continued to increase at a slow pace in the second quarter (+0.3%). Since the beginning of 2006, the increase in unit labour costs in Canadian businesses has remained modest.

First quarterly downturn in productivity in two years



Note to readers

This chapter presents an analysis on labour productivity for the aggregate business sector and its constituent industries (15 two-digit NAICS industries) and sub-sectors (goods and services). The statistical series for total economy, business sector and non-commercial sector start with the first quarter of 1981, while those at industry level are available only back to the first quarter of 1997.

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.

For more information about the productivity program, see the new National Economic Accounts module (www.statcan.ca/nea). You can also order a copy of a technical note about the quarterly estimates of productivity by sending an email to productivity.measures@statcan.ca.

Revisions

With this release, Canadian revisions have been made back to the first quarter of 2006 at the aggregate level and to the first quarter of 2002 at the industry level.

In the United States, the Bureau of Labor Statistics recently made revisions to its labour productivity estimates for the years 2003 to 2005, incorporating recent revisions of the U.S. National Accounts by the Bureau of Economic Analysis. The data on hours worked were revised to reflect the inclusion of the information on jobs from the legal questionnaire of organizations from the 2002 economic census.

Labour productivity is the ratio of output to labour input (hours worked). Quarterly estimates of productivity are derived from a Fisher chained index of GDP, or of value added, 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.

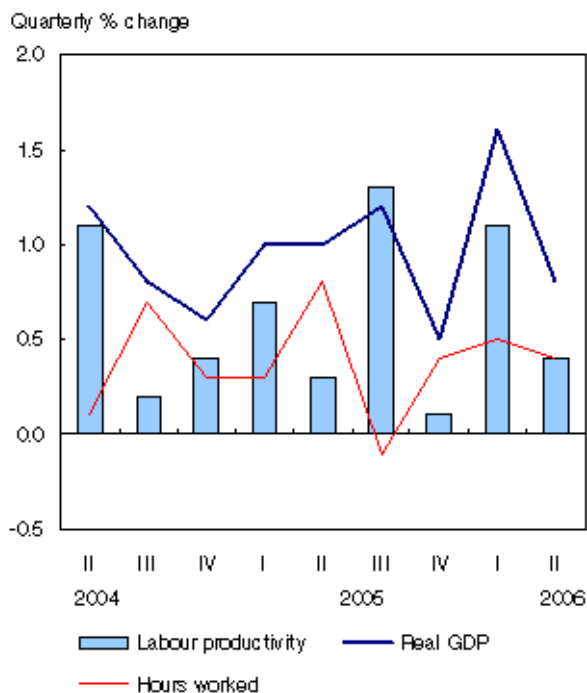
Unit labour cost in US dollars is the equivalent of the ratio of Canadian unit labour cost to the exchange rate. This latter corresponds to the U.S. dollar value expressed in Canadian dollars.

Labour productivity is a measure of real gross domestic product (GDP) per hour worked. Growth in productivity over time serves to improve the population's standard of living and business competitiveness. Generally speaking, businesses enjoy productivity gains when the growth rate of GDP surpasses the rise in hours of work devoted to production.

From April to June 2006, growth in hours worked accelerated, whereas that of production slowed down, resulting in a drop in productivity. This stands in contrast with the previous seven quarters, when the growth of activity outpaced that of hours worked during every quarter, leading to quarterly productivity gains during the period.

In the United States, business productivity rose by only 0.4% between April and June, after posting 1.1% growth (revised) in the first quarter of 2006. Since the second quarter of 2005, business productivity in the U.S. has been up and down.

U.S. productivity makes moderate gains



For 2005 as a whole, the average annual rate of growth in productivity for both Canadian and US businesses was identical, a 2.3% increase.

Canada's annual performance in 2005 was the best since 2000. In the United States, the rate was the lowest on record since 1997, but it matched the average annual gain of 2.3% between 1995 and 2001.

Decrease in productivity can largely be attributed to the goods sector

The drop in productivity for businesses as a whole in the second quarter of 2006 can largely be attributed to goods-producing businesses. On a quarterly basis, productivity in that sector decreased by 1.0%, while remaining stagnant for service-producing businesses (0.1%).

The stagnation in productivity among service-producing businesses in the second quarter occurred despite the performance of the wholesale trade (+1.7%) and the retail trade (+1.1%), the latter two industries having posted strong productivity growth since the beginning of 2006. However, accommodation and restaurant services and the information and cultural industries posted significant decreases.

The virtual lack of productivity growth among service-producing businesses happened in the context of strong output growth combined with similar increases in hours worked. This differs from goods-producing businesses, which have shown slow economic growth since the beginning of 2006, with a 0.2% increase in the first quarter and a 0.3% decrease in the second quarter. However, the number of hours worked rose during the same period, their growth rate moving from 0.4% in the first quarter to 0.7% in the second quarter.

The drop in productivity among goods-producing businesses was largely a reflection of the substantial decreases noted in the mining industry and in manufacturing. These downward trends were partly offset by productivity increases in the construction industry and in utilities.

In the goods sector, there was a drop in production in the mining and oil and gas extraction sector which suffered a number of production stoppages due to unforeseen repairs. In addition, economic activities in the construction sector slowed down dramatically from the first quarter when unseasonably warm weather favoured this industry. Construction grew only 0.4% in the second quarter, a much slower pace than in the previous quarter (+2.4%). Despite a net slowdown in production, the construction industry experienced a productivity increase for a fourth straight quarter, rising 0.6% between April and June 2006.

Also, manufacturing output has declined for two quarters in a row while its labour input has not yet adjusted to this decline. As a result, productivity in this sector dropped 1.5%, after showing almost no growth during the first quarter. In 2004 and 2005, quarterly growth in productivity in this sector was at least 1.0% during six of the eight quarters that comprise those two years.

In the second quarter of 2006, the productivity decline in the manufacturing sector took place in the context of a 0.6% drop in production, combined with a 0.9% increase in hours worked. Prior to this increase, growth in hours worked in manufacturing had been nil in the first quarter of 2006 after having declined for seven consecutive quarters.

Despite the decrease in productivity, growth in unit labour cost remains moderate

Unit labour cost is obtained by calculating the ratio of hourly compensation to labour productivity.

In the second quarter of 2006, labour costs per unit of GDP did not change for goods-producing businesses, while they rose by 0.3% in service-producing businesses. The slow growth in labour costs in the second quarter was largely the result of the drop in hourly wages in goods-producing industries (-1.0%) and the slow rate of increase in service-producing industries (+0.4%).

In service-producing businesses, the main decreases were observed in professional services (-1.4%), transport and warehousing (-1.2%) and the wholesale trade (-0.4%). Conversely accommodation and restaurant services (+2.5%), information and cultural industries (+1.7%), administrative and support, waste management and remediation services (1.3%) and other services (+1.3%) posted the largest increases in unit labour cost among service-producing industries.

As for goods-producing businesses, agriculture, fishing and forestry (-2.9) and utilities (-1.5%) saw their unit labour costs decline, whereas such costs were up in the mining and oil and gas extraction sector (+3.6%) and in construction (+1.5%). Since the beginning of 2006, the mining and oil and gas extraction sector, among others, has suffered a number of production stoppages due to unforeseen repairs. This resulted in an increase in labour costs and a downturn in productivity.

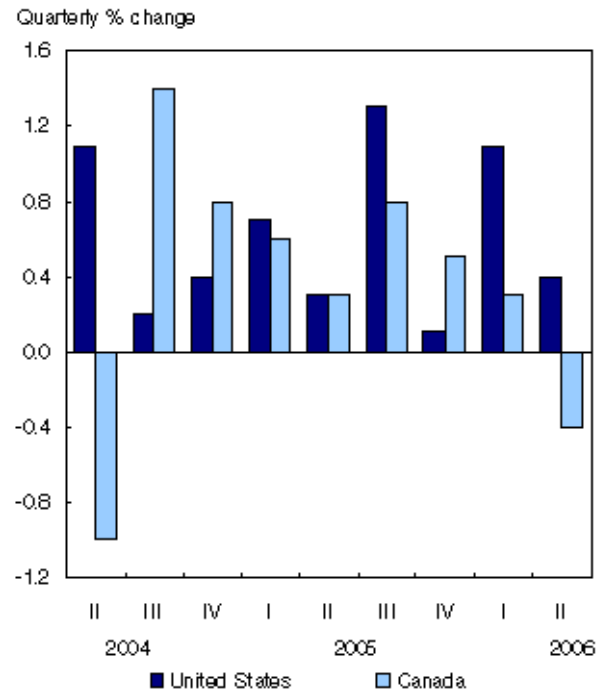
Net slowdown in activity in both countries, but Canadian labour market was more dynamic

Productivity in Canada and in the United States followed opposite trends during the second quarter of 2006, owing to the very different situations in the two countries in terms of economic performance and the labour market.

Both experienced a net slowdown in GDP growth between April and June, while their labour markets evolved in opposite directions. While hours increased at about the same pace than in the first quarter in the United States, hours worked by Canadian workers accelerated in the second quarter.

The lesser increase in hours worked south of the border resulted in a positive, albeit modest, rate of productivity growth in the United States during the period from April to June (+0.4%). During the same period, productivity in Canadian businesses declined by 0.4%.

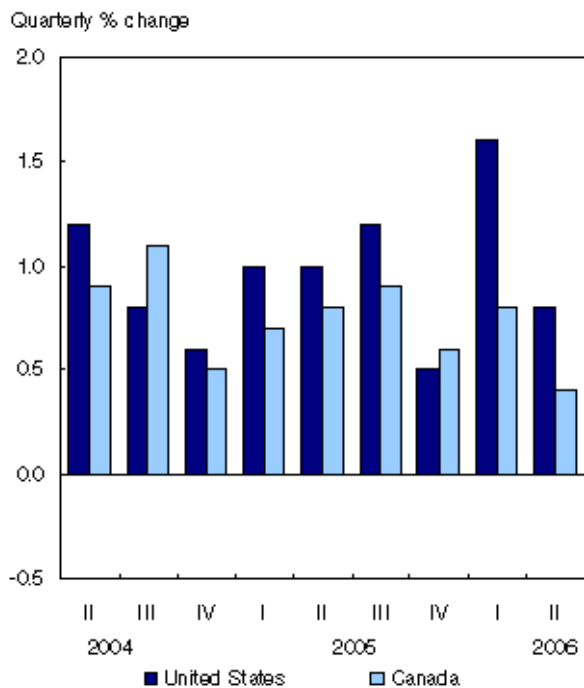
Productivity growth slows dramatically in Canada and the U.S.



Even though GDP growth was decidedly slower in both countries in the second quarter, it increased more rapidly for American businesses than it did for their Canadian competitors. Between April and June 2006, GDP in the United States rose at a rate twice that of Canada.

Following robust growth of 0.8% during the first three months of 2006, the growth in Canadian GDP fell by half in the second quarter to 0.4%. This was the slowest gain in the past three years. A smaller increase in consumer spending and business investment accounted for most of this deceleration. The slowdown in the housing market also played a role.

GDP growth in both countries was cut in half in the second quarter



In the United States, GDP grew by only 0.8% in the second quarter, significantly slower than the 1.6% growth recorded during the first three months of 2006.

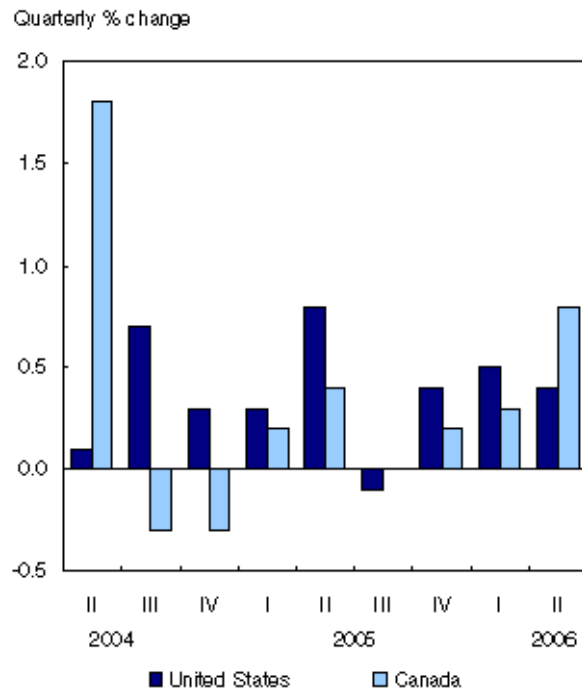
This slower rate of growth in American GDP reflected a pronounced deceleration in consumer spending, particularly in purchases of durable goods. The drop in investment in hardware and software, as well as in federal public spending, also contributed to the slowdown.

In Canada, the modest growth in activity was accompanied by a more dynamic labour market.

Hours worked devoted to production in Canadian businesses increased in the second quarter at a rate twice that of the previous quarter, from 0.3% in the first quarter to 0.8% in the second quarter. Almost all the rise in employment between April and June was in full-time work.

Meanwhile, hours worked continued to increase among US businesses, although at a slightly slower pace (+0.4%) than in the first quarter (+0.5%).

Growth in hours worked accelerates in Canada, but remains moderate in the U.S.



Unit labour costs: Competitive position slipping for Canadian businesses

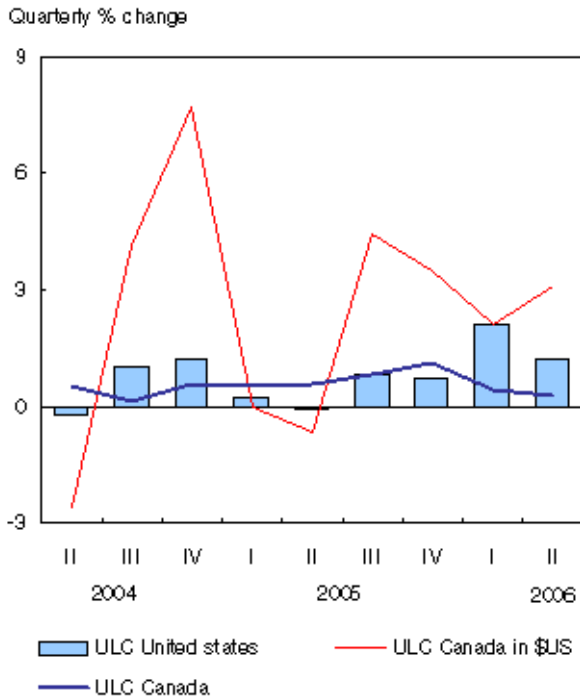
Unit labour cost, a major indicator of trends in production costs and inflation, rose more rapidly in the United States than in Canada during the second quarter when measured in the respective national currencies. (Unit labour costs represent the cost of wages and benefits of workers per unit of economic output.)

Without taking the exchange rate into account, the labour cost per unit of output for Canadian businesses rose 0.3% in the second quarter, an increase similar to the 0.4% rise recorded in the first quarter.

For US businesses, unit labour costs increased 1.2% in the second quarter of 2006, a net deceleration compared to 2.1% in the prior three months. In the first quarter, hourly compensation in the United States grew much faster than labour productivity.

However, the competitive position becomes advantageous for US businesses when unit labour costs are adjusted for the exchange rate.

Canadian unit labour costs in US \$ increases again



In the second quarter, the strength of the Canadian dollar in relation to the American greenback resulted in a 3.1% increase in Canada's unit labour cost expressed in US dollars. This was nearly three times the 1.2% increase posted in the United States. In the first quarter, this indicator of competitiveness had advanced at the same pace in both countries.

In the second quarter, the Canadian dollar appreciated by 2.8% in relation to its US cousin. This was the fourth consecutive quarterly rise.

However, Canadian businesses took advantage of the latest rise in the loonie by investing in efficiency-saving machinery and equipment. Their purchases in this area were up 2.1% in the second quarter.

Over the past four quarters, businesses made substantial investments in machinery and equipment, with average quarterly increases of 2.5%.

U.S. revisions: Productivity gap between the two countries disappears for the year 2005

The United States recently made revisions to its labour productivity estimates. The data released today incorporates these revisions to the U.S. data affecting both GDP and hours worked.

The American GDP data were revised to the first quarter of 2003. The data on hours worked were also revised to reflect the inclusion of the information on jobs from the legal questionnaire of organizations from the 2002 economic census.

No corresponding revision to hours worked was done in Canada. The most recent revision for the last four years of GDP in Canada can be obtained in the June 8, 2006, edition of The Daily.

On the whole, the revisions made to the U.S. data have served to bring down the rate of growth in labour productivity in the United States for each of the past three years (2003-2005). For this period, the scale of the downward revisions ranged between 0.3% and 0.4%. For 2005, productivity growth in the United States dropped from 2.6% before revision to 2.3% after revision, a rate identical to that observed in Canada during the same year. With these revised data, the productivity gap in favour of the United States disappeared in 2005.

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

	Canada		United States	
		annual % change	Before revision	After revision
			annual % change	annual % change
1981-2005	1.5	2.2	2.2	
1981-2000	1.6	1.9	1.9	
2000-2005	1.0	3.3	3.2	
2002	1.4	4.0	4.1	
2003	0.0	4.1	3.8	
2004	0.3	3.5	3.1	
2005	2.3	2.6	2.3	

Source: U.S. data are from the Bureau of Labor Statistics, Productivity and Costs - Second quarter 2006, published in NEWS, September 6.

Nonetheless, the previous estimates remained virtually unchanged over the medium term after the revisions. Between 2000 and 2005, productivity gains in the United States averaged 3.2% (instead of the +3.3% first estimated), a rate that was three times the 1.0% increase recorded in Canada.

During the period from 2000 to 2005, Canada (+2.5%) and the United States (+2.6%) posted average rates of growth similar to that of the GDP. However, the number of hours worked was up an average of 1.4% in Canada, while declining 0.6% in the United States during the same period.

Business sector - Labour productivity and related variables for Canada and the United States[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006
Seasonally adjusted						
% change from previous quarter						
Canada						
Labour productivity	0.6	0.3	0.8	0.5	0.5	-0.4
Real GDP	0.7	0.8	0.9	0.6	0.8	0.4
Hours worked	0.2	0.4	0.0	0.2	0.3	0.8
Hourly compensation	1.2	0.9	1.7	1.6	0.9	-0.2
Unit labour cost	0.5	0.6	0.8	1.1	0.4	0.3
Exchange rate[2]	0.5	1.4	-3.3	-2.4	-1.5	-2.8
Unit labour cost in US\$	0.0	-0.7	4.4	3.5	2.1	3.1
United States						
Labour productivity	0.7	0.3	1.3	0.1	1.1	0.4
Real GDP	1.0	1.0	1.2	0.5	1.6	0.8
Hours worked	0.3	0.8	-0.1	0.4	0.5	0.4
Hourly compensation	0.9	0.2	2.0	0.8	3.2	1.6
Unit labour cost	0.2	-0.1	0.8	0.7	2.1	1.2
% change from same quarter of previous year						
Canada						
Labour productivity	1.8	3.1	2.5	2.2	2.1	1.4
Real GDP	3.2	3.0	2.8	3.0	3.1	2.7
Hours worked	1.5	0.1	0.3	0.8	0.9	1.3
Hourly compensation	3.5	4.9	5.2	5.4	5.1	4.0
Unit labour cost	1.7	1.8	2.6	3.1	3.0	2.6
Exchange rate[2]	-6.9	-8.6	-8.1	-4.0	-5.9	-9.7
Unit labour cost in US\$	9.2	11.3	11.7	7.3	9.5	13.8
United States						
Labour productivity	2.4	1.6	2.7	2.4	2.7	2.8
Real GDP	3.8	3.6	3.9	3.7	4.4	4.1
Hours worked	1.3	1.9	1.2	1.3	1.6	1.3
Hourly compensation	4.7	4.0	4.9	4.0	6.4	7.8
Unit labour cost	2.2	2.3	2.1	1.6	3.6	4.9
% change from previous quarter at annualized rate[3]						
Canada						
Labour productivity	2.5	1.1	3.2	2.1	2.1	-1.7
Real GDP	2.8	3.1	3.6	2.4	3.3	1.5
Hours worked	0.7	1.7	0.0	0.7	1.4	3.1
Hourly compensation	4.9	3.6	6.8	6.4	3.7	-0.6
Unit labour cost	2.2	2.6	3.3	4.4	1.8	1.1
Unit labour cost in US\$	0.0	-2.9	18.8	14.8	8.7	13.0
United States						
Labour productivity	3.1	1.2	5.0	0.2	4.5	1.5
Real GDP	4.2	4.1	4.9	1.8	6.7	3.2
Hours worked	1.0	2.9	-0.1	1.6	2.1	1.7
Hourly compensation	3.9	0.8	8.3	3.1	13.6	6.3
Unit labour cost	0.7	-0.4	3.2	2.9	8.7	4.8

1. Source: U.S. data are from the Bureau of Labor Statistics, Productivity and costs, published in NEWS.

2. The exchange rate corresponds to the U.S. dollar value expressed in Canadian dollars.

3. The change at annualized rates 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.

Business sector - Some related variables for labour markets[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006
Seasonally adjusted						
% change from previous quarter						
Canada						
All jobs	0.4	0.6	0.1	0.1	0.4	0.8
Hours worked	0.2	0.4	0.0	0.2	0.3	0.8
Average hours	-0.2	-0.2	0.0	0.1	-0.1	-0.1
Labour share[2]	0.2	0.0	-1.1	-0.8	1.4	0.1
United States						
All jobs	0.5	0.5	-0.1	0.3	0.6	0.4
Hours worked	0.3	0.8	-0.1	0.4	0.5	0.4
Average hours	-0.3	0.3	0.0	0.1	-0.1	0.0
Labour share[2]	-0.5	-0.7	0.0	-0.1	1.4	0.4
% change from same quarter of previous year						
Canada						
All jobs	2.0	1.9	1.4	1.2	1.2	1.4
Hours worked	1.5	0.1	0.3	0.8	0.9	1.3
Average hours	-0.5	-1.9	-0.9	-0.3	-0.2	-0.1
Labour share[2]	-1.8	-0.6	-0.9	-1.6	-0.4	-0.3
United States						
All jobs	2.0	2.0	1.4	1.3	1.3	1.3
Hours worked	1.3	1.9	1.2	1.3	1.6	1.3
Average hours	-0.7	0.0	-0.2	0.1	0.3	0.0
Labour share[2]	-0.6	-0.3	-0.8	-1.3	0.6	1.8
% change from previous quarter at annualized rates[3]						
Canada						
All jobs	1.7	2.4	0.3	0.3	1.7	3.4
Hours worked	0.7	1.7	0.0	0.7	1.4	3.1
Average hours	-0.8	-0.8	0.0	0.4	-0.4	-0.4
Labour share[2]	0.9	0.0	-4.2	-3.0	5.7	0.4
United States						
All jobs	2.0	2.0	-0.3	1.3	2.4	1.7
Hours worked	1.0	2.9	-0.1	1.6	2.1	1.7
Average hours	-1.2	1.2	0.0	0.4	-0.4	0.0
Labour share[2]	-2.0	-2.8	0.0	-0.4	5.9	1.6

1. Source: U.S. data are from the Bureau of Labor Statistics, Productivity and costs, published in NEWS.

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

3. The change at annualized rates 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.

Labour productivity by industry

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
	Seasonally adjusted							
Business sector - goods	117.2	117.2	119.0	119.7	119.4	118.2	114.5	118.3
	<i>0.5</i>	<i>0.0</i>	<i>1.5</i>	<i>0.6</i>	<i>-0.3</i>	<i>-1.0</i>	<i>1.3</i>	<i>3.3</i>
Agriculture, forestry, fishing and hunting	136.3	132.4	135.7	133.9	135.6	134.7	136.6	134.6
	<i>-1.8</i>	<i>-2.9</i>	<i>2.5</i>	<i>-1.3</i>	<i>1.3</i>	<i>-0.7</i>	<i>3.7</i>	<i>-1.5</i>
Construction	119.7	120.1	121.7	122.6	123.5	124.3	117.3	121.0
	<i>2.0</i>	<i>0.3</i>	<i>1.3</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>	<i>-1.6</i>	<i>3.2</i>
Manufacturing	119.9	120.5	122.6	123.9	124.2	122.3	115.4	121.7
	<i>0.8</i>	<i>0.5</i>	<i>1.7</i>	<i>1.1</i>	<i>0.2</i>	<i>-1.5</i>	<i>3.5</i>	<i>5.5</i>
Business sector - services	114.4	115.0	115.6	116.0	116.8	116.9	112.8	115.3
	<i>0.9</i>	<i>0.5</i>	<i>0.5</i>	<i>0.3</i>	<i>0.7</i>	<i>0.1</i>	<i>-0.7</i>	<i>2.1</i>
Wholesale trade	123.6	129.3	130.0	131.3	134.0	136.3	122.6	128.6
	<i>1.4</i>	<i>4.6</i>	<i>0.5</i>	<i>1.0</i>	<i>2.1</i>	<i>1.7</i>	<i>-0.4</i>	<i>4.9</i>
Retail trade	129.6	128.2	128.1	128.4	130.9	132.4	128.2	128.6
	<i>0.2</i>	<i>-1.1</i>	<i>-0.1</i>	<i>0.2</i>	<i>1.9</i>	<i>1.1</i>	<i>-2.2</i>	<i>0.3</i>
Transportation and warehousing	110.7	111.3	112.8	115.1	114.7	114.9	105.6	112.5
	<i>1.9</i>	<i>0.5</i>	<i>1.3</i>	<i>2.0</i>	<i>-0.3</i>	<i>0.2</i>	<i>1.3</i>	<i>6.5</i>
Information and cultural industries	106.3	108.2	112.2	114.3	114.4	113.1	107.7	110.3
	<i>0.0</i>	<i>1.8</i>	<i>3.7</i>	<i>1.9</i>	<i>0.1</i>	<i>-1.1</i>	<i>-3.3</i>	<i>2.3</i>
Finance, real estate and company management	110.4	111.2	109.7	109.4	109.4	109.8	111.3	110.2
	<i>0.7</i>	<i>0.7</i>	<i>-1.3</i>	<i>-0.3</i>	<i>0.0</i>	<i>0.4</i>	<i>0.8</i>	<i>-1.0</i>
Professional, scientific and technical services	114.4	113.2	114.2	112.6	112.5	112.4	112.8	113.6
	<i>0.6</i>	<i>-1.0</i>	<i>0.9</i>	<i>-1.4</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-1.7</i>	<i>0.7</i>
Administrative and support, waste management and remediation services	91.3	91.2	90.3	91.3	90.6	91.5	88.4	91.0
	<i>2.0</i>	<i>-0.1</i>	<i>-1.0</i>	<i>1.1</i>	<i>-0.8</i>	<i>1.0</i>	<i>-1.5</i>	<i>2.9</i>
Accommodation and food services	100.3	102.2	102.9	104.0	106.0	102.6	100.4	102.4
	<i>0.6</i>	<i>1.9</i>	<i>0.7</i>	<i>1.1</i>	<i>1.9</i>	<i>-3.2</i>	<i>-2.4</i>	<i>2.0</i>
Other commercial services	116.8	115.2	115.1	115.3	115.5	114.7	116.6	115.6
	<i>-1.5</i>	<i>-1.4</i>	<i>-0.1</i>	<i>0.2</i>	<i>0.2</i>	<i>-0.7</i>	<i>0.7</i>	<i>-0.8</i>

Unit labour cost by industry

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
	Seasonally adjusted							
Business sector - goods	108.7	108.8	110.0	110.7	111.9	111.9	107.9	109.6
	<i>0.7</i>	<i>0.1</i>	<i>1.1</i>	<i>0.6</i>	<i>1.1</i>	<i>0.0</i>	<i>1.3</i>	<i>1.5</i>
Agriculture, forestry, fishing and hunting	108.2	102.6	100.2	102.5	103.5	100.5	110.9	103.4
	<i>-0.3</i>	<i>-5.2</i>	<i>-2.3</i>	<i>2.3</i>	<i>1.0</i>	<i>-2.9</i>	<i>3.6</i>	<i>-6.7</i>
Construction	105.6	107.1	109.1	108.7	105.9	107.5	104.6	107.6
	<i>-0.7</i>	<i>1.4</i>	<i>1.9</i>	<i>-0.4</i>	<i>-2.6</i>	<i>1.5</i>	<i>3.8</i>	<i>2.9</i>
Manufacturing	100.0	100.3	101.2	101.5	103.1	102.1	100.9	100.8
	<i>0.2</i>	<i>0.3</i>	<i>0.9</i>	<i>0.3</i>	<i>1.6</i>	<i>-1.0</i>	<i>-1.9</i>	<i>-0.1</i>
Business sector - services	109.2	110.0	111.0	112.5	112.5	112.8	107.9	110.7
	<i>0.4</i>	<i>0.7</i>	<i>0.9</i>	<i>1.4</i>	<i>0.0</i>	<i>0.3</i>	<i>2.5</i>	<i>2.6</i>
Wholesale trade	92.2	89.3	90.6	92.4	91.5	91.1	93.6	91.1
	<i>-1.6</i>	<i>-3.1</i>	<i>1.5</i>	<i>2.0</i>	<i>-1.0</i>	<i>-0.4</i>	<i>-0.8</i>	<i>-2.6</i>
Retail trade	100.1	102.8	104.0	105.4	103.2	103.1	101.2	103.1
	<i>-0.8</i>	<i>2.7</i>	<i>1.2</i>	<i>1.3</i>	<i>-2.1</i>	<i>-0.1</i>	<i>2.7</i>	<i>1.9</i>
Transportation and warehousing	109.9	111.5	110.9	111.9	112.9	111.5	110.1	111.1
	<i>-0.3</i>	<i>1.5</i>	<i>-0.5</i>	<i>0.9</i>	<i>0.9</i>	<i>-1.2</i>	<i>-0.5</i>	<i>0.9</i>
Information and cultural industries	99.0	99.8	99.4	103.2	103.6	105.4	97.7	100.4
	<i>0.7</i>	<i>0.8</i>	<i>-0.4</i>	<i>3.8</i>	<i>0.4</i>	<i>1.7</i>	<i>3.1</i>	<i>2.7</i>
Finance, real estate and company management	112.0	113.5	115.2	117.4	117.8	119.2	109.3	114.5
	<i>1.1</i>	<i>1.3</i>	<i>1.5</i>	<i>1.9</i>	<i>0.3</i>	<i>1.2</i>	<i>3.0</i>	<i>4.8</i>
Professional, scientific and technical services	119.2	119.9	120.8	123.6	124.2	122.5	115.9	120.9
	<i>1.7</i>	<i>0.6</i>	<i>0.8</i>	<i>2.3</i>	<i>0.5</i>	<i>-1.4</i>	<i>3.5</i>	<i>4.3</i>
Administrative and support, waste management and remediation services	127.5	129.6	132.2	132.0	134.1	135.8	124.3	130.3
	<i>2.3</i>	<i>1.6</i>	<i>2.0</i>	<i>-0.2</i>	<i>1.6</i>	<i>1.3</i>	<i>6.1</i>	<i>4.8</i>
Accommodation and food services	117.6	122.3	130.4	128.8	130.4	133.6	118.0	124.8
	<i>-1.9</i>	<i>4.0</i>	<i>6.6</i>	<i>-1.2</i>	<i>1.2</i>	<i>2.5</i>	<i>4.0</i>	<i>5.8</i>
Other commercial services	115.2	115.6	113.9	113.6	114.1	115.6	109.1	114.6
	<i>2.9</i>	<i>0.3</i>	<i>-1.5</i>	<i>-0.3</i>	<i>0.4</i>	<i>1.3</i>	<i>4.1</i>	<i>5.0</i>

International investment position

Second quarter 2006

Canada's net liability to foreign residents increased by \$12.5 billion in the second quarter mostly due to valuation changes from a rising Canadian dollar.

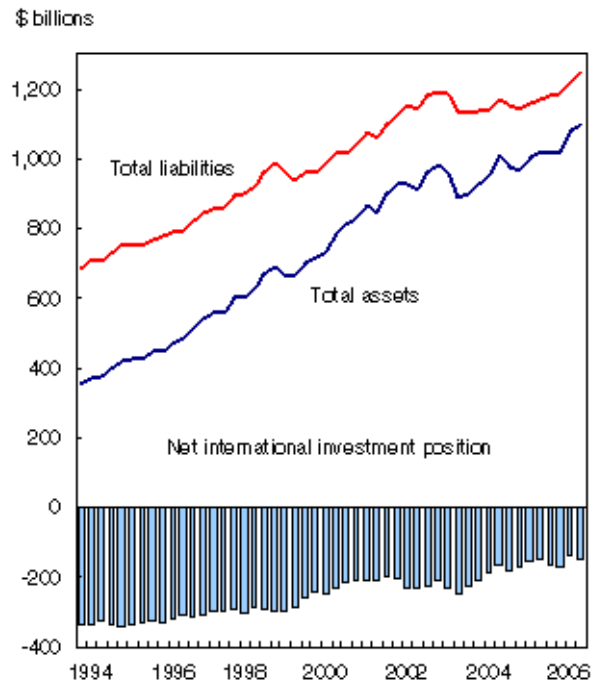
The strengthening of the Canadian dollar against the US dollar had a much stronger negative impact on Canada's international assets than on its international liabilities.

Canada's net external liability (the difference between its external assets and liabilities) amounted to \$148.8 billion at the end of the second quarter. This was 9.2% higher than the revised level of \$136.3 billion at the end of the previous quarter, which was the lowest since the end of 1981.

The value of international assets rose \$14.8 billion to \$1,096.5 billion at the end of June. Net transactions of \$47.9 billion that occurred during the quarter were partly offset by the dollar, which removed \$28.2 billion from the value of these assets.

At the same time, Canada's international liabilities increased by \$27.3 billion to \$1,245.3 billion. Net transactions of over \$50 billion more than offset the effect of the strengthening dollar which removed \$15.1 billion from the position.

Canada's international investment position



Note to readers

Estimates at market value

As of the first quarter of 2005, total portfolio investment (equities, bonds and money market instruments) are available at market value. Annual market value estimates of foreign direct investment are also available and were released earlier this year. These additional series are part of a multi-year initiative to improve the international investment position information. The following analysis focuses on the book value series, however, and this practice will continue until a full set of market value estimates becomes available.

Currency valuation

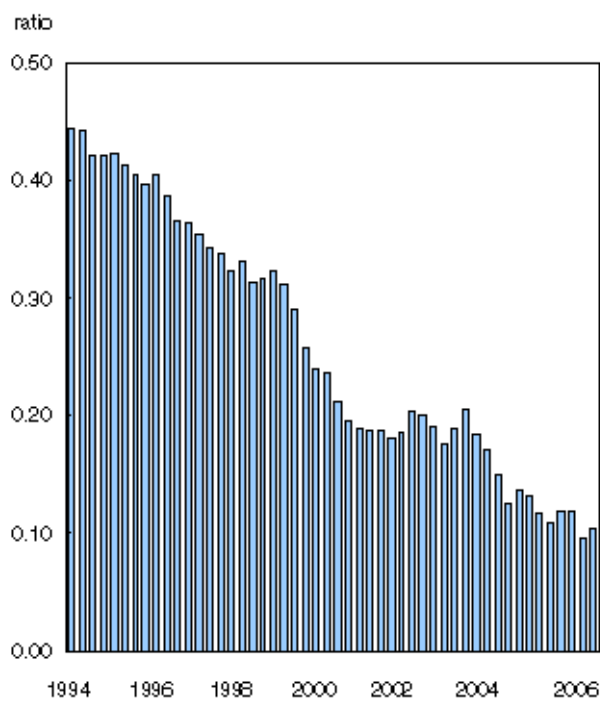
The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is calculated. Most of Canada's foreign assets are denominated in foreign currencies while less than half of our international liabilities are in foreign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

Net external liabilities represented 10.4% of Canada's gross domestic product at the end of the second quarter, up from 9.6% in the previous quarter.

The Canadian dollar gained 4.6% against its U.S. counterpart during the quarter, but lost ground against the euro and the pound sterling.

Canada's net international liabilities to GDP



Assets: Foreign bond holdings rise, Canadian direct investment abroad declines

Canadian holdings of foreign bonds increased significantly during the second quarter, rising nearly 10% to \$102.8 billion. These holdings have been substantially up each quarter for the past two years. As a consequence, Canadian investors more than doubled their total assets in foreign bonds since the beginning of 2004.

Holdings of foreign stocks declined slightly to \$192.5 billion, down \$1.5 billion from the end of March, mostly due to the strengthening Canadian dollar. At the same time, holdings of foreign money market paper decreased by \$1.4 billion to \$12.7 billion.

The stronger Canadian dollar had a significant impact on the total value of Canadian direct investment abroad, which fell by \$3.2 billion to \$475.3 billion at the end of June. The exchange rate revaluation removed \$14.1 billion from asset values while net transactions accounted for \$11.0 billion.

Canadian direct investment in the United States decreased \$6.3 billion to \$213.2 billion. At the same time, Canadian direct investment in all other countries increased to \$262.1 billion. Direct investments in the United States represented about 45% of all direct investments abroad.

Increase in foreign direct investment in Canada

Foreign direct investment in Canada increased \$7.5 billion to \$433.8 billion at the end of the second quarter. Of the total, direct investments from the United States amounted to \$276.7 billion.

The net direct investment position (the difference between Canadian direct investment abroad and foreign direct investment in Canada) declined to \$ 41.5 billion at the end of June. This was a \$10.7 billion reduction from the previous quarter.

Foreign holdings of Canadian stocks increased \$3.3 billion to a record \$113.6 billion. Foreign investors bought Canadian shares during the quarter even though the S&P/TSX composite index lost over 4% between March and June.

Substantial decline in foreign holdings of Canadian bonds

Foreign holdings of Canadian bonds reached \$369.1 billion at the end of June, down \$10.9 billion from the end of March.

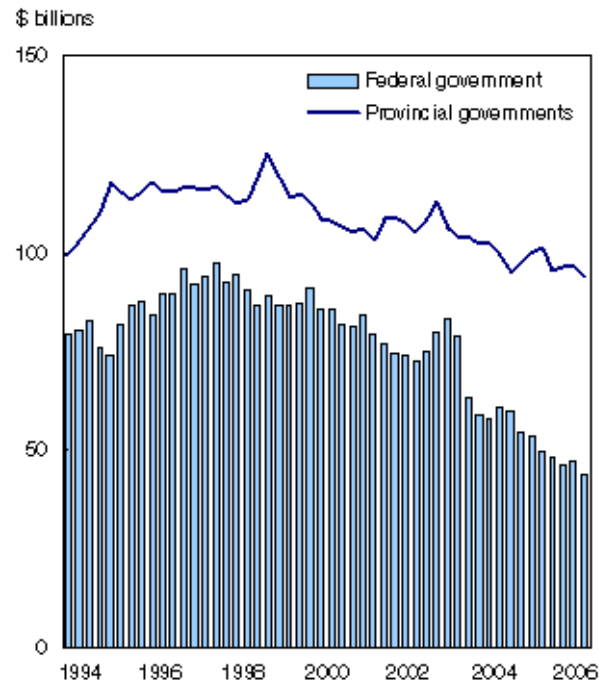
Foreign investors reduced their holdings of federal government bonds by \$3.5 billion to \$43.6 billion. This was the lowest level in almost two decades, as the federal government continued to pay down its external debt.

At the same time, foreign investors also reduced their holdings of provincial government bonds by \$2.2 billion to \$93.9 billion, the lowest level since the end of 1993.

Foreign investors made significant investments in Canadian money market paper for a third consecutive quarter. As a result, foreign holdings of Canadian money market paper increased \$4.1 billion to \$27.0 billion.

Finally, Canadian deposit liabilities to non-residents increased \$20.3 billion to \$235.8 billion.

Portfolio investment position in Canadian bonds



International investment position at period-end

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Millions of dollars								
Assets								
Canadian direct investment abroad	458,701	467,465	456,856	465,058	478,476	475,344	451,438	465,058
Portfolio investment abroad								
Foreign bonds	64,780	70,456	76,144	82,374	93,537	102,815	58,567	82,374
<i>Foreign bonds at market value</i>	69,266	77,301	82,107	88,827	99,017	107,940	62,941	88,827
Foreign stocks	195,350	195,545	188,543	189,175	193,958	192,513	195,573	189,175
<i>Foreign stocks at market value</i>	384,780	395,048	405,695	422,791	459,427	441,282	384,419	422,791
Foreign money market	11,017	12,218	12,516	13,055	14,084	12,687	11,079	13,055
<i>Foreign money market at market value</i>	11,040	12,243	12,542	13,108	14,128	12,735	11,108	13,108
Other investment								
Loans	54,450	52,664	51,662	48,325	63,609	66,996	49,813	48,325
Deposits	119,053	124,080	131,476	120,694	133,914	143,516	109,446	120,694
Official international reserves	43,072	41,769	38,459	38,030	42,149	40,311	40,315	38,030
Other assets	54,178	57,097	56,329	59,319	61,940	62,325	50,133	59,319
Total assets								
at book value	1,000,602	1,021,294	1,011,985	1,016,031	1,081,668	1,096,506	966,363	1,016,031
with portfolio investment at market value	1,194,540	1,227,667	1,235,126	1,256,152	1,352,660	1,350,449	1,159,613	1,256,152
Liabilities								
Foreign direct investment in Canada	387,097	391,872	404,694	415,561	426,339	433,844	380,951	415,561
Portfolio investment								
Canadian bonds	399,310	400,315	383,642	380,017	380,014	369,096	398,070	380,017
<i>Canadian bonds at market value</i>	429,937	440,113	416,005	407,016	401,726	382,521	429,587	407,016
Canadian stocks	106,328	105,247	107,896	107,598	110,308	113,608	104,191	107,598
<i>Canadian stocks at market value</i>	265,212	270,545	308,234	314,712	346,164	341,046	250,085	314,712
Canadian money market	18,628	19,710	17,686	20,783	22,868	27,006	19,621	20,783
<i>Canadian money market at market value</i>	18,695	19,832	17,791	20,899	22,996	27,188	19,707	20,899
Other investment								
Loans	46,767	48,011	41,239	36,107	40,049	43,484	40,226	36,107
Deposits	175,243	181,229	198,918	201,639	215,486	235,809	175,978	201,639
Other liabilities	22,383	22,639	22,953	22,829	22,907	22,430	21,973	22,829
Total liabilities								
at book value	1,155,755	1,169,024	1,177,030	1,184,534	1,217,971	1,245,277	1,141,011	1,184,534
with portfolio investment at market value	1,345,334	1,374,241	1,409,834	1,418,763	1,475,667	1,486,322	1,318,507	1,418,763
Net international investment position								
at book value	-155,153	-147,729	-165,045	-168,503	-136,303	-148,771	-174,647	-168,503
with portfolio investment at market value	-150,794	-146,574	-174,708	-162,611	-123,007	-135,873	-158,894	-162,611

National balance sheet accounts

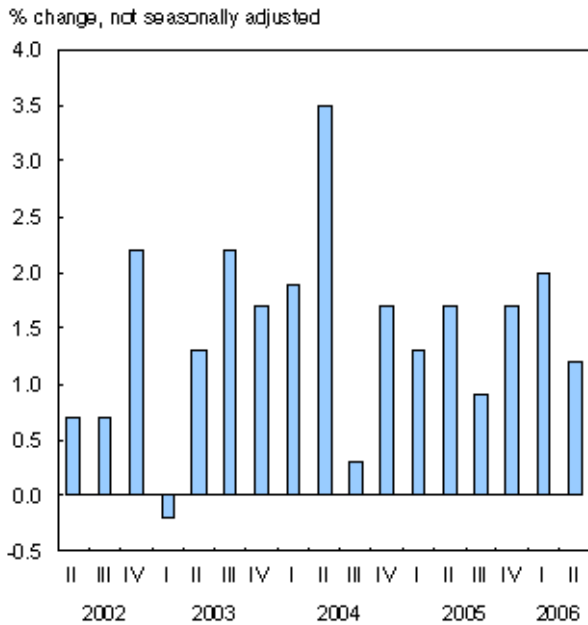
Second quarter 2006

Growth in national net worth slows

National net worth reached \$4.7 trillion by the end of the second quarter, or \$142,900 per person. The gain in net worth resulted from an increase in national wealth (economy-wide non-financial assets) which was partially offset by increased net foreign debt. The growth in national net worth slowed to 1.2% in the second quarter, less than the average of 1.6% for the previous four quarters.

Growth in national wealth was up +1.7% in the second quarter from 1.0% in the first quarter. The increase in the market value of residential real estate continued to be the major contributor to the growth in national wealth. It accounted for about two thirds of the increase in national wealth in the quarter. Increases in other non-financial assets including increased value of non-residential construction added to national wealth in the quarter.

Growth in national net worth slows



Growth in household net worth stalls

Gains in household net worth stalled in the quarter, recording the lowest growth rate in seven quarters. Most notably, the stock market correction was reflected in a reduction in the value of corporate shares and mutual funds, as well as limited gains in the value of pension assets. This was only partly offset by continued advances in the value of residential real estate, with gains largely attributable to price increases.

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 national wealth less net foreign liabilities (i.e., what is owed to non-residents less what non-residents owe to Canadians). Alternatively, it is the sum of the net worth of persons, corporations and governments.

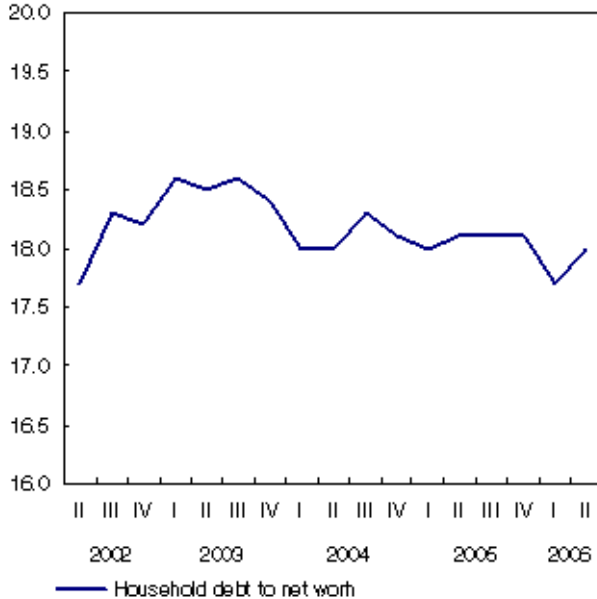
National saving is the sum of saving of persons, corporations and governments. National saving and investment contribute to change in national net worth. The revaluation of assets and liabilities is also responsible for changes in national net worth. The causes of revaluation include changes in share prices, interest rates, exchange rates and loan allowances. For more information on national saving and the relationship between saving in the different sectors of the economy, see the publication *Trends in Saving and Net Lending in the National Accounts*, no. 49 (13-604-MIE, free).

Quarterly series, both book and market value, run from the first quarter of 1990; market value estimates have been available since June 2004. Additional annual market value data from 1970 to 1989 will be available upon request on September 29, 2006. In addition, expanded sector detail for the market value estimates will be available at the same time. These new data will be available on CANSIM at a later date. For more information on the market value estimates, consult *Balance sheet estimates at market value*.

With the continued rise in household debt, and the modest increase in net worth, households had \$0.18 of debt for every dollar of net worth at the end of the second quarter, up slightly from the first quarter. Debt service charges represent about 8% of personal disposable income.

Household leverage edges up

As a % of net worth, not seasonally adjusted data

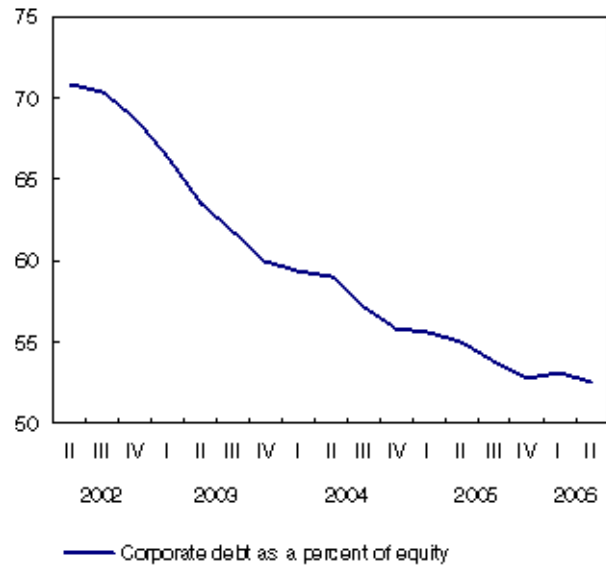


Corporate leverage eases

Growth in credit market debt of non-financial corporations slowed in the second quarter, and the ratio of debt to equity resumed its downward trend. Corporations continued to generate surplus funds on a net basis and remain a lender to the rest of the economy, a trend which began in 2000.

Corporate leverage eases

As a % of equity, not seasonally adjusted data



Government debt continues to fall

Government net debt (total liabilities less total financial assets) declined significantly in the second quarter, led by a large government sector surplus. Net government debt (at book value) as a percentage of gross domestic product has continued its steady decline to about 45%, a level not seen in more than 20 years.

Net foreign debt advances on the heels of a large decline

Growth in Canadian assets abroad was exceeded by the growth in Canadian liabilities to non-residents. This largely reflected the negative impact of the strengthening Canadian dollar on Canada's foreign assets, which exceeded the moderating impact on foreign liabilities. In addition, non-resident investment in Canada outpaced Canadian investment abroad in the quarter. As a result, Canada's net foreign debt (the amounts owing to non-residents less foreign assets held by Canadians) was up significantly in the second quarter, following a large decline at the time of the first quarter. This dampened the growth in national net worth in the second quarter.

National balance sheet accounts[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Market value, not seasonally adjusted, billions of dollars								
National net worth								
National wealth	4,476	4,545	4,610	4,675	4,721	4,800	4,427	4,675
	<i>1.1</i>	<i>1.5</i>	<i>1.4</i>	<i>1.4</i>	<i>1.0</i>	<i>1.7</i>	<i>6.6</i>	<i>5.6</i>
Net foreign debt	-151	-146	-175	-162	-119	-142	-159	-162

National net worth	4,325	4,398	4,436	4,513	4,603	4,658	4,268	4,513
	<i>1.3</i>	<i>1.7</i>	<i>0.9</i>	<i>1.7</i>	<i>2.0</i>	<i>1.2</i>	<i>7.7</i>	<i>5.7</i>
National net worth per capita (dollars)	134,400	136,300	137,000	139,200	141,600	142,900	132,900	139,200
	<i>1.1</i>	<i>1.4</i>	<i>0.5</i>	<i>1.6</i>	<i>1.7</i>	<i>0.9</i>	<i>6.7</i>	<i>4.7</i>

1. The first line is the series itself expressed in billions of dollars. The second line, italicized, is the period-to-period percentage change.

National balance sheet, market value

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Millions of dollars at quarter end								
Total assets	14,229,631	14,536,574	14,880,632	15,124,640	15,577,890	15,659,274	13,928,243	15,124,640
Non-financial assets	4,475,736	4,544,703	4,610,490	4,675,140	4,721,407	4,800,156	4,427,195	4,675,140
Residential structures	1,223,860	1,243,227	1,267,502	1,293,245	1,323,602	1,356,933	1,209,054	1,293,245
Non-residential structures	1,092,659	1,103,195	1,117,227	1,131,290	1,122,246	1,133,848	1,084,323	1,131,290
Machinery and equipment	405,493	409,758	411,343	413,633	415,536	418,545	403,433	413,633
Consumer durables	359,829	364,811	368,365	376,072	377,159	379,772	359,373	376,072
Inventories	202,681	203,093	209,306	209,400	212,312	212,464	194,088	209,400
Land	1,191,214	1,220,619	1,236,747	1,251,500	1,270,552	1,298,594	1,176,924	1,251,500
Net financial assets	-150,724	-146,451	-174,605	-162,492	-118,879	-141,689	-158,809	-162,492
Financial assets	9,753,895	9,991,871	10,270,142	10,449,500	10,856,483	10,859,118	9,501,048	10,449,500
Official reserves	43,072	41,769	38,459	38,029	42,149	40,311	40,314	38,029
Gold & foreign currency	38,137	37,631	34,973	35,357	39,865	38,043	35,204	35,357
IMF reserve position	3,827	3,044	2,439	1,629	1,213	1,219	3,999	1,629
Special drawing rights	1,108	1,094	1,047	1,043	1,071	1,049	1,111	1,043
Currency and bank deposits	820,972	854,790	857,176	864,234	884,247	897,827	782,036	864,234
Other deposits	194,865	199,379	202,594	209,181	210,297	214,644	193,067	209,181
Foreign currency deposits	88,917	92,734	101,966	107,541	115,528	103,071	94,783	107,541
Consumer credit	248,461	256,451	262,399	267,696	270,883	278,703	246,006	267,696
Trade receivables	235,511	239,568	245,192	251,283	251,958	255,520	230,371	251,283
Bank loans	209,983	213,874	213,482	216,670	223,552	230,660	204,636	216,670
Other loans	209,516	213,160	216,310	226,042	231,515	230,231	208,445	226,042
Canada short-term paper	122,886	116,345	116,848	120,159	122,768	109,859	110,759	120,159
Other short-term paper	150,699	159,543	169,060	171,059	182,807	190,392	151,737	171,059
Mortgages	694,261	709,954	728,649	741,904	754,168	771,314	685,056	741,904
Canada bonds	278,194	279,924	277,019	271,751	272,090	272,398	271,141	271,751
(of which CSB's)	19,080	18,860	18,651	17,712	17,652	17,434	19,462	17,712
Provincial bonds	312,008	321,387	322,041	323,792	326,055	317,658	304,846	323,792
Municipal bonds	37,841	39,353	39,091	38,605	38,311	38,348	37,963	38,605
Other bonds	377,982	398,843	415,214	436,564	458,376	464,189	367,442	436,564
Life insurance & pensions	1,170,199	1,200,967	1,238,576	1,259,364	1,301,080	1,305,231	1,152,666	1,259,364
Corporate claims	1,183,212	1,194,038	1,216,698	1,228,263	1,257,677	1,274,759	1,163,854	1,228,263
Government claims	212,036	212,049	208,328	209,544	214,049	215,368	209,728	209,544
Shares	1,871,028	1,919,441	2,040,270	2,079,588	2,246,736	2,205,227	1,806,760	2,079,588
Foreign investments	469,405	490,917	505,359	532,417	581,601	571,697	460,303	532,417
Other financial assets	822,847	837,385	855,411	855,814	870,636	871,711	779,135	855,814
Liabilities and net worth	14,229,631	14,536,574	14,880,632	15,124,640	15,577,890	15,659,274	13,928,243	15,124,640
Liabilities	9,904,619	10,138,322	10,444,747	10,611,992	10,975,362	11,000,807	9,659,857	10,611,992
Currency and bank deposits	836,008	867,763	869,778	880,473	899,776	919,300	798,264	880,473
Other deposits	194,865	199,379	202,594	209,181	210,297	214,644	193,067	209,181
Foreign currency deposits	93,335	97,065	111,537	116,274	115,012	104,615	103,666	116,274
Consumer credit	248,461	256,451	262,399	267,696	270,883	278,703	246,006	267,696
Trade payables	236,221	239,223	246,475	251,783	254,752	258,231	232,745	251,783
Bank loans	199,527	204,158	202,496	205,583	210,491	216,420	194,971	205,583
Other loans	206,668	209,471	214,328	216,926	220,569	221,328	204,771	216,926
Canada short-term paper	131,062	124,756	124,832	129,632	136,334	123,882	118,787	129,632
Other short-term paper	160,712	169,641	177,985	181,433	190,745	201,736	162,635	181,433
Mortgages	694,611	710,306	728,999	742,252	754,513	771,655	685,405	742,252
Canada bonds	336,340	335,948	330,319	323,251	323,880	319,737	330,880	323,251
(of which CSB's)	19,080	18,860	18,651	17,712	17,652	17,434	19,462	17,712
Provincial bonds	439,620	453,637	445,016	445,725	445,990	432,040	430,455	445,725
Municipal bonds	41,383	43,095	42,870	42,360	41,909	41,778	41,691	42,360
Other bonds	610,748	639,372	643,551	659,668	677,523	675,292	600,755	659,668
Life insurance & pensions	1,170,199	1,200,967	1,238,576	1,259,364	1,301,080	1,305,231	1,152,666	1,259,364
Corporate claims	437,062	437,575	460,161	465,205	492,523	511,198	430,350	465,205
Government claims	212,036	212,049	208,328	209,544	214,049	215,368	209,728	209,544
Shares	2,851,102	2,914,383	3,101,060	3,164,864	3,372,382	3,338,916	2,758,123	3,164,864
Other liabilities	804,659	823,083	833,443	840,778	842,654	850,733	764,892	840,778
Net worth	4,325,012	4,398,252	4,435,885	4,512,648	4,602,528	4,658,467	4,268,386	4,512,648

Credit market summary table

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
Millions of dollars at quarter end								
Debt outstanding of:								
Persons and unincorporated business	923,381	943,913	962,519	977,074	989,244	1,009,748	913,622	977,074
Consumer credit	248,461	256,451	262,399	267,696	270,883	278,703	246,006	267,696
Bank loans	34,391	34,177	34,351	35,269	36,046	36,678	33,202	35,269
Other loans	72,119	72,005	71,750	72,271	72,946	71,640	71,759	72,271
Mortgages	568,410	581,280	594,019	601,838	609,369	622,727	562,655	601,838
Non-financial private corporations	592,638	599,451	602,663	604,075	617,980	622,913	583,239	604,075
Bank loans	113,001	115,644	115,526	117,001	120,541	123,516	113,301	117,001
Other loans	73,651	74,971	74,247	73,696	74,260	76,059	72,612	73,696
Other short-term paper	43,477	42,674	47,128	44,784	47,270	49,722	38,351	44,784
Mortgages	109,626	111,295	114,287	117,270	120,539	123,343	107,475	117,270
Bonds	252,883	254,867	251,475	251,324	255,370	250,273	251,500	251,324
Non-financial government enterprises	66,037	65,823	65,493	64,635	66,114	65,492	65,173	64,635
Bank loans	3,036	2,884	2,864	2,461	2,620	2,832	2,794	2,461
Other loans	7,093	7,685	7,668	7,260	7,456	7,564	7,011	7,260
Other short-term paper	5,194	5,134	5,664	5,686	6,026	5,657	5,843	5,686
Mortgages	96	98	100	99	99	98	97	99
Canada bonds	0	0	0	0	0	0	0	0
Provincial bonds	48,736	48,274	47,485	47,411	48,176	47,603	47,512	47,411
Municipal bonds	121	121	121	121	121	121	121	121
Other bonds	1,761	1,627	1,591	1,597	1,616	1,617	1,795	1,597
Federal government	426,277	417,613	413,475	412,102	421,478	407,787	410,612	412,102
Bank loans	101	101	101	100	101	101	100	100
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	131,062	124,756	124,832	129,632	136,334	123,882	118,787	129,632
Canada bonds	295,114	292,756	288,542	282,370	285,043	283,804	291,725	282,370
Canada savings bonds	19,080	18,860	18,651	17,712	17,652	17,434	19,462	17,712
Other bonds	276,034	273,896	269,891	264,658	267,391	266,370	272,263	264,658
Other levels of government	399,831	407,185	399,146	405,922	408,228	409,955	398,287	405,922
Bank loans	3,871	2,997	2,848	3,005	3,715	3,443	3,873	3,005
Other loans	12,920	12,652	12,854	13,041	15,267	15,214	12,853	13,041
Other short-term paper	12,422	13,794	10,650	13,947	13,096	18,359	18,524	13,947
Mortgages	2,033	2,033	2,031	2,029	2,028	1,996	2,036	2,029
Provincial bonds	326,102	332,598	327,263	330,453	330,440	326,739	318,609	330,453
Municipal bonds	38,982	39,628	39,902	39,706	39,955	40,473	38,959	39,706
Other bonds	3,501	3,483	3,598	3,741	3,727	3,731	3,433	3,741
Total funds raised by domestic non-financial sectors	2,408,164	2,433,985	2,443,296	2,463,808	2,503,044	2,515,895	2,370,933	2,463,808
Consumer credit	248,461	256,451	262,399	267,696	270,883	278,703	246,006	267,696
Bank loans	154,400	155,803	155,690	157,836	163,023	166,570	153,270	157,836
Other loans	165,783	167,313	166,519	166,268	169,929	170,477	164,235	166,268
Canada short-term paper	131,062	124,756	124,832	129,632	136,334	123,882	118,787	129,632
Other short-term paper	61,093	61,602	63,442	64,417	66,392	73,738	62,718	64,417
Mortgages	680,165	694,706	710,437	721,236	732,035	748,164	672,263	721,236
Bonds	967,200	973,354	959,977	956,723	964,448	954,361	953,654	956,723
Non-residents	44,340	44,387	42,547	44,165	48,691	47,109	42,644	44,165
Bank loans	10,456	9,716	10,986	11,087	13,061	14,240	9,665	11,087
Other loans	33,884	34,671	31,561	33,078	35,630	32,869	32,979	33,078
Mortgages	0	0	0
Total borrowing excluding domestic financial institutions	2,452,504	2,478,372	2,485,843	2,507,973	2,551,735	2,563,004	2,413,577	2,507,973
Domestic financial institutions	525,051	555,318	583,609	610,075	639,088	656,851	510,461	610,075
Bank loans	45,127	48,355	46,806	47,747	47,468	49,850	41,701	47,747
Other loans	40,885	42,158	47,809	50,658	50,640	50,851	40,536	50,658
Other short-term paper	99,619	108,039	114,543	117,016	124,353	127,998	99,917	117,016
Mortgages	14,446	15,600	18,562	21,016	22,478	23,491	13,142	21,016
Bonds	324,974	341,166	355,889	373,638	394,149	404,661	315,165	373,638
Total funds raised = total funds supplied	2,977,555	3,033,690	3,069,452	3,118,048	3,190,823	3,219,855	2,924,038	3,118,048
Assets of:								
Persons and unincorporated business	127,437	125,328	130,795	120,557	114,025	110,754	129,704	120,557
Non-financial corporations	72,122	72,202	73,459	76,473	77,320	77,272	71,324	76,473
Governments	214,185	223,767	227,823	227,155	235,099	234,405	206,851	227,155
Non-residents	441,015	442,591	422,866	417,452	419,290	412,506	439,452	417,452
Domestic financial institutions	2,147,358	2,194,046	2,238,661	2,300,461	2,368,975	2,408,011	2,101,285	2,300,461