

Catalogue no. 13-010-X

Canadian Economic Accounts Quarterly Review

First quarter 2009



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.	not available for any reference period
..	not available for a specific reference period
...	not applicable
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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
X	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
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Related products and serviceswww.statcan.ca/nea**GDP by income and by expenditure**

CANSIM tables 380-0001 to 380-0017, 380-0019 to 380-0035, 380-0037, 380-0056 to 380-0062, 382-0006, 384-0001, 384-0002, 384-0004 to 384-0013, and 384-0036

Publications:

Guide to the Income and Expenditure Accounts 13-017-XWE
 Provincial and Territorial Economic Accounts Review 13-016-XWE

Data tables 13-019-XWE, 13-021-XWE, 13-018-XWE

GDP by industry

CANSIM table 379-0027

Publication:

Gross Domestic Product by Industry 15-001-XIE

Balance of international payments

CANSIM tables 376-0001 to 376-0036 and 376-0060 to 376-0061

Publication:

Canada's Balance of International Payments 67-001-XIE

Financial flow accounts

CANSIM tables 378-0001, 378-0002

Data tables 13-020-XWE

Labour productivity, hourly compensation and unit labour cost

CANSIM tables 383-0008 to 383-0015

Publication:

The Canadian productivity accounts - Data 15-003-XIE
 Canadian Productivity Review 15-206-XIE

International investment position

CANSIM tables 376-0037 to 376-0042 and 376-0051 to 376-0059

Publication:

Canada's International Investment Position 67-202-XIE

National balance sheet accounts

CANSIM tables 378-0003 to 378-0010, 378-0012 to 378-0014

Publication:

National Balance Sheet Accounts 13-214-XIE

Data tables 13-022-XWE

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 2005.

GDP by industry:

Since the last release of the *Canadian Economic Accounts Quarterly Review*, revisions were made back to January 2008.

Labour productivity, hourly compensation and unit labour cost:

With this release revisions have been made back to the first quarter of 2005 at the aggregate level and the industry level.

Section A Overview

First quarter 2009 and March 2009

Real gross domestic product (GDP) declined 1.4% in the first quarter, the largest quarterly decrease since 1991. Both domestic and international demand continued to weaken. Real GDP fell 0.3% in March. The declines in February and March were less pronounced than those in the preceding three months.

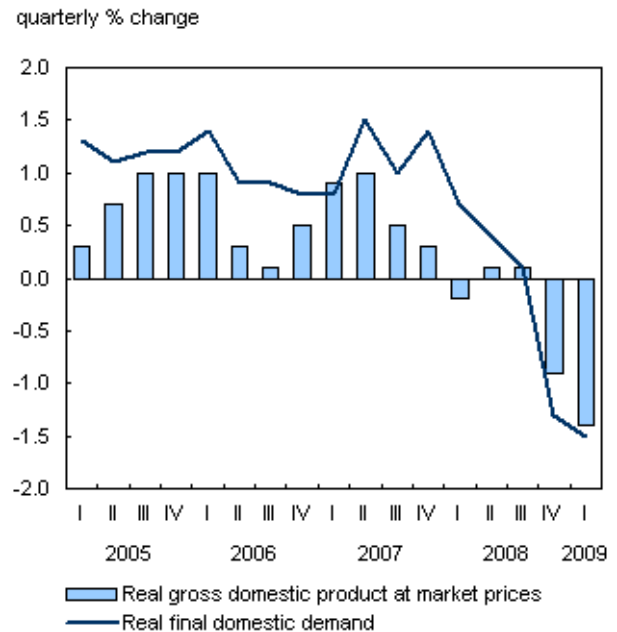
Table A.1
Real gross domestic product^[1]

	Change	Annualized	Year-over-
		change	year
		%	change
First quarter 2008	-0.2	-0.7	1.7
Second quarter 2008	0.1	0.3	0.7
Third quarter 2008	0.1	0.4	0.3
Fourth quarter 2008	-0.9	-3.7	-1.0
First quarter 2009	-1.4	-5.4	-2.1

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.

Lower spending in Canada and the United States, particularly business investment in plant and equipment, led to a sharp decline in Canada's exports and imports. Business investment in Canada fell at the fastest rate since 1982. Final domestic demand was down 1.5% as personal spending, particularly on durable goods, continued to decline. Corporate and personal income also fell in the quarter.

Chart A.1
Final domestic demand declines again



As was the case in the fourth quarter of 2008, lower production of goods (-4.0%) led the decline in the first quarter of 2009, while the production of services decreased 0.5%. All goods producing sectors retreated. The manufacturing sector, pulled down by a 26% reduction in motor vehicle and parts production, accounted for about half of the overall decline in the first quarter of 2009. Wholesale trade and transportation services declined the most among the service producing sectors. The increases in the public sector (which includes education, health and social services, as well as public administration) helped mitigate the decline in the production of services.

GDP contracted at an annualized rate of 5.4% in the first quarter, compared to a 5.7% decline in the U.S. economy.

Note to readers

Percentage changes for expenditure-based and industry-based statistics (such as personal expenditure, investment, exports, imports and output) are calculated using volume measures that are adjusted for price variations. Percentage changes for income-based statistics (such as labour income, corporate profits and farm income), as well as for lending and borrowing statistics, are calculated using nominal values, that is, not adjusted for price variations.

Chart A.2
Contributions to percent change in real gross domestic product, first quarter 2009

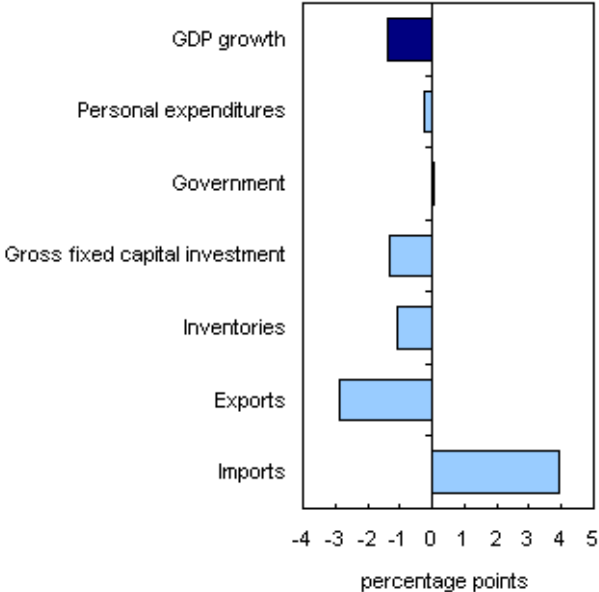


Table A.2 Canadian economic accounts key indicators[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted at annual rates, millions of dollars at current prices								
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	799,508 1.9	812,496 1.6	820,916 1.0	827,116 0.8	831,936 0.6	826,304 -0.7	784,839 5.6	823,116 4.9
Corporation profits before taxes	207,212 0.8	213,056 2.8	229,532 7.7	237,708 3.6	182,900 -23.1	138,676 -24.2	204,131 4.1	215,799 5.7
Interest and miscellaneous investment income	73,620 1.0	76,572 4.0	85,660 11.9	86,136 0.6	77,568 -9.9	73,692 -5.0	71,847 7.7	81,484 13.4
Net income of unincorporated business	90,924 0.0	93,516 2.9	95,500 2.1	97,860 2.5	98,108 0.3	97,432 -0.7	90,407 4.4	96,246 6.5
Taxes less subsidies	169,128 0.9	164,368 -2.8	166,016 1.0	166,464 0.3	163,220 -1.9	160,280 -1.8	166,443 3.7	165,017 -0.9
Personal disposable income	915,076 1.5	938,832 2.6	948,596 1.0	955,512 0.7	960,852 0.6	955,260 -0.6	897,562 5.3	950,948 5.9
Personal saving rate[2]	1.9	3.3	3.4	3.1	4.9	4.7	2.5	3.7

Seasonally adjusted at annual rates, millions of chained (2002) dollars								
Personal expenditure on consumer goods and services	805,026 1.9	810,096 0.6	812,310 0.3	813,469 0.1	807,018 -0.8	803,863 -0.4	787,063 4.6	810,723 3.0
Government current expenditure on goods and services	257,965 0.8	261,546 1.4	264,477 1.1	264,462 -0.0	266,084 0.6	266,884 0.3	254,740 3.3	264,142 3.7
Gross fixed capital formation	317,660 0.8	318,328 0.2	318,118 -0.1	318,616 0.2	305,999 -4.0	288,780 -5.6	312,482 3.7	315,265 0.9
Investment in inventories	25,132 ...	9,362 ...	14,466 ...	14,872 ...	10,386 ...	-5,823 ...	15,006 ...	12,272 ...
Exports of goods and services	501,456 -1.7	498,552 -0.6	493,352 -1.0	488,152 -1.1	464,964 -4.8	424,655 -8.7	510,323 1.1	486,255 -4.7
Imports of goods and services	592,697 1.6	585,633 -1.2	589,968 0.7	584,824 -0.9	547,196 -6.4	485,937 -11.2	572,078 5.8	576,905 0.8
Gross domestic product at market prices	1,325,490 0.3	1,323,013 -0.2	1,324,093 0.1	1,325,452 0.1	1,312,880 -0.9	1,294,805 -1.4	1,315,907 2.5	1,321,360 0.4
Seasonally adjusted at annual rates, millions of chained (2002) dollars								
GDP at basic prices, by industry								
Goods producing industries	371,248 -1.1	367,134 -1.1	365,400 -0.5	365,882 0.1	357,118 -2.4	342,855 -4.0	374,126 0.5	363,884 -2.7
Industrial production	271,769 -1.5	267,075 -1.7	264,894 -0.8	264,930 0.0	257,134 -2.9	245,769 -4.4	274,908 0.2	263,508 -4.1
Energy sector	84,855 -1.4	83,904 -1.1	82,469 -1.7	83,128 0.8	82,561 -0.7	81,416 -1.4	85,827 1.0	83,016 -3.3
Manufacturing	182,957 -1.4	178,755 -2.3	178,278 -0.3	176,698 -0.9	168,813 -4.5	158,450 -6.1	185,311 -0.9	175,636 -5.2
Non-durable manufacturing	71,623 -1.8	70,752 -1.2	70,682 -0.1	70,168 -0.7	68,216 -2.8	66,831 -2.0	72,507 -1.8	69,955 -3.5
Durable manufacturing	111,673 -1.2	108,265 -3.1	107,847 -0.4	106,769 -1.0	100,720 -5.7	91,483 -9.2	113,149 -0.3	105,900 -6.4
Construction	73,467 0.3	74,367 1.2	74,840 0.6	75,508 0.9	74,695 -1.1	72,185 -3.4	72,890 2.9	74,853 2.7
Services producing industries	857,799 0.8	861,637 0.4	865,248 0.4	867,494 0.3	863,153 -0.5	858,866 -0.5	846,591 3.5	864,383 2.1
Wholesale trade	72,063 1.6	71,837 -0.3	71,722 -0.2	71,009 -1.0	67,030 -5.6	63,291 -5.6	70,256 5.5	70,399 0.2
Retail trade	73,734 1.5	74,486 1.0	74,983 0.7	75,154 0.2	73,654 -2.0	73,067 -0.8	72,391 5.8	74,570 3.0
Transportation and warehousing	56,863 -0.2	56,845 -0.0	57,122 0.5	56,966 -0.3	56,093 -1.5	54,959 -2.0	56,624 1.7	56,757 0.2
Finance, insurance, real estate and renting	243,946 0.7	245,802 0.8	246,485 0.3	247,682 0.5	247,775 0.0	248,699 0.4	240,536 4.0	246,936 2.7
Information and communication technologies	58,065 0.7	58,327 0.5	58,805 0.8	58,967 0.3	58,758 -0.4	58,318 -0.7	57,199 4.0	58,714 2.6

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

Section B

GDP by income and by expenditure

First quarter 2009

Real gross domestic product (GDP) declined 1.4% in the first quarter, the largest quarterly decrease since 1991. Both domestic and international demand continued to weaken.

Lower spending in Canada and the United States, particularly business investment in plant and equipment, led to a sharp decline in Canada's exports and imports. Business investment in Canada fell at the fastest rate since 1982. Final domestic demand was down 1.5% as personal spending, particularly on durable goods, continued to decline. Corporate and personal income also fell in the quarter.

Real gross domestic product contracted at an annualized rate of 5.4% in the first quarter, compared to a 5.7% decline in the U.S. economy.

Consumer spending contracts again

Consumer spending on goods and services contracted 0.4%, a slower pace of decline than the previous quarter. Spending on durable goods (-1.8%) was the major contributor to the first quarter decline, but did not drop as much as in the previous quarter. Purchases of services slipped for a second consecutive quarter.

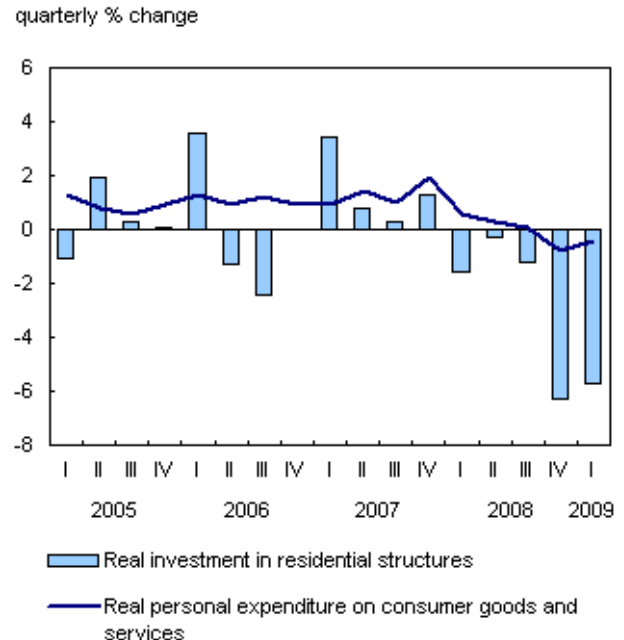
Purchases of motor vehicles continued to decline (-1.8%) in the first quarter as did spending on motor vehicle repairs and parts (-6.2%). Consumers reduced spending on household appliances (-2.7%) as well as furniture, carpets and other floor coverings (-3.6%), reflecting a weak housing market.

Net travel spending was down 6.3%, albeit less than the marked decline posted in the fourth quarter of 2008 (-12%). Canadians spent less on foreign travel, while non-residents spent less in Canada.

Spending on food, beverage and tobacco items remained essentially unchanged after a decline of 0.8% in the fourth quarter of 2008. Spending on restaurants and accommodation services declined for the third consecutive quarter.

Consumers increased their spending on recreation, entertainment, education and cultural services in the first quarter.

Chart B.1
Household demand still weak



Decline in exports intensifies

Exports of goods and services dropped 8.7% in the first quarter, a faster rate of decline than in the fourth quarter (-4.8%). Exports of automotive products were down for the eighth consecutive quarter, falling an additional 33%.

Automotive product exports have tumbled by almost 60% since the first quarter of 2007. Forestry products continued to fall, a trend dating back to the first quarter of 2006. Decreases in industrial goods and materials as well as machinery and equipment also persisted.

Exports of services were down 3.7% in the first quarter, following two small quarterly increases.

Imports down again

Imports were down for a third quarter in a row, falling 11%, as both goods and services imports declined. Weak domestic demand led to decreases in nearly all major import categories. The Canadian dollar depreciated 2.6% against its U.S. counterpart in the quarter.

Imports of automotive products (-32%) and machinery and equipment (-13%) both fell for a second consecutive quarter, representing almost 60% of the decline in imports. Imports of other consumer goods fell 6.8%, reflecting a softening in personal sector spending.

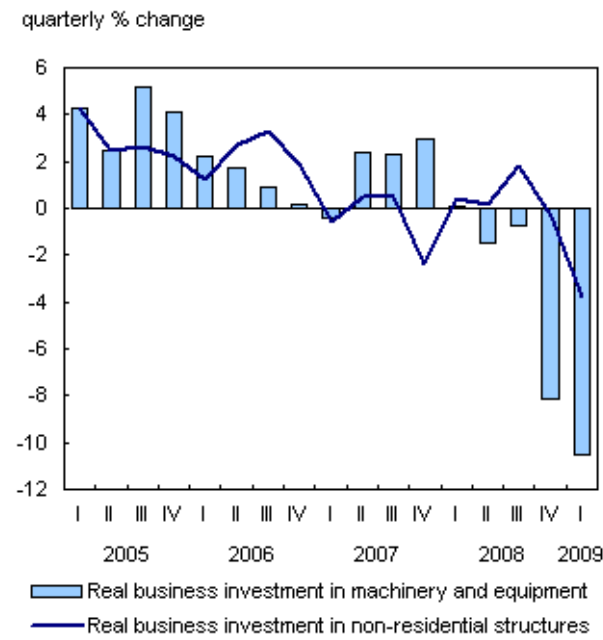
Imports of services decreased 4.1%, the fifth consecutive quarterly decline.

Business investment down sharply

Business investment in machinery and equipment was down 11% in the first quarter, as investment declined in all categories. However, the drop was particularly pronounced for investment on industrial machinery as well as computers and other office equipment, representing over half of the total decrease.

Businesses reduced investment in non-residential structures by 3.8%. A contraction in engineering construction activity was the major contributor.

**Chart B.2
Machinery and equipment investment declines**



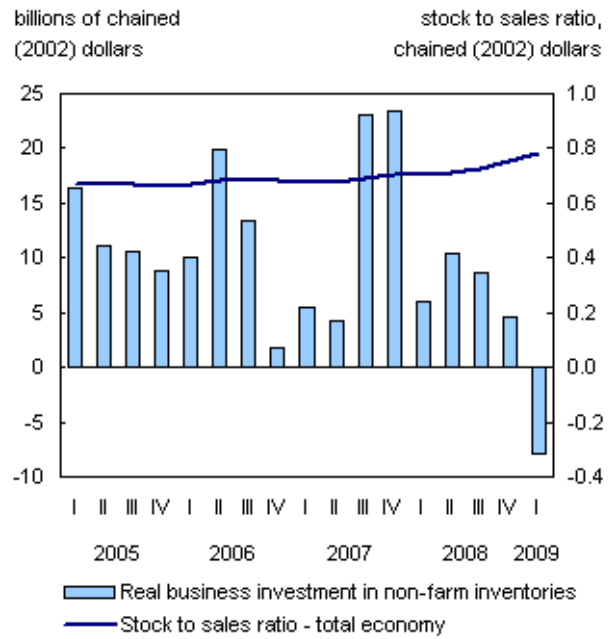
Investment in residential structures decreases

Investment in residential structures fell again in the first quarter (-5.7%), driven down by a drop in new housing construction. Resale activity, as reflected in ownership transfer costs, registered a small decline in the quarter (-2.3%), following a large decrease in the fourth quarter of 2008 (-25%).

Non-farm inventories fall

Non-farm inventories were drawn down for the first time since the second quarter of 2004. Manufacturers, retailers and wholesalers all lowered their inventories.

**Chart B.3
Non-farm inventories drawn down**



Despite inventories being drawn down, a larger drop in sales pushed the economy-wide stock-to-sales ratio up, equivalent to 71 days of sales compared to 68 days the previous quarter. Stock-to-sales ratios rose in both the manufacturing and wholesale sectors.

Farm inventories accumulated in the first quarter but at a much slower pace than in 2008.

Prices fall for the second quarter in a row

The price of goods and services produced in Canada fell 1.7%, following a 2.9% drop in the fourth quarter of 2008. A sharp drop in prices for natural resources drove the decline. Export prices (-6.7%) fell more quickly than import prices (-1.6%).

The price of final domestic demand edged up 0.2% in the first quarter as consumer prices remained flat.

Purchasing power declines

Real gross domestic income (GDI), a measure of Canada's purchasing power, fell 3.0% in the first quarter. Canada's terms of trade, a measure of export prices relative to import prices, deteriorated for the third consecutive quarter as commodity prices fell and the Canadian dollar depreciated

relative to its U.S. counterpart. As a result, the decline in real GDI was much sharper than real GDP; the third consecutive quarter this has occurred.

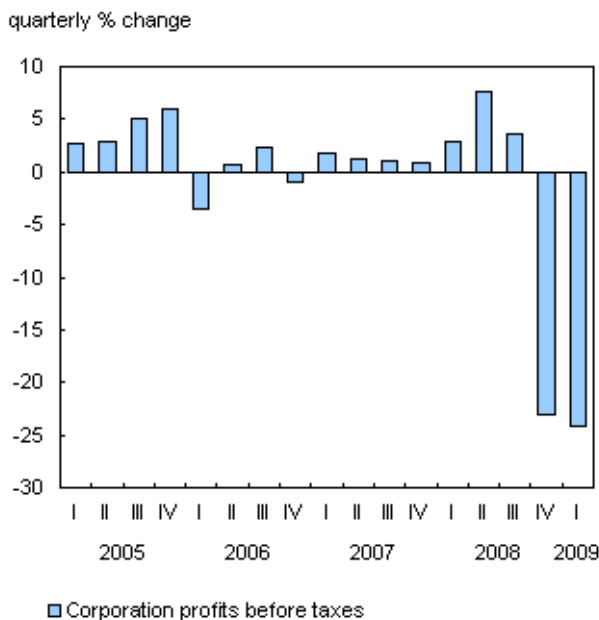
Economy-wide incomes down sharply

Nominal GDP decreased 3.0% in the quarter, a second consecutive sharp drop. Corporate profits fell 24% in the first quarter following a similar decrease in the fourth quarter of 2008. Both financial and non-financial industries recorded lower profits.

Profits recorded by government business enterprises declined 4.0%, after larger decreases in the previous two quarters.

Corporate outlays did not fall as quickly as corporate incomes, resulting in \$55 billion in corporate saving in the first quarter, almost \$70 billion less than the third quarter of 2008.

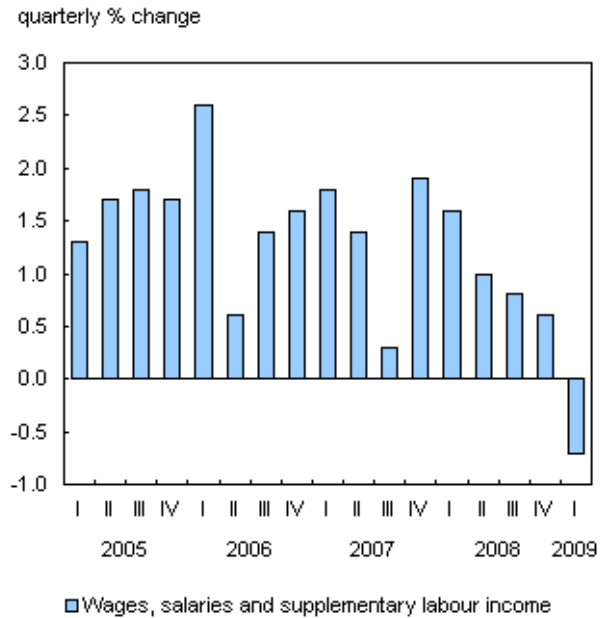
**Chart B.4
Corporate profits drop sharply again**



Labour income down

Labour income (in nominal terms) fell 0.7% in the first quarter. Employment was down (-1.4%) as were average hours worked. Wages and salaries in goods producing industries led the decline, particularly the manufacturing and construction industries.

**Chart B.5
Labour income declines**



The personal saving rate was 4.7%, similar to the previous quarter. Prior to the fourth quarter of 2008, the personal saving rate had been below 4% for ten consecutive quarters.

Unincorporated business net income fell. Net income of unincorporated farms retreated as a result of lower grain prices.

The debt service ratio for the personal sector (the proportion of interest expenses to personal disposable income) was 7.9% in the first quarter, down slightly from the previous quarter. Payments on both mortgage interest and interest on consumer debt were lower.

National saving declines

National saving fell sharply in the first quarter (-37%), similar to the fourth quarter of 2008. Corporate saving was down, while the government sector saving (all levels combined) was negative for the first time since the first quarter of 2002. At 6.1%, the national saving rate in the first quarter was at its lowest since 1998.

**Chart B.6
National saving declines again**

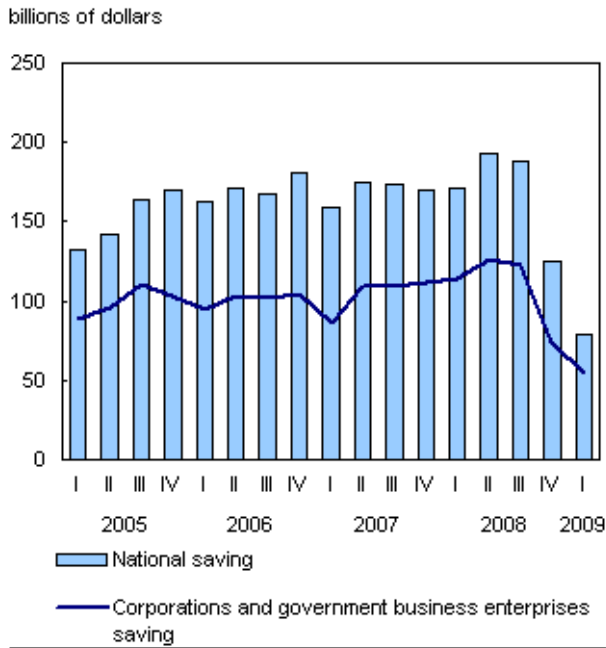


Table B.1 Gross domestic product, income-based, current prices and quarterly percentage change

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars[1]								
Wages, salaries and supplementary labour income	799,508 1.9	812,496 1.6	820,916 1.0	827,116 0.8	831,936 0.6	826,304 -0.7	784,839 5.6	823,116 4.9
Corporation profits before taxes	207,212 0.8	213,056 2.8	229,532 7.7	237,708 3.6	182,900 -23.1	138,676 -24.2	204,131 4.1	215,799 5.7
Government business enterprise profits before taxes	15,504 -3.0	16,680 7.6	16,936 1.5	14,840 -12.4	13,844 -6.7	13,288 -4.0	15,725 7.9	15,575 -1.0
Interest and miscellaneous investment income	73,620 1.0	76,572 4.0	85,660 11.9	86,136 0.6	77,568 -9.9	73,692 -5.0	71,847 7.7	81,484 13.4
Accrued net income of farm operators from farm production	352 -12.9	1,792 409.1	2,872 60.3	3,724 29.7	2,844 -23.6	1,368 -51.9	433 ...	2,808 548.5
Net income of non-farm unincorporated business, including rent	90,572 0.1	91,724 1.3	92,628 1.0	94,136 1.6	95,264 1.2	96,064 0.8	89,974 3.8	93,438 3.9
Inventory valuation adjustment	3,384 ...	-2,900 ...	-4,016 ...	-7,508 ...	-9,916 ...	1,172 ...	2,947 ...	-6,085 ...
Taxes less subsidies, on factors of production	69,056 0.9	69,892 1.2	70,752 1.2	70,892 0.2	69,832 -1.5	69,160 -1.0	67,948 5.0	70,342 3.5
Net domestic product at basic prices	1,259,208 1.4	1,279,312 1.6	1,315,280 2.8	1,327,044 0.9	1,264,272 -4.7	1,219,724 -3.5	1,237,844 5.9	1,296,477 4.7
Taxes less subsidies, on products	100,072 0.9	94,476 -5.6	95,264 0.8	95,572 0.3	93,388 -2.3	91,120 -2.4	98,495 2.9	94,675 -3.9
Capital consumption allowances	199,568 1.3	202,836 1.6	206,036 1.6	209,120 1.5	212,088 1.4	214,216 1.0	195,712 5.6	207,520 6.0
Statistical discrepancy	1,280 ...	2,048 ...	1,800 ...	932 ...	856 ...	-1,844 ...	893 ...	1,409 ...
Gross domestic product at market prices	1,560,128 1.4	1,578,672 1.2	1,618,380 2.5	1,632,668 0.9	1,570,604 -3.8	1,523,216 -3.0	1,532,944 5.8	1,600,081 4.4

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

Table B.2 Gross domestic product, expenditure-based, current prices and quarterly percentage change

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars[1]								
Personal expenditure on consumer goods and services	873,264 2.1	882,504 1.1	891,924 1.1	901,228 1.0	889,132 -1.3	886,216 -0.3	850,921 6.2	891,197 4.7
Durable goods	113,392 1.2	115,748 2.1	113,688 -1.8	112,492 -1.1	107,688 -4.3	104,460 -3.0	111,767 5.8	112,404 0.6
Semi-durable goods	70,320 0.4	70,228 -0.1	70,812 0.8	71,300 0.7	69,732 -2.2	69,876 0.2	69,372 4.7	70,518 1.7
Non-durable goods	208,928 2.2	212,296 1.6	217,196 2.3	221,988 2.2	214,368 -3.4	212,604 -0.8	204,088 5.3	216,462 6.1
Services	480,624 2.5	484,232 0.8	490,228 1.2	495,448 1.1	497,344 0.4	499,276 0.4	465,694 6.9	491,813 5.6
Government current expenditure on goods and services	300,056 2.1	306,468 2.1	312,704 2.0	315,356 0.8	320,148 1.5	323,324 1.0	294,776 6.4	313,669 6.4
Government gross fixed capital formation	46,512 2.3	49,604 6.6	52,212 5.3	54,816 5.0	56,596 3.2	56,632 0.1	44,548 9.8	53,307 19.7
Government investment in inventories	16 ...	136 ...	-24 ...	-92 ...	96 ...	-8 ...	15 ...	29 ...
Business gross fixed capital formation	305,416 0.3	306,776 0.4	309,428 0.9	313,204 1.2	307,284 -1.9	287,480 -6.4	302,246 6.7	309,173 2.3
Residential structures	111,556 2.3	110,276 -1.1	110,532 0.2	109,464 -1.0	102,428 -6.4	95,064 -7.2	108,050 10.1	108,175 0.1
Non-residential structures and equipment	193,860 -0.8	196,500 1.4	198,896 1.2	203,740 2.4	204,856 0.5	192,416 -6.1	194,196 4.8	200,998 3.5
Non-residential structures	92,824 -1.3	94,552 1.9	97,092 2.7	100,120 3.1	100,604 0.5	97,368 -3.2	92,705 8.7	98,092 5.8
Machinery and equipment	101,036 -0.3	101,948 0.9	101,804 -0.1	103,620 1.8	104,252 0.6	95,048 -8.8	101,491 1.5	102,906 1.4
Business investment in inventories	18,548 ...	2,968 ...	10,908 ...	13,396 ...	7,660 ...	-12,180 ...	11,391 ...	8,733 ...
Non-farm	19,604 ...	2,920 ...	9,564 ...	9,952 ...	5,224 ...	-10,952 ...	12,493 ...	6,915 ...
Farm	-1,056 ...	48 ...	1,344 ...	3,444 ...	2,436 ...	-1,228 ...	-1,102 ...	1,818 ...
Exports of goods and services	516,644 -1.3	543,576 5.2	577,472 6.2	589,300 2.0	538,348 -8.6	458,668 -14.8	534,557 1.9	562,174 5.2
Goods	445,356 -1.6	471,996 6.0	505,528 7.1	516,588 2.2	465,324 -9.9	388,844 -16.4	463,130 2.0	489,859 5.8
Services	71,288 0.5	71,580 0.4	71,944 0.5	72,712 1.1	73,024 0.4	69,824 -4.4	71,427 1.5	72,315 1.2
Deduct: Imports of goods and services	499,044 -1.5	511,312 2.5	534,444 4.5	553,612 3.6	547,800 -1.0	478,760 -12.6	504,618 3.5	536,792 6.4
Goods	405,924 -2.8	419,960 3.5	440,628 4.9	460,104 4.4	451,260 -1.9	385,460 -14.6	415,228 2.7	442,988 6.7
Services	93,120 4.5	91,352 -1.9	93,816 2.7	93,508 -0.3	96,540 3.2	93,300 -3.4	89,390 7.2	93,804 4.9
Statistical discrepancy	-1,284 ...	-2,048 ...	-1,800 ...	-928 ...	-860 ...	1,844 ...	-892 ...	-1,409 ...
Gross domestic product at market prices	1,560,128 1.4	1,578,672 1.2	1,618,380 2.5	1,632,668 0.9	1,570,604 -3.8	1,523,216 -3.0	1,532,944 5.8	1,600,081 4.4
<i>Final domestic demand</i>	<i>1,525,248 1.7</i>	<i>1,545,352 1.3</i>	<i>1,566,268 1.4</i>	<i>1,584,604 1.2</i>	<i>1,573,160 -0.7</i>	<i>1,553,652 -1.2</i>	<i>1,492,491 6.4</i>	<i>1,567,346 5.0</i>

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

Table B.3 Real gross domestic product, expenditure-based, quarterly percentage change

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted at annual rates, millions of chained (2002) dollars[1]								
Personal expenditure on consumer goods and services	805,026	810,096	812,310	813,469	807,018	803,863	787,063	810,723
	1.9	0.6	0.3	0.1	-0.8	-0.4	4.6	3.0
Durable goods	121,609	126,401	125,448	125,209	121,409	119,250	117,998	124,617
	3.0	3.9	-0.8	-0.2	-3.0	-1.8	7.6	5.6
Semi-durable goods	72,940	73,860	74,674	75,051	73,796	73,493	71,702	74,345
	0.7	1.3	1.1	0.5	-1.7	-0.4	5.6	3.7
Non-durable goods	176,307	176,338	176,707	176,629	176,022	176,018	173,793	176,424
	1.1	0.0	0.2	-0.0	-0.3	-0.0	3.2	1.5
Services	436,321	436,470	438,327	439,424	437,839	436,713	425,494	438,015
	2.2	0.0	0.4	0.3	-0.4	-0.3	4.3	2.9
Government current expenditure on goods and services	257,965	261,546	264,477	264,462	266,084	266,884	254,740	264,142
	0.8	1.4	1.1	-0.0	0.6	0.3	3.3	3.7
Government gross fixed capital formation	41,393	43,223	44,446	45,216	46,171	46,299	39,893	44,764
	1.3	4.4	2.8	1.7	2.1	0.3	6.0	12.2
Government investment in inventories	12	116	-20	-76	80	-8	14	25

Business gross fixed capital formation	276,254	275,053	273,577	273,271	259,576	242,153	272,580	270,369
	0.7	-0.4	-0.5	-0.1	-5.0	-6.7	3.4	-0.8
Residential structures	81,527	80,262	79,999	79,002	74,016	69,784	80,468	78,320
	1.3	-1.6	-0.3	-1.2	-6.3	-5.7	2.9	-2.7
Non-residential structures and equipment	196,812	197,217	195,929	196,935	188,407	174,838	194,176	194,622
	0.4	0.2	-0.7	0.5	-4.3	-7.2	3.7	0.2
Non-residential structures	70,033	70,290	70,463	71,759	71,533	68,817	71,068	71,011
	-2.4	0.4	0.2	1.8	-0.3	-3.8	3.0	-0.1
Machinery and equipment	129,044	129,118	127,192	126,248	116,080	103,928	124,092	124,660
	3.0	0.1	-1.5	-0.7	-8.1	-10.5	4.4	0.5
Business investment in inventories	25,115	9,223	14,487	14,959	10,293	-5,816	14,990	12,241

Non-farm	23,484	5,995	10,315	8,575	4,584	-7,922	14,054	7,367

Farm	369	2,120	3,054	5,200	4,560	841	-159	3,734

Exports of goods and services	501,456	498,552	493,352	488,152	464,964	424,655	510,323	486,255
	-1.7	-0.6	-1.0	-1.1	-4.8	-8.7	1.1	-4.7
Goods	436,136	434,196	429,674	424,406	401,086	363,078	444,647	422,341
	-2.0	-0.4	-1.0	-1.2	-5.5	-9.5	1.3	-5.0
Services	65,288	64,350	63,673	63,783	64,048	61,669	65,688	63,964
	-0.3	-1.4	-1.1	0.2	0.4	-3.7	-0.2	-2.6
Deduct: Imports of goods and services	592,697	585,633	589,968	584,824	547,196	485,937	572,078	576,905
	1.6	-1.2	0.7	-0.9	-6.4	-11.2	5.8	0.8
Goods	488,277	485,731	490,845	488,852	455,381	397,396	475,278	480,202
	0.4	-0.5	1.1	-0.4	-6.8	-12.7	5.4	1.0
Services	104,171	99,859	99,161	96,105	91,848	88,075	96,807	96,743
	7.1	-4.1	-0.7	-3.1	-4.4	-4.1	7.4	-0.1
Statistical discrepancy	-1,091	-1,716	-1,473	-753	-719	1,567	-765	-1,165

Gross domestic product at market prices	1,325,490	1,323,013	1,324,093	1,325,452	1,312,880	1,294,805	1,315,907	1,321,360
	0.3	-0.2	0.1	0.1	-0.9	-1.4	2.5	0.4
<i>Final domestic demand</i>	<i>1,379,347</i>	<i>1,388,755</i>	<i>1,393,794</i>	<i>1,395,415</i>	<i>1,377,873</i>	<i>1,357,741</i>	<i>1,353,135</i>	<i>1,388,959</i>
	<i>1.4</i>	<i>0.7</i>	<i>0.4</i>	<i>0.1</i>	<i>-1.3</i>	<i>-1.5</i>	<i>4.1</i>	<i>2.6</i>

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

Table B.4 Real gross domestic product, expenditure-based, annualized percentage change[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Quarter to quarter percent change at annual rates, chained (2002) dollars								
Personal expenditure on consumer goods and services	7.8	2.5	1.1	0.6	-3.1	-1.6	4.6	3.0
Durable goods	12.6	16.7	-3.0	-0.8	-11.6	-6.9	7.6	5.6
Semi-durable goods	2.7	5.1	4.5	2.0	-6.5	-1.6	5.6	3.7
Non-durable goods	4.5	0.1	0.8	-0.2	-1.4	-0.0	3.2	1.5
Services	8.9	0.1	1.7	1.0	-1.4	-1.0	4.3	2.9
Government current expenditure on goods and services	3.0	5.7	4.6	-0.0	2.5	1.2	3.3	3.7
Government gross fixed capital formation	5.4	18.9	11.8	7.1	8.7	1.1	6.0	12.2
Government investment in inventories[2]	-72	104	-136	-56	156	-88	47	11
Business gross fixed capital formation	2.9	-1.7	-2.1	-0.4	-18.6	-24.3	3.4	-0.8
Residential structures	5.4	-6.1	-1.3	-4.9	-23.0	-21.0	2.9	-2.7
Non-residential structures and equipment	1.4	0.8	-2.6	2.1	-16.2	-25.8	3.7	0.2
Non-residential structures	-9.3	1.5	1.0	7.6	-1.3	-14.3	3.0	-0.1
Machinery and equipment	12.5	0.2	-5.8	-2.9	-28.5	-35.7	4.4	0.5
Business investment in inventories[2]	1,133	-15,892	5,264	472	-4,666	-16,109	2,868	-2,750
Non-farm[2]	450	-17,489	4,320	-1,740	-3,991	-12,506	2,818	-6,687
Farm[2]	684	1,751	934	2,146	-640	-3,719	-62	3,893
Exports of goods and services	-6.8	-2.3	-4.1	-4.1	-17.7	-30.4	1.1	-4.7
Goods	-7.6	-1.8	-4.1	-4.8	-20.2	-32.8	1.3	-5.0
Services	-1.3	-5.6	-4.1	0.7	1.7	-14.1	-0.2	-2.6
Deduct: Imports of goods and services	6.5	-4.7	3.0	-3.4	-23.4	-37.8	5.8	0.8
Goods	1.6	-2.1	4.3	-1.6	-24.7	-42.0	5.4	1.0
Services	31.7	-15.6	-2.8	-11.8	-16.6	-15.4	7.4	-0.1
Statistical discrepancy[2]	-624	-625	243	720	34	2,286	-1,521	-401
Gross domestic product at market prices	1.1	-0.7	0.3	0.4	-3.7	-5.4	2.5	0.4
<i>Final domestic demand</i>	<i>5.8</i>	<i>2.8</i>	<i>1.5</i>	<i>0.5</i>	<i>-4.9</i>	<i>-5.7</i>	<i>4.1</i>	<i>2.6</i>

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

Table B.5 Contributions to percentage change in real gross domestic product, expenditure-based[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Using seasonally adjusted data, percentage points								
Personal expenditure on consumer goods and services	1.046	0.351	0.152	0.079	-0.443	-0.223	2.528	1.631
Durable goods	0.215	0.282	-0.054	-0.013	-0.211	-0.122	0.548	0.389
Semi-durable goods	0.031	0.056	0.048	0.022	-0.074	-0.018	0.251	0.161
Non-durable goods	0.147	0.002	0.028	-0.006	-0.047	0.000	0.435	0.202
Services	0.653	0.011	0.130	0.076	-0.112	-0.082	1.294	0.880
Government current expenditure on goods and services	0.144	0.266	0.216	-0.001	0.121	0.062	0.640	0.700
Government gross fixed capital formation	0.039	0.132	0.089	0.057	0.072	0.010	0.168	0.356
Government investment in inventories	-0.005	0.008	-0.010	-0.004	0.012	-0.007	0.004	0.001
Business gross fixed capital formation	0.139	-0.085	-0.104	-0.021	-0.992	-1.326	0.677	-0.162
Residential structures	0.094	-0.110	-0.023	-0.085	-0.429	-0.373	0.200	-0.187
Non-residential structures and equipment	0.045	0.026	-0.081	0.063	-0.563	-0.953	0.477	0.025
Non-residential structures	-0.147	0.022	0.015	0.110	-0.020	-0.246	0.181	-0.006
Machinery and equipment	0.192	0.004	-0.096	-0.047	-0.544	-0.707	0.296	0.032
Business investment in inventories	0.067	-1.002	0.330	0.028	-0.305	-1.076	0.163	-0.228
Non-farm	0.027	-1.107	0.272	-0.110	-0.261	-0.843	0.184	-0.444
Farm	0.040	0.105	0.058	0.138	-0.045	-0.233	-0.021	0.216
Exports of goods and services	-0.591	-0.196	-0.368	-0.382	-1.707	-2.897	0.395	-1.623
Goods	-0.576	-0.130	-0.321	-0.389	-1.726	-2.724	0.403	-1.498
Services	-0.015	-0.066	-0.048	0.008	0.019	-0.174	-0.008	-0.125
Deduct: Imports of goods and services	0.513	-0.386	0.241	-0.293	-2.292	-3.907	1.924	0.231
Goods	0.108	-0.138	0.282	-0.113	-2.024	-3.651	1.504	0.236
Services	0.405	-0.248	-0.041	-0.180	-0.268	-0.256	0.421	-0.005
Statistical discrepancy	-0.047	-0.047	0.018	0.054	0.003	0.174	-0.119	-0.030
Gross domestic product at market prices	0.279	-0.187	0.082	0.103	-0.949	-1.377	2.531	0.414
<i>Final domestic demand</i>	<i>1.368</i>	<i>0.665</i>	<i>0.353</i>	<i>0.113</i>	<i>-1.242</i>	<i>-1.478</i>	<i>4.013</i>	<i>2.525</i>

1. The chained (2002) 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.

Table B.6 Gross domestic product, implicit chain price indexes

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
	Using seasonally adjusted data, (2002 = 100)[1]							
Personal expenditure on consumer goods and services	108.5 0.2	108.9 0.4	109.8 0.8	110.8 0.9	110.2 -0.5	110.2 0.0	108.1 1.6	109.9 1.7
Government current expenditure on goods and services	116.3 1.3	117.2 0.8	118.2 0.9	119.2 0.8	120.3 0.9	121.1 0.7	115.7 3.0	118.7 2.6
Government gross fixed capital formation	112.4 1.0	114.8 2.1	117.5 2.4	121.2 3.1	122.6 1.2	122.3 -0.2	111.7 3.6	119.0 6.6
Business gross fixed capital formation	110.6 -0.4	111.5 0.8	113.1 1.4	114.6 1.3	118.4 3.3	118.7 0.3	110.9 3.2	114.4 3.2
Exports of goods and services	103.0 0.4	109.0 5.8	117.1 7.4	120.7 3.1	115.8 -4.1	108.0 -6.7	104.7 0.9	115.7 10.4
Imports of goods and services	84.2 -3.0	87.3 3.7	90.6 3.8	94.7 4.5	100.1 5.7	98.5 -1.6	88.3 -2.1	93.2 5.6
Gross domestic product at market prices	117.7 1.1	119.3 1.4	122.2 2.4	123.2 0.8	119.6 -2.9	117.6 -1.7	116.5 3.1	121.1 3.9
<i>Final domestic demand</i>	<i>110.6 0.4</i>	<i>111.3 0.6</i>	<i>112.4 1.0</i>	<i>113.6 1.1</i>	<i>114.2 0.5</i>	<i>114.4 0.2</i>	<i>110.3 2.2</i>	<i>112.9 2.3</i>

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

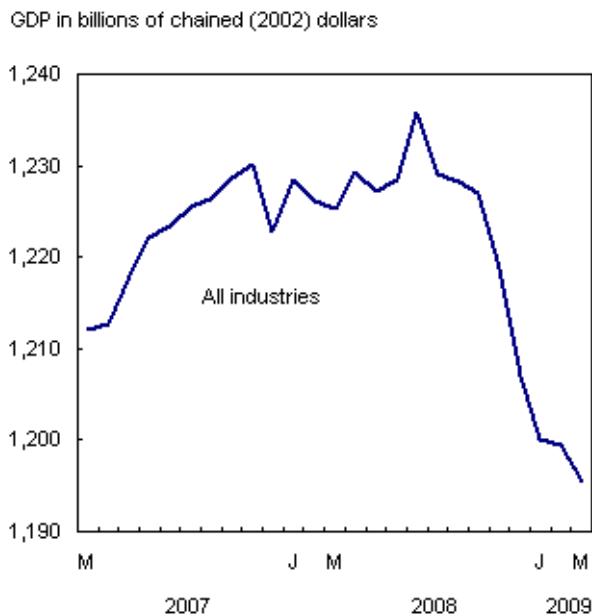
Section C GDP by industry

March 2009

Real gross domestic product decreased 0.3% in March after a 0.1% decrease in February. The declines in February and March were less pronounced than those in the preceding three months.

The output of the energy and manufacturing sectors were the main sources behind the March contraction. Lower activity in wholesale trade, construction, transportation, accommodation and food services, and forestry added to the weakness. The finance and insurance sector, the public sector (health, education and public administration combined), retail trade, and mining excluding oil and gas extraction all advanced.

Chart C.1
Economic activity continues to decline



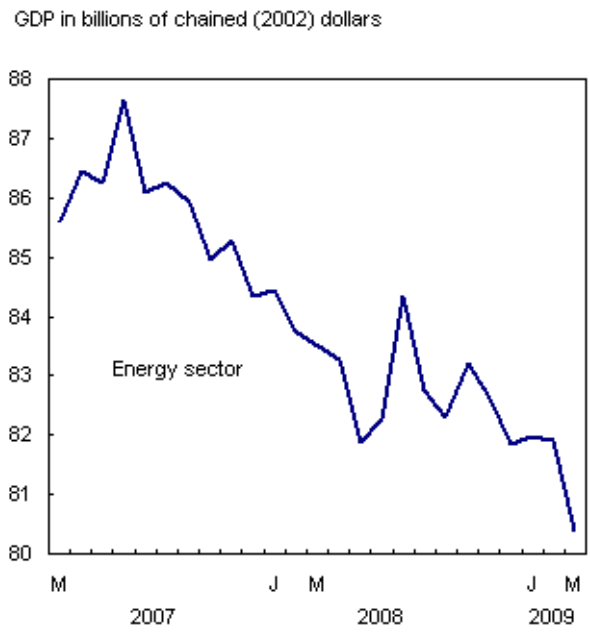
Energy sector output falls

The output of the energy sector fell 1.9% in March. A significant drop in support activities for oil and gas extraction along with a 1.5% decrease in oil and gas production lowered output in the sector. Both the extraction of natural gas and petroleum decreased. Electricity generation and the distribution of natural gas were both up for the month.

The output of the mining sector excluding oil and gas extraction increased 1.1% in March. There was a partial rebound in potash production as the industry continued to adjust its output to weakened demand. Despite a significant

contraction in iron ore mines as the demand for steel products continued to retreat, the output of metal ore mines increased on the strength of copper and nickel extraction.

Chart C.2
Energy sector output decreases



Manufacturing retreats

Activity in the manufacturing sector retreated 1.0% in March, continuing its downward trend. Both durable and non-durable goods manufacturing fell. Of the 21 major manufacturing groups, 15 retreated. Machinery, primary metal products and motor vehicle parts manufacturing led the reduction in durable goods. The drop in the manufacturing of paper products was the largest among the non-durable industries. Motor vehicle production grew for a second consecutive month.

Wholesale trade edges down

The volume of activities in wholesaling industries declined 0.7% in March, mirroring the decrease in exports and imports. The most notable drops were in the wholesaling of machinery and electronic equipment, and personal and household goods. The wholesaling of automotive products and food, beverage and tobacco products moved ahead.

Construction decreases

Construction activity decreased 0.4% in March. The drops in residential building construction and engineering and repair work eclipsed the increase in non-residential building construction.

Residential building construction retreated 0.3%. All categories of dwellings posted significant declines. However, alterations and improvements work increased in the month.

Non-residential building construction increased 0.3% in March on the strength of institutional and commercial buildings. Industrial building construction fell.

After experiencing several monthly declines, the home resale market improved, translating into a 6.4% increase in real estate agents and brokers activities.

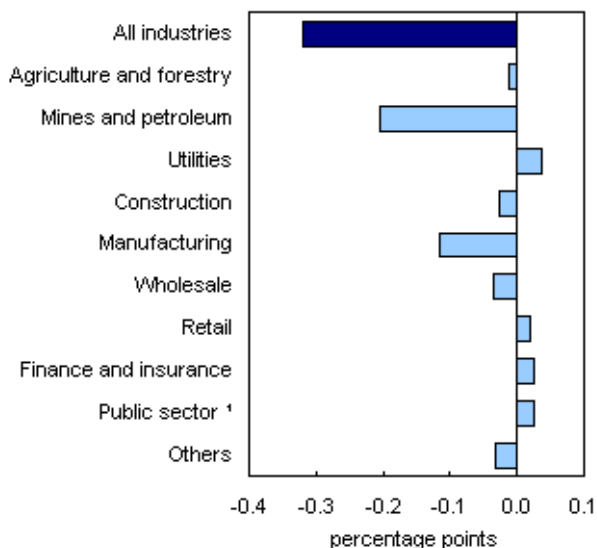
The finance and insurance sector increases

The finance and insurance sector rose 0.4% in March. The gain was mostly attributable to an increase in the volume of trading on the stock exchanges. The gain was partially offset by a fall in mutual fund sales. Furthermore, widespread declines were registered in traditional banking services.

Retail trade edges up

Value added in retail trade edged up 0.3% in March. The volume of activities at new car dealers increased during the month. Advances were also posted by beer, wine and liquor stores, supermarkets and pharmacies. These gains were partially offset by the decreases registered by used car dealers and home electronics and appliance stores.

Chart C.3
Main industrial sectors' contribution to the percent change in gross domestic product – March 2009



1. Education, health and public administration.

Other industries

A decrease in overnight visitors to Canada contributed to a decline in accommodation and food services. Furthermore, the output of the rail and truck transportation services decreased in light of weak demand by the manufacturing and wholesale sectors.

First quarter 2009

In the first quarter of 2009, real Gross Domestic Product decreased at a faster rate than in the fourth quarter of 2008. The decreases in February and March 2009 were not as pronounced as those in the preceding three months.

As was the case in the fourth quarter 2008, lower production of goods (-4.0%) led the decline in the first quarter of 2009, while the production of services also decreased (-0.5%). All goods producing sectors retreated. The manufacturing sector, pulled down by a 26% reduction in motor vehicle and parts production, accounted for about half of the overall decline in the first quarter of 2009. Wholesale trade and transportation services declined the most among the service producing sectors. The increases in the public sector (which includes education, health and social services, as well as public administration) helped mitigate the decline in the production of services.

The manufacturing sector fell for a seventh consecutive quarter (-6.1%), as both durable (-9.2%) and non-durable (-2.0%) goods production were reduced. The decrease in the first quarter was widespread, with 18 of the 21 major manufacturing groups recording a decline. Production levels of motor vehicles and parts manufacturers were still being adjusted to reduced demand, both foreign and domestic.

The manufacturing of primary metal, fabricated metal products, machinery, wood products and non-metallic mineral products also retreated, partly reflecting the reduced levels of global economic activity, particularly of construction activities, in both Canada and the United States.

Mining, excluding oil and gas extraction, dropped 10% as the demand for many commodities declined, particularly potash, copper, nickel and iron ore. This led to some temporary closures in this sector. The energy sector declined 1.4% led by a sharp reduction in support activities for mining, oil and gas extraction (-32%). The production of electricity decreased 1.3% in line with the reduced needs of many manufacturers, while oil and gas extraction increased 1.3%. The price of crude oil stabilized during the first two months of the quarter. Production of natural gas increased in the quarter after six quarterly declines.

Wholesale trade decreased 5.6% for a second quarter in a row in the first quarter of 2009, due to reduced volume of wholesaling of automotive products, machinery and electronic equipment, as well as building materials. Value added in retail trade declined 0.8% with retailers of automotive products (particularly used car dealers and gasoline stations), of furniture, home furnishings and electronic equipment, and of building and outdoor home supplies contributing the most.

The transportation and warehousing sector (-2.0%) was also affected by the reduced level of economic activity as truck, rail, water and air transporters had reduced output. Activities in urban transit transportation also fell, largely because of a labour dispute in Ontario.

The finance and insurance sector decreased 0.7% mainly because of reduced volume of activities by securities traders.

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

	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
Seasonally adjusted at annual rates, millions of chained (2002) dollars								
All industries	1,229,060	1,228,184	1,226,932	1,218,696	1,206,943	1,200,031	1,199,352	1,195,524
	-0.5	-0.1	-0.1	-0.7	-1.0	-0.6	-0.1	-0.3
Goods-producing industries	364,835	363,087	362,865	357,666	350,822	345,165	343,533	339,868
	-1.3	-0.5	-0.1	-1.4	-1.9	-1.6	-0.5	-1.1
Agriculture, forestry, fishing and hunting	25,923	25,565	25,886	25,948	25,854	25,979	25,787	25,597
	0.2	-1.4	1.3	0.2	-0.4	0.5	-0.7	-0.7
Mining and oil and gas extraction	55,470	54,911	55,550	55,202	54,501	54,289	53,884	52,522
	-2.1	-1.0	1.2	-0.6	-1.3	-0.4	-0.7	-2.5
Utilities	31,096	31,016	31,041	30,553	30,445	30,377	30,020	30,469
	-0.0	-0.3	0.1	-1.6	-0.4	-0.2	-1.2	1.5
Construction	75,573	75,540	75,626	75,013	73,447	72,359	72,256	71,941
	0.2	-0.0	0.1	-0.8	-2.1	-1.5	-0.1	-0.4
Manufacturing	175,657	175,150	173,201	168,952	164,287	159,258	158,822	157,269
	-2.0	-0.3	-1.1	-2.5	-2.8	-3.1	-0.3	-1.0
Services-producing industries	866,639	867,633	866,587	863,763	859,110	858,140	859,210	859,249
	-0.2	0.1	-0.1	-0.3	-0.5	-0.1	0.1	0.0
Wholesale trade	70,282	70,279	68,655	67,030	65,405	63,629	63,346	62,899
	-3.0	-0.0	-2.3	-2.4	-2.4	-2.7	-0.4	-0.7
Retail trade	75,046	75,320	74,781	74,222	71,960	73,072	72,939	73,190
	-0.1	0.4	-0.7	-0.7	-3.0	1.5	-0.2	0.3
Transportation and warehousing	56,875	56,674	56,617	56,270	55,391	55,080	55,128	54,668
	-0.8	-0.4	-0.1	-0.6	-1.6	-0.6	0.1	-0.8
Information and cultural industries	45,350	45,369	45,426	45,399	45,361	45,521	45,445	45,443
	0.5	0.0	0.1	-0.1	-0.1	0.4	-0.2	-0.0
Finance, insurance and real estate	247,497	248,150	248,105	247,500	247,719	247,610	248,676	249,810
	0.0	0.3	-0.0	-0.2	0.1	-0.0	0.4	0.5
Professional, scientific and technical services	58,661	58,728	58,800	58,791	58,595	58,517	58,465	58,305
	0.2	0.1	0.1	-0.0	-0.3	-0.1	-0.1	-0.3
Administrative and waste management services	31,079	30,973	30,976	30,906	30,793	30,740	30,595	30,227
	-0.2	-0.3	0.0	-0.2	-0.4	-0.2	-0.5	-1.2
Educational services	60,753	60,826	60,965	60,926	61,085	61,187	61,481	61,597
	0.2	0.1	0.2	-0.1	0.3	0.2	0.5	0.2
Health care and social assistance	79,416	79,622	79,919	80,277	80,521	80,513	80,678	80,849
	0.2	0.3	0.4	0.4	0.3	-0.0	0.2	0.2
Arts, entertainment and recreation	11,731	11,744	11,850	11,823	11,784	11,918	11,988	11,883
	0.1	0.1	0.9	-0.2	-0.3	1.1	0.6	-0.9
Accommodation and food services	27,815	27,499	27,626	27,694	27,502	27,360	27,508	27,384
	0.6	-1.1	0.5	0.2	-0.7	-0.5	0.5	-0.5
Other services (except public administration)	32,635	32,685	32,770	32,788	32,823	32,832	32,824	32,860
	0.2	0.2	0.3	0.1	0.1	0.0	-0.0	0.1
Public administration	69,662	69,933	70,245	70,260	70,297	70,282	70,279	70,305
	0.3	0.4	0.4	0.0	0.1	-0.0	-0.0	0.0
Other aggregations								
Industrial production	263,761	262,350	261,829	257,328	252,246	247,707	246,359	243,241
	-1.8	-0.5	-0.2	-1.7	-2.0	-1.8	-0.5	-1.3
Non-durable manufacturing industries	69,592	69,800	69,040	68,074	67,533	67,181	66,790	66,523
	-2.1	0.3	-1.1	-1.4	-0.8	-0.5	-0.6	-0.4
Durable manufacturing industries	106,316	105,565	104,370	101,018	96,771	91,939	91,914	90,595
	-1.9	-0.7	-1.1	-3.2	-4.2	-5.0	-0.0	-1.4
Business sector industries	1,029,124	1,027,806	1,025,989	1,017,639	1,005,454	998,348	997,326	993,302
	-0.7	-0.1	-0.2	-0.8	-1.2	-0.7	-0.1	-0.4
Non-business sector industries	199,948	200,385	200,961	201,096	201,573	201,785	202,135	202,342
	0.2	0.2	0.3	0.1	0.2	0.1	0.2	0.1
ICT sector, total	58,884	59,078	59,003	58,621	58,650	58,375	58,432	58,146
	-0.1	0.3	-0.1	-0.6	0.0	-0.5	0.1	-0.5
Energy sector	82,761	82,285	83,199	82,628	81,855	81,976	81,895	80,377
	-1.9	-0.6	1.1	-0.7	-0.9	0.1	-0.1	-1.9

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

Table C.2 Real gross domestic product by industry, at basic prices, quarterly and annually[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted at annual rates, millions of chained (2002) dollars								
Goods-producing industries	371,248	367,134	365,400	365,882	357,118	342,855	374,126	363,884
	-1.1	-1.1	-0.5	0.1	-2.4	-4.0	0.5	-2.7
Agriculture, forestry, fishing and hunting	26,205	25,999	26,078	25,789	25,896	25,788	26,478	25,940
	-0.3	-0.8	0.3	-1.1	0.4	-0.4	-4.2	-2.0
Mining and oil and gas extraction	56,226	55,639	54,818	55,674	55,084	53,565	57,288	55,304
	-2.7	-1.0	-1.5	1.6	-1.1	-2.8	1.0	-3.5
Utilities	31,951	31,644	31,160	31,071	30,680	30,289	31,344	31,139
	2.2	-1.0	-1.5	-0.3	-1.3	-1.3	3.9	-0.7
Construction	73,467	74,367	74,840	75,508	74,695	72,185	72,890	74,853
	0.3	1.2	0.6	0.9	-1.1	-3.4	2.9	2.7
Manufacturing	182,957	178,755	178,278	176,698	168,813	158,450	185,311	175,636
	-1.4	-2.3	-0.3	-0.9	-4.5	-6.1	-0.9	-5.2
Services-producing industries	857,799	861,637	865,248	867,494	863,153	858,866	846,591	864,383
	0.8	0.4	0.4	0.3	-0.5	-0.5	3.5	2.1
Wholesale trade	72,063	71,837	71,722	71,009	67,030	63,291	70,256	70,399
	1.6	-0.3	-0.2	-1.0	-5.6	-5.6	5.5	0.2
Retail trade	73,734	74,486	74,983	75,154	73,654	73,067	72,391	74,570
	1.5	1.0	0.7	0.2	-2.0	-0.8	5.8	3.0
Transportation and warehousing	56,863	56,845	57,122	56,966	56,093	54,959	56,624	56,757
	-0.2	-0.0	0.5	-0.3	-1.5	-2.0	1.7	0.2
Information and cultural industries	44,900	44,751	45,030	45,281	45,395	45,470	44,349	45,115
	0.9	-0.3	0.6	0.6	0.3	0.2	2.6	1.7
Finance, insurance and real estate	243,946	245,802	246,485	247,682	247,775	248,699	240,536	246,936
	0.7	0.8	0.3	0.5	0.0	0.4	4.0	2.7
Professional, scientific and technical services	58,287	58,261	58,401	58,635	58,729	58,429	57,874	58,506
	0.4	-0.0	0.2	0.4	0.2	-0.5	3.4	1.1
Administrative and waste management services	31,257	31,264	31,220	31,064	30,892	30,521	30,948	31,110
	0.6	0.0	-0.1	-0.5	-0.6	-1.2	3.2	0.5
Educational services	59,606	59,974	60,395	60,736	60,992	61,422	58,863	60,524
	0.8	0.6	0.7	0.6	0.4	0.7	3.1	2.8
Health care and social assistance	77,884	78,349	78,884	79,440	80,239	80,680	77,035	79,228
	0.7	0.6	0.7	0.7	1.0	0.5	2.8	2.8
Arts, entertainment and recreation	11,746	11,641	11,717	11,733	11,819	11,930	11,716	11,727
	-0.6	-0.9	0.7	0.1	0.7	0.9	2.3	0.1
Accommodation and food services	27,638	27,812	27,919	27,656	27,607	27,417	27,146	27,748
	1.2	0.6	0.4	-0.9	-0.2	-0.7	1.7	2.2
Other services (except public administration)	31,979	32,212	32,419	32,625	32,794	32,839	31,542	32,512
	1.0	0.7	0.6	0.6	0.5	0.1	3.2	3.1
Public administration	68,074	68,591	69,123	69,683	70,267	70,289	67,463	69,416
	0.7	0.8	0.8	0.8	0.8	0.0	2.0	2.9
Other aggregations								
Industrial production	271,769	267,075	264,894	264,930	257,134	245,769	274,908	263,508
	-1.5	-1.7	-0.8	0.0	-2.9	-4.4	0.2	-4.1
Non-durable manufacturing industries	71,623	70,752	70,682	70,168	68,216	66,831	72,507	69,955
	-1.8	-1.2	-0.1	-0.7	-2.8	-2.0	-1.8	-3.5
Durable manufacturing industries	111,673	108,265	107,847	106,769	100,720	91,483	113,149	105,900
	-1.2	-3.1	-0.4	-1.0	-5.7	-9.2	-0.3	-6.4
Business sector industries	1,031,374	1,029,445	1,029,705	1,031,070	1,016,361	996,325	1,025,436	1,026,645
	0.1	-0.2	0.0	0.1	-1.4	-2.0	2.5	0.1
Non-business sector industries	195,792	197,143	198,590	199,929	201,210	202,087	193,838	199,218
	0.7	0.7	0.7	0.7	0.6	0.4	2.6	2.8
ICT sector, total	58,065	58,327	58,805	58,967	58,758	58,318	57,199	58,714
	0.7	0.5	0.8	0.3	-0.4	-0.7	4.0	2.6
Energy sector	84,855	83,904	82,469	83,128	82,561	81,416	85,827	83,016
	-1.4	-1.1	-1.7	0.8	-0.7	-1.4	1.0	-3.3

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

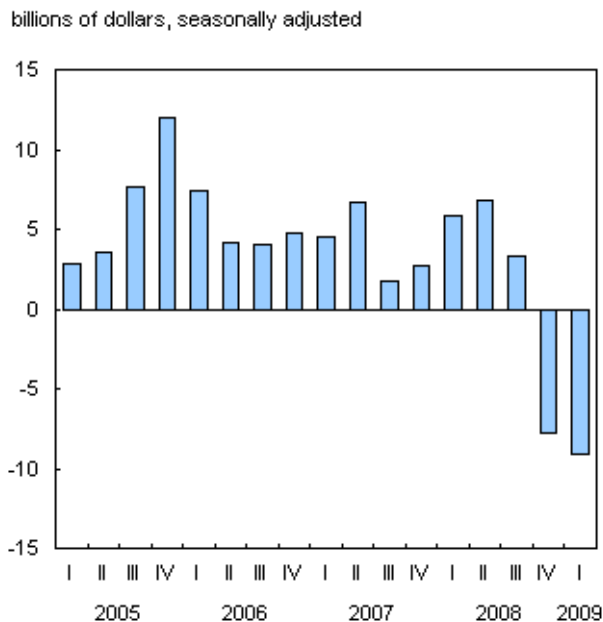
Section D

Balance of International Payments

First quarter 2009

The balance on current account transactions with the rest of the world (on a seasonally adjusted basis) was a \$9.1 billion deficit in the first quarter of 2009, larger than the \$7.8 billion deficit in the previous quarter. This quarter current account deficit was led by a further decline of the goods surplus to \$0.8 billion which was partially offset by a lower deficit on investment income.

Chart D.1
Current account balance shows another large deficit



In the capital and financial account (unadjusted for seasonal variation), cross-border portfolio investment flows rebounded following the turmoil of the fourth quarter, adding significantly to large net inflows of funds to Canada in the first quarter. This mainly reflected non-resident investors adding to their portfolios with significant acquisitions of Canadian government debt instruments; Canadians had a slower pace of cross border investments but did return to foreign stock markets.

Current account

Goods surplus continues to shrink

The goods surplus shrank to \$0.8 billion in the first quarter of 2009, its lowest level since it reached \$0.7 billion at the end of 1978. While both exports and imports of goods dropped significantly, exports fell to a greater extent. Most of the declines in the value of goods were concentrated in trade with the United States.

Exports were down \$19.1 billion to \$97.2 billion as energy products, industrial goods and automotive products recorded significant reductions. Energy exports were down again as prices continued to decline. Energy exports have lost almost half of their value over the last two quarters. Foreign sales of industrial products declined further on lower prices and volumes, following a high in the third quarter of 2008. Automotive products reached their lowest export values in more than 16 years, as volumes of passenger cars and vehicle parts fell sharply.

Note to readers

Annual and quarterly data have been revised for the reference years 2005 to 2008. This is in keeping with the general policy to revise national accounts statistics back four years at the time of the first quarter data release. In general, the revisions reflect more current sources of information coming from annual surveys and administrative data.

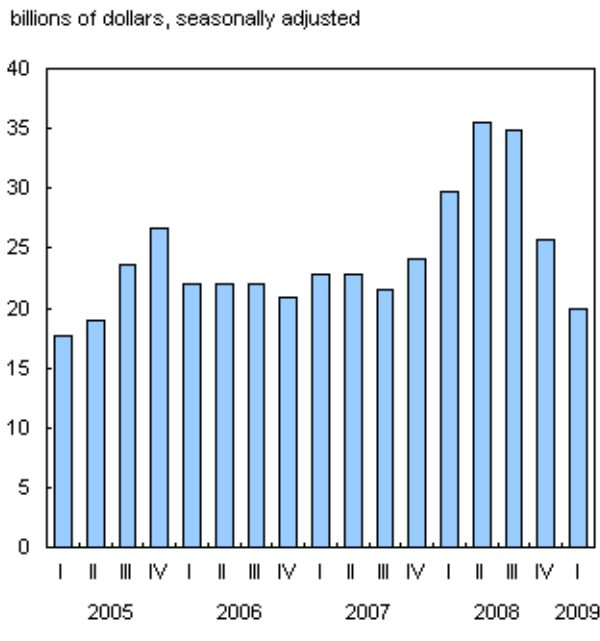
The balance of payments covers all economic transactions between Canadian residents and non-residents, in two accounts—the current account and the capital and financial account.

The current account covers transactions in goods, services, investment income and current transfers. Exports and interest income are examples of receipts, while imports and interest expense are payments. The overall balance of receipts and payments is Canada's current account 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 in three functional classes: direct investment, portfolio investment and all other types of investment. These flows arise from financial activities of either Canadian residents (foreign assets of Canadian investors) or non-residents (Canadian liabilities to foreign investors). Transactions resulting in capital inflows to Canada are presented as positive values while those giving rise to capital outflows from Canada are shown as negative values.

In principle, a current account surplus corresponds to an equivalent net outflow in the capital and financial account; and, a current account deficit corresponds to an equivalent net inflow in the capital and financial account. In other words, the two accounts should add to zero. In practice, as data are compiled from multiple sources, this is rarely the case and gives rise to measurement error. The statistical discrepancy is the unobserved net inflow or outflow.

Chart D.2
Exports of energy products down as prices decline again



Imports were reduced by \$16.5 billion to \$96.4 billion, as automotive products hit a 15-year low of \$11.9 billion on lower volumes of passenger cars and vehicle parts. Energy products were down 35% as volumes and especially prices retreated in the quarter. Machinery and equipment and industrial goods also registered notable declines, largely on lower volumes.

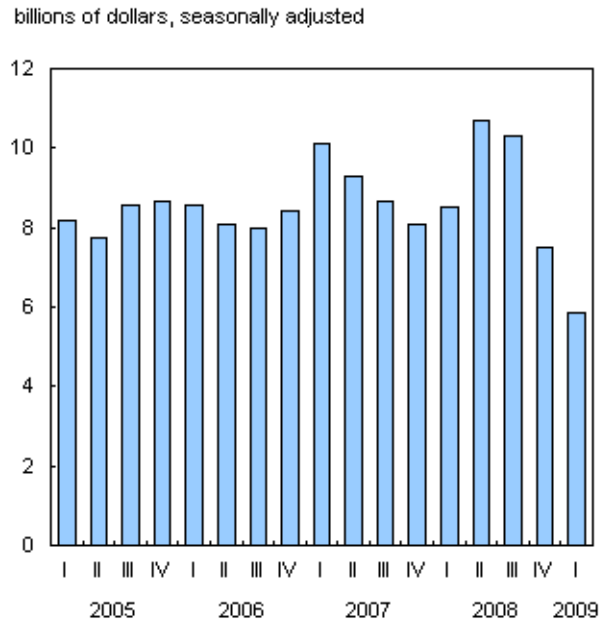
Services deficit remains unchanged

The services deficit remained at \$6.1 billion in the first quarter of 2009. Receipts on commercial services were down in the first quarter bringing that deficit to its highest level since the second quarter of 2004. However, the travel and transportation deficits edged down despite another significant quarter of spending by Canadians travelling in countries other than the United States. In particular, Canadian’s expenditures in United States continued to decline, resulting in a further reduction in the travel deficit with the United States.

Deficit on investment income narrows

The investment income deficit narrowed to \$3.3 billion in the first quarter of 2009 from \$5.1 billion in the previous quarter. This was largely accounted for by direct investment earnings, where profits earned by foreign direct investors in Canada fell to their lowest level since the end of 2004.

Chart D.3
Profits in Canada earned by foreign direct investors at their lowest level since 2004

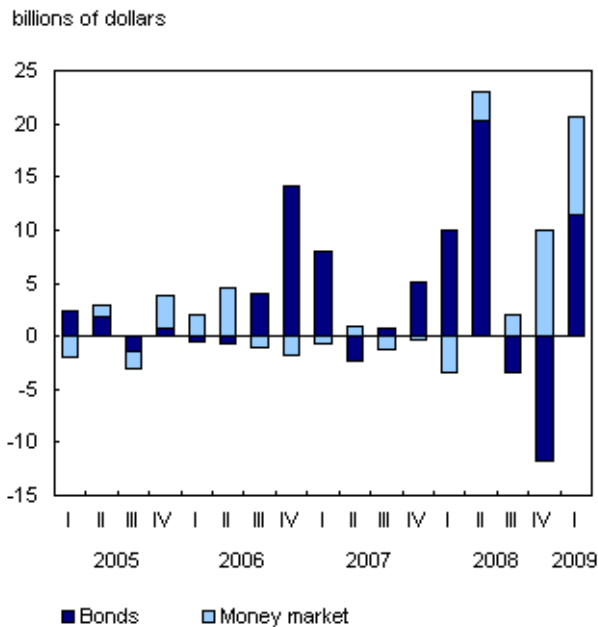


Capital and financial account

Foreign demand for Canadian securities resumes

Non-resident investors purchased \$23.3 billion of Canadian securities in the first quarter of 2009, after net sales in the previous two quarters. Foreign investment inflows reflected continued strong interest in Canadian short-term paper and a return to the Canadian bond market.

Chart D.4
Non-residents' demand for Canadian money market instruments remain strong



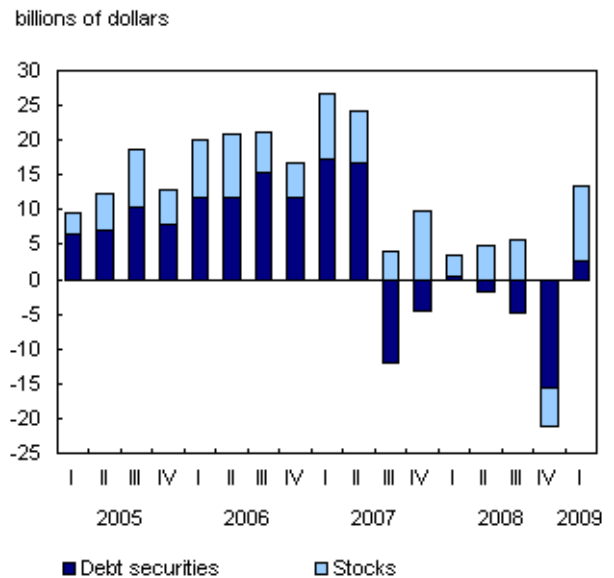
Robust foreign investment in Canadian money market instruments of \$9.2 billion over the first quarter was dominated by acquisitions of federal and provincial short-term paper, as short-term interest rate differentials favoured investment in Canada. In addition, purchases of \$11.4 billion of Canadian bonds almost offset the divestment in the previous quarter. This activity was focused on bonds issued by private corporations and the federal government. The market for new corporate bonds showed signs of recovery, as yield spreads with government securities narrowed.

Non-residents also added \$2.6 billion of Canadian equities to their portfolios in the first quarter, following two quarters of net sales. The focus of foreign investment shifted from gold to banking shares during the quarter. Canadian stock prices declined 3% in the first quarter after losing more than one third of their value over the second half of 2008.

Canadian investors return to foreign stock markets

Canadian investors switched back into foreign securities in the first quarter of 2009 after a substantial divestment recorded in the fourth quarter of 2008, following the collapse of global stock markets in October 2008. Investment in foreign equities was the highest in eight years at \$10.8 billion. Canadian investment shifted from U.S. stocks to non-U.S. stocks over the quarter and covered a wide range of stocks from various economies and industries.

Chart D.5
Canadians acquire foreign stocks after the collapse of global equity markets in October 2008¹



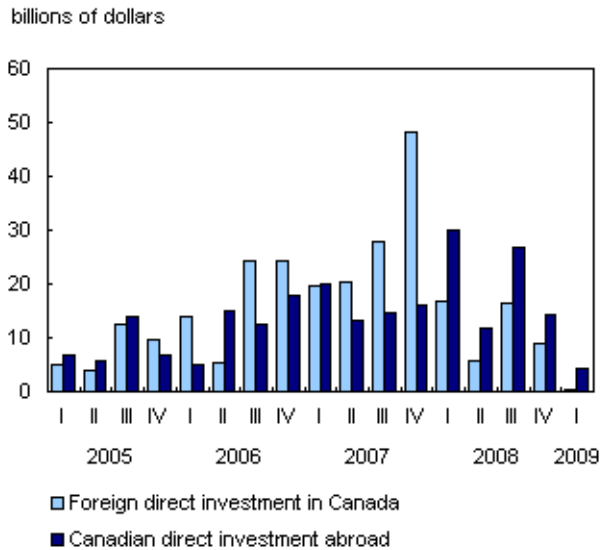
1. Reverse of Balance of Payments signs.

Investment in foreign debt instruments resumed moderately after a number of quarters of net sales, since the onset of the global credit concerns in 2007. Most of the investment was directed to short- and long-term U.S. government debt instruments, in line with significant borrowing activity in the period.

Foreign direct investment activity reduced

Direct investors both in Canada and from abroad cut back on their cross-border flows in the first quarter of 2009, as mergers and acquisitions activity dried up. Canadian direct investment abroad amounted to \$4.2 billion, the lowest in six years. Investments were largely directed to the finance and insurance sector, while activity related to the energy and metallic mineral sector resulted in a rare decrease in assets.

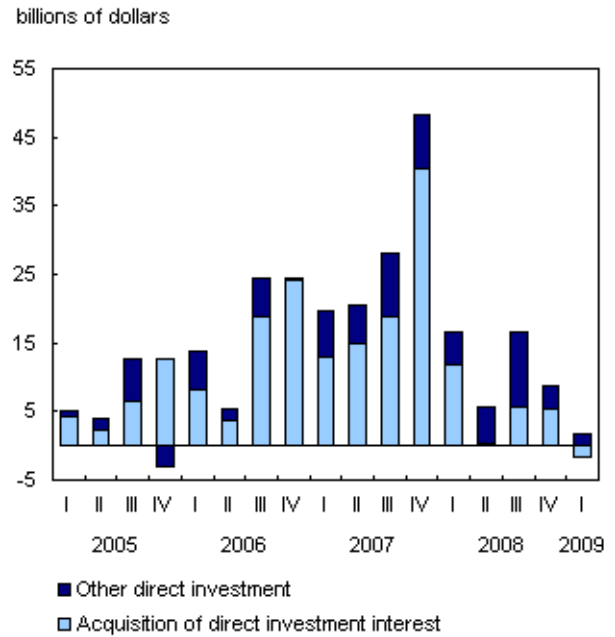
Chart D.6
The trend to reduced direct investment in Canada and abroad continues¹



1. Reverse of Balance of Payments signs for Canadian direct investment abroad.

Foreign direct investment inflows into Canada in the first quarter were the lowest in four years. Earnings re-invested in Canadian subsidiaries were down again while non-residents sold some of their assets back to Canadians, as investment from the United States and Britain was more than offset by divestment from other European countries.

Chart D.7
Lower profits combined with divestments contribute to the weakness in foreign direct investment in Canada



Canadian depository institutions repatriate funds

Transactions in the other investment account resulted in net inflows of \$9.7 billion. Canadian investors (mostly banks) repatriated deposits from abroad after large increases totalling almost \$80 billion in 2007 and 2008, a period characterized by turbulence in credit markets.

Table D.1 Balance of payments

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Not seasonally adjusted, millions of dollars								
Current account								
Receipts								
Goods and services	127,234	131,218	147,681	148,813	132,622	109,568	532,763	560,335
Goods	110,832	115,269	130,062	128,806	115,720	93,920	463,127	489,857
Services	16,403	15,950	17,619	20,007	16,902	15,648	69,637	70,478
Investment income	20,038	18,643	19,814	17,608	15,603	14,475	76,546	71,667
Direct investment	10,826	9,794	11,050	9,223	7,523	6,253	41,884	37,590
Portfolio investment	5,423	5,546	5,739	5,647	5,265	5,509	22,066	22,198
Other investment	3,790	3,302	3,026	2,738	2,814	2,713	12,596	11,880
Current transfers	2,720	2,755	2,229	2,109	3,228	2,432	9,489	10,322
Current account receipts	149,992	152,616	169,725	168,530	151,453	126,476	618,798	642,324
Payments								
Goods and services	123,867	125,515	137,679	137,074	135,697	116,700	503,840	535,965
Goods	101,972	101,963	114,204	113,793	113,028	92,751	415,229	442,988
Services	21,895	23,552	23,475	23,281	22,669	23,949	88,611	92,977
Investment income	21,079	20,802	22,562	22,674	20,853	17,985	87,880	86,891
Direct investment	8,854	9,158	11,640	11,132	8,072	6,244	39,830	40,001
Portfolio investment	7,618	7,548	7,775	8,179	8,480	8,283	30,999	31,981
Other investment	4,607	4,096	3,147	3,363	4,302	3,458	17,051	14,908
Current transfers	2,700	3,480	2,453	2,659	2,760	3,581	11,473	11,353
Current account payments	147,647	149,797	162,695	162,407	159,310	138,266	603,192	634,209
Balances								
Goods and services	3,367	5,703	10,002	11,739	-3,074	-7,131	28,924	24,370
Goods	8,860	13,306	15,858	15,013	2,692	1,169	47,898	46,869
Services	-5,493	-7,603	-5,856	-3,274	-5,766	-8,300	-18,974	-22,499
Investment income	-1,041	-2,159	-2,748	-5,066	-5,251	-3,510	-11,334	-15,223
Direct investment	1,972	636	-590	-1,909	-549	10	2,054	-2,411
Portfolio investment	-2,195	-2,002	-2,036	-2,532	-3,214	-2,774	-8,933	-9,783
Other investment	-817	-794	-122	-626	-1,487	-746	-4,455	-3,029
Current transfers	20	-725	-224	-550	468	-1,148	-1,984	-1,031
Current account balance	2,346	2,820	7,030	6,123	-7,857	-11,790	15,606	8,115
Capital and financial account[1]								
Capital account	1,000	1,192	1,191	1,113	1,023	1,211	4,258	4,520
Financial account	1,568	-7,297	-5,201	-10,405	11,262	15,664	-23,819	-11,641
Canadian assets, net flows								
Canadian direct investment abroad	-16,174	-29,841	-11,912	-26,676	-14,444	-4,157	-64,056	-82,874
Portfolio investment	-5,372	-3,454	-3,167	-783	21,057	-13,445	-48,426	13,652
Foreign bonds	2,937	-685	1,121	4,319	11,599	-533	-28,902	16,354
Foreign stocks	-9,828	-2,891	-4,815	-5,739	5,531	-10,809	-30,946	-7,914
Foreign money market	1,518	121	527	637	3,927	-2,102	11,422	5,212
Other investment	-9,186	-18,509	-7,754	-394	-7,654	1,351	-63,194	-34,311
Loans	1,666	-3,684	1,734	6,446	-5,123	1,203	-10,237	-626
Deposits	-6,592	-14,209	-7,797	-8,531	-6,691	5,436	-42,202	-37,227
Official international reserves	588	247	-1,816	-779	638	-1,078	-4,644	-1,711
Other assets	-4,848	-863	125	2,469	3,522	-4,210	-6,111	5,253
Total Canadian assets, net flows	-30,732	-51,805	-22,833	-27,854	-1,041	-16,251	-175,676	-103,533
Canadian liabilities, net flows								
Foreign direct investment in Canada	48,332	16,686	5,566	16,591	8,867	246	116,448	47,710
Portfolio investment	-27,190	10,157	28,648	-6,656	-3,092	23,285	-31,590	29,057
Canadian bonds	5,130	9,904	20,352	-3,333	-11,743	11,447	11,548	15,179
Canadian stocks	-32,039	3,698	5,617	-5,323	-1,246	2,610	-41,994	2,746
Canadian money market	-281	-3,445	2,679	2,000	9,897	9,228	-1,143	11,132
Other investment	11,157	17,664	-16,582	7,514	6,528	8,383	66,999	15,124
Loans	7,667	965	-1,422	3,091	573	2,558	13,084	3,208
Deposits	4,405	16,165	-15,598	4,270	8,535	5,669	48,566	13,372
Other liabilities	-914	534	438	153	-2,581	156	5,349	-1,456
Total Canadian liabilities, net flows	32,300	44,507	17,632	17,449	12,303	31,915	151,857	91,891
Total capital and financial account, net flows	2,568	-6,105	-4,010	-9,292	12,285	16,875	-19,562	-7,122
Statistical discrepancy	-4,913	3,285	-3,020	3,169	-4,428	-5,086	3,955	-994

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.

Table D.2 Current account

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted at quarterly rates, millions of dollars								
Receipts								
Goods and services	128,712	135,444	143,916	146,864	134,111	114,191	532,763	560,335
Goods	111,338	117,996	126,385	129,144	116,332	97,209	463,127	489,857
Services	17,374	17,448	17,531	17,719	17,779	16,982	69,637	70,478
Travel	4,095	4,034	4,026	4,053	4,006	3,833	16,468	16,119
Transportation	2,844	3,034	3,212	3,247	3,105	2,787	11,881	12,598
Commercial services	10,007	9,950	9,855	9,965	10,205	9,870	39,627	39,974
Government services	427	430	439	454	464	493	1,660	1,787
Investment income	19,968	19,017	19,214	17,902	15,534	14,833	76,546	71,667
Direct investment	10,639	10,141	10,625	9,475	7,348	6,610	41,884	37,590
Interest	541	620	758	829	483	369	1,935	2,690
Profits	10,098	9,521	9,867	8,646	6,866	6,241	39,949	34,900
Portfolio investment	5,553	5,523	5,608	5,672	5,395	5,477	22,066	22,198
Interest	1,861	1,647	1,749	1,764	1,477	1,532	8,067	6,637
Dividends	3,692	3,877	3,859	3,908	3,918	3,945	13,999	15,561
Other investment	3,776	3,353	2,981	2,755	2,791	2,746	12,596	11,880
Current transfers	2,401	2,427	2,569	2,494	2,831	2,215	9,489	10,322
Private	648	575	617	630	693	615	2,599	2,515
Official	1,753	1,852	1,952	1,864	2,138	1,601	6,890	7,807
Total receipts	151,080	156,889	165,699	167,260	152,476	131,239	618,798	642,324
Payments								
Goods and services	124,574	127,633	133,402	138,198	136,732	119,461	503,840	535,965
Goods	101,486	104,991	110,154	115,028	112,815	96,364	415,229	442,988
Services	23,089	22,642	23,247	23,170	23,918	23,097	88,611	92,977
Travel	7,301	7,209	7,247	7,245	7,032	6,782	26,511	28,734
Transportation	5,259	5,157	5,279	5,531	5,622	5,229	19,842	21,590
Commercial services	10,237	9,980	10,431	10,103	10,970	10,810	41,120	41,484
Government services	291	296	290	290	294	276	1,137	1,170
Investment income	20,960	20,683	22,571	22,972	20,664	18,148	87,880	86,891
Direct investment	8,988	9,277	11,434	11,066	8,225	6,507	39,830	40,001
Interest	931	745	728	737	738	636	3,711	2,947
Profits	8,057	8,532	10,706	10,329	7,487	5,871	36,118	37,054
Portfolio investment	7,630	7,589	7,760	8,145	8,487	8,334	30,999	31,981
Interest	5,488	5,511	5,622	5,909	6,328	6,234	22,851	23,370
Dividends	2,142	2,078	2,138	2,236	2,159	2,100	8,147	8,612
Other investment	4,342	3,817	3,377	3,762	3,952	3,307	17,051	14,908
Current transfers	2,832	2,702	2,977	2,833	2,840	2,687	11,473	11,353
Private	1,864	1,779	1,812	1,842	1,819	1,686	7,759	7,252
Official	968	924	1,165	991	1,021	1,001	3,713	4,101
Total payments	148,366	151,018	158,951	164,004	160,236	140,296	603,192	634,209
Balances								
Goods and services	4,137	7,811	10,514	8,666	-2,621	-5,270	28,924	24,370
Goods	9,852	13,005	16,230	14,116	3,517	845	47,898	46,869
Services	-5,715	-5,194	-5,716	-5,451	-6,139	-6,115	-18,974	-22,499
Travel	-3,206	-3,175	-3,222	-3,193	-3,026	-2,950	-10,043	-12,615
Transportation	-2,415	-2,123	-2,068	-2,284	-2,518	-2,442	-7,961	-8,992
Commercial services	-230	-30	-576	-138	-765	-940	-1,493	-1,510
Government services	136	134	150	164	170	218	522	618
Investment income	-992	-1,666	-3,358	-5,070	-5,130	-3,315	-11,334	-15,223
Direct investment	1,651	865	-809	-1,591	-876	103	2,054	-2,411
Interest	-389	-124	30	92	-255	-267	-1,776	-258
Profits	2,041	989	-839	-1,683	-621	370	3,830	-2,154
Portfolio investment	-2,077	-2,066	-2,153	-2,472	-3,092	-2,856	-8,933	-9,783
Interest	-3,628	-3,865	-3,873	-4,144	-4,851	-4,701	-14,784	-16,733
Dividends	1,551	1,799	1,721	1,672	1,758	1,845	5,851	6,950
Other investment	-566	-464	-397	-1,007	-1,161	-561	-4,455	-3,029
Current transfers	-431	-275	-408	-339	-9	-472	-1,984	-1,031
Private	-1,216	-1,203	-1,195	-1,213	-1,126	-1,071	-5,160	-4,737
Official	785	928	787	874	1,117	599	3,176	3,706
Current account	2,714	5,871	6,748	3,257	-7,760	-9,056	15,606	8,115

Section E

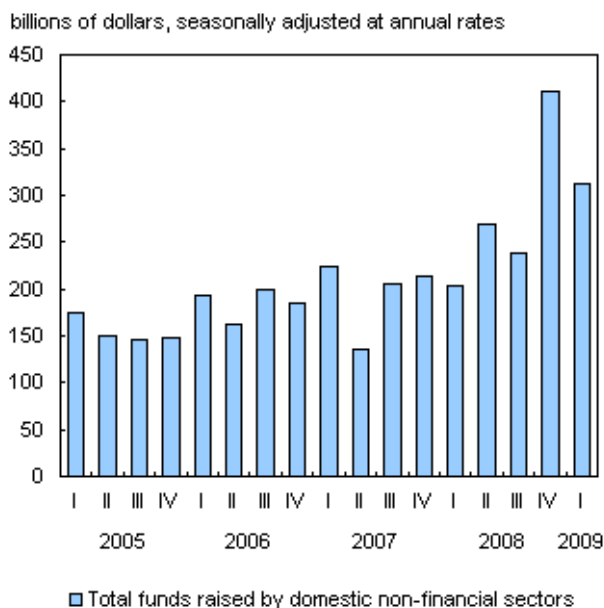
Financial flow accounts

First quarter 2009

Total borrowing by Canada's non-financial sectors (households, private corporations, governments and government business enterprises) fell to \$312 billion in the first quarter of 2009, down from \$412 billion in the previous quarter.

Chart E.1

Overall demand for funds decelerates



In financial markets during the first quarter there was a depreciation of the Canadian dollar and a further decline in the Standard & Poor's / Toronto Stock Exchange composite index, which closed down 3% after a record drop of 24% in the fourth quarter of 2008.

In addition, commodity prices fell for the third consecutive quarter. Short-term interest rates decreased, as the Bank of Canada reduced the bank rate to 0.50%. Mortgage rates also decreased slightly in the quarter.

Households

Household demand for funds was \$65 billion, a substantial drop from the previous quarter (\$91 billion). Lower personal expenditures on goods and services, particularly

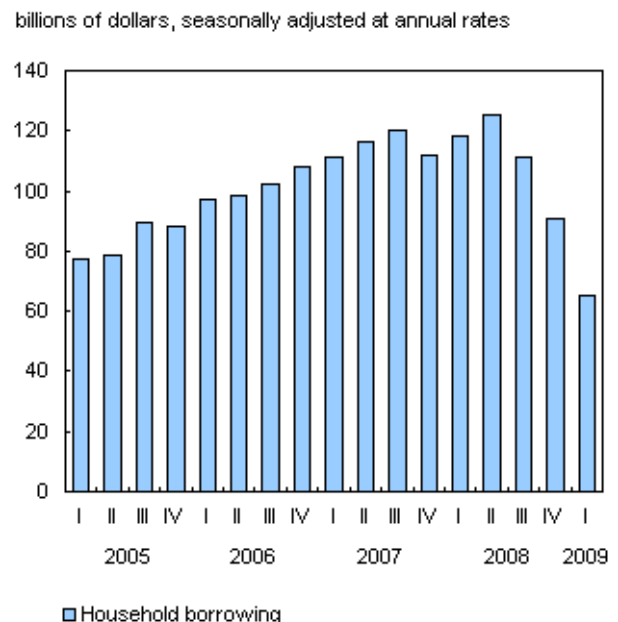
purchases of motor vehicles and household furnishings, contributed to reduced household borrowing in the form of consumer credit and bank loans.

Despite the decrease in the five-year mortgage rate, net new mortgage borrowing also contracted during the first three months of 2009, as investment in residential construction and activity in the resale housing market continued to decline.

Personal saving remained high in the first quarter of 2009. Canadians invested more in deposit-type investments such as guaranteed investment certificates. Lower interest rates contributed to the decline in households' debt service ratio, which fell from 8.0% of personal disposable income in the fourth quarter to 7.9% in the first quarter.

Chart E.2

Household borrowing cut back significantly



Government

Borrowing by the federal government slowed in the first quarter of 2009 but remained at high levels. This borrowing was partly in support of the federal

Note to readers

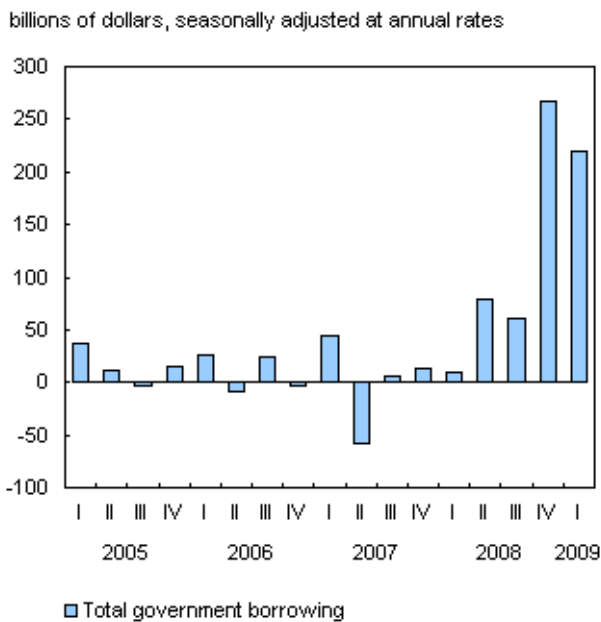
The Financial Flow Accounts (FFA) measure net lending or borrowing by examining financial transactions in the economy by sector. The FFA arrive at a measure of net financial investment which is the difference between change in financial assets and liabilities. (e.g., net purchases of securities less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

government's economic stimulus plan and the Insured Mortgage Purchase Program. The program is intended to provide long-term stable funding to lenders and help them continue lending to Canadian consumers and businesses. Federal government revenue (-5.6%) also fell in the first quarter of 2009, mostly as a result of reduced income from taxes on corporations, government business enterprises and persons.

Borrowing by other levels of government slowed for a second quarter but remained high relative to recent years. For the second consecutive quarter, the overall government sector remained a net borrower from the rest of the economy.

Chart E.3
Government's borrowing remains elevated



Non-financial private corporations

Falling commodity prices and a slowdown in manufacturing and wholesale trade drove down corporate profits for the second consecutive quarter. The non-financial corporate sector recorded a small surplus in the first quarter of 2009, following a deficit in the previous quarter. Borrowing by this sector slowed, from \$58 billion in the previous quarter to \$25 billion in the first quarter.

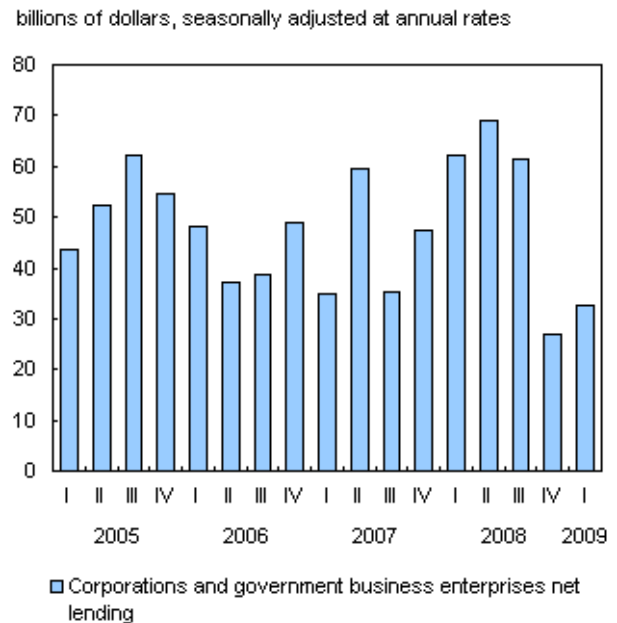
Financial institutions

Lending institutions and institutional investors continued to invest heavily in domestic fixed income securities. For the second consecutive quarter, the federal government made funds available to lenders through the Insured Mortgage

Purchase Program. Overall mortgage securitization slowed in the quarter following record securitization of mortgages in the previous quarter.

Overall, corporate and government business enterprise net lending remained positive with the sector supplying funds to the rest of the economy.

Chart E.4
Corporate net lending up



Non-residents

The more pronounced drop in exports relative to imports in the fourth quarter of 2008 and first quarter of 2009 has driven up non-resident saving and reversed the sector from net borrowers to net lenders. This saving was used in part to purchase Canadian short-term paper, bonds and deposits at Canadian financial institutions and was a major source of funds used to meet the demands by Canadian governments, non-financial corporations and households.

Table E.1 Financial market summary table

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars								
Funds raised								
Persons and unincorporated business	111,788	118,528	125,144	111,152	90,940	65,432	114,786	111,441
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank loans	-164	-328	1,676	3,412	4,172	1,640	935	2,233
Other loans	-756	7,376	2,572	7,236	4,888	-5,328	3,217	5,518
Mortgages	78,964	76,728	85,924	70,028	59,620	49,128	76,269	73,075
Non-financial private corporations	85,808	79,760	67,408	70,672	58,060	25,492	77,717	68,975
Bank loans	23,008	12,540	5,348	27,968	56,780	-8,688	20,226	25,659
Other loans	1,500	-908	-3,936	1,876	-6,136	-7,384	-281	-2,276
Other short-term paper	5,024	17,660	2,924	-6,864	-3,568	548	3,738	2,538
Mortgages	17,020	21,976	19,692	16,992	17,368	9,968	18,105	19,007
Bonds	6,876	8,300	24,148	21,968	-8,964	14,044	12,437	11,363
Shares	32,380	20,192	19,232	8,732	2,580	17,004	23,492	12,684
Non-financial government enterprises	1,752	-5,088	-3,328	-2,996	-3,324	2,244	329	-3,684
Bank loans	-180	-768	464	-156	-316	504	-225	-194
Other loans	720	3,460	-2,688	936	288	-420	-719	499
Other short-term paper	-2,184	552	-944	-1,236	-532	1,436	70	-540
Mortgages	-8	0	12	-4	4	-8	-4	3
Bonds	3,404	-8,332	-172	-2,536	-2,768	732	1,207	-3,452
Shares	0	0	0	0	0	0	0	0
Federal government	-2,232	4,500	56,772	7,192	219,972	178,868	-19,856	72,109
Bank loans	144	168	148	152	144	140	139	153
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	11,288	1,356	59,424	18,940	183,124	65,964	-8,587	65,711
Canada Savings Bonds	-3,600	-1,516	-1,056	-832	16	-292	-2,229	-847
Other bonds	-10,064	4,492	-1,744	-11,068	36,688	113,056	-9,179	7,092
Other levels of government	16,048	5,500	22,880	52,644	46,332	40,288	21,347	31,839
Bank loans	-292	108	516	528	1,084	1,132	292	559
Other loans	880	716	504	824	156	740	695	550
Other short-term paper	32	-668	-2,356	32,116	30,256	-1,636	5,544	14,837
Mortgages	0	12	-8	-4	0	20	-16	0
Provincial bonds	11,112	4,580	21,920	18,144	13,876	36,892	12,914	14,630
Municipal bonds	4,556	708	2,316	1,048	1,104	3,088	2,004	1,294
Other bonds	-240	44	-12	-12	-144	52	-86	-31
Total funds raised by domestic non-financial sectors	213,164	203,200	268,876	238,664	411,980	312,324	194,323	280,680
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank loans	22,516	11,720	8,152	31,904	61,864	-5,272	21,367	28,410
Other loans	2,344	10,644	-3,548	10,872	-804	-12,392	2,912	4,291
Canada short-term paper	11,288	1,356	59,424	18,940	183,124	65,964	-8,587	65,711
Other short-term paper	2,872	17,544	-376	24,016	26,156	348	9,352	16,835
Mortgages	95,976	98,716	105,620	87,012	76,992	59,108	94,354	92,085
Bonds	12,044	8,276	45,400	26,712	39,808	167,572	17,068	30,049
Shares	32,380	20,192	19,232	8,732	2,580	17,004	23,492	12,684

Table E.2 Sector accounts - Persons and unincorporated businesses[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars								
Income	1,191,648	1,217,668	1,222,648	1,229,092	1,236,932	1,229,160	1,170,715	1,226,585
Wages, salaries and supplementary labour income	799,508	812,496	820,916	827,116	831,936	826,304	784,839	823,116
Unincorporated business net income[2]	90,924	93,516	95,500	97,860	98,108	97,432	90,407	96,246
Interest, dividends and miscellaneous investment income	139,120	141,508	142,144	140,304	138,328	134,192	137,344	140,571
Current transfers from government	157,484	165,628	159,620	159,116	163,836	166,644	153,264	162,050
Current transfers from corporations	2,108	2,080	2,100	2,112	2,056	1,940	2,263	2,087
Current transfers from non-residents	2,504	2,440	2,368	2,584	2,668	2,648	2,598	2,515
Outlay	1,174,668	1,186,388	1,190,800	1,199,216	1,189,780	1,184,100	1,148,268	1,191,546
Personal expenditure on goods and services	873,264	882,504	891,924	901,228	889,132	886,216	850,921	891,197
Current transfers to government	276,572	278,836	274,052	273,580	276,080	273,900	273,153	275,637
Current transfers to corporations	19,312	19,580	19,412	19,040	19,220	18,876	18,663	19,313
Current transfers to non-residents	5,520	5,468	5,412	5,368	5,348	5,108	5,531	5,399
Saving	16,980	31,280	31,848	29,876	47,152	45,060	22,447	35,039
Disposable income[3]	915,076	938,832	948,596	955,512	960,852	955,260	897,562	950,948
Saving rate	1.9	3.3	3.4	3.1	4.9	4.7	2.5	3.7
Gross saving and capital transfers	66,552	82,784	84,376	82,172	100,460	99,048	71,170	87,448
Saving	16,980	31,280	31,848	29,876	47,152	45,060	22,447	35,039
Capital consumption allowances	46,772	47,732	48,532	49,008	49,880	50,436	45,568	48,788
Net capital transfers	2,800	3,772	3,996	3,288	3,428	3,552	3,155	3,621
Deduct: Non-financial capital acquisition	132,272	131,104	134,736	135,712	134,164	118,512	128,584	133,929
Net lending	-65,720	-48,320	-50,360	-53,540	-33,704	-19,464	-57,414	-46,481
Transactions in financial assets	55,704	69,308	83,520	52,116	59,640	52,228	57,594	66,146
Currency and deposits	37,564	55,588	123,128	51,912	81,072	67,296	43,968	77,925
Canadian debt securities	-6,836	-4,660	-58,792	-18,244	15,140	-4,192	-18,423	-16,639
Corporate shares and mutual funds	22,396	4,888	4,664	21,056	-18,808	-5,980	2,561	2,950
Life insurance and pensions	32,736	52,468	53,364	30,444	40,532	11,812	49,239	44,202
Other financial assets	-30,156	-38,976	-38,844	-33,052	-58,296	-16,708	-19,751	-42,292
Transactions in liabilities	122,780	117,424	133,816	107,304	90,512	74,660	116,120	112,264
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank and other loans	-920	7,048	4,248	10,648	9,060	-3,688	4,152	7,751
Mortgages	78,964	76,728	85,924	70,028	59,620	49,128	76,269	73,075
Trade payables	10,992	-1,104	8,672	-3,848	-428	9,228	1,334	823
Net financial investment	-67,076	-48,116	-50,296	-55,188	-30,872	-22,432	-58,526	-46,118
Sector discrepancy	1,356	-204	-64	1,648	-2,832	2,968	1,112	-363

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

Table E.3 Sector accounts - Corporations and government business enterprises, total[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars								
Income	409,620	409,116	432,400	437,508	363,804	317,896	397,391	410,707
Corporation profits before taxes	207,212	213,056	229,532	237,708	182,900	138,676	204,131	215,799
Government business enterprise profits before taxes	15,504	16,680	16,936	14,840	13,844	13,288	15,725	15,575
Inventory valuation adjustment	3,384	-2,900	-4,016	-7,508	-9,916	1,172	2,947	-6,085
Interest, dividends and miscellaneous receipts[2]	108,888	106,832	115,412	118,580	105,088	95,512	100,371	111,478
Interest on consumer debt	19,312	19,580	19,412	19,040	19,220	18,876	18,663	19,313
Interest on public debt[3]	55,320	55,868	55,124	54,848	52,668	50,372	55,554	54,627
Outlay	297,524	295,372	306,592	315,456	290,088	263,136	292,974	301,877
Interest, dividends and miscellaneous payments	237,072	233,392	239,504	245,708	234,376	220,400	231,652	238,245
Direct taxes	57,348	59,216	64,120	66,604	52,728	40,188	57,748	60,667
Other current transfers	3,104	2,764	2,968	3,144	2,984	2,548	3,574	2,965
Saving	112,096	113,744	125,808	122,052	73,716	54,760	104,417	108,830
Gross saving and capital transfers	239,060	240,892	254,440	252,264	207,596	189,544	229,327	238,798
Saving	112,096	113,744	125,808	122,052	73,716	54,760	104,417	108,830
Capital consumption allowances	123,564	125,264	126,988	128,888	130,312	131,260	121,634	127,863
Net capital transfers	3,400	1,884	1,644	1,324	3,568	3,524	3,276	2,105
Deduct: Non-financial capital acquisition	191,692	178,640	185,600	190,888	180,780	156,788	185,053	183,977
Net lending	47,368	62,252	68,840	61,376	26,816	32,756	44,274	54,821
Transactions in financial assets	646,692	654,808	669,344	436,372	778,956	448,876	696,341	634,870
<i>Of which:</i>								
Consumer credit	33,744	34,752	34,972	30,476	22,260	19,992	34,365	30,615
Bank and other loans	60,560	60,156	20,436	73,772	56,680	-25,520	48,885	52,761
Mortgages	99,192	101,288	107,504	88,496	77,324	60,216	97,856	93,653
Short-term paper	-35,200	18,880	37,564	5,116	131,436	57,704	161	48,249
Bonds	62,224	76,860	114,756	102,300	265,260	281,592	91,968	139,794
Shares	10,784	-6,772	32,640	-26,960	-41,284	46,260	19,236	-10,594
Foreign investments	64,624	-24,548	7,896	-22,232	-77,048	40,640	59,652	-28,983
Transactions in liabilities	589,768	566,552	602,008	378,072	750,524	422,900	643,651	574,289
<i>Of which:</i>								
Currency and deposits	143,600	71,752	166,008	77,560	89,260	23,240	172,974	101,145
Bank and other loans	82,724	51,336	-2,096	48,516	56,028	-31,512	58,322	38,446
Short-term paper	-40,536	10,816	-48,352	-41,236	-16,964	-20,832	3,791	-23,934
Bonds	86,188	88,972	158,672	96,736	159,000	170,556	95,494	125,845
Shares	156,948	151,772	102,804	61,732	32,856	54,828	125,807	87,291
Life insurance and pensions	24,908	48,372	49,160	25,992	36,680	7,444	44,640	40,051
Net financial investment	56,924	88,256	67,336	58,300	28,432	25,976	52,690	60,581
Sector discrepancy	-9,556	-26,004	1,504	3,076	-1,616	6,780	-8,416	-5,760

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

Table E.4 Sector accounts - Government[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars								
Income	631,204	632,660	642,976	645,844	622,236	600,672	623,174	635,929
Taxes on incomes	257,824	261,684	262,336	264,612	253,872	238,108	255,364	260,626
Contributions to social insurance plans	70,944	71,304	71,188	70,264	70,784	70,284	70,467	70,885
Taxes on production and imports	185,132	181,304	182,864	183,200	180,204	177,416	182,590	181,893
Other current transfers from persons	12,252	12,332	12,556	12,700	12,808	11,908	11,961	12,599
Investment income	55,632	56,664	64,012	64,552	53,324	51,480	54,337	59,638
Sales of goods and services[2]	49,420	49,372	50,020	50,516	51,244	51,476	48,455	50,288
Outlay	590,556	606,376	607,524	609,208	617,860	621,740	580,725	610,242
Gross current expenditure on goods and services[2]	349,476	355,840	362,724	365,872	371,392	374,800	343,231	363,957
Current transfers	178,300	187,220	182,096	180,784	185,904	188,812	174,042	184,001
Interest on the public debt	62,780	63,316	62,704	62,552	60,564	58,128	63,452	62,284
Saving	40,648	26,284	35,452	36,636	4,376	-21,068	42,449	25,687
Gross saving and capital transfers	67,676	55,236	65,092	67,700	33,368	9,220	68,785	55,349
Saving	40,648	26,284	35,452	36,636	4,376	-21,068	42,449	25,687
Capital consumption allowances	29,232	29,840	30,516	31,224	31,896	32,520	28,510	30,869
Net capital transfers	-2,204	-888	-876	-160	-2,904	-2,232	-2,174	-1,207
Deduct: Non-financial capital acquisition	46,528	49,740	52,188	54,724	56,692	56,624	44,563	53,336
Net lending	21,148	5,496	12,904	12,976	-23,324	-47,404	24,222	2,013
Transactions in financial assets	32,864	33,220	72,236	77,636	222,760	150,640	33,795	101,463
Currency and deposits	1,224	8,624	1,008	7,260	81,280	9,152	2,116	24,543
Loans	512	3,548	4,324	2,672	2,448	-404	2,175	3,248
Canadian securities	12,784	23,084	22,660	11,228	-6,748	-44,128	15,481	12,556
Other financial assets	18,344	-2,036	44,244	56,476	145,780	186,020	14,023	61,116
Transactions in liabilities	12,188	38,536	63,732	67,132	245,596	200,640	11,136	103,749
Bank and other loans	732	992	1,168	1,504	1,384	2,012	1,126	1,262
Short-term paper	11,320	688	57,068	51,056	213,380	64,328	-3,043	80,548
Bonds	-2,576	8,520	16,348	2,304	48,476	147,184	4,713	18,912
Other liabilities	2,712	28,336	-10,852	12,268	-17,644	-12,884	8,340	3,027
Net financial investment	20,676	-5,316	8,504	10,504	-22,836	-50,000	22,659	-2,286
Sector discrepancy	472	10,812	4,400	2,472	-488	2,596	1,563	4,299

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

Table E.5 Sector accounts - Non-residents[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Seasonally adjusted data at annual rates, millions of dollars								
Income	584,568	589,612	612,652	638,552	633,768	556,392	588,642	618,646
Sales of goods (imports)	405,924	419,960	440,628	460,104	451,260	385,460	415,228	442,988
Sales of services (imports)	93,120	91,352	93,816	93,508	96,540	93,300	89,390	93,804
Interest, dividends and miscellaneous receipts	74,196	67,492	66,300	73,608	74,608	66,884	72,551	70,502
Current transfers	11,328	10,808	11,908	11,332	11,360	10,748	11,473	11,352
Outlay	585,932	608,368	642,872	656,772	601,180	513,748	597,252	627,298
Purchases of goods (exports)	445,356	471,996	505,528	516,588	465,324	388,844	463,130	489,859
Purchases of services (exports)	71,288	71,580	71,944	72,712	73,024	69,824	71,427	72,315
Interest, dividends and miscellaneous payments	59,684	55,084	55,124	57,496	51,508	46,220	53,206	54,803
Current transfers	9,604	9,708	10,276	9,976	11,324	8,860	9,489	10,321
Saving	-1,364	-18,756	-30,220	-18,220	32,588	42,644	-8,610	-8,652
Gross saving and capital transfers	-5,360	-23,524	-34,984	-22,672	28,496	37,800	-12,867	-13,171
Saving	-1,364	-18,756	-30,220	-18,220	32,588	42,644	-8,610	-8,652
Net capital transfers	-3,996	-4,768	-4,764	-4,452	-4,092	-4,844	-4,257	-4,519
Net lending[2]	-5,360	-23,524	-34,984	-22,672	28,496	37,800	-12,867	-13,171
Transactions in financial assets	166,404	99,332	63,824	71,948	76,328	69,708	135,618	77,858
Currency and deposits	25,876	-24,556	5,324	16,180	-21,148	18,920	12,903	-6,050
Loans	47,732	-2,492	2,296	-1,808	4,820	-7,340	23,466	704
Short-term paper	-7,892	-9,596	4,588	11,212	35,996	44,500	-329	10,550
Bonds	25,764	24,444	76,228	-4,792	-35,908	27,836	11,279	14,993
Shares	-109,772	5,824	1,616	-10,496	14,040	1,184	-41,993	2,746
Other financial assets	184,696	105,708	-26,228	61,652	78,528	-15,392	130,292	54,915
Transactions in liabilities	176,928	134,156	89,368	85,564	51,052	23,252	152,441	90,035
Official reserves	3,360	-8,272	7,800	4,440	2,876	-1,936	4,644	1,711
Currency and deposits	39,828	-14,216	20,484	5,868	-5,580	32,624	15,248	1,639
Bank and other loans	26,268	1,836	23,736	13,968	-2,524	-76	10,926	9,254
Foreign investments	62,216	-17,616	-14,564	-6,148	-92,912	62,096	62,952	-32,810
Other liabilities	45,256	172,424	51,912	67,436	149,192	-69,456	58,671	110,241
Net financial investment	-10,524	-34,824	-25,544	-13,616	25,276	46,456	-16,823	-12,177
Sector discrepancy	5,164	11,300	-9,440	-9,056	3,220	-8,656	3,956	-994

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

Section F

Labour productivity, hourly compensation and unit labour cost

First quarter 2009

Labour productivity, as measured by real gross domestic product (GDP) per hour worked, in Canadian businesses rose 0.3% in the first quarter, after edging down 0.1% in the fourth quarter of 2008. The increase was the largest in the last eight quarters.

Chart F.1
Hours worked in Canadian businesses decrease at a faster pace than real gross domestic product



In the first quarter, the real gross domestic product (GDP) of Canadian businesses and hours worked related to this production were both down sharply, posting the largest quarterly declines since the first quarter of 1991.

The downward movement in hours worked accelerated in the first quarter (-2.2%) compared with the fourth quarter of 2008 (-1.3%). The decline in hours worked in the business sector more than offset the decrease in output in the first quarter.

Productivity in the goods sector grew 1.8% in the first quarter. This was partially offset by a 0.4% productivity decrease in the services sector.

American productivity rises

Over the last two quarters, productivity has followed much the same pattern in Canada and the United States. American businesses had a 0.4% gain in productivity in the first quarter, after a 0.1% decline the previous quarter.

Note to readers

This chapter presents an analysis of 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" herein refers to labour productivity. For the purposes of this analysis, labour productivity, gross domestic product (GDP), and unit labour cost cover the business sector only.

Calculations of the productivity growth rate and its related variables in the text and tables below are based on index numbers rounded to three decimal places. On CANSIM, the index numbers are rounded to one decimal place.

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

Revisions

The first quarter 2009 labour productivity data includes revisions to aggregate labour productivity and underlying series (GDP, hours worked, unit labour costs, etc.) from 2005 to 2008. These updates are consistent with the four-year annual revision to the National Income and Expenditure Accounts released June 1, 2009. However, the national accounts GDP by industry data will not be revised until the end of September 2009 (the usual revision release date for GDP by industry) and therefore will not be incorporated in the productivity data until the release of the third quarter 2009 data in December 2009.

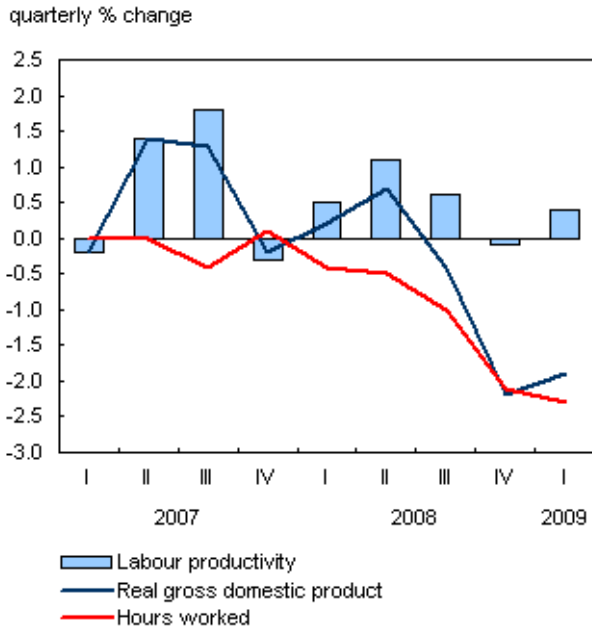
Labour productivity is the ratio of output to labour input (hours worked). Quarterly estimates of productivity are derived from a Fisher chained index of GDP, or of value added, in the business sector. Economic performance as measured by labour productivity must be interpreted carefully, since these 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 U.S. 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.

Chart F.2
U.S. productivity advances



As was the case in the fourth quarter of 2008, output and hours worked were both down sharply for American businesses, falling 1.9% and 2.3% respectively in the first quarter.

In the first quarter of 2009, hours worked in American businesses dropped for a fifth consecutive quarter, posting their largest decrease since the first quarter of 1975.

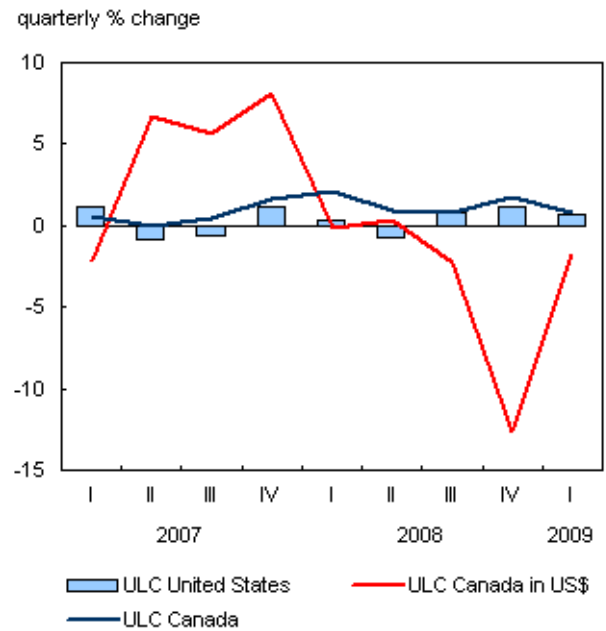
Real GDP in the United States shrank substantially again in the first quarter, though the decrease was smaller than in the previous quarter, mainly due to net exports (exports minus imports of goods and services) and a slight upturn in consumer spending after two quarters of steep declines. The major factor holding back American output was the continuing slump in business investment.

The competitiveness of Canadian businesses continues to gain ground

Labour costs per unit of production in Canadian dollars, a measure of inflationary pressures, rose by 0.8% for Canadian businesses in the first quarter. That was slightly less than half the rate of 1.7% registered in the previous quarter.

This improvement is attributable to a modest gain in productivity and slower growth in hourly compensation, which moderated from 1.5% in the last quarter of 2008 to 1.2% in the first quarter.

Chart F.3
The drop in Canadian unit labour costs in U.S. dollars slows



Because of the 2.7% depreciation in the Canadian dollar relative to its American counterpart, Canadian unit labour costs (ULC) measured in U.S. dollars was down for a third consecutive quarter, falling 1.8% in the first quarter. This decline was much smaller than in the fourth quarter, when the Canadian dollar dropped significantly in value.

For their part, American businesses saw the growth rate of their unit labour costs slow to 0.7% in the first quarter, well below the 1.2% growth rate in the previous quarter.

Table F.1 Business sector - Labour productivity and related variables for Canada and the United States[1, 2]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009
Seasonally adjusted						
Percent change from previous quarter						
Canada						
Labour productivity	-0.2	-1.0	-0.0	0.1	-0.1	0.3
Real GDP	0.2	-0.5	-0.1	-0.1	-1.5	-1.9
Hours worked	0.4	0.5	-0.1	-0.2	-1.3	-2.2
Hourly compensation	1.4	1.1	0.9	0.9	1.5	1.2
Unit labour cost	1.6	2.1	0.9	0.8	1.7	0.8
Exchange rate[3]	6.5	-2.3	-0.6	-3.0	-14.1	-2.7
Unit labour cost in US\$	8.1	-0.1	0.3	-2.3	-12.6	-1.8
United States						
Labour productivity	-0.3	0.5	1.1	0.6	-0.1	0.4
Real GDP	-0.2	0.2	0.7	-0.4	-2.2	-1.9
Hours worked	0.1	-0.4	-0.5	-1.0	-2.1	-2.3
Hourly compensation	0.9	0.9	0.5	1.4	1.0	1.1
Unit labour cost	1.2	0.3	-0.7	0.8	1.2	0.7
Percent change from same quarter of previous year						
Canada						
Labour productivity	0.4	-1.1	-1.3	-1.0	-1.0	0.3
Real GDP	2.6	1.2	0.0	-0.5	-2.2	-3.5
Hours worked	2.2	2.3	1.4	0.5	-1.2	-3.8
Hourly compensation	3.1	3.1	3.8	4.4	4.6	4.6
Unit labour cost	2.7	4.3	5.2	5.5	5.6	4.3
Exchange rate[3]	16.1	16.6	8.7	0.3	-19.0	-19.4
Unit labour cost in US\$	19.2	21.7	14.4	5.8	-14.5	-15.9
United States						
Labour productivity	2.7	3.5	3.2	2.0	2.1	2.0
Real GDP	2.4	2.8	2.0	0.2	-1.8	-3.8
Hours worked	-0.3	-0.7	-1.2	-1.7	-3.9	-5.7
Hourly compensation	3.7	3.5	3.4	3.7	3.8	4.1
Unit labour cost	0.9	0.0	0.2	1.6	1.6	2.0
Percent change from previous quarter at annualized rate[4]						
Canada						
Labour productivity	-0.8	-3.9	-0.0	0.6	-0.6	1.2
Real GDP	0.7	-1.9	-0.5	-0.4	-5.8	-7.3
Hours worked	1.5	2.0	-0.4	-0.9	-5.2	-8.4
Hourly compensation	5.7	4.6	3.6	3.8	6.3	4.7
Unit labour cost	6.6	8.8	3.7	3.1	6.9	3.4
Unit labour cost in US\$	36.6	-0.5	1.3	-8.9	-41.7	-7.1
United States						
Labour productivity	-1.1	2.2	4.7	2.3	-0.5	1.8
Real GDP	-0.6	0.7	2.6	-1.8	-8.5	-7.2
Hours worked	0.5	-1.5	-1.9	-4.0	-8.0	-8.8
Hourly compensation	3.7	3.5	1.9	5.7	4.2	4.5
Unit labour cost	4.8	1.2	-2.6	3.3	4.8	2.7

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

2. Calculations of growth rates are based on index numbers rounded to three decimal places.

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

4. 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.

Table F.2 Business sector - Some related variables for labour markets[1, 2]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009
Seasonally adjusted						
Percent change from previous quarter						
Canada						
All jobs	0.7	0.7	0.0	-0.3	-0.7	-1.3
Hours worked	0.4	0.5	-0.1	-0.2	-1.3	-2.2
Average hours	-0.4	-0.2	-0.1	0.1	-0.7	-0.8
Labour share[3]	0.5	0.5	-2.0	-0.1	5.9	3.3
United States						
All jobs	0.3	-0.3	-0.5	-0.6	-1.6	-1.8
Hours worked	0.1	-0.4	-0.5	-1.0	-2.1	-2.3
Average hours	-0.1	-0.1	-0.0	-0.4	-0.4	-0.5
Labour share[3]	0.7	-0.2	-0.9	-0.2	1.2	0.1
Percent change from same quarter of previous year						
Canada						
All jobs	2.0	2.1	1.9	1.2	-0.2	-2.3
Hours worked	2.2	2.3	1.4	0.5	-1.2	-3.8
Average hours	0.2	0.2	-0.5	-0.6	-0.9	-1.6
Labour share[3]	-1.2	0.3	-0.8	-1.0	4.3	7.1
United States						
All jobs	0.3	-0.3	-0.8	-1.1	-3.0	-4.4
Hours worked	-0.3	-0.7	-1.2	-1.7	-3.9	-5.7
Average hours	-0.6	-0.4	-0.4	-0.6	-0.9	-1.4
Labour share[3]	-1.3	-1.6	-1.3	-0.6	-0.1	0.2
Percent change from previous quarter at annualized rates[4]						
Canada						
All jobs	3.0	2.9	0.1	-1.2	-2.7	-5.3
Hours worked	1.5	2.0	-0.4	-0.9	-5.2	-8.4
Average hours	-1.4	-0.9	-0.6	0.3	-2.6	-3.3
Labour share[3]	2.0	2.1	-7.6	-0.2	25.6	13.8
United States						
All jobs	1.0	-1.3	-1.8	-2.4	-6.4	-6.9
Hours worked	0.5	-1.5	-1.9	-4.0	-8.0	-8.8
Average hours	-0.5	-0.2	-0.1	-1.6	-1.7	-2.1
Labour share[3]	2.8	-0.8	-3.5	-0.9	4.8	0.4

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

2. Calculations of growth rates are based on index numbers rounded to three decimal places.

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

4. 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.

Table F.3 Indexes of labour productivity by industry[1, 2]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Using seasonally adjusted data, (2002 = 100)								
Business sector - goods	101.8	100.2	99.6	100.2	100.7	102.4	103.0	100.2
	-1.3	-1.5	-0.6	0.6	0.5	1.8	0.8	-2.8
Agriculture, forestry, fishing and hunting	123.4	124.4	127.3	128.2	134.4	134.7	123.0	128.6
	0.4	0.8	2.3	0.7	4.9	0.2	-0.8	4.6
Construction	94.9	93.8	93.0	92.7	93.5	97.8	97.1	93.2
	-1.5	-1.1	-0.9	-0.3	0.9	4.6	-2.3	-4.0
Manufacturing	110.4	108.2	108.2	108.5	107.4	106.9	110.2	108.1
	-0.2	-2.0	0.0	0.3	-1.0	-0.5	2.7	-1.9
Business sector - services	107.8	107.6	108.0	108.2	107.6	107.1	107.3	107.9
	0.5	-0.2	0.4	0.2	-0.5	-0.4	0.8	0.5
Wholesale trade	126.3	125.6	124.7	122.7	115.9	110.7	123.6	122.2
	2.4	-0.6	-0.7	-1.7	-5.5	-4.5	3.0	-1.1
Retail trade	117.4	117.7	118.7	120.0	119.4	118.8	115.5	118.9
	1.9	0.2	0.9	1.1	-0.5	-0.5	3.9	3.0
Transportation and warehousing	99.6	97.8	101.0	103.1	102.8	101.7	100.6	101.2
	-0.2	-1.9	3.3	2.1	-0.3	-1.0	-0.8	0.5
Information and cultural industries	119.9	117.0	115.9	115.5	114.8	115.9	116.7	115.8
	2.6	-2.4	-1.0	-0.3	-0.6	1.0	0.7	-0.8
Finance, real estate and company management	105.8	106.1	105.5	104.0	102.5	103.0	105.7	104.5
	-0.4	0.3	-0.5	-1.4	-1.5	0.6	2.4	-1.2
Professional, scientific and technical services	99.0	99.6	100.2	100.3	100.9	100.5	100.6	100.3
	-1.7	0.6	0.6	0.0	0.7	-0.4	-1.4	-0.3
Administrative and support, waste management and remediation services	98.6	97.0	96.8	97.4	98.9	99.3	99.1	97.5
	-0.5	-1.6	-0.2	0.6	1.6	0.4	-0.6	-1.6
Accommodation and food services	100.5	100.1	99.3	97.9	97.4	99.6	98.6	98.7
	1.9	-0.4	-0.9	-1.3	-0.6	2.3	-1.4	0.0
Other commercial services	102.3	104.0	106.3	107.7	110.1	109.6	103.6	107.0
	-0.8	1.7	2.2	1.3	2.2	-0.5	-1.1	3.3

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

2. Calculations of growth rates are based on index numbers rounded to three decimal places.

Table F.4 Indexes of unit labour cost by industry[1, 2]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Using seasonally adjusted data (2002 = 100)								
Business sector - goods	122.9	125.4	126.4	126.5	129.7	130.6	119.8	127.0
	<i>2.8</i>	<i>2.0</i>	<i>0.8</i>	<i>0.1</i>	<i>2.5</i>	<i>0.7</i>	<i>4.0</i>	<i>6.0</i>
Agriculture, forestry, fishing and hunting	93.9	92.2	89.4	91.7	88.9	84.7	92.3	90.5
	<i>-0.6</i>	<i>-1.8</i>	<i>-3.0</i>	<i>2.6</i>	<i>-3.1</i>	<i>-4.6</i>	<i>4.0</i>	<i>-2.0</i>
Construction	130.5	134.0	135.5	136.8	139.8	141.1	126.5	136.5
	<i>2.5</i>	<i>2.7</i>	<i>1.2</i>	<i>0.9</i>	<i>2.2</i>	<i>1.0</i>	<i>8.3</i>	<i>7.9</i>
Manufacturing	110.2	111.4	110.7	110.3	114.6	115.8	108.7	111.8
	<i>2.3</i>	<i>1.1</i>	<i>-0.7</i>	<i>-0.4</i>	<i>3.9</i>	<i>1.0</i>	<i>0.7</i>	<i>2.9</i>
Business sector - services	113.7	115.7	116.6	117.7	119.4	121.1	112.9	117.3
	<i>0.7</i>	<i>1.7</i>	<i>0.8</i>	<i>0.9</i>	<i>1.4</i>	<i>1.5</i>	<i>3.5</i>	<i>3.9</i>
Wholesale trade	100.1	103.2	104.1	106.1	113.2	121.2	101.4	106.6
	<i>-1.0</i>	<i>3.1</i>	<i>0.9</i>	<i>1.8</i>	<i>6.7</i>	<i>7.1</i>	<i>2.0</i>	<i>5.2</i>
Retail trade	107.3	107.6	108.5	110.2	111.7	112.8	106.9	109.5
	<i>-0.4</i>	<i>0.3</i>	<i>0.9</i>	<i>1.6</i>	<i>1.3</i>	<i>1.0</i>	<i>0.4</i>	<i>2.5</i>
Transportation and warehousing	115.2	117.9	117.9	119.4	121.4	125.0	113.7	119.1
	<i>0.9</i>	<i>2.3</i>	<i>0.0</i>	<i>1.3</i>	<i>1.6</i>	<i>3.0</i>	<i>3.7</i>	<i>4.8</i>
Information and cultural industries	106.9	110.0	110.0	110.5	110.5	111.2	105.4	110.3
	<i>1.0</i>	<i>2.9</i>	<i>0.0</i>	<i>0.5</i>	<i>0.0</i>	<i>0.6</i>	<i>3.1</i>	<i>4.6</i>
Finance, real estate and company management	118.7	120.2	121.7	121.5	122.2	124.2	117.4	121.4
	<i>1.4</i>	<i>1.2</i>	<i>1.2</i>	<i>-0.1</i>	<i>0.5</i>	<i>1.7</i>	<i>3.1</i>	<i>3.4</i>
Professional, scientific and technical services	118.1	120.6	120.6	120.9	123.9	124.4	115.3	121.5
	<i>2.6</i>	<i>2.1</i>	<i>-0.0</i>	<i>0.3</i>	<i>2.5</i>	<i>0.4</i>	<i>4.3</i>	<i>5.3</i>
Administrative and support, waste management and remediation services	121.5	123.9	126.3	128.8	128.3	124.0	121.9	126.8
	<i>-0.8</i>	<i>1.9</i>	<i>2.0</i>	<i>1.9</i>	<i>-0.4</i>	<i>-3.3</i>	<i>5.8</i>	<i>4.1</i>
Accommodation and food services	127.3	128.4	131.3	136.5	134.2	134.2	125.1	132.6
	<i>2.5</i>	<i>0.9</i>	<i>2.2</i>	<i>4.0</i>	<i>-1.7</i>	<i>0.0</i>	<i>8.5</i>	<i>6.0</i>
Other commercial services	116.5	117.9	117.7	116.9	116.8	117.7	116.6	117.3
	<i>0.0</i>	<i>1.2</i>	<i>-0.1</i>	<i>-0.7</i>	<i>-0.1</i>	<i>0.8</i>	<i>4.6</i>	<i>0.6</i>

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

2. Calculations of growth rates are based on index numbers rounded to three decimal places.

Section G

International investment position

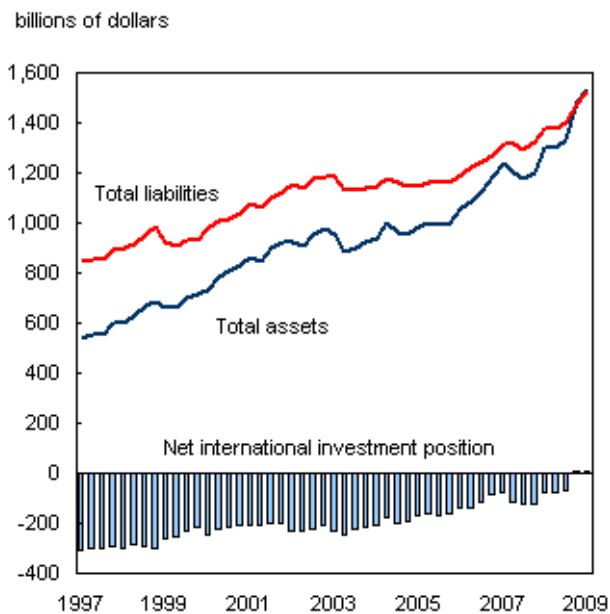
First quarter 2009

Canada recorded a \$10.1 billion net foreign asset position in the first quarter of 2009. As in the fourth quarter of 2008, the revaluation of foreign assets owing to the depreciation of the Canadian dollar more than offset the impact of a current account deficit.

International assets rise at a faster pace than international liabilities

International assets rose 3.1% during the quarter to reach \$1,532.8 billion, while international liabilities increased 2.9% to \$1,522.7 billion. Non-residents invested \$31.9 billion during the quarter, concentrated in Canadian marketable debt liabilities. For their part, Canadian investors added \$16.3 billion to their foreign assets holdings. The net effect of currency fluctuations resulted in an additional increase of \$13.1 billion to the net foreign asset position.

Chart G.1
Canada's international investment position



Differential exchange rate effects moderate the impact on Canada's net international investment position

Volatility in the value of the Canadian dollar relative to foreign currencies continued in the first quarter of 2009, with the Canadian dollar appreciating against some major foreign currencies while depreciating against others. This was in contrast to fluctuations in the fourth quarter of 2008 where the Canadian dollar depreciated against most major currencies.

In the first quarter, the Canadian dollar depreciated 3.4% against the U.S. dollar, and 1.9% against the British pound. However, it appreciated 5.3% against the Japanese yen, and 1.4% against the euro, moderating the impact on Canada's net international investment position in the quarter. Nevertheless, since more than half of Canada's international assets are denominated in U.S. dollars, the overall contribution of currency fluctuations resulted in an increase in foreign assets, specifically \$28.2 billion for those assets denominated in U.S. dollars.

Canadian direct investment abroad again accounts for the largest increase in foreign assets

Canada's net asset position on direct investment increased further, reaching \$151.9 billion at the end of the first quarter. The value of Canadian direct investment abroad was up \$19.6 billion (+3.1%), with the bulk of the increase due to the revaluation effect of the depreciation of the Canadian dollar relative to the U.S. dollar and most of the balance accounted for by sustained direct investment abroad. Foreign direct investment flows in Canada were stagnant during the first quarter, such that the net foreign direct investment position continued to advance.

Note to readers

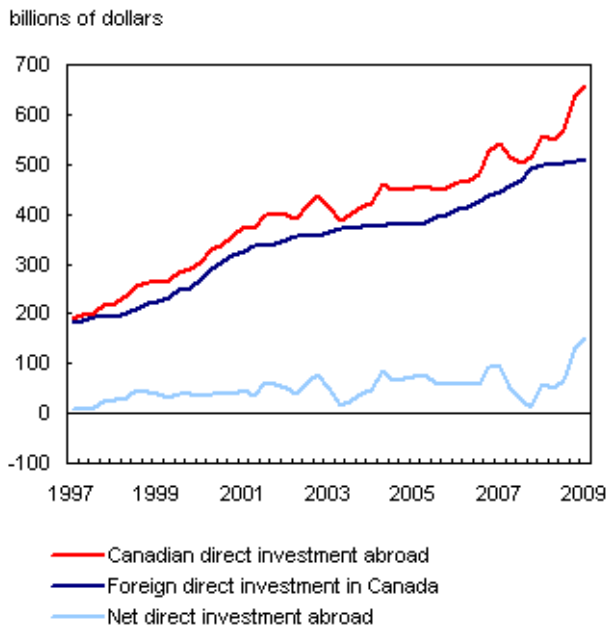
Definition

The international investment position presents the value and composition of Canada's foreign assets and liabilities to the rest of the world. Canada's net international investment position is the difference between these foreign assets and liabilities. The excess of international liabilities over assets can be referred to as Canada's net foreign debt; The excess of international assets over liabilities can be referred to as Canada's net foreign assets. The valuation of the assets and liabilities in the international investment position are measured at book value, unless otherwise stated. Book value represents the value of assets and liabilities recorded in the books of the enterprise in which the investment is made.

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.

Chart G.2
Canadian direct investment



Canadian investors increased their foreign portfolio assets by \$13.4 billion in the quarter, mainly in equity, following substantial divestment in the fourth quarter of 2008. Canadian portfolio investment abroad was boosted by another \$5.5 billion in the first quarter, due to the drop in the Canadian dollar. However, the net foreign portfolio investment position continued to decrease (\$-11.5 billion) in the quarter.

Losses on the market value of Canadian portfolio foreign equity investments decrease net foreign asset position

Canada's overall net international investment position can also be calculated with portfolio assets and liabilities of tradable securities valued at market prices. By this measure, Canada's net foreign asset position decreased to \$37.0 billion in the first quarter of 2009. This reflected the continued decline of global equity markets, in which Canadian markets fared better than many international markets. As a result, Canadian stocks held by non-residents decreased much less (\$-7.2 billion) than foreign equities held by Canadians (\$-43.9 billion).

Increase in non-residents holdings of Canadian portfolio liabilities exceeds that of Canadian holdings of foreign securities

Non-residents returned to Canadian bond and equity investments while continuing to increase their positions in Canadian money market instruments during the first quarter of 2009 for a total inflow to Canada of \$23.3 billion. The revaluation effect of the drop in the Canadian dollar added \$7.5 billion to the value of Canadian bond liabilities denominated in foreign currencies.

Table G.1 International investment position at period-end

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Millions of dollars								
Assets								
Canadian direct investment abroad	515,445	555,608	550,088	568,596	637,281	656,860	515,445	637,281
Portfolio investment abroad								
Foreign bonds	135,371	141,800	139,711	137,797	141,909	144,745	135,371	141,909
<i>Foreign bonds at market value</i>	<i>153,329</i>	<i>166,324</i>	<i>161,883</i>	<i>164,597</i>	<i>175,985</i>	<i>178,406</i>	<i>153,329</i>	<i>175,985</i>
Foreign stocks	226,627	245,264	244,486	246,374	278,939	292,690	226,627	278,939
<i>Foreign stocks at market value</i>	<i>603,804</i>	<i>574,040</i>	<i>557,225</i>	<i>503,295</i>	<i>451,554</i>	<i>424,301</i>	<i>603,804</i>	<i>451,554</i>
Foreign money market	7,511	7,637	7,071	6,621	3,488	5,752	7,511	3,488
<i>Foreign money market at market value</i>	<i>7,548</i>	<i>7,671</i>	<i>7,089</i>	<i>6,637</i>	<i>3,501</i>	<i>5,756</i>	<i>7,548</i>	<i>3,501</i>
Other investment								
Loans	77,274	86,535	88,071	83,274	94,527	98,170	77,274	94,527
Deposits	157,898	177,540	184,474	197,338	225,190	225,566	157,898	225,190
Official international reserves	40,593	43,589	45,027	45,500	51,364	53,149	40,593	51,364
<i>Official international reserves at market value</i>	<i>40,724</i>	<i>44,198</i>	<i>44,719</i>	<i>45,739</i>	<i>53,436</i>	<i>54,897</i>	<i>40,724</i>	<i>53,436</i>
Other assets	37,925	42,359	43,349	46,120	53,473	55,847	37,925	53,473
Total assets								
at book value	1,198,644	1,300,333	1,302,277	1,331,620	1,486,171	1,532,779	1,198,644	1,486,171
with portfolio investment at market value	<i>1,593,947</i>	<i>1,654,275</i>	<i>1,636,898</i>	<i>1,615,596</i>	<i>1,694,947</i>	<i>1,699,803</i>	<i>1,593,947</i>	<i>1,694,947</i>
Liabilities								
Foreign direct investment in Canada	491,287	497,947	499,223	503,061	504,864	504,945	491,287	504,864
Portfolio investment								
Canadian bonds	384,652	407,159	425,130	426,891	454,085	473,060	384,652	454,085
<i>Canadian bonds at market value</i>	<i>399,531</i>	<i>430,317</i>	<i>436,512</i>	<i>438,477</i>	<i>467,863</i>	<i>473,606</i>	<i>399,531</i>	<i>467,863</i>
Canadian stocks	95,767	97,147	99,175	96,722	95,967	97,743	95,767	95,967
<i>Canadian stocks at market value</i>	<i>370,969</i>	<i>361,716</i>	<i>397,595</i>	<i>317,681</i>	<i>241,691</i>	<i>237,113</i>	<i>370,969</i>	<i>241,691</i>
Canadian money market	21,999	18,772	21,388	23,660	34,906	44,487	21,999	34,906
<i>Canadian money market at market value</i>	<i>22,211</i>	<i>18,939</i>	<i>21,545</i>	<i>23,751</i>	<i>35,036</i>	<i>44,647</i>	<i>22,211</i>	<i>35,036</i>
Other investment								
Loans	61,184	62,677	56,711	59,312	64,550	64,376	61,184	64,550
Deposits	243,518	269,175	251,805	261,931	301,156	314,248	243,518	301,156
Other liabilities	25,952	26,427	26,611	26,532	23,921	23,856	25,952	23,921
Total liabilities								
at book value	1,324,359	1,379,303	1,380,044	1,398,109	1,479,450	1,522,714	1,324,359	1,479,450
with portfolio investment at market value	<i>1,614,652</i>	<i>1,667,198</i>	<i>1,690,002</i>	<i>1,630,745</i>	<i>1,639,081</i>	<i>1,662,791</i>	<i>1,614,652</i>	<i>1,639,081</i>
Net international investment position								
at book value	-125,716	-78,971	-77,767	-66,489	6,721	10,065	-125,716	6,721
with portfolio investment at market value	<i>-20,705</i>	<i>-12,923</i>	<i>-53,104</i>	<i>-15,149</i>	<i>55,866</i>	<i>37,012</i>	<i>-20,705</i>	<i>55,866</i>

Section H

National balance sheet accounts

First quarter 2009

Household net worth declines, for the third consecutive quarter

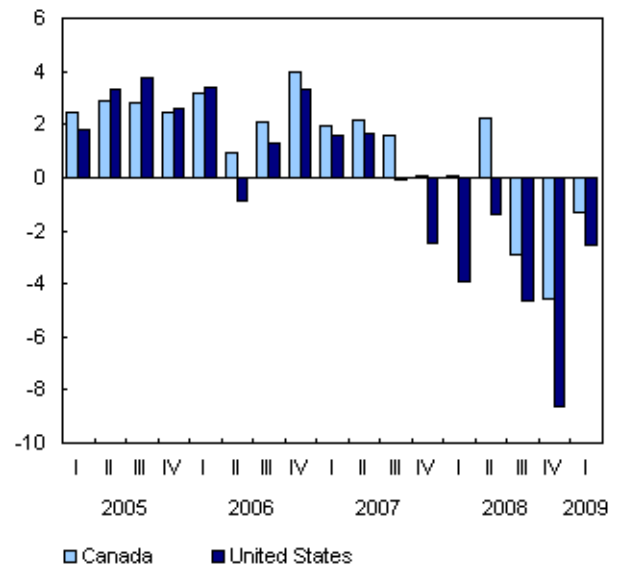
Household net worth declined by \$72 billion (-1.3%) in the first quarter of 2009, a much slower rate of decline than in the last two quarters of 2008 where cumulative losses totalled \$438 billion. The value of both financial and non-financial assets of the household sector decreased, as a result of ongoing losses in the stock market and lower real estate values. Household net worth fell 1.3% in Canada compared with a 2.6% decline in the United States.

Growth in credit market debt (consumer credit, mortgages, and loans) of the household sector slowed to less than 1% during the first quarter of 2009, as new mortgage borrowing slowed.

Chart H.1

Household net worth continues to decline, Canada and U.S.

% change, not seasonally adjusted



Total household liabilities relative to net worth edged up modestly in the first quarter, increasing to 24.9 cents of debt for every dollar of net worth, from 24.4 cents in the fourth quarter of 2008.

The wealth shock has been smaller in Canada than in the United States. As a percentage of personal disposable income, household net worth has fallen faster in the United States than in Canada since the third quarter of 2007.

Note to readers

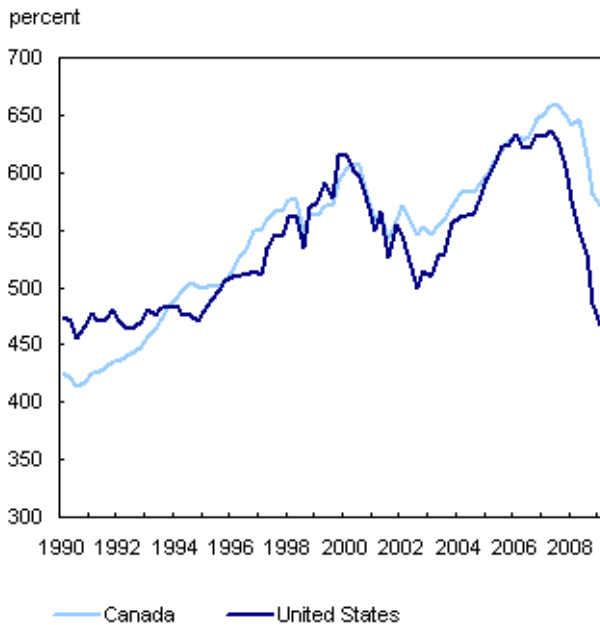
The national balance sheet accounts are comprised of the balance sheets of all of the sectors of the economy: the persons and unincorporated business, corporate, government and non-resident sectors. They cover all resident non-financial assets and all financial claims and associated liabilities outstanding in all sectors.

Quarterly series, both book and market value, are available from the first quarter of 1990. Marketable securities are at market value, unless otherwise stated. For more information on the market value estimates, consult the Balance sheet estimates at market value page of our website.

Additional sub-sector tables for the national balance sheet on a market value basis are now available on request (613-951-3640, lead-info-dc@d@statcan.gc.ca). The sub-sectors covered will include a number of institutional investors, such as life insurance and pension funds, mutual funds, and chartered banks and near banks. These tables will provide the same level of detail as our existing market value tables, in terms of the financial instruments presented, and will cover the first quarter of 1990 to the first quarter of 2009.

With the first quarter release of the 2009 National Balance Sheet Accounts, Statistics Canada is releasing a number of financial indicators for the persons and unincorporated businesses, corporate and government sectors. See *National Balance Sheet Accounts: Data Tables, Vol.2 no. 1 (13-022-X, free)*.

Chart H.2
Household net worth as a percent of personal disposable income, Canada and U.S.



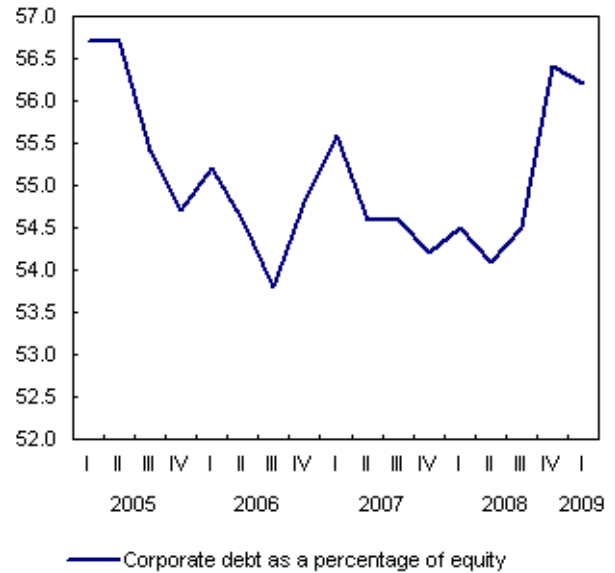
Canadian equity markets, as measured by the Standard & Poor's / Toronto Stock Exchange composite index, fell 3.0% in the first quarter of 2009, following a drop of 24% in the previous quarter. The drop contributed to a continuing decline in the value of household equity holdings.

Non-financial corporations' financial position largely unchanged

Profits of Canadian corporations weakened again in the first quarter of 2009, as falling commodity prices and declines in manufacturing and wholesale trade drove down corporate profits. However, non-financial private corporations' debt-to-equity ratio (at book value) was largely unchanged in the first quarter.

Chart H.3
Corporate leverage declines slightly

not seasonally adjusted data



Federal government debt increases for a second consecutive quarter

The federal government's credit market debt rose by 10.5% in the first quarter of 2009, slightly less than the record growth in the previous quarter (+14.2%). Ongoing borrowing, partly in support of the federal government's economic stimulus plan and the Insured Mortgage Purchase (IMP) program, contributed to the higher level of the federal government's credit market debt. The IMP program, which was introduced last fall, is intended to provide long-term stable funding to lenders and help ensure availability of funds to Canadian consumers and businesses.

The increase in federal debt during the quarter was coupled with increases in the debt of other levels of government, albeit at a much slower pace. Overall, total government net debt (at book value) as a percentage of gross domestic product was up, from 35% in the third quarter of 2008, the lowest since this series began in 1990, to 38% in the quarter. It remains well below the 92% reached in mid-1996.

Financial institutions continued to restructure

Lending institutions and institutional investors, such as trustee pension plans and mutual funds, recorded a small deceleration in financial asset growth. The drop in the value of their equity holdings in the first quarter of 2009 was less pronounced than in the latter part of 2008. The value of Canadian equities and mutual fund units held by

financial institutions fell marginally in the quarter, compared with the declines of 19.2% and 20.6%, in the third and fourth quarter of 2008, respectively.

Institutional investors continued to reduce their foreign portfolio asset holdings in favour of Canadian short-term paper and bonds, in part associated with the continued above-average issuances of National Housing Act Mortgage Backed-Securities in the quarter.

National net worth

For the first time since 1995, national net worth (sum of non-financial assets plus net foreign assets) declined, down 0.4%. Deceleration in the growth of national saving and business investment contributed to this decline. On a per capita basis, national net worth has fallen from \$180,000 in the fourth quarter of 2008 to \$178,800 in the first quarter of 2009.

Canada's net foreign asset position (on a market value basis) narrowed in the first quarter of 2009. Canadian direct investment abroad continued to be a major component sustaining Canada's net foreign asset position, largely reflecting the revaluation effect of the depreciation of the Canadian dollar relative to the U.S. dollar.

Table H.1 National balance sheet accounts[1]

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Market value, not seasonally adjusted, billions of dollars								
National net worth								
National wealth	5,663	5,741	5,845	5,958	5,976	5,971	5,663	5,976
	1.5	1.4	1.8	1.9	0.3	-0.1	8.2	5.5
Net foreign debt	-21	-13	-53	-15	54	35	-21	54
	...	...	...	...	...	-35.2	...	...
National net worth	5,643	5,728	5,792	5,942	6,030	6,006	5,643	6,030
	1.6	1.5	1.1	2.6	1.5	-0.4	7.1	6.9
National net worth per capita (dollars)	170,500	172,600	173,900	177,700	180,000	178,800	170,500	180,000

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

Table H.2 National balance sheet, market value

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Millions of dollars at quarter end								
Total assets	18,190,275	18,379,749	18,799,725	18,604,458	18,604,618	18,692,429	18,190,275	18,604,618
Non-financial assets	5,663,316	5,741,043	5,845,006	5,957,590	5,976,420	5,970,612	5,663,316	5,976,420
Residential structures	1,589,239	1,607,802	1,635,549	1,663,755	1,663,195	1,653,361	1,589,239	1,663,195
Non-residential structures	1,311,897	1,329,622	1,359,817	1,391,466	1,420,814	1,423,453	1,311,897	1,420,814
Machinery and equipment	443,560	444,811	447,279	447,189	448,022	467,137	443,560	448,022
Consumer durables	398,226	393,391	397,910	398,264	399,969	393,832	398,226	399,969
Inventories	229,155	231,127	230,227	247,746	246,667	240,950	229,155	246,667
Land	1,691,239	1,734,290	1,774,224	1,809,170	1,797,753	1,791,879	1,691,239	1,797,753
Net financial assets	-20,625	-13,363	-52,640	-15,298	53,922	35,425	-20,625	53,922
Financial assets	12,526,959	12,638,706	12,954,719	12,646,868	12,628,198	12,721,817	12,526,959	12,628,198
Official reserves	40,593	43,589	45,027	45,500	51,364	53,149	40,593	51,364
Gold & foreign currency	38,932	41,813	43,168	43,620	48,635	49,978	38,932	48,635
IMF reserve position	655	686	788	814	1,522	1,955	655	1,522
Special drawing rights	1,006	1,090	1,071	1,066	1,207	1,216	1,006	1,207
Currency and bank deposits	1,002,860	1,003,692	1,047,967	1,055,328	1,097,686	1,087,006	1,002,860	1,097,686
Other deposits	251,605	256,481	265,313	268,449	272,732	278,017	251,605	272,732
Foreign currency deposits	180,424	186,834	186,909	203,725	209,540	240,182	180,424	209,540
Consumer credit	345,571	351,027	360,189	369,064	374,505	379,261	345,571	374,505
Trade receivables	276,500	279,492	284,832	286,680	291,145	291,762	276,500	291,145
Bank loans	272,399	278,327	280,082	293,381	307,004	303,064	272,399	307,004
Other loans	226,765	233,628	237,317	238,648	244,252	242,016	226,765	244,252
Canada short-term paper	107,002	110,011	123,086	124,570	164,460	172,788	107,002	164,460
Other short-term paper	251,933	251,864	238,132	238,399	239,567	193,964	251,933	239,567
Mortgages	946,442	964,134	991,915	1,017,110	1,037,781	1,047,573	946,442	1,037,781
Canada bonds	253,030	252,372	252,880	259,776	276,635	304,250	253,030	276,635
(of which CSB's)	13,237	13,068	13,009	12,953	12,389	12,529	13,237	12,389
Provincial bonds	340,969	343,826	340,520	344,420	347,670	352,647	340,969	347,670
Municipal bonds	43,894	44,464	44,792	44,598	45,862	46,327	43,894	45,862
Other bonds	546,715	566,039	580,555	599,895	657,203	733,363	546,715	657,203
Life insurance & pensions	1,467,567	1,446,853	1,473,478	1,412,893	1,348,649	1,329,753	1,467,567	1,348,649
Corporate claims	1,511,665	1,602,337	1,644,362	1,705,319	1,826,072	1,842,041	1,511,665	1,826,072
Government claims	222,216	231,373	244,694	251,562	281,645	314,810	222,216	281,645
Shares	2,513,142	2,447,714	2,593,672	2,241,728	1,884,376	1,851,710	2,513,142	1,884,376
Foreign investments	764,519	747,911	726,132	674,514	631,317	610,950	764,519	631,317
Other financial assets	961,148	996,738	992,865	971,309	1,038,733	1,047,184	961,148	1,038,733
Liabilities and net worth	18,190,275	18,379,749	18,799,725	18,604,458	18,604,618	18,692,429	18,190,275	18,604,618
Liabilities	12,547,584	12,652,069	13,007,359	12,662,166	12,574,276	12,686,392	12,547,584	12,574,276
Currency and bank deposits	1,023,402	1,025,233	1,071,026	1,079,571	1,122,754	1,115,164	1,023,402	1,122,754
Other deposits	251,605	256,481	265,313	268,449	272,732	278,017	251,605	272,732
Foreign currency deposits	170,648	171,712	164,380	186,387	186,845	208,954	170,648	186,845
Consumer credit	345,571	351,027	360,189	369,064	374,505	379,261	345,571	374,505
Trade payables	278,683	281,966	286,255	288,573	292,726	293,929	278,683	292,726
Bank loans	254,122	257,522	258,073	266,490	280,985	278,235	254,122	280,985
Other loans	243,433	248,485	249,400	248,800	250,390	245,192	243,433	250,390
Canada short-term paper	117,712	118,484	132,852	137,119	183,771	201,208	117,712	183,771
Other short-term paper	261,885	260,761	248,173	247,124	253,013	208,134	261,885	253,013
Mortgages	946,908	964,607	992,389	1,017,592	1,038,293	1,048,101	946,908	1,038,293
Canada bonds	297,513	304,820	304,126	307,294	322,342	354,556	297,513	322,342
(of which CSB's)	13,237	13,068	13,009	12,953	12,389	12,529	13,237	12,389
Provincial bonds	448,475	455,498	452,966	458,820	475,390	480,406	448,475	475,390
Municipal bonds	47,980	48,800	49,199	48,870	50,500	50,969	47,980	50,500
Other bonds	783,985	820,703	842,505	864,647	939,678	1,015,887	783,985	939,678
Life insurance & pensions	1,467,567	1,446,853	1,473,478	1,412,893	1,348,649	1,329,753	1,467,567	1,348,649
Corporate claims	602,585	632,286	637,279	645,705	682,414	684,187	602,585	682,414
Government claims	222,216	231,373	244,694	251,562	281,645	314,810	222,216	281,645
Shares	3,841,696	3,810,713	4,016,621	3,613,255	3,213,069	3,188,057	3,841,696	3,213,069
Other liabilities	941,598	964,745	958,441	949,951	1,004,575	1,011,572	941,598	1,004,575
Net worth	5,642,691	5,727,680	5,792,366	5,942,292	6,030,342	6,006,037	5,642,691	6,030,342

Table H.3 Credit market summary table

	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	2007	2008
Millions of dollars at quarter end								
Debt outstanding of:								
Persons and unincorporated business	1,218,003	1,239,195	1,273,365	1,301,946	1,326,337	1,336,829	1,218,003	1,326,337
Consumer credit	345,571	351,027	360,189	369,064	374,505	379,261	345,571	374,505
Bank loans	32,848	32,867	32,792	33,900	35,184	35,406	32,848	35,184
Other loans	72,819	75,330	77,360	75,922	77,466	75,351	72,819	77,466
Mortgages	766,765	779,971	803,024	823,060	839,182	846,811	766,765	839,182
Non-financial private corporations	699,396	716,921	726,864	745,056	778,886	783,362	699,396	778,886
Bank loans	151,252	155,874	156,690	161,760	177,154	175,177	151,252	177,154
Other loans	79,270	71,917	75,732	74,352	72,956	70,330	79,270	72,956
Other short-term paper	62,203	70,685	69,410	68,836	66,452	66,501	62,203	66,452
Mortgages	162,333	167,197	170,777	175,842	180,574	182,996	162,333	180,574
Bonds	244,338	251,248	254,255	264,266	281,750	288,358	244,338	281,750
Non-financial government enterprises	64,653	64,444	63,306	62,716	63,568	64,779	64,653	63,568
Bank loans	2,211	2,098	2,282	2,206	2,016	2,195	2,211	2,016
Other loans	6,188	7,107	6,390	6,633	6,688	6,635	6,188	6,688
Other short-term paper	3,518	3,397	3,298	3,109	3,079	3,631	3,518	3,079
Mortgages	91	89	93	93	93	90	91	93
Canada bonds	0	0	0	0	0	0	0	0
Provincial bonds	50,165	49,408	48,898	48,328	49,578	50,130	50,165	49,578
Municipal bonds	121	121	121	121	121	121	121	121
Other bonds	2,359	2,224	2,224	2,226	1,993	1,977	2,359	1,993
Federal government	384,078	388,658	401,328	400,576	457,628	505,797	384,078	457,628
Bank loans	100	107	107	108	108	108	100	108
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	117,712	118,484	132,852	137,119	183,771	201,208	117,712	183,771
Canada bonds	266,266	270,067	268,369	263,349	273,749	304,481	266,266	273,749
Canada savings bonds	13,237	13,068	13,009	12,953	12,389	12,529	13,237	12,389
Other bonds	253,029	256,999	255,360	250,396	261,360	291,952	253,029	261,360
Other levels of government	437,201	437,679	446,053	457,467	480,460	484,403	437,201	480,460
Bank loans	4,673	5,099	4,942	4,994	5,232	6,064	4,673	5,232
Other loans	17,068	17,291	17,315	17,474	17,618	17,849	17,068	17,618
Other short-term paper	21,375	16,684	19,621	25,789	36,212	30,255	21,375	36,212
Mortgages	1,839	1,839	1,839	1,839	1,839	1,840	1,839	1,839
Provincial bonds	341,783	345,963	350,680	355,477	367,516	375,614	341,783	367,516
Municipal bonds	46,647	47,002	47,867	48,107	48,258	49,008	46,647	48,258
Other bonds	3,816	3,801	3,789	3,787	3,785	3,773	3,816	3,785
Total funds raised by domestic non-financial sectors	2,803,331	2,846,897	2,910,916	2,967,761	3,106,879	3,175,170	2,803,331	3,106,879
Consumer credit	345,571	351,027	360,189	369,064	374,505	379,261	345,571	374,505
Bank loans	191,084	196,045	196,813	202,968	219,694	218,950	191,084	219,694
Other loans	175,345	171,645	176,797	174,381	174,728	170,165	175,345	174,728
Canada short-term paper	117,712	118,484	132,852	137,119	183,771	201,208	117,712	183,771
Other short-term paper	87,096	90,766	92,329	97,734	105,743	100,387	87,096	105,743
Mortgages	931,028	949,096	975,733	1,000,834	1,021,688	1,031,737	931,028	1,021,688
Bonds	955,495	969,834	976,203	985,661	1,026,750	1,073,462	955,495	1,026,750
Non-residents	46,576	51,832	55,631	62,978	69,385	70,233	46,576	69,385
Bank loans	18,277	20,805	22,009	26,891	26,019	24,829	18,277	26,019
Other loans	28,299	31,027	33,622	36,087	43,366	45,404	28,299	43,366
Mortgages	0	0	0	0	0	0	0	0
Total borrowing excluding domestic financial institutions	2,849,907	2,898,729	2,966,547	3,030,739	3,176,264	3,245,403	2,849,907	3,176,264
Domestic financial institutions	854,107	880,729	892,109	906,307	954,086	986,809	854,107	954,086
Bank loans	63,038	61,477	61,260	63,522	61,291	59,285	63,038	61,291
Other loans	68,088	76,840	72,603	74,419	75,662	75,027	68,088	75,662
Other short-term paper	174,789	169,995	155,844	149,390	147,270	107,747	174,789	147,270
Mortgages	15,880	15,511	16,656	16,758	16,605	16,364	15,880	16,605
Bonds	532,312	556,906	585,746	602,218	653,258	728,386	532,312	653,258
Total funds raised = total funds supplied	3,704,014	3,779,458	3,858,656	3,937,046	4,130,350	4,232,212	3,704,014	4,130,350
Assets of:								
Persons and unincorporated business	101,444	106,733	102,345	106,973	113,386	107,859	101,444	113,386
Non-financial corporations	87,932	84,668	86,118	85,947	89,857	86,596	87,932	89,857
Governments	273,139	273,043	276,791	284,976	283,427	270,367	273,139	283,427
Non-residents	444,561	463,690	484,653	487,350	529,534	556,383	444,561	529,534
Domestic financial institutions	2,818,577	2,873,133	2,929,724	2,992,452	3,133,997	3,230,480	2,818,577	3,133,997

Section I

The 2005 to 2008 revisions of the Income and Expenditure Accounts

Introduction

Revised estimates of the Income and Expenditure Accounts (IEA) covering the period 2005 to 2008 have been released along with those for the first quarter of 2009. These revised estimates incorporate the most current source data and seasonal patterns.

Revision schedule

The annual revision process is integrated within the Canadian System of National Accounts, with revised estimates of the National Income and Expenditure Accounts, Financial Flow Accounts, and Canada's Balance of International Payments, compiled and released together. For example, updated estimates of detailed financial transactions underlying gross domestic product (GDP) are harmonized with revised estimates of sector incomes and outlays. In addition, revised estimates of the National Balance Sheet Accounts, are released about two weeks later, based largely on the updated sources of financial and capital transactions as well as on estimates of capital gains or losses implicit in the stock estimates.

The integration of GDP estimates by component occurs through compiling Input-Output Tables in current prices for the first two years of the four year revision period. These data are released in the fall of each year when the full provincial Input-Output Accounts are completed. Corresponding revisions to the monthly estimates of real gross domestic product by industry are released in September. Industry-based estimates are integrated annually, at the time of the first quarter with the income and expenditure based measures of GDP. Revisions to the more recent two years of the four year revision cycle arise due to updated sub-annual and annual sources of information.

Statistical revisions are carried out regularly in the Canadian System of National Accounts in order to incorporate the most current information from censuses, annual surveys, taxation statistics, public accounts, etc. In principle, the revision schedule for the IEA is as follows: the first estimate for a given quarter is released approximately 60 days after the end of the reference quarter; this estimate is revised when estimates for subsequent quarters of the same calendar year are released; thereafter, the estimates are open for revision only once a year for the next four years, at the time of the release of the first quarter estimates. For example, the estimates for the first quarter of 2005 were first released in May 2005. The first revision to these estimates occurred when the second quarter estimates were released in

August 2005, further revisions occurred when the third and fourth quarter 2005 estimates were released. These estimates were revised again in each of the next three years (2006, 2007, 2008), with the last of these revisions occurring with this release.

The policy of revising the estimates of previous years only once a year is adhered to throughout the System of National Accounts. The period open for revision, however, varies from one set of accounts to the other. Thus, the standard revision is four years in the Income and Expenditure Accounts and the Balance of Payments. The standard revision in the Input-Output Accounts covers one year—the first year of the four years of revision in the Income and Expenditure Accounts and the balance of payments statistics. The revision of the Financial Flow Accounts usually parallels that of the National Balance Sheet Accounts and may occasionally cover more than four years in order to harmonize the flows with the revised stocks.

Limited revisions are sometimes carried out for periods further back than four years and historical revisions are conducted periodically, roughly once every 10 to 15 years. Historical revisions provide an occasion to improve estimation methods, eliminate statistical breaks resulting from more limited revisions and introduce conceptual changes into the system. The most recent historical revision was completed in December 1997. Documentation related to this revision can be found at Historical revision of the National Economic and Financial Accounts: review.

Impact of the revisions on gross domestic product (GDP)

The current revisions to GDP result from the inclusion of the most current estimates from data sources, including survey results, administrative data and public accounts. Revised 2005 and preliminary 2006 Input-Output data are incorporated for the first two years of the four-year revision period. New benchmark information is incorporated for the more recent periods. Other series are revised due to applying existing or updated projectors to the new levels received from the Input-Output Accounts. Additional conceptual or classification changes are sometimes implemented within the National Income and Expenditure Accounts. Documentation related to these conceptual changes can be found at Latest Developments in the Canadian Economic Accounts. No conceptual changes have been made to the Income and Expenditure Accounts this year.

Table I.1 Selected components, current revision

	2005	2006	2007	2008
	millions of current dollars			
Gross domestic product	1,219	-1,275	-2,702	-2,393
Income components				
Wages, salaries and supplementary labour income	0	79	-3,518	-3,913
Surplus ¹	1,296	-959	1,576	2,363
Corporation profits before taxes	690	-589	900	-385
Interest and miscellaneous investment income	174	320	332	1,791
Capital consumption allowances	285	202	483	836
Government business enterprise profits before taxes	-30	-66	186	-128
Inventory valuation adjustment	177	-826	-325	249
Taxes less subsidies, on factors of production	136	111	27	-542
Taxes less subsidies, on products	-319	-499	-933	-1,005
Expenditure components				
Personal expenditure on consumer goods and services	-273	-2,049	-1,849	-1,807
Government current expenditure on goods and services	-340	-1,825	-1,696	-371
Business investment in residential structures	-127	-374	-676	58
Business investment in non-residential structures	199	532	3,810	2,506
Business investment in machinery and equipment	205	153	-2,578	-4,009
Business investment in inventories	1,257	1,445	1,585	1,782
Exports of goods and services	526	1,660	2,439	2,419
Imports of goods and services	418	709	2,363	2,696

1. Part of the revision to surplus falls into the statistical discrepancy and therefore the revisions to the surplus components do not add to the total surplus revision.

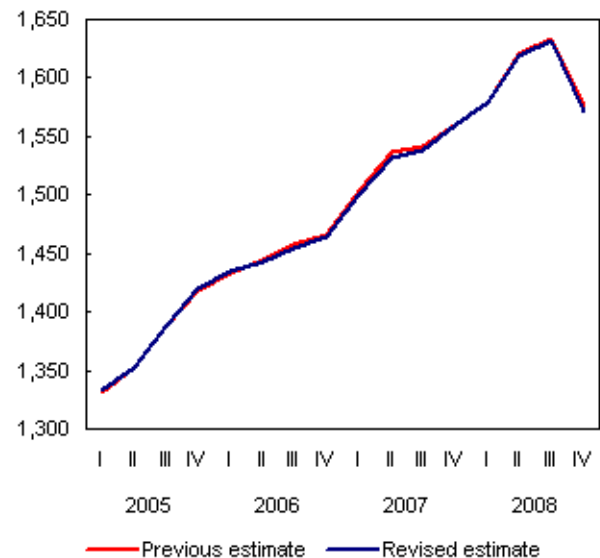
Revisions to the level of gross domestic product

As can be seen in Table 1, the current revisions result in a \$1.2 billion upward adjustment to the level of GDP at current prices on an annual basis for 2005. GDP estimates are revised down by \$1.3 billion for 2006, \$2.7 billion for 2007 and \$2.4 billion for 2008.

The revision of \$1.2 billion to GDP in 2005 is a result of reconciliation with the final 2005 Input-Output tables. This is the last time 2005 will be revised within a normal revision schedule. Chart 1 compares the value of the previous estimate to the revised estimate of nominal GDP on a quarterly basis.

Chart I.1
Gross domestic product

billions of dollars



The upward revision in 2005 is mainly a result of revised estimates of operating surplus and inventories originating from the revised 2005 Input-Output tables. The downward revision to GDP in 2006 is mainly driven by lower levels of surplus, personal expenditures on goods and services and government current expenditure than had been previously estimated. These revisions are partially offset by upward revisions to inventories and exports of services. The upward revision to the exports of services is due to revised estimates of exports and imports of commercial services.

The downward revisions to GDP in 2007 is primarily due to lower estimates for labour income, personal expenditures on non-durable goods and government current expenditures on goods and services. These are partially offset by upwardly revised estimates of surplus.

The 2007 revision to labour income stems from the incorporation of employment income data (T4 records) from Canada Revenue Agency, as well as updated pension information from the Census of Pension Plans in Canada (PPIC) used in the construction of the supplementary labour income estimates. Lower than expected special payments for unfunded pension liabilities, a component of supplementary labour income, are a major factor in the lowering of the income estimate. The original estimate of approximately \$10 billion for 2007 is now revised down to approximately \$7 billion based on data from the PPIC.

The downward revisions to personal expenditures on non-durable goods is due to revised information from the annual retail trade survey and administrative data. The upward revision to operating surplus is due to the inclusion of updated estimates from the Annual Financial Survey for 2007 where the growth in corporate profits is greater than those published based on quarterly projections.

The downward revision in 2008 is a result of carrying forward the 2007 revision to labour income as well as downward revisions to taxes less subsidies on products, to personal expenditures on consumer goods and services and to business investment in machinery and equipment. These are partially offset by upward revisions to surplus and business investment in inventories.

Revisions to the growth of gross domestic product

The current revision to the annual growth rate of current dollar GDP (Table 4) increases the estimate by 0.1 percentage points in 2005, decreases GDP by -0.2 in 2006, and -0.1 in 2007 and is unchanged in 2008. The cumulative revision to the growth rate is measured by taking the difference between the current growth rate and the initial growth rate. The cumulative revision for 2005 stands at 0.3 percentage points, in line with the average between 1997 to 2004. The 0.6 cumulative revision for

2006 is high by historic standards and is mainly a result of a large revision in labour income introduced as part of the benchmarking process to administrative data files last revision cycle.

Revisions to the quarterly GDP growth rate range from 0.2 percentage points to -0.3. Five quarters are revised upward, four quarters are revised downward and seven quarters remain unchanged. The largest quarterly revision over the four year period occurs in the second quarter of 2006 where growth has been revised down by -0.3% percentage points due mainly to revised estimates of corporate profits, net trade and personal expenditures.

The estimates of annual real GDP growth (Table 4) are revised up 0.1 percentage points for 2005, down 0.2 in 2006 and 2007 and down 0.1 in 2008. The cumulative revisions to the annual growth rate range from -0.2 percentage points in 2007 to +0.2 in 2006. The cumulative revision in 2005 (the only period which has gone through the entire revision cycle) is modest by historical standards.

On a quarterly basis, revisions to the growth of real GDP range from 0.1 percentage points to -0.2 percentage points. These revisions are consistent with historical averages. Real growth in GDP is revised downward seven times, upwards two times and left unchanged seven times.

Chart I.2
Growth rates of real GDP, annual

percentage change, chained (2002) dollars

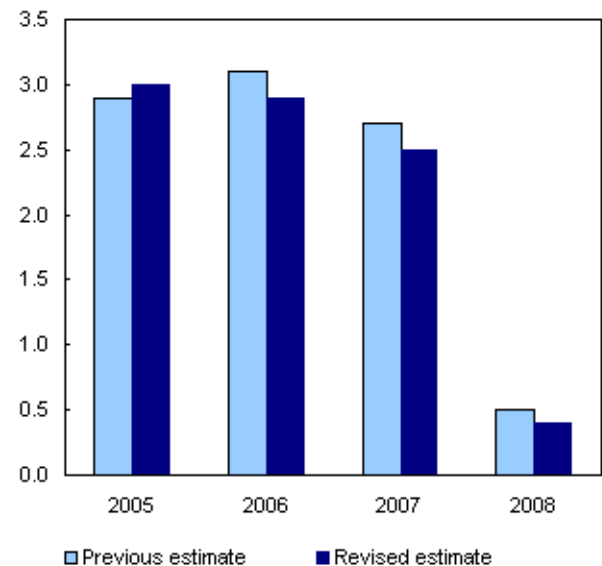


Chart I.3
Growth rates of real GDP, quarterly

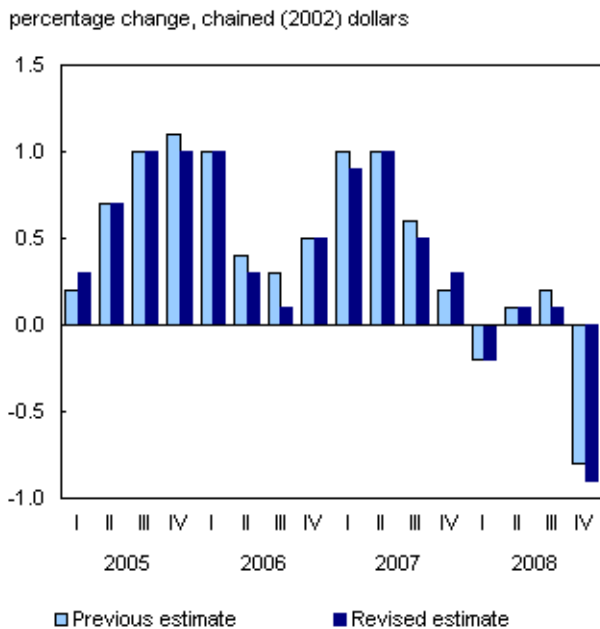


Table 2 provides a history of the revisions to GDP for the period 1994 to 2007. As noted earlier, each annual estimate is subjected to four different annual revision cycles as well as periodic historical revision processes. This table provides the published level and growth rate of GDP for a given year for each of these revision cycles. The largest revisions to GDP normally occur with the third revision cycle, in which the Income and Expenditure Accounts are benchmarked to the preliminary Input-Output Tables. Between 1996 and 2007 the average upward revision to GDP growth is 0.3 percentage points and the average downward revision is -0.4 percentage points following the first revision cycle. This changes to +0.6 percentage points and -0.3 percentage points with the second, and +0.8 percentage points and -0.6 percentage points with the Input-Output benchmarking process (the third and fourth revision cycle combined).

The implicit chained price index for GDP in 2005 is revised down 0.1 percentage points. The index was unchanged for 2006, is revised up by 0.1 percentage points for 2007 and 0.2 for 2008. The majority of the revisions are a result of an increase in the price used to deflate government current expenditures on goods and services. The source of these revisions are revised estimates of hours worked originating from the redesign of the Survey of Employment, Payroll and Hours.

Revisions to income aggregates

Estimates of wages, salaries and supplementary labour income are revised downward by \$3.5 billion in 2007 and -\$3.9 billion in 2008. Estimates are unchanged for 2005 and 2006. Revisions in 2007 are the result of the incorporation of data from tax files as well as other benchmark sources. Revisions to wages and salaries for 2007 are minimal, with the majority of the \$3.5 billion dollar change stemming from downwardly revised estimates of supplementary labour income, specifically pensions. This downward revision for 2007 is carried forward into 2008, leaving the 2008 growth rate unchanged. The wages, salaries and supplementary labour income growth rate for 2007 was revised downward from 6.1% to 5.6%.

Within the System of National Accounts, surplus is defined as the income corporations obtain from their own production facilities—value added at basic prices, less compensation of employees, less taxes on production payable, plus subsidies received. It represents the last balancing item in the Input-Output Tables and is calculated for each industry. As part of the annual benchmarking to the Input-Output Tables, estimates of surplus are produced by incorporating the latest annual business and institutional surveys as well as various administrative data into the Input-Output framework. Once these benchmark estimates of surplus are derived, the revisions are incorporated into the Income and Expenditure Accounts. In the Income and Expenditure Accounts, surplus includes the following income components: corporation profits before taxes, interest and miscellaneous investment income, government business enterprise profits before taxes, inventory valuation adjustment, and capital consumption allowances.

Surplus is revised upward by \$1.3 billion for 2005 and downward by \$1.0 billion for 2006. It is higher by \$1.6 billion in 2007 and by \$2.4 billion in 2008. In 2005, the upward revision is mainly due to revised estimates of surplus in the wholesale, retail, transportation and warehousing and finance industries. In 2006, the downward revision originates mainly from changes to estimates in automobile manufacturing and mining. Table 1 shows the revisions to surplus for 2005 to 2008 as well as how the revision is distributed among its various income components.

Estimates of corporation profits before taxes are revised up in 2005, down in 2006, up in 2007 and down in 2008. The revisions are small by historic standards with the mean absolute revision for this revision cycle resting at about 600 million. In comparison, the mean absolute revision for the 2007 revision cycle (covering the period 2004 to 2007) was \$3.4 billion. New estimates from the preliminary Financial and Taxation Statistics for Enterprises including the General Index of Financial Information (GIFI) schedules and other annual sources have been incorporated for 2007. The 2008 estimates are projected using revised estimates from the Quarterly Financial Statistics for Enterprises.

Government business enterprise profits are virtually unchanged over the period 2005 to 2008.

Interest and miscellaneous investment income is revised upward in each year of the revision period. The revisions increase over the period from \$174 million in 2005 to \$1.8 billion in 2008. Revisions to this series reflect new and revised interest payment and receipt information from businesses.

Similar to interest and miscellaneous investment income, capital consumption allowances (CCA) are revised upward in each year. Revisions over this period range from \$200 million to just over \$800 million. Updated annual corporate income tax returns, together with additional depreciation estimates from the Investment and Capital Stock Division's perpetual inventory model generated these revisions.

Inventory valuation adjustment record minimal revisions in 2005 (+\$177 million), downward revisions in 2006 (-\$826 million) and 2007 (-\$325 million) and an upward revision in 2008.

Accrued net income of farm operators from farm production is revised upward for the four years of annual revision following the incorporation of the results of the 2006 Census of Agriculture (published in November 2008). Overall, farm cash receipts are revised upward, particularly in the crop sector, while farm operating expenses are adjusted downward (fertilizers, commercial feed, rent, etc.).

Net income of non-farm unincorporated business, including rent is revised upwards in 2005 and 2006. The revisions in 2005 and 2006 reflect the annual benchmarking to the Input-Output Accounts by industry. Revisions in 2007 and 2008 are large by past standards and are mainly due to revised estimates of the mortgage expense used in the calculation of net rental income.

The estimate of taxes on factors of production less subsidies is revised up in 2005, 2006 and 2007 and down in 2008. Taxes on products less subsidies are revised downward in 2005 through 2008. Revisions to both taxes and subsidies incorporate new public accounts and other financial information for the different government sub-sectors.

Revisions to expenditure aggregates at current prices

Personal expenditure on consumer goods and services estimates are revised downward by \$0.3 billion in 2005, \$2.0 billion in 2006, \$1.8 billion in 2007, and \$1.8 billion in 2008. The downward revisions to 2004 and 2007 are mainly a result of revised estimates for food, beverages, tobacco and household furnishings. The revisions for 2005 and 2006 originate from the incorporation of the input-output benchmarks. The revisions for 2007 stem from both the quarterly retail commodity data and the annual Retail Trade data. The downward revision to personal expenditure on services in 2008 is mainly a result of revised estimates for other auto related services, recreational services and expenditures on restaurants and accommodation services. The source of these revisions are updated administrative records used to estimate personal expenditures on services and updated information from the Office of the Superintendent of Financial Institutions Canada, used to estimate automobile insurance.

The changes to the government current expenditure on goods and services estimates are all downward; \$0.3 billion in 2005, \$1.8 billion in 2006, \$1.7 billion in 2007, and \$0.4 billion in 2008. These revisions reflect new data from the federal government's accounting system and provincial public accounts as well as the latest local government information. Survey results for 2006 from the Canadian Institute for Health Information (CIHI) and the Culture, Tourism and the Centre for Education Statistics are also incorporated and carried forward to 2008. Government gross fixed capital formation underwent a modest revision in 2005 and 2006 with more a more substantial downward revision in 2007 (-\$1.2 billion) and a large upward revision in 2008 (+\$1.7 billion). There is no revision to government investment in inventory.

Overall current dollar business investment estimates register only small revisions for 2005, 2006 and 2007. The revision for 2007, while not large by historic standards, do result in a large change in the mix of investment taking place. Investment in non-residential structures is revised upward by \$3.8 billion with most of this being offset by a \$2.6 billion downward revision to machinery and equipment. The reason for this is a number of heavy oil upgraders that were originally classified as investment in machinery and equipment have been subsequently re-classified to investment in non-residential structures. The revision in 2008 is substantial with overall business investment revised down by \$1.4 billion. Revisions to residential construction are minimal for all four years of the revision cycle.

Revisions to non farm business investment in inventories reflect the incorporation of new information from the latest annual surveys. The upward revisions to 2005 (\$1.2 billion) and 2006 (\$1.4 billion) reflect the results of the commodity balancing process that is integral to the compilation of the Input-Output Accounts, to which the Income and Expenditure Accounts are benchmarked. The upward revisions are recorded at \$1.6 billion for 2007 and \$1.8 billion for 2008. Farm inventories register small changes except for the upward revisions to grain inventories in 2007.

Exports in current dollars are revised upwards in all four years of the revision period. Revisions to exports of goods are minimal while the revisions to exports of services are substantial. Exports of services were revised up \$0.5 billion in 2005, \$1.4 billion in 2006, \$2.4 billion in 2007 and another \$2.5 billion in 2008. These upward revisions are almost entirely due to revised estimates of exports of commercial services.

Imports in current dollars record large upward revisions of \$0.4 billion in 2005, \$0.7 billion in 2006, \$2.4 billion in 2007 and \$2.7 billion in 2008. Similar to exports, the majority of the revisions are due to revised estimates of imports of commercial services. Given that the revisions to imports and exports are in the same direction and of similar magnitude, there is little impact on net trade and therefore overall GDP.

The revisions to imports and exports of commercial services primarily reflect the incorporation of broader survey coverage, and the increased use of tax data in their compilation. These methodological changes allow for refined estimates of growth in aggregate commercial services trade, as well as improved detail commodity allocation.

Other changes impacting the Income and Expenditure Accounts

With the release of the revised estimates of the Income and Expenditure accounts for 2005 to 2008 and the first quarter of 2009, a new seasonal adjustment procedure (X-12-ARIMA) along with revised estimates of the survey of employment, payroll and hours have been incorporated into the estimates of the income and expenditure accounts.

The X-12-ARIMA seasonal adjustment procedure is an enhanced version of the X-11-ARIMA seasonal adjustment procedure. The new procedure includes improvements that enlarge the range of economic time series that can be adequately seasonally adjusted and the overall quality of the seasonally adjusted series. Refinements were made to a number of the seasonal adjustment models for some income and expenditure series. These adjustments have resulted in revisions to the quarterly patterns for these series.

Several important changes to the Survey of Employment Payrolls and Hours (SEPH) were introduced with the January 2009 reference period. Among these changes is a major modification to the estimation methodology. The new estimation method better reflects the particular characteristics of individual provinces and territories and certain industries (most notably, with respect to the Income and Expenditure Accounts estimates, construction industries). Much of the SEPH data going back to 2001 is affected by this change, including average weekly earnings, average hourly earnings, and average weekly hours (with and without overtime).

To move to this new estimation method, more Business Payroll Survey (BPS) sampling was required in some provinces, and less in others. The BPS sample has thus been both redistributed and increased to 15,000 establishments per month (from 11,000) so that each province and territory is adequately represented.

Survey of Employment and Payrolls and Hours data are used extensively in the estimates of the most recent years of the Income and Expenditure Accounts. They figure prominently in the estimation of labour income, non-residential construction, estimates of personal expenditures on services as well as a proxy for price change when a price estimate is not available.

Table I.2 Revisions to gross domestic product, historical perspective

Reference period	Initial estimate	Revised estimate, first annual revision cycle	Revised estimate, second annual revision cycle	Revised estimate, third annual revision cycle	Revised estimate, fourth annual revision cycle	Revised estimate, historical revisions	Cumulative revisions
millions of current dollars							
1995	780,027	776,299	799,129	799,129	806,778	810,426	30,399
1996	797,789	828,997	833,921	833,070	839,064	836,864	39,075
1997	856,134	855,103	866,252	873,947	877,921	882,733	26,599
1998	888,390	895,704	901,805	915,865	914,973	914,973	26,583
1999	949,400	957,911	975,263	980,524	982,441	...	33,041
2000	1,038,794	1,056,010	1,064,995	1,075,566	1,076,577	...	37,783
2001	1,084,119	1,092,246	1,107,459	1,108,200	1,108,048	...	23,929
2002	1,142,123	1,154,949	1,157,968	1,154,204	1,152,905	...	10,782
2003	1,214,601	1,218,772	1,216,191	1,213,408	1,213,175	...	-1,426
2004	1,293,289	1,290,185	1,290,788	1,290,828	1,290,906	...	-2,383
2005	1,368,726	1,371,425	1,375,080	1,372,626	1,373,845	...	5,119
2006	1,439,291	1,446,307	1,450,490	1,449,215	...	...	9,924
2007	1,531,427	1,535,646	1,532,944	...	...	...	1,517
2008	1,602,474	1,600,081	...	...	...	...	-2,393
growth rate							
1996	2.8	3.7	4.4	3.3	4.0	3.3	0.5
1997	3.3	2.5	4.0	4.2	4.6	5.5	2.2
1998	3.9	3.4	3.2	4.3	4.2	3.7	-0.2
1999	6.0	6.2	6.5	7.2	7.4	...	1.4
2000	8.4	8.3	8.6	9.5	9.6	...	1.2
2001	2.7	2.6	3.0	2.9	2.9	...	0.2
2002	4.6	4.3	4.5	4.2	4.0	...	-0.6
2003	5.2	5.3	5.4	5.2	5.2	...	0.0
2004	6.1	6.1	6.4	6.4	6.4	...	0.3
2005	6.1	6.2	6.5	6.3	6.4	...	0.3
2006	4.9	5.2	5.7	5.5	...	...	0.6
2007	5.9	5.9	5.8	...	...	...	-0.1
2008	4.4	4.4	...	...	...	...	0.0

Table I.3 Revisions to gross domestic product

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
seasonally adjusted at annual rates, millions of current dollars					
2005	1,368,726	1,372,626	1,373,845	1,219	5,119
2006	1,439,291	1,450,490	1,449,215	-1,275	9,924
2007	1,531,427	1,535,646	1,532,944	-2,702	1,517
2008	1,602,474	1,602,474	1,600,081	-2,393	-2,393
First quarter 2005	1,331,300	1,331,732	1,333,044	1,312	1,744
Second quarter 2005	1,347,608	1,351,936	1,352,728	792	5,120
Third quarter 2005	1,385,940	1,388,588	1,389,184	596	3,244
Fourth quarter 2005	1,411,652	1,418,248	1,420,424	2,176	8,772
First quarter 2006	1,417,276	1,432,352	1,434,068	1,716	16,792
Second quarter 2006	1,429,800	1,444,876	1,442,828	-2,048	13,028
Third quarter 2006	1,440,808	1,458,128	1,455,232	-2,896	14,424
Fourth quarter 2006	1,453,744	1,466,604	1,464,732	-1,872	10,988
First quarter 2007	1,494,976	1,503,856	1,500,940	-2,916	5,964
Second quarter 2007	1,530,540	1,536,548	1,531,772	-4,776	1,232
Third quarter 2007	1,537,472	1,541,836	1,538,936	-2,900	1,464
Fourth quarter 2007	1,558,844	1,560,344	1,560,128	-216	1,284
First quarter 2008	1,577,976	1,579,180	1,578,672	-508	696
Second quarter 2008	1,616,228	1,619,928	1,618,380	-1,548	2,152
Third quarter 2008	1,639,540	1,634,256	1,632,668	-1,588	-6,872
Fourth quarter 2008	1,576,532	1,576,532	1,570,604	-5,928	-5,928

1. For annual data, the initial estimate is from the fourth quarter of the corresponding year, for quarterly data, it is the estimate first published for the corresponding quarter. The initial annual estimate is not the average of the initial quarterly estimates as the latter have already been revised by the time the initial annual estimate is released.

2. For 2005, 2006 and 2007, the previous estimate is the one released with the first quarter of 2008, while for 2008 it is from the fourth quarter issue of 2008.

3. The revised estimates are the result of the first quarter of 2009.

4. The current revision is the revised estimate less the previous estimate.

5. The cumulative revision is the revised estimate less the initial estimate.

Table I.4 Revisions to gross domestic product (growth rates)

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
	current dollars				
	%			percentage points	
2005	6.1	6.3	6.4	0.1	0.3
2006	4.9	5.7	5.5	-0.2	0.6
2007	5.9	5.9	5.8	-0.1	-0.1
2008	4.4	4.4	4.4	0.0	0.0
First quarter 2005	1.0	0.9	1.0	0.1	0.0
Second quarter 2005	1.3	1.5	1.5	0.0	0.2
Third quarter 2005	2.8	2.7	2.7	0.0	-0.1
Fourth quarter 2005	2.0	2.1	2.2	0.1	0.2
First quarter 2006	0.2	1.0	1.0	0.0	0.8
Second quarter 2006	0.2	0.9	0.6	-0.3	0.4
Third quarter 2006	0.6	0.9	0.9	0.0	0.3
Fourth quarter 2006	0.7	0.6	0.7	0.1	0.0
First quarter 2007	2.4	2.5	2.5	0.0	0.1
Second quarter 2007	2.3	2.2	2.1	-0.1	-0.2
Third quarter 2007	0.5	0.3	0.5	0.2	0.0
Fourth quarter 2007	1.3	1.2	1.4	0.2	0.1
First quarter 2008	1.1	1.2	1.2	0.0	0.1
Second quarter 2008	2.5	2.6	2.5	-0.1	0.0
Third quarter 2008	1.2	0.9	0.9	0.0	-0.3
Fourth quarter 2008	-3.5	-3.5	-3.8	-0.3	-0.3
	chained (2002) dollars ⁶				
	%			percentage points	
2005	2.9	2.9	3.0	0.1	0.1
2006	2.7	3.1	2.9	-0.2	0.2
2007	2.7	2.7	2.5	-0.2	-0.2
2008	0.5	0.5	0.4	-0.1	-0.1
First quarter 2005	0.6	0.2	0.3	0.1	-0.3
Second quarter 2005	0.8	0.7	0.7	0.0	-0.1
Third quarter 2005	0.9	1.0	1.0	0.0	0.1
Fourth quarter 2005	0.6	1.1	1.0	-0.1	0.4
First quarter 2006	0.9	1.0	1.0	0.0	0.1
Second quarter 2006	0.5	0.4	0.3	-0.1	-0.2
Third quarter 2006	0.4	0.3	0.1	-0.2	-0.3
Fourth quarter 2006	0.4	0.5	0.5	0.0	0.1
First quarter 2007	0.9	1.0	0.9	-0.1	0.0
Second quarter 2007	0.8	1.0	1.0	0.0	0.2
Third quarter 2007	0.7	0.6	0.5	-0.1	-0.2
Fourth quarter 2007	0.2	0.2	0.3	0.1	0.1
First quarter 2008	-0.1	-0.2	-0.2	0.0	-0.1
Second quarter 2008	0.1	0.1	0.1	0.0	0.0
Third quarter 2008	0.3	0.2	0.1	-0.1	-0.2
Fourth quarter 2008	-0.8	-0.8	-0.9	-0.1	-0.1

1. For annual data, the initial estimate is from the fourth quarter of the corresponding year, for quarterly data, it is the estimate first published for the corresponding quarter. The initial annual estimate is not the average of the initial quarterly estimates as the latter have already been revised by the time the initial annual estimate is released.

2. For 2005, 2006 and 2007, the previous estimate is the one released with the first quarter of 2008, while for 2008 it is from the fourth quarter issue of 2008.

3. The revised estimates are the result of the first quarter of 2009.

4. The current revision is the revised estimate less the previous estimate.

5. The cumulative revision is the revised estimate less the initial estimate.

6. For 2004, 2005 and 2006, the initial estimate is in chained (1997) dollars.

Table I.5 Revisions to income aggregates at current prices

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current r revision ⁴	Cumulative revision ⁵
millions of current dollars					
Wages, salaries and supplementary labour income					
2005	678,925	695,093	695,093	0	16,168
2006	730,075	743,313	743,392	79	13,317
2007	782,290	788,357	784,839	-3,518	2,549
2008	827,029	827,029	823,116	-3,913	-3,913
Corporation profits before taxes					
2005	193,936	185,895	186,585	690	-7,351
2006	200,338	196,719	196,130	-589	-4,208
2007	210,426	203,231	204,131	900	-6,295
2008	216,184	216,184	215,799	-385	-385
Government business enterprise profits before taxes					
2005	13,370	15,323	15,293	-30	1,923
2006	13,733	14,638	14,572	-66	839
2007	15,455	15,539	15,725	186	270
2008	15,703	15,703	15,575	-128	-128
Interest and miscellaneous investment income					
2005	61,240	61,247	61,421	174	181
2006	63,418	66,421	66,741	320	3,323
2007	68,684	71,515	71,847	332	3,163
2008	79,693	79,693	81,484	1,791	1,791
Accrued net income of farm operators from farm production					
2005	1,551	1,098	1,210	112	-341
2006	326	-154	-44	110	-370
2007	582	110	433	323	-149
2008	2,527	2,527	2,808	281	281
Net income of non-farm unincorporated business, including rent					
2005	84,666	83,955	84,024	69	-642
2006	87,412	86,540	86,651	111	-761
2007	89,777	90,363	89,974	-389	197
2008	95,009	95,009	93,438	-1,571	-1,571
Inventory valuation adjustment					
2005	-442	-907	-730	177	-288
2006	-1,809	-2,407	-3,233	-826	-1,424
2007	2,968	3,272	2,947	-325	-21
2008	-6,334	-6,334	-6,085	249	249
Taxes less subsidies, on factors of production					
2005	59,961	61,846	61,982	136	2,021
2006	63,351	64,580	64,691	111	1,340
2007	66,949	67,921	67,948	27	999
2008	70,884	70,884	70,342	-542	-542
Taxes less subsidies, on products					
2005	94,750	93,621	93,302	-319	-1,448
2006	97,229	96,260	95,761	-499	-1,468
2007	100,133	99,428	98,495	-933	-1,638
2008	95,680	95,680	94,675	-1,005	-1,005
Capital consumption allowances					
2005	181,427	175,961	176,246	285	-5,181
2006	185,505	185,206	185,408	202	-97
2007	193,814	195,229	195,712	483	1,898
2008	206,684	206,684	207,520	836	836

1. For annual data, the initial estimate is from the fourth quarter of the corresponding year.

2. For 2005, 2006 and 2007, the previous estimate is the one released with the first quarter of 2008, while for 2008 it is from the fourth quarter issue of 2008.

3. The revised estimates are the result of the first quarter of 2009.

4. The current revision is the revised estimate less the previous estimate.

5. The cumulative revision is the revised estimate less the initial estimate.

Table I.6 Revisions to expenditure aggregates at current prices

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
millions of current dollars					
Personal expenditure on consumer goods and services					
2005	761,962	759,239	758,966	-273	-2,996
2006	801,810	803,260	801,211	-2,049	-599
2007	853,966	852,770	850,921	-1,849	-3,045
2008	893,004	893,004	891,197	-1,807	-1,807
Government current expenditure on goods and services					
2005	262,369	260,197	259,857	-340	-2,512
2006	282,667	278,922	277,097	-1,825	-5,570
2007	298,067	296,472	294,776	-1,696	-3,291
2008	314,040	314,040	313,669	-371	-371
Government gross fixed capital formation					
2005	35,129	36,952	37,067	115	1,938
2006	37,382	40,899	40,562	-337	3,180
2007	43,715	45,711	44,548	-1,163	833
2008	51,589	51,589	53,307	1,718	1,718
Government investment in inventories					
2005	27	27	27	0	0
2006	-41	-41	-41	0	0
2007	15	15	15	0	0
2008	29	29	29	0	0
Business investment in residential structures					
2005	89,595	89,731	89,604	-127	9
2006	96,941	98,473	98,099	-374	1,158
2007	108,592	108,726	108,050	-676	-542
2008	108,117	108,117	108,175	58	58
Business investment in non-residential structures					
2005	63,938	72,553	72,752	199	8,814
2006	80,681	84,756	85,288	532	4,607
2007	92,800	88,895	92,705	3,810	-95
2008	95,586	95,586	98,092	2,506	2,506
Business investment in machinery and equipment					
2005	91,354	93,035	93,240	205	1,886
2006	94,109	99,853	100,006	153	5,897
2007	96,244	104,069	101,491	-2,578	5,247
2008	106,915	106,915	102,906	-4,009	-4,009
Business investment in inventories					
2005	9,469	9,330	10,587	1,257	1,118
2006	7,223	8,093	9,538	1,445	2,315
2007	7,152	9,806	11,391	1,585	4,239
2008	6,951	6,951	8,733	1,782	1,782
Exports of goods and services					
2005	518,256	518,909	519,435	526	1,179
2006	525,611	522,698	524,358	1,660	-1,253
2007	534,669	532,118	534,557	2,439	-112
2008	559,755	559,755	562,174	2,419	2,419
Imports of goods and services					
2005	464,030	467,852	468,270	418	4,240
2006	487,379	487,048	487,757	709	378
2007	503,445	502,255	504,618	2,363	1,173
2008	534,096	534,096	536,792	2,696	2,696

1. For annual data, the initial estimate is from the fourth quarter of the corresponding year.

2. For 2005, 2006 and 2007, the previous estimate is the one released with the first quarter of 2008, while for 2008 it is from the fourth quarter issue of 2008.

3. The revised estimates are the result of the first quarter of 2009.

4. The current revision is the revised estimate less the previous estimate.

5. The current revision is the current revision less the initial estimate.

Section J

Revisions to international merchandise trade statistics

First quarter 2009

Background

Quarterly international merchandise trade statistics are published approximately six weeks after the reference period. Two weeks later, these data are incorporated into the Income and Expenditure Accounts, at which point they are subject to revision. This note outlines the primary sources of the revisions.

As an example, Table 1 presents current and constant dollar revisions to international merchandise trade from the original estimates contained in the Income and Expenditure Accounts for the past five quarters.

Current dollar revisions

In current dollars, the revisions are often due to revisions to energy data, made after the quarterly international merchandise trade statistics have been published. For exports of crude oil and natural gas, and imports of crude

oil, there are two sources of volume information, namely customs data and the energy survey¹ data. The energy survey data better reflect the month in which the transactions occur, and are also consistent with other energy survey data on supply and demand. However, not all energy survey data are available in time for the quarterly publication of international Merchandise Trade Statistics. When the Income and Expenditure Accounts are being calculated, more up-to-date energy survey data become available and are included in the estimates of international merchandise trade and GDP. Table 2 shows all the current and constant dollar differences for energy trade for the past five quarters.

1. Crude oil production data are provided by the producing provinces through: Crude Oil and Natural Gas Monthly; crude oil exports are picked up from our pipeline survey: Monthly Oil Pipeline Survey; crude oil imports from the Monthly Supply and Disposition of Refined Petroleum Products Survey; natural gas exports: partially from the National Energy Board; and natural gas exports data from the monthly Gas Utilities/Transportation and Distribution Systems.

Table J.1 Difference between the monthly international Merchandise Trade Statistics and the quarterly Income and Expenditure Accounts international merchandise trade statistics: total

Reference period	Total exports			Total imports		
	Monthly international merchandise trade statistics	Income and Expenditure Accounts	Difference	Monthly international merchandise trade statistics	Income and Expenditure Accounts	Difference
seasonally adjusted at annual rates						
millions of current dollars						
First quarter 2008	469,905	466,864	-3,041	417,152	413,384	-3,768
Second quarter 2008	500,717	502,624	1,907	437,479	436,884	-595
Third quarter 2008	519,177	518,956	-221	459,422	458,052	-1,370
Fourth quarter 2008	466,549	467,248	699	451,713	452,348	635
First quarter 2009	388,653	388,844	191	386,486	385,460	-1,026
millions of chained (2002) dollars						
First quarter 2008	434,087	434,139	52	491,826	480,547	-11,279
Second quarter 2008	426,637	427,567	930	488,623	486,360	-2,263
Third quarter 2008	421,935	422,191	256	483,725	483,651	-74
Fourth quarter 2008	402,574	403,076	502	452,492	455,732	3,240
First quarter 2009	363,347	363,078	-269	398,146	397,396	-750

In addition to more timely energy data, there may be revisions to the published quarterly international Merchandise Trade Statistics arising from the balancing of the quarterly Income and Expenditure Accounts or the availability of revised customs data. Furthermore, in the first quarter of the year, there are revisions to Income and Expenditure Accounts international trade data arising

from the four-year annual revision of the national accounts. These primarily include revised seasonal patterns and new estimates for under-coverage of exports. The release of the Income and Expenditure Accounts' four year revision precedes the revision of the quarterly international Merchandise Trade Statistics by a couple of weeks, when similar data are published.

Table J.2 Difference between the monthly international merchandise trade statistics and the quarterly Income and Expenditure Accounts international merchandise trade statistics: energy

Reference period	Energy exports			Energy imports		
	Monthly international merchandise trade statistics	Income and Expenditure Accounts	Difference	Monthly international merchandise trade statistics	Income and Expenditure Accounts	Difference
seasonally adjusted at annual rates						
millions of current dollars						
First quarter 2008	118,799	117,988	-811	48,969	46,032	-2,937
Second quarter 2008	140,886	142,792	1,906	57,373	57,516	143
Third quarter 2008	142,377	142,160	-217	58,412	58,656	244
Fourth quarter 2008	102,485	103,204	719	48,434	49,060	626
First quarter 2009	78,249	79,672	1,423	31,872	31,856	-16
millions of chained (2002) dollars						
First quarter 2008	56,276	55,833	-443	22,262	20,803	-1,459
Second quarter 2008	54,034	54,317	283	22,897	23,011	115
Third quarter 2008	51,474	51,538	64	20,524	20,671	147
Fourth quarter 2008	53,360	53,656	296	22,342	22,455	113
First quarter 2009	51,895	52,291	396	20,325	20,189	-136

Constant dollar revisions

The above mentioned current dollar revisions are also reflected in the constant dollar international merchandise trade statistics published in the quarterly Income and Expenditure Accounts. However, in the constant dollar series, there are additional revisions arising from changes to the adjustments made to trade price indexes, which are captured in the 'other balance of payments adjustments' trade series. The differences between the series are shown in Table 3.

Aggregate international trade price adjustments are recalculated during the quarterly production of the Income and Expenditure Accounts, as relevant information becomes available. The adjustments included during the production of the monthly international merchandise trade

statistics are typically forecasts based on historical rates and at times can differ from final values derived when more complete information becomes available.

Finally, an important part of the construction of the Income and Expenditure Accounts is an extensive economy-wide coherence analysis through supply and disposition models and comparisons between data sources—exports and production for example. At times, based on this analysis it is necessary to adjust international merchandise trade either at the commodity or aggregate level.

Table J.3 Difference between the monthly international merchandise trade statistics and the quarterly Income and Expenditure Accounts international merchandise trade statistics: other balance of payments adjustments

Reference period	Other balance of payments export adjustments			Other balance of payments import adjustments		
	Monthly international Merchandise Trade Statistics	Income and Expenditure Accounts	Difference	Monthly international Merchandise Trade Statistics	Income and Expenditure Accounts	Difference
seasonally adjusted at annual rates						
millions of chained (2002) dollars						
First quarter 2008	12,424	13,184	760	10,934	4,504	-6,430 ¹
Second quarter 2008	12,713	12,660	-53	5,496	4,596	-900
Third quarter 2008	11,028	10,648	-380	4,600	5,180	580
Fourth quarter 2008	5,105	5,128	23	6,878	9,120	2,242
First quarter 2009	4,502	5,024	522	7,327	8,212	885

1. Reflects the incorporation of a new adjustment methodology.

Section K

Financial indicators in the National Balance Sheet Accounts — Glossary

Financial indicators are an important analytical tool that can be used to monitor the soundness, stability and performance of the economy. Their usefulness lies in their ability to highlight the relationship between such things as debt, assets, liabilities, net worth, incomes and output. In isolation, these data can only tell part of the economic story. When analyzed together, additional insights become apparent. For example, an analysis of household debt alone does not provide as much insight as does the analysis of debt relative to income, or net worth. The construction of indicators also facilitates international comparisons. A comparison of debt levels between countries is not nearly as informative as a comparison between the ratios of debt to gross domestic product (GDP) across countries.

With the first quarter release of the 2009 National Balance Sheet Accounts, Statistics Canada is releasing a number of financial indicators for the persons and unincorporated businesses, corporate and government sectors. These indicators¹ are intended to assist in the interpretation of the data contained in the National Balance Sheet Accounts² as well as serve as a monitoring and evaluation tool for the various sectors of the economy. This note provides a description of the indicators, the data used in their construction as well as a brief explanation of their analytical usefulness and interpretation.

A. Financial indicators, persons and unincorporated businesses sector

The persons and unincorporated businesses sector is one of the four principal sectors identified in the Canadian System of National Accounts. It includes households, unincorporated businesses and non-profit institutions serving households. This sector is often referred to as the household sector. Debt, wealth and performance indicators provide a measure of the sector's overall financial health. The following variables are used in the construction of the debt and wealth indicators for the persons and unincorporated businesses sector.

Persons and unincorporated businesses debt: Debt typically arises out of contractual relationships under which an institutional unit (the debtor — in this case the persons and unincorporated businesses sector), has an unconditional liability to another institutional unit (the creditor) to repay principal with or without interest, or to pay interest without principal. These debts include

mortgage and non-mortgage loans, and trade credits. Debt may also be created by the force of law or through rights and obligations that result in a debtor accepting an obligation to make future payment(s) to a creditor.

Personal disposable income: The sum of all incomes received by persons and unincorporated businesses residing in Canada, whether factor earnings from current production or current transfers from other sectors, plus the investment income that associations of individuals accumulate on their own behalf or on behalf of persons, less current transfers to government.

Persons and unincorporated businesses total assets: Total assets represent both financial and non-financial assets. Examples of financial assets include currency and deposits, bonds, shares and pensions and life insurance assets. Examples of non-financial assets include residential structures, non-residential structures, consumer durables and land (residential, non-residential and farm).

Persons and unincorporated businesses net worth: Net worth is the difference between the persons and unincorporated businesses sector's total assets and their total liabilities (such as consumer credit, trade payables, bank loans and mortgages).

Gross domestic product at market prices: The total unduplicated value of the goods and services produced in the economic territory of a country or region during a given period. A valuation expressed in terms of the prices actually paid by the purchaser after all applicable taxes and subsidies.

Persons and unincorporated businesses consumer credit and mortgages: Consumer credit represents credit that is extended to persons for purchasing consumer goods and services. Mortgages are negotiated loans and agreements of sale secured by real property, mostly residential structures. This includes first, second and third mortgages. Mortgages are usually characterized by blended repayments of principal and interest.

The following represent financial indicators computed for the persons and unincorporated businesses sector, along with a brief interpretation of their analytical usefulness.

1. **Debt to personal disposable income:** This ratio compares debt to personal disposable income. In general, the lower the ratio the greater the ability to manage debt through factor earnings from current production.

1. The financial indicators are intended to complement Canada's current set of macroeconomic indicators such as GDP (including its components), inflation and employment measures.

2. All National Balance Sheet Accounts indicators are at market value unless otherwise noted.

2. **Debt to total assets:** This indicator provides a broad measure of the debt the sector has relative to its financial and non-financial assets. A decreasing ratio can indicate a relative wealth increase, in times where asset appreciation is occurring, for example.
3. **Debt to net worth:** The debt to net worth indicator provides a measure of leverage of the sector. A higher debt to net worth measure indicates that the sector is becoming increasingly leveraged, and the ability or propensity to accumulate additional debt is generally reduced. A lower debt to net worth measure indicates that the sector has relatively more collateral which it can use to take on additional debt if it so chooses.
4. **Consumer credit and mortgages to net worth:** Consumer credit and mortgages represent the largest liabilities of the household sector. In general, this debt is incurred to purchase non-financial assets which build the sector's net worth. A ratio that is declining over time can indicate that the value of the assets purchased with this debt is appreciating and adding to the sector's net worth. It could also indicate that households are increasing the rate at which they are paying down their consumer credit and mortgages. An increasing ratio indicates either the value of the assets is declining, the sector may be using the debt to finance current period consumption, or that an increasing percentage of the non-financial assets is being financed.
5. **Debt to gross domestic product:** This indicator is useful in comparing the debt level of the persons and unincorporated businesses sector with other sectors in the Canadian economy or to make international comparisons. It represents a scaling of the sector's debt to a common denominator. In addition, gross domestic product is a very broad measure of an economy's ability to service debt.
6. **Financial assets as a percent of net worth:** Financial assets, in general, are more risky and volatile than non-financial assets. This indicator represents the sector's exposure to this risk, in particular to fluctuations in the stock market, interest rates and exchange rates.
7. **Financial assets to non-financial assets:** The current value of non-financial assets tends to be less volatile and less liquid than that of financial assets. This indicator provides insight into the relative liquidity of the sector's assets as well as the volatility of their market value.
8. **Net worth as a percent of personal disposable income:** This ratio provides an indication of the wealth effect that may be occurring within the sector. A ratio that is growing indicates that net worth is growing faster than personal disposable income. The sector

may therefore make financial decisions (e.g., the decision to purchase goods or incur debt) based on increasing wealth rather than on current income.

9. **Owner's equity in property:** For most households, property (their holdings in structures and land) represents their largest single asset. This indicator provides insight into the households' equity in this non-financial asset. A higher level of equity means that during any downturn they will be less vulnerable to changes in the value of structures and land. It is also an indicator of the sector's ability to incur debt for consumption purposes (such as consumer credit), as equity in property is often used as collateral for consumer lines of credit.

B. Debt service indicators, persons and unincorporated businesses sector

The persons and unincorporated businesses sector's debt service ratio (DSR) measures the proportion of personal disposable income that is devoted to making interest payments, with respect to the persons and unincorporated businesses sector's total liabilities. The total liabilities of the persons and unincorporated businesses sector,

in the National Balance Sheet Account, comprises the following categories: mortgages, consumer credit, bank loans, other loans, and trade payables. Total interest expense, however, can be subdivided reliably into only two groups: mortgage interest and non-mortgage interest. This is because non-bank entities are not required to report a breakdown of non-mortgage interest expense. Therefore, the sector's DSR is the sum of both mortgage interest and non-mortgage interest, divided by personal disposable income.

The following variables are used in the calculation of the debt service indicators for the persons and unincorporated businesses sector.

Mortgage interest paid: Interest paid (excluding principal) on negotiated loans and agreements of sale secured by real property, mostly residential structures. This includes interest on first, second and third mortgages.

Non-mortgage interest paid: Interest paid (excluding principal) on such things as consumer credit, trade payables, bank loans, other loans and other short-term paper.

Consumer debt (including leases): Interest paid by persons on account of liabilities incurred to finance personal expenditure on consumer goods and services. This consists of two parts: the administrative expenses, representing the cost of rendering services to borrowers, and the remaining "transfer portion".

The following represent the debt service indicators for the persons and unincorporated businesses sector, along with a brief description of their analytical usefulness.

1. **Debt service ratio**³: Provides a measure of the share of total personal disposable income that is required to service the interest on the persons and unincorporated businesses debt. The lower the ratio the greater the ability to service the debt. The higher the ratio the more difficult it is for the sector to service the debt.
2. **Mortgage debt service ratio**: This represents the share of total personal disposable income that is required to service the interest on mortgages held by the persons and unincorporated businesses sector.
3. **Mortgage and consumer debt service ratio**: This ratio represents the share of total personal disposable income that is required to service the interest on mortgages and consumer debt (including leases) held by the persons and unincorporated businesses sector.

Implicit interest rates can be calculated for mortgages, non-mortgages and consumer debt (including leases) by taking the mortgage interest paid, consumer debt paid and non-mortgages interest paid and dividing by the corresponding liabilities found in the National Balance Sheet Accounts.

C. Financial indicators, corporations

The corporate sector³ comprises all business transactors whose legal form of organization is the corporation, plus government business enterprises, mutual funds and other trusts. This sector is divided into non-financial and financial enterprises. The latter includes several sub-sectors (Bank of Canada, chartered banks, credit unions, life insurance companies, trustee pension funds, mutual funds, etc.).

The following variables are used in the construction of the corporate sector debt, wealth and performance indicators.

Private non-financial corporations total debt: Existing debt instruments typically arise out of contractual relationships under which an institutional unit (the debtor) has an unconditional liability to another institutional unit (the creditor) to repay principal with or without interest, or to pay interest without principal. These instruments include debt securities, loans, trade credit, debt corporate claims and other debt. Debt instruments may also be created by the force of law—in particular, obligations to pay taxes or to make other compulsory payments—or

through rights and obligations that result in a debtor accepting an obligation to make future payment(s) to a creditor.

Private non-financial corporations credit market debt: Debt restricted to include only bank loans, other loans, other short-term paper, mortgages and bonds.

Private non-financial corporation's equity: Equity refers to the value of the interest of an owner or partial owner in a corporation. It covers common, preferred shares, contributed surplus and accumulated retained earnings when measured at book value. At market value, marketable equity is valued using market prices.

The following represent the debt, wealth and performance indicators for the corporate sector, along with a brief description of their analytical usefulness.

1. **Private non-financial corporations total debt to equity:** This ratio measures the corporate sector's financial leverage, calculated by dividing its debt (total liabilities) by its equity. A higher total debt to equity ratio may indicate that the sector has been increasing the financing of its growth with debt. A lower debt to equity ratio may indicate that the sector is financing a decreasing proportion of its activities through debt as compared to financing through retained earnings and net new share issuance. Changes in market values of equity can also cause changes in the ratio.
2. **Private non-financial corporations credit market debt to equity (book value):** This measure is similar to the total debt to equity measure with the exception that only credit market debt (bank loans, other loans, other short-term paper, mortgages and bonds) are used in the calculation of debt, and debt and equity are measured at book value. A higher total debt to equity ratio generally means that the sector is increasingly financing its growth with debt. A lower debt to equity ratio generally indicates that the sector is financing an increasing proportion of its activities through retained earnings and net new issues of share.

D. Financial indicators, government

The government sector represents all departments, agencies, and funds (budgetary and non-budgetary) of the federal, provincial and local levels of government, as well as institutions that are either primarily funded or governed by governments. This includes certain school boards, universities, colleges, hospitals, residential care facilities and the Canada and Quebec pension plans. The indicators developed for the government sector examine the level of gross and net debt⁴ relative to GDP

3. Unlike U.S. measures of the debt service ratio, the Canadian persons and unincorporated businesses sector debt service ratio does not include repayment of principal.

4. Both gross and net debt are measured at book value.

The following variables are used in the construction of the government debt indicators.

Total government, federal, provincial, local government gross debt: All financial liabilities of governments. Dominated by short-term paper, bonds, loans and pension liabilities.

Total government, federal, provincial, local government net debt: All financial liabilities minus all financial assets of total government. Financial assets of the general government sector have a corresponding liability existing outside that sector. The exceptions are monetary gold and Special Drawing Rights and financial assets for which there is no counterpart liability. Monetary gold and Special Drawing Rights may be included as assets of the general government sector or they may be classified as assets of the central bank, at the discretion of the government.

The following represent the indicators constructed for the government sector, along with a brief description of their analytical usefulness.

1. **Total government, federal, provincial or local government gross debt to gross domestic product:** The debt to GDP ratio is a key indicator that can be used to assess the sector's overall health and ability to incur additional debt or manage current debt levels. The total government gross debt to GDP ratio represents the consolidated federal, provincial and local government levels.
2. **Total government, federal, provincial or local government net debt to gross domestic product:** The total government net debt to GDP ratio represents the consolidated federal, provincial and local government levels. Net debt differs from gross debt as it contains elements of a government's ability to fund its debt repayments through its financial asset holdings.