



Canadian economic accounts quarterly review

Third quarter 2003



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..	not available for a specific reference period
...	not applicable
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r	revised
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F	too unreliable to be published

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Statistics Canada
System of National Accounts

Canadian economic accounts quarterly review

Third quarter 2003

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

Related products and services

GDP by income and by expenditure

CANSIM tables	378-0001, 378-0002, 380-0001 to 380-0017, 380-0019 to 380-0035, 380-0037, 380-0056 to 380-0058, 382-0006, 384-0001, 384-0002, 384-0004 to 384-0013, and 384-0036
Publication:	
National income and expenditure accounts, quarterly estimates	13-001-XIB, 13-001-XPB
Tables and analytical documents:	
Income and expenditure accounts	13-001-PPB
Financial flow accounts	13-014-PPB
Estimates of labour income	13F0016XPB
Provincial economic accounts	13-213-PPB
Spreadsheets	13-001-DDB, 13-014-DDB, 13F0016DDB, 13-213-DDB, 13-001-XDB, 13-014-XDB, 13F0016XDB, 13-213-XDB

GDP by industry

CANSIM tables	379-0017 to 379-0022
Publication:	
Gross domestic product by industry	15-001-XIE

Balance of international payments

CANSIM tables	376-0001 to 376-0019, 376-0035
Publication:	
Canada's balance of international payments	67-001-XIB, 67-001-XPB

Labour productivity, hourly compensation and unit labour cost

CANSIM table	383-0008, 383-0012
Publication:	
Productivity growth in Canada	15-204-XIE

International investment position

CANSIM tables	376-0037, 376-0039 to 376-0042, 376-0055 to 376-0057 and 376-0059
Publication:	
Canada's international investment position	67-202-XIE

National balance sheet accounts

CANSIM tables	378-0003 to 378-0007
Publication:	
National balance sheet accounts, quarterly estimates	13-214-XIE
Spreadsheets	13-214-DDB, 13-214-XDB

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About this publication

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

The publication examines quarterly trends in the major aggregates that comprise 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, Labour productivity, hourly compensation and unit labour cost, International investment position, National balance sheet accounts

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

GDP by industry

Revisions arise from updates to benchmark data, projectors and seasonal adjustment. January to June: Back to 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.

Overview

Third quarter 2003

Real gross domestic product (GDP) edged up 0.3% in the third quarter after a slight dip in the second. Consumer spending and business fixed capital investment were the main sources of strength, boosting final domestic demand to a robust 1.4% gain. Exports and business non-farm inventories were the main sources of weakness. On an annualized basis, real GDP grew 1.1% in Canada in the quarter, compared to 8.2% in the U.S.

Real Gross domestic product, chained (1997) dollars¹

	Change	Annualized change	Year-over- year change
	%		
First quarter 2002	1.4	5.8	2.5
Second quarter 2002	0.9	3.8	3.2
Third quarter 2002	0.7	2.7	4.0
Fourth quarter 2002	0.4	1.6	3.5
First quarter 2003	0.5	2.0	2.5
Second quarter 2003	-0.2	-0.7	1.4
Third quarter 2003	0.3	1.1	1.0

¹The 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.

The third quarter ended with sharply higher 1.1% growth in September, as the economy recovered from the power outage in Ontario that sent GDP plummeting in August, temporarily wiping out July's solid gains. Much of the strength in September came from a 2.5% surge in manufacturing output and a return to normal activity levels in the public administration sector following the electrical blackout in August.

Revisions in this issue

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

With this release revisions have been made back to the first quarter of 2003.

GDP by industry:

Since the September release of the Canadian economic accounts quarterly review, revisions were made back to January 1997.

Labour productivity, hourly compensation and unit labour cost

With this release revisions have been made back to the first quarter of 1998.

Canadian economic accounts key indicators[1]

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted at annual rates, millions of dollars at current prices								
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	592,284 <i>0.9</i>	600,048 <i>1.3</i>	610,040 <i>1.7</i>	614,984 <i>0.8</i>	616,216 <i>0.2</i>	620,392 <i>0.7</i>	569,920 <i>4.6</i>	597,316 <i>4.8</i>
Corporation profits before taxes	132,648 <i>10.5</i>	138,656 <i>4.5</i>	140,708 <i>1.5</i>	152,996 <i>8.7</i>	137,460 <i>-10.2</i>	144,228 <i>4.9</i>	127,530 <i>-6.0</i>	133,004 <i>4.3</i>
Interest and miscellaneous investment income	49,976 <i>2.1</i>	49,756 <i>-0.4</i>	49,028 <i>-1.5</i>	50,528 <i>3.1</i>	51,128 <i>1.2</i>	51,576 <i>0.9</i>	53,010 <i>-2.3</i>	49,425 <i>-6.8</i>
Net income of unincorporated business	74,812 <i>2.4</i>	75,160 <i>0.5</i>	75,668 <i>0.7</i>	77,008 <i>1.8</i>	77,552 <i>0.7</i>	78,656 <i>1.4</i>	70,297 <i>5.8</i>	74,675 <i>6.2</i>
Taxes less subsidies	137,412 <i>1.8</i>	138,980 <i>1.1</i>	141,384 <i>1.7</i>	140,488 <i>-0.6</i>	139,208 <i>-0.9</i>	145,912 <i>4.8</i>	129,177 <i>1.1</i>	138,197 <i>7.0</i>
Personal disposable income	697,328 <i>1.2</i>	700,724 <i>0.5</i>	707,092 <i>0.9</i>	714,072 <i>1.0</i>	716,984 <i>0.4</i>	722,500 <i>0.8</i>	667,376 <i>4.4</i>	698,479 <i>4.7</i>
Personal saving rate[2]	4.6 <i>...</i>	3.8 <i>...</i>	3.2 <i>...</i>	2.6 <i>...</i>	2.2 <i>...</i>	1.3 <i>...</i>	4.5 <i>...</i>	4.2 <i>...</i>
Seasonally adjusted at annual rates, millions of chained (1997) dollars								
Personal expenditure on consumer goods and services	600,164 <i>1.1</i>	602,163 <i>0.3</i>	608,753 <i>1.1</i>	614,611 <i>1.0</i>	620,377 <i>0.9</i>	628,090 <i>1.2</i>	581,590 <i>2.6</i>	601,198 <i>3.4</i>
Government current expenditure on goods and services	197,403 <i>0.9</i>	199,451 <i>1.0</i>	200,614 <i>0.6</i>	201,834 <i>0.6</i>	205,221 <i>1.7</i>	205,882 <i>0.3</i>	192,426 <i>3.7</i>	198,269 <i>3.0</i>
Gross fixed capital formation	213,417 <i>0.3</i>	215,087 <i>0.8</i>	215,153 <i>0.0</i>	217,770 <i>1.2</i>	219,483 <i>0.8</i>	226,006 <i>3.0</i>	211,356 <i>4.3</i>	214,083 <i>1.3</i>
Investment in inventories	9,932 <i>...</i>	7,920 <i>...</i>	11,566 <i>...</i>	18,828 <i>...</i>	14,652 <i>...</i>	859 <i>...</i>	-2,044 <i>...</i>	5,824 <i>...</i>
Exports of goods and services	441,610 <i>0.1</i>	450,707 <i>2.1</i>	440,573 <i>-2.2</i>	434,422 <i>-1.4</i>	430,382 <i>-0.9</i>	429,362 <i>-0.2</i>	443,853 <i>-3.1</i>	443,486 <i>-0.1</i>
Imports of goods and services	389,046 <i>4.5</i>	394,603 <i>1.4</i>	393,171 <i>-0.4</i>	396,824 <i>0.9</i>	403,384 <i>1.7</i>	401,265 <i>-0.5</i>	384,782 <i>-5.0</i>	387,274 <i>0.6</i>
Gross domestic product at market prices	1,072,315 <i>0.9</i>	1,079,490 <i>0.7</i>	1,083,875 <i>0.4</i>	1,089,360 <i>0.5</i>	1,087,327 <i>-0.2</i>	1,090,382 <i>0.3</i>	1,040,388 <i>1.9</i>	1,074,516 <i>3.3</i>
GDP by industry								
Goods producing industries	312,889 <i>1.4</i>	315,946 <i>1.0</i>	316,054 <i>0.0</i>	317,847 <i>0.6</i>	314,867 <i>-0.9</i>	315,789 <i>0.3</i>	307,566 <i>-1.2</i>	313,380 <i>1.9</i>
Services producing industries	679,857 <i>1.0</i>	684,409 <i>0.7</i>	689,375 <i>0.7</i>	693,900 <i>0.7</i>	696,328 <i>0.3</i>	699,358 <i>0.4</i>	654,301 <i>3.5</i>	681,647 <i>4.2</i>
Industrial production	239,267 <i>1.7</i>	241,525 <i>0.9</i>	241,015 <i>-0.2</i>	241,469 <i>0.2</i>	237,807 <i>-1.5</i>	238,334 <i>0.2</i>	233,768 <i>-2.3</i>	239,278 <i>2.4</i>
Non-durable manufacturing	72,436 <i>1.7</i>	73,172 <i>1.0</i>	73,303 <i>0.2</i>	73,058 <i>-0.3</i>	72,403 <i>-0.9</i>	71,964 <i>-0.6</i>	70,345 <i>0.3</i>	72,531 <i>3.1</i>
Durable manufacturing	104,241 <i>2.5</i>	105,881 <i>1.6</i>	104,914 <i>-0.9</i>	104,866 <i>-0.0</i>	102,567 <i>-2.2</i>	102,127 <i>-0.4</i>	101,407 <i>-6.1</i>	104,182 <i>2.7</i>
Information and communication technologies sector (ICT)	55,363 <i>1.5</i>	55,561 <i>0.4</i>	55,991 <i>0.8</i>	56,610 <i>1.1</i>	56,765 <i>0.3</i>	56,579 <i>-0.3</i>	54,377 <i>-1.1</i>	55,361 <i>1.8</i>
Manufacturing	176,773 <i>2.2</i>	179,152 <i>1.3</i>	178,309 <i>-0.5</i>	178,019 <i>-0.2</i>	175,059 <i>-1.7</i>	174,179 <i>-0.5</i>	171,845 <i>-3.6</i>	176,808 <i>2.9</i>
Agriculture, forestry, fishing and hunting	21,267 <i>2.0</i>	21,624 <i>1.7</i>	21,900 <i>1.3</i>	22,836 <i>4.3</i>	23,192 <i>1.6</i>	22,863 <i>-1.4</i>	22,190 <i>-4.7</i>	21,412 <i>-3.5</i>
Construction	52,168 <i>-0.4</i>	52,622 <i>0.9</i>	53,053 <i>0.8</i>	53,612 <i>1.1</i>	54,146 <i>1.0</i>	54,875 <i>1.3</i>	51,669 <i>6.4</i>	52,555 <i>1.7</i>
Wholesale trade	59,691 <i>3.1</i>	60,018 <i>0.5</i>	60,937 <i>1.5</i>	62,753 <i>3.0</i>	62,701 <i>-0.1</i>	62,482 <i>-0.3</i>	55,185 <i>2.8</i>	59,635 <i>8.1</i>
Retail trade	54,707 <i>-0.1</i>	54,852 <i>0.3</i>	55,290 <i>0.8</i>	55,958 <i>1.2</i>	56,169 <i>0.4</i>	56,684 <i>0.9</i>	52,029 <i>3.7</i>	54,905 <i>5.5</i>

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

2 Actual rate.

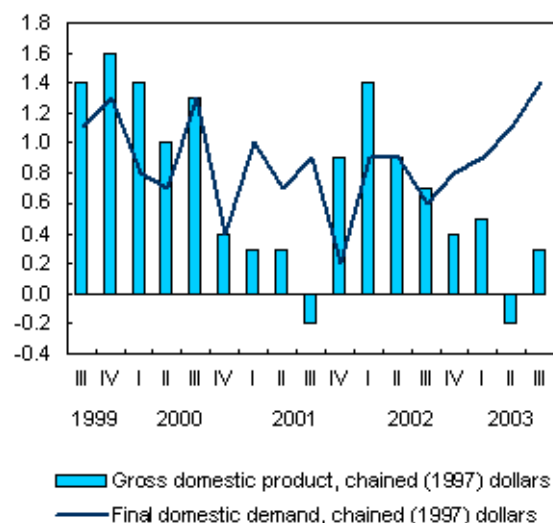
GDP by income and by expenditure

Third quarter 2003

Economic growth edged up 0.3 % in the third quarter following a 0.2% decline in the second. Consumer expenditures made the largest contribution to growth but were partly offset by the rundown of non-farm inventories. Final domestic demand grew 1.4% as consumer spending and business investment provided support to the economy.

GDP growth edged up

Quarterly % change



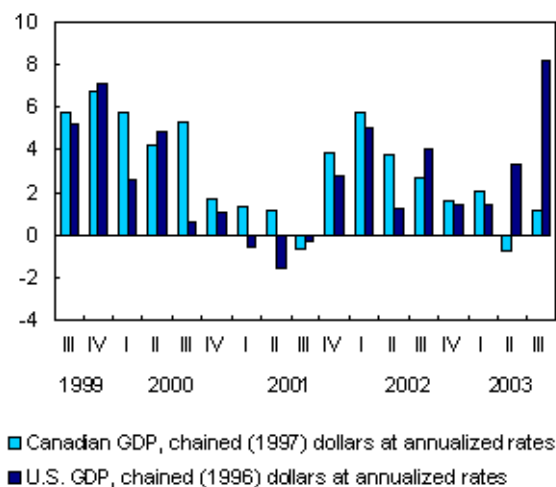
On an annualized basis, growth in the quarter was 1.1%. South of the border, the U.S. economy grew at an annualized rate of 8.2%, up from 3.3% in the second quarter.

Consumer spending accelerated

Personal expenditures advanced 1.2%, slightly more than the average over the past three quarters. Consumer spending has grown each quarter for more than seven years. Stronger labour income growth and lower interest rates provided the fundamentals for continued strength in consumer spending.

GDP grew faster in U.S.

Quarterly % change



Purchases of new and used motor vehicles were the largest contributors to growth of personal expenditures, accounting for about one third of the increase. Truck purchases, including minivans and sport utility vehicles, were particularly strong, jumping over 15%. Manufacturers continued to offer generous sales incentives. Purchases of furniture, appliances and electronic goods continue to be stimulated by the strong housing market. Overall, expenditure on durable goods increased 4.0%, representing almost one-half of the growth in consumer expenditures.

Spending on consumer services was largely responsible for the remainder of the growth in consumer spending. Restaurant and accommodation services rose 1.6%, following two quarters of decline impacted by SARS and other factors. Accommodation services were up 4.4%, but were still below the level reached at the beginning of 2003. Canadians' spending on foreign travel surged in the third quarter, recovering more than their losses incurred in the previous three quarters. Financial and legal services advanced 1.4%.

Note to readers

As mentioned in the second quarter release (August 29th, 2003), the power outage in Ontario shortened the time spent on the production of the second quarter data and revisions to the first quarter. It was explained that upward adjustments were made to export values due to the large shifts in exchange rate. These adjustments totalled \$4 billion and \$10.8 billion (seasonally adjusted at annual rates) respectively for the first and second quarters of 2003.

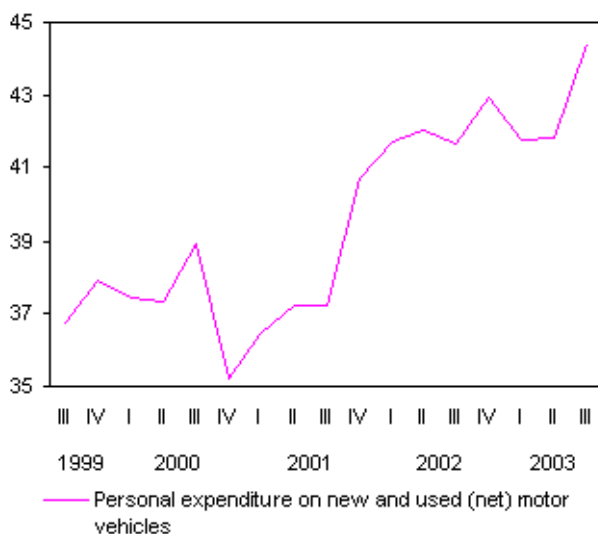
Upon further analysis, it was found that these adjustments were overstated. For this current release, the adjustments have been revised downward to \$3.2 billion and \$4.4 billion respectively for the first and second quarters with a smaller but negative adjustment for the third quarter of \$0.8 billion.

Updated information has also been incorporated for trade statistics, particularly for export prices, from what had been previously published by Statistics Canada on November 13th in its release "Canadian International Merchandise Trade".

An hours worked adjustment has been made to real government spending to reflect hours lost during the Ontario power outage. This adjustment was estimated at \$580 million at annual rates, based on 1997 chained dollars.

Consumer purchases of motor vehicles on the rise

Billions of chained (1997) \$

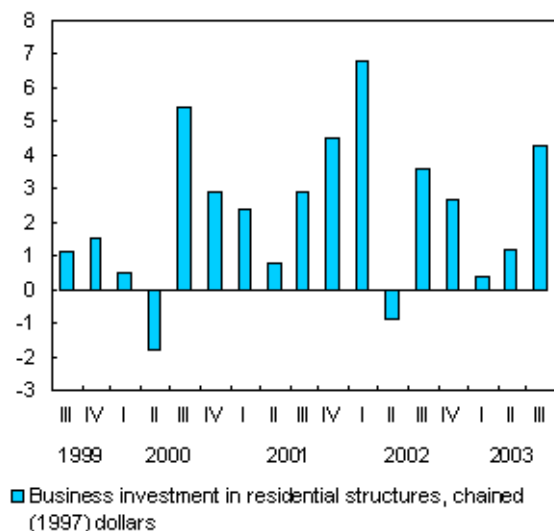


Sustained boom in housing

Investment in residential construction jumped 4.3% from the second quarter, the largest increase in six quarters, prolonging the housing boom which started in the late 1990's. Strength in the housing market has been supported by a number of factors, including low interest rates, continuing employment growth, higher disposable income and shortages in the rental housing markets.

Investment in housing boomed

Quarterly % change



The major contributor to the increase was surging real estate transfer costs (+12%), which include real estate commissions. Residential real estate commissions reached a new record for the second consecutive quarter, reflecting continued strength in the resale housing market. New housing construction increased 3.6% following two quarters of decline. Housing starts on an annualized basis exceeded 230 thousand units for the first time since the late 1980s housing boom. Spending on renovations increased 1.7%, slowing from the second quarter's growth (+3.8%).

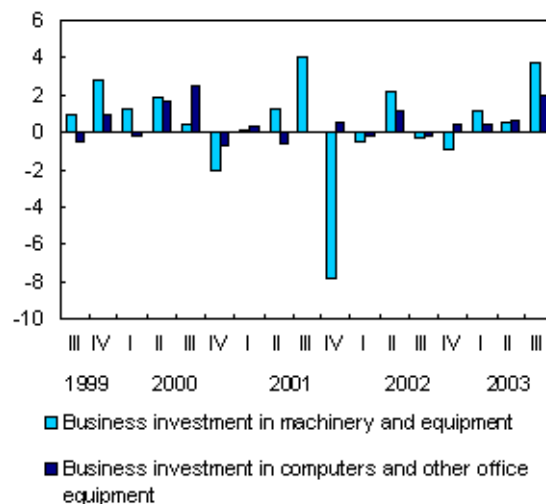
Business investment in plant and equipment strengthens

Investment in plant and equipment grew 3.1%. This marked the third consecutive quarter of growth for business investment and its largest contribution to growth in 15 quarters. Government investment declined 0.7%.

Business investment in machinery and equipment increased 4.4%, accelerating from the second quarter (+0.6%). It was spurred on by strong growth in computers and other office equipment (+9.8%) and trucks (+15%). Business investment in non-residential structures was supported by increases for buildings (+1.6%) and engineering (+0.9%) which benefited from increased oil and gas drilling activity.

Another good quarter for machinery and equipment investment

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

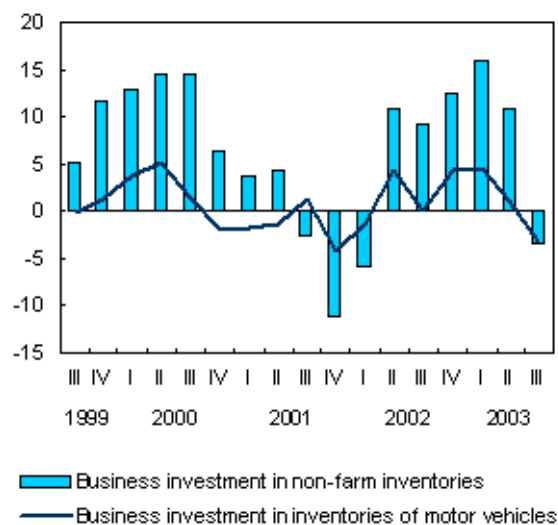


Non-farm inventories drawn down sharply

Businesses reduced non-farm inventories more than \$3 billion in the third quarter, following five quarters where inventories were built up. With the draw-down of inventory, the economy-wide stock-to-sales ratio fell for the first time since the third quarter of 2002.

Motor vehicle inventories drawn down

Billions of chained (1997) \$



Manufacturers and retailers unloaded durable goods from their inventories, reflecting in part the clearance of motor vehicles to domestic demand. Lumber inventories were drawn down to supply housing demand in Canada and the U.S. Partially offsetting these declines were accumulation of non-durable inventories by wholesalers.

Agricultural inventories grew more than \$4 billion during the quarter, with increases for both the grain and livestock sectors. The return to a more normal production year for most crops in 2003 allowed farmers to rebuild their grain inventories on farms, after two years of reductions. Considering that about half the cattle sold in Canada are usually exported as either live animals or meat and that 90% of these exports go to the United States, the closure of the U.S. border has led to increases in the numbers of cattle on Canadian farms in both the second and third quarters. As of mid-September, Canadian boneless beef from animals younger than 30 months has been allowed into the U.S. under a permit process. However, the border remains closed to live cattle and calves.

Farm incomes plummeted

Despite a recovery in the grain sector, after two years of adverse weather conditions on the Prairies, farm income declined strongly in the third quarter due to a severe drop in livestock revenues. On May 20, after one cow tested positive for bovine spongiform encephalopathy (BSE), the United States and several other countries shut their borders to Canadian cattle. Despite partial re-opening of the U. S. market in mid-September, the reduced demand for Canadian beef resulted in dramatic declines in marketings and prices.

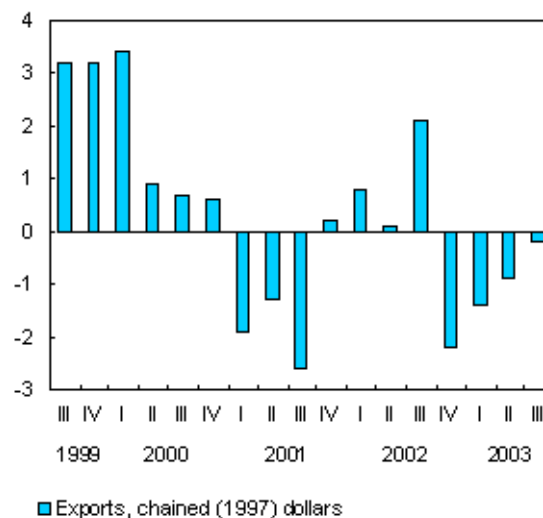
Exports weaken further

Exports fell 0.2%, in part the result of a stronger Canadian dollar. This fourth consecutive quarterly decline, marks the longest string of export declines in over forty years.

Machinery and equipment exports (-2.7%) were the largest contributor to this decline. Declines in machinery and equipment exports were widespread with the aircraft industry being one of the hardest hit. Automotive product exports fell 2.3%. Offsetting some of these declines, wheat exports increased as a result of better crops this year. Crude oil exports recovered some of their losses from the previous quarter. Exports of travel services (+6.0%) were up strongly as the impact of the fear of SARS on tourists coming to Canada eased.

Exports decline continued

Quarterly % change



Imports fell 0.5% following an increase of 1.7% in the second quarter when the Canadian dollar strengthened significantly.

Automotive product imports dropped 7.1% as strong consumer demand was satisfied by drawing down inventory. Industrial goods and materials imports declined 1.6%. Machinery and equipment imports grew 2.0%.

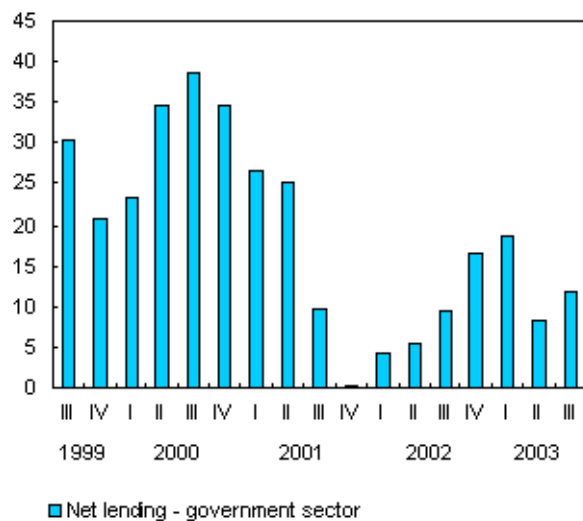
Blackout dampened government spending

Net government spending on goods and services edged up 0.3%, decelerating from the previous quarter. The power blackout in Ontario in August shaved 0.3 of a percentage point from this expenditure, as government operations were scaled back during this period.

The combined government surplus (annualized national accounts basis expressed in nominal terms) rose to almost \$12 billion. Much of the increase resulted from higher personal and corporate income taxes, higher sales tax collections, and lower transfers to businesses.

Government surplus continued

\$ billions, seasonally adjusted at annual rates



Labour income strengthened

Labour income increased 0.7% in the third quarter, accelerating from a 0.2% increase in the second quarter, but less than any quarterly increase in 2002. Wages and salaries increased 0.8% in the service producing industries, while the goods producing industries grew 0.2%. Employment increased by 17,000 jobs in the quarter matching the job growth in the second quarter. Provincially, Ontario had the largest portion of this increase. Disposable income grew by 0.8% in the quarter, about half of the increase in personal expenditure. As a result, the savings rate fell to 1.3%, lowest in over forty years.

Profits rebounded

Profits (+4.9%) rebounded from a second quarter decline but remained below peak levels set in the first quarter. Retailers' profits were stronger as personal expenditures strengthened particularly for durables. Higher production and higher commodity prices boosted mining profits. Manufacturers, particularly auto related, recorded higher profits but the power blackout and the stronger Canadian currency limited their gains. Profits of the construction industry improved from a weaker second quarter.

Prices bounced back

Prices, as measured by the chain price index for GDP increased 0.8% in the third quarter, following a 0.5% decline in the second. Energy prices and lumber prices increased during the quarter. The stronger Canadian dollar contributed to a 1.4% decline in import prices, following a 5.8% decline in the second quarter when the appreciation of the dollar was greater.

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted data at annual rates, millions of dollars								
Wages, salaries and supplementary labour income	592,284 <i>0.9</i>	600,048 <i>1.3</i>	610,040 <i>1.7</i>	614,984 <i>0.8</i>	616,216 <i>0.2</i>	620,392 <i>0.7</i>	569,920 <i>4.6</i>	597,316 <i>4.8</i>
Corporation profits before taxes	132,648 <i>10.5</i>	138,656 <i>4.5</i>	140,708 <i>1.5</i>	152,996 <i>8.7</i>	137,460 <i>-10.2</i>	144,228 <i>4.9</i>	127,530 <i>-6.0</i>	133,004 <i>4.3</i>
Government business enterprise profits before taxes	10,080 <i>1.9</i>	10,520 <i>4.4</i>	11,208 <i>6.5</i>	12,612 <i>12.5</i>	9,624 <i>-23.7</i>	9,856 <i>2.4</i>	9,641 <i>-18.6</i>	10,426 <i>8.1</i>
Interest and miscellaneous investment income	49,976 <i>2.1</i>	49,756 <i>-0.4</i>	49,028 <i>-1.5</i>	50,528 <i>3.1</i>	51,128 <i>1.2</i>	51,576 <i>0.9</i>	53,010 <i>-2.3</i>	49,425 <i>-6.8</i>
Accrued net income of farm operators from farm production	1,584 <i>-26.5</i>	1,628 <i>2.8</i>	1,492 <i>-8.4</i>	2,128 <i>42.6</i>	1,384 <i>-35.0</i>	504 <i>-63.6</i>	2,715 <i>74.8</i>	1,715 <i>-36.8</i>
Net income of non-farm unincorporated business, including rent	73,228 <i>3.3</i>	73,532 <i>0.4</i>	74,176 <i>0.9</i>	74,880 <i>0.9</i>	76,168 <i>1.7</i>	78,152 <i>2.6</i>	67,582 <i>4.2</i>	72,960 <i>8.0</i>
Inventory valuation adjustment	-712 ...	-5,312 ...	-3,128 ...	1,932 ...	10,196 ...	2,204 ...	-21 ...	-3,561 ...
Taxes less subsidies, on factors of production	53,608 <i>0.6</i>	53,732 <i>0.2</i>	54,380 <i>1.2</i>	54,524 <i>0.3</i>	54,912 <i>0.7</i>	55,816 <i>1.6</i>	52,846 <i>1.9</i>	53,755 <i>1.7</i>
Net domestic product at basic prices	912,696 <i>2.9</i>	922,560 <i>1.1</i>	937,904 <i>1.7</i>	964,584 <i>2.8</i>	957,088 <i>-0.8</i>	962,728 <i>0.6</i>	883,223 <i>2.4</i>	915,040 <i>3.6</i>
Taxes less subsidies, on products	83,804 <i>2.6</i>	85,248 <i>1.7</i>	87,004 <i>2.1</i>	85,964 <i>-1.2</i>	84,296 <i>-1.9</i>	90,096 <i>6.9</i>	76,331 <i>0.5</i>	84,442 <i>10.6</i>
Capital consumption allowances	153,900 <i>1.6</i>	156,332 <i>1.6</i>	158,244 <i>1.2</i>	159,936 <i>1.1</i>	162,276 <i>1.5</i>	164,752 <i>1.5</i>	146,798 <i>6.3</i>	155,004 <i>5.6</i>
Statistical discrepancy	524 ...	500 ...	-1,128 ...	508 ...	-956 ...	-1,320 ...	1,107 ...	463 ...
Gross domestic product at market prices	1,150,924 <i>2.6</i>	1,164,640 <i>1.2</i>	1,182,024 <i>1.5</i>	1,210,992 <i>2.5</i>	1,202,704 <i>-0.7</i>	1,216,256 <i>1.1</i>	1,107,459 <i>3.0</i>	1,154,949 <i>4.3</i>

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

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted data at annual rates, millions of dollars								
Personal expenditure on consumer goods and services	652,736 <i>1.9</i>	660,712 <i>1.2</i>	670,908 <i>1.5</i>	681,640 <i>1.6</i>	686,972 <i>0.8</i>	698,368 <i>1.7</i>	623,167 <i>4.5</i>	656,181 <i>5.3</i>
Durable goods	91,868 <i>1.2</i>	91,700 <i>-0.2</i>	94,144 <i>2.7</i>	94,324 <i>0.2</i>	95,060 <i>0.8</i>	98,112 <i>3.2</i>	84,788 <i>3.5</i>	92,131 <i>8.7</i>
Semi-durable goods	56,880 <i>0.9</i>	56,612 <i>-0.5</i>	57,220 <i>1.1</i>	57,752 <i>0.9</i>	58,148 <i>0.7</i>	58,416 <i>0.5</i>	54,383 <i>4.5</i>	56,773 <i>4.4</i>
Non-durable goods	155,992 <i>2.5</i>	159,768 <i>2.4</i>	163,200 <i>2.1</i>	168,392 <i>3.2</i>	166,852 <i>-0.9</i>	169,204 <i>1.4</i>	150,150 <i>4.9</i>	157,779 <i>5.1</i>
Services	347,996 <i>2.0</i>	352,632 <i>1.3</i>	356,344 <i>1.1</i>	361,172 <i>1.4</i>	366,912 <i>1.6</i>	372,636 <i>1.6</i>	333,846 <i>4.6</i>	349,498 <i>4.7</i>
Government current expenditure on goods and services	217,324 <i>1.6</i>	220,828 <i>1.6</i>	223,624 <i>1.3</i>	226,132 <i>1.1</i>	230,304 <i>1.8</i>	232,848 <i>1.1</i>	207,508 <i>4.9</i>	218,895 <i>5.5</i>
Government gross fixed capital formation	30,188 <i>1.7</i>	30,904 <i>2.4</i>	30,932 <i>0.1</i>	31,724 <i>2.6</i>	31,852 <i>0.4</i>	31,884 <i>0.1</i>	26,991 <i>10.6</i>	30,430 <i>12.7</i>
Government investment in inventories	-24 ...	-84 ...	-80 ...	-12 ...	48 ...	28 ...	13 ...	-45 ...
Business gross fixed capital formation	195,620 <i>0.0</i>	197,060 <i>0.7</i>	198,812 <i>0.9</i>	200,180 <i>0.7</i>	198,964 <i>-0.6</i>	206,680 <i>3.9</i>	192,854 <i>5.4</i>	196,764 <i>2.0</i>
Residential structures	63,472 <i>0.2</i>	65,796 <i>3.7</i>	68,460 <i>4.0</i>	69,400 <i>1.4</i>	70,608 <i>1.7</i>	74,860 <i>6.0</i>	54,976 <i>13.4</i>	65,270 <i>18.7</i>
Non-residential structures	48,560 <i>-2.1</i>	48,148 <i>-0.8</i>	47,584 <i>-1.2</i>	48,524 <i>2.0</i>	48,592 <i>0.1</i>	49,352 <i>1.6</i>	52,769 <i>4.5</i>	48,469 <i>-8.1</i>
Machinery and equipment	83,588 <i>1.2</i>	83,116 <i>-0.6</i>	82,768 <i>-0.4</i>	82,256 <i>-0.6</i>	79,764 <i>-3.0</i>	82,468 <i>3.4</i>	85,109 <i>1.4</i>	83,025 <i>-2.4</i>
Business investment in inventories	7,592 ...	5,188 ...	8,348 ...	16,784 ...	9,808 ...	-6,764 ...	-5,235 ...	2,873 ...
Non-farm	8,884 ...	7,164 ...	10,448 ...	15,120 ...	8,244 ...	-8,660 ...	-4,130 ...	4,544 ...
Farm	-1,292 ...	-1,976 ...	-2,100 ...	1,664 ...	1,564 ...	1,896 ...	-1,105 ...	-1,671 ...
Exports of goods and services	470,984 <i>1.7</i>	482,920 <i>2.5</i>	480,352 <i>-0.5</i>	482,712 <i>0.5</i>	453,104 <i>-6.1</i>	453,524 <i>0.1</i>	482,074 <i>-1.7</i>	474,303 <i>-1.6</i>
Goods	411,380 <i>1.6</i>	422,592 <i>2.7</i>	418,320 <i>-1.0</i>	423,232 <i>1.2</i>	396,576 <i>-6.3</i>	395,252 <i>-0.3</i>	421,519 <i>-2.0</i>	414,303 <i>-1.7</i>
Services	59,604 <i>2.7</i>	60,328 <i>1.2</i>	62,032 <i>2.8</i>	59,480 <i>-4.1</i>	56,528 <i>-5.0</i>	58,272 <i>3.1</i>	60,555 <i>0.7</i>	60,000 <i>-0.9</i>
Deduct: Imports of goods and services	422,976 <i>3.5</i>	432,388 <i>2.2</i>	432,000 <i>-0.1</i>	427,660 <i>-1.0</i>	409,304 <i>-4.3</i>	401,628 <i>-1.9</i>	418,806 <i>-2.2</i>	423,989 <i>1.2</i>
Goods	354,200 <i>3.2</i>	364,560 <i>2.9</i>	363,836 <i>-0.2</i>	358,544 <i>-1.5</i>	341,728 <i>-4.7</i>	333,388 <i>-2.4</i>	350,633 <i>-3.2</i>	356,458 <i>1.7</i>
Services	68,776 <i>5.2</i>	67,828 <i>-1.4</i>	68,164 <i>0.5</i>	69,116 <i>1.4</i>	67,576 <i>-2.2</i>	68,240 <i>1.0</i>	68,173 <i>3.2</i>	67,531 <i>-0.9</i>
Statistical discrepancy	-520 ...	-500 ...	1,128 ...	-508 ...	956 ...	1,316 ...	-1,107 ...	-463 ...
Gross domestic product at market prices	1,150,924 <i>2.6</i>	1,164,640 <i>1.2</i>	1,182,024 <i>1.5</i>	1,210,992 <i>2.5</i>	1,202,704 <i>-0.7</i>	1,216,256 <i>1.1</i>	1,107,459 <i>3.0</i>	1,154,949 <i>4.3</i>
<i>Final domestic demand</i>	<i>1,095,868 <i>1.5</i></i>	<i>1,109,504 <i>1.2</i></i>	<i>1,124,276 <i>1.3</i></i>	<i>1,139,676 <i>1.4</i></i>	<i>1,148,092 <i>0.7</i></i>	<i>1,169,780 <i>1.9</i></i>	<i>1,050,520 <i>4.9</i></i>	<i>1,102,270 <i>4.9</i></i>

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

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted at annual rates, millions of chained (1997) dollars[2]								
Personal expenditure on consumer goods and services	600,164 <i>1.1</i>	602,163 <i>0.3</i>	608,753 <i>1.1</i>	614,611 <i>1.0</i>	620,377 <i>0.9</i>	628,090 <i>1.2</i>	581,590 <i>2.6</i>	601,198 <i>3.4</i>
Durable goods	92,975 <i>0.7</i>	92,627 <i>-0.4</i>	95,208 <i>2.8</i>	95,214 <i>0.0</i>	96,246 <i>1.1</i>	100,098 <i>4.0</i>	85,958 <i>4.2</i>	93,294 <i>8.5</i>
Semi-durable goods	54,365 <i>0.3</i>	54,006 <i>-0.7</i>	54,809 <i>1.5</i>	55,562 <i>1.4</i>	55,954 <i>0.7</i>	56,436 <i>0.9</i>	52,310 <i>3.8</i>	54,341 <i>3.9</i>
Non-durable goods	136,219 <i>0.6</i>	136,451 <i>0.2</i>	138,052 <i>1.2</i>	139,703 <i>1.2</i>	139,627 <i>-0.1</i>	139,936 <i>0.2</i>	133,791 <i>1.2</i>	136,534 <i>2.1</i>
Services	317,449 <i>1.5</i>	319,846 <i>0.8</i>	321,628 <i>0.6</i>	324,976 <i>1.0</i>	329,518 <i>1.4</i>	333,009 <i>1.1</i>	309,887 <i>2.7</i>	317,885 <i>2.6</i>
Government current expenditure on goods and services	197,403 <i>0.9</i>	199,451 <i>1.0</i>	200,614 <i>0.6</i>	201,834 <i>0.6</i>	205,221 <i>1.7</i>	205,882 <i>0.3</i>	192,426 <i>3.7</i>	198,269 <i>3.0</i>
Government gross fixed capital formation	29,374 <i>1.8</i>	29,775 <i>1.4</i>	29,763 <i>-0.0</i>	30,487 <i>2.4</i>	30,963 <i>1.6</i>	30,773 <i>-0.6</i>	26,329 <i>10.3</i>	29,443 <i>11.8</i>
Government investment in inventories	-20 ...	-76 ...	-72 ...	-12 ...	44 ...	24 ...	13 ...	-40 ...
Business gross fixed capital formation	184,154 <i>0.1</i>	185,428 <i>0.7</i>	185,506 <i>0.0</i>	187,410 <i>1.0</i>	188,655 <i>0.7</i>	195,347 <i>3.5</i>	185,075 <i>3.5</i>	184,751 <i>-0.2</i>
Residential structures	56,090 <i>-0.9</i>	58,115 <i>3.6</i>	59,664 <i>2.7</i>	59,883 <i>0.4</i>	60,627 <i>1.2</i>	63,218 <i>4.3</i>	50,456 <i>10.3</i>	57,614 <i>14.2</i>
Non-residential structures	43,231 <i>-2.6</i>	42,631 <i>-1.4</i>	41,920 <i>-1.7</i>	42,451 <i>1.3</i>	42,441 <i>-0.0</i>	42,905 <i>1.1</i>	48,047 <i>2.2</i>	43,044 <i>-10.4</i>
Machinery and equipment	84,606 <i>2.6</i>	84,340 <i>-0.3</i>	83,453 <i>-1.1</i>	84,655 <i>1.4</i>	85,145 <i>0.6</i>	88,892 <i>4.4</i>	86,494 <i>0.3</i>	83,720 <i>-3.2</i>
Business investment in inventories	9,952 ...	7,996 ...	11,638 ...	18,840 ...	14,608 ...	835 ...	-2,057 ...	5,864 ...
Non-farm	10,763 ...	9,219 ...	12,551 ...	16,001 ...	10,876 ...	-3,415 ...	-1,436 ...	6,664 ...
Farm	-906 ...	-1,318 ...	-1,013 ...	2,503 ...	3,369 ...	4,216 ...	-757 ...	-925 ...
Exports of goods and services	441,610 <i>0.1</i>	450,707 <i>2.1</i>	440,573 <i>-2.2</i>	434,422 <i>-1.4</i>	430,382 <i>-0.9</i>	429,362 <i>-0.2</i>	443,853 <i>-3.1</i>	443,486 <i>-0.1</i>
Goods	386,883 <i>-0.3</i>	395,514 <i>2.2</i>	384,335 <i>-2.8</i>	380,139 <i>-1.1</i>	377,888 <i>-0.6</i>	375,188 <i>-0.7</i>	388,001 <i>-3.5</i>	388,648 <i>0.2</i>
Services	54,935 <i>2.8</i>	55,417 <i>0.9</i>	56,425 <i>1.8</i>	54,462 <i>-3.5</i>	52,673 <i>-3.3</i>	54,316 <i>3.1</i>	56,003 <i>-0.4</i>	55,056 <i>-1.7</i>
Deduct: Imports of goods and services	389,046 <i>4.5</i>	394,603 <i>1.4</i>	393,171 <i>-0.4</i>	396,824 <i>0.9</i>	403,384 <i>1.7</i>	401,265 <i>-0.5</i>	384,782 <i>-5.0</i>	387,274 <i>0.6</i>
Goods	332,667 <i>4.3</i>	339,564 <i>2.1</i>	338,001 <i>-0.5</i>	339,084 <i>0.3</i>	343,817 <i>1.4</i>	339,770 <i>-1.2</i>	327,588 <i>-5.6</i>	332,311 <i>1.4</i>
Services	56,676 <i>5.7</i>	55,601 <i>-1.9</i>	55,690 <i>0.2</i>	58,026 <i>4.2</i>	59,755 <i>3.0</i>	61,415 <i>2.8</i>	57,333 <i>-2.2</i>	55,400 <i>-3.4</i>
Statistical discrepancy	-484 ...	-463 ...	1,034 ...	-457 ...	864 ...	1,180 ...	-1,038 ...	-442 ...
Gross domestic product at market prices	1,072,315 <i>0.9</i>	1,079,490 <i>0.7</i>	1,083,875 <i>0.4</i>	1,089,360 <i>0.5</i>	1,087,327 <i>-0.2</i>	1,090,382 <i>0.3</i>	1,040,388 <i>1.9</i>	1,074,516 <i>3.3</i>
<i>Final domestic demand</i>	<i>1,010,923</i> <i>0.9</i>	<i>1,016,634</i> <i>0.6</i>	<i>1,024,500</i> <i>0.8</i>	<i>1,034,166</i> <i>0.9</i>	<i>1,045,074</i> <i>1.1</i>	<i>1,059,763</i> <i>1.4</i>	<i>985,225</i> <i>3.2</i>	<i>1,013,490</i> <i>2.9</i>

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

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

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Quarter to quarter % change at annual rates, chained (1997) dollars								
Personal expenditure on consumer goods and services	4.4	1.3	4.4	3.9	3.8	5.1	2.6	3.4
Durable goods	2.7	-1.5	11.6	0.0	4.4	17.0	4.2	8.5
Semi-durable goods	1.4	-2.6	6.1	5.6	2.9	3.5	3.8	3.9
Non-durable goods	2.4	0.7	4.8	4.9	-0.2	0.9	1.2	2.1
Services	6.3	3.1	2.2	4.2	5.7	4.3	2.7	2.6
Government current expenditure on goods and services	3.7	4.2	2.4	2.5	6.9	1.3	3.7	3.0
Government gross fixed capital formation	7.3	5.6	-0.2	10.1	6.4	-2.4	10.3	11.8
Government investment in inventories[2]	-28	-56	4	60	56	-20	-10	-53
Business gross fixed capital formation	0.5	2.8	0.2	4.2	2.7	15.0	3.5	-0.2
Residential structures	-3.5	15.2	11.1	1.5	5.1	18.2	10.3	14.2
Non-residential structures	-10.1	-5.4	-6.5	5.2	-0.1	4.4	2.2	-10.4
Machinery and equipment	10.7	-1.3	-4.1	5.9	2.3	18.8	0.3	-3.2
Business investment in inventories[2]	16,082	-1,956	3,642	7,202	-4,232	-13,773	-14,643	7,921
Non-farm[2]	16,641	-1,544	3,332	3,450	-5,125	-14,291	-13,520	8,099
Farm[2]	-444	-412	305	3,516	866	847	-1,166	-168
Exports of goods and services	0.5	8.5	-8.7	-5.5	-3.7	-0.9	-3.1	-0.1
Goods	-1.0	9.2	-10.8	-4.3	-2.3	-2.8	-3.5	0.2
Services	11.6	3.6	7.5	-13.2	-12.5	13.1	-0.4	-1.7
Deduct: Imports of goods and services	19.3	5.8	-1.4	3.8	6.8	-2.1	-5.0	0.6
Goods	18.3	8.6	-1.8	1.3	5.7	-4.6	-5.6	1.4
Services	24.7	-7.4	0.6	17.9	12.5	11.6	-2.2	-3.4
Statistical discrepancy[2]	1,372	21	1,497	-1,491	1,321	316	-2,275	595
Gross domestic product at market prices	3.8	2.7	1.6	2.0	-0.7	1.1	1.9	3.3
<i>Final domestic demand</i>	3.7	2.3	3.1	3.8	4.3	5.7	3.2	2.9

1 Quarter to quarter percentage change, annualized.

2 Actual change in millions of dollars, at annual rates.

Contributions to percentage change in real Gross domestic product, expenditure-based[1]

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Using seasonally adjusted data, percentage points								
Personal expenditure on consumer goods and services	0.618	0.189	0.619	0.543	0.529	0.709	1.519	1.901
Durable goods	0.053	-0.030	0.218	0.000	0.085	0.314	0.322	0.650
Semi-durable goods	0.017	-0.033	0.072	0.066	0.034	0.041	0.184	0.190
Non-durable goods	0.081	0.023	0.161	0.165	-0.008	0.031	0.178	0.282
Services	0.467	0.228	0.168	0.311	0.418	0.323	0.835	0.779
Government current expenditure on goods and services	0.174	0.196	0.110	0.114	0.314	0.062	0.686	0.571
Government gross fixed capital formation	0.047	0.036	-0.001	0.063	0.041	-0.016	0.233	0.288
Government investment in inventories	-0.003	-0.005	0.000	0.006	0.005	-0.002	-0.001	-0.005
Business gross fixed capital formation	0.023	0.117	0.007	0.171	0.109	0.585	0.597	-0.036
Residential structures	-0.049	0.199	0.151	0.021	0.072	0.252	0.472	0.719
Non-residential structures	-0.115	-0.059	-0.069	0.051	-0.001	0.044	0.108	-0.500
Machinery and equipment	0.187	-0.023	-0.075	0.099	0.039	0.289	0.018	-0.254
Business investment in inventories	1.515	-0.183	0.333	0.648	-0.377	-1.173	-1.461	0.688
Non-farm	1.558	-0.145	0.302	0.306	-0.451	-1.231	-1.330	0.709
Farm	-0.043	-0.038	0.031	0.342	0.074	0.058	-0.131	-0.022
Exports of goods and services	0.052	0.843	-0.935	-0.567	-0.362	-0.089	-1.450	0.043
Goods	-0.091	0.797	-1.029	-0.387	-0.201	-0.235	-1.428	0.136
Services	0.143	0.045	0.094	-0.180	-0.160	0.146	-0.022	-0.093
Deduct: Imports of goods and services	1.620	0.526	-0.134	0.333	0.568	-0.177	-2.021	0.228
Goods	1.292	0.639	-0.144	0.097	0.402	-0.331	-1.890	0.438
Services	0.327	-0.113	0.009	0.236	0.166	0.154	-0.131	-0.209
Statistical discrepancy	0.129	0.002	0.139	-0.138	0.121	0.029	-0.223	0.059
Gross domestic product at market prices	0.935	0.669	0.406	0.506	-0.187	0.281	1.920	3.280
<i>Final domestic demand</i>	0.862	0.538	0.735	0.891	0.994	1.339	3.035	2.724

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

Gross domestic product, implicit chain price indexes[1]

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Using seasonally adjusted data, (1997 = 100)								
Personal expenditure on consumer goods and services	108.8 <i>0.8</i>	109.7 <i>0.8</i>	110.2 <i>0.5</i>	110.9 <i>0.6</i>	110.7 <i>-0.2</i>	111.2 <i>0.5</i>	107.2 <i>1.8</i>	109.2 <i>1.9</i>
Government current expenditure on goods and services	110.1 <i>0.7</i>	110.7 <i>0.5</i>	111.5 <i>0.7</i>	112.0 <i>0.4</i>	112.2 <i>0.2</i>	113.1 <i>0.8</i>	107.8 <i>1.2</i>	110.4 <i>2.4</i>
Government gross fixed capital formation	102.8 <i>-0.1</i>	103.8 <i>1.0</i>	103.9 <i>0.1</i>	104.1 <i>0.2</i>	102.9 <i>-1.2</i>	103.6 <i>0.7</i>	102.5 <i>0.3</i>	103.4 <i>0.8</i>
Business gross fixed capital formation	106.2 <i>-0.1</i>	106.3 <i>0.1</i>	107.2 <i>0.8</i>	106.8 <i>-0.4</i>	105.5 <i>-1.2</i>	105.8 <i>0.3</i>	104.2 <i>1.9</i>	106.5 <i>2.2</i>
Exports of goods and services	106.7 <i>1.6</i>	107.1 <i>0.4</i>	109.0 <i>1.8</i>	111.1 <i>1.9</i>	105.3 <i>-5.2</i>	105.6 <i>0.3</i>	108.6 <i>1.5</i>	107.0 <i>-1.5</i>
Imports of goods and services	108.7 <i>-1.0</i>	109.6 <i>0.8</i>	109.9 <i>0.3</i>	107.8 <i>-1.9</i>	101.5 <i>-5.8</i>	100.1 <i>-1.4</i>	108.9 <i>3.0</i>	109.5 <i>0.6</i>
Gross domestic product at market prices	107.3 <i>1.6</i>	107.9 <i>0.6</i>	109.1 <i>1.1</i>	111.2 <i>1.9</i>	110.6 <i>-0.5</i>	111.5 <i>0.8</i>	106.5 <i>1.1</i>	107.5 <i>0.9</i>
<i>Final domestic demand</i>	<i>108.4 <i>0.6</i></i>	<i>109.1 <i>0.6</i></i>	<i>109.7 <i>0.5</i></i>	<i>110.2 <i>0.5</i></i>	<i>109.9 <i>-0.3</i></i>	<i>110.4 <i>0.5</i></i>	<i>106.6 <i>1.7</i></i>	<i>108.7 <i>2.0</i></i>

1 The first line is the series itself. The second line, italicized, is the period to period percentage change at quarterly rates.

Financial market summary table

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted data at annual rates, millions of dollars								
Funds raised:								
Persons and unincorporated business	45,556	49,140	48,312	47,012	46,892	51,348	41,386	47,543
Consumer credit	16,092	15,828	17,156	16,184	16,704	17,984	15,152	16,499
Bank loans	464	1,424	516	840	1,592	1,120	-81	836
Other loans	3,228	3,428	2,516	2,096	860	2,256	5,575	3,161
Mortgages	25,772	28,460	28,124	27,892	27,736	29,988	20,740	27,047
Non-financial private corporations	50,804	39,636	21,232	30,648	33,084	31,688	59,214	40,084
Bank loans	5,760	7,400	3,864	956	-3,828	-236	-10,508	1,035
Other loans	-892	1,636	1,608	-7,204	-224	-6,708	-2,607	-277
Other short-term paper	1,852	-6,972	-18,156	-9,112	-13,148	-1,076	-7,397	-4,580
Mortgages	5,348	4,896	6,052	4,888	4,144	4,896	4,634	4,915
Bonds	2,660	1,084	2,140	15,244	20,368	6,520	42,844	8,043
Shares	36,076	31,592	25,724	25,876	25,772	28,292	32,248	30,948
Non-financial government enterprises	-11,112	4,828	5,172	4,040	2,612	-2,028	-1,777	-1,274
Bank loans	-1,324	1,764	-284	2,720	472	-176	377	-99
Other loans	252	1,768	2,268	3,144	1,976	1,160	-372	1,073
Other short-term paper	-1,980	112	1,236	1,452	2,220	-1,668	-129	318
Mortgages	8	40	-4	-16	-8	0	37	6
Bonds	-8,068	1,144	1,956	-3,260	-2,068	-1,340	-1,690	-2,572
Shares	0	0	0	0	20	-4	0	0
Federal government	7,712	-5,952	-5,564	1,736	2,508	4,308	-3,195	-1,246
Bank loans	116	120	108	216	108	116	106	106
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	27,764	4,696	5,076	11,104	10,036	13,576	14,256	7,756
Canada Savings Bonds	-1,508	-1,644	-2,004	-2,376	-1,920	-1,584	-1,819	-1,510
Other bonds	-18,660	-9,124	-8,744	-7,208	-5,716	-7,800	-15,738	-7,598
Other levels of government	15,588	1,356	6,124	6,960	12,932	11,436	10,275	9,739
Bank loans	540	524	-824	-276	592	-560	-732	205
Other loans	628	216	576	376	840	720	328	454
Other short-term paper	4,796	-5,568	-5,148	-1,332	-5,844	-3,292	1,255	-2,300
Mortgages	8	-72	24	28	12	-76	-399	-7
Provincial bonds	7,428	7,644	10,376	8,524	14,884	13,468	9,950	10,906
Municipal bonds	2,148	-1,412	1,120	-392	2,420	1,144	-145	463
Other bonds	40	24	0	32	28	32	18	18
Total funds raised by domestic non-financial sectors	108,548	89,008	75,276	90,396	98,028	96,752	105,903	94,846
Consumer credit	16,092	15,828	17,156	16,184	16,704	17,984	15,152	16,499
Bank loans	5,556	11,232	3,380	4,456	-1,064	264	-10,838	2,083
Other loans	3,216	7,048	6,968	-1,588	3,452	-2,572	2,924	4,411
Canada short-term paper	27,764	4,696	5,076	11,104	10,036	13,576	14,256	7,756
Other short-term paper	4,668	-12,428	-22,068	-8,992	-16,772	-6,036	-6,271	-6,562
Mortgages	31,136	33,324	34,196	32,792	31,884	34,808	25,012	31,961
Bonds	-15,960	-2,284	4,844	10,564	27,996	10,440	33,420	7,750
Shares	36,076	31,592	25,724	25,876	25,792	28,288	32,248	30,948

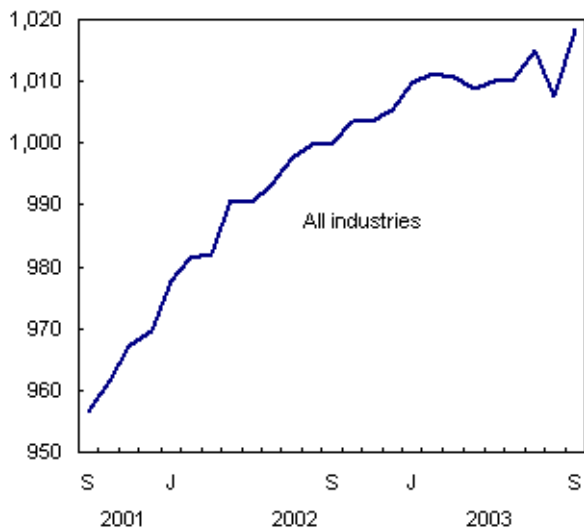
GDP by industry

September 2003 and third quarter 2003

Gross domestic product (GDP) was up sharply in September, increasing 1.1% as the economy bounced back from the August power outage in Ontario. The last time GDP registered such a large gain was back in July 1997.

Economy more than recovers from August blackout

GDP billions of chained (1997) \$



The manufacturing sector was the single largest overall contributor to GDP growth in September. Increased manufacturing output also led to higher activity levels for wholesalers, railways and trucking firms. Public administration, hit hard by the Ontario power outage, returned to pre-blackout activity levels. Increased production of diamonds and metals boosted the mining sector. Higher stock market volumes boded well for the finance sector. The continued boom in the housing market meant higher output for the residential construction industry. A reduction in new car sales pressed retailing activity lower. Industries in the travel-related sector continued to recover from the effects of SARS, although most remain below pre-SARS activity levels.

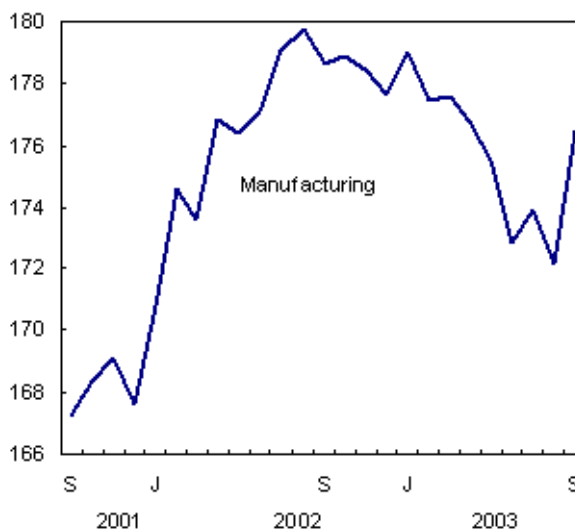
Industrial production jumped 1.9% after a 0.8% fall in August. Higher manufacturing and mining output more than offset a decline in utilities output. Lower electricity generation due to milder than normal temperatures reduced utilities output. Although this is only the third increase in industrial production since the start of the year, the level is just 0.8% off its January 2003 peak. The index of industrial production in the United States was up 1.0% in the third quarter, versus a 0.2% gain in Canada over this same time frame.

Manufacturing rebound plays a large role in economic strength

The manufacturing sector increased production 2.5% in September, accounting for about forty percent of the increase in total GDP. Producers of chemicals, wood products, primary metal products and transportation equipment all more than made up for their reduced production in August. Manufacturers of ICT equipment and parts expanded output for a second consecutive month, up 2.5% in September.

Manufacturers boost production

GDP billions of chained (1997) \$



Note to users: August blackout adjustments

Over one-quarter of monthly Gross Domestic Product (GDP) by industry is calculated using employment data from the Survey of Employment, Payroll and Hours and administrative data from Public Institutions Division. Levels of employment were unaffected by the blackout in Ontario in August and their usage in the calculation of GDP would have resulted in no reduction in output for these industries. Adjustments were derived to reflect the reduction in hours worked as a result of the blackout. Results from special questions that were asked on the September Labour Force Survey were used to ascertain **net effect on hours worked** (hours lost less overtime hours). Next, **normal average hours worked** were adjusted for those on vacation during this time frame (based on a seven-year average of those on paid absences in the month of August from the Labour Force Survey). The ratio of **net effect on hours worked to normal average hours worked** was then scaled to reflect the share of employment in Ontario to the rest of Canada. These adjustments were calculated at the three-digit NAICS level. A detailed table outlining the industries impacted by these adjustments and their calculation is available upon request. Please see the end of this release for contact information.

Wholesalers benefited from the increased manufacturing production. Automotive wholesalers reported a surge in activity coinciding with higher motor vehicle sector production and imports. Higher manufacturing production and the rebound in wholesaling had positive repercussions for the transportation sector. The rail transportation industry posted a gain of 2.1%, and the trucking industry grew 1.5%.

Public sector back to normal

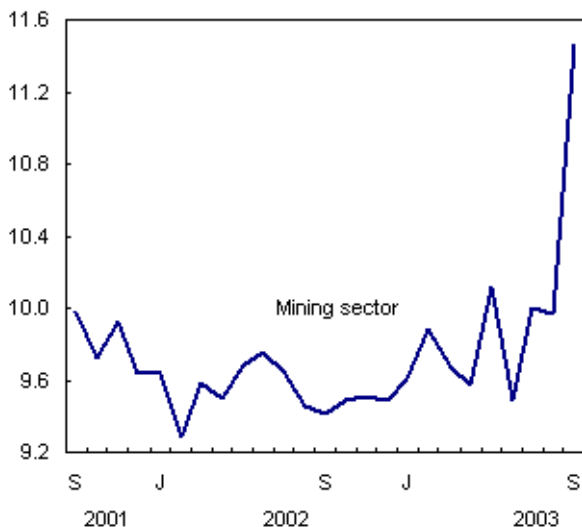
Output levels in the public administration sector bounced back 3.0% after a 2.7% drop in August. This sector was one of the major contributors to the decline in GDP in August and with the bounce back was consequently one of the larger contributors to growth in September. This sector was severely impacted by the Ontario blackout and a return to normal working conditions resulted in a return to pre-blackout activity levels.

Mining sector shines

The mining industry (excluding oil and gas) benefited from a number of one-time factors that increased production 15.1%. Production from metal ore mines and refining operations was boosted by the resolution of a three-month labour strike. Diamond production reacted positively to the discovery of a pocket of high-grade ore that resulted in a higher concentration of diamonds per tonne of ore.

Nickel and diamonds behind strength in mining sector

GDP billions of chained (1997) \$



Consumers buy more houses less cars

Increased consumer demand for new homes continued in September as residential construction advanced a further 1.6%. This is the fifth increase in the last six months. New home construction is now 6.9% higher than a year ago. Activity by real estate agents and brokers edged up a slight 0.2% on continuing demand for existing housing. Furniture manufacturers and wholesalers also continued to benefit from the housing boom.

Consumers were not as enthusiastic about making purchases at retail stores. Retailing activity declined 0.8% in September, the second consecutive monthly decrease. Much of the weakness is attributable to fewer purchases of new motor vehicles. The number of new cars and trucks sold declined 1.9%. However, lower retail sales were also posted by grocery stores, department stores, gasoline service stations and furniture stores.

Travel sector recovery continues

Industries in the travel-related sector continued to recover from the devastating effects of the SARS crisis in April, although most remain below their pre-SARS levels. The air transportation industry, one of the hardest hit, edged up 0.8% in September and is now 5.7% higher than its May low. The gambling industry remains below its spring peak even with a 10.2% boost in activity in September, while travel agents posted a gain of 4.5%. The hotel industry declined 1.4% this month and remains 6.6% below pre-SARS levels.

Quarterly overview

The third quarter ended with sharply higher growth in September, as the economy recovered from the power outage in Ontario that had sent GDP plummeting in August, wiping out July's solid gains.

Manufacturing declined for a fourth consecutive quarter, resulting in the largest cumulative contraction of output since the "tech-wreck" in 2001. The weakness was widespread, led by producers of chemicals, machinery, pulp and paper products, electric lighting equipment, clothing and textiles. Despite the manufacturing slump, industrial production advanced 0.2%, largely on the strength of diamond mining which has expanded at a stellar pace so far this year.

The suspension of all but essential federal government services for up to six working days as a consequence of the electrical blackout in Ontario reduced federal administration activity 1.4% for the quarter. Provincial government output was less severely affected.

Also declining in the third quarter were wholesalers of automotive products, trucking operations and elementary and secondary schools. The unsettled softwood lumber dispute with the U.S. and the strong Canadian dollar further hampered forestry and logging operations.

Low interest rates continued to bolster a hot housing market. Higher re-sales of existing homes increased output of real estate agents and brokers to double-digit gains. Construction of new houses recorded its best showing since the last half of 2002.

The brisk housing market prompted higher retail sales of furniture and appliances. Generous incentives advanced car and truck sales, driving overall retail activity 0.9% higher. Higher lending coupled with sharply higher stock market activity bolstered the financial sector – which was up 1.7%.

Travel and tourism regained some ground after a dismal first half of the year, impacted by the war in Iraq and SARS. The output of air transportation, accommodations, food services and travel agents are all up significantly.

Real Gross domestic product by industry, at basic prices, monthly¹

	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	Septembre 2002 to Septembre 2003
Seasonally adjusted at annual rates, millions chained (1997) dollars							%
All industries	1,008,801 <i>-0.2</i>	1,010,028 <i>0.1</i>	1,010,200 <i>0.0</i>	1,014,926 <i>0.5</i>	1,007,431 <i>-0.7</i>	1,018,418 <i>1.1</i>	<i>1.8</i>
Goods producing industries	315,944 <i>-0.5</i>	315,525 <i>-0.1</i>	313,133 <i>-0.8</i>	315,264 <i>0.7</i>	313,604 <i>-0.5</i>	318,500 <i>1.6</i>	<i>0.9</i>
Agriculture, forestry, fishing and hunting	23,303 <i>1.6</i>	23,202 <i>-0.4</i>	23,071 <i>-0.6</i>	22,941 <i>-0.6</i>	22,841 <i>-0.4</i>	22,806 <i>-0.2</i>	<i>6.3</i>
Mining and oil and gas extraction	35,517 <i>-1.2</i>	35,972 <i>1.3</i>	36,369 <i>1.1</i>	36,607 <i>0.7</i>	36,617 <i>0.0</i>	37,281 <i>1.8</i>	<i>5.2</i>
Utilities	25,913 <i>-1.7</i>	25,816 <i>-0.4</i>	25,517 <i>-1.2</i>	26,040 <i>2.0</i>	25,905 <i>-0.5</i>	25,378 <i>-2.0</i>	<i>-5.3</i>
Construction	54,001 <i>0.2</i>	54,262 <i>0.5</i>	54,176 <i>-0.2</i>	54,591 <i>0.8</i>	54,888 <i>0.5</i>	55,145 <i>0.5</i>	<i>4.5</i>
Manufacturing	176,771 <i>-0.5</i>	175,536 <i>-0.7</i>	172,869 <i>-1.5</i>	173,938 <i>0.6</i>	172,111 <i>-1.1</i>	176,489 <i>2.5</i>	<i>-1.2</i>
Service producing industries	694,249 <i>-0.0</i>	695,970 <i>0.2</i>	698,765 <i>0.4</i>	701,306 <i>0.4</i>	695,398 <i>-0.8</i>	701,370 <i>0.9</i>	<i>2.3</i>
Wholesale trade	62,613 <i>-0.0</i>	62,628 <i>0.0</i>	62,861 <i>0.4</i>	62,937 <i>0.1</i>	60,893 <i>-3.2</i>	63,617 <i>4.5</i>	<i>6.0</i>
Retail trade	55,783 <i>-0.2</i>	56,239 <i>0.8</i>	56,485 <i>0.4</i>	56,887 <i>0.7</i>	56,806 <i>-0.1</i>	56,359 <i>-0.8</i>	<i>3.3</i>
Transportation and warehousing	46,597 <i>-0.2</i>	46,079 <i>-1.1</i>	46,112 <i>0.1</i>	46,555 <i>1.0</i>	45,709 <i>-1.8</i>	45,951 <i>0.5</i>	<i>-1.5</i>
Information and cultural industries	42,181 <i>0.1</i>	42,335 <i>0.4</i>	42,477 <i>0.3</i>	42,305 <i>-0.4</i>	42,219 <i>-0.2</i>	42,105 <i>-0.3</i>	<i>1.3</i>
Finance, insurance and real estate	202,481 <i>0.2</i>	203,486 <i>0.5</i>	204,802 <i>0.6</i>	206,008 <i>0.6</i>	205,828 <i>-0.1</i>	206,699 <i>0.4</i>	<i>2.9</i>
Professional, scientific and technical services	44,493 <i>0.3</i>	44,622 <i>0.3</i>	44,700 <i>0.2</i>	44,800 <i>0.2</i>	44,435 <i>-0.8</i>	44,759 <i>0.7</i>	<i>2.5</i>
Administrative and waste management services	22,092 <i>-0.0</i>	22,059 <i>-0.1</i>	22,206 <i>0.7</i>	22,365 <i>0.7</i>	22,206 <i>-0.7</i>	22,428 <i>1.0</i>	<i>3.4</i>
Educational services	45,953 <i>0.1</i>	45,953 <i>0.0</i>	46,092 <i>0.3</i>	46,025 <i>-0.1</i>	45,786 <i>-0.5</i>	45,743 <i>-0.1</i>	<i>0.1</i>
Health care and social assistance	60,432 <i>0.5</i>	60,611 <i>0.3</i>	60,864 <i>0.4</i>	61,011 <i>0.2</i>	60,980 <i>-0.1</i>	61,117 <i>0.2</i>	<i>3.8</i>
Arts, entertainment and recreation	9,250 <i>-0.8</i>	9,290 <i>0.4</i>	9,387 <i>1.0</i>	9,387 <i>0.0</i>	9,057 <i>-3.5</i>	9,324 <i>2.9</i>	<i>5.0</i>
Accommodation and food services	21,765 <i>-4.5</i>	22,040 <i>1.3</i>	22,126 <i>0.4</i>	22,252 <i>0.6</i>	22,393 <i>0.6</i>	22,403 <i>0.0</i>	<i>-4.5</i>
Other services (except public administration)	24,060 <i>-0.1</i>	24,102 <i>0.2</i>	24,079 <i>-0.1</i>	24,163 <i>0.3</i>	23,955 <i>-0.9</i>	24,185 <i>1.0</i>	<i>1.3</i>
Public administration	57,516 <i>0.2</i>	57,486 <i>-0.1</i>	57,545 <i>0.1</i>	57,575 <i>0.1</i>	56,001 <i>-2.7</i>	57,660 <i>3.0</i>	<i>1.7</i>
Other aggregations							
Industrial production	238,884 <i>-0.7</i>	238,336 <i>-0.2</i>	236,200 <i>-0.9</i>	238,009 <i>0.8</i>	236,221 <i>-0.8</i>	240,772 <i>1.9</i>	<i>-0.2</i>
Non-durable manufacturing industries	72,902 <i>-0.1</i>	72,543 <i>-0.5</i>	71,763 <i>-1.1</i>	71,934 <i>0.2</i>	71,106 <i>-1.2</i>	72,851 <i>2.5</i>	<i>-0.4</i>
Durable manufacturing industries	103,778 <i>-0.7</i>	102,903 <i>-0.8</i>	101,019 <i>-1.8</i>	101,916 <i>0.9</i>	100,917 <i>-1.0</i>	103,548 <i>2.6</i>	<i>-1.8</i>
Business sector industries	853,438 <i>-0.3</i>	854,558 <i>0.1</i>	854,309 <i>-0.0</i>	859,010 <i>0.6</i>	853,389 <i>-0.7</i>	862,610 <i>1.1</i>	<i>1.9</i>
Non-business sector industries	155,494 <i>0.3</i>	155,611 <i>0.1</i>	156,029 <i>0.3</i>	156,062 <i>0.0</i>	154,194 <i>-1.2</i>	155,961 <i>1.1</i>	<i>1.6</i>
ICT sector, total	56,618 <i>0.0</i>	56,887 <i>0.5</i>	56,789 <i>-0.2</i>	56,682 <i>-0.2</i>	56,372 <i>-0.5</i>	56,683 <i>0.6</i>	<i>1.8</i>

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

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted at annual rates, millions chained (1997) dollars								
Goods producing industries	312,889 <i>1.4</i>	315,946 <i>1.0</i>	316,054 <i>0.0</i>	317,847 <i>0.6</i>	314,867 <i>-0.9</i>	315,789 <i>0.3</i>	307,566 <i>-1.2</i>	313,380 <i>1.9</i>
Agriculture, forestry, fishing and hunting	21,267 <i>2.0</i>	21,624 <i>1.7</i>	21,900 <i>1.3</i>	22,836 <i>4.3</i>	23,192 <i>1.6</i>	22,863 <i>-1.4</i>	22,190 <i>-4.7</i>	21,412 <i>-3.5</i>
Mining and oil and gas extraction	35,288 <i>0.1</i>	35,305 <i>0.0</i>	35,475 <i>0.5</i>	35,989 <i>1.4</i>	35,953 <i>-0.1</i>	36,835 <i>2.5</i>	35,050 <i>1.9</i>	35,329 <i>0.8</i>
Utilities	26,716 <i>1.9</i>	26,780 <i>0.2</i>	26,797 <i>0.1</i>	26,740 <i>-0.2</i>	25,749 <i>-3.7</i>	25,774 <i>0.1</i>	26,043 <i>-2.3</i>	26,626 <i>2.2</i>
Construction	52,168 <i>-0.4</i>	52,622 <i>0.9</i>	53,053 <i>0.8</i>	53,612 <i>1.1</i>	54,146 <i>1.0</i>	54,875 <i>1.3</i>	51,669 <i>6.4</i>	52,555 <i>1.7</i>
Manufacturing	176,773 <i>2.2</i>	179,152 <i>1.3</i>	178,309 <i>-0.5</i>	178,019 <i>-0.2</i>	175,059 <i>-1.7</i>	174,179 <i>-0.5</i>	171,845 <i>-3.6</i>	176,808 <i>2.9</i>
Service producing industries	679,857 <i>1.0</i>	684,409 <i>0.7</i>	689,375 <i>0.7</i>	693,900 <i>0.7</i>	696,328 <i>0.3</i>	699,358 <i>0.4</i>	654,301 <i>3.5</i>	681,647 <i>4.2</i>
Wholesale trade	59,691 <i>3.1</i>	60,018 <i>0.5</i>	60,937 <i>1.5</i>	62,753 <i>3.0</i>	62,701 <i>-0.1</i>	62,482 <i>-0.3</i>	55,185 <i>2.8</i>	59,635 <i>8.1</i>
Retail trade	54,707 <i>-0.1</i>	54,852 <i>0.3</i>	55,290 <i>0.8</i>	55,958 <i>1.2</i>	56,169 <i>0.4</i>	56,684 <i>0.9</i>	52,029 <i>3.7</i>	54,905 <i>5.5</i>
Transportation and warehousing	46,588 <i>2.4</i>	46,702 <i>0.2</i>	46,830 <i>0.3</i>	46,776 <i>-0.1</i>	46,263 <i>-1.1</i>	46,072 <i>-0.4</i>	45,615 <i>-0.4</i>	46,401 <i>1.7</i>
Information and cultural industries	41,147 <i>1.1</i>	41,510 <i>0.9</i>	41,740 <i>0.6</i>	42,112 <i>0.9</i>	42,331 <i>0.5</i>	42,210 <i>-0.3</i>	38,783 <i>7.5</i>	41,274 <i>6.4</i>
Finance, insurance and real estate	199,322 <i>0.5</i>	200,570 <i>0.6</i>	201,431 <i>0.4</i>	201,805 <i>0.2</i>	203,590 <i>0.9</i>	206,178 <i>1.3</i>	190,570 <i>4.6</i>	199,890 <i>4.9</i>
Professional, scientific and technical services	43,123 <i>1.2</i>	43,425 <i>0.7</i>	43,846 <i>1.0</i>	44,252 <i>0.9</i>	44,605 <i>0.8</i>	44,665 <i>0.1</i>	41,937 <i>4.5</i>	43,255 <i>3.1</i>
Administrative and waste management services	21,207 <i>1.0</i>	21,583 <i>1.8</i>	21,903 <i>1.5</i>	22,047 <i>0.7</i>	22,119 <i>0.3</i>	22,333 <i>1.0</i>	20,396 <i>4.9</i>	21,424 <i>5.0</i>
Educational services	45,341 <i>1.0</i>	45,623 <i>0.6</i>	45,676 <i>0.1</i>	45,857 <i>0.4</i>	45,999 <i>0.3</i>	45,851 <i>-0.3</i>	44,629 <i>1.4</i>	45,377 <i>1.7</i>
Health care and social assistance	57,964 <i>1.0</i>	58,659 <i>1.2</i>	59,337 <i>1.2</i>	59,869 <i>0.9</i>	60,636 <i>1.3</i>	61,036 <i>0.7</i>	56,306 <i>2.2</i>	58,337 <i>3.6</i>
Arts, entertainment and recreation	9,142 <i>4.8</i>	8,887 <i>-2.8</i>	8,947 <i>0.7</i>	9,090 <i>1.6</i>	9,309 <i>2.4</i>	9,256 <i>-0.6</i>	8,519 <i>3.4</i>	8,924 <i>4.8</i>
Accommodation and food services	23,227 <i>1.6</i>	23,275 <i>0.2</i>	23,265 <i>-0.0</i>	22,956 <i>-1.3</i>	21,977 <i>-4.3</i>	22,349 <i>1.7</i>	23,038 <i>2.3</i>	23,159 <i>0.5</i>
Other services (except public administration)	23,675 <i>0.7</i>	23,800 <i>0.5</i>	24,029 <i>1.0</i>	24,073 <i>0.2</i>	24,080 <i>0.0</i>	24,101 <i>0.1</i>	22,973 <i>4.1</i>	23,753 <i>3.4</i>
Public administration	55,629 <i>-0.1</i>	56,390 <i>1.4</i>	57,039 <i>1.2</i>	57,362 <i>0.6</i>	57,516 <i>0.3</i>	57,079 <i>-0.8</i>	54,833 <i>3.1</i>	56,180 <i>2.5</i>
Other aggregations								
Industrial production	239,267 <i>1.7</i>	241,525 <i>0.9</i>	241,015 <i>-0.2</i>	241,469 <i>0.2</i>	237,807 <i>-1.5</i>	238,334 <i>0.2</i>	233,768 <i>-2.3</i>	239,278 <i>2.4</i>
Non-durable manufacturing industries	72,436 <i>1.7</i>	73,172 <i>1.0</i>	73,303 <i>0.2</i>	73,058 <i>-0.3</i>	72,403 <i>-0.9</i>	71,964 <i>-0.6</i>	70,345 <i>0.3</i>	72,531 <i>3.1</i>
Durable manufacturing industries	104,241 <i>2.5</i>	105,881 <i>1.6</i>	104,914 <i>-0.9</i>	104,866 <i>-0.0</i>	102,567 <i>-2.2</i>	102,127 <i>-0.4</i>	101,407 <i>-6.1</i>	104,182 <i>2.7</i>
Business sector industries	840,084 <i>1.2</i>	846,459 <i>0.8</i>	850,201 <i>0.4</i>	855,808 <i>0.7</i>	854,102 <i>-0.2</i>	858,336 <i>0.5</i>	812,239 <i>1.8</i>	841,623 <i>3.6</i>
Non-business sector industries	151,652 <i>0.6</i>	152,939 <i>0.8</i>	154,130 <i>0.8</i>	154,816 <i>0.4</i>	155,711 <i>0.6</i>	155,406 <i>-0.2</i>	149,025 <i>2.2</i>	152,370 <i>2.2</i>
ICT sector, total	55,363 <i>1.5</i>	55,561 <i>0.4</i>	55,991 <i>0.8</i>	56,610 <i>1.1</i>	56,765 <i>0.3</i>	56,579 <i>-0.3</i>	54,377 <i>-1.1</i>	55,361 <i>1.8</i>

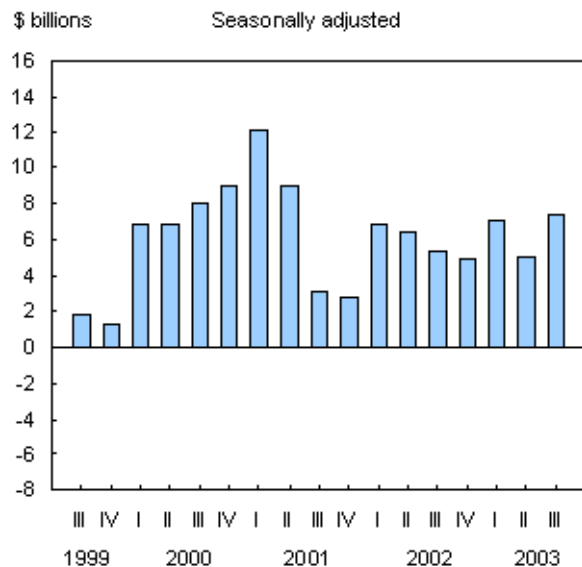
1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

Balance of international payments

Third quarter 2003

Canada's current account surplus with the rest of the world increased \$2.3 billion to \$7.3 billion on a seasonally adjusted basis in the third quarter. This was the highest surplus since the second quarter of 2001. An improved surplus on goods trade was the main factor, along with lower deficits for trade in services and investment income.

Current account balance



The capital and financial account saw Canada lower its international financial liabilities for a second consecutive quarter, as foreign investors sold back to Canadian residents a record amount of Canadian government bonds. Partly offsetting the activity in bonds was the highest quarter of foreign investment in Canadian equities in two and a half years.

These events occurred against the backdrop of a Canadian dollar that fluctuated against the US dollar after making substantial gains earlier in 2003. However, the dollar lost ground against other major currencies in the quarter, especially the yen.

Current account

Goods surplus up as imports fall

The goods surplus reached \$15.5 billion in the third quarter, \$1.8 billion higher than in the previous quarter, with imports of goods dropping \$2.1 billion and exports little changed from the revised second quarter results.

Price changes again played an important role in the movements in export values. Higher prices for energy and forestry products were responsible for most of the \$1.5 billion increase in export values for these two commodities. Lower exports of aircraft, engines and parts and other machinery and equipment largely offset these increases.

Imports decreased for a fourth consecutive quarter. A large drop in the imports of passenger cars was responsible for more than half of the \$2.1 billion reduction in imports of goods. Imports of industrial goods were the other major contributor to the decline.

Services deficit remains high

The deficit on trade in services, at \$2.7 billion, was slightly improved from the second quarter, but remains high primarily as a result of the continuing high deficit for international travel.

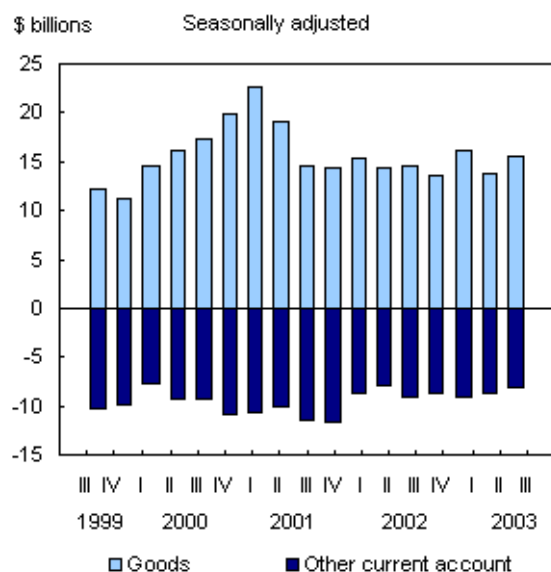
For the third quarter in a row, the travel deficit increased, reaching \$1.2 billion, its highest level in nine years. The number of Canadians travelling outside the country rebounded in the third quarter and travel payments returned to the level of the first quarter. However, after the record drop in spending by foreign visitors in the second quarter, caused by concerns about severe acute respiratory syndrome (SARS) and bovine spongiform encephalopathy (BSE), or mad cow disease, travel receipts recovered only slightly in the third quarter. The transportation deficit improved slightly but the deficit on passenger air fares remained high.

Note to readers

As mentioned in the second quarter release (in The Daily of August 28, 2003), the power outage in Ontario shortened the time spent on the production of the second quarter data and revisions to the first quarter. It was explained that upward adjustments were made to export values as a result of the large shifts in exchange rate. These adjustments totalled \$1 billion and \$2.7 billion respectively for the first and second quarters of 2003.

Upon further analysis, it was found that these adjustments were overstated. For this current release, the adjustments have been revised downward to \$0.8 billion and \$1.1 billion respectively for the first and second quarters with a smaller but negative adjustment for the third quarter of \$0.2 billion.

Goods and other current account balances



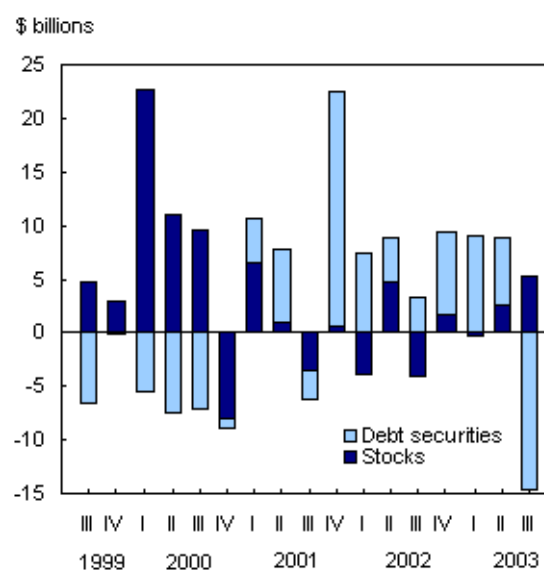
The deficit on commercial services was lower at \$0.6 billion in the third quarter. Higher receipts for financial services and royalties and license fees combined with lower payments for these two categories were the main factors behind the \$0.3 billion improvement in the commercial services deficit.

Higher profits on Canadian investment abroad

The deficit on investment income improved for the fourth consecutive quarter, reaching \$5.5 billion in the third quarter, an improvement of \$1.9 billion over the past four quarters. Profits on Canadian direct investment abroad increased for a second quarter, as returns improved for the electrical products and chemical industries. The Canadian profits realized by foreign direct investors dropped for a third consecutive quarter, as earnings of the energy sector continued to retreat from the very high levels of late 2002 and early 2003.

Interest payments on Canadian bonds, which make up about 90% of the payments on portfolio liabilities, remained relatively stable in the third quarter after dropping significantly during the two previous quarters as a result of the stronger Canadian dollar.

Foreign portfolio investment in Canada

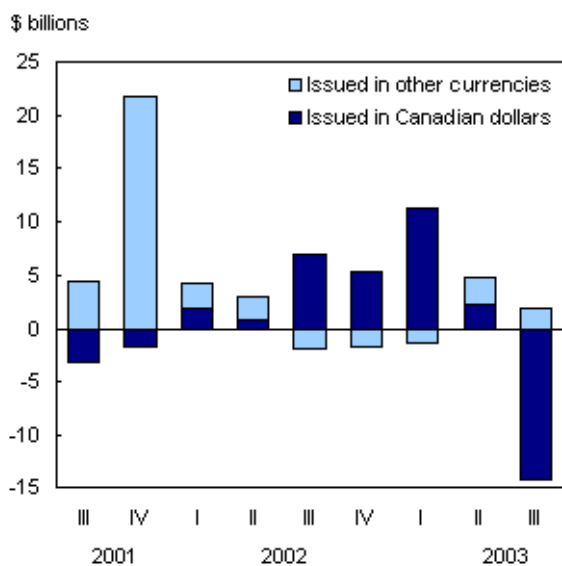


Financial account

Foreign portfolio investors sell Canadian securities

Foreign portfolio investment of \$9.4 billion flowed out of Canadian securities in the third quarter, after a strong build-up in the three previous quarters. Foreign investors sold Canadian debt instruments but bought equities.

Foreign investors reduced their holdings of Canadian bonds by a record \$12.3 billion, which came after ten straight quarters of investment totalling \$73 billion. The flow of bonds back to Canada in the third quarter was concentrated in bonds issued by Canadian governments and their enterprises, mainly outstanding issues of the federal government denominated in Canadian dollars. Foreign investors did add to their holdings of corporate bonds, mainly by acquiring new corporate issues in foreign currencies. Geographically the divestment came primarily from reduced holdings of Americans and secondly from those of Europeans. However, Asian investors acquired Canadian bonds for a second straight quarter.

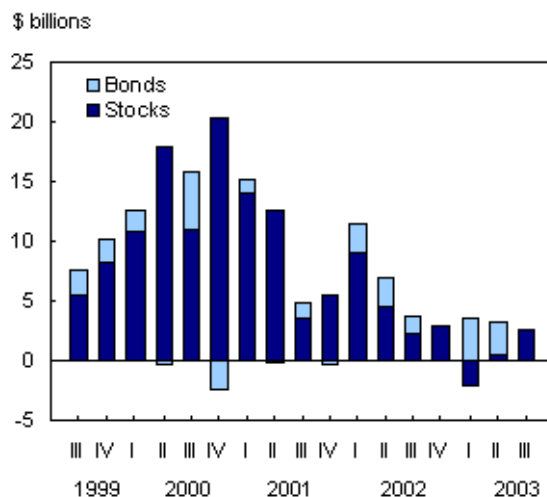
Foreign investment in Canadian bonds by currency

Foreign holdings of Canadian money market paper were reduced by \$2.4 billion in the quarter. This reduction was spread between government and corporate short-term paper. Foreign investors have divested a total of \$4 billion of Canadian short-term paper, so far in 2003.

Foreign investors purchased \$5.3 billion of Canadian shares, double the amount in the second quarter. Most of the investment was in outstanding issues of Canadian stock, although some new issues were offered in international markets. The American market was the primary source of the increased demand. The increased appetite of foreign investors came at a time of rising Canadian stock prices. The S&P/TSX composite index gained 17% during the second and third quarters of 2003.

Canadian demand for foreign stocks rises

Canadian investors bought \$2.6 billion of foreign stocks in the third quarter, their first significant investment since a similar amount was invested in the fourth quarter of 2002. While most of the investment went to US equities, a small portion went to overseas shares, the first such investment in a year. After investing \$6.2 billion in foreign bonds in the first half of the year, Canadian investors focussed on the composition of their portfolio in the third quarter. They bought \$2.1 billion of US corporate and overseas bonds while selling an equivalent amount of US Treasury bonds.

Canadian portfolio investment abroad¹

¹ Reverse of Balance of payments signs.

Direct investment is low

Canadian direct investment abroad was \$4.9 billion in the third quarter, which was the third consecutive quarter of slow investment. Acquisitions of foreign enterprises accounted for some of the investment in the third quarter, a turnaround from the second quarter when Canadian direct investors sold some of their foreign affiliates.

Foreign direct investment in Canada, at just \$2 billion, was at its lowest quarterly level in more than eight years. Most of this investment was related to reinvested earnings and small acquisitions in the Canadian economy.

Other investment

The activities of Canadian banks dominated transactions in the other investment category, both assets and liabilities, leading to substantial capital inflows in the third quarter. On the asset side, loans to non-residents were reduced by \$7.1 billion. Higher deposits in foreign currencies increased other liabilities by \$3 billion. Canada's international reserves, which decreased \$5.4 billion over the previous four quarters, were unchanged in the third quarter.

Balance of payments

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Not seasonally adjusted, millions of dollars								
Current account								
Receipts								
Goods and services	120,597	120,120	119,411	118,737	114,341	112,380	480,404	472,628
Goods	106,083	102,235	105,923	105,817	100,738	95,471	421,519	414,305
Services	14,514	17,886	13,487	12,920	13,603	16,909	58,885	58,323
Investment income	7,778	7,828	9,191	7,657	7,952	7,867	26,715	31,638
Direct investment	3,618	3,756	5,196	3,599	4,207	4,047	7,297	15,345
Portfolio investment	2,133	2,064	2,072	2,066	2,062	2,124	7,907	8,323
Other investment	2,027	2,008	1,923	1,992	1,683	1,696	11,511	7,970
Current transfers	1,469	1,543	2,026	1,917	1,405	1,456	6,990	7,002
Current account receipts	129,843	129,491	130,628	128,312	123,698	121,702	514,110	511,268
Payments								
Goods and services	109,754	105,221	107,862	105,795	105,576	97,907	417,908	423,112
Goods	92,830	88,129	91,621	88,421	88,967	80,664	350,632	356,459
Services	16,924	17,092	16,241	17,374	16,609	17,243	67,276	66,653
Investment income	13,404	15,014	15,970	15,502	13,618	13,203	64,029	59,149
Direct investment	4,080	5,613	5,915	5,984	5,102	4,544	21,884	20,724
Portfolio investment	7,346	7,497	7,564	7,425	7,084	6,998	29,590	29,643
Other investment	1,979	1,904	2,490	2,092	1,433	1,661	12,555	8,782
Current transfers	1,060	1,295	1,377	1,979	1,204	1,348	5,308	5,641
Current account payments	124,218	121,530	125,209	123,276	120,398	112,458	487,245	487,902
Balances								
Goods and services	10,843	14,900	11,548	12,942	8,765	14,473	62,496	49,516
Goods	13,253	14,105	14,302	17,396	11,771	14,807	70,887	57,846
Services	-2,410	794	-2,754	-4,454	-3,006	-334	-8,391	-8,330
Investment income	-5,626	-7,186	-6,779	-7,845	-5,666	-5,337	-37,314	-27,511
Direct investment	-462	-1,858	-719	-2,385	-895	-498	-14,587	-5,379
Portfolio investment	-5,212	-5,433	-5,493	-5,359	-5,021	-4,874	-21,683	-21,320
Other investment	48	104	-567	-100	250	35	-1,044	-811
Current transfers	409	247	650	-62	201	108	1,682	1,361
Current account balance	5,625	7,961	5,419	5,035	3,300	9,244	26,864	23,366
Capital and financial account[1]								
Capital account	1,476	1,102	842	974	969	925	5,678	4,816
Financial account	122	-9,830	-9,599	1,525	-11,493	-4,915	-23,466	-17,961
Canadian assets, net flows								
Canadian direct investment abroad	-8,731	-13,576	-16,205	-5,134	-2,195	-4,908	-56,737	-45,217
Portfolio investment	-6,866	-3,722	-2,928	-1,342	-3,210	-2,589	-37,573	-24,950
Foreign bonds	-2,298	-1,472	-32	-3,501	-2,664	18	-1,920	-6,243
Foreign stocks	-4,567	-2,250	-2,897	2,159	-546	-2,607	-35,653	-18,707
Other investment	2,636	-8	-5,943	-24,941	6,039	6,855	-19,748	-10,657
Loans	2,237	-1,332	-6,136	-5,746	2,913	7,148	-8,011	-7,678
Deposits	2,146	2,377	3,107	-18,549	5,061	2,618	-2,173	6,411
Official international reserves	-1,450	1,885	559	2,711	229	4	-3,353	298
Other assets	-297	-2,938	-3,474	-3,356	-2,164	-2,915	-6,210	-9,688
Total Canadian assets, net flows	-12,960	-17,306	-25,076	-31,417	634	-642	-114,058	-80,825
Canadian liabilities, net flows								
Foreign direct investment in Canada	7,324	2,620	5,619	4,991	4,621	2,037	44,608	32,342
Portfolio investment	8,891	-766	9,339	8,793	8,840	-9,354	34,669	21,058
Canadian bonds	3,766	5,102	3,691	9,889	7,030	-12,303	37,351	18,712
Canadian stocks	4,781	-4,076	1,724	-265	2,575	5,327	4,667	-1,436
Canadian money market	344	-1,791	3,925	-830	-766	-2,378	-7,349	3,782
Other investment	-3,132	5,622	519	19,158	-25,589	3,044	11,315	9,464
Loans	-3,095	1,857	1,670	647	-3,484	-255	-7,008	1,216
Deposits	1,868	5,353	-1,128	21,200	-20,592	2,933	23,716	13,559
Other liabilities	-1,905	-1,588	-23	-2,689	-1,513	366	-5,393	-5,311
Total Canadian liabilities, net flows	13,083	7,476	15,477	32,943	-12,127	-4,274	90,592	62,864
Total capital and financial account, net flows	1,598	-8,727	-8,757	2,500	-10,524	-3,990	-17,788	-13,145
Statistical discrepancy	-7,223	767	3,338	-7,535	7,224	-5,254	-9,076	-10,221

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

Current account

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Seasonally adjusted at quarterly rates, millions of dollars								
Receipts								
Goods and services	117,357	120,309	119,647	120,261	112,864	112,957	480,404	472,628
Goods	102,843	105,650	104,580	105,810	99,145	98,815	421,519	414,305
Services	14,513	14,659	15,067	14,452	13,719	14,142	58,885	58,323
Travel	4,040	4,195	4,258	4,075	3,430	3,591	16,414	16,731
Transportation	2,656	2,700	2,932	2,638	2,291	2,474	10,455	10,831
Commercial services	7,444	7,420	7,520	7,375	7,633	7,737	30,553	29,312
Government services	374	344	357	364	365	340	1,463	1,448
Investment income	7,686	7,963	9,111	7,635	7,836	8,006	26,715	31,638
Direct investment	3,525	3,923	5,108	3,556	4,077	4,220	7,297	15,345
Interest	147	127	144	223	157	158	341	546
Profits	3,378	3,796	4,964	3,333	3,921	4,062	6,956	14,799
Portfolio investment	2,118	2,060	2,089	2,066	2,053	2,109	7,907	8,323
Interest	490	394	426	439	431	460	2,014	1,775
Dividends	1,628	1,666	1,663	1,627	1,623	1,648	5,893	6,548
Other investment	2,043	1,980	1,915	2,013	1,705	1,677	11,511	7,970
Current transfers	1,616	1,708	1,938	1,699	1,551	1,599	6,990	7,002
Private	628	676	630	688	611	648	2,460	2,619
Official	987	1,032	1,308	1,011	939	951	4,530	4,382
Total receipts	126,658	129,980	130,696	129,596	122,250	122,561	514,110	511,268
Payments								
Goods and services	105,516	107,880	107,785	106,713	102,116	100,209	417,908	423,112
Goods	88,551	91,137	90,958	89,635	85,431	83,347	350,632	356,459
Services	16,965	16,743	16,827	17,078	16,685	16,862	67,276	66,653
Travel	4,719	4,665	4,686	4,784	4,430	4,758	18,542	18,585
Transportation	3,527	3,718	3,667	3,667	3,551	3,591	13,807	14,202
Commercial services	8,507	8,146	8,258	8,408	8,485	8,291	34,091	33,005
Government services	211	214	216	218	219	221	836	861
Investment income	13,435	15,334	16,546	14,339	13,517	13,511	64,029	59,149
Direct investment	3,975	5,773	6,537	5,066	4,885	4,709	21,884	20,724
Interest	343	327	342	450	460	454	2,309	1,390
Profits	3,632	5,446	6,194	4,616	4,426	4,255	19,576	19,334
Portfolio investment	7,342	7,495	7,584	7,405	7,085	7,005	29,590	29,643
Interest	6,901	7,052	7,119	6,742	6,532	6,447	27,406	27,891
Dividends	441	442	465	662	553	558	2,184	1,752
Other investment	2,118	2,067	2,426	1,869	1,546	1,798	12,555	8,782
Current transfers	1,331	1,432	1,487	1,466	1,559	1,526	5,308	5,641
Private	780	792	814	749	788	791	2,864	3,120
Official	551	640	672	717	771	735	2,444	2,521
Total payments	120,283	124,646	125,818	122,519	117,192	115,246	487,245	487,902
Balances								
Goods and services	11,840	12,430	11,862	13,548	10,747	12,748	62,496	49,516
Goods	14,292	14,513	13,622	16,175	13,714	15,467	70,887	57,846
Services	-2,452	-2,083	-1,760	-2,627	-2,966	-2,720	-8,391	-8,330
Travel	-679	-470	-427	-709	-999	-1,167	-2,128	-1,853
Transportation	-872	-1,017	-736	-1,029	-1,260	-1,117	-3,352	-3,371
Commercial services	-1,064	-726	-738	-1,033	-852	-554	-3,538	-3,693
Government services	163	130	141	145	145	119	627	587
Investment income	-5,749	-7,371	-7,435	-6,704	-5,681	-5,506	-37,314	-27,511
Direct investment	-450	-1,849	-1,429	-1,509	-808	-489	-14,587	-5,379
Interest	-196	-200	-199	-227	-303	-296	-1,968	-844
Profits	-254	-1,649	-1,230	-1,283	-505	-193	-12,620	-4,535
Portfolio investment	-5,224	-5,435	-5,495	-5,339	-5,032	-4,896	-21,683	-21,320
Interest	-6,411	-6,659	-6,693	-6,303	-6,102	-5,986	-25,392	-26,116
Dividends	1,187	1,224	1,198	964	1,070	1,090	3,709	4,796
Other investment	-75	-87	-511	144	159	-121	-1,044	-811
Current transfers	285	276	451	233	-9	73	1,682	1,361
Private	-152	-116	-185	-61	-177	-143	-404	-501
Official	436	392	636	294	168	216	2,086	1,862
Current account	6,375	5,334	4,879	7,077	5,058	7,315	26,864	23,366

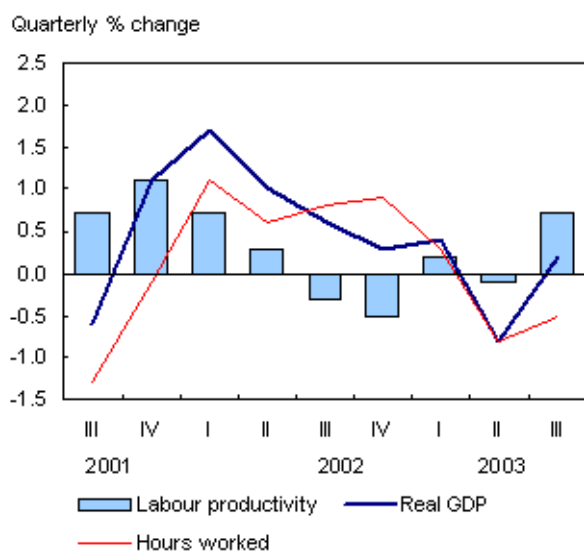
Labour productivity, hourly compensation and unit labour cost

Third quarter 2003

Labour productivity in the business sector increased by 0.7% in the third quarter compared with the previous three months, the strongest quarterly gain in more than a year. This increase put an end to a lacklustre performance during the last five quarters when productivity ranged between a gain of 0.3% and a decline of 0.5%.

In returning to stronger productivity growth, Canadian businesses experienced a slight increase in economic activity, despite the huge power outage in Ontario in August.

Productivity growth rebounds



So far this year, economic activity in Canada has been affected by an exceptional combination of negative shocks. These included SARS, mad cow disease, the mid-August power blackout, forest fires in British Columbia and the rising value of the Canadian dollar.

Businesses were able to increase their output slightly without hiring

In the third quarter, businesses were able to increase their production slightly without hiring more workers. On a quarter-to-quarter basis, business sector output in Canada slightly rebounded by 0.2% in the third quarter, after having experienced a reduction of 0.8% in the previous quarter. A drop in the non-farm inventories of businesses, in addition to a slowdown in exports had a dampening effect on output growth in the third quarter.

This small recovery in output has been accompanied by a listless labour market. In the third quarter, the number of jobs remained unchanged; however, the workers on average, dedicated fewer hours (-0.5%) to production. The number of hours worked was affected by the power outage that occurred in Ontario in August and the period of energy conservation that followed. Had it not been for this power outage, the number of hours worked would have dropped by only 0.3% rather than 0.5% in the third quarter. The power outage thus accounted for two-fifths of the decrease in hours worked in the business sector in the third quarter.

Productivity gains higher in services sector

On a quarter-to-quarter basis, labour productivity in the third quarter grew faster in the services sector (+1.3%) than it did in goods (+1.0%). In the second quarter, labour productivity in services increased by 0.5%, compared with 0.3% increase in the goods sector.

Note to readers

This chapter on labour productivity estimates is based on the revised data from the labour statistics consistent with the System of National Accounts disseminated in The Daily of December 4. In light of these revisions, the detailed data on productivity and other related variables were revised back to 1998.

In addition, the estimates of hours worked for the third quarter used in the productivity calculations were adjusted to take into account the hours lost during the power outage in Ontario. The results of specific questions included in the September Labour Force Survey, published in The Daily of October 30, were used to determine the net impact on hours worked, that is hours lost minus overtime hours. In the business sector, the net loss was estimated at 13.9 million hours.

Quarterly measures of labour productivity and related variables appear for the first time today in detail, reflecting 15 industries of the business sector. The statistical series for these industries started as of the first quarter of 1997. These detailed industry data are available in a new CANSIM table (table 383-0012).

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

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

Labour productivity in services rose in the third quarter, mainly because of a strong performance in finance, real estate and company management (+4.2%). In the goods sector, the productivity growth was sustained mainly by the manufacturing sector, where productivity growth rose from -0.2% in the second quarter to 1.6% in the third quarter.

Productivity growth varies by industry

The growth in labour productivity varied widely among industry groups, from a decline of 1.1% in the information and cultural industries to a rise of 4.2% in the finance, real estate and company management.

Other important increases were observed in the transportation and warehousing industry (+2.4%), followed by the accommodation and food services industry (+1.9%), the manufacturing and the other services industries (+1.6%), in the retail trade industry (+1.0%), and administrative and support and waste management and remediation services (+0.5%).

On the other hand, the construction industry saw its productivity remain nearly constant (+0.1%). Productivity dropped in professional, scientific and technical services (-0.2%); agriculture, forestry, fishing and hunting (-0.4%) and in wholesale trade (-0.6%).

Unit labour costs have increased at a moderate pace

On a quarter-to-quarter basis, unit labour costs, which indicate whether wage inflation exceeds productivity growth, remain relatively constant throughout the first three quarters in 2003. Unit labour costs increased slightly by a rate of 0.5% during the third quarter, after having increased by 0.8% in the second quarter and by 0.3% in the first quarter. Hourly compensation rose by 1.1% in the third quarter, due in part to the loss of hours worked incurred by the power outage in Ontario, without commensurate reduction in wages.

On a year-to-year basis, hourly compensation paid to business sector workers rose by 3.0% in the third quarter, compared to a rate of 2.3% in the second quarter. This increase in the annual rate of hourly compensation in the third quarter exceeds the 0.3% increase in labour productivity. Thus, unit labour costs increased by 2.8% on a year-to-year basis in the third quarter, slightly less than the 3.0% growth experienced in the previous quarter.

Better productivity performance in the United States largely result of exceptional gains in output

On a quarter-to-quarter basis, real output (GDP) in the third quarter continued to rise less rapidly in Canada than in the United States for a second consecutive quarter. Over the past two quarters, the gap in output growth in the two countries remained high.

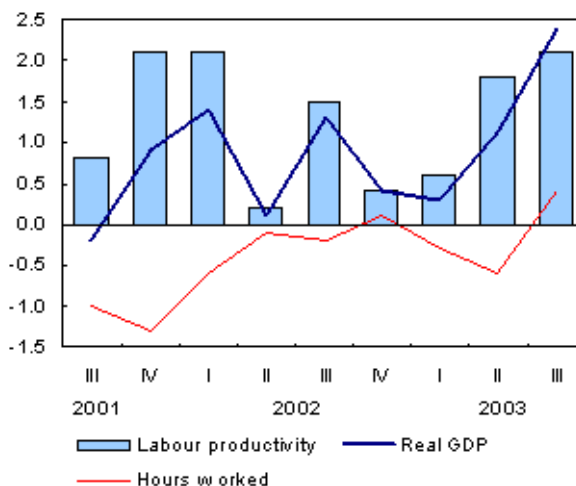
After a decline of 0.8% in the previous quarter, the output of Canadian businesses rebounded slightly by 0.2% in the third quarter. The decrease in non-farm inventories of businesses as well as the drop in exports had a dampening effect on output growth.

In the meantime, output growth in the United States picked up, reaching a level of 2.4% in the third quarter compared with 1.1% in the second quarter. This was the highest quarterly increase since the first three months of 1984 (+2.7%). This growth was the result of several factors, including reductions in income tax, interest rates that were at an all-time low, and the weakness of the U.S. dollar.

This exceptional output growth in the United States was accompanied by a slight improvement in their labour market. While the number of hours worked continued to decrease in Canada in the third quarter, the U.S. business sector saw an end to the downturn in employment. Hours worked in U.S. businesses increased by 0.4% in the third quarter. This was only the second increase in the past 14 quarters. In contrast, hours worked in Canada declined for a second consecutive quarter, decreasing by 0.5% in the third quarter compared to a 0.8% drop in the second quarter.

Highest U.S. productivity growth since the first quarter of 2002

Quarterly % change



These factors combined to produce lower productivity gains in Canada than in the United States during the third quarter. On a quarter-to-quarter basis, the productivity growth in the Canadian business sector was limited to 0.7% in the third quarter, while it was three times higher (+2.1%) in the U.S.'s businesses. Since the second quarter of 2002, productivity growth in the U.S. was higher than in Canada.

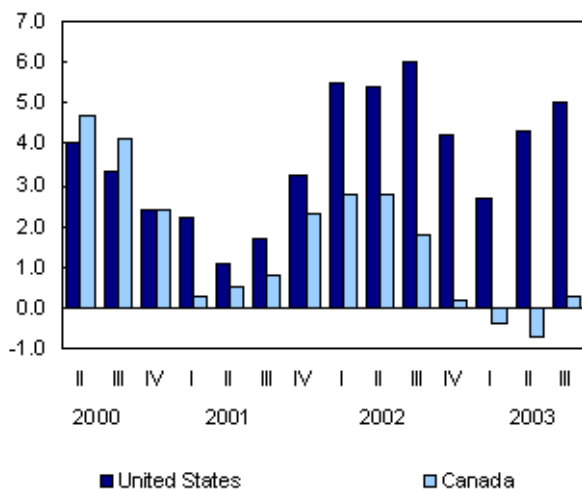
Marginal annual productivity gains were experienced without growth in output in Canada

Canadian productivity slightly increased at an annual rate of 0.3% in the third quarter, after two quarters of negative growth. This modest Canadian performance is below that observed south of the border where a strong growth rate of 4.4% was observed in the same period.

In the fourth quarter of 2000, the year-to-year productivity growth rate between the two countries was identical. Since this period, productivity performance between Canada and the U.S. appears to favour the American business sector, fluctuating between 0.6% and 5.0% per quarter. Substantial gaps are consistently observed for the five preceding quarters. However, over the past few years, preliminary estimates of American productivity have been largely revised downwards, while those of Canada have been revised upwards.

Productivity growth in the U.S. accelerated once again

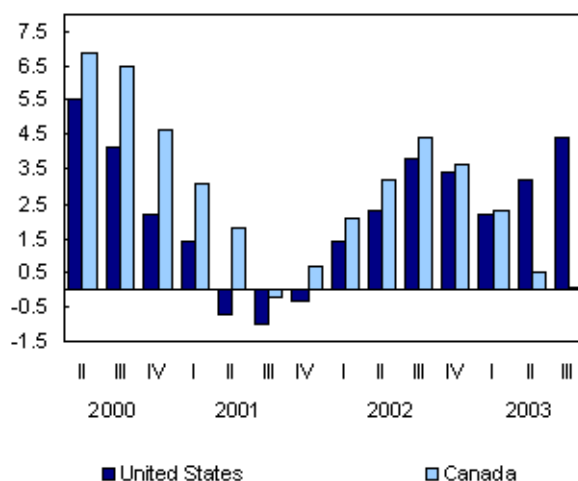
Year-over-year % change



In the third quarter, productivity performance differs between the two countries as a result of differing output growth rates. Year-to-year, output in the Canadian business sector remains practically unchanged in the third quarter while their American counterparts experienced a strong growth in output. In the third quarter, output in Canada grew only at an annual rate of 0.1% while in the same period; output in the U.S. grew at a rate of 4.4%.

Second consecutive quarter of higher output growth in the U.S.

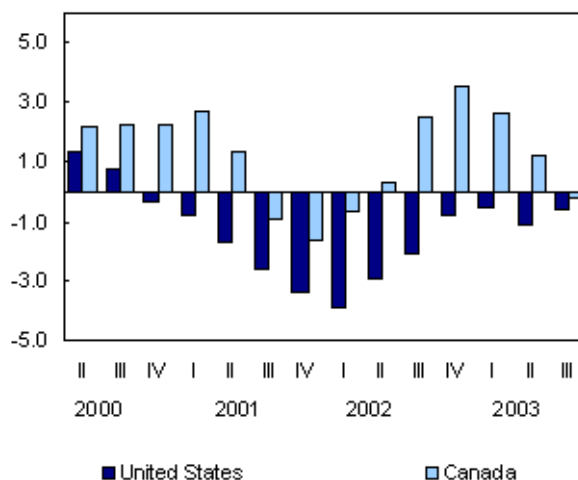
Year-over-year % change



Meanwhile, hours worked in the two countries decreased from one year to the next in the third quarter, but at a slower pace in Canada than in the U.S. In fact, the hours worked in Canada decreased by 0.2% in the third quarter—the first decline since the first quarter of 2002. Concurrently, hours worked in the U.S. decreased for a twelfth consecutive quarter, a reduction of 0.6%.

Hours worked fell, but at a slower pace in Canada

Year-over-year % change



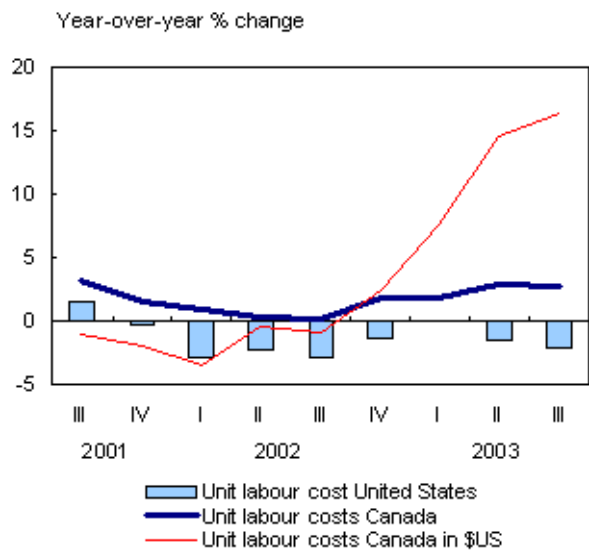
Higher Canadian dollar continues to drive labour costs in Canada

American businesses also held a significant advantage over Canadian businesses with respect to changes in labour costs.

On a year-to-year basis, unit labour costs in Canada increased by 2.8% in the third quarter, whereas they dropped by 2.1% in the United States, as expressed in the respective currencies of each country.

The gap in unit labour costs between Canada and the United States for the third quarter of 2003 is the result of weaker growth in labour productivity in Canada, since the changes in hourly compensation were similar. Productivity in Canada increased at scarcely 0.3% compared with the third quarter of 2002, while in the United States, productivity was up 5.0% on year over year basis.

Canadian dollar appreciation continues to increase unit labour costs



Expressed in U.S. dollars, the advantage for American businesses in terms of unit labour costs was even greater in the third quarter. With the 11.7% upsurge in the value of the Canadian dollar vis-à-vis its U.S. counterpart between the third quarter of 2002 and the same quarter of 2003, the United States continues to hold a clear advantage in terms of the trend for unit costs. Unit labour costs for Canadian businesses, as measured in U.S. currency, posted a spectacular increase of 16.4% annually in the third quarter, while those of American businesses recorded a drop of 2.1%.

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003
Seasonally adjusted						
% change from previous quarter						
Canada						
Labour productivity	0.3	-0.3	-0.5	0.2	-0.1	0.7
Real GDP	1.0	0.6	0.3	0.4	-0.8	0.2
Hours worked	0.6	0.8	0.9	0.3	-0.8	-0.5
Hourly compensation	0.1	0.4	0.6	0.4	0.8	1.1
Unit labour cost	-0.3	0.7	1.2	0.3	0.8	0.5
Exchange rate[2]	-2.5	0.6	0.4	-3.8	-7.4	-1.3
Unit labour cost in US\$	2.3	0.1	0.8	4.2	8.9	1.8
United States						
Labour productivity	0.2	1.5	0.4	0.6	1.8	2.1
Real GDP	0.1	1.3	0.4	0.3	1.1	2.4
Hours worked	-0.1	-0.2	0.1	-0.3	-0.6	0.4
Hourly compensation	1.0	0.5	0.4	0.8	1.0	0.5
Unit labour cost	0.8	-1.0	0.1	0.1	-0.8	-1.4
% change from same quarter of previous year						
Canada						
Labour productivity	2.8	1.8	0.2	-0.4	-0.7	0.3
Real GDP	3.2	4.4	3.6	2.3	0.5	0.1
Hours worked	0.4	2.5	3.5	2.6	1.2	-0.2
Hourly compensation	3.3	2.1	1.9	1.5	2.3	3.0
Unit labour cost	0.4	0.2	1.8	1.9	3.0	2.8
Exchange rate[2]	0.9	1.1	-0.7	-5.3	-10.0	-11.7
Unit labour cost in US\$	-0.5	-0.9	2.5	7.6	14.5	16.4
United States						
Labour productivity	5.4	6.0	4.2	2.7	4.3	5.0
Real GDP	2.3	3.8	3.4	2.2	3.2	4.4
Hours worked	-2.9	-2.1	-0.8	-0.5	-1.1	-0.6
Hourly compensation	3.0	2.9	2.8	2.7	2.8	2.8
Unit labour cost	-2.2	-2.9	-1.4	0.0	-1.5	-2.1
% change from previous quarter at annualized rate[3]						
Canada						
Labour productivity	1.1	-1.1	-2.1	0.7	-0.4	2.9
Real GDP	4.0	2.3	1.3	1.6	-3.1	0.6
Hours worked	2.6	3.3	3.6	1.1	-3.2	-2.1
Hourly compensation	0.3	1.7	2.4	1.7	3.3	4.7
Unit labour cost	-1.1	2.7	5.0	1.1	3.4	1.8
Unit labour cost in US\$	9.5	0.3	3.3	18.1	40.4	7.3
United States						
Labour productivity	0.8	5.9	1.5	2.7	7.4	8.6
Real GDP	0.6	5.3	1.7	1.4	4.5	10.2
Hours worked	-0.2	-0.6	0.2	-1.2	-2.7	1.4
Hourly compensation	4.0	2.1	1.6	3.2	4.1	2.3
Unit labour cost	3.1	-3.6	0.1	0.5	-3.1	-5.8

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

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

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

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

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003
Seasonally adjusted						
% change from previous quarter						
Canada						
All jobs	1.0	0.8	0.9	0.2	-0.3	0.0
Hours worked	0.6	0.8	0.9	0.3	-0.8	-0.5
Average hours	-0.3	0.0	0.0	0.1	-0.5	-0.5
Labour share[2]	-2.3	0.1	0.0	-2.2	1.6	-0.5
United States						
All jobs	-0.1	-0.1	0.2	-0.2	-0.3	0.2
Hours worked	-0.1	-0.2	0.1	-0.3	-0.6	0.4
Average hours	0.1	-0.1	-0.1	-0.1	-0.5	0.2
Labour share[2]	0.6	-1.0	-0.3	-0.3	-1.0	-1.9
% change from same quarter of previous year						
Canada						
All jobs	1.9	3.2	4.1	2.9	1.6	0.8
Hours worked	0.4	2.5	3.5	2.6	1.2	-0.2
Average hours	-1.6	-0.7	-0.6	-0.2	-0.4	-0.9
Labour share[2]	1.2	-1.2	-2.9	-4.3	-0.5	-1.1
United States						
All jobs	-2.6	-2.0	-0.8	-0.2	-0.3	-0.1
Hours worked	-2.9	-2.1	-0.8	-0.5	-1.1	-0.6
Average hours	-0.3	-0.1	0.0	-0.2	-0.8	-0.5
Labour share[2]	-2.6	-2.9	-2.0	-1.0	-2.6	-3.5
% change from previous quarter at annualized rates[3]						
Canada						
All jobs	4.0	3.2	3.6	0.7	-1.0	0.0
Hours worked	2.6	3.3	3.6	1.1	-3.2	-2.1
Average hours	-1.2	0.0	0.0	0.4	-2.0	-2.0
Labour share[2]	-8.7	0.4	0.0	-8.5	6.7	-2.0
United States						
All jobs	-0.3	-0.3	0.7	-0.7	-1.0	0.7
Hours worked	-0.2	-0.6	0.2	-1.2	-2.7	1.4
Average hours	0.4	-0.4	-0.4	-0.4	-2.0	0.8
Labour share[2]	2.5	-4.0	-1.2	-1.2	-4.1	-7.3

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

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

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

International investment position

Third quarter 2003

Canada's net liability to foreign residents – the difference between its external assets and foreign liabilities – declined to \$223.4 billion at the end of September, down from a revised \$231.7 billion at the end of June. The net foreign liability had increased during the first half of 2003.

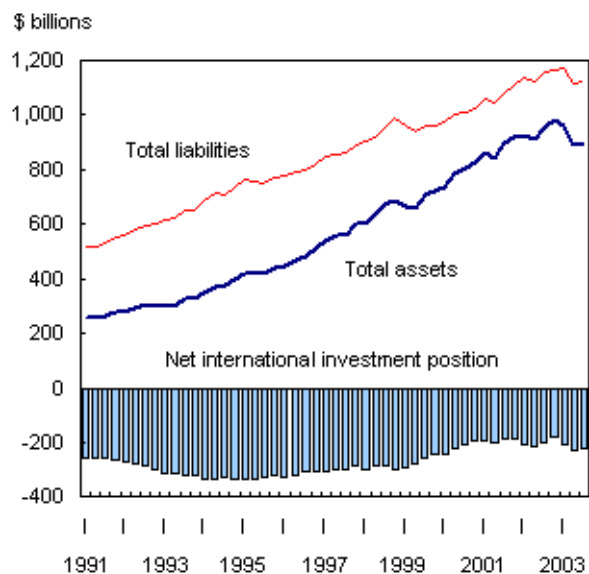
At the end of September, Canada's net external debt represented 18.4% of its gross domestic product, down almost a full percentage point from 19.3% in the second quarter.

The third-quarter decline occurred as the value of Canada's assets abroad edged up, while the nation's foreign liabilities remained virtually unchanged.

Canada's international assets rose by \$8.6 billion, or 1%, from the second quarter to \$895.2 billion. The dollar, which lost ground against major currencies, added \$6.0 billion to the value of these assets.

Canada's international liabilities were relatively stable at \$1,118.7 billion. Large outflows in portfolio investment were offset by the decline in the loonie against foreign currencies, and by inflows in the direct and other investment category.

Canada's international investment position



Canadian direct investment abroad rises

After two quarters of substantial declines, Canadian direct investment abroad rose by \$7.8 billion to \$386.5 billion. An increase in investment in the third quarter of \$4.9 billion combined with the decrease of the Canadian dollar contributed to this increase.

The major portion of the increase was spread among many countries other than the United States while Canadian investors increased their position in the United States by only \$1.1 billion to \$168.9 billion.

Canada's direct investment in the United States accounted for only 43.7% of its total direct investment abroad at the end of September, the lowest proportion ever.

Foreign equity investment up

Stronger global equity markets encouraged Canadians investors to buy foreign equities in the third quarter. As a result, foreign stock position reached \$193.8 billion at the end of September, up \$3.5 billion from the end of June.

Canadian holdings of foreign bonds marginally increased to \$41.1 billion.

Again, most of the increase in portfolio investment abroad, \$3.1 billion, was in markets outside the United States. Holdings of foreign stocks and bonds by Canadians in the United States reached \$132.6 billion at the end of September.

Slight gain in foreign direct investment in Canada

Foreign direct investors increased their foreign direct investment position in Canada for the 26th consecutive quarter between June and September. Even without any major transactions during the third quarter, they added \$2.0 billion, mostly as reinvested earnings, to their position, which reached \$360.7 billion at the end of September.

Over the 26 quarters, foreign direct investment in Canada almost doubled the level of \$181.9 billion reached in the first quarter of 1997.

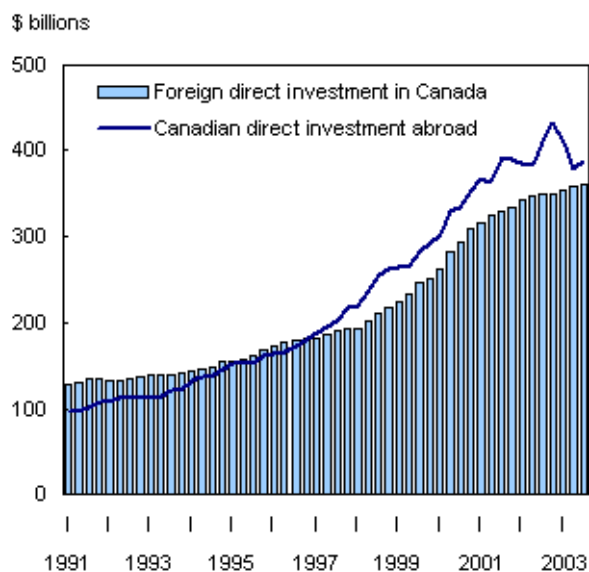
The net direct investment position – the difference between Canadian direct investment abroad and foreign direct investment in Canada – still contributed to Canadian's wealth, as it increased to \$25.8 billion at the end of September.

Note to readers

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

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

Foreign direct investment position

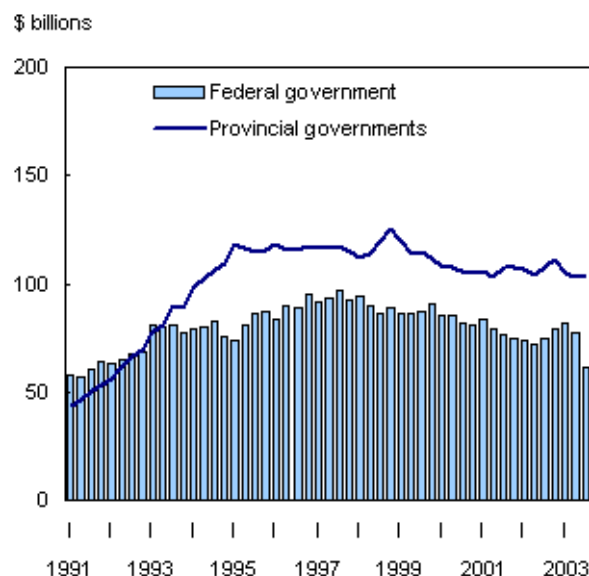


Substantial decline of foreign holdings of federal government bonds

Foreign portfolio investment fell by \$9.5 billion to \$505.7 billion. Foreign investors reduced their holdings of federal government bonds by \$15.8 billion to \$61.7 billion. This was the lowest level in 12 years, as the federal government continued to pay down its external debt.

Foreign holdings of Canadian bonds from all sources reached \$407.8 billion at the end of September, down by \$9.2 billion from the end of June.

Portfolio investment position in Canadian bonds



Foreign holdings of Canadian money market paper fell by more than 10% to \$21.1 billion, the lowest level in two years.

With the good performance of the Canadian stock market, foreign investors acquired Canadian shares during the quarter. At the end of September, they held \$76.8 billion, the highest level since the first quarter of 2001.

The S&P/TSX composite index gained over 6% between June and September.

International investment position at period-end

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Millions of dollars								
Assets								
Canadian direct investment abroad	383,372	410,931	431,819	410,030	378,702	386,467	389,660	431,819
Portfolio investment abroad								
Foreign bonds	38,625	40,788	39,957	41,060	40,949	41,147	37,068	39,957
Foreign stocks	205,811	215,942	219,179	203,865	190,299	193,840	203,462	219,179
Other investment								
Loans	64,362	65,368	71,110	73,704	66,170	59,835	68,575	71,110
Allowances	-11,779	-11,921	-11,965	-12,078	-11,770	-11,794	-11,851	-11,965
Deposits	104,592	105,601	102,341	115,338	100,125	98,682	108,929	102,341
Official international reserves	55,231	55,758	56,230	50,533	47,173	47,719	53,327	56,230
Other assets	68,631	72,081	74,651	74,849	74,933	79,333	70,400	74,651
Total assets	908,843	954,548	983,322	957,302	886,580	895,229	919,570	983,322
Liabilities								
Foreign direct investment in Canada	347,453	348,599	349,388	354,379	358,675	360,713	333,635	349,388
Portfolio investment								
Canadian bonds	420,117	439,275	443,676	433,905	416,995	407,785	421,351	443,676
Canadian stocks	74,754	72,891	73,677	73,556	74,676	76,807	74,128	73,677
Canadian money market	22,880	21,294	25,189	24,517	23,518	21,142	21,463	25,189
Other investment								
Loans	53,459	57,631	58,487	55,939	52,977	52,428	55,549	58,487
Deposits	183,677	196,493	194,512	204,091	169,988	178,116	181,055	194,512
Other liabilities	21,932	22,106	22,400	22,132	21,493	21,667	21,811	22,400
Total liabilities	1,124,271	1,158,289	1,167,329	1,168,520	1,118,323	1,118,657	1,108,992	1,167,329
Net international investment position	-215,428	-203,741	-184,007	-211,217	-231,744	-223,428	-189,422	-184,007

National balance sheet accounts

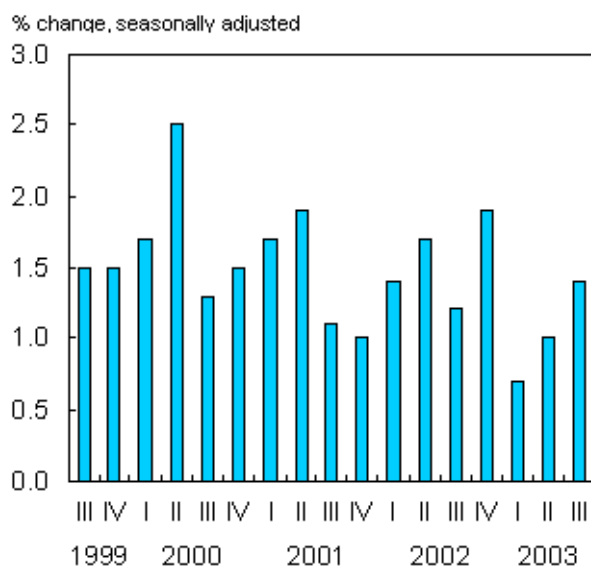
Third quarter 2003

National net worth reached \$3.9 trillion by the end of the third quarter or \$123,200 per capita, up from \$121,600 in the previous quarter.

Advance in national net worth reflects reduced net foreign debt and increased expenditures

National net worth grew 1.4% (seasonally-adjusted) in the third quarter, at a faster pace than in the previous quarter. A decline in net foreign debt (-3.6%) was a major factor, as what we owe to non-residents fell and what they owe us rose. This decline reflected substantial non-resident sales of federal government bonds, and followed two quarters of significant currency appreciation-driven increases in net foreign debt.

National net worth



Strengthened final domestic demand also contributed to the advance in national net worth, led by a pick up in personal expenditure on durable goods and continued investment in housing in the quarter, as the economy expanded. Non-financial assets, or national wealth, rose 1.3% (seasonally adjusted).

Household net worth advances, despite debt load increase

Household net worth also advanced at a faster clip in the third quarter, as the increase in assets exceeded that of liabilities. Households account for the lion's share of net worth in the economy through their significant ownership (\$2.0 trillion) of non-financial assets – principally, residential real estate – and substantial financial investment holdings (\$2.5 trillion). However, that share declined marginally in the quarter, as both corporate and government net worth improved.

Non-financial assets and financial assets rose 2.0% and 0.8%, respectively in the third quarter. Increased expenditure on housing, as well as gains in the value of housing, accounted for the growth in non-financial assets. The increase in the stock of consumer durable goods was moderated by sharp declines in the prices of new motor vehicles. Small gains were recorded for insurance, pension funds and mutual fund assets in the quarter.

Stimulated by household spending and a continued boom in the housing market, the demand for funds in the third quarter pushed household consumer credit plus mortgage debt up. As a result, the ratio of household debt to personal disposable income moved up to a new high of 101.0% (seasonally adjusted). However, interest rates eased in the quarter moderating the burden of carrying a higher debt load.

Note to readers

The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. **National wealth** is the sum of non-financial assets – produced assets, land surrounding structures and agricultural land – in all sectors of the economy. **National net worth** is wealth less net foreign liabilities (i.e., what is owed to non-residents less what they owe to us -- Canada's net international investment position); alternatively, it is the sum of the net worth of persons, corporations and governments.

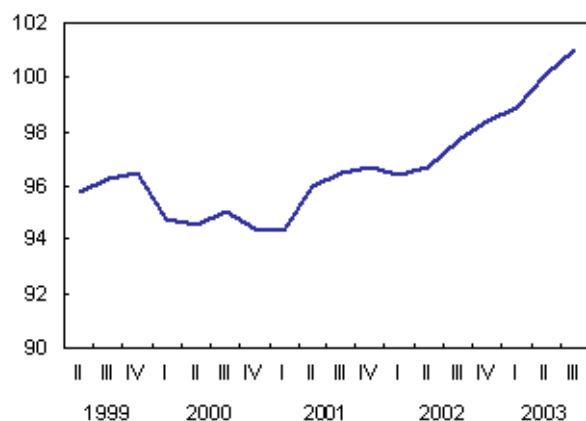
Quarterly series run from the first quarter of 1990. At this point, only selected series are available on a seasonally-adjusted basis. However additional seasonally adjusted data will be provided over the course of the year. The text refers to data unadjusted for seasonal variation unless otherwise specified.

Users are advised that data for Canadian foreign investment in marketable securities (foreign investment) for certain institutional investors' sectors, in particular in recent years, may differ from those reported in other Statistics Canada surveys. This difference is related to the increased gap between the book value of Canadian asset-holders marketable foreign equity securities on the one hand, and the underlying book values of the foreign firms whose shares are being held and traded on the other. This situation will persist for the next few quarters, as the National Balance Sheet Accounts will continue to follow the International Investment Position concept for valuation of Canadian foreign investment in equity securities. However, this issue will be resolved as both accounts move to a common market valuation for tradable securities.

An annual measure of national wealth that includes selected natural resources is also available (CANSIM table 378-0005).

Household debt burden rises further

as a % of personal disposable income, seasonally adjusted



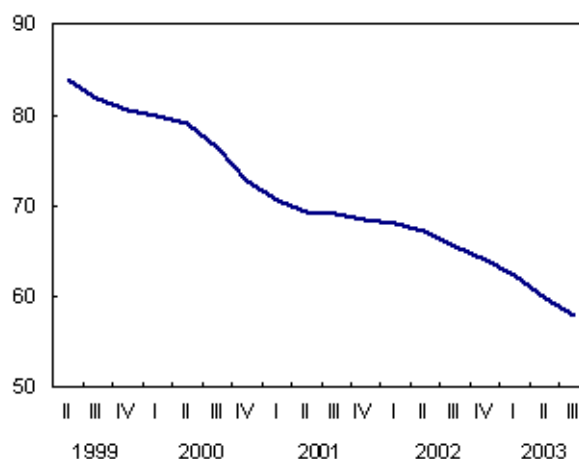
Corporations' equity advance reflects the vigour in undistributed earnings in the third quarter

The finances of corporations continued to improve in the third quarter, as profits advanced. With capital spending up, but inventories drawn down in the quarter, non-financial assets grew 0.6%. However, undistributed earnings outpaced non-financial capital acquisition, generating a further increase in net lending in the corporate sector. Notably, corporations have been generating a surplus and supplying funds to the economy for over 12 consecutive quarters. This has allowed firms to substantially restructure their balance sheets over that period.

For non-financial private corporations, strong earnings combined with higher share issues contributed to strengthened balance sheets. Leverage decreased again in the quarter, as credit market debt edged down (-0.2) while equity expanded sharply (2.6%). The debt-to-equity ratio continued its long-term downward trend, reaching levels not seen since the 1970's. Even though long-term debt declined in the quarter, the ratio of short-term debt to long-term debt continued to fall. Liquidity of these corporations has improved steadily since the second quarter of 2000, as current assets continued to outpace current liabilities.

Corporate leverage continues to plummet

as a % of equity, unadjusted data



Governments' financial position strengthens

Net worth of governments, while remaining negative, edged up in the third quarter. Non-financial assets of the government sector rose while net debt fell. However, the decline in net debt was in the federal government sector, reflecting the expanding surplus in the quarter.

Government sector credit market debt advanced 0.4% in total, and 0.2% for the federal government sector. Notably, the proportion of federal government bonds held by non-residents dropped to 18.7% from 23.4% in the previous quarter.

Both government sector credit market debt and net debt declined relative to GDP, with this drop more pronounced at the federal level.

National balance sheet accounts[1]

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Not seasonally adjusted, billions of dollars								
National net worth								
National wealth	3,880 <i>1.7</i>	3,921 <i>1.1</i>	3,968 <i>1.2</i>	4,016 <i>1.2</i>	4,077 <i>1.5</i>	4,132 <i>1.3</i>	3,747 <i>5.3</i>	3,968 <i>5.9</i>
Net foreign debt	-215 <i>...</i>	-204 <i>...</i>	-184 <i>...</i>	-211 <i>...</i>	-232 <i>...</i>	-223 <i>...</i>	-189 <i>...</i>	-184 <i>...</i>
National net worth	3,665 <i>5.4</i>	3,717 <i>5.4</i>	3,784 <i>6.4</i>	3,805 <i>5.6</i>	3,845 <i>4.9</i>	3,909 <i>5.2</i>	3,558 <i>5.9</i>	3,784 <i>6.4</i>
National net worth per capita (dollars)	116,700 <i>1.5</i>	118,100 <i>1.2</i>	120,100 <i>1.7</i>	120,600 <i>0.4</i>	121,600 <i>0.8</i>	123,200 <i>1.3</i>	113,900 <i>4.8</i>	120,100 <i>5.4</i>
Seasonally adjusted, billions of dollars								
Net worth								
Personal sector	3,492 <i>2.5</i>	3,496 <i>0.1</i>	3,560 <i>1.8</i>	3,579 <i>0.5</i>	3,623 <i>1.2</i>	3,662 <i>1.1</i>	3,379 <i>4.6</i>	3,560 <i>5.4</i>
Corporate sector	400 <i>-7.0</i>	429 <i>7.3</i>	431 <i>0.5</i>	432 <i>0.2</i>	419 <i>-3.0</i>	428 <i>2.1</i>	408 <i>-1.0</i>	431 <i>5.6</i>
Government sector	-222 <i>...</i>	-211 <i>...</i>	-207 <i>...</i>	-200 <i>...</i>	-191 <i>...</i>	-186 <i>...</i>	-229 <i>...</i>	-207 <i>...</i>
National net worth	3,670 <i>1.7</i>	3,713 <i>1.2</i>	3,784 <i>1.9</i>	3,811 <i>0.7</i>	3,851 <i>1.0</i>	3,904 <i>1.4</i>	3,558 <i>5.9</i>	3,784 <i>6.4</i>

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

National balance sheet

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Millions of dollars at quarter end								
Total assets	11,337,233	11,450,789	11,599,943	11,629,931	11,690,565	11,841,037	11,074,868	11,599,943
Non-financial assets	3,880,391	3,920,840	3,967,824	4,015,998	4,076,539	4,132,167	3,746,957	3,967,824
Residential structures	996,495	1,015,851	1,033,872	1,050,386	1,070,982	1,090,517	964,678	1,033,872
Non-residential structures	957,700	966,392	974,455	981,865	988,944	998,068	945,257	974,455
Machinery and equipment	426,920	429,540	433,192	434,080	438,915	441,395	416,434	433,192
Consumer durables	317,562	322,442	329,759	331,224	337,909	339,870	307,223	329,759
Inventories	188,780	194,056	197,349	203,262	196,828	193,272	190,265	197,349
Land	992,934	992,559	999,197	1,015,181	1,042,961	1,069,045	923,100	999,197
Net financial assets	-215,428	-203,741	-184,007	-211,217	-231,744	-223,428	-189,422	-184,007
Financial assets	7,456,842	7,529,949	7,632,119	7,613,933	7,614,026	7,708,870	7,327,911	7,632,119
Official reserves	55,231	55,758	56,230	50,534	47,172	47,719	53,328	56,230
Gold and foreign currency	49,037	49,407	49,478	43,926	40,548	41,287	47,796	49,478
IMF reserve position	5,170	5,263	5,628	5,523	5,592	5,360	4,554	5,628
Special drawing rights	1,024	1,088	1,124	1,085	1,032	1,072	978	1,124
Currency and bank deposits	656,658	664,398	670,724	666,727	685,918	687,350	632,392	670,724
Other deposits	161,552	163,566	165,149	166,721	172,223	174,645	160,117	165,149
Foreign currency deposits	88,393	82,901	95,029	101,968	81,018	90,629	80,530	95,029
Consumer credit	194,997	199,790	204,274	205,645	211,667	216,547	188,331	204,274
Trade receivables	215,023	219,297	220,591	222,553	223,385	222,794	214,875	220,591
Bank loans	175,612	175,054	177,120	180,405	180,634	180,342	176,722	177,120
Other loans	176,378	183,495	189,196	188,515	187,398	187,800	181,718	189,196
Canada short-term paper	97,782	97,118	97,631	98,206	99,655	104,178	92,290	97,631
Other short-term paper	172,749	174,125	168,316	166,388	164,502	159,301	168,800	168,316
Mortgages	583,402	594,337	594,108	599,889	610,834	621,667	569,644	594,108
Canada bonds	266,496	261,366	252,911	250,035	249,767	261,968	265,727	252,911
(of which CSB's)	23,685	23,442	22,309	22,034	21,644	21,382	23,819	22,309
Provincial bonds	247,149	248,566	250,495	253,004	255,470	259,191	243,158	250,495
Municipal bonds	32,129	31,931	32,838	32,220	31,627	32,066	31,490	32,838
Other bonds	213,615	201,312	213,595	215,775	224,236	222,656	188,412	213,595
Life insurance and pensions	964,031	953,061	968,425	950,400	957,699	967,029	959,753	968,425
Corporate claims	950,903	975,997	995,767	979,299	956,083	966,063	918,023	995,767
Government claims	189,695	192,631	191,612	183,581	181,716	184,317	185,253	191,612
Shares	1,139,617	1,161,038	1,180,418	1,176,735	1,171,840	1,184,428	1,143,820	1,180,418
Foreign investments	265,613	280,972	286,145	271,977	258,967	267,504	263,182	286,145
Other financial assets	609,817	613,236	621,545	653,356	662,215	670,676	610,346	621,545
Liabilities and net worth	11,337,233	11,450,789	11,599,943	11,629,931	11,690,565	11,841,037	11,074,868	11,599,943
Liabilities	7,672,270	7,733,690	7,816,126	7,825,150	7,845,770	7,932,298	7,517,333	7,816,126
Currency and bank deposits	670,198	679,304	684,823	680,502	700,448	701,331	648,632	684,823
Other deposits	161,552	163,566	165,149	166,721	172,223	174,645	160,117	165,149
Foreign currency deposits	102,296	102,787	112,225	109,189	90,144	104,410	104,351	112,225
Consumer credit	194,997	199,790	204,274	205,645	211,667	216,547	188,331	204,274
Trade payables	212,852	218,456	220,379	221,600	222,138	222,048	218,941	220,379
Bank loans	157,044	158,550	157,567	160,489	159,715	159,727	156,291	157,567
Other loans	184,631	190,425	194,173	192,408	192,040	191,708	192,030	194,173
Canada short-term paper	105,941	105,147	107,050	107,203	109,997	114,699	99,729	107,050
Other short-term paper	186,954	187,152	183,508	181,378	177,001	169,224	182,486	183,508
Mortgages	583,717	594,657	594,428	600,204	611,146	621,981	569,966	594,428
Canada bonds	337,657	334,657	331,079	330,734	326,163	322,204	339,262	331,079
(of which CSB's)	23,685	23,442	22,309	22,034	21,644	21,382	23,819	22,309
Provincial bonds	372,432	378,181	383,696	378,085	376,648	380,516	375,534	383,696
Municipal bonds	36,240	36,021	36,474	35,723	35,024	35,223	35,966	36,474
Other bonds	424,084	423,323	432,790	430,807	431,597	436,426	390,119	432,790
Life insurance and pensions	964,031	953,061	968,425	950,400	957,699	967,029	959,753	968,425
Corporate claims	444,797	451,490	460,006	464,275	436,267	435,505	418,579	460,006
Government claims	189,695	192,631	191,612	183,581	181,716	184,317	185,253	191,612
Shares	1,738,344	1,752,912	1,769,238	1,778,775	1,793,634	1,819,416	1,688,112	1,769,238
Other liabilities	604,808	611,580	619,230	647,431	660,503	675,342	603,881	619,230
Net worth	3,664,963	3,717,099	3,783,817	3,804,781	3,844,795	3,908,739	3,557,535	3,783,817

Credit market summary table

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	Third quarter 2003	2001	2002
Millions of dollars at quarter end								
Debt outstanding of:								
Persons and unincorporated business	772,283	786,803	795,109	803,101	818,951	833,922	751,763	795,109
Consumer credit	194,997	199,790	204,274	205,645	211,667	216,547	188,331	204,274
Bank loans	32,870	32,403	32,073	33,538	33,603	33,582	32,581	32,073
Other loans	66,460	67,140	67,589	68,594	68,519	69,199	65,191	67,589
Mortgages	477,956	487,470	491,173	495,324	505,162	514,594	465,660	491,173
Non-financial private corporations	538,642	538,935	536,430	532,961	526,326	525,277	530,988	536,430
Bank loans	107,510	108,091	108,663	107,908	106,903	107,774	108,228	108,663
Other loans	79,705	80,702	81,943	77,986	77,355	76,169	82,520	81,943
Other short-term paper	56,096	54,855	48,644	47,517	40,596	40,500	52,724	48,644
Mortgages	95,341	96,433	97,030	98,339	99,421	100,556	94,439	97,030
Bonds	199,990	198,854	200,150	201,211	202,051	200,278	193,077	200,150
Non-financial government enterprises	67,235	68,198	70,065	72,148	71,802	70,146	71,319	70,065
Bank loans	1,986	2,074	2,456	3,192	3,281	3,094	1,915	2,456
Other loans	4,286	4,790	4,536	6,167	6,162	6,158	4,309	4,536
Other short-term paper	7,965	7,799	8,409	9,384	9,444	8,366	8,115	8,409
Mortgages	97	97	104	104	100	99	98	104
Canada bonds	0	0	0	0	0	0	0	0
Provincial bonds	51,214	51,924	52,809	52,050	51,073	50,679	55,987	52,809
Municipal bonds	121	121	121	121	121	121	121	121
Other bonds	1,566	1,393	1,630	1,130	1,621	1,629	774	1,630
Federal government	440,326	436,536	434,865	434,670	432,900	433,647	435,705	434,865
Bank loans	101	101	101	101	101	101	101	101
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	105,941	105,147	107,050	107,203	109,997	114,699	99,729	107,050
Canada bonds	334,284	331,288	327,714	327,366	322,802	318,847	335,875	327,714
Canada savings bonds	23,685	23,442	22,309	22,034	21,644	21,382	23,819	22,309
Other bonds	310,599	307,846	305,405	305,332	301,158	297,465	312,056	305,405
Other levels of government	370,961	375,254	378,009	374,261	373,689	376,402	366,125	378,009
Bank loans	4,007	4,621	4,076	4,099	4,083	4,350	3,871	4,076
Other loans	10,751	10,808	10,935	11,123	11,362	11,442	10,481	10,935
Other short-term paper	18,908	17,318	15,132	16,438	16,172	13,555	17,432	15,132
Mortgages	2,368	2,368	2,367	2,343	2,343	2,343	2,374	2,367
Provincial bonds	297,001	302,427	307,328	302,833	302,997	307,775	294,322	307,328
Municipal bonds	36,119	35,900	36,353	35,602	34,903	35,102	35,845	36,353
Other bonds	1,807	1,812	1,818	1,823	1,829	1,835	1,800	1,818
Total funds raised by domestic non-financial sectors	2,189,447	2,205,726	2,214,478	2,217,141	2,223,668	2,239,394	2,155,900	2,214,478
Consumer credit	194,997	199,790	204,274	205,645	211,667	216,547	188,331	204,274
Bank loans	146,474	147,290	147,369	148,838	147,971	148,901	146,696	147,369
Other loans	161,202	163,440	165,003	163,870	163,398	162,968	162,501	165,003
Canada short-term paper	105,941	105,147	107,050	107,203	109,997	114,699	99,729	107,050
Other short-term paper	82,969	79,972	72,185	73,339	66,212	62,421	78,271	72,185
Mortgages	575,762	586,368	590,674	596,110	607,026	617,592	562,571	590,674
Bonds	922,102	923,719	927,923	922,136	917,397	916,266	917,801	927,923
Non-residents	56,154	55,319	59,320	57,102	55,761	55,445	59,407	59,320
Bank loans	18,568	16,504	19,553	19,916	20,919	20,615	20,431	19,553
Other loans	37,586	38,815	39,767	37,186	34,842	34,830	38,976	39,767
Mortgages	0	0	0	0	0	0	0	0
Total borrowing excluding domestic financial institutions	2,245,601	2,261,045	2,273,798	2,274,243	2,279,429	2,294,839	2,215,307	2,273,798
Domestic financial institutions	366,744	375,062	383,721	378,965	381,391	383,442	345,289	383,721
Bank loans	10,570	11,260	10,198	11,651	11,744	10,826	9,595	10,198
Other loans	23,429	26,985	29,170	28,538	28,642	28,740	29,529	29,170
Other short-term paper	103,985	107,180	111,323	108,039	110,789	106,803	104,215	111,323
Mortgages	7,955	8,289	3,754	4,094	4,120	4,389	7,395	3,754
Bonds	220,805	221,348	229,276	226,643	226,096	232,684	194,555	229,276
Total funds raised = total funds supplied	2,612,345	2,636,107	2,657,519	2,653,208	2,660,820	2,678,281	2,560,596	2,657,519
Assets of:								
Persons and unincorporated business	131,584	120,179	118,399	124,334	127,665	126,449	98,683	118,399
Non-financial corporations	71,565	75,644	75,260	73,642	73,660	72,022	75,207	75,260
Governments	177,071	179,952	178,007	180,125	182,396	189,224	170,330	178,007
Non-residents	479,542	496,128	503,875	489,696	470,969	457,984	482,829	503,875
Domestic financial institutions	1,780,089	1,791,319	1,808,818	1,811,981	1,832,069	1,858,021	1,762,072	1,808,818