



Catalogue no. 13-010-XIE

Canadian Economic Accounts Quarterly Review

First quarter 2006



Statistics
Canada

Statistique
Canada

Canada

Symbols

The following standard symbols are used in Statistics Canada publications:

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

How to obtain more information

Specific inquiries about this product and related statistics or services should be directed to: our information officer, Statistics Canada, Ottawa, Ontario, K1A 0T6 (telephone: (613) 951-3640, iead-info-dcrd@statcan.ca).

For information on the wide range of data available from Statistics Canada, you can contact us by calling one of our toll-free numbers. You can also contact us by e-mail or by visiting our website.

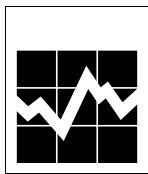
National inquiries line	1 800 263-1136
National telecommunications device for the hearing impaired	1 800 363-7629
Depository Services Program inquiries	1 800 700-1033
Fax line for Depository Services Program	1 800 889-9734
E-mail inquiries	infostats@statcan.ca
Website	www.statcan.ca

Information to access the product

This product, Catalogue no. 13-010-XIE, is available for free. To obtain a single issue, visit our website at www.statcan.ca and select Our Products and Services.

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner and in the official language of their choice. To this end, the Agency has developed standards of service that its employees observe in serving its clients. To obtain a copy of these service standards, please contact Statistics Canada toll free at 1 800 263-1136. The service standards are also published on www.statcan.ca under About Statistics Canada > Providing services to Canadians.



Statistics Canada
System of National Accounts

Canadian Economic Accounts Quarterly Review

First quarter 2006

Published by authority of the Minister responsible for Statistics Canada

© Minister of Industry, 2006

All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

June 2006

Catalogue no. 13-010-XIE, Vol. 5, no. 1

Frequency: Quarterly

ISSN 1703-7565

Ottawa

La version française de cette publication est disponible sur demande (n° 13-010-XIF au catalogue).

Note of Appreciation

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

Related products and services

GDP by income and by expenditure

CANSIM tables	380-0001 to 380-0017, 380-0019 to 380-0035, 380-0037, 380-0056 to 380-0058, 380-0060, 382-0006, 384-0001, 384-0002, 384-0004 to 384-0013, and 384-0036
Publication: National Income and Expenditure Accounts	13-001-XIB
Tables and Analytical Document: National Income and Expenditure Accounts Estimates of Labour Income Provincial Economic Accounts	13-001-PPB 13F0016XPB 13-213-PPB
Spreadsheets	13-001-DDB, 13F0016DDB, 13-213-DDB, 13-001-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 376-0036 and 376-0060 to 376-0061
Publication: Canada's Balance of International Payments	67-001-XIE

Financial flow accounts

CANSIM tables	378-0001, 378-0002
Tables and Analytical Document Spreadsheets	13-014-PPB 13-014-DDB, 13-014-XDB

Labour productivity, hourly compensation and unit labour cost

CANSIM tables	383-0008 to 383-0015
Publication: Productivity Growth in Canada	15-204-XIE

International investment position

CANSIM tables	376-0037 to 376-0042 and 376-0051 to 376-0059
Publication: Canada's International Investment Position	67-202-XIE

National balance sheet accounts

CANSIM tables	378-0003 to 378-0010
Publication: National Balance Sheet Accounts	13-214-XIE
Spreadsheets	13-214-DDB, 13-214-XDB

Latest developments in the Canadian economic accounts

Publication	13-605-XIE
-------------	------------

Table of contents

About this publication	5
Revision policy	5
Revisions in this issue	5
Overview	6
Residential investment picked up following moderate growth in 2005	6
Consumer spending accelerates	7
Inventory build-up slows	7
Exports stall	7
Labour income pushes ahead, corporate profits falter on lower energy prices	7
GDP by industry: Highlights for March 2006	8
GDP by income and by expenditure	10
Business investment	10
Personal expenditure	10
International trade	11
Labour income and corporate profits	11
Sector accounts	11
Economy-wide prices	12
GDP by industry	18
New motor vehicle dealers increase their sales while wholesalers record a decline	18
Lower U.S. demand impacts motor vehicle manufacturing	19
Residential construction down sharply	19
Stock market activity supports growth in the financial sector	19
Growth in the energy sector	19
A small decrease in industrial production	19
Other industries	19
GDP by industry, first quarter 2006	19
Balance of international payments	23
Current account	23
Goods surplus falls	23
Lower profits on direct investment	24
Services deficit increased slightly	24
Financial account	24
Record investment in foreign securities	24
Direct investment abroad moderated by sale of assets	25
Foreign direct investment in Canada robust for a third straight quarter	25
Foreign investment in Canadian securities strongest in five quarters	25
Foreign investors buy Canadian paper but sell bonds for a second straight quarter	26
Transactions in deposits, loans and reserves	26
Financial flows	29
Household borrowing picks up	29
Corporations continue to build surpluses	30
Government borrowing up	30

Labour productivity, hourly compensation and unit labour cost	36
Growth in productivity is primarily due to service-producing businesses .....	.37
Growth in unit labour costs down significantly compared to the fourth quarter of 2005 .....	.37
Economic growth accelerating in Canada and US, but pace slower here .....	.38
Canadian unit labour costs in US\$ weaken .....	.39
Recent revisions in productivity figures in Canada had no impact on the Canada/US gap .....	.40
The 2002-2005 revisions of the Income and Expenditure Accounts	45
Introduction .....	.45
Revision schedule .....	.45
Income and Expenditure Accounts revisions .....	.45
Impact of the revisions on gross domestic product (GDP) .....	.45
Revisions to income aggregates (Table 5) .....	.48
Revisions to expenditure aggregates at current prices (Table 6) .....	.49

About this publication

This publication presents an overview of the economic developments reported in Canada's national accounts for the most recent quarter. The overview covers several broad areas: 1) Gross domestic product (GDP) by income and by expenditure, 2) GDP by industry, 3) Balance of international payments, 4) Financial flow accounts 5) Labour productivity and other related variables, 6) International investment position and 7) National balance sheet.

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

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

Revision policy

GDP by income and by expenditure, Balance of international payments, Financial flow accounts, Labour productivity, hourly compensation and unit labour cost, International investment position, National balance sheet:

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

GDP by industry:

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

Revisions in this issue

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

With this release revisions have been made back to the first quarter of 2002.

GDP by industry:

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

Labour productivity, hourly compensation and unit labour cost:

With this release revisions have been made back to the first quarter of 2002.

Overview

First quarter 2006 and March 2006

Economic activity picked up in the first quarter as real gross domestic product (GDP) advanced 0.9% on the heels of continued strength in investment and personal expenditure. In March, monthly output edged up 0.1% from February.

Service-producing industries surged ahead as retail and wholesale trade, finance, insurance and real estate all advanced. Output of goods-producing industries inched ahead as Canadian manufacturers continued to battle the effects of the rapidly increasing Canadian dollar, and growing international competition. Exports declined slightly, mainly automotive, forestry and industrial goods.

Real gross domestic product, chained (1997) dollars¹

	Change	Annualized change	Year-over-year change
	%		
First quarter 2005	0.6	2.2	3.2
Second quarter 2005	0.8	3.4	3.0
Third quarter 2005	0.8	3.2	2.7
Fourth quarter 2005	0.6	2.6	2.8
First quarter 2006	0.9	3.8	3.2

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

Production declined in the mining, utilities and non-durable manufacturing sectors. In total, industrial production fell 0.3%. In the United States the index of industrial production rose 1.3%, bolstered by manufacturing and mining, while utilities receded.

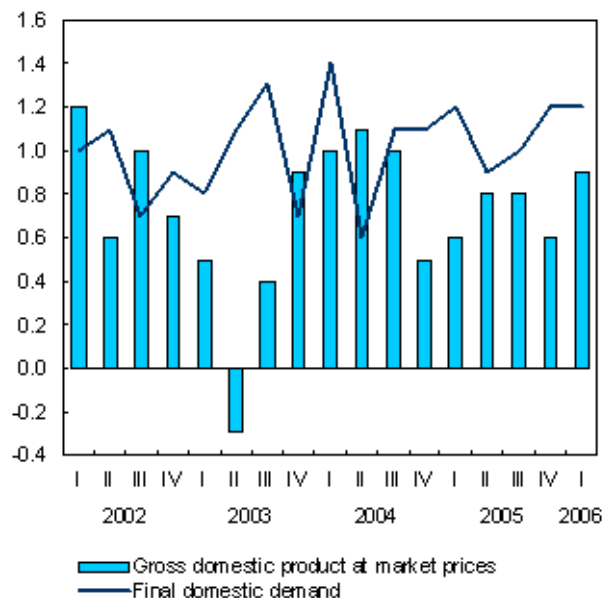
A jump in household demand, particularly consumer spending on durables and housing, was behind most of the first quarter advance. Growth in final domestic demand matched the pace set in the fourth quarter and continued to outpace overall growth in GDP.

Economy-wide prices, as measured by the chain price index for GDP, fell 0.7% in the quarter. A large share of the decline was the result of falling energy prices. Economy-wide prices, excluding energy, increased 0.7% a slight acceleration from the previous quarter.

The economy grew at an annualized rate of 3.8% in the first quarter, a sharp pick-up from the 2.6% annualized pace set during the previous quarter. The US economy grew at an annualized rate of 5.3%.

Final domestic demand continues to outpace GDP

Quarterly % change, chained (1997) dollars



Residential investment picked up following moderate growth in 2005

Investment in residential structures rebounded in the first quarter after stalling in the fourth quarter. The 3.4% first quarter increase was the strongest quarterly advance in more than two years. The value of new housing construction jumped, renovation activity remained strong and an active resale market all contributed to the strong growth.

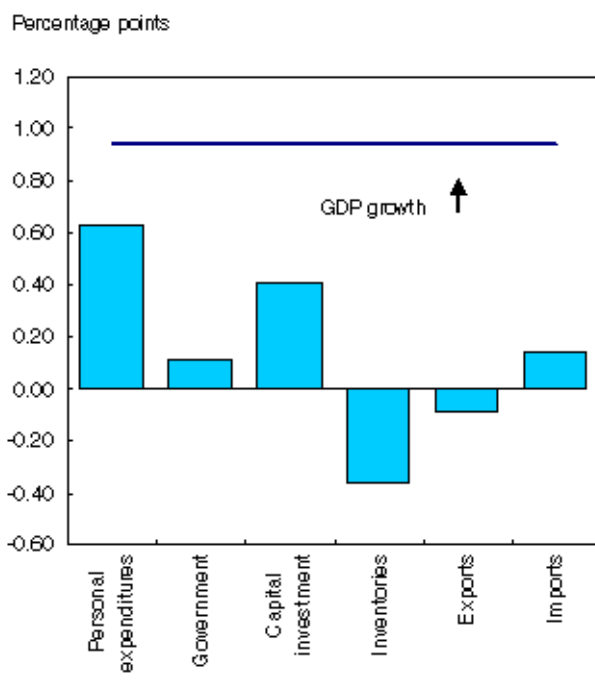
Business investment in non-residential structures and machinery and equipment continued to climb in the first quarter, although at a slower pace than that of the last half of 2005.

Investment in non-residential structures grew by 1.8%. Investment in engineering projects slowed following two quarters of solid growth. Much of the growth over the last number of years has been in the red-hot oil and gas sector. Since 2002, engineering construction as a share of total investment in non-residential structures has risen from 67% to 71%.

Real gross domestic product at basic prices, by industry

	October 2005 ^r	November 2005 ^r	December 2005 ^r	January 2006 ^r	February 2006 ^r	March 2006 ^p
Seasonally adjusted, chained (1997) dollars, month-to-month % change						
All industries	0.2	0.2	0.4	0.2	0.3	0.1
Goods-producing industries	0.4	-0.0	0.6	-0.5	0.5	-0.2
Service-producing industries	0.1	0.4	0.3	0.5	0.3	0.3
Industrial production	0.5	-0.1	0.7	-1.0	0.3	-0.1
Construction	0.8	0.9	0.9	0.9	1.1	-0.6
Retail trade	1.5	1.3	0.3	0.8	0.2	1.2
Energy sector	0.3	0.3	0.5	-3.0	2.0	1.1

Investment in machinery and equipment decelerated as expenditures in other transportation equipment slowed and telecommunications edged down following large increases in the last half of 2005.

Contribution to growth – major expenditure components**Consumer spending accelerates**

Consumers began 2006 much the same way they began 2005, by purchasing large amounts of durable and semi-durable goods. Expenditure on clothing and footwear, furniture and furnishings, household appliances and recreational, sporting and camping equipment all climbed well over 3%. All this activity pushed up output in the retail sector which advanced 2.0%. Personal expenditure by Canadians outside the country remained strong while spending by foreigners in Canada declined driving up net expenditure abroad by 7%.

Spending on non-durable goods was essentially flat in the quarter as moderate growth in food, beverages and tobacco was more than offset by declines in purchases of energy related products such as motor fuels and lubricants. The warmer weather served to drive down consumption of natural gas and electricity, both of which fell for a second consecutive quarter.

Inventory build-up slows

A little more than \$10 billion was added to inventories in the first quarter, down from the \$15 billion build-up in the fourth. The bulk of this build-up was retail inventories which posted a second quarter of strong accumulation. This was offset by a large drawdown in other non-farm inventories, specifically energy products. In the fourth quarter, imports of energy products jumped over 7%, oil and gas production climbed 3.5% while exports declined. The result was a large fourth quarter build-up in inventories. In the first quarter the picture reversed as imports fell, production decelerated and exports rose, causing the large draw down.

Exports stall

Manufacturing output slowed to 0.1% in the first quarter, the result of declines in non durable goods and transportation equipment manufacturing. Part of these declines has been attributable to weaker foreign demand, as exports stalled. Most commodity groups showed little growth or declined. Automotive exports, which increased over 15% in the last half of 2005, declined in the first quarter and exports of forestry products lost most of the gain they made in the fourth quarter.

Imports fell following two quarters of solid growth. Imports of energy products and machinery and equipment both declined. The quarterly decline in machinery and equipment imports is the first in three years. Imports of consumer goods advanced another 2.2%, on the heels of similar increases in the last two quarters of 2005.

Labour income pushes ahead, corporate profits falter on lower energy prices

Labour income advanced 1.2%, slightly off the 1.5% average quarterly increase registered in 2005. While service-producing industries were the source of strength for most of 2005, the goods-producing industries were

behind most of the first quarter growth. Public administration wages and salaries stalled contributing to the weakness in service-producing industries, but educational services, health care and social assistance, posted first quarter increases. Growth in mining, construction and manufacturing helped boost growth in goods-producing industries.

Corporate profits fell 4.1%, the first significant quarterly decline since 2003, as lower export prices of energy goods put a lid on profits in the oil and gas sector. Excluding oil and gas extraction and refineries, profits posted a modest increase. Significant gains were registered in the real estate, rental and leasing, information and culture, and education and health industries.

GDP by industry: Highlights for March 2006

The Canadian economy edged up 0.1% in March, after increasing by 0.2% in January and by 0.3% in February. In March, growth in service-producing industries (+0.3%) more than offset a decline in the production of goods (-0.2%).

Retail trade benefited from an upswing in activity among most retailers in March. New motor vehicle dealers were responsible for much of the 1.2% growth in this sector. Excluding new motor vehicle dealers, retail trade advanced 0.4%. Growth in wholesale trade was flat, held back by a reduction in motor vehicle exports.

Manufacturing output retreated 0.4% in March. Eleven of the 21 major groups, accounting for 54% of total manufacturing output, registered declines. A decrease in American demand for motor vehicles resulted in a sharp drop in motor vehicle manufacturing in Canada.

Construction declined 0.6% in March, taking a pause after growing steadily for 20 consecutive months. Residential construction declined 2.2%, wiping out the gain in February. Non-residential construction advanced 0.6%.

Buoyant stock markets continued to contribute to the growth of the financial sector (+0.3%). By contrast, real estate brokers registered a 1.6% decline, reflecting a weakening in the home resale market.

Building on the previous month's strength, the energy sector advanced 1.1% in March. This gain has been largely attributable to a sharp increase in oil exploration (+13%) and to a rise in oil and gas extraction (+0.2%). Electricity generation and transmission declined 0.7%. Mining activity fell sharply, dropping 4.6% mostly due to a marked decline in potash production.

Canadian economic accounts key indicators[1]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions of dollars at current prices								
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	662,604	672,252	682,340	694,340	703,668	712,380	651,888	688,150
	1.0	1.5	1.5	1.8	1.3	1.2	5.0	5.6
Corporation profits before taxes	176,616	178,936	183,704	192,368	202,812	194,568	171,323	189,455
	1.6	1.3	2.7	4.7	5.4	-4.1	18.3	10.6
Interest and miscellaneous investment income	56,272	56,460	57,036	60,392	67,724	63,960	54,084	60,403
	1.1	0.3	1.0	5.9	12.1	-5.6	8.9	11.7
Net income of unincorporated business	85,472	85,516	85,764	86,556	86,988	87,944	84,084	86,206
	0.4	0.1	0.3	0.9	0.5	1.1	7.3	2.5
Taxes less subsidies	151,532	152,072	155,740	156,352	157,024	159,416	148,564	155,297
	1.1	0.4	2.4	0.4	0.4	1.5	5.8	4.5
Personal disposable income	767,332	772,444	781,652	793,836	802,164	819,128	755,931	787,524
	0.9	0.7	1.2	1.6	1.0	2.1	4.7	4.2
Personal saving rate[2]	2.3	1.2	1.0	1.3	1.3	1.9	2.6	1.2

Seasonally adjusted at annual rates, millions of chained (1997) dollars								
Personal expenditure on consumer goods and services	646,954	655,823	661,391	665,602	671,517	679,161	638,825	663,583
	0.9	1.4	0.8	0.6	0.9	1.1	3.3	3.9
Government current expenditure on goods and services	214,263	215,267	216,627	218,239	220,622	221,874	211,883	217,689
	0.6	0.5	0.6	0.7	1.1	0.6	3.0	2.7
Gross fixed capital formation	251,025	255,191	258,014	264,002	269,080	274,586	244,221	261,572
	2.2	1.7	1.1	2.3	1.9	2.0	8.0	7.1
Investment in inventories	21,393	17,624	14,503	14,992	14,937	10,217	9,767	15,514

Exports of goods and services	460,941	466,955	464,866	474,439	481,889	480,752	462,239	472,037
	-1.2	1.3	-0.4	2.1	1.6	-0.2	5.2	2.1
Imports of goods and services	458,446	467,457	463,089	475,574	490,041	488,019	442,421	474,040
	2.0	2.0	-0.9	2.7	3.0	-0.4	8.2	7.1
Gross domestic product at market prices	1,137,820	1,144,136	1,153,623	1,162,822	1,170,239	1,181,226	1,124,688	1,157,705
	0.5	0.6	0.8	0.8	0.6	0.9	3.3	2.9
GDP at basic prices, by industry								
Goods producing industries	336,330	337,406	338,669	342,673	345,257	345,848	332,217	341,001
	0.2	0.3	0.4	1.2	0.8	0.2	4.1	2.6
Industrial production	250,505	250,846	250,905	253,459	255,060	254,229	247,374	252,568
	0.2	0.1	0.0	1.0	0.6	-0.3	3.8	2.1
Energy sector	63,582	63,007	63,592	65,114	66,064	65,433	63,109	64,444
	1.1	-0.9	0.9	2.4	1.5	-1.0	1.8	2.1
Manufacturing	182,866	183,845	183,017	183,971	184,845	185,079	180,070	183,919
	-0.2	0.5	-0.5	0.5	0.5	0.1	4.6	2.1
Non-durable manufacturing	74,096	73,732	73,219	73,480	72,922	72,321	73,714	73,338
	-0.7	-0.5	-0.7	0.4	-0.8	-0.8	2.0	-0.5
Durable manufacturing	108,539	109,876	109,562	110,252	111,680	112,511	106,132	110,343
	0.1	1.2	-0.3	0.6	1.3	0.7	6.5	4.0
Construction	61,510	62,357	63,249	64,240	65,747	67,266	60,689	63,898
	1.1	1.4	1.4	1.6	2.3	2.3	4.6	5.3
Services producing industries	716,314	722,804	730,397	736,304	740,931	749,273	709,357	732,609
	0.6	0.9	1.1	0.8	0.6	1.1	2.7	3.3
Wholesale trade	63,958	65,112	66,981	67,818	69,169	71,153	62,306	67,270
	1.6	1.8	2.9	1.2	2.0	2.9	5.3	8.0
Retail trade	60,341	61,449	62,125	62,241	62,635	63,874	59,405	62,112
	0.9	1.8	1.1	0.2	0.6	2.0	3.8	4.6
Transportation and warehousing	50,547	51,099	51,473	52,422	52,845	53,168	49,804	51,960
	1.0	1.1	0.7	1.8	0.8	0.6	4.5	4.3
Finance, insurance, real estate and renting	208,219	210,423	212,741	214,637	215,849	218,244	206,340	213,413
	0.6	1.1	1.1	0.9	0.6	1.1	3.4	3.4
Information and communication technologies	59,190	60,103	61,153	61,961	62,059	63,047	58,112	61,319
	1.0	1.5	1.7	1.3	0.2	1.6	4.3	5.5

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

2. Actual rate.

GDP by income and by expenditure

First quarter 2006

Economic activity picked up in the first quarter as real gross domestic product (GDP) advanced 0.9% on the heels of continued strength in investment and personal expenditure.

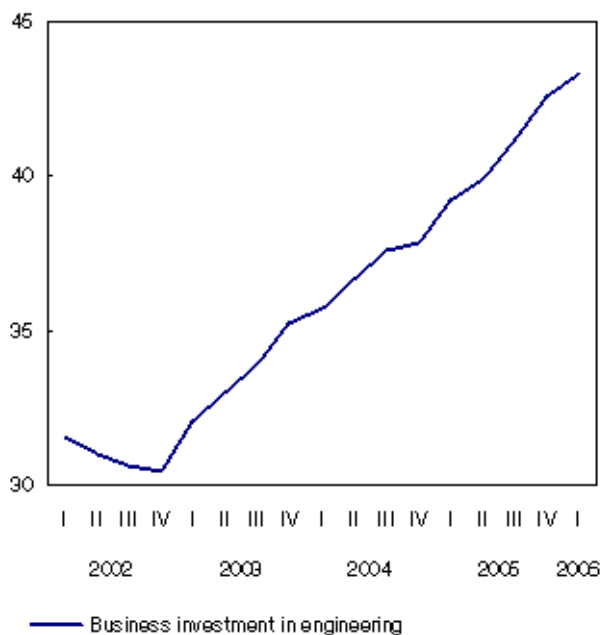
Business investment

After moderate growth throughout most of 2005, residential investment bounced back in the first quarter of 2006, increasing 3.4%. While renovation activity had been the source of strength for most of 2005, the 4.6% jump in the value of new housing construction is behind the recent surge, with widespread effects on household spending.

The boom in non-residential construction that began in 2003 continued into 2006. Business investment in non-residential buildings matched last quarter's growth of 1.8%. Investment in engineering projects also posted a healthy gain this quarter, up 1.8%, but slowed from the growth posted in the last half of 2005.

Engineering investment

Billions of chained (1997) dollars



The recent release of results from the Public and Private Investment Intentions Survey points to continued strength in non-residential investment. Businesses are forecasting large investments in oil and gas exploration, in addition to upgrading and expanding current facilities. Governments also intend to invest heavily in improving electric power, natural gas, and water and sewage infrastructure, as well as public transportation.

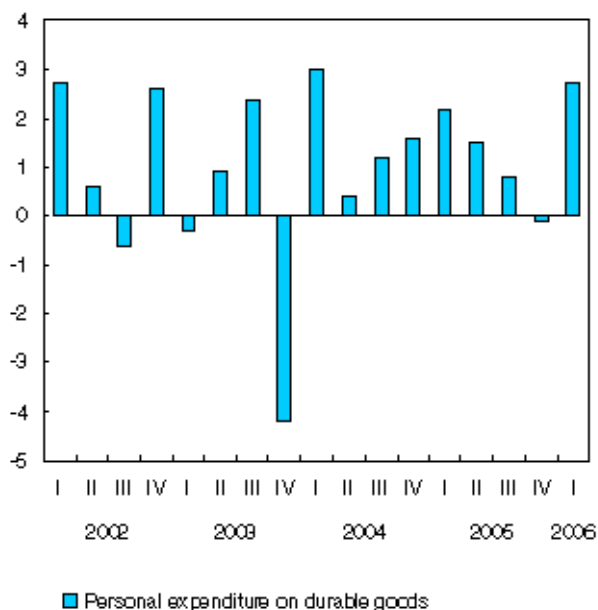
Business investment has been matched in recent quarters by government investment in non-residential structures and machinery and equipment. Similar to business investment, government gross fixed capital formation slowed in the first quarter as engineering investment cooled from the 6.8% pace established in 2005.

Personal expenditure

Consumers began 2006 much the same way they began 2005, by purchasing large amounts of durable and semi-durable goods. Demand for clothing and footwear, furniture and furnishings, household appliances, recreational sporting and camping equipment, and reading and entertainment supplies, all registered a strong first quarter. The low price of clothing imports from China, coupled with Canadian's appetite for the latest in household electronics, are behind much of the recent growth. A rebound in the housing market also sparked growth in household furnishings.

Personal expenditure on durable goods

Quarterly % change, chained (1997) dollars



Consumer expenditures on electricity, natural gas and other fuels fell again this quarter as the mild winter weather reduced demand. Consumption of services slowed as expenditure on recreational services declined following a fourth quarter jump.

Purchases of new and used motor vehicles bounced back from the large fourth quarter decline. Purchases of motor vehicles have been sluggish since the end of a flurry of consumer discounts.

International trade

Exports and imports were flat in the first quarter following a strong finish to 2005. Exports of automotive products, the source of strength in the last half of 2005, fell off sharply in the first quarter. Exports of forestry products declined as well, continuing a downward trend that began in 2004.

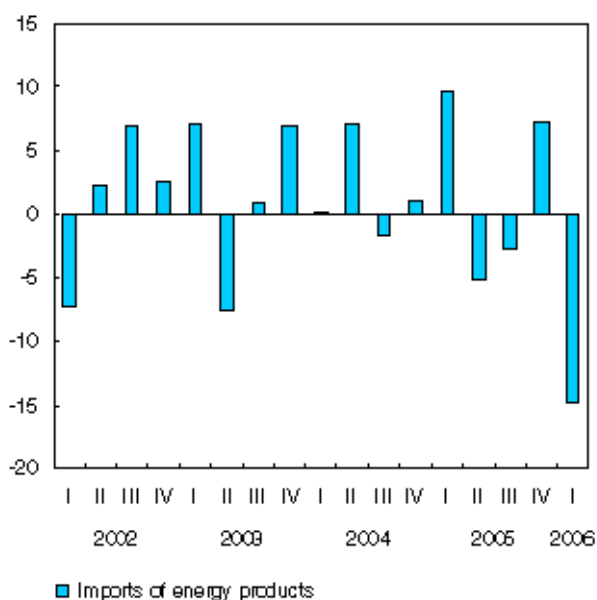
Exports of aircraft remained a source of strength in the first quarter, helping to drive up exports of machinery and equipment by 1.1%. Demand for Canadian aircraft has been growing steadily since early 2005.

Exports of agricultural and fishing products were up slightly in the first, but well off the 5.4% pace registered in 2005. The gain was led by growth in exports of wheat, fish and fish preparations, crude vegetable products, and live animals.

Imports declined following two quarters of solid growth. Most of the 0.4% decline was a result of a drop in imports of energy products. Energy imports jumped in the fourth quarter then fell significantly in the first. The high level of energy imports in the fourth quarter led to a substantial build-up in non-farm inventories which were subsequently drawn down in the first quarter.

Imports of energy products

Quarterly % change, chained (1997) dollars



The first quarter was marked by a further appreciation in the Canadian dollar vis à vis the American dollar. The Canadian dollar appreciated 1.6% in the first quarter.

Labour income and corporate profits

Labour income posted strong growth in the first quarter, as wages and salaries continued to climb and have now grown an average of 1.5% over the last five quarters. While service-producing industries were the source of strength for most of 2005, the goods-producing industries are behind most of the first quarter growth. Public administration wages and salaries stalled, contributing to the weakness in services-producing industries, but educational services, health care and social assistance, posted first quarter increases. Growth in mining, construction and manufacturing helped boost growth in goods-producing industries. Employment growth remained steady.

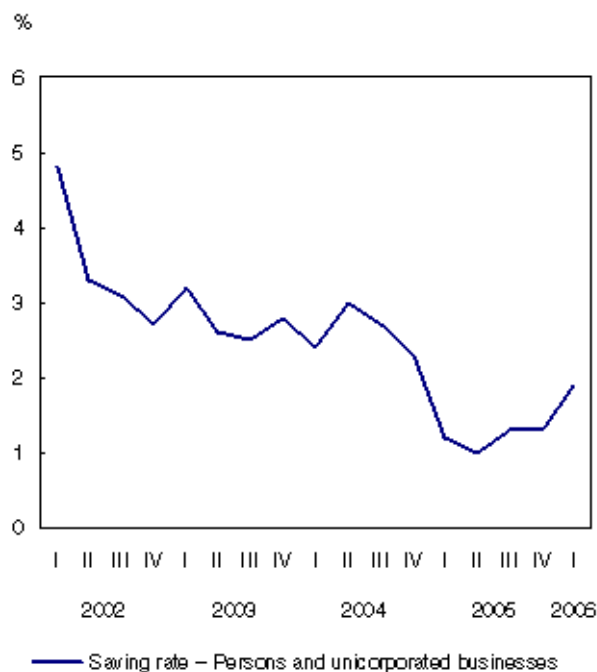
Corporate profits fell 4.1%, the first significant quarterly drop since 2003, as lower export prices of energy products put a lid on profits in the oil and gas sector. The lower energy prices also contributed to the 5.6% drop in interest and miscellaneous investment income as government royalties fell.

Sector accounts

The solid growth in wages and salaries coupled with a large increase in government transfers drove up personal disposable income by 2.1%. This is the largest quarterly increase in personal disposable income since the fourth quarter of 2000. The jump in government transfers was largely a result of three programs: the Resource Rebate Program saw cheques totalling \$1.3 billion being issued to Albertans; in Ontario, households received a credit on electricity bills in the first quarter as a result of the surplus accumulated in the Electricity Consumer Price Protection Fund in the 2004-05 fiscal year; lastly, the federal government's Energy Cost Benefit paid \$550 million to low-income families and seniors who received either the National Child Benefit or the Guaranteed Income Supplement to help with high winter heating costs.

The strong personal income growth served to push up the personal sector saving rate which settled in at 1.9%. With this release, GDP has been revised back to 2002. These revisions resulted in large upward revisions to labour income in both 2003 and 2004 which were carried forward into 2005. The result is that the personal sector saving rate, which had been previously published as negative throughout most of 2005, is now positive. While the level has changed, the downward trend that began in the early 1990s remains.

Personal saving rate



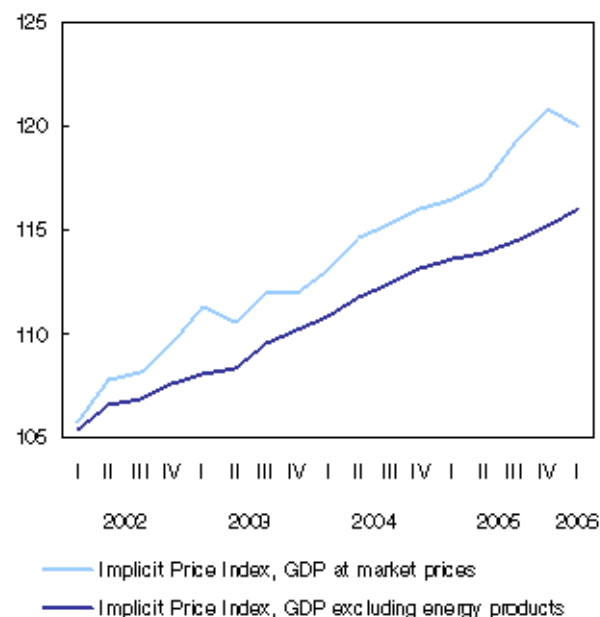
Economy-wide prices

The volatile energy prices continue to impact the GDP Implicit Price Index. The large decline in overall energy prices drove down economy-wide prices by 0.7%. This is the first quarterly decline registered since the middle of 2003 when there was a widespread decline in prices.

Economy-wide prices excluding energy increased 0.7% in the first quarter and have shown a steady acceleration since early 2005. The GDP Implicit Price Index excluding energy is calculated by removing all energy-related items from GDP. This means that items such as exports and imports of energy products, personal expenditure on motor vehicle fuel and lubricants and electricity are removed leaving only non-energy related items in the index.

Implicit price index including and excluding energy

Indexes, using chained (1997) dollars



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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Wages, salaries and supplementary labour income	662,604 <i>1.0</i>	672,252 <i>1.5</i>	682,340 <i>1.5</i>	694,340 <i>1.8</i>	703,668 <i>1.3</i>	712,380 <i>1.2</i>	651,888 <i>5.0</i>	688,150 <i>5.6</i>
Corporation profits before taxes	176,616 <i>1.6</i>	178,936 <i>1.3</i>	183,704 <i>2.7</i>	192,368 <i>4.7</i>	202,812 <i>5.4</i>	194,568 <i>-4.1</i>	171,323 <i>18.3</i>	189,455 <i>10.6</i>
Government business enterprise profits before taxes	13,256 <i>3.0</i>	13,584 <i>2.5</i>	14,228 <i>4.7</i>	14,596 <i>2.6</i>	15,516 <i>6.3</i>	14,164 <i>-8.7</i>	12,508 <i>1.8</i>	14,481 <i>15.8</i>
Interest and miscellaneous investment income	56,272 <i>1.1</i>	56,460 <i>0.3</i>	57,036 <i>1.0</i>	60,392 <i>5.9</i>	67,724 <i>12.1</i>	63,960 <i>-5.6</i>	54,084 <i>8.9</i>	60,403 <i>11.7</i>
Accrued net income of farm operators from farm production	3,628 <i>-3.4</i>	2,312 <i>-36.3</i>	1,612 <i>-30.3</i>	1,580 <i>-2.0</i>	1,320 <i>-16.5</i>	1,176 <i>-10.9</i>	3,256 <i>137.1</i>	1,706 <i>-47.6</i>
Net income of non-farm unincorporated business, including rent	81,844 <i>0.6</i>	83,204 <i>1.7</i>	84,152 <i>1.1</i>	84,976 <i>1.0</i>	85,668 <i>0.8</i>	86,768 <i>1.3</i>	80,828 <i>5.0</i>	84,500 <i>4.5</i>
Inventory valuation adjustment	2,368 ...	-1,136 ...	-1,944 ...	2,976 ...	-1,200 ...	2,020 ...	-1,574 ...	-326 ...
Taxes less subsidies, on factors of production	60,332 <i>1.8</i>	59,980 <i>-0.6</i>	61,404 <i>2.4</i>	61,848 <i>0.7</i>	62,376 <i>0.9</i>	62,988 <i>1.0</i>	59,099 <i>5.4</i>	61,402 <i>3.9</i>
Net domestic product at basic prices	1,056,920 <i>1.3</i>	1,065,592 <i>0.8</i>	1,082,532 <i>1.6</i>	1,113,076 <i>2.8</i>	1,137,884 <i>2.2</i>	1,138,024 <i>0.0</i>	1,031,412 <i>6.7</i>	1,099,771 <i>6.6</i>
Taxes less subsidies, on products	91,200 <i>0.6</i>	92,092 <i>1.0</i>	94,336 <i>2.4</i>	94,504 <i>0.2</i>	94,648 <i>0.2</i>	96,428 <i>1.9</i>	89,465 <i>6.0</i>	93,895 <i>5.0</i>
Capital consumption allowances	172,732 <i>1.0</i>	174,224 <i>0.9</i>	176,156 <i>1.1</i>	178,216 <i>1.2</i>	180,692 <i>1.4</i>	183,076 <i>1.3</i>	169,858 <i>4.7</i>	177,322 <i>4.4</i>
Statistical discrepancy	-1,220 ...	804 ...	-464 ...	512 ...	896 ...	-252 ...	53 ...	437 ...
Gross domestic product at market prices	1,319,632 <i>1.1</i>	1,332,712 <i>1.0</i>	1,352,560 <i>1.5</i>	1,386,308 <i>2.5</i>	1,414,120 <i>2.0</i>	1,417,276 <i>0.2</i>	1,290,788 <i>6.4</i>	1,371,425 <i>6.2</i>

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

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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Personal expenditure on consumer goods and services	732,908	745,616	756,184	765,928	773,792	785,308	719,869	760,380
	1.3	1.7	1.4	1.3	1.0	1.5	4.9	5.6
Durable goods	96,244	98,296	99,216	100,184	100,048	102,896	94,502	99,436
	1.7	2.1	0.9	1.0	-0.1	2.8	1.1	5.2
Semi-durable goods	61,008	62,548	63,164	63,160	63,732	65,716	60,632	63,151
	-0.2	2.5	1.0	-0.0	0.9	3.1	3.7	4.2
Non-durable goods	182,332	184,548	187,404	191,444	192,084	192,908	177,640	188,870
	1.9	1.2	1.5	2.2	0.3	0.4	5.5	6.3
Services	393,324	400,224	406,400	411,140	417,928	423,788	387,095	408,923
	1.1	1.8	1.5	1.2	1.7	1.4	5.7	5.6
Government current expenditure on goods and services	254,076	258,380	262,928	266,552	269,108	271,940	249,779	264,242
	1.4	1.7	1.8	1.4	1.0	1.1	4.3	5.8
Government gross fixed capital formation	31,836	32,924	33,744	34,572	35,708	36,096	31,553	34,237
	1.0	3.4	2.5	2.5	3.3	1.1	4.9	8.5
Government investment in inventories	-224	28	72	-36	44	152	21	27

Business gross fixed capital formation	237,020	242,108	247,204	252,176	257,756	264,764	229,787	249,811
	1.7	2.1	2.1	2.0	2.2	2.7	10.7	8.7
Residential structures	86,256	86,384	88,632	89,980	91,408	96,244	82,972	89,101
	2.6	0.1	2.6	1.5	1.6	5.3	14.0	7.4
Non-residential structures and equipment	150,764	155,724	158,572	162,196	166,348	168,520	146,815	160,710
	1.1	3.3	1.8	2.3	2.6	1.3	8.8	9.5
Non-residential structures	63,980	66,296	68,176	70,632	73,320	75,196	61,600	69,606
	1.7	3.6	2.8	3.6	3.8	2.6	13.2	13.0
Machinery and equipment	86,784	89,428	90,396	91,564	93,028	93,324	85,215	91,104
	0.7	3.0	1.1	1.3	1.6	0.3	5.9	6.9
Business investment in inventories	19,184	14,032	10,176	9,772	10,652	4,312	6,216	11,158

Non-farm	17,440	12,948	9,360	9,628	10,328	4,500	4,755	10,566

Farm	1,744	1,084	816	144	324	-188	1,461	592

Exports of goods and services	489,800	498,276	506,224	526,944	547,276	528,600	494,578	519,680
	-3.4	1.7	1.6	4.1	3.9	-3.4	7.1	5.1
Goods	423,328	431,852	439,780	460,384	480,232	461,272	429,122	453,062
	-4.1	2.0	1.8	4.7	4.3	-3.9	7.6	5.6
Services	66,472	66,424	66,444	66,560	67,044	67,328	65,456	66,618
	1.2	-0.1	0.0	0.2	0.7	0.4	4.4	1.8
Deduct: Imports of goods and services	446,188	457,848	464,440	469,084	479,320	474,148	440,963	467,673
	-1.5	2.6	1.4	1.0	2.2	-1.1	5.9	6.1
Goods	368,816	379,884	384,732	389,968	398,256	392,480	363,639	388,210
	-1.9	3.0	1.3	1.4	2.1	-1.5	6.1	6.8
Services	77,372	77,964	79,708	79,116	81,064	81,668	77,324	79,463
	0.8	0.8	2.2	-0.7	2.5	0.7	4.7	2.8
Statistical discrepancy	1,220	-804	468	-516	-896	252	-52	-437

Gross domestic product at market prices	1,319,632	1,332,712	1,352,560	1,386,308	1,414,120	1,417,276	1,290,788	1,371,425
	1.1	1.0	1.5	2.5	2.0	0.2	6.4	6.2
<i>Final domestic demand</i>	<i>1,255,840</i>	<i>1,279,028</i>	<i>1,300,060</i>	<i>1,319,228</i>	<i>1,336,364</i>	<i>1,358,108</i>	<i>1,230,988</i>	<i>1,308,670</i>
	1.4	1.8	1.6	1.5	1.3	1.6	5.8	6.3

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

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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions of chained (1997) dollars[2]								
Personal expenditure on consumer goods and services	646,954 <i>0.9</i>	655,823 <i>1.4</i>	661,391 <i>0.8</i>	665,602 <i>0.6</i>	671,517 <i>0.9</i>	679,161 <i>1.1</i>	638,825 <i>3.3</i>	663,583 <i>3.9</i>
Durable goods	99,364 <i>1.6</i>	101,560 <i>2.2</i>	103,115 <i>1.5</i>	103,969 <i>0.8</i>	103,874 <i>-0.1</i>	106,669 <i>2.7</i>	97,472 <i>2.5</i>	103,130 <i>5.8</i>
Semi-durable goods	59,156 <i>-0.3</i>	60,510 <i>2.3</i>	61,254 <i>1.2</i>	61,141 <i>-0.2</i>	62,049 <i>1.5</i>	64,064 <i>3.2</i>	58,664 <i>4.1</i>	61,239 <i>4.4</i>
Non-durable goods	144,918 <i>1.1</i>	146,034 <i>0.8</i>	146,311 <i>0.2</i>	146,511 <i>0.1</i>	146,747 <i>0.2</i>	146,604 <i>-0.1</i>	143,176 <i>2.1</i>	146,401 <i>2.3</i>
Services	344,543 <i>0.9</i>	349,031 <i>1.3</i>	352,270 <i>0.9</i>	355,619 <i>1.0</i>	360,507 <i>1.4</i>	364,163 <i>1.0</i>	340,450 <i>3.9</i>	354,357 <i>4.1</i>
Government current expenditure on goods and services	214,263 <i>0.6</i>	215,267 <i>0.5</i>	216,627 <i>0.6</i>	218,239 <i>0.7</i>	220,622 <i>1.1</i>	221,874 <i>0.6</i>	211,883 <i>3.0</i>	217,689 <i>2.7</i>
Government gross fixed capital formation	30,478 <i>1.4</i>	31,460 <i>3.2</i>	31,845 <i>1.2</i>	32,469 <i>2.0</i>	33,507 <i>3.2</i>	33,766 <i>0.8</i>	30,257 <i>3.3</i>	32,320 <i>6.8</i>
Government investment in inventories	-192 <i>...</i>	24 <i>...</i>	60 <i>...</i>	-28 <i>...</i>	36 <i>...</i>	124 <i>...</i>	19 <i>...</i>	23 <i>...</i>
Business gross fixed capital formation	220,549 <i>2.3</i>	223,748 <i>1.5</i>	226,187 <i>1.1</i>	231,549 <i>2.4</i>	235,599 <i>1.7</i>	240,835 <i>2.2</i>	213,984 <i>8.6</i>	229,271 <i>7.1</i>
Residential structures	67,658 <i>1.9</i>	66,886 <i>-1.1</i>	67,928 <i>1.6</i>	68,846 <i>1.4</i>	68,848 <i>0.0</i>	71,176 <i>3.4</i>	66,002 <i>7.8</i>	68,127 <i>3.2</i>
Non-residential structures and equipment	152,376 <i>2.5</i>	156,856 <i>2.9</i>	158,158 <i>0.8</i>	162,813 <i>2.9</i>	167,251 <i>2.7</i>	169,892 <i>1.6</i>	147,387 <i>9.1</i>	161,270 <i>9.4</i>
Non-residential structures	52,495 <i>0.5</i>	54,046 <i>3.0</i>	54,858 <i>1.5</i>	56,292 <i>2.6</i>	57,912 <i>2.9</i>	58,963 <i>1.8</i>	51,679 <i>7.4</i>	55,777 <i>7.9</i>
Machinery and equipment	100,607 <i>3.9</i>	103,554 <i>2.9</i>	103,896 <i>0.3</i>	107,215 <i>3.2</i>	110,011 <i>2.6</i>	111,542 <i>1.4</i>	96,072 <i>10.3</i>	106,169 <i>10.5</i>
Business investment in inventories	21,608 <i>...</i>	17,594 <i>...</i>	14,431 <i>...</i>	15,024 <i>...</i>	14,892 <i>...</i>	10,069 <i>...</i>	9,747 <i>...</i>	15,485 <i>...</i>
Non-farm	18,046 <i>...</i>	14,348 <i>...</i>	11,263 <i>...</i>	12,172 <i>...</i>	11,809 <i>...</i>	7,963 <i>...</i>	6,494 <i>...</i>	12,398 <i>...</i>
Farm	2,943 <i>...</i>	2,642 <i>...</i>	2,616 <i>...</i>	2,226 <i>...</i>	2,473 <i>...</i>	1,372 <i>...</i>	2,887 <i>...</i>	2,489 <i>...</i>
Exports of goods and services	460,941 <i>-1.2</i>	466,955 <i>1.3</i>	464,866 <i>-0.4</i>	474,439 <i>2.1</i>	481,889 <i>1.6</i>	480,752 <i>-0.2</i>	462,239 <i>5.2</i>	472,037 <i>2.1</i>
Goods	400,710 <i>-1.6</i>	407,275 <i>1.6</i>	405,291 <i>-0.5</i>	415,328 <i>2.5</i>	422,567 <i>1.7</i>	420,839 <i>-0.4</i>	402,699 <i>5.5</i>	412,615 <i>2.5</i>
Services	60,360 <i>0.9</i>	59,868 <i>-0.8</i>	59,757 <i>-0.2</i>	59,327 <i>-0.7</i>	59,542 <i>0.4</i>	60,128 <i>1.0</i>	59,687 <i>3.4</i>	59,624 <i>-0.1</i>
Deduct: Imports of goods and services	458,446 <i>2.0</i>	467,457 <i>2.0</i>	463,089 <i>-0.9</i>	475,574 <i>2.7</i>	490,041 <i>3.0</i>	488,019 <i>-0.4</i>	442,421 <i>8.2</i>	474,040 <i>7.1</i>
Goods	388,590 <i>1.8</i>	398,269 <i>2.5</i>	392,943 <i>-1.3</i>	405,171 <i>3.1</i>	417,833 <i>3.1</i>	414,588 <i>-0.8</i>	373,891 <i>8.4</i>	403,554 <i>7.9</i>
Services	69,770 <i>3.1</i>	69,401 <i>-0.5</i>	70,126 <i>1.0</i>	70,611 <i>0.7</i>	72,471 <i>2.6</i>	73,468 <i>1.4</i>	68,294 <i>7.2</i>	70,652 <i>3.5</i>
Statistical discrepancy	1,052 <i>...</i>	-690 <i>...</i>	399 <i>...</i>	-433 <i>...</i>	-741 <i>...</i>	210 <i>...</i>	-52 <i>...</i>	-366 <i>...</i>
Gross domestic product at market prices	1,137,820 <i>0.5</i>	1,144,136 <i>0.6</i>	1,153,623 <i>0.8</i>	1,162,822 <i>0.8</i>	1,170,239 <i>0.6</i>	1,181,226 <i>0.9</i>	1,124,688 <i>3.3</i>	1,157,705 <i>2.9</i>
<i>Final domestic demand</i>	<i>1,111,096 <i>1.1</i></i>	<i>1,124,980 <i>1.2</i></i>	<i>1,134,660 <i>0.9</i></i>	<i>1,146,247 <i>1.0</i></i>	<i>1,159,485 <i>1.2</i></i>	<i>1,173,662 <i>1.2</i></i>	<i>1,093,982 <i>4.2</i></i>	<i>1,141,343 <i>4.3</i></i>

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

2. 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]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Quarter to quarter % change at annual rates, chained (1997) dollars								
Personal expenditure on consumer goods and services	3.7	5.6	3.4	2.6	3.6	4.6	3.3	3.9
Durable goods	6.8	9.1	6.3	3.4	-0.4	11.2	2.5	5.8
Semi-durable goods	-1.3	9.5	5.0	-0.7	6.1	13.6	4.1	4.4
Non-durable goods	4.4	3.1	0.8	0.5	0.6	-0.4	2.1	2.3
Services	3.5	5.3	3.8	3.9	5.6	4.1	3.9	4.1
Government current expenditure on goods and services	2.5	1.9	2.6	3.0	4.4	2.3	3.0	2.7
Government gross fixed capital formation	5.9	13.5	5.0	8.1	13.4	3.1	3.3	6.8
Government investment in inventories[2]	-344	216	36	-88	64	88	5	4
Business gross fixed capital formation	9.4	5.9	4.4	9.8	7.2	9.2	8.6	7.1
Residential structures	7.9	-4.5	6.4	5.5	0.0	14.2	7.8	3.2
Non-residential structures and equipment	10.2	12.3	3.4	12.3	11.4	6.5	9.1	9.4
Non-residential structures	2.0	12.4	6.1	10.9	12.0	7.5	7.4	7.9
Machinery and equipment	16.7	12.2	1.3	13.4	10.8	5.7	10.3	10.5
Business investment in inventories[2]	6,786	-4,014	-3,163	593	-132	-4,823	1,075	5,739
Non-farm[2]	6,398	-3,698	-3,085	909	-363	-3,846	1,515	5,904
Farm[2]	272	-301	-26	-390	247	-1,101	-610	-398
Exports of goods and services	-4.9	5.3	-1.8	8.5	6.4	-0.9	5.2	2.1
Goods	-6.1	6.7	-1.9	10.3	7.2	-1.6	5.5	2.5
Services	3.6	-3.2	-0.7	-2.8	1.5	4.0	3.4	-0.1
Deduct: Imports of goods and services	8.2	8.1	-3.7	11.2	12.7	-1.6	8.2	7.1
Goods	7.2	10.3	-5.2	13.0	13.1	-3.1	8.4	7.9
Services	12.9	-2.1	4.2	2.8	11.0	5.6	7.2	3.5
Statistical discrepancy[2]	1,173	-1,742	1,089	-832	-308	951	216	-315
Gross domestic product at market prices	2.1	2.2	3.4	3.2	2.6	3.8	3.3	2.9
<i>Final domestic demand</i>	<i>4.6</i>	<i>5.1</i>	<i>3.5</i>	<i>4.1</i>	<i>4.7</i>	<i>5.0</i>	<i>4.2</i>	<i>4.3</i>

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

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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Using seasonally adjusted data, percentage points								
Personal expenditure on consumer goods and services	0.509	0.761	0.475	0.354	0.488	0.626	1.851	2.139
Durable goods	0.119	0.161	0.112	0.060	-0.007	0.191	0.190	0.416
Semi-durable goods	-0.015	0.106	0.057	-0.009	0.067	0.147	0.195	0.202
Non-durable goods	0.149	0.106	0.026	0.019	0.022	-0.013	0.292	0.310
Services	0.256	0.388	0.279	0.284	0.405	0.301	1.175	1.210
Government current expenditure on goods and services	0.117	0.091	0.123	0.144	0.208	0.109	0.589	0.523
Government gross fixed capital formation	0.035	0.078	0.030	0.049	0.079	0.020	0.081	0.164
Government investment in inventories	-0.031	0.019	0.003	-0.008	0.006	0.008	0.000	0.000
Business gross fixed capital formation	0.402	0.261	0.198	0.429	0.317	0.408	1.469	1.254
Residential structures	0.123	-0.075	0.101	0.088	0.000	0.221	0.472	0.205
Non-residential structures and equipment	0.279	0.336	0.097	0.341	0.317	0.186	0.997	1.049
Non-residential structures	0.024	0.143	0.075	0.131	0.146	0.095	0.335	0.380
Machinery and equipment	0.255	0.192	0.022	0.210	0.170	0.091	0.662	0.669
Business investment in inventories	0.533	-0.320	-0.251	0.040	-0.015	-0.362	0.063	0.442
Non-farm	0.517	-0.300	-0.248	0.068	-0.030	-0.294	0.124	0.470
Farm	0.017	-0.020	-0.003	-0.028	0.015	-0.068	-0.061	-0.029
Exports of goods and services	-0.475	0.484	-0.168	0.772	0.600	-0.090	1.980	0.820
Goods	-0.519	0.525	-0.159	0.807	0.582	-0.137	1.805	0.827
Services	0.044	-0.041	-0.009	-0.035	0.017	0.047	0.175	-0.006
Deduct: Imports of goods and services	0.674	0.665	-0.324	0.910	1.018	-0.140	2.756	2.378
Goods	0.495	0.696	-0.385	0.870	0.869	-0.219	2.326	2.175
Services	0.179	-0.031	0.061	0.040	0.149	0.079	0.430	0.203
Statistical discrepancy	0.104	-0.153	0.095	-0.072	-0.027	0.081	0.021	-0.029
Gross domestic product at market prices	0.521	0.555	0.829	0.797	0.638	0.939	3.299	2.936
<i>Final domestic demand</i>	<i>1.063</i>	<i>1.190</i>	<i>0.826</i>	<i>0.976</i>	<i>1.092</i>	<i>1.162</i>	<i>3.990</i>	<i>4.080</i>

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

Gross domestic product, implicit chain price indexes[1]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Using seasonally adjusted data, (1997 = 100)								
Personal expenditure on consumer goods and services	113.3 <i>0.4</i>	113.7 <i>0.4</i>	114.3 <i>0.5</i>	115.1 <i>0.7</i>	115.2 <i>0.1</i>	115.6 <i>0.3</i>	112.7 <i>1.5</i>	114.6 <i>1.7</i>
Government current expenditure on goods and services	118.6 <i>0.8</i>	120.0 <i>1.2</i>	121.4 <i>1.2</i>	122.1 <i>0.6</i>	122.0 <i>-0.1</i>	122.6 <i>0.5</i>	117.9 <i>1.3</i>	121.4 <i>2.9</i>
Government gross fixed capital formation	104.5 <i>-0.4</i>	104.7 <i>0.2</i>	106.0 <i>1.2</i>	106.5 <i>0.5</i>	106.6 <i>0.1</i>	106.9 <i>0.3</i>	104.3 <i>1.5</i>	106.0 <i>1.6</i>
Business gross fixed capital formation	107.5 <i>-0.6</i>	108.2 <i>0.7</i>	109.3 <i>1.0</i>	108.9 <i>-0.4</i>	109.4 <i>0.5</i>	109.9 <i>0.5</i>	107.4 <i>1.8</i>	109.0 <i>1.5</i>
Exports of goods and services	106.3 <i>-2.2</i>	106.7 <i>0.4</i>	108.9 <i>2.1</i>	111.1 <i>2.0</i>	113.6 <i>2.3</i>	110.0 <i>-3.2</i>	107.0 <i>1.8</i>	110.1 <i>2.9</i>
Imports of goods and services	97.3 <i>-3.4</i>	97.9 <i>0.6</i>	100.3 <i>2.5</i>	98.6 <i>-1.7</i>	97.8 <i>-0.8</i>	97.2 <i>-0.6</i>	99.7 <i>-2.2</i>	98.7 <i>-1.0</i>
Gross domestic product at market prices	116.0 <i>0.6</i>	116.5 <i>0.4</i>	117.2 <i>0.6</i>	119.2 <i>1.7</i>	120.8 <i>1.3</i>	120.0 <i>-0.7</i>	114.8 <i>3.0</i>	118.4 <i>3.2</i>
<i>Final domestic demand</i>	<i>113.0 <i>0.2</i></i>	<i>113.7 <i>0.6</i></i>	<i>114.6 <i>0.8</i></i>	<i>115.1 <i>0.4</i></i>	<i>115.3 <i>0.2</i></i>	<i>115.7 <i>0.3</i></i>	<i>112.5 <i>1.5</i></i>	<i>114.7 <i>1.9</i></i>

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

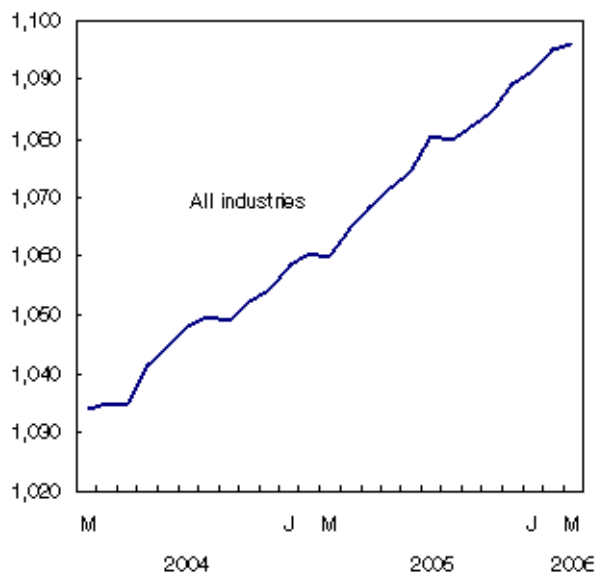
GDP by industry

March 2006

The Canadian economy edged up 0.1% in March, after rising 0.3% in February and 0.2% in January. In March, growth in service-producing industries (+0.3%) more than offset a decline in the production of goods (-0.2%).

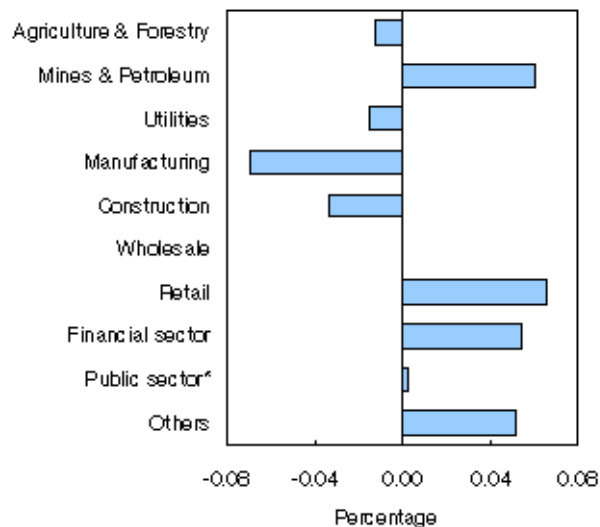
Economy edged up

GDP billions of chained \$ (1997)



Growth was chiefly constrained by industries related to motor vehicles. Hence, despite a sharp rise in retail sales, the output of manufacturers and wholesalers of new motor vehicles declined sharply, mostly because of lower foreign demand. In other sectors, a substantial rise in oil and gas exploration, a small gain in oil and gas extraction, together with an increase in accommodation and food services activities, were all partly offset by reductions in residential construction, utilities, and by work stoppages in Ontario colleges.

Main industrial sectors' contribution to total growth



* Education, health and public administration.

New motor vehicle dealers increase their sales while wholesalers record a decline

Despite a remarkable showing for retail sales, wholesalers of new motor vehicles were affected by weak U.S. demand in March.

While most retailers recorded increased activities, new car dealers contributed the most to the 1.2% rise in retail output. Excluding new motor vehicle dealers, retail trade advanced 0.4%, mainly on the strength of home centres, hardware stores, and used and recreational motor vehicle and parts dealers.

Note to readers

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

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

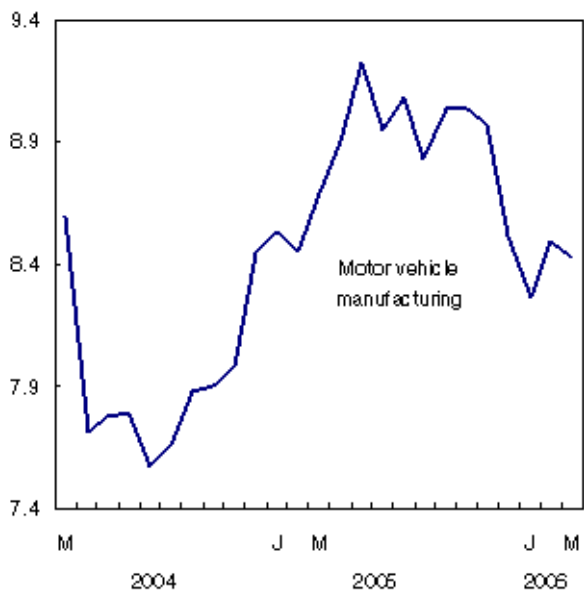
Wholesale trade activities stayed unchanged in March. A reduction in U.S. demand for motor vehicles resulted in a steep drop in the activities of new motor vehicle wholesalers and in exports. This setback was offset by the strong showing of wholesalers of machinery and electronic equipment (including computers), and of household and personal products.

Lower U.S. demand impacts motor vehicle manufacturing

Manufacturing output retreated 0.4% in March. Eleven of the 21 major groups, accounting for 54% of total manufacturing output, declined. Despite a marked increase for light trucks, a drop in U.S. demand led to a decrease in exports of all makes of cars made in Canada. As a result, motor vehicle manufacturing fell sharply, and durable goods production declined 0.5%.

Foreign demand puts brakes on car production

GDP billions of chained \$ (1997)



Gains were however recorded in the production of machinery and of fabricated metal products. Overall production of non-durable goods declined 0.3%. Decreased production of beverages and tobacco products, and lower printing activities were only partly offset by gains in chemical products and clothing.

Residential construction down sharply

Construction activities declined 0.6% in March after growing steadily for 20 months. Residential construction declined 2.2%, wiping out its previous month gain. Non-residential construction rose 0.6%. All types of non-residential buildings (industrial, commercial and institutional) advanced. The value of non-residential construction

permits increased substantially owing to new institutional projects. Engineering, repair and other construction activities also grew 0.2%, led by construction in Western Canada.

Stock market activity supports growth in the financial sector

For a third consecutive month, buoyant stock markets contributed to the growth of the financial sector. Stockbrokers' activity had a strong showing (+1.2%), helping the financial sector to grow 0.3%. By contrast, after two months of robust increases, real estate brokers recorded a 1.6% decline, reflecting the home resale market.

Growth in the energy sector

Building on its previous month's strength, the energy sector advanced again in March (+1.1%). This gain has been largely attributable to a marked increase in oil and gas exploration (+13%), and to a rise in oil and gas extraction (+0.2%) after two consecutive monthly declines. Despite the end of maintenance work on the East Coast, there was a decline in crude petroleum extraction which was more than offset by natural gas extraction. Electricity generation and transmission decreased 0.7%.

Aside from activities related to energy resources, mining fell sharply (-4.6%). For a fourth consecutive month, potash production declined substantially pending the renewal of supply contracts.

A small decrease in industrial production

Industrial production (the output of factories, mines and utilities) edged down 0.1% in March. The 1.2% increase in mining activity (including oil and gas extraction) was more than offset by the reduction in manufacturing and utilities output. In the United States, industrial production rose 0.6%, with mining, utilities and manufacturing all registering gains.

Other industries

A work stoppage in Ontario colleges led to a 0.6% drop in education services. An increase in the number of travellers staying for one night or more, both from the United States and from overseas, contributed to rise the output of many tourism-related industries, including air transportation (+1.4%) and accommodation and food services (+1.0%).

GDP by industry, first quarter 2006

Much of the growth of the Canadian economy in the first quarter of 2006 stemmed from wholesale and retail trade, the financial sector and construction activities. Industrial production (utilities, the mining sector and manufacturing) however retreated. The advance in service-producing industries (+1.1%) largely overtook that of goods-producing industries (+0.2%).

Retail trade grew 2.0%, boosted by an upswing in most types of stores, with the exception of supermarkets, service stations and computer stores. Wholesale trade continued to grow at a robust pace (+2.9%). Wholesalers of new motor vehicles and of machinery and electronic equipment contributed substantially to the increase, while wholesalers of apparel and petroleum products registered declines.

Buoyant stock markets contributed to a 1.1% rise in the financial sector in the first quarter. Stockbroking activities increased 3.5% during this period. Other financial activities also showed strength.

Construction advanced 2.3% in the first quarter, continuing the ever faster pace that started in the second quarter of 2004. Strength came from all types of construction projects, residential, non-residential, and engineering and repairs. Real estate agents and brokers saw their activities increased 2.4% during the quarter.

The 0.3% drop in industrial production in the first quarter resulted from a 1.2% decline in the mining, oil and gas extraction sector, and from a 1.6% decrease in utilities, while manufacturing output grew marginally (+0.1%). Some of the key factors explaining this overall situation include the effect of milder weather on the demand for electricity and natural gas, unscheduled maintenance on oil extraction sites, the appreciation of the Canadian dollar, as well as ongoing export contracts negotiations for various mineral products.

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

	October 2005	November 2005	December 2005	January 2006	February 2006	March 2006	March 2005 to March 2006
Seasonally adjusted at annual rates, millions chained (1997) dollars							%
All industries	1,081,990 <i>0.2</i>	1,084,620 <i>0.2</i>	1,089,348 <i>0.4</i>	1,091,381 <i>0.2</i>	1,094,984 <i>0.3</i>	1,096,158 <i>0.1</i>	... 3.4
Goods-producing industries	344,531 <i>0.4</i>	344,509 <i>-0.0</i>	346,732 <i>0.6</i>	345,033 <i>-0.5</i>	346,623 <i>0.5</i>	345,888 <i>-0.2</i>	... 3.0
Agriculture, forestry, fishing and hunting	25,305 <i>-1.9</i>	25,046 <i>-1.0</i>	24,811 <i>-0.9</i>	25,052 <i>1.0</i>	25,102 <i>0.2</i>	24,970 <i>-0.5</i>	... 0.9
Mining and oil and gas extraction	40,691 <i>0.1</i>	41,129 <i>1.1</i>	41,392 <i>0.6</i>	40,361 <i>-2.5</i>	40,448 <i>0.2</i>	40,944 <i>1.2</i>	... 8.1
Utilities	27,481 <i>-0.9</i>	27,314 <i>-0.6</i>	27,558 <i>0.9</i>	26,231 <i>-4.8</i>	27,492 <i>4.8</i>	27,326 <i>-0.6</i>	... -0.4
Construction	65,165 <i>0.8</i>	65,749 <i>0.9</i>	66,327 <i>0.9</i>	66,920 <i>0.9</i>	67,627 <i>1.1</i>	67,250 <i>-0.6</i>	... 7.7
Manufacturing	184,897 <i>0.8</i>	184,126 <i>-0.4</i>	185,513 <i>0.8</i>	185,655 <i>0.1</i>	185,179 <i>-0.3</i>	184,402 <i>-0.4</i>	... 0.8
Services-producing industries	738,315 <i>0.1</i>	740,996 <i>0.4</i>	743,482 <i>0.3</i>	747,290 <i>0.5</i>	749,291 <i>0.3</i>	751,237 <i>0.3</i>	... 3.6
Wholesale trade	69,302 <i>1.0</i>	68,633 <i>-1.0</i>	69,573 <i>1.4</i>	70,915 <i>1.9</i>	71,273 <i>0.5</i>	71,272 <i>-0.0</i>	... 8.5
Retail trade	62,011 <i>1.5</i>	62,838 <i>1.3</i>	63,055 <i>0.3</i>	63,548 <i>0.8</i>	63,665 <i>0.2</i>	64,408 <i>1.2</i>	... 4.5
Transportation and warehousing	52,675 <i>-0.2</i>	52,739 <i>0.1</i>	53,122 <i>0.7</i>	53,034 <i>-0.2</i>	53,200 <i>0.3</i>	53,271 <i>0.1</i>	... 3.9
Information and cultural industries	44,528 <i>-0.1</i>	44,538 <i>0.0</i>	44,478 <i>-0.1</i>	44,738 <i>0.6</i>	44,771 <i>0.1</i>	44,764 <i>-0.0</i>	... 2.2
Finance, insurance and real estate	215,310 <i>0.1</i>	215,901 <i>0.3</i>	216,335 <i>0.2</i>	217,481 <i>0.5</i>	218,318 <i>0.4</i>	218,932 <i>0.3</i>	... 3.7
Professional, scientific and technical services	46,031 <i>0.0</i>	46,171 <i>0.3</i>	46,272 <i>0.2</i>	46,365 <i>0.2</i>	46,478 <i>0.2</i>	46,560 <i>0.2</i>	... 2.1
Administrative and waste management services	23,999 <i>0.1</i>	24,072 <i>0.3</i>	24,144 <i>0.3</i>	24,223 <i>0.3</i>	24,264 <i>0.2</i>	24,362 <i>0.4</i>	... 3.5
Educational services	46,406 <i>-1.9</i>	47,300 <i>1.9</i>	47,328 <i>0.1</i>	47,515 <i>0.4</i>	47,471 <i>-0.1</i>	47,198 <i>-0.6</i>	... 2.7
Health care and social assistance	62,508 <i>0.3</i>	62,727 <i>0.4</i>	62,797 <i>0.1</i>	63,033 <i>0.4</i>	63,194 <i>0.3</i>	63,447 <i>0.4</i>	... 3.6
Arts, entertainment and recreation	9,638 <i>1.0</i>	9,662 <i>0.2</i>	9,732 <i>0.7</i>	9,548 <i>-1.9</i>	9,539 <i>-0.1</i>	9,615 <i>0.8</i>	... 2.7
Accommodation and food services	23,088 <i>0.0</i>	23,379 <i>1.3</i>	23,473 <i>0.4</i>	23,639 <i>0.7</i>	23,677 <i>0.2</i>	23,903 <i>1.0</i>	... 3.6
Other services (except public administration)	26,041 <i>-0.1</i>	26,079 <i>0.1</i>	26,137 <i>0.2</i>	26,166 <i>0.1</i>	26,265 <i>0.4</i>	26,279 <i>0.1</i>	... 1.4
Public administration	58,779 <i>0.1</i>	58,815 <i>0.1</i>	58,960 <i>0.2</i>	59,157 <i>0.3</i>	59,282 <i>0.2</i>	59,329 <i>0.1</i>	... 2.0
Other aggregations							
Industrial production	254,639 <i>0.5</i>	254,326 <i>-0.1</i>	256,216 <i>0.7</i>	253,737 <i>-1.0</i>	254,597 <i>0.3</i>	254,354 <i>-0.1</i>	... 2.1
Non-durable manufacturing industries	73,129 <i>-0.1</i>	72,818 <i>-0.4</i>	72,818 <i>0.0</i>	73,076 <i>0.4</i>	72,056 <i>-1.4</i>	71,830 <i>-0.3</i>	... -2.5
Durable manufacturing industries	111,525 <i>1.5</i>	111,066 <i>-0.4</i>	112,449 <i>1.2</i>	112,333 <i>-0.1</i>	112,874 <i>0.5</i>	112,326 <i>-0.5</i>	... 3.1
Business sector industries	922,739 <i>0.3</i>	924,216 <i>0.2</i>	928,707 <i>0.5</i>	930,120 <i>0.2</i>	933,577 <i>0.4</i>	934,824 <i>0.1</i>	... 3.6
Non-business sector industries	159,798 <i>-0.4</i>	160,914 <i>0.7</i>	161,176 <i>0.2</i>	161,789 <i>0.4</i>	161,957 <i>0.1</i>	161,896 <i>-0.0</i>	... 2.8
ICT sector, total	61,947 <i>0.4</i>	62,297 <i>0.6</i>	61,932 <i>-0.6</i>	62,745 <i>1.3</i>	63,132 <i>0.6</i>	63,263 <i>0.2</i>	... 4.8
Energy sector	65,824 <i>0.3</i>	66,004 <i>0.3</i>	66,364 <i>0.5</i>	64,354 <i>-3.0</i>	65,622 <i>2.0</i>	66,324 <i>1.1</i>	... 6.8

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]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted at annual rates, millions chained (1997) dollars								
Goods-producing industries	336,330 <i>0.2</i>	337,406 <i>0.3</i>	338,669 <i>0.4</i>	342,673 <i>1.2</i>	345,257 <i>0.8</i>	345,848 <i>0.2</i>	332,217 <i>4.1</i>	341,001 <i>2.6</i>
Agriculture, forestry, fishing and hunting	24,752 <i>-1.6</i>	24,681 <i>-0.3</i>	25,035 <i>1.4</i>	25,517 <i>1.9</i>	25,054 <i>-1.8</i>	25,041 <i>-0.1</i>	24,583 <i>6.3</i>	25,072 <i>2.0</i>
Mining and oil and gas extraction	39,328 <i>0.4</i>	38,614 <i>-1.8</i>	39,093 <i>1.2</i>	40,349 <i>3.2</i>	41,071 <i>1.8</i>	40,584 <i>-1.2</i>	39,458 <i>2.8</i>	39,782 <i>0.8</i>
Utilities	27,036 <i>2.2</i>	27,404 <i>1.4</i>	27,630 <i>0.8</i>	27,634 <i>0.0</i>	27,451 <i>-0.7</i>	27,016 <i>-1.6</i>	26,349 <i>0.6</i>	27,530 <i>4.5</i>
Construction	61,510 <i>1.1</i>	62,357 <i>1.4</i>	63,249 <i>1.4</i>	64,240 <i>1.6</i>	65,747 <i>2.3</i>	67,266 <i>2.3</i>	60,689 <i>4.6</i>	63,898 <i>5.3</i>
Manufacturing	182,866 <i>-0.2</i>	183,845 <i>0.5</i>	183,017 <i>-0.5</i>	183,971 <i>0.5</i>	184,845 <i>0.5</i>	185,079 <i>0.1</i>	180,070 <i>4.6</i>	183,919 <i>2.1</i>
Services-producing industries	716,314 <i>0.6</i>	722,804 <i>0.9</i>	730,397 <i>1.1</i>	736,304 <i>0.8</i>	740,931 <i>0.6</i>	749,273 <i>1.1</i>	709,357 <i>2.7</i>	732,609 <i>3.3</i>
Wholesale trade	63,958 <i>1.6</i>	65,112 <i>1.8</i>	66,981 <i>2.9</i>	67,818 <i>1.2</i>	69,169 <i>2.0</i>	71,153 <i>2.9</i>	62,306 <i>5.3</i>	67,270 <i>8.0</i>
Retail trade	60,341 <i>0.9</i>	61,449 <i>1.8</i>	62,125 <i>1.1</i>	62,241 <i>0.2</i>	62,635 <i>0.6</i>	63,874 <i>2.0</i>	59,405 <i>3.8</i>	62,112 <i>4.6</i>
Transportation and warehousing	50,547 <i>1.0</i>	51,099 <i>1.1</i>	51,473 <i>0.7</i>	52,422 <i>1.8</i>	52,845 <i>0.8</i>	53,168 <i>0.6</i>	49,804 <i>4.5</i>	51,960 <i>4.3</i>
Information and cultural industries	43,063 <i>0.9</i>	43,607 <i>1.3</i>	44,146 <i>1.2</i>	44,551 <i>0.9</i>	44,515 <i>-0.1</i>	44,758 <i>0.5</i>	42,478 <i>1.3</i>	44,205 <i>4.1</i>
Finance, insurance and real estate	208,219 <i>0.6</i>	210,423 <i>1.1</i>	212,741 <i>1.1</i>	214,637 <i>0.9</i>	215,849 <i>0.6</i>	218,244 <i>1.1</i>	206,340 <i>3.4</i>	213,413 <i>3.4</i>
Professional, scientific and technical services	45,557 <i>0.2</i>	45,561 <i>0.0</i>	45,838 <i>0.6</i>	45,986 <i>0.3</i>	46,158 <i>0.4</i>	46,468 <i>0.7</i>	45,343 <i>2.0</i>	45,886 <i>1.2</i>
Administrative and waste management services	23,265 <i>0.6</i>	23,431 <i>0.7</i>	23,740 <i>1.3</i>	23,901 <i>0.7</i>	24,072 <i>0.7</i>	24,283 <i>0.9</i>	23,051 <i>2.2</i>	23,786 <i>3.2</i>
Educational services	45,977 <i>1.2</i>	46,326 <i>0.8</i>	46,804 <i>1.0</i>	47,267 <i>1.0</i>	47,011 <i>-0.5</i>	47,395 <i>0.8</i>	45,404 <i>0.9</i>	46,852 <i>3.2</i>
Health care and social assistance	61,262 <i>-0.3</i>	61,110 <i>-0.2</i>	61,654 <i>0.9</i>	62,213 <i>0.9</i>	62,677 <i>0.7</i>	63,225 <i>0.9</i>	61,012 <i>1.5</i>	61,914 <i>1.5</i>
Arts, entertainment and recreation	9,208 <i>-3.2</i>	9,357 <i>1.6</i>	9,358 <i>0.0</i>	9,531 <i>1.9</i>	9,677 <i>1.5</i>	9,567 <i>-1.1</i>	9,425 <i>0.6</i>	9,481 <i>0.6</i>
Accommodation and food services	22,996 <i>0.5</i>	23,156 <i>0.7</i>	22,977 <i>-0.8</i>	22,947 <i>-0.1</i>	23,313 <i>1.6</i>	23,740 <i>1.8</i>	22,925 <i>1.5</i>	23,098 <i>0.8</i>
Other services (except public administration)	25,760 <i>0.6</i>	25,823 <i>0.2</i>	25,985 <i>0.6</i>	26,046 <i>0.2</i>	26,086 <i>0.2</i>	26,237 <i>0.6</i>	25,541 <i>1.5</i>	25,985 <i>1.7</i>
Public administration	57,577 <i>-0.1</i>	57,965 <i>0.7</i>	58,364 <i>0.7</i>	58,590 <i>0.4</i>	58,851 <i>0.4</i>	59,256 <i>0.7</i>	57,523 <i>0.9</i>	58,443 <i>1.6</i>
Other aggregations								
Industrial production	250,505 <i>0.2</i>	250,846 <i>0.1</i>	250,905 <i>0.0</i>	253,459 <i>1.0</i>	255,060 <i>0.6</i>	254,229 <i>-0.3</i>	247,374 <i>3.8</i>	252,568 <i>2.1</i>
Non-durable manufacturing industries	74,096 <i>-0.7</i>	73,732 <i>-0.5</i>	73,219 <i>-0.7</i>	73,480 <i>0.4</i>	72,922 <i>-0.8</i>	72,321 <i>-0.8</i>	73,714 <i>2.0</i>	73,338 <i>-0.5</i>
Durable manufacturing industries	108,539 <i>0.1</i>	109,876 <i>1.2</i>	109,562 <i>-0.3</i>	110,252 <i>0.6</i>	111,680 <i>1.3</i>	112,511 <i>0.7</i>	106,132 <i>6.5</i>	110,343 <i>4.0</i>
Business sector industries	895,283 <i>0.5</i>	902,298 <i>0.8</i>	909,746 <i>0.8</i>	918,320 <i>0.9</i>	925,221 <i>0.8</i>	932,840 <i>0.8</i>	884,924 <i>3.6</i>	913,896 <i>3.3</i>
Non-business sector industries	157,024 <i>0.2</i>	157,562 <i>0.3</i>	158,915 <i>0.9</i>	160,277 <i>0.9</i>	160,629 <i>0.2</i>	161,881 <i>0.8</i>	156,250 <i>1.0</i>	159,346 <i>2.0</i>
ICT sector, total	59,190 <i>1.0</i>	60,103 <i>1.5</i>	61,153 <i>1.7</i>	61,961 <i>1.3</i>	62,059 <i>0.2</i>	63,047 <i>1.6</i>	58,112 <i>4.3</i>	61,319 <i>5.5</i>
Energy sector	63,582 <i>1.1</i>	63,007 <i>-0.9</i>	63,592 <i>0.9</i>	65,114 <i>2.4</i>	66,064 <i>1.5</i>	65,433 <i>-1.0</i>	63,109 <i>1.8</i>	64,444 <i>2.1</i>

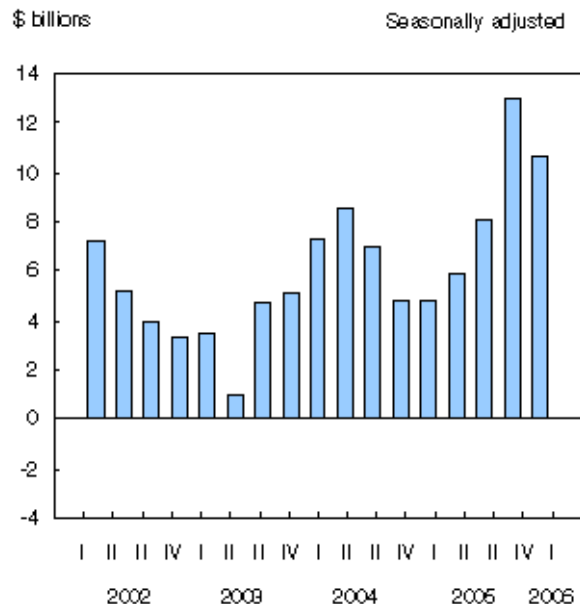
1. The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change.

Balance of international payments

First quarter 2006

Canada's current account surplus with the rest of the world, on a seasonally adjusted basis, dropped \$2.4 billion in the first quarter of 2006 to \$10.7 billion. The decline was mostly the result of a sharp drop in the value of energy exports, which was very high in the fourth quarter of 2005.

Current account surplus falls back



In the capital and financial account (not seasonally adjusted), Canada's international assets and liabilities grew by the same amount. The increase to Canada's foreign assets came from record high acquisitions by portfolio investors.

Current account

Goods surplus falls

The surplus on trade in goods fell by \$3.3 billion to \$17.2 billion in the first quarter. Lower prices for natural gas tempered Canada's exports of energy products, after reaching a record level in the fourth quarter of 2005. Imports dropped more modestly in the quarter as the volume of crude oil purchases declined.

Exports of goods fell \$4.7 billion in the first quarter. Exports of energy products led the way as lower prices pushed down the export values for these products by \$4.0 billion. In the first quarter, prices of natural gas decreased by nearly 30% after strong increases during the previous two quarters.

Note to readers

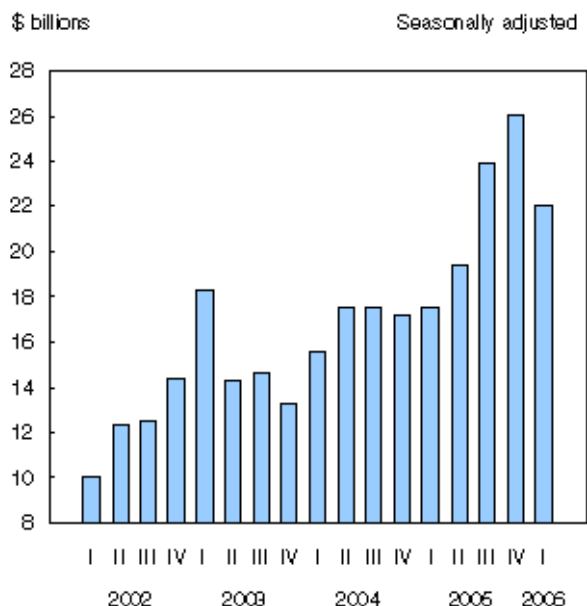
Annual and quarterly data have been revised for reference years 2002 to 2005. This is in keeping with the general policy to revise National Accounts statistics back four years at the time of the first quarter data release. Broadly, the revisions reflect more current sources of information coming from annual surveys and administrative data.

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

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

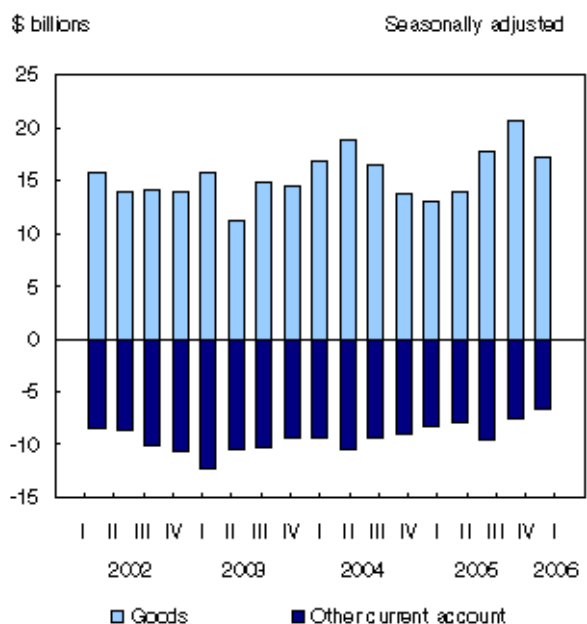
The **capital and financial account** is mainly composed of transactions in financial instruments. Financial assets and liabilities with non-residents are presented under three functional classes: direct investment, portfolio investment and other investment. These investments belong either to Canadian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

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

Energy export values drops with prices

During the last three quarters, the value of energy products represented on average over 20% of all exports, compared to less than 16% in 2004.

Automotive product exports were down by \$1.0 billion in the first quarter, the drop being spread between automobiles, trucks, and parts.

Lower deficit for investment income offsets goods

Total imports of goods declined by \$1.4 billion and again energy products accounted for the largest share. However, the drop in imports of energy products came mainly from lower volumes, not through lower prices as was the case for the exports of energy products.

Lower profits on direct investment

Lower profits earned by foreign investors on their direct investment in Canada combined with lower interest payments on portfolio bond liabilities were the two main factors behind the \$1.3 billion decrease in the investment income deficit. The \$2.3 billion deficit in the first quarter was the lowest since 1978.

Following two strong quarters, profits earned by foreign direct investors decreased \$2.4 billion in the first quarter of 2006. Although still important, lower profits in the energy sector accounted for half of this drop.

The first quarter also saw lower profits earned by Canadians on their direct investment abroad. As the decline was only \$1.2 billion, the balance for income on direct investment swung to a positive value for the first time since the first quarter of 1994.

Interest paid on Canadian portfolio bond liabilities continued its downward trend which started in 2003 while interest received on foreign bonds remained above the \$1 billion mark, twice the average amount recorded between 2000 and 2004.

Services deficit increased slightly

In the first quarter, the deficit on trade in services rose for the fourth time in the last five quarters. The deficit in the travel account increased \$0.2 billion to \$1.8 billion. Changes in other service components largely offset each other.

The \$1.8 deficit in travel was the largest in 14 years. While Canadian travelers continued to increase their spending abroad, the spending of foreign travelers in Canada decreased for a fifth consecutive quarter. Over this period of five quarters, the travel deficit has risen by \$1.0 billion.

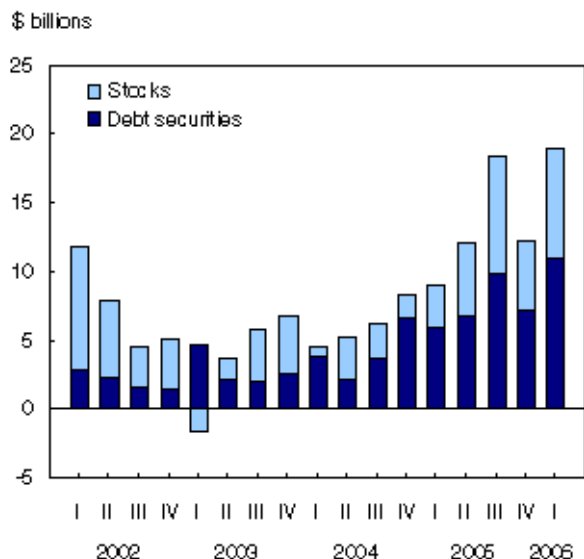
Financial account**Record investment in foreign securities**

During the first quarter, Canadian investors bought a record amount of foreign securities consisting of debt instruments and equities. Over half of the \$19.0 billion investment in the first quarter was in foreign bonds, itself a record. Foreign content limits for tax-deferred Canadian investment vehicles were eliminated during 2005 contributing to the activity.

Some \$9.9 billion flowed into foreign bonds with most of the investment (60%) going to US treasuries and corporate bonds. The remaining \$3.9 billion was

invested in overseas bonds. A sizable portion of the record investment in foreign bonds consisted of "Maple bonds". This rapidly growing segment of the bond market involves foreign issuers marketing debt denominated in Canadian dollars to institutional investors in Canada.

Record investment in foreign securities¹



1. Reverse of Balance of Payments signs.

Canadians purchased \$8.0 billion of foreign equities in quarter one, the second highest quarterly investment in the past four years. Over four-fifths went to buy US shares with the remainder to overseas equities. Canadian investors also purchased \$1.0 billion worth of foreign money market paper. Canadians bought \$1.5 billion of overseas paper while selling \$0.5 billion of their holdings of US government and corporate paper.

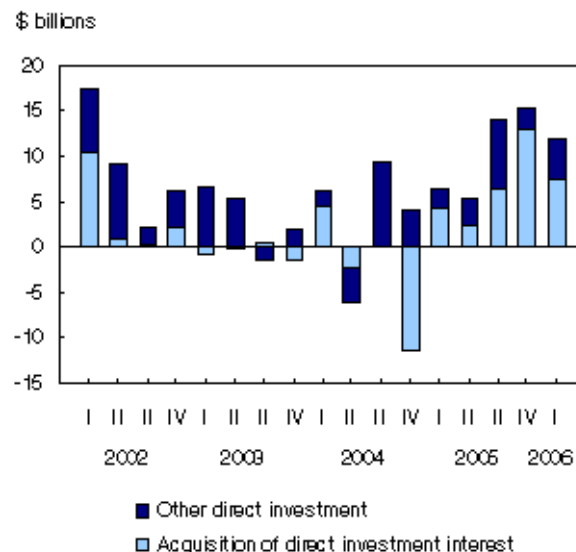
Direct investment abroad moderated by sale of assets

In the first quarter, Canadian direct investment in foreign economies was just over half of that of the previous quarter. At \$6.6 billion, it was driven by injections of working capital into existing foreign affiliates. Canadians sold off more direct investment assets overseas than they acquired during the quarter resulting in negative net acquisitions. From an industry perspective, investment was spread, led by the finance and insurance sector. Geographically, about three-quarters went to the American economy.

Foreign direct investment in Canada robust for a third straight quarter

Foreign direct investment in Canada advanced strongly for a third consecutive quarter. Although less than the previous two quarters, the \$12.0 billion of direct investment was again largely due to acquisitions. Two-thirds of this foreign direct investment went to the energy and metallic minerals sector while over half of the investment came from Europe.

Acquisitions lead foreign direct investment



Foreign investment in Canadian securities strongest in five quarters

Foreign investors bought \$8.2 billion worth of Canadian securities led by purchases of outstanding Canadian equities. It was the largest net investment in Canadian securities by foreign investors in the last five quarters. Overall investment in debt instruments was negligible, as foreign investors bought money market paper but sold bonds.

The \$8.1 billion net foreign investment in Canadian equities was led by the acquisition of \$10.6 billion of outstanding Canadian shares by non-residents. This was partly offset by reductions associated with the foreign takeover of Canadian firms, which saw foreign (portfolio) shareholders in these firms exchanging their Canadian shares for cash or foreign shares. US investors were behind most (80%) of the investment in the quarter as they were in 2005. The first quarter purchases occurred against a backdrop of rising Canadian share prices: the S&P/TSX Composite Index rose more than 22% over a nine month period.

Foreign investors buy Canadian paper but sell bonds for a second straight quarter

Foreign investors made a significant investment in Canadian money market paper for a second consecutive quarter. The fourth quarter investment of \$3.1 billion was the highest value in more than five years. The \$2.0 billion foreign investment during quarter one went to federal t-bills. During the quarter, the government of Canada had a large issue of US-pay Canada bills. Regionally, the investment was entirely purchased by American investors. With short-term rates on the rise in both countries, US rates continue to be higher with the differential at the end of the period at 65 basis points, favouring investment in the United States.

Non-residents sold Canadian bonds for a third consecutive quarter. The divestment of \$1.9 billion in the quarter was largely the result of net retirements (retirements less new issues). There have been high levels of retirements over the past three quarters and at the same time new issues sold in foreign markets have trended down. However, non-residents continued to buy outstanding bonds, mainly denominated in Canadian dollars. Over the first quarter, the divestment was led by European investors while investors from Japan continued to move against the trend and buy Canadian bonds.

Transactions in deposits, loans and reserves

The other investment account recorded a net inflow of \$4.6 billion. The inflow was mostly related to higher liabilities, both loans and deposits. On the asset side, Canada's official international reserves rose by \$3.8 billion, the highest quarterly increase in six years. The Canadian dollar ended the first quarter virtually the same as it began, at 85.6 US cents. The Canadian dollar was down somewhat against most other major foreign currencies.

Balance of payments

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Not seasonally adjusted, millions of dollars								
Current account								
Receipts								
Goods and services	120,486	120,833	130,461	131,581	135,153	129,109	492,984	518,028
Goods	105,712	106,140	114,276	112,599	120,045	114,076	429,121	453,060
Services	14,774	14,693	16,185	18,982	15,108	15,033	63,863	64,968
Investment income	9,696	10,528	12,805	11,307	13,559	12,104	37,532	48,199
Direct investment	5,112	5,721	7,120	5,467	7,686	6,207	20,677	25,994
Portfolio investment	2,797	2,911	3,069	3,208	3,455	3,492	10,182	12,644
Other investment	1,787	1,896	2,616	2,631	2,418	2,405	6,673	9,561
Current transfers	2,010	2,292	1,830	1,816	2,128	2,960	7,427	8,066
Current account receipts	132,192	133,653	145,097	144,704	150,839	144,173	537,943	574,293
Payments								
Goods and services	109,955	112,345	121,145	115,462	117,945	117,868	440,218	466,896
Goods	91,499	92,521	101,457	95,584	98,649	97,054	363,639	388,210
Services	18,456	19,824	19,688	19,878	19,296	20,814	76,580	78,686
Investment income	14,975	15,747	17,154	17,027	17,082	15,008	62,346	67,010
Direct investment	6,184	6,635	7,898	8,338	8,082	5,509	27,489	30,953
Portfolio investment	7,005	6,740	6,838	6,848	6,765	6,534	28,139	27,192
Other investment	1,786	2,371	2,418	1,842	2,234	2,965	6,717	8,865
Current transfers	1,953	3,133	1,651	1,817	1,985	3,446	7,746	8,585
Current account payments	126,883	131,224	139,950	134,306	137,011	136,322	510,310	542,491
Balances								
Goods and services	10,531	8,488	9,316	16,119	17,208	11,241	52,765	51,132
Goods	14,214	13,620	12,819	17,015	21,396	17,022	65,482	64,850
Services	-3,683	-5,131	-3,503	-896	-4,188	-5,781	-12,717	-13,718
Investment income	-5,279	-5,219	-4,349	-5,720	-3,523	-2,904	-24,814	-18,811
Direct investment	-1,072	-915	-778	-2,870	-397	698	-6,812	-4,960
Portfolio investment	-4,208	-3,829	-3,769	-3,640	-3,310	-3,042	-17,957	-14,548
Other investment	0	-475	198	790	184	-560	-44	696
Current transfers	57	-841	180	-1	143	-485	-319	-519
Current account balance	5,309	2,429	5,147	10,398	13,828	7,851	27,633	31,802
Capital and financial account^[1]								
Capital account	1,108	1,472	1,712	1,769	979	1,016	4,449	5,932
Financial account	-10,463	-12,391	-9,624	-7,236	-5,857	-810	-36,956	-35,109
Canadian assets, net flows								
Canadian direct investment abroad	-7,710	-9,229	-8,180	-12,786	-11,105	-6,587	-56,274	-41,300
Portfolio investment	-8,384	-9,073	-11,991	-18,291	-12,297	-18,968	-24,369	-51,652
Foreign bonds	-6,581	-6,284	-5,601	-9,234	-6,496	-9,944	-15,290	-27,615
Foreign stocks	-1,861	-3,091	-5,263	-8,407	-5,187	-8,018	-8,092	-21,947
Foreign money market	57	302	-1,127	-651	-614	-1,005	-987	-2,089
Other investment	2,727	-15,351	-2,775	-13,277	9,238	-5,388	-7,396	-22,164
Loans	4,990	-334	3,886	-251	5,229	-2,225	3,505	8,529
Deposits	-7,917	-9,372	-4,448	-12,911	11,043	2,459	-10,666	-15,688
Official international reserves	3,937	-3,437	585	1,092	108	-3,800	3,427	-1,653
Other assets	1,717	-2,206	-2,798	-1,207	-7,141	-1,823	-3,662	-13,352
Total Canadian assets, net flows	-13,368	-33,652	-22,946	-44,355	-14,164	-30,944	-88,039	-115,116
Canadian liabilities, net flows								
Foreign direct investment in Canada	-7,432	6,445	5,295	14,109	15,135	11,998	1,995	40,984
Portfolio investment	15,672	5,362	-807	3,836	81	8,165	54,267	8,472
Canadian bonds	6,683	2,067	896	-1,934	-2,212	-1,905	18,955	-1,183
Canadian stocks	7,087	5,235	-2,679	7,389	-812	8,057	35,742	9,133
Canadian money market	1,902	-1,940	976	-1,619	3,105	2,013	-429	522
Other investment	-5,335	9,453	8,834	19,174	-6,910	9,971	-5,179	30,551
Loans	-1,169	7,710	3,249	-5,423	-3,528	4,134	-2,345	2,007
Deposits	-3,645	-1,235	5,187	24,654	336	5,111	-531	28,942
Other liabilities	-521	2,979	398	-58	-3,717	726	-2,303	-398
Total Canadian liabilities, net flows	2,904	21,261	13,322	37,118	8,307	30,134	51,083	80,008
Total capital and financial account, net flows	-9,355	-10,920	-7,912	-5,467	-4,878	205	-32,507	-29,177
Statistical discrepancy	4,046	8,491	2,765	-4,931	-8,951	-8,057	4,874	-2,625

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

Current account

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted at quarterly rates, millions of dollars								
Receipts								
Goods and services	122,038	124,184	126,139	131,319	136,386	131,699	492,984	518,028
Goods	105,829	107,964	109,942	115,095	120,060	115,316	429,121	453,060
Services	16,210	16,220	16,197	16,225	16,327	16,382	63,863	64,968
Travel	4,361	4,218	4,107	4,100	4,035	3,972	16,745	16,460
Transportation	2,723	2,882	2,842	2,919	2,989	2,990	11,024	11,632
Commercial services	8,724	8,700	8,808	8,742	8,865	8,991	34,511	35,115
Government services	402	420	441	463	438	429	1,582	1,761
Investment income	9,652	10,709	12,516	11,433	13,541	12,299	37,532	48,199
Direct investment	5,051	5,827	6,925	5,613	7,629	6,301	20,677	25,994
Interest	215	235	310	340	391	241	754	1,275
Profits	4,836	5,592	6,615	5,273	7,239	6,059	19,923	24,718
Portfolio investment	2,788	2,922	3,067	3,217	3,438	3,507	10,182	12,644
Interest	679	861	912	1,042	1,190	1,166	2,387	4,006
Dividends	2,110	2,061	2,155	2,175	2,248	2,341	7,795	8,638
Other investment	1,814	1,960	2,524	2,603	2,474	2,491	6,673	9,561
Current transfers	1,879	1,941	2,010	2,060	2,056	2,421	7,427	8,066
Private	698	690	623	661	614	691	2,785	2,587
Official	1,181	1,250	1,387	1,400	1,442	1,731	4,642	5,479
Total receipts	133,570	136,833	140,665	144,812	151,983	146,419	537,943	574,293
Payments								
Goods and services	111,366	114,273	115,910	117,075	119,637	118,334	440,218	466,896
Goods	92,206	94,969	96,183	97,493	99,565	98,120	363,639	388,210
Services	19,160	19,305	19,727	19,582	20,072	20,214	76,580	78,686
Travel	5,211	5,497	5,526	5,520	5,717	5,812	20,747	22,260
Transportation	4,068	4,221	4,391	4,413	4,503	4,592	16,001	17,528
Commercial services	9,643	9,346	9,571	9,413	9,615	9,572	38,885	37,946
Government services	238	240	238	237	237	238	946	952
Investment income	15,351	15,373	16,855	17,604	17,177	14,623	62,346	67,010
Direct investment	6,585	6,665	7,429	8,726	8,134	5,707	27,489	30,953
Interest	575	578	582	579	574	575	2,280	2,313
Profits	6,010	6,087	6,847	8,147	7,559	5,132	25,209	28,640
Portfolio investment	7,001	6,772	6,839	6,823	6,758	6,579	28,139	27,192
Interest	5,890	5,855	5,937	5,799	5,649	5,388	24,137	23,239
Dividends	1,111	918	903	1,024	1,109	1,192	4,003	3,953
Other investment	1,766	1,936	2,587	2,056	2,286	2,337	6,717	8,865
Current transfers	2,065	2,393	2,012	2,037	2,143	2,811	7,746	8,585
Private	1,172	1,180	1,202	1,202	1,228	1,924	4,657	4,812
Official	892	1,214	810	835	915	887	3,089	3,773
Total payments	128,781	132,040	134,777	136,717	138,957	135,769	510,310	542,491
Balances								
Goods and services	10,672	9,911	10,229	14,244	16,749	13,364	52,765	51,132
Goods	13,623	12,995	13,759	17,602	20,494	17,196	65,482	64,850
Services	-2,950	-3,084	-3,530	-3,358	-3,745	-3,832	-12,717	-13,718
Travel	-849	-1,279	-1,420	-1,419	-1,682	-1,840	-4,002	-5,800
Transportation	-1,346	-1,339	-1,550	-1,494	-1,515	-1,602	-4,977	-5,897
Commercial services	-919	-646	-763	-671	-750	-581	-4,374	-2,831
Government services	164	180	203	226	201	191	636	810
Investment income	-5,699	-4,664	-4,339	-6,172	-3,636	-2,324	-24,814	-18,811
Direct investment	-1,534	-838	-504	-3,113	-505	593	-6,812	-4,960
Interest	-360	-342	-272	-239	-184	-334	-1,527	-1,038
Profits	-1,174	-496	-232	-2,874	-321	928	-5,286	-3,922
Portfolio investment	-4,213	-3,850	-3,772	-3,606	-3,320	-3,072	-17,957	-14,548
Interest	-5,211	-4,993	-5,024	-4,757	-4,459	-4,221	-21,750	-19,234
Dividends	998	1,143	1,253	1,151	1,139	1,149	3,793	4,686
Other investment	48	24	-64	547	188	155	-44	696
Current transfers	-186	-453	-2	23	-87	-390	-319	-519
Private	-474	-490	-579	-542	-614	-1,233	-1,872	-2,225
Official	288	37	577	564	528	844	1,554	1,706
Current account	4,788	4,794	5,888	8,095	13,026	10,651	27,633	31,802

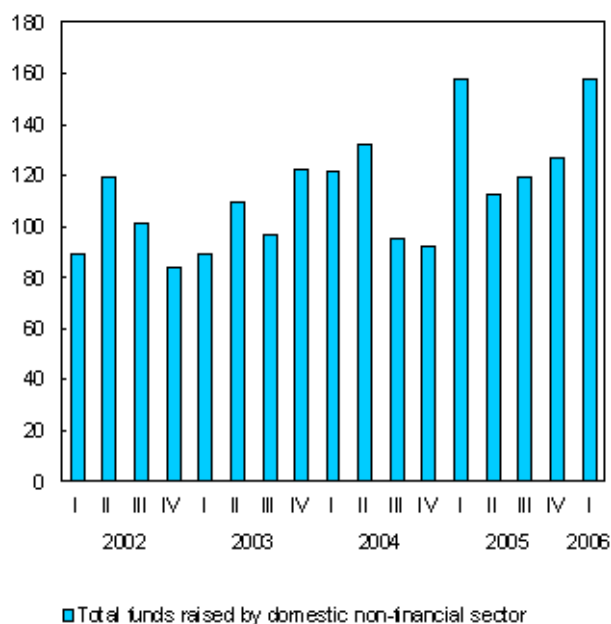
Financial flows

First quarter 2006

Total funds raised by domestic non-financial sectors on financial markets amounted to \$157.4 billion in the first quarter of 2006 (seasonally adjusted at annual rates), up from the previous quarter. This reflected increases in both private sector demand for funds and public sector borrowing.

Total funds raised by all domestic non-financial sectors

Billions of dollars, seasonally adjusted at annual rates



The end of the first quarter in the financial markets was marked by rising interest rates. The Canadian dollar maintained its strength, closing the quarter near the \$0.86 cents mark. A stronger stock market performance was also among the highlights of the quarter.

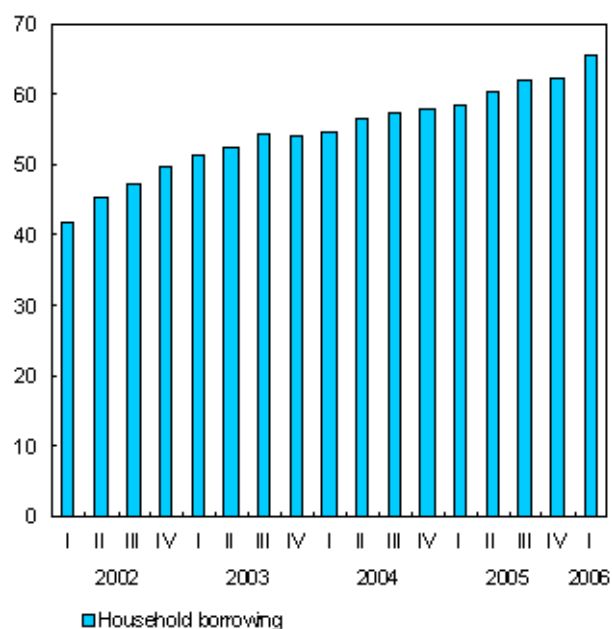
Household borrowing picks up

Demand for consumer credit rose, reflecting the current quarter strength in consumer spending in durable and semi-durable goods. Mortgage borrowing also advanced, in line with stronger investment activities in new residential construction. Even with expanding housing indebtedness, the debt-to-income ratio remained largely unchanged (107.3 percent), with disposable income growing at about the same pace as household debt in the quarter.

Debt servicing charges remained stable at about 8% of personal disposable income. In other words, households paid eight cents out of every dollar of disposable income towards interest charges on their debt.

Household borrowing picks up

Billions of dollars, seasonally adjusted at annual rates



Note to readers

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

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

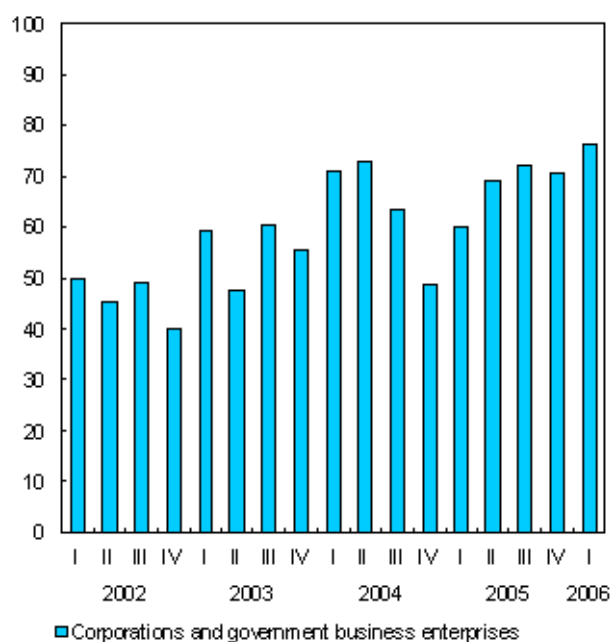
Corporations continue to build surpluses

Corporations continued to generate surplus, maintaining their position as lenders to the rest of the economy. Corporations continued to internally generate more than enough funds to finance strong expenditures on fixed capital.

Demand for funds by non-financial private corporations was up in the quarter, with increases across most financial instruments.

Corporate surplus advances further

Billions of dollars, seasonally adjusted at annual rates

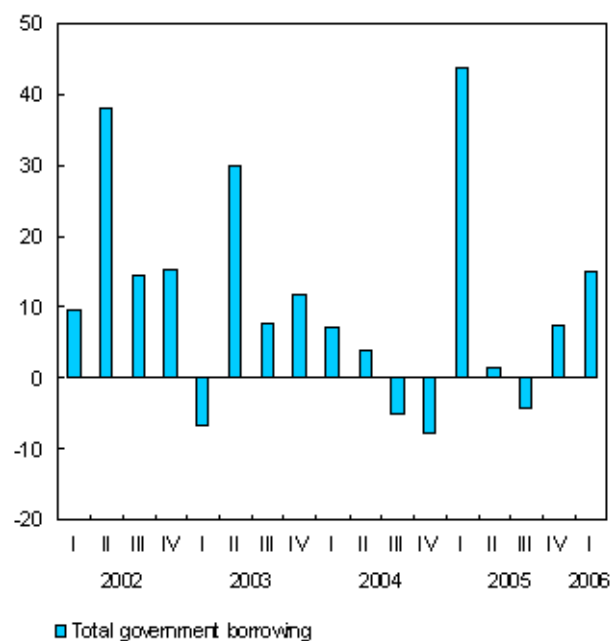


Government borrowing up

Borrowing by the government sector as a whole was up in the first quarter, led by federal government's short-term paper financing.

Government borrowing advances

Billions of dollars, seasonally adjusted at annual rates



Financial market summary table

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Funds raised:								
Persons and unincorporated business	63,132	61,516	63,032	64,476	64,564	68,860	61,280	63,397
Consumer credit	21,792	21,576	21,824	21,864	21,404	22,356	21,329	21,667
Bank loans	1,416	2,684	1,332	1,276	1,148	1,248	1,535	1,610
Other loans	3,736	436	1,288	1,308	1,212	2,116	3,072	1,061
Mortgages	36,188	36,820	38,588	40,028	40,800	43,140	35,344	39,059
Non-financial private corporations	39,964	53,260	47,632	59,976	54,748	73,188	51,282	53,904
Bank loans	6,176	4,108	5,820	-1,188	9,736	6,392	8,953	4,619
Other loans	-532	4,200	4,904	1,380	-336	7,836	-4,671	2,537
Other short-term paper	3,292	5,364	-448	9,548	1,236	3,600	2,654	3,925
Mortgages	6,948	7,296	7,692	11,068	12,228	14,092	6,442	9,571
Bonds	4,076	13,256	11,908	20,392	12,624	18,496	16,065	14,545
Shares	20,004	19,036	17,756	18,776	19,260	22,772	21,839	18,707
Non-financial government enterprises	-2,768	-760	1,008	-1,308	232	420	-1,654	-207
Bank loans	916	-304	-312	580	56	-452	7	5
Other loans	512	-40	3,068	-1,136	-928	848	250	241
Other short-term paper	-2,636	-2,748	-912	1,612	1,424	1,480	-1,160	-156
Mortgages	-4	-4	12	0	0	0	-4	2
Bonds	-1,556	2,336	-848	-2,364	-320	-1,456	-747	-299
Shares	0	0	0	0	0	0	0	0
Federal government	-32,620	27,312	-17,796	440	-720	10,296	-18,791	2,309
Bank loans	132	160	136	132	136	144	140	141
Other loans	0	0	0	0	0	0	0	0
Canada short-term paper	2,464	33,064	-8,200	11,108	8,172	15,984	-55	11,036
Canada Savings Bonds	-3,444	-2,656	-1,644	-1,572	-1,132	-2,248	-1,443	-1,751
Other bonds	-31,772	-3,256	-8,088	-9,228	-7,896	-3,584	-17,433	-7,117
Other levels of government	24,884	16,540	19,052	-4,820	8,164	4,684	18,346	9,734
Bank loans	96	-72	168	248	492	792	-502	209
Other loans	996	1,180	248	732	768	-132	1,090	732
Other short-term paper	-8,736	-17,344	-4,220	-5,036	8,840	8,232	-1,764	-4,440
Mortgages	-32	-16	-12	-12	-12	20	-33	-13
Provincial bonds	29,960	31,036	22,072	-3,684	-2,832	-5,668	17,334	11,648
Municipal bonds	2,120	1,332	832	2,368	628	1,304	1,878	1,290
Other bonds	480	424	-36	564	280	136	343	308
Total funds raised by domestic non-financial sectors	92,592	157,868	112,928	118,764	126,988	157,448	110,463	129,137
Consumer credit	21,792	21,576	21,824	21,864	21,404	22,356	21,329	21,667
Bank loans	8,736	6,576	7,144	1,048	11,568	8,124	10,133	6,584
Other loans	4,712	5,776	9,508	2,284	716	10,668	-259	4,571
Canada short-term paper	2,464	33,064	-8,200	11,108	8,172	15,984	-55	11,036
Other short-term paper	-8,080	-14,728	-5,580	6,124	11,500	13,312	-270	-671
Mortgages	43,100	44,096	46,280	51,084	53,016	57,252	41,749	48,619
Bonds	-136	42,472	24,196	6,476	1,352	6,980	15,997	18,624
Shares	20,004	19,036	17,756	18,776	19,260	22,772	21,839	18,707

Sector accounts - Persons and unincorporated businesses[1]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	995,968	1,005,028	1,020,336	1,036,668	1,048,900	1,069,000	979,012	1,027,733
	<i>1.1</i>	<i>0.9</i>	<i>1.5</i>	<i>1.6</i>	<i>1.2</i>	<i>1.9</i>	<i>5.0</i>	<i>5.0</i>
Wages, salaries and supplementary labour income	662,604	672,252	682,340	694,340	703,668	712,380	651,888	688,150
	<i>1.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.8</i>	<i>1.3</i>	<i>1.2</i>	<i>5.0</i>	<i>5.6</i>
Unincorporated business net income[2]	85,472	85,516	85,764	86,556	86,988	87,944	84,084	86,206
	<i>0.4</i>	<i>0.1</i>	<i>0.3</i>	<i>0.9</i>	<i>0.5</i>	<i>1.1</i>	<i>7.3</i>	<i>2.5</i>
Interest, dividends and miscellaneous investment income	110,880	112,204	113,304	115,184	117,416	118,260	108,958	114,527
	<i>1.7</i>	<i>1.2</i>	<i>1.0</i>	<i>1.7</i>	<i>1.9</i>	<i>0.7</i>	<i>4.2</i>	<i>5.1</i>
Current transfers from government	132,888	130,868	134,976	136,436	136,792	145,996	129,956	134,768
	<i>1.8</i>	<i>-1.5</i>	<i>3.1</i>	<i>1.1</i>	<i>0.3</i>	<i>6.7</i>	<i>4.2</i>	<i>3.7</i>
Current transfers from corporations	1,332	1,428	1,464	1,512	1,580	1,660	1,341	1,496
	<i>-1.2</i>	<i>7.2</i>	<i>2.5</i>	<i>3.3</i>	<i>4.5</i>	<i>5.1</i>	<i>9.5</i>	<i>11.6</i>
Current transfers from non-residents	2,792	2,760	2,488	2,640	2,456	2,760	2,785	2,586
	<i>-1.1</i>	<i>-1.1</i>	<i>-9.9</i>	<i>6.1</i>	<i>-7.0</i>	<i>12.4</i>	<i>7.7</i>	<i>-7.1</i>
Outlay	978,244	995,412	1,012,380	1,026,644	1,038,660	1,053,780	959,297	1,018,274
	<i>1.4</i>	<i>1.8</i>	<i>1.7</i>	<i>1.4</i>	<i>1.2</i>	<i>1.5</i>	<i>5.1</i>	<i>6.1</i>
Personal expenditure on goods and services	732,908	745,616	756,184	765,928	773,792	785,308	719,869	760,380
	<i>1.3</i>	<i>1.7</i>	<i>1.4</i>	<i>1.3</i>	<i>1.0</i>	<i>1.5</i>	<i>4.9</i>	<i>5.6</i>
Current transfers to government	228,636	232,584	238,684	242,832	246,736	249,872	223,081	240,209
	<i>1.8</i>	<i>1.7</i>	<i>2.6</i>	<i>1.7</i>	<i>1.6</i>	<i>1.3</i>	<i>5.9</i>	<i>7.7</i>
Current transfers to corporations	13,068	13,548	13,840	14,168	14,484	14,804	12,741	14,010
	<i>3.0</i>	<i>3.7</i>	<i>2.2</i>	<i>2.4</i>	<i>2.2</i>	<i>2.2</i>	<i>5.6</i>	<i>10.0</i>
Current transfers to non-residents	3,632	3,664	3,672	3,716	3,648	3,796	3,606	3,675
	<i>-1.4</i>	<i>0.9</i>	<i>0.2</i>	<i>1.2</i>	<i>-1.8</i>	<i>4.1</i>	<i>7.8</i>	<i>1.9</i>
Saving	17,724	9,616	7,956	10,024	10,240	15,220	19,715	9,459
	<i>-12.1</i>	<i>-45.7</i>	<i>-17.3</i>	<i>26.0</i>	<i>2.2</i>	<i>48.6</i>	<i>-1.3</i>	<i>-52.0</i>
Disposable income[3]	767,332	772,444	781,652	793,836	802,164	819,128	755,931	787,524
	<i>0.9</i>	<i>0.7</i>	<i>1.2</i>	<i>1.6</i>	<i>1.0</i>	<i>2.1</i>	<i>4.7</i>	<i>4.2</i>
Saving rate	2.3	1.2	1.0	1.3	1.3	1.9	2.6	1.2

Gross saving and capital transfers	59,532	53,396	53,624	56,184	53,572	59,220	60,519	54,194
	<i>-3.7</i>	<i>-10.3</i>	<i>0.4</i>	<i>4.8</i>	<i>-4.6</i>	<i>10.5</i>	<i>5.1</i>	<i>-10.5</i>
Saving	17,724	9,616	7,956	10,024	10,240	15,220	19,715	9,459
	<i>-12.1</i>	<i>-45.7</i>	<i>-17.3</i>	<i>26.0</i>	<i>2.2</i>	<i>48.6</i>	<i>-1.3</i>	<i>-52.0</i>
Capital consumption allowances	38,652	39,184	39,812	40,184	40,648	41,236	37,799	39,957
	<i>1.5</i>	<i>1.4</i>	<i>1.6</i>	<i>0.9</i>	<i>1.2</i>	<i>1.4</i>	<i>5.9</i>	<i>5.7</i>
Net capital transfers	3,156	4,596	5,856	5,976	2,684	2,764	3,005	4,778
	<i>-10.5</i>	<i>45.6</i>	<i>27.4</i>	<i>2.0</i>	<i>-55.1</i>	<i>3.0</i>	<i>57.8</i>	<i>59.0</i>
Deduct: Non-financial capital acquisition	104,112	105,260	109,148	106,488	109,392	115,676	100,178	107,572
	<i>2.6</i>	<i>1.1</i>	<i>3.7</i>	<i>-2.4</i>	<i>2.7</i>	<i>5.7</i>	<i>12.4</i>	<i>7.4</i>
Net lending	-44,580	-51,864	-55,524	-50,304	-55,820	-56,456	-39,659	-53,378

Transactions in financial assets	9,700	10,456	9,624	24,796	8,860	17,752	21,964	13,434

Currency and deposits	33,040	-5,432	10,532	7,176	4,480	32,516	27,752	4,189

Canadian debt securities	-22,176	-3,608	-9,876	-8,984	-21,348	-14,380	-12,330	-10,954

Corporate shares and mutual funds	-12,776	18,340	8,944	10,364	9,840	6,364	-1,906	11,872

Life insurance and pensions	35,864	36,336	36,124	39,892	39,732	31,876	31,960	38,021

Other financial assets	-24,252	-35,180	-36,100	-23,652	-23,844	-38,624	-23,512	-29,694

Transactions in liabilities	58,924	65,012	60,944	72,672	63,672	72,180	59,874	65,575

Consumer credit	21,792	21,576	21,824	21,864	21,404	22,356	21,329	21,667

Bank and other loans	5,152	3,120	2,620	2,584	2,360	3,364	4,607	2,671

Mortgages	36,188	36,820	38,588	40,028	40,800	43,140	35,344	39,059

Trade payables	-4,208	3,496	-2,088	8,196	-892	3,320	-1,406	2,178

Net financial investment	-49,224	-54,556	-51,320	-47,876	-54,812	-54,428	-37,910	-52,141

Sector discrepancy	4,644	2,692	-4,204	-2,428	-1,008	-2,028	-1,749	-1,237

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

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

3. Total income minus current transfers to government.

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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	327,716	328,632	340,000	355,936	374,748	360,904	315,804	349,829
	<i>1.7</i>	<i>0.3</i>	<i>3.5</i>	<i>4.7</i>	<i>5.3</i>	<i>-3.7</i>	<i>9.8</i>	<i>10.8</i>
Corporation profits before taxes	176,616	178,936	183,704	192,368	202,812	194,568	171,323	189,455
	<i>1.6</i>	<i>1.3</i>	<i>2.7</i>	<i>4.7</i>	<i>5.4</i>	<i>-4.1</i>	<i>18.3</i>	<i>10.6</i>
Government business enterprise profits before taxes	13,256	13,584	14,228	14,596	15,516	14,164	12,508	14,481
	<i>3.0</i>	<i>2.5</i>	<i>4.7</i>	<i>2.6</i>	<i>6.3</i>	<i>-8.7</i>	<i>1.8</i>	<i>15.8</i>
Inventory valuation adjustment	2,368	-1,136	-1,944	2,976	-1,200	2,020	-1,574	-326
Interest, dividends and miscellaneous receipts[2]	68,064	69,456	75,712	77,148	88,452	80,312	65,840	77,692
	<i>0.9</i>	<i>2.0</i>	<i>9.0</i>	<i>1.9</i>	<i>14.7</i>	<i>-9.2</i>	<i>10.5</i>	<i>18.0</i>
Interest on consumer debt	13,068	13,548	13,840	14,168	14,484	14,804	12,741	14,010
	<i>3.0</i>	<i>3.7</i>	<i>2.2</i>	<i>2.4</i>	<i>2.2</i>	<i>2.2</i>	<i>5.6</i>	<i>10.0</i>
Interest on public debt[3]	54,344	54,244	54,460	54,680	54,684	55,036	54,966	54,517
	<i>-0.6</i>	<i>-0.2</i>	<i>0.4</i>	<i>0.4</i>	<i>0.0</i>	<i>0.6</i>	<i>0.4</i>	<i>-0.8</i>
Outlay	239,280	230,444	237,344	244,236	263,196	250,544	227,033	243,805
	<i>5.5</i>	<i>-3.7</i>	<i>3.0</i>	<i>2.9</i>	<i>7.8</i>	<i>-4.8</i>	<i>5.4</i>	<i>7.4</i>
Interest, dividends and miscellaneous payments	191,596	182,528	187,928	193,156	210,344	195,444	181,299	193,489
	<i>6.3</i>	<i>-4.7</i>	<i>3.0</i>	<i>2.8</i>	<i>8.9</i>	<i>-7.1</i>	<i>3.8</i>	<i>6.7</i>
Direct taxes	46,096	46,252	47,644	49,308	50,852	50,412	44,132	48,514
	<i>2.5</i>	<i>0.3</i>	<i>3.0</i>	<i>3.5</i>	<i>3.1</i>	<i>-0.9</i>	<i>12.7</i>	<i>9.9</i>
Other current transfers	1,588	1,664	1,772	1,772	2,000	4,688	1,602	1,802
	<i>-0.3</i>	<i>4.8</i>	<i>6.5</i>	<i>0.0</i>	<i>12.9</i>	<i>134.4</i>	<i>13.1</i>	<i>12.5</i>
Saving	88,436	98,188	102,656	111,700	111,552	110,360	88,771	106,024
	<i>-7.3</i>	<i>11.0</i>	<i>4.6</i>	<i>8.8</i>	<i>-0.1</i>	<i>-1.1</i>	<i>22.6</i>	<i>19.4</i>
Gross saving and capital transfers	200,784	211,160	217,216	227,704	229,524	229,688	199,775	221,401
	<i>-3.0</i>	<i>5.2</i>	<i>2.9</i>	<i>4.8</i>	<i>0.8</i>	<i>0.1</i>	<i>11.5</i>	<i>10.8</i>
Saving	88,436	98,188	102,656	111,700	111,552	110,360	88,771	106,024
	<i>-7.3</i>	<i>11.0</i>	<i>4.6</i>	<i>8.8</i>	<i>-0.1</i>	<i>-1.1</i>	<i>22.6</i>	<i>19.4</i>
Capital consumption allowances	109,784	110,732	112,032	113,604	115,460	117,060	108,474	112,957
	<i>0.7</i>	<i>0.9</i>	<i>1.2</i>	<i>1.4</i>	<i>1.6</i>	<i>1.4</i>	<i>4.1</i>	<i>4.1</i>
Net capital transfers	2,564	2,240	2,528	2,400	2,512	2,268	2,530	2,420
	<i>0.2</i>	<i>-12.6</i>	<i>12.9</i>	<i>-5.1</i>	<i>4.7</i>	<i>-9.7</i>	<i>-3.6</i>	<i>-4.3</i>
Deduct: Non-financial capital acquisition	152,092	150,880	148,232	155,460	159,016	153,400	135,825	153,397
	<i>6.1</i>	<i>-0.8</i>	<i>-1.8</i>	<i>4.9</i>	<i>2.3</i>	<i>-3.5</i>	<i>10.0</i>	<i>12.9</i>
Net lending	48,692	60,280	68,984	72,244	70,508	76,288	63,950	68,004
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in financial assets	349,336	415,636	482,652	459,244	455,728	506,612	352,032	453,315
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
<i>Of which:</i>								
Consumer credit	21,792	21,576	21,824	21,864	21,404	22,356	21,329	21,667
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bank and other loans	29,488	5,072	13,280	14,500	28,856	30,428	28,681	15,427
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Mortgages	48,204	48,608	53,268	60,548	63,736	63,944	46,849	56,540
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Short-term paper	-6,812	22,504	2,720	51,292	27,520	62,708	-3,659	26,009
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bonds	36,600	59,612	91,144	68,128	82,356	81,684	55,484	75,310
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Shares	17,144	29,280	30,860	5,868	960	-16,488	22,486	16,742
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Foreign investments	17,740	35,012	52,956	60,528	57,816	80,972	17,907	51,578
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in liabilities	294,144	350,832	412,544	403,948	389,920	436,856	286,511	389,311
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
<i>Of which:</i>								
Currency and deposits	104,492	72,468	123,412	96,180	79,988	90,812	90,712	93,012
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bank and other loans	22,012	15,936	17,084	8,748	12,192	24,156	14,892	13,490
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Short-term paper	12,152	17,584	20,480	39,184	12,744	26,832	4,903	22,498
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bonds	50,664	51,244	72,672	81,496	80,400	94,932	66,173	71,453
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Shares	14,148	56,876	48,276	46,224	83,872	89,280	33,289	58,812
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Life insurance and pensions	35,068	34,392	32,804	38,228	36,168	29,576	28,773	35,398
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Net financial investment	55,192	64,804	70,108	55,296	65,808	69,756	65,521	64,004
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Sector discrepancy	-6,500	-4,524	-1,124	16,948	4,700	6,532	-1,571	4,000
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>

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

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

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

Sector accounts - Government[1]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	534,728	538,908	550,156	561,268	575,036	577,840	520,780	556,342
	<i>1.8</i>	<i>0.8</i>	<i>2.1</i>	<i>2.0</i>	<i>2.5</i>	<i>0.5</i>	<i>5.7</i>	<i>6.8</i>
Taxes on incomes	206,908	210,596	217,608	223,148	228,556	231,676	199,588	219,977
	<i>2.3</i>	<i>1.8</i>	<i>3.3</i>	<i>2.5</i>	<i>2.4</i>	<i>1.4</i>	<i>9.3</i>	<i>10.2</i>
Contributions to social insurance plans	62,648	63,372	64,324	64,516	64,872	65,572	62,437	64,271
	<i>0.5</i>	<i>1.2</i>	<i>1.5</i>	<i>0.3</i>	<i>0.6</i>	<i>1.1</i>	<i>1.1</i>	<i>2.9</i>
Taxes on production and imports	168,472	169,496	171,764	173,324	174,612	176,708	165,063	172,299
	<i>1.4</i>	<i>0.6</i>	<i>1.3</i>	<i>0.9</i>	<i>0.7</i>	<i>1.2</i>	<i>4.4</i>	<i>4.4</i>
Other current transfers from persons	9,900	9,872	9,944	10,076	9,928	9,960	9,831	9,955
	<i>0.7</i>	<i>-0.3</i>	<i>0.7</i>	<i>1.3</i>	<i>-1.5</i>	<i>0.3</i>	<i>2.8</i>	<i>1.3</i>
Investment income	45,928	44,124	44,724	47,080	53,752	50,208	43,408	47,420
	<i>5.0</i>	<i>-3.9</i>	<i>1.4</i>	<i>5.3</i>	<i>14.2</i>	<i>-6.6</i>	<i>2.0</i>	<i>9.2</i>
Sales of goods and services[2]	40,872	41,448	41,792	43,124	43,316	43,716	40,453	42,420
	<i>0.4</i>	<i>1.4</i>	<i>0.8</i>	<i>3.2</i>	<i>0.4</i>	<i>0.9</i>	<i>5.7</i>	<i>4.9</i>
Outlay	512,272	516,656	522,860	530,244	534,076	546,120	504,717	525,959
	<i>1.3</i>	<i>0.9</i>	<i>1.2</i>	<i>1.4</i>	<i>0.7</i>	<i>2.3</i>	<i>3.2</i>	<i>4.2</i>
Gross current expenditure on goods and services[2]	294,948	299,828	304,720	309,676	312,424	315,656	290,232	306,662
	<i>1.2</i>	<i>1.7</i>	<i>1.6</i>	<i>1.6</i>	<i>0.9</i>	<i>1.0</i>	<i>4.5</i>	<i>5.7</i>
Current transfers	154,204	153,968	155,072	157,576	158,884	167,708	150,333	156,375
	<i>2.4</i>	<i>-0.2</i>	<i>0.7</i>	<i>1.6</i>	<i>0.8</i>	<i>5.6</i>	<i>3.0</i>	<i>4.0</i>
Interest on the public debt	63,120	62,860	63,068	62,992	62,768	62,756	64,152	62,922
	<i>-1.0</i>	<i>-0.4</i>	<i>0.3</i>	<i>-0.1</i>	<i>-0.4</i>	<i>-0.0</i>	<i>-2.1</i>	<i>-1.9</i>
Saving	22,456	22,252	27,296	31,024	40,960	31,720	16,063	30,383
	<i>15.8</i>	<i>-0.9</i>	<i>22.7</i>	<i>13.7</i>	<i>32.0</i>	<i>-22.6</i>	<i>334.0</i>	<i>89.1</i>
Gross saving and capital transfers	45,464	45,608	50,072	54,152	64,264	55,528	38,562	53,524
	<i>8.6</i>	<i>0.3</i>	<i>9.8</i>	<i>8.1</i>	<i>18.7</i>	<i>-13.6</i>	<i>49.9</i>	<i>38.8</i>
Saving	22,456	22,252	27,296	31,024	40,960	31,720	16,063	30,383
	<i>15.8</i>	<i>-0.9</i>	<i>22.7</i>	<i>13.7</i>	<i>32.0</i>	<i>-22.6</i>	<i>334.0</i>	<i>89.1</i>
Capital consumption allowances	24,296	24,308	24,312	24,428	24,584	24,780	23,585	24,408
	<i>2.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.5</i>	<i>0.6</i>	<i>0.8</i>	<i>5.3</i>	<i>3.5</i>
Net capital transfers	-1,288	-952	-1,536	-1,300	-1,280	-972	-1,086	-1,267
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Deduct: Non-financial capital acquisition	31,612	32,952	33,816	34,536	35,752	36,248	31,574	34,264
	<i>-0.3</i>	<i>4.2</i>	<i>2.6</i>	<i>2.1</i>	<i>3.5</i>	<i>1.4</i>	<i>4.9</i>	<i>8.5</i>
Net lending	13,852	12,656	16,256	19,616	28,512	19,280	6,988	19,260
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in financial assets	21,252	60,520	56,340	47,188	55,244	28,968	18,256	54,823
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Currency and deposits	-2,644	5,260	2,872	2,140	1,532	-6,088	35	2,951
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Loans	5,616	4,376	3,776	3,176	4,884	6,996	5,993	4,053
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Canadian securities	17,952	25,572	12,048	8,780	22,900	1,872	9,325	17,325
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Other financial assets	328	25,312	37,644	33,092	25,928	26,188	2,903	30,494
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Transactions in liabilities	4,064	52,664	37,920	27,064	20,560	7,704	9,609	34,552
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bank and other loans	1,224	1,268	552	1,112	1,396	804	728	1,082
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Short-term paper	-6,272	15,720	-12,420	6,072	17,012	24,216	-1,819	6,596
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Bonds	-4,028	26,272	12,324	-11,852	-11,344	-11,100	19	3,850
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Other liabilities	13,140	9,404	37,464	31,732	13,496	-6,216	10,681	23,024
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Net financial investment	17,188	7,856	18,420	20,124	34,684	21,264	8,647	20,271
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
Sector discrepancy	-3,336	4,800	-2,164	-508	-6,172	-1,984	-1,659	-1,011
	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>

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

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

Sector accounts - Non-residents[1]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted data at annual rates, millions of dollars								
Income	511,108	516,068	525,824	531,384	551,136	536,328	498,913	531,103
	<i>0.4</i>	<i>1.0</i>	<i>1.9</i>	<i>1.1</i>	<i>3.7</i>	<i>-2.7</i>	<i>5.4</i>	<i>6.5</i>
Sales of goods (imports)	368,816	379,884	384,732	389,968	398,256	392,480	363,639	388,210
	<i>-1.9</i>	<i>3.0</i>	<i>1.3</i>	<i>1.4</i>	<i>2.1</i>	<i>-1.5</i>	<i>6.1</i>	<i>6.8</i>
Sales of services (imports)	77,372	77,964	79,708	79,116	81,064	81,668	77,324	79,463
	<i>0.8</i>	<i>0.8</i>	<i>2.2</i>	<i>-0.7</i>	<i>2.5</i>	<i>0.7</i>	<i>4.7</i>	<i>2.8</i>
Interest, dividends and miscellaneous receipts	56,656	48,644	53,332	54,156	63,244	50,936	50,205	54,844
	<i>16.9</i>	<i>-14.1</i>	<i>9.6</i>	<i>1.5</i>	<i>16.8</i>	<i>-19.5</i>	<i>1.2</i>	<i>9.2</i>
Current transfers	8,264	9,576	8,052	8,144	8,572	11,244	7,745	8,586
	<i>8.9</i>	<i>15.9</i>	<i>-15.9</i>	<i>1.1</i>	<i>5.3</i>	<i>31.2</i>	<i>8.7</i>	<i>10.9</i>
Outlay	522,200	532,864	547,760	566,892	592,212	570,876	525,848	559,932
	<i>-3.0</i>	<i>2.0</i>	<i>2.8</i>	<i>3.5</i>	<i>4.5</i>	<i>-3.6</i>	<i>7.4</i>	<i>6.5</i>
Purchases of goods (exports)	423,328	431,852	439,780	460,384	480,232	461,272	429,122	453,062
	<i>-4.1</i>	<i>2.0</i>	<i>1.8</i>	<i>4.7</i>	<i>4.3</i>	<i>-3.9</i>	<i>7.6</i>	<i>5.6</i>
Purchases of services (exports)	66,472	66,424	66,444	66,560	67,044	67,328	65,456	66,618
	<i>1.2</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.7</i>	<i>0.4</i>	<i>4.4</i>	<i>1.8</i>
Interest, dividends and miscellaneous payments	24,884	26,824	33,500	31,708	36,712	32,592	23,842	32,186
	<i>5.0</i>	<i>7.8</i>	<i>24.9</i>	<i>-5.3</i>	<i>15.8</i>	<i>-11.2</i>	<i>13.0</i>	<i>35.0</i>
Current transfers	7,516	7,764	8,036	8,240	8,224	9,684	7,428	8,066
	<i>-0.9</i>	<i>3.3</i>	<i>3.5</i>	<i>2.5</i>	<i>-0.2</i>	<i>17.8</i>	<i>10.2</i>	<i>8.6</i>
Saving	-11,092	-16,796	-21,936	-35,508	-41,076	-34,548	-26,935	-28,829

Gross saving and capital transfers	-15,524	-22,680	-28,784	-42,584	-44,992	-38,608	-31,384	-34,760

Saving	-11,092	-16,796	-21,936	-35,508	-41,076	-34,548	-26,935	-28,829

Net capital transfers	-4,432	-5,884	-6,848	-7,076	-3,916	-4,060	-4,449	-5,931

Net lending[2]	-15,524	-22,680	-28,784	-42,584	-44,992	-38,608	-31,384	-34,760

Transactions in financial assets	33,228	56,156	38,600	107,632	53,236	75,236	42,261	63,906

Currency and deposits	5,316	-1,308	3,780	5,728	8,600	11,036	2,184	4,200

Loans	-2,428	5,388	-708	-1,564	-16,644	-596	-5,140	-3,382

Short-term paper	-584	656	-3,820	1,860	3,384	13,188	-150	520

Bonds	26,656	7,356	-1,876	-508	-11,064	-5,332	18,507	-1,523

Shares	37,624	19,992	-20,992	32,412	5,124	27,944	35,743	9,134

Other financial assets	-33,356	24,072	62,216	69,704	63,836	28,996	-8,883	54,957

Transactions in liabilities	56,384	74,260	75,808	135,176	98,916	111,828	78,519	96,040

Official reserves	-13,500	7,412	-976	-2,636	2,820	7,276	-3,426	1,655

Currency and deposits	21,140	4,188	5,124	7,464	8,292	-2,536	11,198	6,267

Bank and other loans	4,288	-5,488	-3,908	3,668	1,148	8,504	9,307	-1,145

Foreign investments	25,112	47,388	57,360	68,216	65,464	76,216	21,323	59,607

Other liabilities	19,344	20,760	18,208	58,464	21,192	22,368	40,117	29,656

Net financial investment	-23,156	-18,104	-37,208	-27,544	-45,680	-36,592	-36,258	-32,134

Sector discrepancy	7,632	-4,576	8,424	-15,040	688	-2,016	4,874	-2,626

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

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

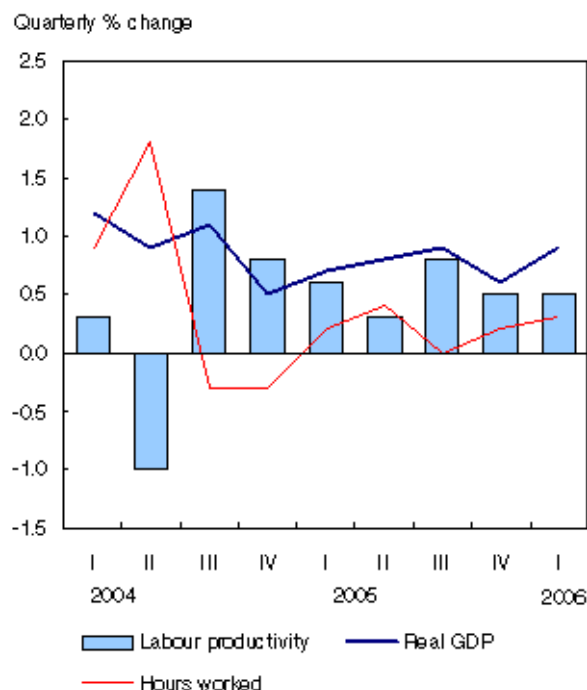
Labour productivity, hourly compensation and unit labour cost

First quarter 2006

Labour productivity in Canada's business sector grew 0.5% between January and March, a similar pace to the quarterly average observed in 2005.

At the same time, unit labour costs, a key measure of inflationary pressures on wages, experienced a slowdown for the first time in more than a year. Unit labour costs of businesses increased only 0.3% during the first quarter of 2006, compared with a gain of 1.1% in the previous quarter. It was the slowest rate of growth since the third quarter of 2004.

Productivity growth matches the pace set in 2005



Note to readers

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

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

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

Revisions

With this release, revisions have been made back to the first quarter of 2002 to incorporate the 2002-to-2005 revisions to the National Economic and Financial Accounts that were released May 31. This release led to revisions in labour productivity at the aggregate level and to hourly compensation and unit labour costs at the industry and aggregate levels as a result of revised data on labour income by industry.

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

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

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

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

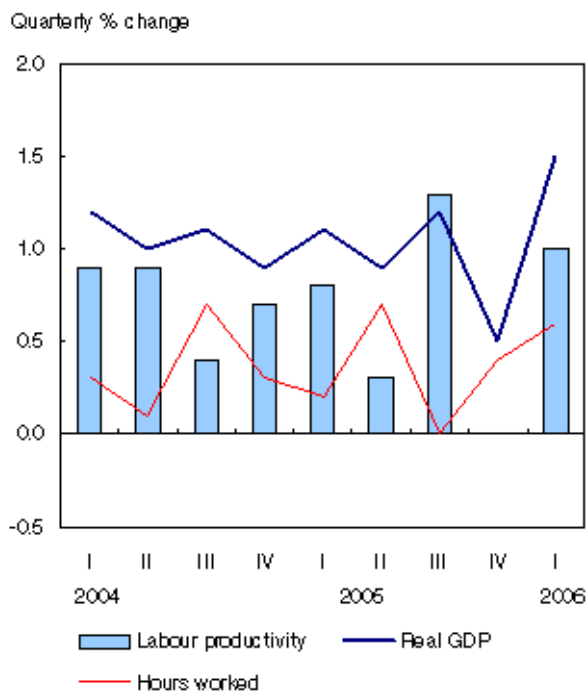
The 0.5% increase in productivity came as economic output rose at three times the pace of hours worked. This rate of growth was equivalent to the average quarterly gain for the entire four quarters of 2005.

Labour productivity, as measured by real gross domestic product (GDP) per hour worked, is important because it has a direct impact on the population's standard of living in the long term. Unit labour costs represent the cost of wages and benefits of workers per unit of economic output.

Growth in GDP in Canada has exceeded that of hours worked since the third quarter of 2004, resulting in productivity gains during the last seven quarters. During this period, productivity among Canada's businesses has increased at an average quarterly rate of 0.7%.

On the other hand, labour productivity in the US business sector increased 1.0% between January and March, twice the rate of growth in Canada. The first-quarter gap in favour of the United States was due mainly to stronger growth in economic output south of the border.

U.S. productivity growth rebounds after a fourth quarter pause



For 2005 as a whole, labour productivity in Canada rose 2.3%, the best annual performance since 2000. This was just slightly slower than the growth of 2.6% for the year in the United States, its slowest gain since 2001.

Growth in productivity is primarily due to service-producing businesses

The continued recovery in growth in productivity in the first quarter of 2006 is due mainly to service-producing businesses. On a quarterly basis, productivity in this sector rose 0.8%, while it rose 0.3% among goods-producing businesses.

This 0.8% increase in service-producing businesses in the first quarter can be attributed largely to retail trade where productivity climbed 2.2%, followed by wholesale trade (+1.8%) and accommodation and food services (+1.3%).

Productivity performance in service-producing businesses occurred in the context of strong growth in output (+1.4%) and in hours worked (+0.5%). For their part, goods-producing businesses recorded growth of 0.3% in their GDP and a slight drop of 0.1% in hours worked.

The downward movement in productivity among goods-producing businesses reflects the substantial slowdowns recorded in the mining industry and in public utilities. These declines more than offset productivity growth in the construction industry and manufacturing sector.

The construction industry experienced growth in productivity of 1.7%, its third straight quarterly increase. Economic activity in construction has risen steadily since the second quarter of 2004. In the first quarter of 2006, residential construction led the way in terms of a notable increase in GDP.

For its part, the manufacturing sector posted growth of 1.0%, the same rate as in the fourth quarter of 2005. Quarterly increases in productivity in this sector have been equal to or higher than 1.0% during seven of the last eight quarters.

Since the fourth quarter of 2004, the strong growth in productivity in the manufacturing sector has occurred in a context of weak growth in its output, combined with a steady decrease in hours worked. Hours worked have been falling steadily in the manufacturing sector since the third quarter of 2004.

Growth in unit labour costs down significantly compared to the fourth quarter of 2005

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

In the first quarter of 2006, labour costs per unit of GDP slowed in goods-producing businesses, while they fell slightly in service-producing businesses. This is the first time since the first quarter of 2002 that unit labour costs have decreased in this sector.

The slight drop of this inflation indicator in wages results from reductions of 2.4% in retail trade and of 1.1% in wholesale trade. In contrast, unit labour costs in services rose the most in accommodation and food services (+2.1%) and in the administrative, support, waste management and remediation services sectors (+1.3%).

On the goods-producing businesses side, only the construction industry saw its unit labour costs decrease and for the second straight quarter. After dropping 0.5% in the fourth quarter of 2005, this indicator fell 2.5% in the first quarter of 2006.

In manufacturing, unit labour costs rose 0.7% during the first three months of 2006, compared to 0.2% in the last three months of 2005. Unit labour costs in manufacturing have changed between 0.2% and 0.8% during the last six quarters.

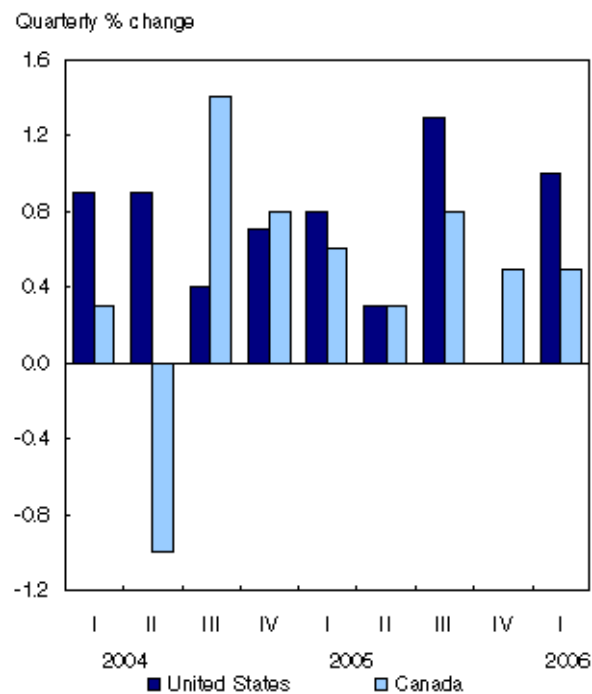
Despite the strong growth in labour productivity recorded in the manufacturing sector since the second quarter of 2004, unit labour costs have continued their upward trend. In the first quarter of 2006, hourly compensation rose by 1.7%, after climbing 1.2% in the last quarter of 2005. Except for the second quarter of 2005, when hourly compensation rose 0.7%, this indicator has grown at a quarterly rate greater than 1.0% since the third quarter of 2004. Part of this increase is attributable to restructuring in this sector that has had to deal with the appreciation of the dollar, increased energy costs and increasingly strong competition from emerging economies.

Economic growth accelerating in Canada and US, but pace slower here

Economic growth is accelerating in both Canada and the United States, but the pace is slower in Canada.

The upward trend in hours worked continued in both countries in the first quarter. But it was mainly the net change in GDP south of the border that allowed American businesses to post better gains in productivity.

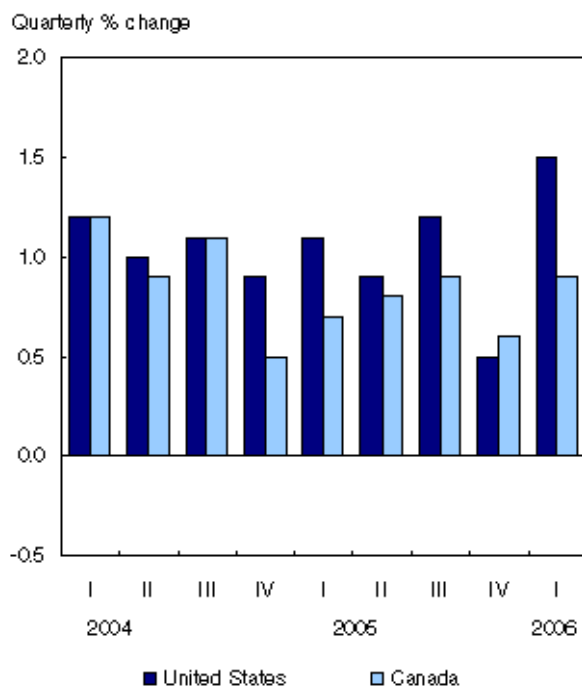
In last six quarters, Canada-US productivity growth comparable



After stagnating in the fourth quarter of 2005, productivity among US businesses rebounded in the first quarter, rising 1.0%, which was double the 0.5% gain in Canada. In the last quarter of 2005, Canada's productivity growth outdistanced that of the United States.

In Canada, growth in real GDP hit 0.9% in the first quarter of 2006, after increasing 0.6% in the last three months of 2005. This increase was almost identical to the average growth of 0.8% recorded during the four quarters of 2005.

Canada owed its strong first-quarter economic activity largely to household consumer spending. Canadians spent heavily on durable goods, such as household appliances, and on semi durable goods, such as clothing and footwear. A strong recovery in investment in residential construction also contributed to economic growth.

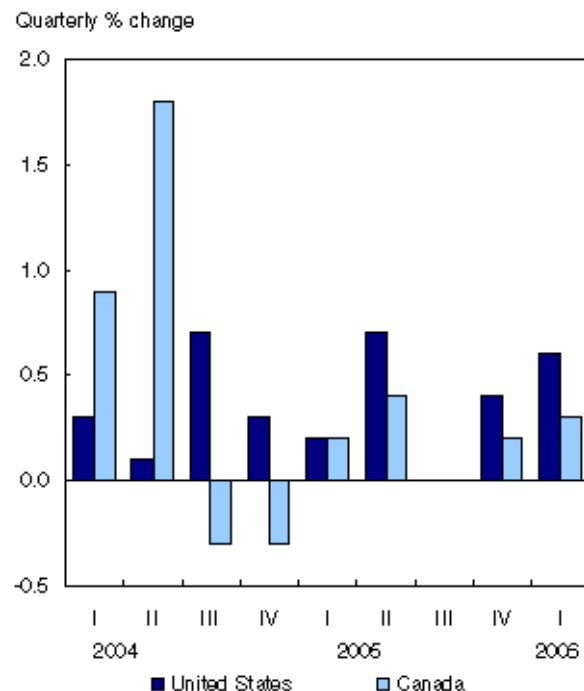
GDP growth accelerates in both countries

South of the border, real GDP rose 1.5% in the first quarter of 2006, compared with only 0.5% in the previous quarter. This was the strongest quarterly gain in GDP in the United States since a 2.3% increase in the third quarter of 2003.

Virtually all components of American economic output that had slowed in the fourth quarter of 2005 rebounded in the first quarter. Consumer spending by households, which spent heavily on durable goods, rose 1.3% in the first quarter, after edging up only 0.2% in the last three months of 2005.

Hours worked in both countries continued to increase slightly, although more slowly in Canada.

In Canada, growth in economic activity went hand-in-hand with a relatively stable labour market. Hours worked on output in Canadian businesses rose 0.3% in the first quarter, compared to 0.2% in the last quarter of 2005. Increases in part time labour (+0.8%) outstripped those in full time jobs (+0.3%).

Hours worked increases more in the United States

After climbing 0.4% in the fourth quarter of 2005, hours worked in the United States went up 0.6% in the first quarter, double the rate of growth in Canada.

Canadian unit labour costs in US\$ weaken

Excluding the exchange rate, unit labour costs in Canada and the United States rose at the same pace in the first quarter of 2006, that is, 0.3%. (Unit labour costs represent the cost of wages and benefits of workers per unit of economic output.)

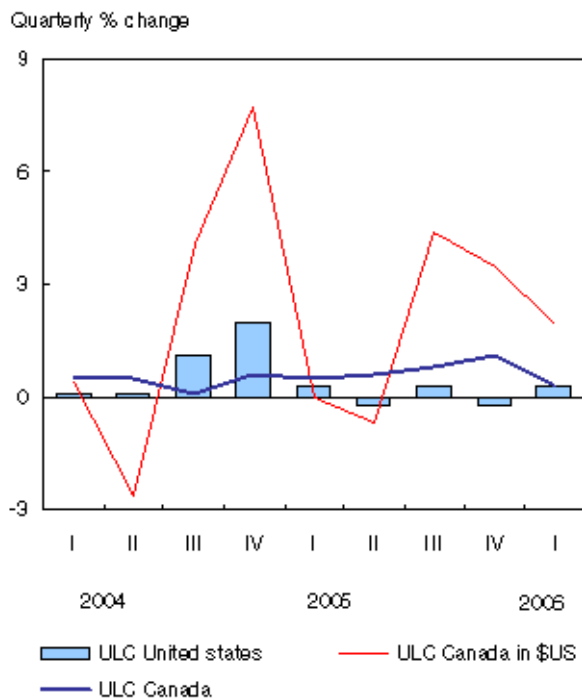
In Canada, this represented a net slowdown in labour cost per unit of GDP for Canadian businesses, compared to the 1.1% increase recorded in the fourth quarter of 2005.

In contrast, for the United States, the first-quarter rate represented a slight acceleration from the last three months of 2005 when unit labour costs declined 0.2%.

Hourly compensation paid to workers in Canadian businesses increased 0.8% between January and March this year, only half the increase of 1.6% in the last quarter of 2005.

In comparison, the rate of growth in hourly compensation paid to workers in American businesses climbed from a low of 0.2% in the last quarter of 2005 to a high of 1.3% in the first quarter of 2006.

Canadian unit labour costs in US \$ continues to slow



When the exchange rate is taken into consideration, the situation shifted even more to favour American businesses.

After levelling off in the first half of 2005, the Canadian dollar appreciated in the last three quarters. The Canadian dollar's appreciation of 1.5% compared to the American currency in the first quarter of 2006 resulted in the Canadian unit labour cost expressed in U.S. dollars climbing 1.9% in the first quarter compared to an average increase of 4.0% in the previous two quarters.

Recent revisions in productivity figures in Canada had no impact on the Canada/US gap

Data released today include annual revisions of Canada's GDP for the period 2002 to 2005. Revisions to American data are expected in September 2006.

Overall, the revisions during this period had the impact of reducing the rate of growth in Canadian labour productivity in 2003, and increasing it in 2004 and 2005.

These revisions tended to cancel each other out. As a result, they had virtually no impact on the gap in labour productivity growth between Canada and the United States during the post 2000 period.

In 2005, labour productivity among Canadian businesses was revised upward slightly from 2.2% to 2.3%. With this revision, the gap in productivity growth between the two countries was only 0.3 percentage points, the smallest it has been in the past five years.

Between 2000 and 2005, productivity in the United States increased at an annual average rate of 3.3%, slightly more than three times faster than the 1.0% rate of growth in Canada. Over the 2000-2005 period, GDP growth in Canada was 2.5% on average combined with an increase of 1.4% in hours worked. In comparison, US GDP grew by 2.8% on average while hours worked declined by 0.5% during the same period.

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

	Canada		United States
	Before revision	After revision	
	annual % change		
1981-2005	1.5	1.5	2.2
1981-2000	1.6	1.6	1.9
2000-2005	1.0	1.0	3.3
2002	1.4	1.4	4.0
2003	0.4	0.0	4.1
2004	0.0	0.4	3.5
2005	2.2	2.3	2.6

Source: U.S. data are from the Bureau of Labor Statistics, Productivity and Costs - Second quarter 2006, published in NEWS, June 1.

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

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006
Seasonally adjusted						
% change from previous quarter						
Canada						
Labour productivity	0.8	0.6	0.3	0.8	0.5	0.5
Real GDP	0.5	0.7	0.8	0.9	0.6	0.9
Hours worked	-0.3	0.2	0.4	0.0	0.2	0.3
Hourly compensation	1.3	1.2	0.9	1.7	1.6	0.8
Unit labour cost	0.6	0.5	0.6	0.8	1.1	0.3
Exchange rate[2]	-6.6	0.5	1.4	-3.3	-2.4	-1.5
Unit labour cost in US\$	7.7	0.0	-0.7	4.4	3.5	1.9
United States						
Labour productivity	0.7	0.8	0.3	1.3	0.0	1.0
Real GDP	0.9	1.1	0.9	1.2	0.5	1.5
Hours worked	0.3	0.2	0.7	0.0	0.4	0.6
Hourly compensation	2.7	1.2	0.1	1.5	-0.2	1.3
Unit labour cost	2.0	0.3	-0.2	0.3	-0.2	0.3
% change from same quarter of previous year						
Canada						
Labour productivity	1.4	1.8	3.1	2.5	2.2	2.1
Real GDP	3.7	3.2	3.0	2.8	3.0	3.2
Hours worked	2.2	1.5	0.1	0.3	0.8	0.9
Hourly compensation	3.0	3.5	4.9	5.2	5.4	5.0
Unit labour cost	1.6	1.7	1.8	2.6	3.1	2.8
Exchange rate[2]	-7.2	-6.9	-8.6	-8.1	-4.0	-5.9
Unit labour cost in US\$	9.6	9.2	11.3	11.7	7.3	9.3
United States						
Labour productivity	2.9	2.8	2.2	3.0	2.4	2.5
Real GDP	4.2	4.1	4.1	4.2	3.7	4.2
Hours worked	1.3	1.2	1.9	1.1	1.3	1.7
Hourly compensation	6.4	6.5	5.7	5.6	2.6	2.8
Unit labour cost	3.4	3.6	3.4	2.5	0.2	0.3
% change from previous quarter at annualized rate[3]						
Canada						
Labour productivity	3.2	2.5	1.1	3.2	2.1	2.1
Real GDP	1.8	2.8	3.1	3.6	2.4	3.6
Hours worked	-1.0	0.7	1.7	0.0	0.7	1.4
Hourly compensation	5.3	4.9	3.6	6.8	6.4	3.1
Unit labour cost	2.2	2.2	2.6	3.3	4.4	1.1
Unit labour cost in US\$	34.8	0.0	-2.9	18.8	14.8	7.7
United States						
Labour productivity	2.7	3.4	1.1	4.9	0.2	3.9
Real GDP	3.6	4.4	4.0	4.8	1.8	6.4
Hours worked	0.9	0.9	2.8	-0.1	1.6	2.4
Hourly compensation	11.2	4.8	0.5	6.0	-0.6	5.4
Unit labour cost	8.3	1.3	-0.6	1.1	-0.8	1.5

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]

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006
Seasonally adjusted						
% change from previous quarter						
Canada						
All jobs	0.3	0.4	0.6	0.1	0.1	0.4
Hours worked	-0.3	0.2	0.4	0.0	0.2	0.3
Average hours	-0.5	-0.2	-0.2	0.0	0.1	-0.1
Labour share[2]	0.0	0.2	0.0	-1.1	-0.8	1.3
United States						
All jobs	0.3	0.5	0.5	-0.1	0.3	0.6
Hours worked	0.3	0.2	0.7	0.0	0.4	0.6
Average hours	-0.1	-0.3	0.3	0.0	0.1	-0.1
Labour share[2]	1.3	-0.3	-0.8	-0.5	-1.1	-0.3
% change from same quarter of previous year						
Canada						
All jobs	1.6	2.0	1.9	1.4	1.2	1.2
Hours worked	2.2	1.5	0.1	0.3	0.8	0.9
Average hours	0.6	-0.5	-1.9	-0.9	-0.3	-0.2
Labour share[2]	-2.6	-1.8	-0.6	-0.9	-1.6	-0.5
United States						
All jobs	1.6	2.0	1.9	1.3	1.3	1.4
Hours worked	1.3	1.2	1.9	1.1	1.3	1.7
Average hours	-0.3	-0.7	0.0	-0.1	0.1	0.3
Labour share[2]	0.7	1.2	1.2	-0.3	-2.7	-2.7
% change from previous quarter at annualized rates[3]						
Canada						
All jobs	1.0	1.7	2.4	0.3	0.3	1.7
Hours worked	-1.0	0.7	1.7	0.0	0.7	1.4
Average hours	-2.0	-0.8	-0.8	0.0	0.4	-0.4
Labour share[2]	0.0	0.9	0.0	-4.2	-3.0	5.3
United States						
All jobs	1.4	2.0	2.0	-0.3	1.3	2.6
Hours worked	0.9	0.9	2.8	-0.1	1.6	2.4
Average hours	-0.4	-1.2	1.2	0.0	0.4	-0.4
Labour share[2]	5.4	-1.2	-3.2	-2.0	-4.4	-1.2

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

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

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

Labour productivity by industry

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
	Seasonally adjusted							
Business sector - goods	116.7	117.6	117.3	118.9	119.6	120.0	114.6	118.4
	0.9	0.8	-0.3	1.4	0.6	0.3	1.3	3.3
Agriculture, forestry, fishing and hunting	138.7	135.7	132.5	135.6	133.7	134.9	136.6	134.4
	-2.7	-2.2	-2.4	2.3	-1.4	0.9	3.7	-1.6
Construction	117.2	120.0	120.0	121.4	122.2	124.3	117.3	120.9
	0.7	2.4	0.0	1.2	0.7	1.7	-1.6	3.1
Manufacturing	118.9	120.1	120.5	122.3	123.5	124.7	115.4	121.6
	1.4	1.0	0.3	1.5	1.0	1.0	3.5	5.4
Business sector - services	113.5	114.3	115.0	115.6	116.1	117.0	112.9	115.3
	0.7	0.7	0.6	0.5	0.4	0.8	-0.6	2.1
Wholesale trade	121.9	123.6	129.1	130.0	130.9	133.2	122.6	128.4
	-0.3	1.4	4.4	0.7	0.7	1.8	-0.4	4.8
Retail trade	129.4	129.5	128.5	128.4	129.1	131.9	128.3	128.9
	0.8	0.1	-0.8	-0.1	0.5	2.2	-2.2	0.5
Transportation and warehousing	108.5	110.8	111.3	112.7	114.4	114.2	105.6	112.3
	2.6	2.1	0.5	1.3	1.5	-0.2	1.3	6.3
Information and cultural industries	106.3	106.9	107.8	111.9	114.3	113.5	107.8	110.2
	0.5	0.6	0.8	3.8	2.1	-0.7	-3.2	2.3
Finance, real estate and company management	109.7	109.6	110.6	110.2	110.2	110.9	111.3	110.2
	-0.6	-0.1	0.9	-0.4	0.0	0.6	0.8	-1.0
Professional, scientific and technical services	113.7	114.2	112.7	113.7	112.7	113.8	112.8	113.3
	1.2	0.4	-1.3	0.9	-0.9	1.0	-1.7	0.5
Administrative and support, waste management and remediation services	89.4	91.1	91.4	90.3	91.0	90.6	88.4	91.0
	1.8	1.9	0.3	-1.2	0.8	-0.4	-1.5	2.9
Accommodation and food services	99.7	100.1	101.8	102.6	103.6	104.9	100.3	102.0
	0.0	0.4	1.7	0.8	1.0	1.3	-2.4	1.7
Other commercial services	118.6	117.0	115.7	115.4	115.0	114.8	116.6	115.8
	0.6	-1.3	-1.1	-0.3	-0.3	-0.2	0.7	-0.7

Unit labour cost by industry

	Fourth quarter 2004	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	2004	2005
Seasonally adjusted								
Business sector - goods	108.1	108.8	109.1	110.1	110.8	111.3	108.1	109.7
	<i>0.5</i>	<i>0.6</i>	<i>0.3</i>	<i>0.9</i>	<i>0.6</i>	<i>0.5</i>	<i>1.0</i>	<i>1.5</i>
Agriculture, forestry, fishing and hunting	108.6	108.5	102.7	99.9	102.5	105.7	111.0	103.4
	<i>0.3</i>	<i>-0.1</i>	<i>-5.3</i>	<i>-2.7</i>	<i>2.6</i>	<i>3.1</i>	<i>3.4</i>	<i>-6.8</i>
Construction	106.4	105.7	107.1	109.2	108.7	106.0	104.7	107.7
	<i>0.3</i>	<i>-0.7</i>	<i>1.3</i>	<i>2.0</i>	<i>-0.5</i>	<i>-2.5</i>	<i>3.5</i>	<i>2.9</i>
Manufacturing	100.0	100.1	100.6	101.4	101.6	102.3	101.1	100.9
	<i>0.2</i>	<i>0.1</i>	<i>0.5</i>	<i>0.8</i>	<i>0.2</i>	<i>0.7</i>	<i>-2.1</i>	<i>-0.2</i>
Business sector - services	108.9	109.3	110.1	111.1	112.6	112.5	108.0	110.8
	<i>0.6</i>	<i>0.4</i>	<i>0.7</i>	<i>0.9</i>	<i>1.4</i>	<i>-0.1</i>	<i>2.2</i>	<i>2.6</i>
Wholesale trade	93.9	92.5	89.5	90.7	92.5	91.5	93.8	91.3
	<i>1.0</i>	<i>-1.5</i>	<i>-3.2</i>	<i>1.3</i>	<i>2.0</i>	<i>-1.1</i>	<i>-1.0</i>	<i>-2.6</i>
Retail trade	101.1	100.2	102.9	104.1	105.6	103.1	101.5	103.2
	<i>-1.1</i>	<i>-0.9</i>	<i>2.7</i>	<i>1.2</i>	<i>1.4</i>	<i>-2.4</i>	<i>2.4</i>	<i>1.7</i>
Transportation and warehousing	110.4	110.2	111.7	111.1	112.2	112.8	110.3	111.3
	<i>-0.4</i>	<i>-0.2</i>	<i>1.4</i>	<i>-0.5</i>	<i>1.0</i>	<i>0.5</i>	<i>-0.7</i>	<i>0.9</i>
Information and cultural industries	98.4	98.9	100.0	99.5	103.3	104.3	97.9	100.4
	<i>0.7</i>	<i>0.5</i>	<i>1.1</i>	<i>-0.5</i>	<i>3.8</i>	<i>1.0</i>	<i>2.9</i>	<i>2.6</i>
Finance, real estate and company management	110.8	112.1	113.4	115.2	117.5	117.6	109.4	114.6
	<i>1.0</i>	<i>1.2</i>	<i>1.2</i>	<i>1.6</i>	<i>2.0</i>	<i>0.1</i>	<i>2.8</i>	<i>4.7</i>
Professional, scientific and technical services	117.5	119.4	120.1	121.0	123.8	124.4	116.2	121.1
	<i>2.0</i>	<i>1.6</i>	<i>0.6</i>	<i>0.7</i>	<i>2.3</i>	<i>0.5</i>	<i>3.4</i>	<i>4.2</i>
Administrative and support, waste management and remediation services	124.8	128.0	129.8	132.3	132.4	134.1	124.7	130.6
	<i>-0.1</i>	<i>2.6</i>	<i>1.4</i>	<i>1.9</i>	<i>0.1</i>	<i>1.3</i>	<i>6.0</i>	<i>4.8</i>
Accommodation and food services	120.1	118.0	123.3	131.5	129.2	131.9	118.2	125.5
	<i>-3.0</i>	<i>-1.7</i>	<i>4.5</i>	<i>6.7</i>	<i>-1.7</i>	<i>2.1</i>	<i>3.8</i>	<i>6.2</i>
Other commercial services	112.1	115.3	115.4	113.7	113.7	114.3	109.3	114.5
	<i>2.5</i>	<i>2.9</i>	<i>0.1</i>	<i>-1.5</i>	<i>0.0</i>	<i>0.5</i>	<i>3.8</i>	<i>4.8</i>

The 2002-2005 revisions of the Income and Expenditure Accounts

Introduction

Revised estimates of the Income and Expenditure Accounts (IEA) covering the period 2002 to 2005 have been released along with those for the first quarter of 2006. These revised estimates incorporate the most current source data and seasonal patterns.

Revision schedule

The annual revision process is integrated within the System of National Accounts, with revised estimates of the Income and Expenditure Accounts, Financial Flow Accounts and the Balance of International Payments compiled and released together. Revised estimates of the national balance sheet are released about two weeks later. The integration occurs through compiling Input-Output Accounts in current prices for the first two years of the four year revision period. These data are released in the fall of each year when the full provincial Input-Output Accounts are completed. Corresponding revisions to the monthly estimates of real gross domestic product by industry are released in September.

Statistical revisions are carried out regularly in the System of National Accounts in order to incorporate the most current information from censuses, annual surveys, taxation statistics, public accounts, etc. In principle, the revision schedule for the National Income and Expenditure Accounts is as follows: the first estimate for a given quarter is released approximately 60 days after the end of the reference quarter; this estimate is revised when estimates for subsequent quarters of the same calendar year are released; thereafter, the estimates are open for revision only once a year for the next four years, at the time of the release of the first quarter estimates. For example, the estimates for the first quarter of 2002 were first released in May 2002. The first revision to these estimates occurred when the second quarter estimates were released in August 2002, further revisions occurred when the third and fourth quarter 2002 estimates were released. These estimates were revised again in each of the next four years, with the last of these revisions occurring with this release.

Limited revisions are sometimes carried out for periods further back than four years and historical revisions are conducted periodically, roughly once every 10 years. Historical revisions provide an occasion to improve estimation methods, eliminate statistical breaks resulting from more limited revisions and introduce conceptual changes into the system. The most recent historical revision was completed in December 1997. Documentation related to this revision can be found at www.statcan.ca/english/freepub/13-605-XIE/2003001/data/1997nafa/index.htm.

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

Income and Expenditure Accounts revisions

With the May 2002 release, additional conceptual changes were implemented within the National Income and Expenditure Accounts and carried back to 1981. These included classification changes to licences and registrations, land transfer taxes, and spectrum charges and the incorporation of 1996 census results in farm inventories. Documentation related to these conceptual changes can be found at www.statcan.ca/english/freepub/13-605-XIE/2003001/chronology/chronoindex.htm.

No conceptual changes have been made to the Income and Expenditure Accounts this year.

Impact of the revisions on gross domestic product (GDP)

The current revisions to GDP resulted from the inclusion of the most current estimates from data sources, including survey results, administrative data and public accounts. Revised 2002 and preliminary 2003 Input-Output data are incorporated for the first two years of the four-year revision period. New benchmark information was incorporated for the more recent periods. Other series were revised due to applying existing or updated projectors to the new levels received from the Input-Output Accounts.

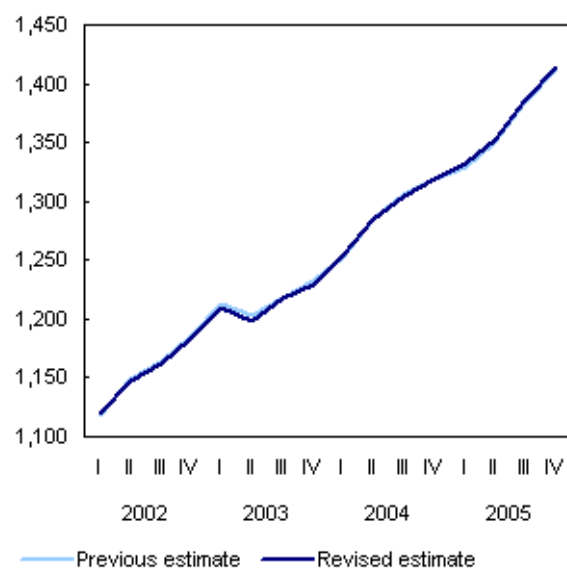
GDP at current prices (Table 3) was revised downward on an annual basis for 2002 and 2003 and upward for 2004 and 2005. The downward revision to GDP in 2002 is a result of revisions to the 2002 Input-Output tables. This is the last time 2002 will be revised in a normal revision schedule as it is now fully reconciled with the revised and final Input-Output Accounts. The downward revision to current dollar GDP for 2002 was \$1,299 million, in 2003 was \$2,783 while the upward revisions for 2004 and 2005 were \$603 million and \$2,699 million, respectively. Chart 1 compares the value of the previous estimate to the revised estimate of nominal GDP on a quarterly basis.

Table 1 Selected components – Current revisions

	2002	2003	2004	2005
	millions of dollars			
Gross domestic product	-1,299	-2,783	603	2,699
Income components				
Wages, salaries and supplementary labour income	615	3,250	7,924	9,225
Surplus	-1,631	-4,889	-6,892	-8,196
Corporation profits before taxes	-611	-2,771	-3,825	-4,481
Interest and miscellaneous investment income	-469	-544	-1,324	-837
Capital consumption allowances	-437	-1,337	-2,504	-4,105
Government business enterprise profits before taxes	136	660	666	1,111
Inventory valuation adjustment	-250	-897	95	116
Taxes less subsidies, on factors of production	-103	-293	620	1,441
Taxes less subsidies, on products	-365	-647	-738	-855
Expenditure components				
Personal expenditure on consumer goods and services	-627	-1,303	-1,366	-1,582
Government current expenditure on goods and services	523	2,761	1,245	1,873
Business investment in residential structures	-61	-213	-585	-494
Business investment in non-residential structures	672	542	4,461	5,668
Business investment in machinery and equipment	125	205	44	-250
Business investment in inventories	-1,373	-2,304	-1,542	1,689
Exports of goods and services	1,114	390	1,998	1,424
Imports of goods and services	622	2,146	2,617	3,643

Gross domestic product

Billions of dollars

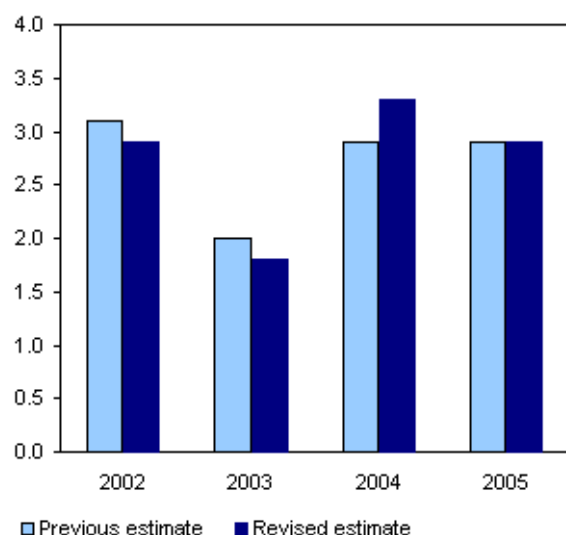


As can be seen in the above table, the downward revisions to GDP in 2002 and 2003 were mostly a result of revisions to weaker than projected estimates of surplus in the Input-Output Tables. The upward revisions in 2004 and 2005 stem mainly from large upward revisions in wages and salaries and non-residential business investment in 2004 which were carried forward into 2005. On a quarterly basis, current dollar GDP was revised down for all quarters in 2002 and 2003 except for the first quarter of 2002 and the third quarter of 2003. In contrast, in 2004 and 2005 it was revised up for all quarters with the exception of the third quarter of 2004.

Estimates of **real GDP** (see Table 3), were revised downward for 2002 and 2003 and upward for 2004 and 2005, with the largest revision of \$-3.6 billion occurring in 2003. The revisions to 2004 and 2005 are low by historical standards.

Growth rates of real GDP, annual

Annual percentage change, chained (1997) dollars



Viewed from a historical perspective over two decades the revisions to the annual growth rate of current dollar GDP for 2003 and 2005 fall in the low to medium range of revisions. The cumulative revision to the growth rate (as shown in Table 4) is measured by the taking the difference between the current growth rate and the initial growth rate. For 2003, there is no cumulative revision, for 2005 it is 0.1%, while the cumulative revision for 2004 is slightly higher at 0.3%. Similar to 2004, the cumulative revision to the 2002 growth rate is large by historical standards, settling in at -0.6% as the Input-Output Table benchmarking exercise pulled the initial estimate down for a second consecutive year.

Estimates to **quarterly real GDP** growth were mostly revised upward or unchanged for 2002, 2003 and 2004. Most of the 2003 annual revision occurred in the first quarter which was revised by -0.3%. Revisions were also large in the first quarter of 2004 (+0.4%). For 2005, the revisions were mixed with the first quarter revised upward, the second and third quarter downward and the fourth unchanged.

Growth rates of real GDP, quarterly

Quarterly percentage change, chained (1997) dollars

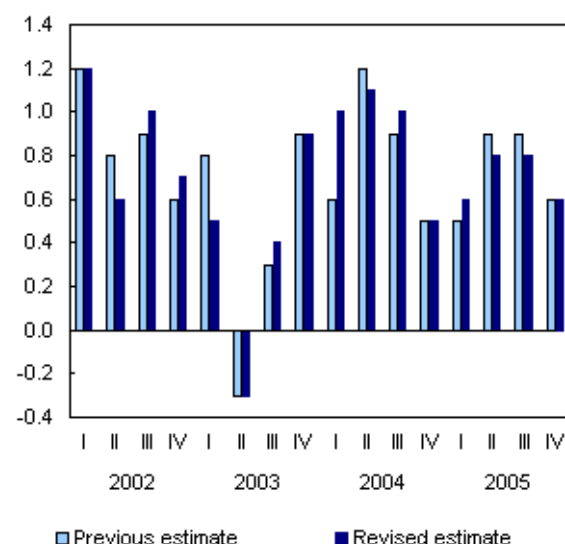


Table 2 provides a history of the revisions to GDP for the period 1994-2005. As noted earlier, each annual estimate is subjected to four different annual revision cycles as well as periodic historical revision processes. Table 2 provides the published level and growth rate of GDP for a given year for each of these revision cycles. The largest revisions to GDP occur with the third revision cycle, in which the Income and Expenditure Accounts are benchmarked to the Input-Output Tables. The average upward revision to GDP is +0.2 percentage points and the average downward revision is -0.4 percentage points following the first revision cycle. This increases to +0.5 and a -0.3 with the second, and +0.7 and -0.4 with the Input-Output benchmarking process (the third and fourth revision cycle combined).

The implicit chained price index for GDP had marginal revisions. In 2002, it was unchanged, in 2003 it was revised up 0.1, unchanged in 2004 and up by 0.2 in 2005. As part of this revision process, the revised Machinery and Equipment Price Index (MEPI) has been incorporated into various components of the machinery and equipment deflators from 2002 to 2005. Prior to May 31st, 2006, the MEPI's were on a 1986=100 basis. These price indexes have now been rebased to 1997=100. The rebasing of the MEPI also resulted in a re-weighting of the elementary prices, with a greater weight given to import prices.

Revisions to income aggregates (Table 5)

Estimates of **wages, salaries and supplementary labour income** were revised upwards in 2002 and 2003, due to revisions to employers' contributions to pensions. These upward revisions resulted from the incorporation of benchmark data from Income Statistics Division, which showed substantial increases in special payments for unfunded liabilities (CANSIM Table 280-0026). A very large special payment of over 1 billion dollars occurred in the government sector in 2003. Other special pension payments occurred in the business sector, and as corporate expenses they reduced surplus, particularly corporate profits.

The substantial upward revision in 2004 was as a result of the receipt of tax data from the Canada Revenue Agency (CRA). The largest upward revisions to wages and salaries occurred in Quebec, Ontario, Alberta, and British Columbia. Supplementary labour income was also revised upward, but not to the same extent as 2003. Upward revisions were carried forward into 2005 for both wages and salaries and supplementary labour income.

Within the System of National Accounts **surplus** is defined as the income corporations obtain from their own production facilities — value added less compensation of employees less taxes on production payable plus subsidies received. It represents the last balancing item in the Input-Output tables and is calculated for each industry. As part of the annual benchmarking to the Input-Output tables, estimates of surplus are produced by incorporating the latest annual business and institutional surveys as well as various administrative data into the Input-Output framework. Once these benchmark estimates of surplus are derived, the revisions are incorporated into the Income and Expenditure Accounts. In the Income and Expenditure Accounts surplus includes the following income components: corporation profits before taxes, government business enterprise profits before taxes, interest and miscellaneous investment income, inventory valuation adjustment, capital consumption allowances. Table 1 shows the revisions to surplus for 2002 to 2005 as well as how the revision was distributed among its various income components noted above.

Corporation profits before taxes was revised down in all four years, by \$611 million in 2002, \$2,771 million in 2003, \$3,825 million in 2004 and \$4,481 million in 2005. The revisions in 2002 and 2003 reflect the benchmarking to the Input-Output Accounts which take into account the latest annual business survey data as well as updated annual corporate income tax returns for 2003. In 2003, the special payment made to supplementary labour income due to under-funding in pension funds created a significant offsetting downward revision to corporate profits. New estimates from the preliminary Financial and Taxation Statistics for Enterprises including the General Index of Financial Information (GIFI) schedules were incorporated

for 2004. These new estimates resulted in downward revisions to 2004 which were carried forward to 2005 using revised estimates from the Quarterly Financial Statistics for Enterprises.

Interest and miscellaneous investment income was revised downward in all four years. In 2002 the downward revision was \$469 million, in 2003 it was \$544 million, in 2004 it was \$1,324 million, and in 2005 it was \$837 million. Revisions to this series reflect new and revised interest payment and receipt information and royalty payments of corporations.

Capital consumption allowances (CCA) was revised downward in all four years. In 2002 the downward revision was \$437 million, in 2003 it was \$1,337 million, in 2004 it was \$2,504 million and in 2005 it was \$4,105 million. Updated annual corporate income tax returns, together with additional depreciation estimates led to these revisions. Additional data sources were used to calculate estimates of capital consumption allowance. In the past the estimates were derived using data from the Annual Financial Survey, however, with this annual revision process, estimates of CCA are also taken from the Investment and Capital Stock Division's perpetual inventory model.

Accrued net income of farm operators from farm production was revised upward for all four years. In 2002 and 2003, the most significant revision was due to a downward revision in farm operating expenses (mainly in commercial feed expenses). In 2004, the combined effect of a downward revision in farm operating expenses with an upward revision to the Canadian Agricultural Income Support payments resulted in an overall upward revision of \$390 million to accrued net farm income. In 2005 a downward revision in crop receipts was more than offset by an upward revision in livestock receipts and program payments.

Net income of non-farm unincorporated business, including rent was revised upwards in 2002 by \$32 million. From 2003 to 2005 there were downward revisions, with 2003 revised downward by \$144 million, 2004 by \$199 million and 2005 by \$166 million. The 2002 and 2003 revisions reflect benchmarking to the Input-Output Accounts by industry, while the 2004 revisions incorporate new administrative data coming from the CRA on the net income of non-farm unincorporated business.

The estimate of **taxes on factors of production, less subsidies** was revised downward in 2002 by \$103 million and by \$293 in 2003. It was revised upwards in 2004 by \$620 million and in 2005 by \$1,441 million. Local taxes on production accounted for most of the revision. **Taxes on products, less subsidies** was revised downward in 2002 by \$365 million, in 2003 by \$647 million, in 2004 by \$738 million and in 2005 by \$855 million. Most of the revision occurred in the federal GST as a result of recognizing the

change in the rebate to municipalities from 50% to 100%. Revisions to both series also incorporate new public accounts and other financial information for the different government sub-sectors.

Revisions to expenditure aggregates at current prices (Table 6)

Personal expenditure on consumer goods and services was revised downward by \$627 million in 2002, \$1,303 million in 2003, \$1,366 million in 2004 and \$1,582 million in 2005. In 2002 and 2003, revisions reflect benchmarking to Input-Output Accounts, with services accounting for the majority of the downward revision, specifically health related expenses.

For 2004 and 2005, the overall revision to personal expenditure on consumer goods and services was downward. Goods were revised downward in all categories, which more than offset the upward revision to services. The quarterly retail commodity data based on the NAICS 2002 classification were made available in the Fall of 2005 for the period prior to 2004 and the annual Retail Trade for 2004 was released in March 2006. Both these data sources have been incorporated into the personal expenditure estimates on consumer goods.

Personal expenditure on services was revised upward using results from the Survey of Household Spending for 2004, as well as surveys of service industries. Gross paid and imputed rent were revised up in 2005 due to an upward revision to the average rent paid. This revision reflects the inclusion of CMHC average rent data published last December.

Government current expenditure on goods and services was revised upward by \$523 million in 2002, \$2,761 million in 2003, \$1,245 million in 2004 and \$1,873 million in 2005. These revisions reflect new data from federal and provincial public accounts as well as the latest local government information. Survey results for 2003 from the Canadian Institute for Health Information (CIHI) and the Culture, Tourism and the Centre for Education Statistics were also incorporated and carried forward to 2005. In 2003, a \$1 billion special pension contribution by local governments was included. For 2004 and 2005, revisions reflect a resumption of pension contributions under Ontario Municipal Employees Retirement System by various Ontario municipalities.

Revisions to **investment in residential structures** were downward in each of the years from 2002 to 2005. The downward revisions were \$61 million in 2002, \$213 million in 2003, \$585 million in 2004 and \$494 million in 2005. Revisions are based on administrative data and results from the 2004 Survey of Household Spending and the Survey of Real Estate Agents and Brokers.

Business investment in non-residential construction and machinery and equipment recorded upward revisions in all four years. In 2002 the revision was upward by \$797 million, in 2003 by \$747 million, in 2004 by \$4,505 million and in 2005 by \$5,418 million. Investment in machinery and equipment was revised upward in 2002, 2003 and 2004 while non-residential investment was revised upward in all four years. Revisions to both series reflect benchmarking to the Input-Output Accounts as well as the incorporation of the latest estimates from the Private and Public Investment Survey. The greater increase in investment in non-residential structures in 2004 was largely due to revised estimates of investment by the oil and gas and utilities industries. As well, revisions occurred due to the incorporation of MEPI on a 1997 = 100 basis, supplied by Prices Division, for the deflation of the M&E components of GDP.

Revisions to investment in inventories were downward in 2002 by \$1,373 million, by \$2,304 million in 2003 and by \$1,542 in 2004. In 2005 there was an upward revision of \$1,689 million. Non-farm inventories revisions reflect the incorporation of new benchmark information as well as information coming from the latest annual surveys. Adjustments also reflect the outcome of the commodity balancing process that is integral to the development of the Input-Output Accounts, to which the Income and Expenditure Accounts are benchmarked.

Investment in farm inventories remained virtually unchanged in 2002 and 2003, but was revised upward in 2004 and 2005, mainly for grain inventories held on farms (wheat, soybeans, corn and canola). Grain inventories are now well above their 10-year average following two years of strong production with lower than normal quality (particularly for wheat).

Exports of goods and services was revised upward by \$1,114 million in 2002, \$390 million in 2003, \$1,998 million in 2004 and \$1,424 million in 2005. In general, the revisions to services are related to the incorporation of annual survey and administrative data. Commercial services experienced the largest upward revision primarily due to an increased use of tax data in calculating trade in commercial services. Estimates of **imports of goods and services** were revised upward in all four years. In 2002, they were up \$622 million, in 2003 by \$2,146 million, in 2004 by \$2,617 million and in 2005 by \$3,643 million. Commercial services, once again, played a major part in the upward revisions.

Table 2 Revisions to gross domestic product, historical perspective

Reference period	Initial estimate	Revised estimate, first annual revision cycle	Revised estimate, second annual revision cycle	Revised estimate, third annual revision cycle	Revised estimate, fourth annual revision cycle	Revised estimate, historical revision processes	Cumulative revisions
millions of current dollars							
1993	710,723	711,658	712,855	712,855	724,960	727,184	16,461
1994	748,606	750,053	747,260	762,251	767,506	770,873	22,267
1995	780,027	776,299	799,129	806,778	807,088	810,426	30,399
1996	797,789	828,997	833,921	833,070	839,064	836,864	39,075
1997	856,134	855,103	866,252	873,947	877,921	882,733	26,599
1998	888,390	895,704	901,805	915,865	914,973	914,973	26,583
1999	949,400	957,911	975,263	980,524	982,441	..	33,041
2000	1,038,794	1,056,010	1,064,995	1,075,566	1,076,577	..	37,783
2001	1,084,119	1,092,246	1,107,459	1,108,200	1,108,048	..	23,929
2002	1,142,123	1,154,949	1,157,968	1,154,204	1,152,905	..	10,782
2003	1,214,601	1,218,772	1,216,191	1,213,408	..	..	-1,193
2004	1,293,289	1,290,185	1,290,788	..	..	..	-2,501
2005	1,368,726	1,371,425	..	..	..	..	2,699
growth rate							
1994	5.2	5.2	4.8	5.1	5.9	6.0	0.8
1995	4.0	3.9	4.8	5.1	5.2	5.1	1.1
1996	2.8	3.7	3.4	3.2	4.0	3.3	0.5
1997	3.3	2.5	4.0	4.2	4.6	5.5	2.2
1998	3.9	3.4	3.2	4.3	4.2	3.7	-0.2
1999	6.0	6.2	6.5	7.2	7.4	..	1.4
2000	8.4	8.3	8.6	9.5	9.6	..	1.1
2001	2.7	2.6	3.0	2.9	2.9	..	0.3
2002	4.6	4.3	4.5	4.2	4.0	..	-0.5
2003	5.2	5.3	5.4	5.2	..	..	0.1
2004	6.1	6.1	6.4	..	..	..	0.3
2005	6.1	6.2	..	..	..	..	0.2

Table 3 Revisions to gross domestic product

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
seasonally adjusted data at annual rates, millions of current dollars					
2002	1,142,123	1,154,204	1,152,905	-1,299	10,782
2003	1,214,601	1,216,191	1,213,408	-2,783	-1,193
2004	1,293,289	1,290,185	1,290,788	603	-2,501
2005	1,368,726	1,368,726	1,371,425	2,699	2,699
2002Q1	1,106,352	1,118,780	1,119,204	424	12,852
2002Q2	1,138,212	1,148,380	1,146,676	-1,704	8,464
2002Q3	1,151,832	1,164,288	1,161,928	-2,360	10,096
2002Q4	1,170,916	1,185,368	1,183,812	-1,556	12,896
2003Q1	1,211,120	1,212,808	1,209,756	-3,052	-1,364
2003Q2	1,206,560	1,202,620	1,197,968	-4,652	-8,592
2003Q3	1,216,256	1,216,956	1,217,004	48	748
2003Q4	1,228,876	1,232,380	1,228,904	-3,476	28
2004Q1	1,255,676	1,252,380	1,253,940	1,560	-1,736
2004Q2	1,287,476	1,284,268	1,284,372	104	-3,104
2004Q3	1,308,012	1,305,484	1,305,208	-276	-2,804
2004Q4	1,323,868	1,318,608	1,319,632	1,024	-4,236
2005Q1	1,331,300	1,329,716	1,332,712	2,996	1,412
2005Q2	1,347,608	1,349,772	1,352,560	2,788	4,952
2005Q3	1,385,940	1,383,764	1,386,308	2,544	368
2005Q4	1,411,652	1,411,652	1,414,120	2,468	2,468
seasonally adjusted at annual rates, millions of chained (1997) dollars					
2002	1,062,143	1,070,789	1,069,282	-1,507	7,139
2003	1,092,891	1,092,388	1,088,773	-3,615	-4,118
2004	1,126,625	1,124,428	1,124,688	260	-1,937
2005	1,157,446	1,157,446	1,157,705	259	259
2002Q1	1,047,731	1,057,600	1,057,443	-157	9,712
2002Q2	1,059,412	1,066,568	1,064,108	-2,460	4,696
2002Q3	1,066,551	1,076,430	1,074,254	-2,176	7,703
2002Q4	1,072,854	1,082,557	1,081,321	-1,236	8,467
2003Q1	1,090,415	1,090,723	1,086,893	-3,830	-3,522
2003Q2	1,089,797	1,087,321	1,083,247	-4,074	-6,550
2003Q3	1,090,382	1,090,863	1,087,698	-3,165	-2,684
2003Q4	1,101,564	1,100,645	1,097,254	-3,391	-4,310
2004Q1	1,110,917	1,107,771	1,108,439	668	-2,478
2004Q2	1,124,350	1,121,455	1,120,564	-891	-3,786
2004Q3	1,131,302	1,131,229	1,131,928	699	626
2004Q4	1,137,337	1,137,256	1,137,820	564	483
2005Q1	1,143,801	1,143,107	1,144,136	1,029	335
2005Q2	1,152,277	1,153,132	1,153,623	491	1,346
2005Q3	1,162,865	1,163,112	1,162,822	-290	-43
2005Q4	1,170,432	1,170,432	1,170,239	-193	-193

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

2 For 2002, 2003 and 2004, the previous estimate is the one released with the first quarter of 2005, while for 2005 it is from the fourth quarter issue of 2005.

3 The revised estimates are the result of the 2006 revisions.

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

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

Table 4 Revisions to gross domestic product (growth rates)

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
seasonally adjusted data at annual rates					
	current dollars, %			percentage points	
2002	4.6	4.2	4.0	-0.2	-0.6
2003	5.2	5.4	5.2	-0.2	0.0
2004	6.1	6.1	6.4	0.3	0.3
2005	6.1	6.1	6.2	0.1	0.1
2002Q1	2.3	1.9	1.9	0.0	-0.4
2002Q2	2.8	2.6	2.5	-0.1	-0.3
2002Q3	1.2	1.4	1.3	-0.1	0.1
2002Q4	1.6	1.8	1.9	0.1	0.3
2003Q1	2.5	2.3	2.2	-0.1	-0.3
2003Q2	-0.4	-0.8	-1.0	-0.2	-0.6
2003Q3	1.1	1.2	1.6	0.4	0.5
2003Q4	1.0	1.3	1.0	-0.3	0.0
2004Q1	1.8	1.6	2.0	0.4	0.2
2004Q2	2.5	2.5	2.4	-0.1	-0.1
2004Q3	1.7	1.7	1.6	-0.1	-0.1
2004Q4	1.2	1.0	1.1	0.1	-0.1
2005Q1	1.0	0.8	1.0	0.2	0.0
2005Q2	1.3	1.5	1.5	0.0	0.2
2005Q3	2.8	2.5	2.5	0.0	-0.3
2005Q4	2.0	2.0	2.0	0.0	0.0
	chained (1997) dollars, %			percentage points	
2002	3.4	3.1	2.9	-0.2	-0.5
2003	1.7	2.0	1.8	-0.2	0.1
2004	2.8	2.9	3.3	0.4	0.5
2005	2.9	2.9	2.9	0.0	0.0
2002Q1	1.5	1.2	1.2	0.0	-0.3
2002Q2	1.1	0.8	0.6	-0.2	-0.5
2002Q3	0.8	0.9	1.0	0.1	0.2
2002Q4	0.4	0.6	0.7	0.1	0.3
2003Q1	0.6	0.8	0.5	-0.3	-0.1
2003Q2	-0.1	-0.3	-0.3	0.0	-0.2
2003Q3	0.3	0.3	0.4	0.1	0.1
2003Q4	0.9	0.9	0.9	0.0	0.0
2004Q1	0.6	0.6	1.0	0.4	0.4
2004Q2	1.1	1.2	1.1	-0.1	0.0
2004Q3	0.8	0.9	1.0	0.1	0.2
2004Q4	0.4	0.5	0.5	0.0	0.1
2005Q1	0.6	0.5	0.6	0.1	0.0
2005Q2	0.8	0.9	0.8	-0.1	0.0
2005Q3	0.9	0.9	0.8	-0.1	-0.1
2005Q4	0.6	0.6	0.6	0.0	0.0

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

² For 2002, 2003 and 2004, the previous estimate is the one released with the first quarter of 2005, while for 2005 it is from the fourth quarter issue of 2005.

³ The revised estimates are the result of the 2006 revisions.

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

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

Table 5 Revisions to income aggregates at current prices

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
millions of dollars					
Wages, salaries and supplementary labour income					
2002	595,267	592,692	593,307	615	-1,960
2003	617,506	617,753	621,003	3,250	3,497
2004	638,868	643,964	651,888	7,924	13,020
2005	678,925	678,925	688,150	9,225	9,225
Corporation profits before taxes					
2002	125,507	135,840	135,229	-611	9,722
2003	146,417	147,592	144,821	-2,771	-1,596
2004	178,014	175,148	171,323	-3,825	-6,691
2005	193,936	193,936	189,455	-4,481	-4,481
Government business enterprise profits before taxes					
2002	10,845	11,525	11,661	136	816
2003	10,102	11,630	12,290	660	2,188
2004	11,857	11,842	12,508	666	651
2005	13,370	13,370	14,481	1,111	1,111
Interest and miscellaneous investment income					
2002	49,666	47,162	46,693	-469	-2,973
2003	50,625	50,223	49,679	-544	-946
2004	56,845	55,408	54,084	-1,324	-2,761
2005	61,240	61,240	60,403	-837	-837
Accrued net income of farm operators from farm production					
2002	2,119	855	1,101	246	-1,018
2003	1,079	1,280	1,373	93	294
2004	1,700	2,866	3,256	390	1,556
2005	1,551	1,551	1,706	155	155
Net income of non-farm unincorporated business, including rent					
2002	71,894	74,260	74,292	32	2,398
2003	77,366	77,158	77,014	-144	-352
2004	81,013	81,027	80,828	-199	-185
2005	84,666	84,666	84,500	-166	-166
Inventory valuation adjustment					
2002	-3,044	-3,334	-3,584	-250	-540
2003	4,941	5,075	4,178	-897	-763
2004	-657	-1,669	-1,574	95	-917
2005	-442	-442	-326	116	116
Taxes less subsidies, on factors of production					
2002	53,152	54,019	53,916	-103	764
2003	55,717	56,376	56,083	-293	366
2004	57,661	58,479	59,099	620	1,438
2005	59,961	59,961	61,402	1,441	1,441
Taxes less subsidies, on products					
2002	84,448	84,504	84,139	-365	-309
2003	86,660	85,048	84,401	-647	-2,259
2004	93,248	90,203	89,465	-738	-3,783
2005	94,750	94,750	93,895	-855	-855
Capital consumption allowances					
2002	152,642	156,004	155,567	-437	2,925
2003	164,030	163,602	162,265	-1,337	-1,765
2004	174,216	172,362	169,858	-2,504	-4,358
2005	181,427	181,427	177,322	-4,105	-4,105

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

² For 2001, 2002 and 2003, the previous estimate is the one released with the first quarter of 2004, while for 2004 it is from the fourth quarter issue of 2004.

³ The revised estimates are the result of the 2005 revisions.

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

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

Table 6 Revisions to expenditure aggregates at current prices

Reference period	Initial estimate ¹	Previous estimate ²	Revised estimate ³	Current revision ⁴	Cumulative revision ⁵
millions of dollars					
Personal expenditure on consumer goods and services					
2002	651,192	656,349	655,722	-627	4,530
2003	689,419	687,791	686,488	-1,303	-2,931
2004	722,631	721,235	719,869	-1,366	-2,762
2005	761,962	761,962	760,380	-1,582	-1,582
Government current expenditure on goods and services					
2002	214,174	223,905	224,428	523	10,254
2003	231,003	236,631	239,392	2,761	8,389
2004	249,771	248,534	249,779	1,245	8
2005	262,369	262,369	264,242	1,873	1,873
Government gross fixed capital formation					
2002	29,233	29,732	28,589	-1,143	-644
2003	32,144	30,953	30,085	-868	-2,059
2004	32,702	33,091	31,553	-1,538	-1,149
2005	35,129	35,129	34,237	-892	-892
Government investment in inventories					
2002	-45	-45	-45	0	0
2003	15	15	15	0	0
2004	21	21	21	0	0
2005	27	27	27	0	0
Business investment in residential structures					
2002	63,103	65,712	65,651	-61	2,548
2003	73,016	72,971	72,758	-213	-258
2004	84,470	83,557	82,972	-585	-1,498
2005	89,595	89,595	89,101	-494	-494
Business investment in non-residential structures					
2002	50,024	49,987	50,659	672	635
2003	49,844	53,883	54,425	542	4,581
2004	54,243	57,139	61,600	4,461	7,357
2005	63,938	63,938	69,606	5,668	5,668
Business investment in machinery and equipment					
2002	84,380	80,150	80,275	125	-4,105
2003	82,187	80,266	80,471	205	-1,716
2004	85,641	85,171	85,215	44	-426
2005	91,354	91,354	91,104	-250	-250
Business investment in inventories					
2002	2,672	-1,301	-2,674	-1,373	-5,346
2003	7,563	7,239	4,935	-2,304	-2,628
2004	7,219	7,758	6,216	-1,542	-1,003
2005	9,469	9,469	11,158	1,689	1,689
Exports of goods and services					
2002	470,114	478,071	479,185	1,114	9,071
2003	459,561	461,266	461,656	390	2,095
2004	494,519	492,580	494,578	1,998	59
2005	518,256	518,256	519,680	1,424	1,424
Imports of goods and services					
2002	423,096	427,679	428,301	622	5,205
2003	409,993	414,370	416,516	2,146	6,523
2004	437,404	438,346	440,963	2,617	3,559
2005	464,030	464,030	467,673	3,643	3,643

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

² For 2002, 2003 and 2004, the previous estimate is the one released with the first quarter of 2005, while for 2005 it is from the fourth quarter issue of 2005.

³ The revised estimates are the result of the 2006 revisions.

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

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