

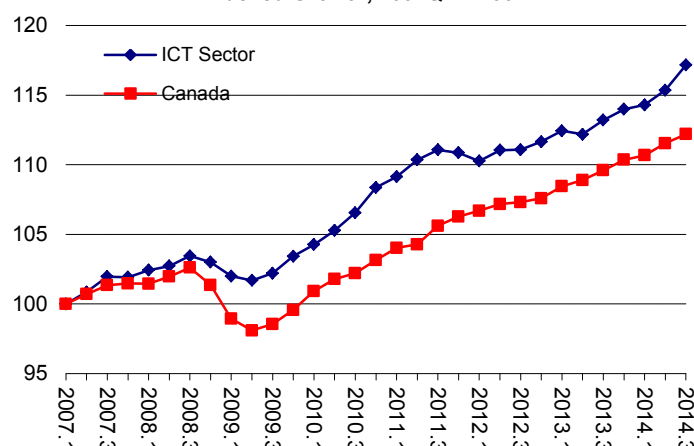
Quarterly Monitor of the Canadian ICT Sector

Third Quarter 2014 - Covering the period July 1 – September 30

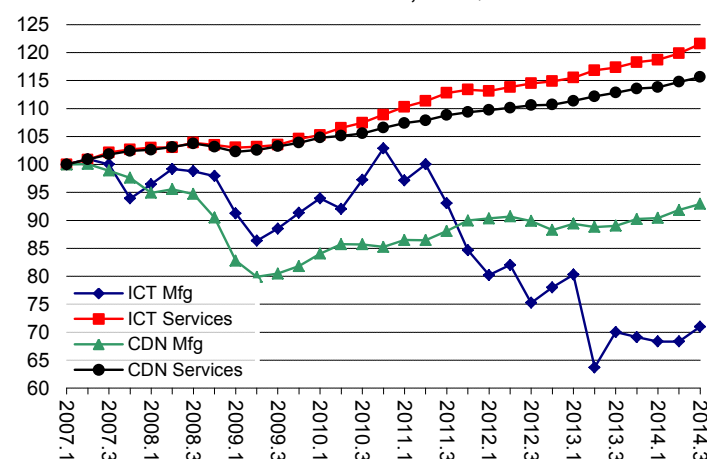
GDP

- Real ICT sector output (GDP) grew by 1.6% in the third quarter of 2014, after increasing by 0.9% in the second quarter. In comparison, real output for all Canadian industries grew by 0.6% this quarter.
- Both ICT manufacturing and ICT services grew this quarter. ICT manufacturing grew 3.9% and ICT services grew by 1.4%. In comparison, total Canadian manufacturing GDP increased 1.2% over the same period.
- The 1.4% increase in ICT services GDP this quarter was twice as fast as the overall Canadian services sub-sector (0.7%). Both ICT services and total Canadian services GDP have grown steadily since the second quarter of 2009, up 18% and 13%, respectively.
- The increase in output for ICT manufacturing this quarter was driven by communications equipment and electronic components, which grew 9.7% and 7.0%, respectively. GDP in the electronic components industry is up 2.3% since the fourth quarter of 2010.
- Output in the computer and peripheral equipment industry fell by 8.7% in the third quarter, after growing by 11.4% in the previous quarter.

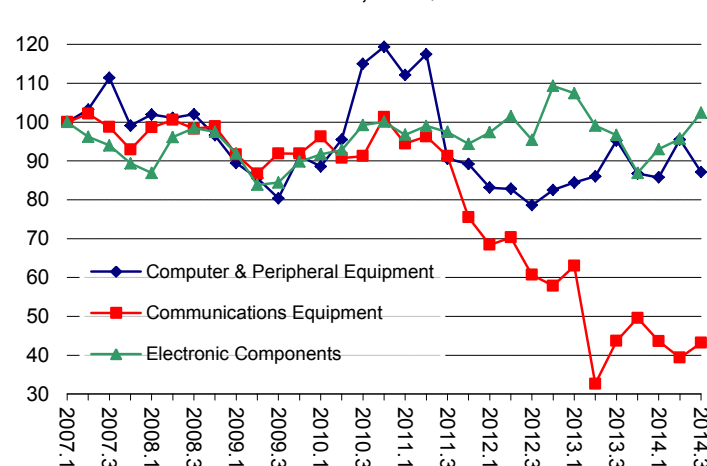
Real GDP: ICT Sector and Canadian Economy,
Indexed Growth, 2007Q1 = 100



Real GDP: ICT & CDN Manufacturing & Services Industries,
Indexed Growth, 2007Q1 = 100



Real GDP: Selected ICT Manufacturing Industries,
Indexed Growth, 2007Q1 = 100

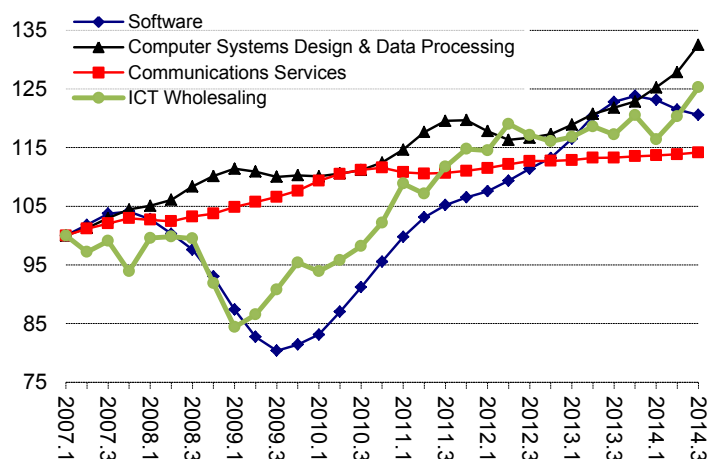


- The growth in output in the ICT services industries this quarter was driven by computer systems design and data processing, and wholesaling, which grew by 3.7% and 4.1% respectively. The computer systems design and data processing industry has experienced strong growth over the last two years, up 14% since the second quarter of 2012.
- Communications services expanded by 0.3%, while software publishing declined by 0.8%.

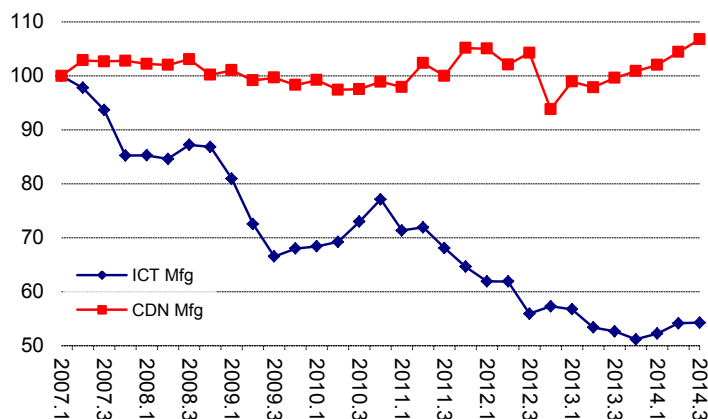
Shipments

- ICT manufacturing shipments increased by 0.2% in the third quarter of 2014, after growing by 3.7% the previous quarter.
- The increase in ICT manufacturing shipments this quarter was primarily driven by electronic components, which increased by 6.5%. Shipments of computer and peripheral equipment declined by 13.9%, and communications equipment shipments were down 0.1%.

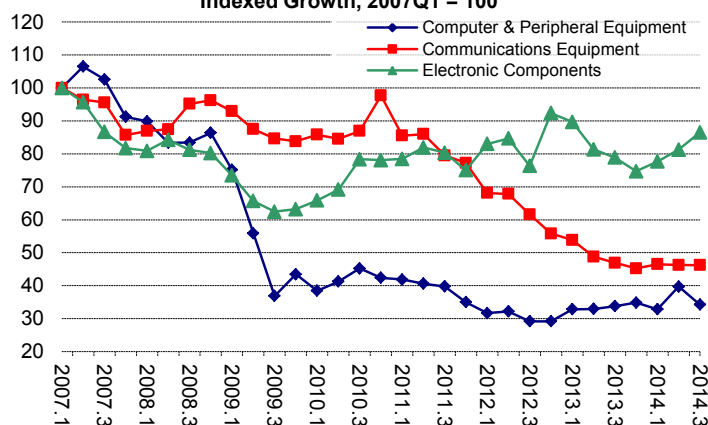
**Real GDP: Selected ICT Services Industries,
Indexed Growth, 2007Q1 = 100**



**Manufacturing Shipments: ICT and Canadian Manufacturing
Industries, Indexed Growth, 2007Q1 = 100**



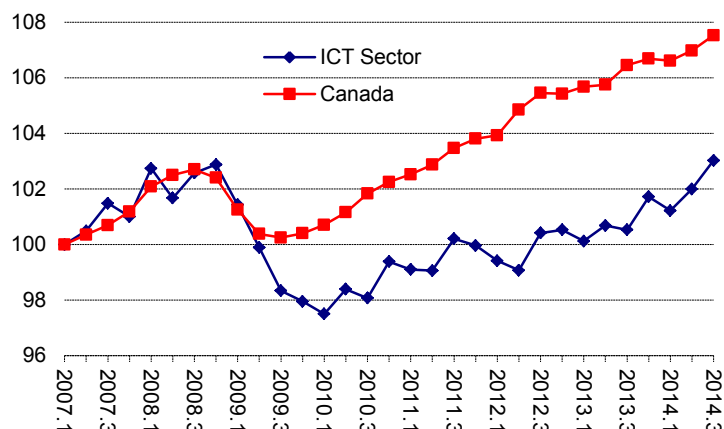
**Manufacturing Shipments: Selected ICT Manufacturing Industries,
Indexed Growth, 2007Q1 = 100**



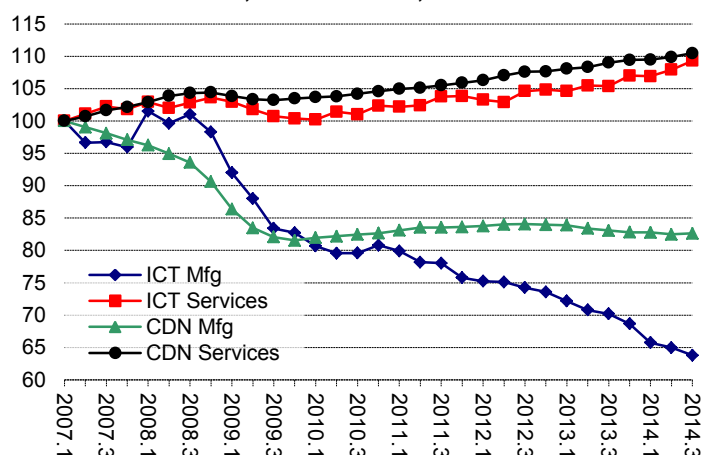
Employment

- The number of employees* in the ICT sector grew by 1.0% in the third quarter of 2014. In comparison, total Canadian employment grew by 0.5%.
- The number of employees in the ICT services industries increased by 1.3% this quarter, while employment in the overall services sector increased by 0.5%. Employment in ICT services has grown by 9.3% since the beginning of 2007.
- Employment decreased by 0.5% in the computer and peripheral equipment industry, and by 0.2% in electronic components this quarter.
- The increase in employment in ICT services this quarter was driven by numerous industries. Computer systems design and data processing, grew by 2.7%. Software publishing employment increased by 1.4%, and communications services increased by 0.6%. ICT wholesaling was the only industry to experience a decline in employment, falling by 0.3% this quarter.

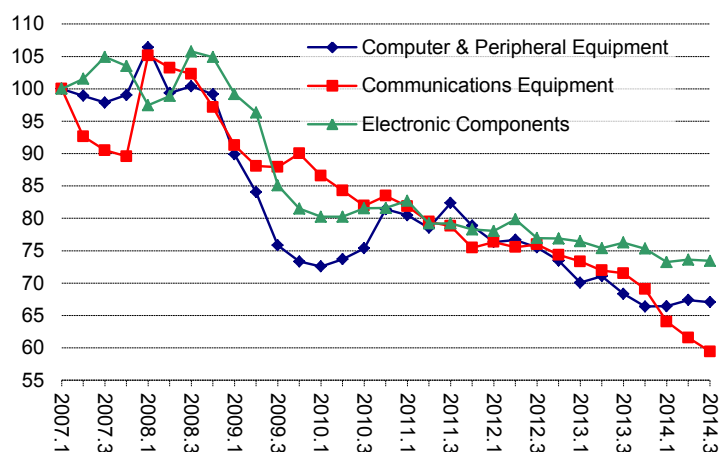
Employment: ICT Sector and Canadian Economy, Indexed Growth, 2007Q1 = 100



Employment: ICT & CDN Manufacturing & Services Industries, Indexed Growth, 2007Q1 = 100



Employment: Selected ICT Manufacturing Industries, Indexed Growth, 2007Q1 = 100



*Note: Self-employed workers not included. See Note 2 on page 5.

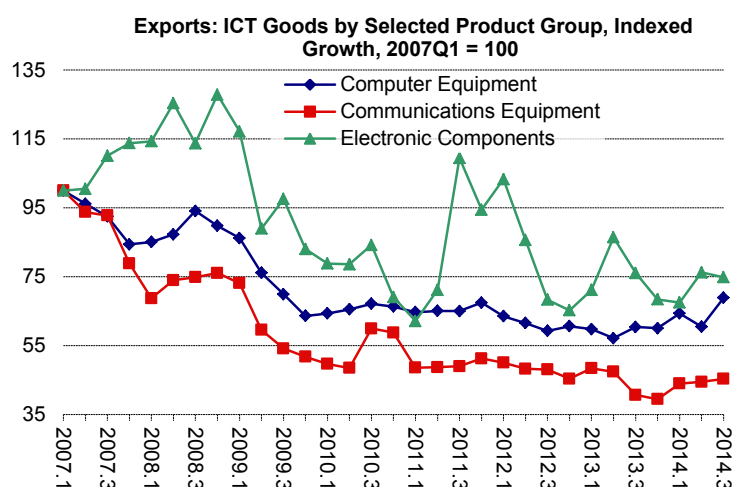
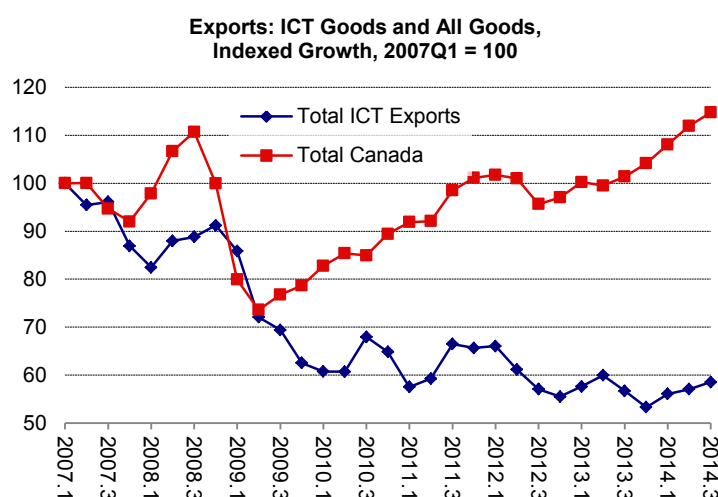
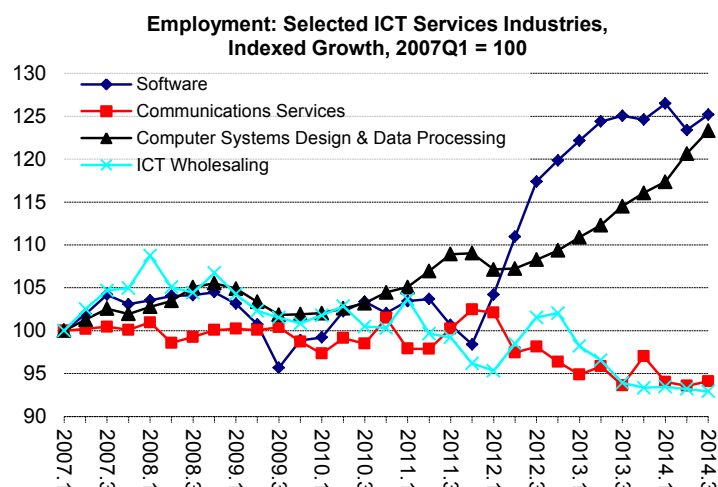
- Starting in 2012, after several years of slow growth, the number of employees in software publishing and computer systems design and data processing greatly increased, up 20% and 15% respectively.

Exports

- Exports of ICT goods increased by 2.6% this quarter, while total Canadian goods exports increased by 2.5%.
- The increase in ICT exports this quarter was driven by two product groupings: computer equipment (up 14%), and communications equipment (up 1.9%).
- Over the 2007 to 2009 period, exports of all ICT product groupings have declined. However, since the beginning of 2010, exports of ICT goods have stabilized.

Exports by Geographic Market*

- Exports to the EU-25 increased 15% year-over-year while exports to the Asia Pacific region were up 5.7%. Canada's ICT exports to the US increased by 3.7% in comparison with the same quarter one year ago.
- The US share of Canadian ICT exports was 67% this quarter, while the share of ICT goods exports to the EU 25 was 10%. Asia Pacific and the rest of world accounted for 11% and 12% of Canadian ICT goods exported, respectively.



*Note: Seasonally adjusted data on exports of ICT goods by market are not available. See Note 1 on page 5.

Notes, Definitions and Sources

All growth rates are quarter over quarter unless otherwise mentioned.

Real GDP Versus Manufacturing Shipments

GDP and shipments differ in two ways. First, GDP measures the total contribution of an industry to the economy in terms of value-added while shipments are a simple measure of revenues. Most of the time, changes in shipments are good indicators of changes in GDP but structural changes to an industry (for example, an increase in outsourcing) can lead to different trends in GDP and shipments indices. Second, GDP is measured in constant dollars while shipments are measured in current dollars. This means that when prices increase, GDP fluctuates less than shipments but when prices decline, GDP fluctuates more than shipments. In the ICT context, this difference is very important in measuring output of the computer equipment industry since a hedonic price index is used. A hedonic price index is a statistical tool used to standardize per unit prices for goods whose quality and characteristics change rapidly such as a computer.

Sources: Statistics Canada

- GDP: GDP by Industry, Industry Measures and Analysis Division.
- Manufacturing Shipments: Monthly Survey of Manufacturing, Manufacturing, Construction and Energy Division.
- Employment: Survey on Employment, Payrolls and Hours (SEPH), Labour Statistics Division.
- Exports: Trade Data Online, International Trade Division.

Notes:

1. Data used in this report are adjusted for seasonal variation, with the exception of data on exports of ICT goods by market. For this reason, year-over-year comparisons are used instead of quarter-over-quarter comparisons for export data by market .
2. Self-employed workers are not included. Employment trends are based on the Survey on Employment, Payrolls and Hours (SEPH) and might be slightly different from trends based on annual industry specific surveys. Although data from SEPH might not be as reliable as data from industry specific surveys, they are timelier and provide an indication of the current employment situation.

Export Markets:

EU-25: United Kingdom, Germany, France, Belgium, Netherlands, Italy, Spain, Sweden, Austria, Finland, Ireland, Denmark, Poland, Portugal, Czech Republic, Greece, Luxembourg, Hungary, Slovenia, Latvia, Lithuania, Estonia, Slovakia, Cyprus and Malta.

Asia Pacific (based on Department of Foreign Affairs Trade and Development definition): Afghanistan, Australia, Bangladesh, Bhutan, Brunei Darussalam, Burma (Myanmar), Cambodia (Kampuchea), China, Cook Islands, Fiji, French Polynesia, Guam (U.S.), Hong-Kong, India, Indonesia (includes East Timor), Japan, Kiribati (includes Tuvalu), South Korea, Kyrgyzstan, Laos, Macau (Macao), Malaysia, Maldives, Micronesia, Mongolia, Nauru, Nepal, New Caledonia, New Zealand, Niue, Pakistan, Papua New Guinea, Philippines, Singapore, Solomon Islands, Sri Lanka, Taiwan (Taipei), Tajikistan, Thailand, Tonga, Turkmenistan, Uzbekistan, Vanuatu (New Hebrides), Vietnam.