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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1962", for the years 1959-61.

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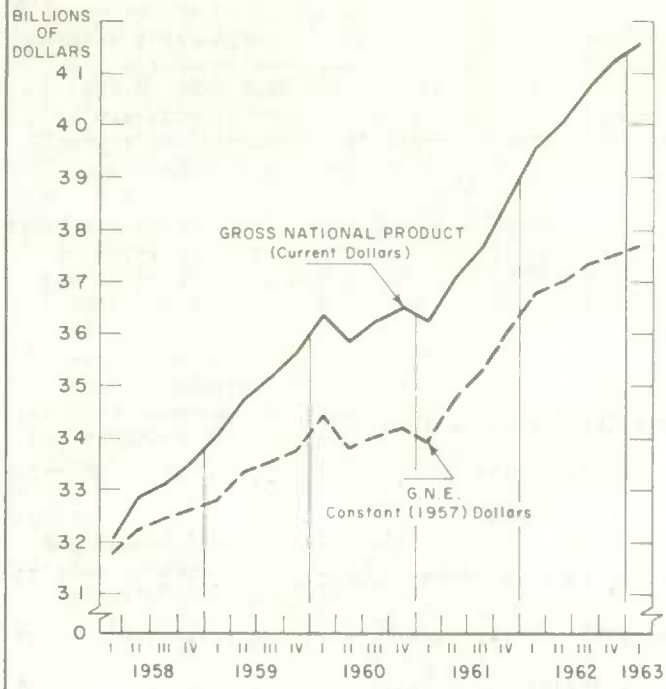
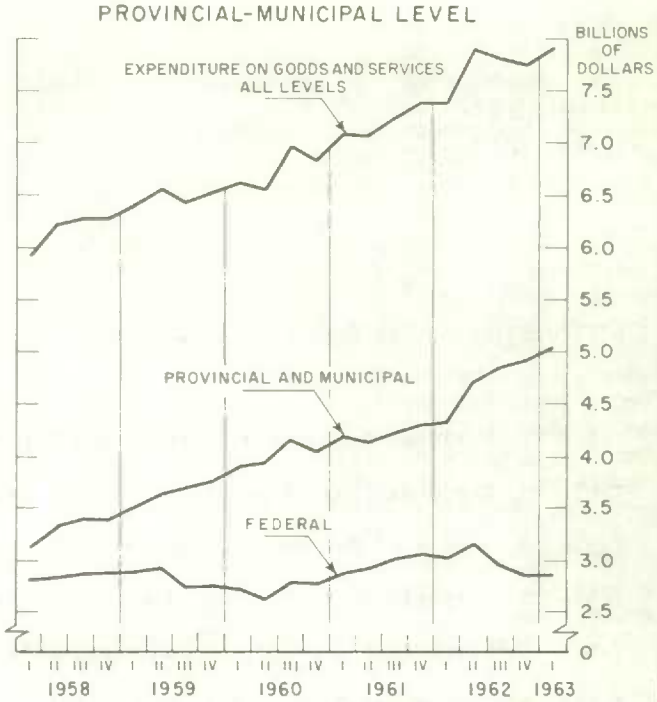
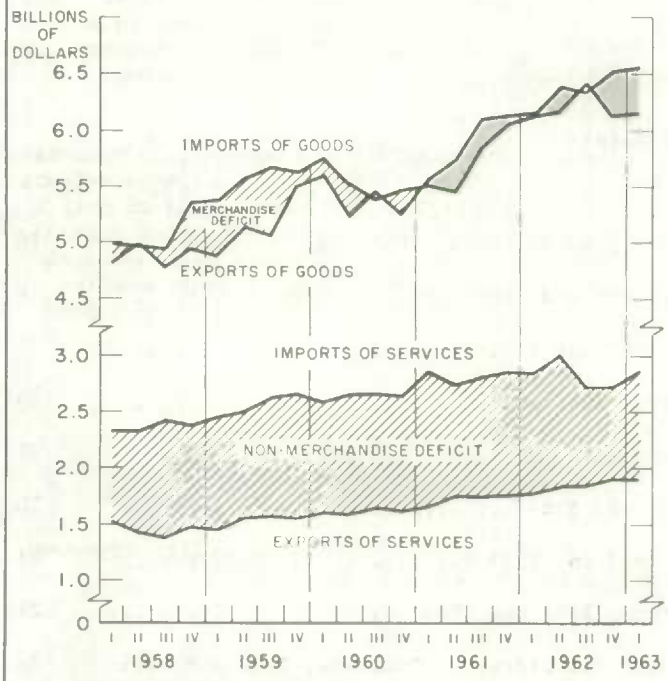
GROSS NATIONAL PRODUCT CONTINUED ITS ADVANCE BUT AT A SOMEWHAT SLOWER RATE THAN IN THE PREVIOUS QUARTER



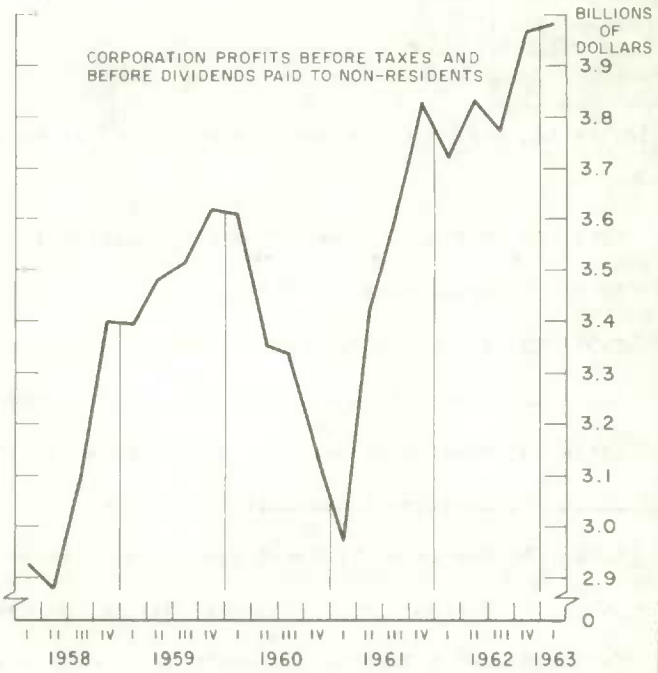
GOVERNMENT EXPENDITURE ON GOODS AND SERVICES ROSE BY ABOUT 2 PERCENT IN THE FIRST QUARTER, WITH MOST OF THE INCREASE AT THE PROVINCIAL-MUNICIPAL LEVEL



THE DEFICIT ON CURRENT ACCOUNT ROSE APPRECIABLY FROM THE EXCEPTIONALLY LOW LEVEL IN THE FOURTH QUARTER, WITH MOST OF THE INCREASE DUE TO HIGHER PAYMENT FOR SERVICES



CORPORATION PROFITS REMAINED AT THE HIGH LEVEL REACHED IN THE PREVIOUS QUARTER



(IN ALL CHARTS DATA ARE SEASONALLY ADJUSTED AND AT ANNUAL RATES)

INTRODUCTORY REVIEW

Gross National Product remained at a high level in the first quarter of 1963; it is estimated at $41.6 billion, seasonally adjusted at annual rates, compared with $41.3 billion in the closing quarter of 1962. This increase of close to 1 per cent also reflects some higher prices, leaving only a fractional gain in the volume of the nation's production. But it should be noted that part of the estimated change between the quarters is purely statistical; it assumes a normal crop in contrast to the near record crop of 1962, which in itself involves a reduction from the fourth quarter of approximately $200 million.1/ Non-farm Gross National Product is estimated to have risen about 1 per cent.

The main sources of strength in the economy came from consumer expenditure and government purchases of goods and services. Exceeding the rise in personal disposable income, personal spending advanced somewhat more than 1½ per cent, with purchases of durables remaining at the same high level as in the preceding quarter. The 2 per cent advance in government expenditure on goods and services reflects unchanged Federal government expenditure and a further advance at the provincial-municipal level. However, there was a further contraction in the first quarter in the deficit of all governments combined. Gross business capital formation failed to advance as a drop in housing construction offset some further improvement in outlays for plant and equipment combined. The deficit on external account widened as imports of goods and services rose more than exports, although changes in both receipts and payments were small. Investment in business inventories remained virtually unchanged from the fourth quarter of 1962 and had little impact on the change in production.

The salient developments on the income side were an unusually large advance in labour income and a substantially unchanged level of corporate profits. However, dividends paid to non-residents rose sharply, resulting in a drop in corporate profits as measured for National Income purposes, that is, after deducting dividends paid to non-residents.

Production and Employment

The volume of manufacturing output increased by 1 per cent in the first quarter of 1963 compared with the fourth quarter of 1962. This increase was almost entirely due to the substantial gain in output of non-durables. The 2 per cent increase in non-durables during the first quarter alters a pattern of marginal increases exhibited during the latter half of 1962. It had much of its basis in 4 per cent increases in the output of both food and chemical products. Strength in the former group was broadly-based amongst its components, while in the latter it largely emanated from the acids, alkalies, salts and fertilisers industry, where a major and lengthy strike was settled during the quarter. Paper products fell by 1 per cent, reflecting lower newsprint shipments to strike-affected American newspapers. Gains of about 10 and 4 per cent respectively occurred in the output of rubber and tobacco products. Elsewhere amongst the non-durable manufacturing industry groups, gains and losses were mostly marginal.

The output of durable goods manufacturers was only slightly higher during the quarter, in contrast to the considerable but decreasing gains of the preceding three quarters. The rate of increase evident in 1962 in transportation equipment slowed down during the first quarter of 1963 when a gain of only 1 per cent was recorded. Iron and steel products also increased by 1 per cent, with substantial gains being made in the primary iron and steel and the iron castings industries. Non-ferrous metal product output was up by almost 2 per cent, led by a similar gain in smelting and refining. A small decline occurred in electrical apparatus and supplies while non-metallic mineral products were down by 5 per cent. The output of wood products remained unchanged.

1/ The estimates are based on acreage intentions and ten-year average yields. Seasonally adjusted quarterly data are obtained for the crop by dividing the annual crop estimate by four.

Quarter to Quarter Changes in Final Purchases
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	3Q'59 to 4Q'59	4Q'59 to 1Q'60	1Q'60 to 2Q'60	2Q'60 to 3Q'60	3Q'60 to 4Q'60	4Q'60 to 1Q'61	1Q'61 to 2Q'61	2Q'61 to 3Q'61	3Q'61 to 4Q'61	4Q'61 to 1Q'62	1Q'62 to 2Q'62	2Q'62 to 3Q'62	3Q'62 to 4Q'62	4Q'62 to 1Q'63
1. Personal expenditure	292	144	236	244	324	- 16	452	360	188	620	52	104	472	424
2. Government expenditure	92	92	- 64	428	- 140	240	- 12	192	120	- 4	516	- 76	- 48	144
3. Residential construction ...	32	- 120	- 204	- 4	- 8	28	36	48	- 20	60	28	52	- 24	- 28
4. Non-residential construction	32	- 20	- 72	44	- 12	32	28	72	88	- 36	- 80	- 88	64	84
5. Machinery and equipment	- 144	144	- 68	- 104	76	- 112	- 128	72	24	80	24	192	- 4	- 56
6. Exports of goods & services	428	152	- 404	304	- 228	376	228	364	56	28	332	- 24	188	40
7. Total final purchases	732	392	- 576	912	12	548	604	1,108	456	748	872	160	648	608
8. (Final domestic demand)	(304)	(240)	(- 172)	(608)	(240)	(172)	(376)	(744)	(400)	(720)	(540)	(184)	(460)	(568)

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	- 296	508	- 552	- 456	356	- 176	372	- 416	820	- 576	128	472	- 628	- 20
10. Imports of goods & services	- 36	52	- 156	- 120	68	256	- 184	464	272	40	204	- 32	- 304	188
11. G.N.P. (ex. farm)	532	624	- 456	348	544	- 432	1,000	516	968	452	496	676	672	428

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final domestic demand	0.4	0.5	- 1.1	1.4	0.2	0.2	1.0	1.6	0.6	1.2	0.7	- 0.2	0.6	0.9
13. Total final purchases	1.3	0.8	- 2.0	1.9	- 0.3	1.0	1.4	1.9	0.5	0.9	1.1	- 0.3	0.9	0.8
14. Gross National Expenditure	0.7	2.0	- 1.8	0.7	0.5	- 1.0	2.7	1.3	2.2	2.0	0.7	1.0	0.5	0.6

Among other goods-producing industries, related indicators suggest a substantial increase in forestry and a small gain in construction activity. Mining was virtually unchanged during the quarter, following a slight decline during the previous quarter. Increases in metal and non-metal mining were mostly offset by a decrease in the output of fuels. Within metal mining, movements were generally slight with the exception of higher iron ore output and a drop of 7 per cent in copper output.

Among the service-producing industries, related data suggest that gains occurred in transportation and trade.

The labour market continued to improve in the opening quarter of 1963. According to the Labour Force Survey, employment in total was fractionally higher than in the closing quarter of 1962, when seasonal factors are taken into account, and employment in the non-farm sector was up more than employment as a whole. With little change in the total labour force and an increase in employment, seasonally adjusted unemployment declined from 5.9 per cent of the labour force in the fourth quarter of 1962 to 5.7 per cent in the first quarter of 1963.

Statistics of employment by industry based on the survey of establishments having 15 or more employees provide additional data on the employment situation. Seasonally adjusted data for most major industries covered in the establishment survey indicate at least some gain in employment; mining is the only exception. Hours of work in manufacturing appear to have remained about the same.

The Components of Demand

The first quarter of 1963 marked a further expansion in consumer spending from the plateau recorded in the first and second quarters of the previous year, and yielded an increase that, at 1½ per cent, slightly exceeded the average rate of growth for the past five years. Since personal disposable income improved by slightly less than 1 per cent, consumers lowered their rate of personal savings somewhat to achieve these expenditures. With relatively stable prices, this increase in spending in large part represents gains in real consumption.

Durable goods showed no change from the previous quarter as purchases of new and used cars did not repeat the large increase recorded in the previous quarter and other durable goods showed mixed trends.

Among the non-durable goods, which showed a rate of increase coinciding with total personal expenditure, increases were recorded in food, auto parts and accessories, fuel including gas, and electricity, while clothing, gasoline, oils and grease recorded some decreases.

Expenditures on services, increasing by almost 2½ per cent, showed greater strength than they have for several years. Expenditures on personal services, purchased transportation, recreation, and shelter, rose. It may be noted that tourist expenditures by Canadians travelling abroad also increased after the slowdown which was apparent in this category in the two previous quarters. These increases were partially dampened, among other things, by a 2 per cent decline in user-operated transportation.

Spending on fixed capital in total showed no change in the first quarter of 1963, with the rise in non-residential construction being offset by declines in housing and in machinery and equipment; at a seasonally adjusted annual rate, the level remained at $7,052 million.

The value of new housing dropped by almost 2 per cent to a level of $1,564 million. Although new housing starts were strong in the first quarter, rising by 7 per cent to an annual rate of 135,400 after seasonal adjustment, the level of completions, which fell 10 per cent to an annual rate of 118,900, tended to lower the value of work done.

Total business spending of $5,488 million on plant and machinery rose fractionally from the fourth quarter. At a level of $2,736 million, the spending on non-residential building and engineering rose by over 3 per cent, but this increase was partly offset by a decline of 2 per cent in investment in machinery and equipment on which outlays fell to $2,752 million. Although business spending in the first quarter on fixed capital other than housing is almost 6½ per cent above the first quarter of 1961, the advance has been hesitant and the level achieved is still below that of the annual average level for 1957.

The first quarter estimate of total business gross fixed capital formation falls considerably short of the $7,267 million anticipated expenditures for the full year and indicates some increases during the remainder of the year, particularly in non-residential construction and machinery and equipment, if the anticipated expenditures are to be attained.

With the exception of the third quarter, additions to stocks in the hands of businessmen made little contribution to the level of economic activity during 1962. This situation persisted into the opening months of 1963. Investment in inventories in the first quarter of 1963 is estimated at $152 million, seasonally adjusted at annual rates, almost the same as in the closing months of 1962. Most of the accumulation took place in trade, and in retail trade in particular; manufacturers drew down their stocks.

While changes in stocks in non-durable retail trades were mixed, the overall result was a considerable accumulation, a large part of which was in stocks of food. Most of the durable trades liquidated stocks, with the important exception of motor vehicle dealers, whose stock build-up made for accumulation in the durable trades as a group. An accumulation of stocks in retail trade in the first quarter raised the stocks-to-sales ratio.

Stocks were built up in wholesale trade in the first quarter of 1963, but on a much smaller scale than in the preceding quarter, thereby reducing the stocks-to-sales ratio.

Manufacturing industries shifted from accumulation in the fourth quarter of 1962 to liquidation in the first quarter of 1963. Liquidation was widespread in both durable and non-durable lines, and was apparent at all stages of production. The drawing down of stocks took place against a background of rising shipments and new orders. The stocks-to-sales ratio was somewhat reduced from the previous quarter.

A fractionally higher level of both imports and exports of merchandise, with increased payments and unchanged receipts from non-merchandise transactions, led to a larger import balance in the first quarter of the year after allowance for seasonal influences.

The deficit on current account transactions totalled $552 million, as total exports of goods and services rose by approximately half a per cent to an annual rate of $8,476 million and imports of goods and services rose by 2 per cent to an annual rate of $9,028 million.

The export balance from merchandise trade remained virtually unchanged from the fourth quarter and, at annual rates after allowance for seasonal factors, was approximately $400 million. Merchandise exports, adjusted for balance of payments and national accounts purposes, rose by just over half of one per cent to an annual rate of $6,564 million, while merchandise imports rose in the first quarter by about three-quarters of one per cent to an annual rate of $6,168 million.

The deficit arising from services and non-merchandise items rose in the first quarter to a seasonally adjusted annual rate of almost $950 million from the unusually low annual rate of just over $800 million in the preceding quarter. The impetus for this increase came mainly from increases in payments of interest and dividends, heavier expenditures by Canadians abroad and an increase in payments for miscellaneous services, which raised total payments to an annual rate of $2,860 million, 5 per cent above the fourth quarter. Receipts from services were unchanged from the fourth quarter at a seasonally adjusted annual rate of $1,912 million, and the changes which occurred within the components were small.

Government Sector

Expenditures on goods and services of all levels of government combined, at a seasonally adjusted rate of $7,920 million in the first quarter, rose about 2 per cent from the fourth quarter of 1962, regaining the level reached in the second quarter of that year. The increase reflects primarily the steady growth in the spending of provincial and municipal governments; their participation in the vocational school construction programme initiated by the Federal government has been a factor in this growth.

Federal expenditures on goods and services levelled out from the fourth to the first quarter, after declining steadily from the second quarter of last year. Defence expenditures dropped sharply, by 10 per cent, from the preceding quarter, but this decline was offset by a corresponding increase in non-defence outlays, the latter reflecting the retroactive payments for wage and salary increases, higher investment-type spending from the irregularly low fourth quarter and larger payments from the Colombo Plan Fund. Federal expenditures other than goods and services declined by almost 4 per cent. The largest portion of the drop was attributable to a decline in subsidies; the fourth quarter had reflected substantial interim payments to the railway systems.

Although personal and corporate income tax revenues rose appreciably, total revenues of the Federal government declined by 1 per cent because of the lower trading profits of government enterprises and smaller indirect tax revenues from excise taxes and customs duties, as some of the temporary surcharges on imports were removed. Total expenditures of the Federal government were also smaller with the result that the deficit of $244 million in the fourth quarter was reduced in the first quarter to $164 million, seasonally adjusted at annual rates.

The deficit of the provincial-municipal levels of government combined decreased, as increased revenues more than offset the rise in expenditures.

Income Flows

Labour income in the first quarter of 1963 is estimated at $21.3 billion on a seasonally adjusted basis, somewhat more than 2.5 per cent higher than in the fourth quarter of 1962. Part of this increase reflects retroactive payments of wages and salaries to Federal government employees.

The recent quarterly increase in labour income is unusually large. Only two such increases have been recorded since the boom year 1956. Both occurred in 1959 and both reflected special factors such as retroactive payments and the conclusion of industrial disputes.

In the goods-producing industries the quarter-to-quarter increase was somewhat more than 2 per cent, compared with 3 per cent in the service -producing industries. The latter increase was heavily weighted by the retroactive payments, already referred to, while the quarter-to-quarter change in the goods-producing industries reflected relatively large increases in the primary industries and construction.

Corporation profits (before taxes and before dividends paid to non-residents) remained virtually unchanged from the fourth quarter of 1962, remaining at the record annual rate of $4.0 billion on a seasonally adjusted basis, or about 34 per cent over the cyclical trough in the first quarter of 1961.

Retail and wholesale trade showed some gains which were mostly offset by declines in the service, and transportation, storage and communication groups. Within manufacturing, however, strength was apparent in food and beverages, and petroleum and coal products, but was offset by downward movements in textiles, rubber, and electrical products industries.

Dividends paid to non-residents increased substantially, by about 13 per cent, so that corporation profits measured in Gross National Product declined by about 2 per cent.

Rent, interest and miscellaneous investment income, seasonally adjusted, declined by 2 per cent from the fourth quarter of 1962 to the first quarter of 1963 as a result of a fall in trading profits of Federal government business enterprises. This downward movement is largely attributable to the irregularly high level of profits recorded in these enterprises in the fourth quarter of 1962 when the railways received interim subsidies.

Net income of non-farm unincorporated business increased over 3 per cent, seasonally adjusted, in the first quarter of 1963 from the fourth quarter of 1962 level. Net income from retail trade, transportation, and fishing increased quite sharply in the quarter. Declines in net income were registered in the construction, manufacturing, forestry, mining, and recreation service groups; all other industry groups showed modest increases.

Net income of farm operators from farming operations declined about 23 per cent in the first quarter. The large decline in net income, compared to a smaller decrease in the accrued net income figure, reflects a very sharp decline in participation and equalization payments made by the Canadian Wheat Board.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Wages, salaries, and supplementary labour income	4,792	5,095	5,272	5,200	20,359	5,114
2. Military pay and allowances	147	152	145	142	586	136
3. Corporation profits before taxes	771	1,047	985	1,021	3,824	826
4. Deduct: Dividends paid to non-residents(1)	- 128	- 148	- 116	- 178	- 570	- 143
5. Rent, interest, and miscellaneous investment income	671	676	694	727	2,768	720
6. Accrued net income of farm operators from farm production(2)	29	123	1,188	51	1,391	44
7. Net income of non-farm unincorporated business(3)	486	585	573	736	2,380	502
8. Inventory valuation adjustment(4)	- 27	- 44	- 49	- 12	- 132	- 25
9. NET NATIONAL INCOME AT FACTOR COST	6,741	7,486	8,692	7,687	30,606	7,174
10. Indirect taxes less subsidies	1,254	1,314	1,368	1,325	5,261	1,348
11. Capital consumption allowances and miscellaneous valuation adjustments	1,119	1,197	1,196	1,243	4,755	1,154
12. Residual error of estimate	- 155	- 227	82	79	- 221	- 207
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	8,959	9,770	11,338	10,334	40,401	9,469
14. (Gross national product at market prices excluding accrued net income of farm operators)	(8,930)	(9,647)	(10,150)	(10,283)	(39,010)	(9,425)

(1) Includes the witholding tax applicable to this item.
(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.
(3) Includes net income of independent professional practitioners.
(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal expenditure on consumer goods and services	6,010	6,443	6,274	7,022	25,749	6,299
2. Government expenditure on goods and services(1, 2)	1,704	1,827	2,200	1,990	7,721	1,810
3. Business gross fixed capital formation(3)	1,412	1,800	1,931	1,811	6,954	1,455
4. New residential construction	293	392	457	435	1,577	299
5. New non-residential construction	520	643	787	718	2,668	522
6. New machinery and equipment	599	765	687	658	2,709	634
7. Value of physical change in inventories(4)	- 4	- 173	1,048	- 306	565	- 69
8. Non-farm business inventories	245	- 45	132	43	375	199
9. Farm inventories and grain in commercial channels	- 249	- 128	916	- 349	190	- 268
10. Exports of goods and services	1,728	2,072	2,246	2,178	8,224	1,830
11. Deduct: Imports of goods and services	- 2,047	- 2,425	- 2,278	- 2,283	- 9,033	- 2,062
12. Residual error of estimate	156	226	- 83	- 78	221	206
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	8,959	9,770	11,338	10,334	40,401	9,469

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.
(2) For details of defence expenditure see line 3, Table 6.
(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.
(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Wages, salaries, and supplementary labour income	4,792	5,095	5,272	5,200	20,359	5,114
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 199	- 196	- 209	- 212	- 816	- 209
3. Military pay and allowances	147	152	145	142	586	136
4. Net income received by farm operators from farm production(1)	1	222	1,149	30	1,402	12
5. Net income of non-farm unincorporated business	486	585	573	736	2,380	502
6. Interest, dividends, and net rental income of persons(2)	726	787	773	900	3,186	789
Transfer payments to persons:						
7. From government (excluding interest)	1,075	885	835	857	3,652	1,078
8. Charitable contributions by corporations	9	12	12	12	45	10
9. PERSONAL INCOME	7,037	7,542	8,550	7,665	30,794	7,432

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal direct taxes	625	719	674	696	2,714	683
2. Income taxes	498	627	587	599	2,311	557
3. Sucession duties and estate taxes	42	40	43	41	166	37
4. Miscellaneous	85	52	44	56	237	89
5. Personal expenditure on consumer goods and services	6,010	6,443	6,274	7,022	25,749	6,299
6. Non-durable goods	2,934	3,085	3,199	3,659	12,877	3,045
7. Durable goods	643	826	621	823	2,913	674
8. Services(1)	2,433	2,532	2,454	2,540	9,959	2,580
9. Personal net saving	402	380	1,602	- 53	2,331	450
10. Personal saving excluding change in farm inventories	580	413	762	427	2,182	696
11. Value of physical change in farm inventories	- 178	- 33	840	- 480	149	- 246
12. PERSONAL INCOME	7,037	7,542	8,550	7,665	30,794	7,432
13. (Personal disposable income)(2)	(6,412)	(6,823)	(7,876)	(6,969)	(28,080)	(6,749)

(1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Direct taxes - Persons	625	719	674	696	2,714	683
2. Federal	468	563	526	531	2,088	488
3. Provincial and municipal	157	156	148	165	626	195
4. Direct taxes - Corporations	379	470	443	458	1,750	400
5. Federal	288	357	336	347	1,328	304
6. (Federal tax collections)	(317)	(367)	(322)	(288)	(1,294)	(305)
7. Provincial	91	113	107	111	422	96
8. (Provincial tax collections)	(91)	(79)	(100)	(91)	(361)	(111)
Withholding taxes:						
9. Federal	26	35	23	41	125	31
10. Indirect taxes	1,314	1,381	1,431	1,426	5,552	1,401
11. Federal	528	596	635	641	2,400	550
12. Provincial and municipal	786	785	796	785	3,152	851
13. Investment income	270	291	276	374	1,211	280
14. Federal	79	111	90	168	448	88
15. Provincial and municipal	191	180	186	206	763	192
16. Employer and employee contributions to social insurance and government funds	199	196	209	212	816	209
17. Federal	128	122	133	135	518	132
18. Provincial and municipal	71	74	76	77	298	77
Transfers from Federal:						
19. Provincial and municipal	300	256	278	302	1,136	302
20. TOTAL REVENUE	3,113	3,348	3,334	3,509	13,304	3,306
21. FEDERAL	1,517	1,784	1,743	1,863	6,907	1,593
22. PROVINCIAL and MUNICIPAL	1,596	1,564	1,591	1,646	6,397	1,713

TABLE 6. Government Expenditure, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Goods and services	1,704	1,827	2,200	1,990	7,721	1,810
2. Federal	751	770	772	715	3,008	702
3. (Defence)	(471)	(401)	(398)	(410)	(1,680)	(415)
4. Provincial and municipal	953	1,057	1,428	1,275	4,713	1,108
5. Transfer payments to persons (excluding interest on the public debt)	1,075	885	835	857	3,652	1,078
6. Federal	665	524	453	480	2,122	629
7. Provincial and municipal	410	361	382	377	1,530	449
8. Interest on the public debt	242	323	269	440	1,274	255
9. Federal	157	199	189	310	855	163
10. Provincial and municipal	85	124	80	130	419	92
11. Subsidies	60	67	63	101	291	53
12. Federal	57	63	50	90	260	51
13. Provincial	3	4	13	11	31	2
Transfers to other levels of government:						
14. Federal	300	256	278	302	1,136	302
15. Total expenditure	3,381	3,358	3,645	3,690	14,074	3,498
16. Federal	1,930	1,812	1,742	1,897	7,381	1,847
17. Provincial and municipal	1,451	1,546	1,903	1,793	6,693	1,651
18. Deficit (-) or surplus (+)	- 268	- 10	- 311	- 181	- 770	- 192
19. Federal	- 413(1)	- 28	1	- 34	- 474	- 254
20. Provincial and municipal	145(1)	18	- 312	- 147	- 296	62
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	3,113	3,348	3,334	3,509	13,304	3,306
22. FEDERAL	1,517	1,784	1,743	1,863	6,907	1,593
23. PROVINCIAL and MUNICIPAL	1,596	1,564	1,591	1,646	6,397	1,713

(1) In this quarter the federal deficit is irregularly high by about $75 million and the provincial - municipal surplus also correspondingly high as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements.

TABLE 7. Source of National Saving, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal net saving	402	380	1,602	- 53	2,331	450
2. Business gross saving	1,293	1,401	1,540	1,489	5,723	1,334
3. Undistributed corporation profits	146	303	305	225	979	148
4. Capital consumption allowances and miscellaneous valuation adjustments	1,119	1,197	1,196	1,243	4,755	1,154
5. Adjustment on grain transactions(1)	28	- 99	39	21	- 11	32
6. Inventory valuation adjustment	- 27	- 44	- 49	- 12	- 132	- 25
7. Government surplus (+) or deficit (-)	- 268	- 10	- 311	- 181	- 770	- 192
8. Residual error of estimate	- 155	- 227	82	79	- 221	- 207
9. Totals	1,245	1,500	2,864	1,322	6,931	1,360

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1962 and 1963
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Business gross fixed capital formation	1,412	1,800	1,931	1,811	6,954	1,455
2. New residential construction	293	392	457	435	1,577	299
3. New non-residential construction	520	643	787	718	2,668	522
4. New machinery and equipment	599	765	687	658	2,709	634
5. Value of physical change in inventories	- 4	- 173	1,048	- 306	565	- 69
6. Surplus (+) or deficit (-) on current account with non-residents	- 319	- 353	- 32	- 105	- 809	- 232
7. Residual error of estimate	156	226	- 83	- 78	221	206
8. Totals	1,245	1,500	2,864	1,322	6,931	1,360

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1962 and 1963(1)
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal expenditure on consumer goods and services	5,627	6,000	5,795	6,493	23,915	5,795
2. Non-durable goods	2,820	2,947	3,026	3,456	12,249	2,873
3. Durable goods	638	818	619	813	2,888	667
4. Services	2,169	2,235	2,150	2,224	8,778	2,255
5. Government expenditure on goods and services	1,440	1,611	2,000	1,710	6,761	1,472
6. Business gross fixed capital formation	1,282	1,622	1,733	1,620	6,257	1,287
7. New residential construction	263	348	403	383	1,397	261
8. New non-residential construction	475	585	718	652	2,430	465
9. New machinery and equipment	544	689	612	585	2,430	561
10. Change in inventories	41	- 183	953	- 262	549	- 30
11. Non-farm business inventories	245	- 48	117	45	359	194
12. Farm inventories and grain in commercial channels	- 204	- 135	836	- 307	190	- 224
13. Exports of goods and services	1,646	1,944	2,104	2,035	7,729	1,709
14. Deduct: Imports of goods and services	- 1,887	- 2,197	- 2,060	- 2,075	- 8,219	- 1,848
15. Residual error of estimate	144	208	- 77	- 72	203	186
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	8,293	9,005	10,448	9,449	37,195	8,571

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 9, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Wages, salaries, and supplementary labour income	19,940	20,268	20,500	20,728	20,359	21,272
2. Military pay and allowances	600	588	600	556	586	548
3. Corporation profits before taxes	3,720	3,836	3,772	3,968	3,824	3,984
4. Deduct: Dividends paid to non-residents(1)	- 576	- 636	- 512	- 556	- 570	- 628
5. Rent, interest, and miscellaneous investment income	2,692	2,732	2,720	2,928	2,768	2,868
6. Accrued net income of farm operators from farm production(2)	1,416	1,420	1,452	1,276	1,391	1,180
7. Net income of non-farm unincorporated business(3)	2,432	2,360	2,344	2,384	2,380	2,464
8. Inventory valuation adjustment	- 108	- 176	- 196	- 48	- 132	- 100
9. NET NATIONAL INCOME AT FACTOR COST	30,116	30,392	30,680	31,236	30,606	31,588
10. Indirect taxes less subsidies	5,152	5,192	5,424	5,276	5,261	5,532
11. Capital consumption allowances and miscellaneous valuation adjustments	4,660	4,704	4,756	4,900	4,755	4,820
12. Residual error of estimate	- 380	- 240	- 104	- 160	- 221	- 356
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	39,548	40,048	40,756	41,252	40,401	41,584
14. (Gross national product at market prices excluding accrued net income of farm operators)	(38,132)	(38,628)	(39,304)	(39,976)	(39,010)	(40,404)

(1) See footnote 1, Table 1.
(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.
(3) Includes net income of independent professional practitioners.

TABLE 11. Gross National Expenditure, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal expenditure on consumer goods and services	25,540	25,592	25,696	26,168	25,749	26,592
2. Government expenditure on goods and services(1, 2)	7,384	7,900	7,824	7,776	7,721	7,920
3. Business gross fixed capital formation(3)	6,888	6,860	7,016	7,052	6,954	7,052
4. New residential construction	1,536	1,564	1,616	1,592	1,577	1,564
5. New non-residential construction	2,756	2,676	2,588	2,652	2,668	2,736
6. New machinery and equipment	2,596	2,620	2,812	2,808	2,709	2,752
7. Value of physical change in inventories	384	360	1,016	500	565	216
8. Non-farm business inventories	200	328	800	172	375	152
9. Farm inventories and grain in commercial channels(4)	184	32	216	328	190	64
10. Exports of goods and services	7,940	8,272	8,248	8,436	8,224	8,476
11. Deduct: Imports of goods and services	- 8,972	- 9,176	- 9,144	- 8,840	- 9,033	- 9,028
12. Residual error of estimate	384	240	100	160	221	356
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	39,548	40,048	40,756	41,252	40,401	41,584
Detail of Farm Inventories and GICC:						
Value of grain crop production	1,172	1,176	1,176	1,176	1,175	996
Depletions of farm stocks of grain	- 856	- 872	- 1,104	- 1,364	- 1,049	- 1,180
Change in livestock inventories	28	24	52	- 12	23	- 56
Grain in commercial Channels	- 160	- 296	92	528	41	304

(1) See footnote 1, Table 2.
(2) For details of defence expenditures, see line 3, Table 15.
(3) See footnote 3, Table 2.
(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 10). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 12. Source of Personal Income, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Wages, salaries, and supplementary labour income	19,940	20,268	20,500	20,728	20,359	21,272
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 792	- 812	- 828	- 832	- 816	- 832
3. Military pay and allowances	600	588	600	556	586	548
4. Net income received by farm operators from farm production(1)	1,200	1,792	1,340	1,276	1,402	984
5. Net income of non-farm unincorporated business	2,432	2,360	2,344	2,384	2,380	2,464
6. Interest, dividends, and net rental income of persons(2)	3,020	3,192	3,204	3,328	3,186	3,288
Transfer payments to persons:						
7. From government (excluding interest)	3,760	3,572	3,596	3,680	3,652	3,712
8. Charitable contributions by corporations	44	44	44	48	45	48
9. PERSONAL INCOME	30,204	31,004	30,800	31,168	30,794	31,484

(1) This item differs from line 6, Table 10 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 13. Disposition of Personal Income, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal direct taxes	2,640	2,652	2,752	2,812	2,714	2,884
2. Income taxes	2,220	2,272	2,348	2,404	2,311	2,476
3. Succession duties and estate taxes	168	160	172	164	166	148
4. Miscellaneous	252	220	232	244	237	260
5. Personal expenditure on consumer goods and services	25,540	25,592	25,696	26,168	25,749	26,592
6. Non-durable goods	12,832	12,724	12,920	13,032	12,877	13,224
7. Durable goods	2,928	2,932	2,764	3,028	2,913	3,028
8. Services(1)	9,780	9,936	10,012	10,108	9,959	10,340
9. Personal net saving	2,024	2,760	2,352	2,188	2,331	2,008
10. PERSONAL INCOME	30,204	31,004	30,800	31,168	30,794	31,484
11. (Personal disposable income)(2)	(27,564)	(28,352)	(28,048)	(28,356)	(28,080)	(28,600)

(1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 14. Government Revenue, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Direct taxes - Persons	2,640	2,652	2,752	2,812	2,714	2,884
2. Federal	2,072	2,040	2,104	2,136	2,088	2,184
3. Provincial and municipal	568	612	648	676	626	700
4. Direct taxes - Corporations	1,768	1,768	1,700	1,764	1,750	1,816
5. Federal	1,356	1,348	1,296	1,312	1,328	1,380
6. (Federal tax collections)	(1,368)	(1,296)	(1,252)	(1,260)	(1,294)	(1,312)
7. Provincial	412	420	404	452	422	436
8. (Provincial tax collections)	(324)	(304)	(404)	(412)	(361)	(412)
Withholding taxes:						
9. Federal	104	144	112	140	125	124
10. Indirect taxes	5,424	5,464	5,648	5,672	5,552	5,776
11. Federal	2,316	2,324	2,480	2,480	2,400	2,404
12. Provincial and municipal(1)	3,108	3,140	3,168	3,192	3,152	3,372
13. Investment income	1,192	1,200	1,148	1,304	1,211	1,240
14. Federal	408	444	388	552	448	440
15. Provincial and municipal	784	756	760	752	763	800
16. Employer and employee contributions to social insurance and government pension funds	792	812	828	832	816	832
17. Federal	508	516	524	524	518	524
18. Provincial and municipal	284	296	304	308	298	308
Transfers from federal:						
19. Provincial and municipal	1,184	1,004	1,156	1,200	1,136	1,188
20. TOTAL REVENUE	13,104	13,044	13,344	13,724	13,304	13,860
21. FEDERAL	6,764	6,816	6,904	7,144	6,907	7,056
22. PROVINCIAL and MUNICIPAL	6,340	6,228	6,440	6,580	6,397	6,804

(1) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this trestment gives rise to fictitious seasonal because the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 15. Government Expenditure, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Goods and services	7,384	7,900	7,824	7,776	7,721	7,920
2. Federal	3,032	3,188	2,952	2,860	3,008	2,868
3. (Defence)	(1,684)	(1,744)	(1,644)	(1,648)	(1,680)	(1,484)
4. Provincial and municipal	4,352	4,712	4,872	4,916	4,713	5,052
5. Transfer payments to persons (excluding interest on the public debt)	3,760	3,572	3,596	3,680	3,652	3,712
6. Federal	2,312	2,088	2,032	2,056	2,122	2,112
7. Provincial and municipal	1,448	1,484	1,564	1,624	1,530	1,600
8. Interest on the public debt	1,172	1,320	1,260	1,344	1,274	1,272
9. Federal	772	912	828	908	855	836
10. Provincial and municipal	400	408	432	436	419	436
11. Subsidies	272	272	224	396	291	244
12. Federal	244	240	192	364	260	216
13. Provincial	28	32	32	32	31	28
Transfers to other levels of government:						
14. Federal	1,184	1,004	1,156	1,200	1,136	1,188
15. Total expenditure	13,772	14,068	14,060	14,396	14,074	14,336
16. Federal	7,544	7,432	7,160	7,388	7,381	7,220
17. Provincial and municipal	6,228	6,636	6,900	7,008	6,693	7,116
18. Deficit (-) or surplus (+)	- 668	- 1,024	- 716	- 672	- 770	- 476
19. Federal	- 780(1)	- 616	- 256	- 244	- 474	- 164
20. Provincial and municipal	112(1)	- 408	- 460	- 428	- 296	- 312
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	13,104	13,044	13,344	13,724	13,304	13,860
22. FEDERAL	6,764	6,816	6,904	7,144	6,907	7,056
23. PROVINCIAL and MUNICIPAL	6,340	6,228	6,440	6,580	6,397	6,804

(1) In this quarter the federal deficit is irregularly high by about $300 million and the provincial-municipal deficit correspondingly low as a consequence of the introduction of the new tax collection arrangements and the continuation in this quarter of transfer payments to the provinces under the former tax rental agreements.

TABLE 16. Source of National Saving, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal net saving	2,024	2,760	2,352	2,188	2,331	2,008
2. Business gross saving	5,756	5,236	5,900	6,000	5,723	5,996
3. Undistributed corporation profits	880	904	1,032	1,100	979	980
4. Capital consumption allowances and miscellaneous valuation adjustments	4,660	4,704	4,756	4,900	4,755	4,820
5. Adjustment on grain transactions(1)	216	- 372	112	-	- 11	196
6. Inventory valuation adjustment	- 108	- 176	- 196	- 48	- 132	- 100
7. Government surplus (+) or deficit (-)	- 668	- 1,024	- 716	- 672	- 770	- 476
8. Residual error of estimate	- 380	- 240	- 104	- 160	- 221	- 356
9. Totals	6,624	6,556	7,236	7,308	6,931	7,072

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 17. Disposition of National Saving, by Quarters, 1962 and 1963 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Business gross fixed capital formation	6,888	6,860	7,016	7,052	6,954	7,052
2. New residential construction	1,536	1,564	1,616	1,592	1,577	1,564
3. New non-residential construction	2,756	2,676	2,588	2,652	2,668	2,736
4. New machinery and equipment	2,596	2,620	2,812	2,808	2,709	2,752
5. Value of physical change in inventories	384	360	1,016	500	565	216
6. Surplus (+) or deficit (-) on current account with non-residents	- 1,032	- 904	- 896	- 404	- 809	- 552
7. Residual error of estimate	384	240	100	160	221	356
8. Totals	6,624	6,556	7,236	7,308	6,931	7,072

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1962 and 1963(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1962					1963
	I	II	III	IV	Year	I
1. Personal expenditure on consumer goods and services	23,912	23,828	23,784	24,136	23,915	24,464
2. Non-durable goods	12,308	12,136	12,256	12,296	12,249	12,456
3. Durable goods	2,912	2,912	2,732	2,996	2,888	3,000
4. Services	8,692	8,780	8,796	8,844	8,778	9,008
5. Government expenditure on goods and services	6,544	6,948	6,836	6,716	6,761	6,764
6. Business gross fixed capital formation	6,268	6,192	6,284	6,284	6,257	6,248
7. New residential construction	1,376	1,392	1,424	1,396	1,397	1,384
8. New non-residential construction	2,532	2,440	2,352	2,396	2,430	2,448
9. New machinery and equipment	2,360	2,360	2,508	2,492	2,430	2,436
10. Change in inventories	416	396	960	424	549	228
11. Non-farm business inventories	204	316	760	156	359	148
12. Farm inventories and grain in commercial channels	212	80	200	268	190	80
13. Exports of goods and services	7,536	7,776	7,724	7,880	7,729	7,884
14. Deduct: Imports of goods and services	- 8,248	- 8,332	- 8,288	- 8,008	- 8,219	- 8,096
15. Residual error of estimate	356	220	92	144	203	324
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	36,784	37,028	37,392	37,576	37,195	37,816

(1) See footnote 1, Table 9.

1963 FIRST QUARTER INCOME AND EXPENDITURE