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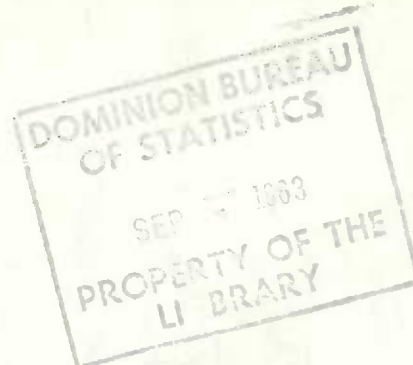
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QUARTERLY



CANADA

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NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
SECOND QUARTER 1963

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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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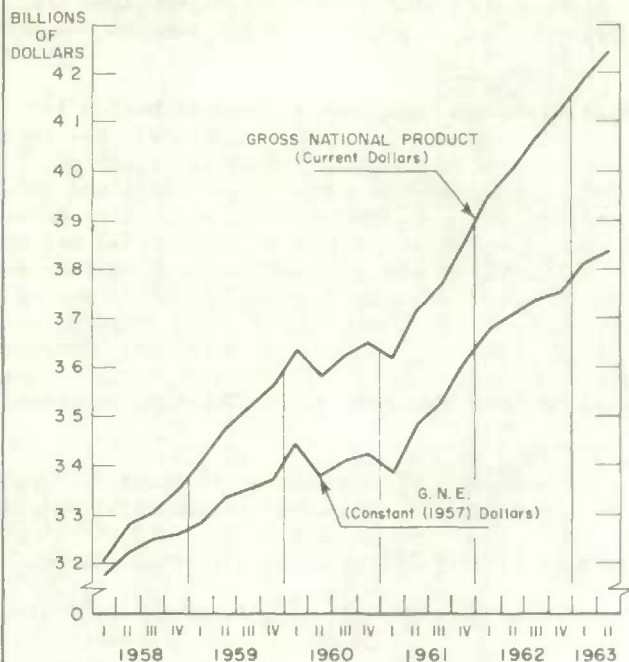
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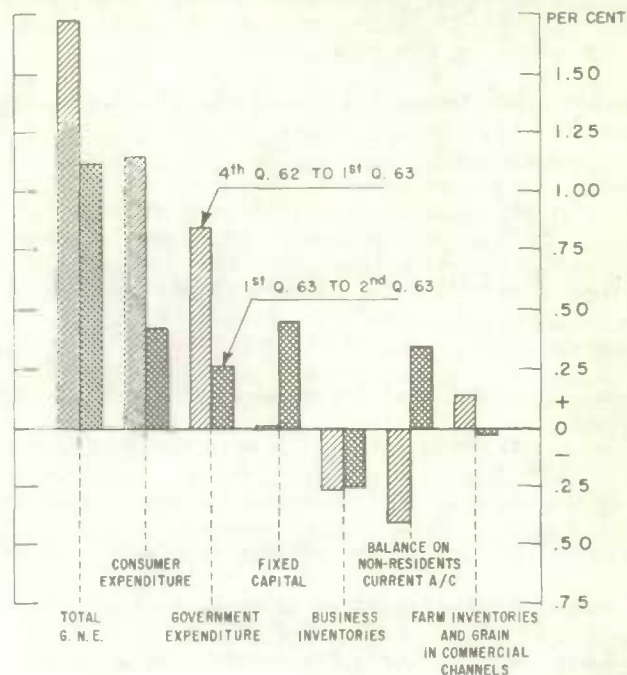
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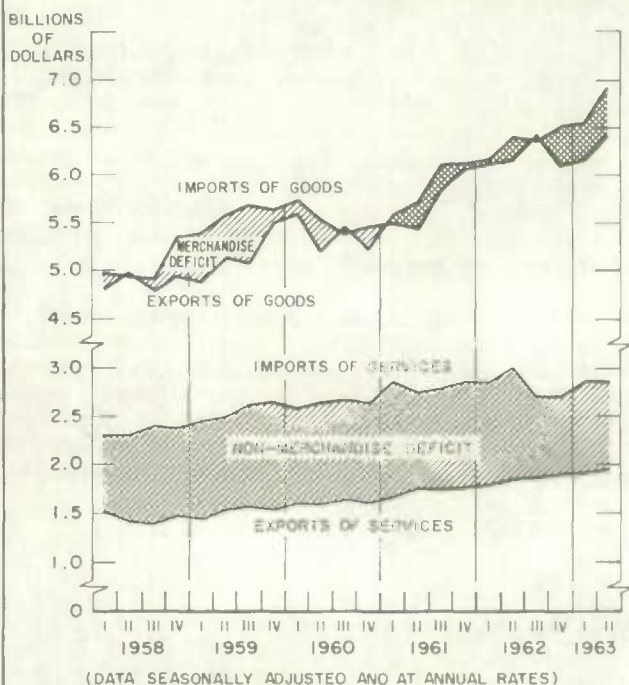
GROSS NATIONAL PRODUCT ROSE BY 1 PER CENT TO REGISTER ITS NINTH CONSECUTIVE QUARTERLY INCREASE



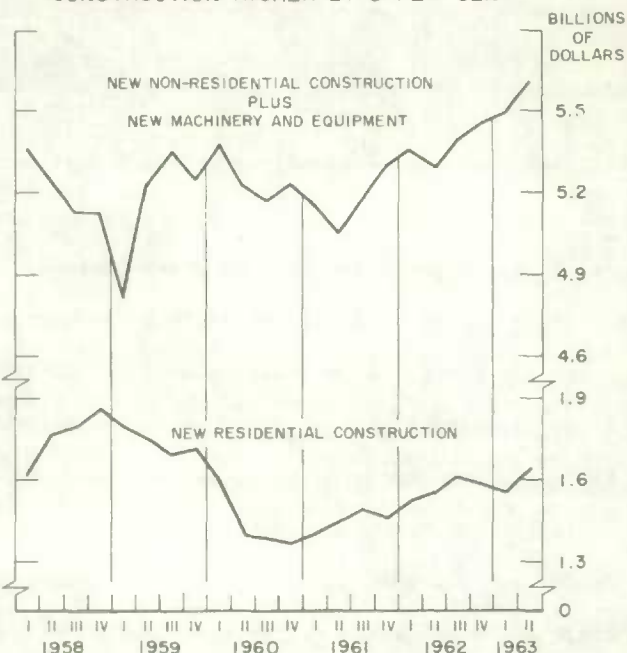
THE MAIN CONTRIBUTORS TO THE OVERALL ADVANCE WERE INCREASED FIXED CAPITAL OUTLAYS, CONSUMER SPENDING AND A REDUCED NET IMPORT BALANCE



STRENGTH IN MERCHANDISE EXPORTS RAISED THE TRADE SURPLUS AND PLAYED A MAJOR ROLE IN REDUCTION OF THE OVERALL DEFICIT



FIXED CAPITAL SHOWED ONE OF THE SHARPEST INCREASES IN THE PRESENT EXPANSIONARY PERIOD WITH RESIDENTIAL CONSTRUCTION HIGHER BY 5 PER CENT



INTRODUCTORY REVIEW

Gross National Product continued to advance in the second quarter of 1963. Estimated at \$42,436 million, seasonally adjusted at annual rates, it was slightly more than 1 per cent higher than the first quarter. Of this increase, about one third reflects a rise in prices, and the remainder a gain in the volume of the nation's production.

The most significant contributions to the increase in demand came from a sharp expansion in exports of merchandise, higher outlays for fixed capital, and increased consumer spending. The expansion in merchandise exports, partly attributable to the recovery of European production after an exceptionally severe winter, was reflected in the highest Canadian trade surplus since 1952 and a decline in the overall deficit on current international account of approximately \$150 million at annual rates. The forward impetus in fixed capital spending came from higher outlays on residential and non-residential construction with a more moderate increase in machinery and equipment; the general advance in this area contrasted with the rather hesitant behaviour which has characterized capital spending in the current expansion. The increase in consumer spending stemmed from the higher level of purchases of durable goods, and from the well established pattern of growth in purchases of services. Government spending on goods and services which moved moderately higher also contributed to the expansion. Inventories were the only weak element in demand; a modest liquidation occurred in the non-farm business sector.

The income side of the accounts in the second quarter shows a slower rate of increase in labour income; corporate profits rose moderately, after having been virtually unchanged in the first quarter, and accrued net farm income from farm production increased. It may be noted that the estimate of the value of the 1963 crop is higher than the long term average assumed in the first quarter estimate.

Personal income rose appreciably more than National Income in the second quarter, largely as a result of the very high payments made to farmers by the Canadian Wheat Board. These payments are among the factors making for a sharp rise in the rate of personal saving in the period. Another feature of the personal account is the drop in personal taxes (partly a result of increased allowances for dependents introduced in 1962). As a consequence, disposable income rose even more than personal income.

The gain in production in the second quarter was accompanied by an increase in employment of over 1 per cent in total and of nearly 2 per cent in the non-farm sector. The rate of unemployment, 5.7 per cent of the labour force, remained unchanged between the two quarters.

The index of industrial production, covering the traditional areas of mining, manufacturing, and electric power and gas utilities was up by almost 2 per cent during the quarter. Manufacturing advanced by a similar amount, but the increase in non-durables was appreciably higher than in durables. Gains in excess of 2 per cent were recorded in mining and of less than 2 per cent in utilities. Within non-durable manufacturing significant increases occurred in textiles, chemicals and paper products. However it should be noted that the latter two groups were adversely affected by industrial disputes in the first quarter. Within durables, all major groups but wood products (which declined) were higher by 1 to 2 per cent in the quarter. Both the iron and steel products and the transportation equipment groups continued their expansionary movements of the past several quarters.

Developments recorded thus far in the year may also be viewed in the light of the economic situation in the first half of 1962. In this comparison Gross National Product was up 6 per cent in current dollars and about 4 per cent in real terms. All major components except business inventories contributed to the gain in total expenditure. The area of greatest strength was the external sector, with exports substantially higher and imports not much changed -- in fact, slightly lower if the price factor is taken into account. Consumer spending was also strong. The behaviour of business inventories presents a contrast in the year-to-year comparison; the building up of stocks was of some consequence in the first half of 1962 and negligible in the first half of the current year.

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

	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	1Q'63 to 2Q'63
1. Personal expenditure	144	236	244	324	- 16	452	360	188	620	52	104	472	476	180
2. Government expenditure	92	- 64	428	- 140	240	- 12	192	120	- 4	516	- 76	- 48	352	108
3. Residential construction ...	- 120	- 204	- 4	- 8	28	36	48	- 20	60	28	52	- 24	- 28	76
4. Non-residential construction	- 20	- 72	44	- 12	32	28	72	88	- 36	- 80	- 88	64	32	80
5. Machinery and equipment	144	- 68	- 104	76	- 112	- 128	72	24	80	24	192	- 4	-	40
6. Exports of goods & services	152	- 404	304	- 228	376	228	364	56	28	332	- 24	188	44	384
7. Total final purchases	392	- 576	912	12	548	604	1,108	456	748	872	160	648	876	868
8. (Final domestic demand)	(240)	(- 172)	(608)	(240)	(172)	(376)	(744)	(400)	(720)	(540)	(184)	(460)	(832)	(484)

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	508	- 552	- 456	356	- 176	372	- 416	820	- 576	128	472	- 628	- 108	- 104
10. Imports of goods & services	52	- 156	- 120	68	256	- 184	464	272	40	204	- 32	- 304	212	232
11. G.N.P. (ex. farm)	624	- 456	348	544	- 432	1,000	516	968	452	496	676	672	496	376

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final domestic demand	0.5	- 1.1	1.4	0.2	0.2	1.0	1.6	0.6	1.2	0.7	- 0.2	0.6	1.6	0.5
13. Total final purchases	0.8	- 2.0	1.9	- 0.3	1.0	1.4	1.9	0.5	0.9	1.1	- 0.3	0.9	1.3	1.3
14. Gross National Expenditure	2.0	- 1.8	0.7	0.5	- 1.0	2.7	1.3	2.2	2.0	0.7	1.0	0.5	1.5	0.7

The first half year comparison shows gains in employment of about 1½ per cent in total and of 2 per cent in the non-farm sector. The rate of unemployment was somewhat lower -- 5.7 per cent of the labour force in the first half of 1963 as against 5.9 per cent a year earlier.

Price Movements

There was a modest increase in prices in the second quarter following little change in the preceding period. Within the sectors all prices with the exception of government and exports showed small price increases. The price increase for government was irregularly high partly because of wage increases, and retroactive payments to members of the armed forces. The prices of exported goods and services showed a fractional decline.

Implicit Price Indexes

Gross National Expenditure and its Components

Percentage Change from the Preceding Quarter.

	2Q 1962 to 3Q 1962	3Q 1962 to 4Q 1962	4Q 1962 to 1Q 1963	1Q 1963 to 2Q 1963
Personal Expenditure	0.6	0.4	0.2	0.4
Total Goods	0.6	0.4	-	0.4
Non-durable Goods	0.6	0.6	- 1/	0.4 1/
Durable Goods	0.5	-0.1	-0.2	0.1
Total Services, including net expenditure abroad	0.5	0.4	0.4	0.3
Government Expenditure	0.7	1.1	1.4 2/	1.6 2/
Gross Fixed Capital Formation	0.7	0.5	0.5	0.4
New Residential Construction	1.0	0.4	0.6	0.7
New Non-Residential Construction ...	0.3	0.6	0.8	0.5
New Machinery and Equipment	1.0	0.5	0.2	0.1
Exports	0.4	0.3	0.4	-0.3
Imports	0.2	0.1	1.1	0.8
Gross National Expenditure	0.7	0.7	0.2 3/	0.5 3/

1/ These data reflect a food price index that has been adjusted to take account of an estimated reduction in expenditures on citrus fruits and juices.

2/ These changes are irregularly high partly because of an increase in wage rates together with retroactive payments to certain groups in the federal civil service in the first quarter and to members of the armed forces in the second quarter.

3/ A base-weighted price index which is more indicative of actual price changes than the implicit indexes shown above (which are currently weighted) shows a change in price in the aggregate of 0.5 per cent between the fourth and first quarters and by 0.3 per cent between the first and second quarters.

The Components of Demand

Rising slightly more than one-half of one per cent in the second quarter, consumer spending made a modest contribution to the expansion in economic activity. The latest recorded increase contrasts with relatively large increments in the two preceding quarters and near stability in the two mid quarters of 1962. It was accompanied by the largest gain in disposable income in the past five quarters; the latter was affected by special factors to which reference was made in the introduction. The resulting sharp rise in personal saving followed a moderate gain in the first quarter.

Price increases at the total level were moderate, with both goods and services prices rising by about the same amount. Non-durables accounted for the rise in goods prices: some of the items, such as gas, oil and grease, and men's clothing, which do not weigh heavily in the total, showed larger increases, which were partially offset by fractional declines in the prices of other commodities.

Some strength in personal spending came from durable goods, which increased 3 per cent. Net purchases of new and used cars rose 6 per cent, with vehicles of overseas manufacture showing their first increase in several quarters while vehicles of North American manufacture also showed an increase in sales. Purchases of all other durables showed lesser increases, except appliances and radios, which declined almost 3 per cent in the quarter.

The increase in total personal spending was dampened by a $\frac{1}{2}$ per cent decline in expenditure on non-durable goods. Purchases of food were practically unchanged and as price increases were very slight, there was no change in real consumption.

Expenditure on services, rising by $1\frac{1}{2}$ per cent, showed a rate of growth in line with the average for recent years. Net expenditure abroad, being mainly the difference between the expenditures on personal account of Canadian travellers abroad and the expenditures of foreign travellers in Canada, has been growing smaller, and now contributes less significantly to movements in total services. Among other services, expenditures on shelter increased by 2 per cent, as did expenditures on personal services, while expenditure on transportation decreased fractionally.

Outlays on fixed capital registered a significant gain in the second quarter. At an annual rate of \$7,252 million, after allowance for seasonal factors, capital spending was slightly less than 3 per cent above the first quarter. Expenditures advanced on a broad front with higher outlays on new residential construction, machinery and equipment, and non-residential building and engineering construction. Although expenditures during the first half of the year, as in the second quarter, were running almost 3 per cent ahead of the year 1962, this level is below the almost 8 per cent forecast in the mid-year review of investment intentions.

The value of new residential construction was 5 per cent higher in the second quarter and at an annual rate of \$1,640 million indicates a level of spending above that experienced since the 1958-1959 expansion. The increase arises mainly from the completion of dwelling units under construction; the annual rate of completions after seasonal adjustment rose by almost 18 per cent to 140 thousand; the annual rate of starts in the second quarter was 137 thousand, less than $1\frac{1}{2}$ per cent above the previous quarter. The data point to a sharp rise in construction of multiple dwelling units in the second quarter (in centres of population of 5,000 and over) with an almost corresponding decline in single detached dwellings. Mortgage loan approvals in 1963 suggest that the increase in new residential construction activity is being financed by conventional institutional mortgage loans rather than by loans approved under the National Housing Act.

Combined capital outlays on plant and machinery in the second quarter rose by over 2 per cent to an annual rate of \$5,612 million. The value of non-residential building and engineering works advanced by 3 per cent to \$2,764 million, while a $1\frac{1}{2}$ per cent increase in spending on machinery and equipment raised the annual rate for this component to \$2,848 million. The combined estimate for plant and machinery for the first half of the year was running almost $3\frac{1}{2}$ per cent above 1962.

The estimated increase in expenditures on machinery and equipment brings the annual rate in the second quarter to the highest current value attained since the investment boom in 1957, although in constant dollars the figure still remains well below this peak. However, in view of the lack of complete data on imports of machinery, the overall estimate of investment in machinery should be regarded as tentative.

The declining rate of stock accumulation which set in sharply in the fourth quarter of 1962 and continued in the first quarter of the current year, gave way to a stock liquidation in the second quarter. Stocks were depleted in wholesale and retail trades, while in manufacturing industries a small stock accumulation occurred. The movement in investment in non-farm business inventories, by industry, over the past four quarters is shown in the following table:-

Changes in Non-farm Business Inventories
(Seasonally Adjusted at Annual Rates)
(Millions of Dollars)

	3Q 1962	4Q 1962	1Q 1963	2Q 1963
Manufacturing	396	156	-44	36
Wholesale	72	132	-28	-36
Retail	388	-16	76	-76
"Other"	-56	-100	60	36
Grand Total	800	172	64	-40

In manufacturing industries, the increase of stocks of wood, furniture, and tobacco industries counterbalanced the almost general, though small, liquidation of the rest of the industry groups. Since inventories increased less than shipments, the stock-to-sales ratio declined. By stages of production, accumulation was evident in raw and finished goods, while stocks of goods in process showed a drop.

In wholesale trades, the prevailing trend was towards depletion among both durable and non-durable lines. The stock-to-sales ratio was the lowest since the first quarter of 1957.

In retail trades, the depletion of stocks of motor vehicle dealers and of farm implements dealers among durables, and of apparel among non-durables, resulted in an overall depletion. The stock-to-sales ratio remained virtually unchanged from that of the previous quarter.

The import balance on current account transactions with non-residents fell to an annual rate of \$420 million in the second quarter of 1963, after allowance for seasonal influences, a continuation of the lower level of deficits which has been apparent since the final quarter of last year. Total exports of goods and services reached a seasonally adjusted annual rate of \$8.9 billion, $4\frac{1}{2}$ per cent above the previous quarter, and imports of goods and services rose by $2\frac{1}{2}$ per cent to \$9.3 billion. The improvement in the deficit from the first quarter arose mainly from an increased surplus on merchandise trade.

The surplus on merchandise trade was \$500 million at annual rates in the second quarter, an increase from the first quarter figure of \$384 million, and the highest trade surplus since 1952. At an annual rate of \$6.9 billion, after discounting seasonal factors, exports of merchandise rose by $5\frac{1}{2}$ per cent with a particularly sharp pick-up in sales to the United Kingdom. An upsurge in exports to Western Europe may partly reflect the recovery of production from the disruptive effects of an exceptionally severe winter. Exports to the United States were also higher. Some of the main commodities in which there were increased sales in the second quarter, after seasonal adjustment, include nickel in particular, aluminum, copper and newsprint (partly reflecting the settlement of the labour dispute in the newspaper industry in the United States); increases, however, were fairly widespread. Imports of merchandise rose by 4 per cent to an annual rate of \$6.4 billion at the total level, but commodity detail is not yet available to enable this increase to be identified.

The deficit from services and other non-merchandise transactions showed little change at an annual rate of \$920 million as receipts were just over 1 per cent higher at \$1,944 million and payments were almost unchanged at \$2,864 million. The slight increase in receipts originated mainly in freight and shipping; other changes tended to be small and offsetting. On the payments side of the account, the main movements were offsetting as a 4 per cent decline in income payments of interest and dividends was largely balanced by a 5 per cent increase in payments for freight and shipping services.

The Government Sector

The major components of expenditure, for all levels of government combined, showed an increase between the first and second quarters of 1963, raising total expenditures $2\frac{1}{2}$ per cent, seasonally adjusted at annual rates. Total revenues were almost unchanged, so that there was an increase of \$352 million in the total deficit, from \$716 million in the first quarter of 1963 to \$1,068 million in the second.

Federal outlays on goods and services, estimated at \$3.0 billion, fell nearly 3 per cent from the first quarter, but this decline was more than offset by a rise in provincial-municipal expenditure which increased almost 4 per cent to \$5.3 billion. Federal defence payments showed a 10 per cent rise, almost half of which is attributable to retroactive pay increases to the armed forces while non-defence outlays fell by nearly 15 per cent. It may be noted that both defence and non-defence outlays have shown erratic and divergent movements in recent quarters. After steadily increasing over the past few quarters, there was a decline in provincial-municipal expenditure on the construction of vocational schools, but increased spending on other goods and services more than offset this drop.

Subsidies paid by the federal and provincial governments increased by somewhat more than 50 per cent between the quarters, mainly as a result of the large interim payment to railway companies by the federal government. There was also a 4 per cent increase in federal transfer payments to other levels of government primarily because of higher payments to the provinces for unemployment assistance and for health grants, and to the municipalities.

Personal direct tax revenues dropped by 5 per cent from the first to the second quarter, reflecting a considerable increase in refunds of income taxes partly the result of higher exemptions allowed in 1962 for wholly dependent children.

There was a minor drop in receipts from indirect taxes which occurred at the federal level; it was largely the result of the abolition effective as of April 1, 1963, of the remaining temporary emergency surcharges imposed in 1962, which lowered revenues from customs import duties.

Income Flows

Labour income in the second quarter of 1963 is estimated at a seasonally adjusted annual rate of \$21.5 billion, somewhat more than 1 per cent higher than in the first quarter when it was irregularly high, partly by reason of substantial retroactive payments to federal government employees. After adjustment for these payments, the first to second quarter increase was nearly $1\frac{1}{2}$ per cent, compared with one of $2\frac{1}{2}$ per cent in the first quarter.

The quarterly gain in labour income reflected varied and somewhat divergent movements as between industries. Labour income in manufacturing was up slightly more than $1\frac{1}{2}$ per cent, matching the advance of the previous quarter.

Among the service-producing industries, finance and service continued to register relatively large gains -- close to $2\frac{1}{2}$ per cent. In trade, labour income rose about $1\frac{1}{2}$ per cent, while a further falling off in railway employment restrained the increase in labour income in the transportation, storage and communication group. Following the first quarter's large retroactive payment mentioned earlier, labour income in public administration fell by over 1 per cent in the second quarter; but for this special factor there would have been an increase in excess of 2 per cent.

The outcome of the movements described above was that wages and salaries in the goods and in the service-producing groups showed an equal rate of increase in the second quarter. Labour inputs and labour prices appear to have been about equally important in the moderate rise in the flow of income.

To put the second quarter's increase in labour income in the perspective of recent experience, the latest recorded rate of gain is lower than in the preceding quarter, higher than in the third and fourth quarters of 1962, and lower than in the first two quarters of that year, when adjustment is made for the non-recurring element of retroactive payments. Much the same pattern is apparent in the cyclically sensitive goods-producing industries.

Corporation profits (before taxes and before dividends paid to non-residents) rose by about 3 per cent in the second quarter to an annual rate of \$4.1 billion on a seasonally adjusted basis. This was nearly 40 per cent higher than the level prevailing at the beginning of the current expansion beginning in the first quarter, 1961.

It may be noted that dividends paid to non-residents dropped substantially by about 15 per cent from the high first quarter level, so that corporation profits measured for national accounting purposes, i.e., less dividends paid abroad, increased by about 7 per cent.

Higher profits were experienced by all industries except retail trade. Profits in the electric power, gas and water utilities industry reflected the transfer from the private to the public business sector of the private corporations acquired on May 1, 1963 by the Quebec Hydro Electric Commission.

Finance, insurance and real estate, and manufacturing groups showed considerable strength. Transportation, storage, and communication group showed no change.

Within manufacturing, higher profits were recorded in all groups except food and beverages, metal industries (including transportation equipment), and petroleum and coal products; profits of wood industries remained unchanged.

Rent, interest, and miscellaneous investment income, seasonally adjusted, rose by about 5 per cent, mainly due to a rise in trading profits of government business enterprises, which reflected the interim subsidy received by the Canadian National Railway System as well as the acquisitions by the Quebec Hydro Electric Commission mentioned above.

Net income of non-farm unincorporated business, seasonally adjusted, declined about 2 per cent in the second quarter from the first quarter rate. There was a sharp drop in net income of retail trade, caused by lower profit sales ratios, partially offset by modest increases in the construction, personal service, business service, forestry, and mining industries.

Accrued net income of farm operators from farm production in the second quarter rose by over 7 per cent, seasonally adjusted. Net income received by farm operators from farm production in the second quarter rose to a level of \$1.8 billion. The increase can be attributed to the very high payments made by the Canada Wheat Board during the quarter.

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	II
1. Wages, salaries, and supplementary labour income	4,792	5,095	5,272	5,200	20,359	5,113	5,412
2. Military pay and allowances	147	152	145	142	586	136	157
3. Corporation profits before taxes	771	1,047	985	1,021	3,824	826	1,123
4. Deduct: Dividends paid to non-residents(1)	- 128	- 148	- 116	- 178	- 570	- 143	- 117
5. Rent, interest, and miscellaneous investment income ..	671	676	694	727	2,768	713	736
6. Accrued net income of farm operators from farm production(2)	29	123	1,188	51	1,391	47	150
7. Net income of non-farm unincorporated business(3)	486	585	573	736	2,380	502	598
8. Inventory valuation adjustment(4)	- 27	- 44	- 49	- 12	- 132	- 36	- 72
9. NET NATIONAL INCOME AT FACTOR COST	6,741	7,486	8,692	7,687	30,606	7,158	7,987
10. Indirect taxes less subsidies	1,254	1,314	1,368	1,325	5,261	1,353	1,355
11. Capital consumption allowances and miscellaneous valuation adjustments	1,119	1,197	1,196	1,243	4,755	1,154	1,227
12. Residual error of estimate	- 155	- 227	82	79	- 221	- 163	- 230
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	8,959	9,770	11,338	10,334	40,401	9,502	10,339
14. (Gross national product at market prices excluding accrued net income of farm operators)	(8,930)	(9,647)	(10,150)	(10,283)	(39,010)	(9,455)	(10,189)

(1) Includes the withholding 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	II
1. Personal expenditure on consumer goods and services ..	6,010	6,443	6,274	7,022	25,749	6,306	6,767
2. Government expenditure on goods and services(1, 2) ...	1,704	1,827	2,200	1,990	7,721	1,866	1,906
3. Business gross fixed capital formation(3)	1,412	1,800	1,931	1,811	6,954	1,458	1,899
4. New residential construction	293	392	457	435	1,577	299	414
5. New non-residential construction	520	643	787	718	2,668	506	662
6. New machinery and equipment	599	765	687	658	2,709	653	823
7. Value of physical change in inventories(4)	- 4	- 173	1,048	- 306	565	- 58	- 279
8. Non-farm business inventories	245	- 45	132	43	375	203	- 168
9. Farm inventories and grain in commercial channels ..	- 249	- 128	916	- 349	190	- 261	- 111
10. Exports of goods and services	1,728	2,072	2,246	2,178	8,224	1,833	2,240
11. Deduct: Imports of goods and services	- 2,047	- 2,425	- 2,278	- 2,283	- 9,033	- 2,066	- 2,424
12. Residual error of estimate	156	226	- 83	- 78	221	163	230
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	8,959	9,770	11,338	10,334	40,401	9,502	10,339

(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	II
1. Wages, salaries, and supplementary labour income	4,792	5,095	5,272	5,200	20,359	5,113	5,412
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 199	- 196	- 209	- 212	- 816	- 209	- 205
3. Military pay and allowances	147	152	145	142	586	136	157
4. Net income received by farm operators from farm production(1)	1	222	1,149	30	1,402	17	201
5. Net income of non-farm unincorporated business	486	585	573	736	2,380	502	598
6. Interest, dividends, and net rental income of persons(2)	726	787	773	900	3,186	789	849
Transfer payments to persons:							
7. From government (excluding interest)	1,075	885	835	857	3,652	1,076	935
8. Charitable contributions by corporations	9	12	12	12	45	10	12
9. PERSONAL INCOME	7,037	7,542	8,550	7,665	30,794	7,434	7,959

(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	II
1. Personal direct taxes	625	719	674	696	2,714	680	742
2. Income taxes	498	627	587	599	2,311	557	649
3. Succession duties and estate taxes	42	40	43	41	166	36	37
4. Miscellaneous	85	52	44	56	237	87	56
5. Personal expenditure on consumer goods and services ..	6,010	6,443	6,274	7,022	25,749	6,306	6,767
6. Non-durable goods	2,934	3,085	3,199	3,659	12,877	3,049	3,184
7. Durable goods	643	826	621	823	2,913	674	900
8. Services(1)	2,433	2,532	2,454	2,540	9,959	2,583	2,683
9. Personal net saving	402	380	1,602	- 53	2,331	448	450
10. Personal saving excluding change in farm inventories ..	580	413	762	427	2,182	687	523
11. Value of physical change in farm inventories	- 178	- 33	840	- 480	149	- 239	- 73
12. PERSONAL INCOME	7,037	7,542	8,550	7,665	30,794	7,434	7,959
13. (Personal disposable income)(2)	(6,412)	(6,823)	(7,876)	(6,969)	(28,080)	(6,754)	(7,217)

(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	II
1. Direct taxes - Persons	625	719	674	696	2,714	680	742
2. Federal	468	563	526	531	2,088	488	572
3. Provincial and municipal	157	156	148	165	626	192	170
4. Direct taxes - Corporations	379	470	443	458	1,750	400	498
5. Federal	288	357	336	347	1,328	304	378
6. (Federal tax collections)	(317)	(367)	(322)	(288)	(1,294)	(305)	(373)
7. Provincial	91	113	107	111	422	96	120
8. (Provincial tax collections)	(91)	(79)	(100)	(91)	(361)	(109)	(110)
Withholding taxes:							
9. Federal	26	35	23	41	125	31	30
10. Indirect taxes	1,314	1,381	1,431	1,426	5,552	1,404	1,442
11. Federal	528	596	635	641	2,400	550	592
12. Provincial and municipal	786	785	796	785	3,152	854	850
13. Investment income	270	291	276	374	1,211	281	331
14. Federal	79	111	90	168	448	88	132
15. Provincial and municipal	191	180	186	206	763	193	199
16. Employer and employee contributions to social insurance and government funds	199	196	209	212	816	209	205
17. Federal	128	122	133	135	518	132	126
18. Provincial and municipal	71	74	76	77	298	77	79
Transfers from Federal:							
19. Provincial and municipal	300	256	278	302	1,136	302	308
20. TOTAL REVENUE	3,113	3,348	3,334	3,509	13,304	3,307	3,556
21. FEDERAL	1,517	1,784	1,743	1,863	6,907	1,593	1,830
22. PROVINCIAL and MUNICIPAL	1,596	1,564	1,591	1,646	6,397	1,714	1,726

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

	1962					1963	
	I	II	III	IV	Year	I	II
1. Goods and services	1,704	1,827	2,200	1,990	7,721	1,866	1,906
2. Federal	751	770	772	715	3,008	748	724
3. (Defence)	(471)	(401)	(398)	(410)	(1,680)	(410)	(376)
4. Provincial and municipal	953	1,057	1,428	1,275	4,713	1,118	1,182
5. Transfer payments to persons (excluding interest on the public debt)	1,075	885	835	857	3,652	1,076	935
6. Federal	665	524	453	480	2,122	629	538
7. Provincial and municipal	410	361	382	377	1,530	447	397
8. Interest on the public debt	242	323	269	440	1,274	263	349
9. Federal	157	199	189	310	855	163	206
10. Provincial and municipal	85	124	80	130	419	100	143
11. Subsidies	60	67	63	101	291	51	87
12. Federal	57	63	50	90	260	49	83
13. Provincial	3	4	13	11	31	2	4
Transfers to other levels of government:							
14. Federal	300	256	278	302	1,136	302	308
15. Total expenditure	3,381	3,358	3,645	3,690	14,074	3,558	3,585
16. Federal	1,930	1,812	1,742	1,897	7,381	1,891	1,859
17. Provincial and municipal	1,451	1,546	1,903	1,793	6,693	1,667	1,726
18. Deficit (-) or surplus (+)	- 268	- 10	- 311	- 181	- 770	- 251	- 29
19. Federal	- 413(1)	- 28	1	- 34	- 474	- 298	- 29
20. Provincial and municipal	145(1)	18	- 312	- 147	- 296	47	-
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	3,113	3,348	3,334	3,509	13,304	3,307	3,556
22. FEDERAL	1,517	1,784	1,743	1,863	6,907	1,593	1,830
23. PROVINCIAL and MUNICIPAL	1,596	1,564	1,591	1,646	6,397	1,714	1,726

(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	II
1. Personal net saving	402	380	1,602	- 53	2,331	448	450
2. Business gross saving	1,293	1,401	1,540	1,489	5,723	1,332	1,547
3. Undistributed corporation profits	146	303	305	225	979	148	371
4. Capital consumption allowances and miscellaneous valuation adjustments	1,119	1,197	1,196	1,243	4,755	1,154	1,227
5. Adjustment on grain transactions(1)	28	- 99	39	21	- 11	30	- 51
6. Inventory valuation adjustment	- 27	- 44	- 49	- 12	- 132	- 36	- 72
7. Government surplus (+) or deficit (-)	- 268	- 10	- 311	- 181	- 770	- 251	- 29
8. Residual error of estimate	- 155	- 227	82	79	- 221	- 163	- 230
9. Totals	1,245	1,500	2,864	1,322	6,931	1,330	1,666

(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	II
1. Business gross fixed capital formation	1,412	1,800	1,931	1,811	6,954	1,458	1,899
2. New residential construction	293	392	457	435	1,577	299	414
3. New non-residential construction	520	643	787	718	2,668	506	662
4. New machinery and equipment	599	765	687	658	2,709	653	823
5. Value of physical change in inventories	- 4	- 173	1,048	- 306	565	- 58	- 279
6. Surplus (+) or deficit (-) on current account with non-residents	- 319	- 353	- 32	- 105	- 809	- 233	- 184
7. Residual error of estimate	156	226	- 83	- 78	221	163	230
8. Totals	1,245	1,500	2,864	1,322	6,931	1,330	1,666

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	II
1. Personal expenditure on consumer goods and services	5,627	6,000	5,795	6,493	23,915	5,807	6,214
2. Non-durable goods	2,820	2,947	3,026	3,456	12,249	2,882	2,995
3. Durable goods	638	818	619	813	2,888	667	888
4. Services	2,169	2,235	2,150	2,224	8,778	2,258	2,331
5. Government expenditure on goods and services	1,440	1,611	2,000	1,710	6,761	1,523	1,608
6. Business gross fixed capital formation	1,282	1,622	1,733	1,620	6,257	1,290	1,674
7. New residential construction	263	348	403	383	1,397	261	358
8. New non-residential construction	475	585	718	652	2,430	451	588
9. New machinery and equipment	544	689	612	585	2,430	578	728
10. Change in inventories	41	- 183	953	- 262	549	- 13	- 306
11. Non-farm business inventories	245	- 48	117	45	359	205	- 156
12. Farm inventories and grain in commercial channels	- 204	- 135	836	- 307	190	- 218	- 150
13. Exports of goods and services	1,646	1,944	2,104	2,035	7,729	1,711	2,084
14. Deduct: Imports of goods and services	- 1,887	- 2,197	- 2,060	- 2,075	- 8,219	- 1,853	- 2,153
15. Residual error of estimate	144	208	- 77	- 72	203	147	209
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	8,293	9,005	10,448	9,449	37,195	8,612	9,330

(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	II
1. Wages, salaries, and supplementary labour income	19,940	20,268	20,500	20,728	20,359	21,272	21,516
2. Military pay and allowances	600	588	600	556	586	548	608
3. Corporation profits before taxes	3,720	3,836	3,772	3,968	3,824	3,984	4,120
4. Deduct: Dividends paid to non-residents(1)	- 576	- 636	- 512	- 556	- 570	- 628	- 532
5. Rent, interest, and miscellaneous investment income ..	2,692	2,732	2,720	2,928	2,768	2,840	2,992
6. Accrued net income of farm operators from farm production(2)	1,416	1,420	1,452	1,276	1,391	1,480	1,588
7. Net income of non-farm unincorporated business(3)	2,432	2,360	2,344	2,384	2,380	2,464	2,404
8. Inventory valuation adjustment	- 108	- 176	- 196	- 48	- 132	- 144	- 288
9. NET NATIONAL INCOME AT FACTOR COST	30,116	30,392	30,680	31,236	30,606	31,816	32,408
10. Indirect taxes less subsidies	5,152	5,192	5,424	5,276	5,261	5,556	5,372
11. Capital consumption allowances and miscellaneous valuation adjustments	4,660	4,704	4,756	4,900	4,755	4,820	4,860
12. Residual error of estimate	- 380	- 240	- 104	- 160	- 221	- 240	- 204
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	39,548	40,048	40,756	41,252	40,401	41,952	42,436
14. (Gross national product at market prices excluding accrued net income of farm operators)	(38,132)	(38,628)	(39,304)	(39,976)	(39,010)	(40,472)	(40,848)

(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 figures, 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	II
1. Personal expenditure on consumer goods and services ..	25,540	25,592	25,696	26,168	25,749	26,644	26,824
2. Government expenditure on goods and services(1, 2) ..	7,384	7,900	7,824	7,776	7,721	8,128	8,236
3. Business gross fixed capital formation(3)	6,888	6,860	7,016	7,052	6,954	7,056	7,252
4. New residential construction	1,536	1,564	1,616	1,592	1,577	1,564	1,640
5. New non-residential construction	2,756	2,676	2,588	2,652	2,668	2,684	2,764
6. New machinery and equipment	2,596	2,620	2,812	2,808	2,709	2,808	2,848
7. Value of physical change in inventories	384	360	1,016	500	565	452	340
8. Non-farm business inventories	200	328	800	172	375	64	- 40
9. Farm inventories and grain in commercial channels(4)	184	32	216	328	190	388	380
10. Exports of goods and services	7,940	8,272	8,248	8,436	8,224	8,480	8,864
11. Deduct: Imports of goods and services	- 8,972	- 9,176	- 9,144	- 8,840	- 9,033	- 9,052	- 9,284
12. Residual error of estimate	384	240	100	160	221	244	204
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	39,548	40,048	40,756	41,252	40,401	41,952	42,436
Detail of Farm Inventories and GICC:							
Value of grain crop production	1,172	1,176	1,176	1,176	1,175	1,308	1,308
Depletions of farm stocks of grain	- 856	- 872	- 1,104	- 1,364	- 1,049	- 1,168	- 1,084
Change in livestock inventories	28	24	52	- 12	23	- 56	48
Grain in commercial channels	- 160	- 296	92	528	41	304	108

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 13.

(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	II
1. Wages, salaries, and supplementary labour income	19,940	20,268	20,500	20,728	20,359	21,272	21,516
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 792	- 812	- 828	- 832	- 816	- 832	- 848
3. Military pay and allowances	600	588	600	556	586	548	608
4. Net income received by farm operators from farm production(1)	1,200	1,792	1,340	1,276	1,402	1,292	1,816
5. Net income of non-farm unincorporated business	2,432	2,360	2,344	2,384	2,380	2,464	2,404
6. Interest, dividends, and net rental income of persons(2)	3,020	3,192	3,204	3,328	3,186	3,288	3,400
Transfer payments to persons:							
7. From government (excluding interest)	3,760	3,572	3,596	3,680	3,652	3,740	3,780
8. Charitable contributions by corporations	44	44	44	48	45	48	48
9. PERSONAL INCOME	30,204	31,004	30,800	31,168	30,794	31,820	32,724

(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	II
1. Personal direct taxes	2,640	2,652	2,752	2,812	2,714	2,884	2,740
2. Income taxes	2,220	2,272	2,348	2,404	2,311	2,492	2,352
3. Succession duties and estate taxes	168	160	172	164	166	144	148
4. Miscellaneous	252	220	232	244	237	248	240
5. Personal expenditure on consumer goods and services ..	25,540	25,592	25,696	26,168	25,749	26,644	26,824
6. Non-durable goods	12,832	12,724	12,920	13,032	12,877	13,240	13,164
7. Durable goods	2,928	2,932	2,764	3,028	2,913	3,028	3,120
8. Services(1)	9,780	9,936	10,012	10,108	9,959	10,376	10,540
9. Personal net saving	2,024	2,760	2,352	2,188	2,331	2,292	3,160
10. PERSONAL INCOME	30,204	31,004	30,800	31,168	30,794	31,820	32,724
11. (Personal disposable income)(2)	(27,564)	(28,352)	(28,048)	(28,356)	(28,080)	(28,936)	(29,984)

(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	II
1. Direct taxes - Persons	2,640	2,652	2,752	2,812	2,714	2,884	2,740
2. Federal	2,072	2,040	2,104	2,136	2,088	2,192	2,048
3. Provincial and municipal	568	612	648	676	626	692	692
4. Direct taxes - Corporations	1,768	1,768	1,700	1,764	1,750	1,816	1,864
5. Federal	1,356	1,348	1,296	1,312	1,328	1,380	1,412
6. (Federal tax collections)	(1,368)	(1,296)	(1,252)	(1,260)	(1,294)	(1,312)	(1,320)
7. Provincial	412	420	404	452	422	436	452
8. (Provincial tax collections)	(324)	(304)	(404)	(412)	(361)	(400)	(428)
Withholding taxes:							
9. Federal	104	144	112	140	125	124	124
10. Indirect taxes	5,424	5,464	5,648	5,672	5,552	5,788	5,724
11. Federal	2,316	2,324	2,480	2,480	2,400	2,404	2,324
12. Provincial and municipal(1)	3,108	3,140	3,168	3,192	3,152	3,384	3,400
13. Investment income	1,192	1,200	1,148	1,304	1,211	1,240	1,352
14. Federal	408	444	388	552	448	440	528
15. Provincial and municipal	784	756	760	752	763	800	824
16. Employer and employee contributions to social insurance and government pension funds	792	812	828	832	816	832	848
17. Federal	508	516	524	524	518	524	532
18. Provincial and municipal	284	296	304	308	298	308	316
Transfers from federal:							
19. Provincial and municipal	1,184	1,004	1,156	1,200	1,136	1,188	1,236
20. TOTAL REVENUE	13,104	13,044	13,344	13,724	13,304	13,872	13,888
21. FEDERAL	6,764	6,816	6,904	7,144	6,907	7,064	6,968
22. PROVINCIAL and MUNICIPAL	6,340	6,228	6,440	6,580	6,397	6,808	6,920

(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 treatment gives rise to fictitious seasonal between 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	II
1. Goods and services	7,384	7,900	7,824	7,776	7,721	8,128	8,236
2. Federal	3,032	3,188	2,952	2,860	3,008	3,060	2,976
3. (Defence)	(1,684)	(1,744)	(1,644)	(1,648)	(1,680)	(1,468)	(1,616)
4. Provincial and municipal	4,352	4,712	4,872	4,916	4,713	5,068	5,260
5. Transfer payments to persons (excluding interest on the public debt)	3,760	3,572	3,596	3,680	3,652	3,740	3,780
6. Federal	2,312	2,088	2,032	2,056	2,122	2,156	2,140
7. Provincial and municipal	1,448	1,484	1,564	1,624	1,530	1,584	1,640
8. Interest on the public debt	1,172	1,320	1,260	1,344	1,274	1,300	1,352
9. Federal	772	912	828	908	855	836	880
10. Provincial and municipal	400	408	432	436	419	464	472
11. Subsidies	272	272	224	396	291	232	352
12. Federal	244	240	192	364	260	204	320
13. Provincial	28	32	32	32	31	28	32
Transfers to other levels of government:							
14. Federal	1,184	1,004	1,156	1,200	1,136	1,188	1,236
15. Total expenditure	13,772	14,068	14,060	14,396	14,074	14,588	14,956
16. Federal	7,544	7,432	7,160	7,388	7,381	7,444	7,552
17. Provincial and municipal	6,228	6,636	6,900	7,008	6,693	7,144	7,404
18. Deficit (-) or surplus (+)	- 668	- 1,024	- 716	- 672	- 770	- 716	- 1,068
19. Federal	- 780(1)	- 616	- 256	- 244	- 474	- 380	- 584
20. Provincial and municipal	112(1)	- 408	- 460	- 428	- 296	- 336	- 484
21. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	13,104	13,044	13,344	13,724	13,304	13,872	13,888
22. FEDERAL	6,764	6,816	6,904	7,144	6,907	7,064	6,968
23. PROVINCIAL and MUNICIPAL	6,340	6,228	6,440	6,580	6,397	6,808	6,920

(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	II
1. Personal net saving	2,024	2,760	2,352	2,188	2,331	2,292	3,160
2. Business gross saving	5,756	5,236	5,900	6,000	5,723	5,988	5,776
3. Undistributed corporation profits	880	904	1,032	1,100	979	980	1,144
4. Capital consumption allowances and miscellaneous valuation adjustments	4,660	4,704	4,756	4,900	4,755	4,820	4,860
5. Adjustment on grain transactions(1)	216	- 372	112	-	- 11	188	- 228
6. Inventory valuation adjustment	- 108	- 176	- 196	- 48	- 132	- 144	- 288
7. Government surplus (+) or deficit (-)	- 668	- 1,024	- 716	- 672	- 770	- 716	- 1,068
8. Residual error of estimate	- 380	- 240	- 104	- 160	- 221	- 240	- 204
9. Totals	6,624	6,556	7,236	7,308	6,931	7,180	7,376

(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	II
1. Business gross fixed capital formation	6,888	6,860	7,016	7,052	6,954	7,056	7,252
2. New residential construction	1,536	1,564	1,616	1,592	1,577	1,564	1,640
3. New non-residential construction	2,756	2,676	2,588	2,652	2,668	2,684	2,764
4. New machinery and equipment	2,596	2,620	2,812	2,808	2,709	2,808	2,848
5. Value of physical change in inventories	384	360	1,016	500	565	452	340
6. Surplus (+) or deficit (-) on current account with non-residents	- 1,032	- 904	- 896	- 404	- 809	- 572	- 420
7. Residual error of estimate	384	240	100	160	221	244	204
8. Totals	6,624	6,556	7,236	7,308	6,931	7,180	7,376



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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	II
1. Personal expenditure on consumer goods and services	23,912	23,828	23,784	24,136	23,915	24,536	24,608
2. Non-durable goods	12,308	12,136	12,256	12,296	12,249	12,496	12,368
3. Durable goods	2,912	2,912	2,732	2,996	2,888	3,000	3,088
4. Services	8,692	8,780	8,796	8,844	8,778	9,040	9,152
5. Government expenditure on goods and services	6,544	6,948	6,836	6,716	6,761	6,924	6,904
6. Business gross fixed capital formation	6,268	6,192	6,284	6,284	6,257	6,256	6,404
7. New residential construction	1,376	1,392	1,424	1,396	1,397	1,364	1,420
8. New non-residential construction	2,532	2,440	2,352	2,396	2,430	2,404	2,464
9. New machinery and equipment	2,360	2,360	2,508	2,492	2,430	2,488	2,520
10. Change in inventories	416	396	960	424	549	412	280
11. Non-farm business inventories	204	316	760	156	359	68	- 36
12. Farm inventories and grain in commercial channels	212	80	200	268	190	344	316
13. Exports of goods and services	7,536	7,776	7,724	7,880	7,729	7,888	8,268
14. Deduct: Imports of goods and services	- 8,248	- 8,332	- 8,288	- 8,008	- 8,219	- 8,112	- 8,252
15. Residual error of estimate	356	220	92	144	203	220	184
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	36,784	37,028	37,392	37,576	37,195	38,124	38,396

(1) See footnote 1, Table 9.