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SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND EXPENDITURE ACCOUNTS

THIRD QUARTER 1969

DOMINION BUREAU OF STATISTICS



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National Income and Expenditure Division

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EXPENDITURE ACCOUNTS

THIRD QUARTER 1969

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<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 195950
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13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1968", for the years 1965-196750
13-001	"National Accounts, Income and Expenditure, First Quarter 1969", for four quarters 1968 and first quarter 196975

NOTE

Data on the first three quarters of 1969, consistent with previously published estimates are available on request from the National Income and Expenditure Division.

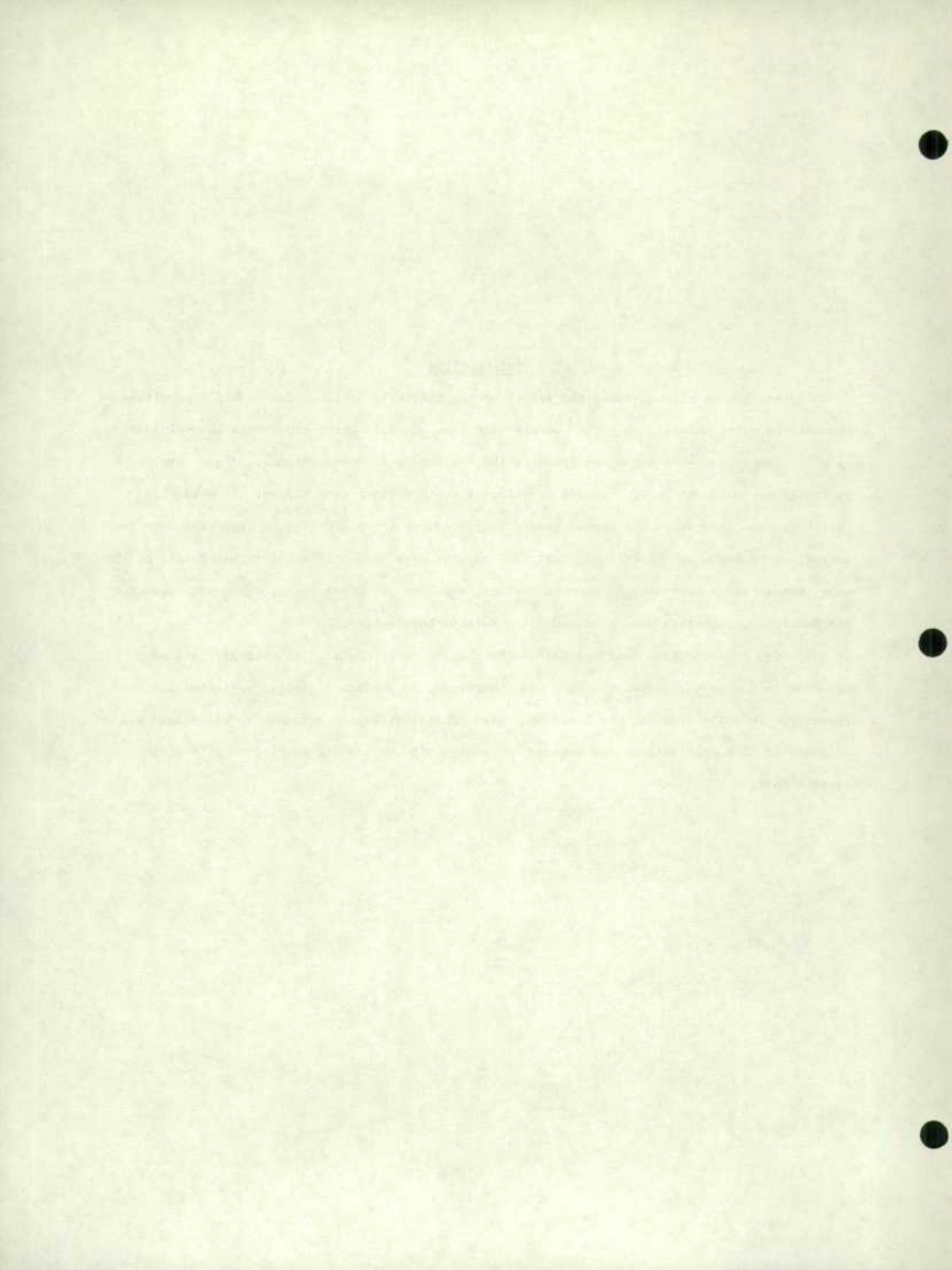
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INTRODUCTION

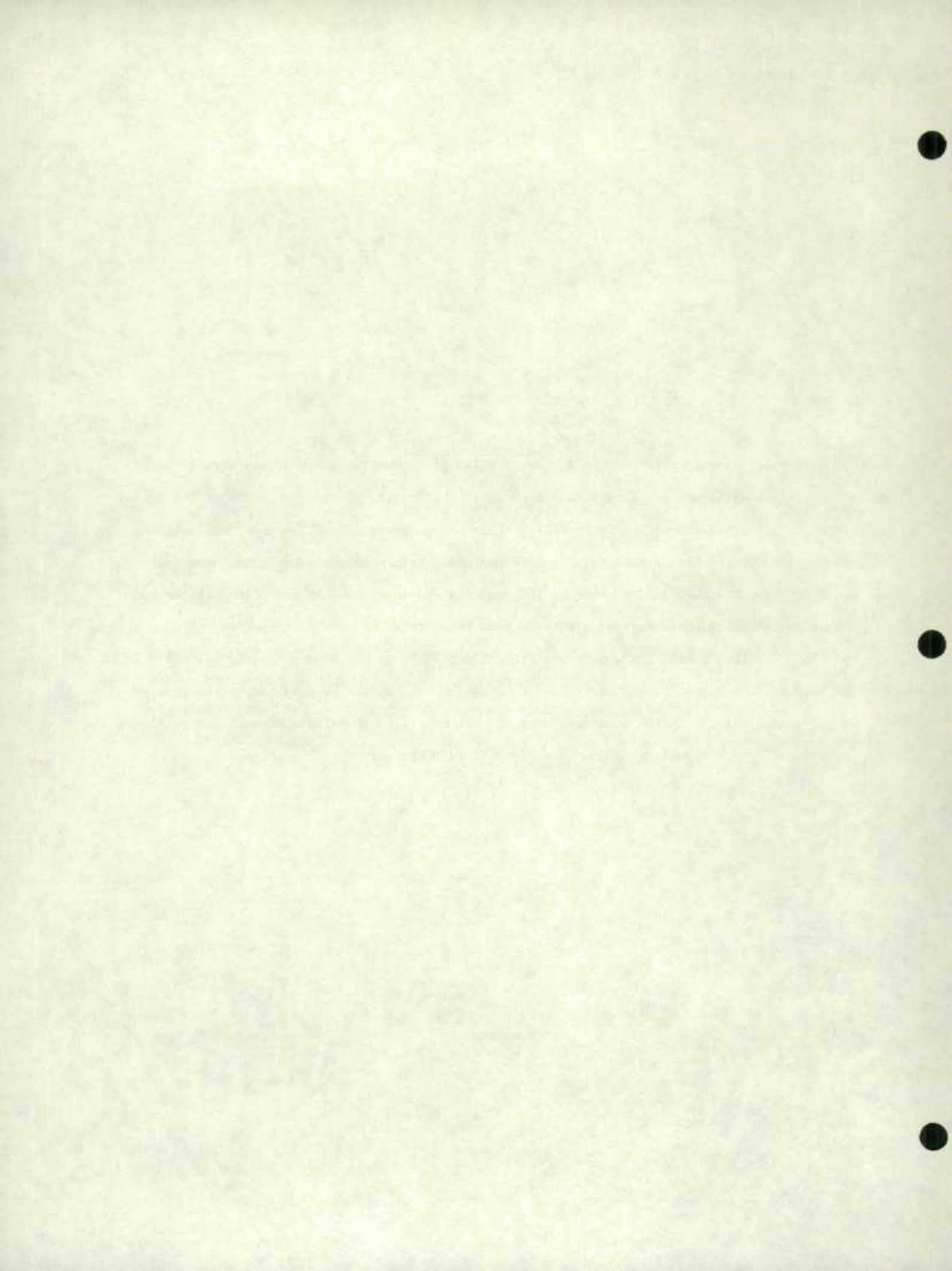
Beginning with this quarter, the report on the quarterly National Income and Expenditure Accounts is being released on a new accelerated time schedule which represents the culmination of a year-long program designed to speed up the basic data flow and assembly. As a result, the quarterly accounts are being released more than a month earlier than before. To make this possible, some changes in the normal quarterly procedures for producing the estimates were required. In a number of cases this meant that surveys were "cut-off" earlier than usual; at the same time, attempts were made to promote earlier response. In other cases, where data were not yet available, estimates were produced using related information.

It must be emphasized that because of the changes in procedure, the estimates are now based on less complete information and may, therefore, be subject to larger revisions than formerly. In spite of this, the Dominion Bureau of Statistics, in response to widespread demand by users of this information, has decided to proceed with publishing the Accounts in their present form.



NOTE

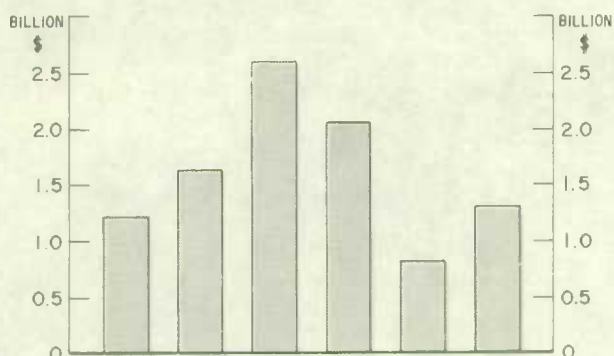
D.B.S. recently released the summary results of a complete and comprehensive revision of the National Income and Expenditure Accounts. This revision was carried out at the annual level only; a revision of quarterly estimates is now underway and will not be available for some time. During the interim period, 1968 quarterly data previously published have been restructured into the new framework of the accounts and then adjusted arithmetically to the new annual totals; these revised estimates have been linked forward for the first three quarters of 1969. In this publication, data are given for the income and expenditure tables only and for G.N.E. in constant (1961) dollars; a full set of tables will be prepared at the time of the fourth quarter. In the meantime, data for all tables on an unrevised basis are available on request from the National Income and Expenditure Division.



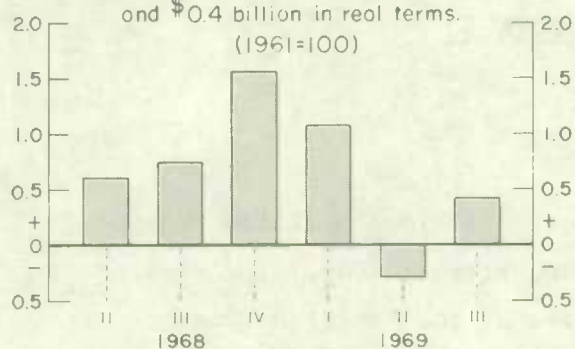
TECHNICAL NOTE

The Balance of Payments and Financial Flows Division revised data for 1967 and 1968 in the second quarter of 1969. The revised figures are shown in "Quarter Estimates of the Canadian Balance of International Payments, Second Quarter 1969", DBS 67-001. These revisions have not been incorporated in the national accounts. The revised balance of payments figures for 1968 on a national accounts basis are shown in footnotes to Tables B., C., B1.* and C1.*

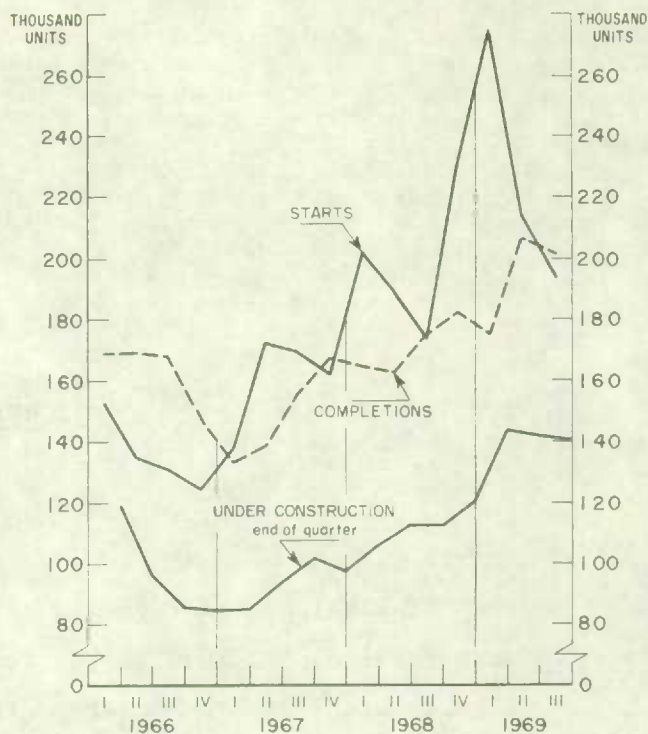
G.N.P. in the third quarter rose \$1.3 billion in current prices



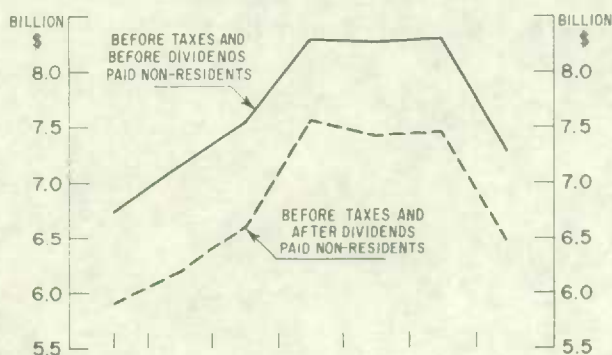
and \$0.4 billion in real terms. (1961=100)



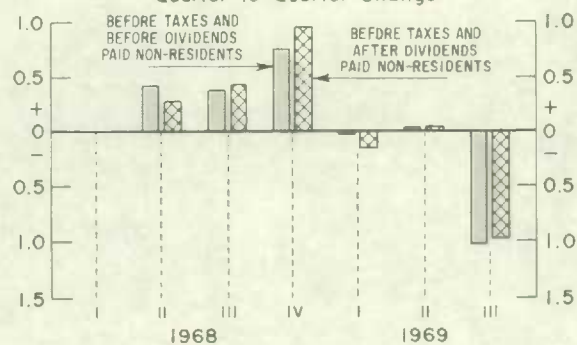
Investment in new housing dropped 1.4 per cent in the third quarter reflecting a fall in starts, completions, and units under construction.



Corporation profits dropped almost 12½ per cent in the third quarter.



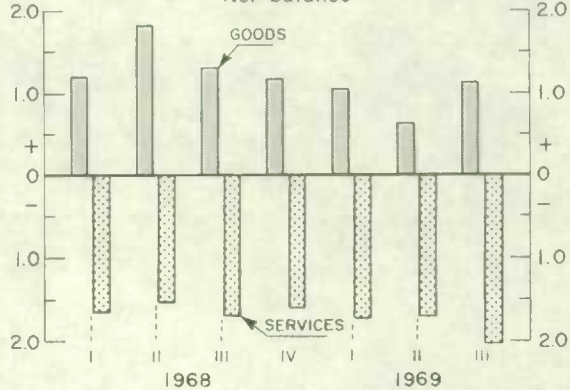
Quarter-to-Quarter Change



A larger surplus in the merchandise account more than offset a larger deficit in non-merchandise, and narrowed the deficit in goods and services transactions with non-residents.



Net balance



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

INTRODUCTORY REVIEW - THIRD QUARTER 1969

In the summer quarter of 1969, Gross National Product rose by 1.7 per cent to reach a level of \$78.7 billion, seasonally adjusted at annual rates. This was above the advance of 1.1 per cent in the second quarter but lower than the average gain of 2.2 per cent realized since the first quarter of 1968. After allowing for a price increase of 1.0 per cent, constant dollar GNP rose by 0.7 per cent.^{1/}

The third quarter was characterized by strong investment demand by businesses, increased exports, and a lower than average rate of increase in consumer demand. Although new residential construction declined after unusually high rates of increase in the first half of the year, spending on plant and equipment rose by 5 per cent. This increase, the largest since the first quarter of 1968, was fairly evenly distributed between non-residential construction, up 4 per cent, and machinery and equipment, up 5-1/2 per cent. Personal expenditure on goods and services rose by 1-1/2 per cent, the same rate as last quarter. This compares with increases of 2 per cent and over in prior quarters. The continued easing of demand pressure in consumer markets occurred despite an 8 per cent rise in new car sales, reflecting the earlier introduction of new models this year.

The 2 per cent increase in external demand was due to higher sales on merchandise account, which rose by 3-1/2 per cent and were centered in motor vehicles and parts and in newsprint. Imports of goods and services rose 1 per cent. As a net result of these transactions, the deficit, on a National Accounts basis narrowed from \$1,080 million to \$884 million.

Governments continued to exert a moderating influence on demand with a 2 per cent increase in current expenditure on goods and services and a 4 per cent drop in capital formation. The increase in goods and services was entirely accounted for by a retroactive pay raise in the Federal Government of approximately \$240 million at annual rates.

Looked at from the point of view of income flows, the summer quarter also showed uneven developments. The major component, wages and salaries, rose by 2-1/2 per cent. If the non-recurring retroactive payments to Federal Government employees are excluded, the gain is reduced to 2 per cent, indicating a marked deceleration from the gains of 3 per cent and over in the preceding three quarters. However, the most notable development on the income side was a drop of 12-1/2 per cent in corporation profits. This decline was in part attributable to the large number of industrial disputes which were again a feature of the quarter. (Compared with the third quarter of 1968, corporation profits showed a drop of 2 per cent.) Other income components showed mixed movements but in the aggregate rose appreciably.

Price Movements

In the third quarter, the implicit price index of gross national expenditure rose by 1.0 per cent, a lower rate of increase than in the previous quarter. A slight decline in the price of exports and lower rates of increases in the prices of most other components accounted for this movement. The only exception to this was the price index of government expenditure on goods and services which rose by 3.5 per cent largely because of the retroactive payments to Federal Government employees.

^{1/} Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows no change in real terms for the third quarter. Among the conceptual differences between the two series are market price valuation versus factor cost and the use of national versus domestic boundaries. At times there may also be statistical differences in the timing and the weight of the impact of temporary dislocations in the economy, such as strikes, and in the transitional use of different weight-base periods.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1 9 6 8			1 9 6 9		
	2Q	3Q	4Q	1Q	2Q	3Q
Personal expenditure on consumer goods and services	0.8	0.6	1.1	0.8	1.2	0.7
Business gross fixed capital formation	1.5	0.7	0.8	1.6	2.3	1.4
Residential construction	1.6	1.5	1.1	3.4	2.2	0.3
Non-residential construction	1.6	0.5	1.1	1.7	2.8	2.9
Machinery and equipment	0.4	0.8	-0.1	-	1.7	1.4
Exports of goods and services	0.3	-	0.1	1.0	1.2	-0.3
Gross National Expenditure	0.7	1.0	1.0	1.0	1.5	1.0

Within personal expenditure on consumer goods and services, the slow-down in prices was widespread. Food prices which rose 1.9 per cent in the preceding quarter increased by 0.7 per cent; increases in the prices of fresh fruits and vegetables, poultry, pork, other meat and dairy products were partially offset by declines in those of beef, eggs and bakery products. Among other non-durable goods, prices of fuel, women's and children's clothing and tobacco products rose by 1.5, 1.4 and 1.3 per cents respectively; those of electricity, domestic gas and alcoholic beverages remained unchanged.

Prices of durable goods increased marginally by 0.1 per cent as against 0.3 per cent in the second quarter. Increases were registered in the prices of home furnishings and miscellaneous durables. The price indexes of new automobiles and household appliances and radios declined.

The rise of 1.2 per cent in services, although the strongest among the components of consumer expenditure, was lower than the 1.6 per cent increase of the second quarter. Advances were recorded in recreation, rents and personal services. Purchased transportation price index declined after a sharp increase in the previous quarter, while communication remained unchanged.

Within business gross fixed capital formation, the softening of the price index of residential construction was primarily the result of a decline in the price index of lumber products, while in non-residential construction the advance in price was mainly attributable to increases in wage rates.

The fall in export price index was due not only to pure price changes but also to a pronounced shift in weight. The relative importance of motor vehicle exports increased sharply from about 16 per cent in the second to 25 per cent in the third quarter. Export prices as measured by fixed-weight index advanced 0.5 per cent.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure on goods and services reached a level of \$46.5 billion, an increase of 1-1/2 per cent from the previous quarter.

After having shown two consecutive decreases, passenger car sales increased by nearly 8 per cent. The increase was concentrated in new North American passenger cars which rose by over 8 per cent reflecting the early introduction of new models. New overseas cars as well as used cars also contributed to the overall increase. Purchased transportation, fuel, electricity and gas; shelter and alcoholic beverages also showed increase. Expenditure on clothing and footwear declined by 5 per cent, the first decline since the second quarter of 1968. Men's and boy's clothing showed the greatest decline, over 7 per cent.

Gross Fixed Capital Formation

Spending on gross fixed capital formation rose 2 per cent in the third quarter, reaching an annual adjusted rate of \$17.9 billion. While government capital spending dropped by 4 per cent to a level of \$3.1 billion, business spending advanced 3-1/2 per cent to a level of \$14.8 billion.

Business residential investment declined about 1-1/2 per cent to an annual rate of \$4.2 billion, while new plant and equipment investment climbed about 5 per cent to a level of \$10.6 billion.

The slackening in current residential investment follows the drop in housing starts observed this year. From a record first quarter seasonally adjusted annual rate of 275 thousand units, starts fell to 214 thousand and then to 194 thousand units in the next two quarters. Completions dropped from 206 thousand in the second quarter to 201 thousand in the third. Units under construction at the end of September totalled 140 thousand, down from a rate of 142 thousand at the end of June.

The expansion in business non-residential construction was concentrated in building rather than in engineering construction. The high level of non-farm machinery and equipment investment was largely met from foreign sources. Demand for agricultural machinery and equipment continued to be weak.

Non-Farm Business Inventories

Stocks of non-farm business inventories in the third quarter of 1969 showed an investment of \$120 million, seasonally adjusted at annual rates. The accumulation of stocks of manufacturers and retailers was to a great extent offset by a liquidation in the stocks of wholesale dealers and "others".

Value of Physical Change in Non-Farm Business Inventories
(Seasonally Adjusted at Annual Rates)

	1969	
	2Q	3Q
	(millions of dollars)	
Manufacturing	-36	332
Durables	208	156
Non-durables	-244	176
Wholesale	28	-92
Retail	168	44
"Other"	-152	-164
Grand Total	8	120

In manufacturing, at the total level, the build-up was almost equally distributed between durable and non-durable goods producing industries. While the rate of accumulation in durables dropped from the previous quarter, stocks of manufacturers of non-durable goods shifted from a substantial liquidation in the second quarter to a sizeable accumulation in the third. Additions to stocks took place at all stages of production, the highest being in the stocks of finished products.

In the distribution trades, stocks of wholesale dealers were reduced in the present quarter. The major part of this liquidation took place in durable lines. Stocks of retail trade showed a moderate accumulation as a result of strong counter balancing movements. Within durable lines, an accelerated rate of increase in the stocks of motor vehicle dealers, was somewhat offset by a liquidation in the stocks of other durable goods. Stocks of all the non-durable goods, with the exception of food, decreased.

Exports and Imports of Goods and Services

With exports of goods and services higher by \$400 million, and imports by \$204 million, the balance on current account, on a National Accounts basis, narrowed from a deficit of \$1,080 million at annual rates to a deficit of \$884 million. The merchandise surplus increased from \$624 to \$1,136 million, while the non-merchandise deficit widened from \$1,704 to \$2,020 million.

Merchandise exports rose over 3-1/2 per cent from the second quarter level with sharply increased sales of motor vehicles and parts, and newsprint. Merchandise imports were virtually unchanged.

The higher deficit on non-merchandise trade resulted from increased payments on tourist and travel transactions, and lower interest and dividend receipts.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

	1Q	1969 2Q	3Q
	(millions of dollars)		
<u>Exports</u>	18,340	17,944	18,344
Merchandise	14,992	14,444	14,976
Services (1)	3,348	3,500	3,368
<u>Imports</u>	19,016	19,024	19,228
Merchandise	13,936	13,820	13,840
Services (2)	5,080	5,204	5,388
<u>Balance</u>			
Total	-676	-1,080	-884
Merchandise	1,056	624	1,136
Services	-1,732	-1,704	-2,020

(1) Excludes inheritances and immigrants' funds, personal and institutional remittances.

(2) Includes withholding tax. Excludes inheritances and emigrants' funds, personal and institutional remittances, official contributions, and pension payments.

The Components of Income

Labour Income

During the third quarter, labour income increased by over 2-1/2 per cent. This was slightly less than the gains recorded during the last three quarters. Wages and salaries in the service-producing industries advanced by about 3-1/2 per cent while those in the goods-producing industries, which were seriously affected by labour disputes, increased by just over 1 per cent. Among the goods-producing industries, construction increased by almost 5 per cent mainly because of the impact of labour disputes on the second quarter. Manufacturing increased by almost 1 per cent despite major strikes in August and September. Mining was also seriously affected by strikes and declined by almost 5 per cent.

Among the service-producing industries, wages and salaries advanced by over 8 per cent in public administration, mostly as a result of retroactive payments to Federal Government employees. There were increases of about 4 per cent in service, 3 per cent in transportation, storage and communication, 2 per cent in finance, insurance and real estate, and 1-1/2 per cent in trade.

Corporation Profits

After advancing steadily during 1967 and 1968 and levelling off in the first half of the year, corporation profits declined by 12-1/2 per cent in the third quarter. A year-to-year comparison shows a drop of 2 per cent from the third quarter of 1968. Industrial disputes, mainly in the mining and primary metals industries, rising costs and a slackening of sales revenues were major factors in the third quarter decline. (Due to the speed-up in the release of the quarterly accounts, industrial detail on corporation profits is not available.)

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production declined by almost 6 per cent in the third quarter from the second quarter rate. The decrease was due mainly to a drop in the value of livestock production which was partially offset by an increase in cash income from the sale of other farm products, notably dairy products and vegetables.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose by 2-1/2 per cent in the third quarter. The largest increase occurred in net income from retail trade with smaller and generally offsetting movements in the other industry groups.

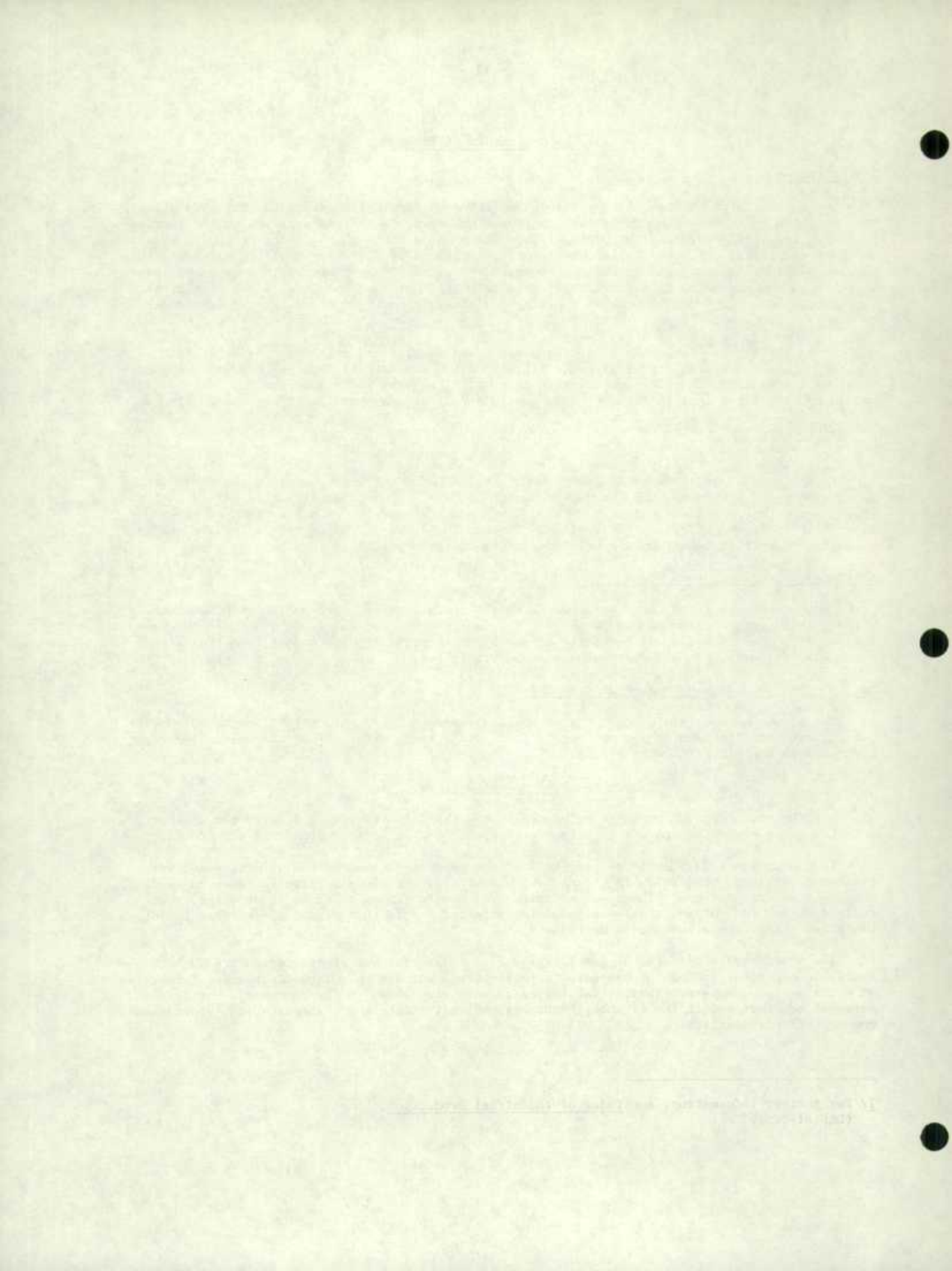
Real Domestic Product ^{1/}

Real Domestic Product remained unchanged in the third quarter, as a drop in the strike-affected goods-producing industries offset an increase in the service-producing industries.

In the goods-producing industries, half of the drop was accounted for by mining and was related to strikes, especially in nickel. Within mining, there was a large increase in crude petroleum and natural gas. There was a decrease in manufacturing centered in durables, where sharp declines in iron and steel - also strike-affected - more than offset an increase in motor vehicles. Agriculture recorded a decrease.

The most notable gain in the service-producing industries was registered in trade, both wholesale and retail. Much of the gain in retail trade was due to a large increase in the sales of motor vehicle dealers. Substantial increases were also shown in the community, business and personal services and in the finance, insurance and real estate and transportation, storage and communication industries.

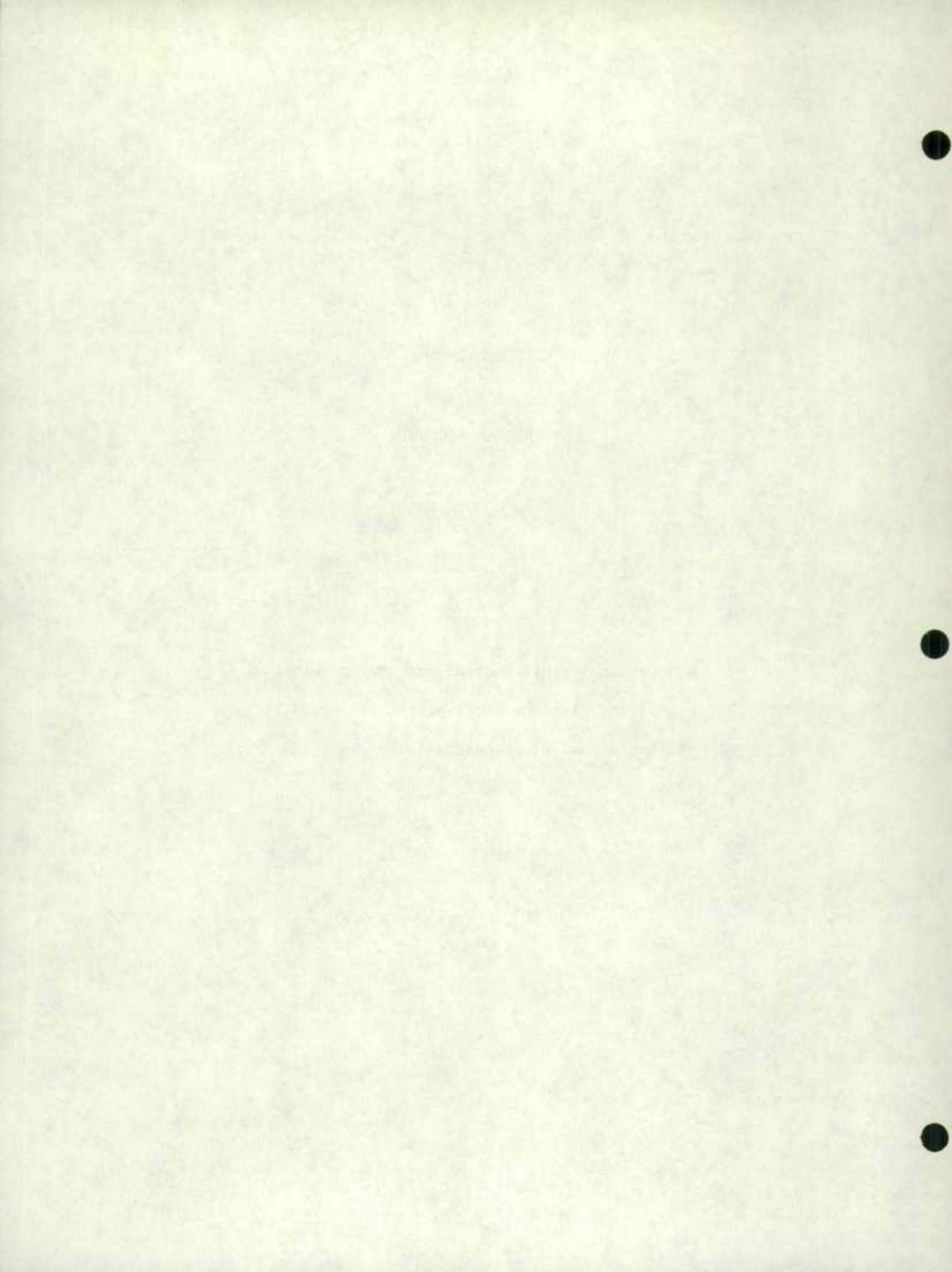
^{1/} For further information, see Index of Industrial Production, (DBS 61-005).



NATIONAL INCOME
AND
EXPENDITURE ACCOUNTS

SUMMARY TABLES

The tables in this section contain estimates consistent with the level of the historically revised annual estimates published in August 1969.



TABLES UNADJUSTED FOR SEASONAL VARIATION

A.* National Income and Gross National Product, by Quarters, 1968 and 1969

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	8,959	9,530	9,971	10,033	38,493	10,032	10,679	11,222		
2. Military pay and allowances .	216	197	218	229	860	209	210	217		
3. Corporation profits before taxes	1,433	1,993	1,853	2,163	7,442	1,774	2,291	1,813		
4. Deduct: Dividends paid to non-residents (1)	- 198	- 196	- 201	- 281	- 876	-195	-170	-173		
5. Interest, and miscellaneous investment income	622	603	650	705	2,580	746	707	744		
6. Accrued net income of farm operators from farm production	59	54	1,190	168	1,471	84	131	1,142		
7. Net income of non-farm unincorporated business including rents (2)	882	1,037	1,061	1,238	4,218	937	1,058	1,086		
8. Inventory valuation adjustment (3)	- 86	- 56	- 41	- 134	- 317	-168	-204	-48		
9. NET NATIONAL INCOME AT FACTOR COST	11,887	13,162	14,701	14,121	53,871	13,419	14,702	16,003		
10. Indirect taxes less subsidies	2,333	2,343	2,432	2,569	9,677	2,568	2,632	2,661		
11. Capital consumption allowances and miscellaneous valuation adjustments	2,057	2,205	2,074	2,113	8,449	2,158	2,244	2,192		
12. Residual error of estimate ..	- 345	- 247	197	- 148	- 543	- 398	- 304	209		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,274	21,065		
14 (Gross national product at market prices excluding accrued net income of farm operators)	(15,873)	(17,409)	(18,214)	(18,487)	(69,983)	(17,663)	(19,143)	(19,923)		

(1) Includes the withholding tax applicable to this item.

(2) Includes net income of independent professional practitioners.

(3) See footnote 1 Table B.

* This table corresponds to Table 1 of the previously published estimates.

3.* Gross National Expenditure, by Quarters, 1968 and 1969

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services ..	9,802	10,404	10,353	11,801	42,360	10,748	11,433	11,307		
2. Government current expenditure on goods and services	2,994	2,857	3,034	3,193	12,078	3,401	3,285	3,474		
3. Gross fixed capital formation	3,263	4,197	4,302	4,273	16,035	3,486	4,698	4,767		
4. Government	437	858	1,085	824	3,204	425	860	1,048		
5. Residential construction	4	3	3	2	12	4	3	3		
6. Non-residential construction	347	782	987	731	2,847	341	776	953		
7. Machinery and equipment	86	73	95	91	345	80	81	92		
8. Business	2,826	3,339	3,217	3,449	12,831	3,061	3,838	3,719		
9. Residential construction	639	831	870	954	3,294	825	1,102	1,108		
10. Non-residential construction	887	1,105	1,206	1,290	4,488	929	1,179	1,338		
11. Machinery and equipment	1,300	1,403	1,141	1,205	5,049	1,307	1,557	1,273		
12. Value of physical change in inventories(1)	- 202	- 189	1,632	- 500	741	18	-64	1,648		
13. Government	- 21	14	37	- 1	29	-25	11	34		
Business:										
14. Non-farm	248	48	181	- 4	473	472	-74	113		
15. Farm and grain in commercial channels	- 429	- 251	1,414	- 495	239	-429	-1	1,501		
16. Exports of goods and services (2)	3,572	4,302	4,428	4,390	16,692	4,083	4,658	4,809		
17. Deduct: Imports of goods and services(2)	- 3,843	- 4,355	- 4,149	- 4,649	- 16,996	-4,388	-5,040	-4,732		
18. Residual error of estimate ..	346	247	- 196	147	544	399	304	- 208		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,274	21,065		

(1) 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 A).

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,586	4,290	4,443	4,388	16,707
Imports	3,829	4,348	4,149	4,625	16,951

* This table corresponds to Table 2 of the previously published estimates.

C.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969(1)

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	8,424	8,840	8,699	9,890	35,853	8,928	9,360	9,147		
2. Government current expenditure on goods and services	2,137	2,021	2,166	2,139	8,463	2,316	2,147	2,226		
3. Gross fixed capital formation	2,695	3,448	3,518	3,504	13,165	2,756	3,700	3,690		
4. Government	318	676	868	687	2,549	295	681	813		
5. Residential construction ..	4	2	2	1	9	2	1	1		
6. Non-residential construction	234	605	779	603	2,221	219	606	728		
7. Machinery and equipment ...	80	69	87	83	319	74	74	84		
8. Business	2,377	2,772	2,650	2,817	10,616	2,461	3,019	2,877		
9. Residential construction ..	501	636	659	713	2,509	599	777	783		
10. Non-residential construction	733	903	988	1,046	3,670	728	903	1,009		
11. Machinery and equipment	1,143	1,233	1,003	1,058	4,437	1,134	1,339	1,085		
12. Value of physical change in inventories	- 101	- 167	1,181	- 302	611	124	-166	1,451		
13. Government	- 20	12	33	- 2	23	-24	9	30		
Business:										
14. Non-farm	232	88	101	60	481	449	-37	56		
15. Farm and grain in commercial channels	- 313	- 267	1,047	- 360	107	-301	-138	1,365		
16. Exports of goods and services(2)	3,117	3,737	3,799	3,832	14,485	3,513	3,943	4,021		
17. Deduct: Imports of goods and services(2)	- 3,393	- 3,842	- 3,639	- 4,104	- 14,978	-3,788	-4,315	-3,996		
18. Residual error of estimate ...	282	200	- 157	117	442	316	237	- 160		
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	13,161	14,237	15,567	15,076	58,041	14,165	14,906	16,379		

- (1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, 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.
- (2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,129	3,727	3,810	3,829	14,495
Imports	3,380	3,834	3,639	4,082	14,935

* This table corresponds to Table 10 of the previously published estimates.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

Al.* National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	36,920	38,076	38,828	40,148	38,493	41,464	42,652	43,772		
2. Military pay and allowances .	844	808	900	888	860	832	860	864		
3. Corporation profits before taxes	6,744	7,164	7,548	8,312	7,442	8,284	8,312	7,284		
4. Deduct: Dividends paid to non-residents(1)	- 836	- 980	- 940	- 748	- 876	- 868	- 856	- 804		
5. Interest, and miscellaneous investment income	2,460	2,536	2,600	2,724	2,580	2,952	2,924	3,000		
6. Accrued net income of farm operators from farm production(2)	1,492	1,304	1,496	1,592	1,471	1,544	1,596	1,504		
7. Net income of non-farm unincorporated business including rents(3)	4,040	4,188	4,288	4,356	4,218	4,316	4,252	4,360		
8. Inventory valuation adjustment (4).....	- 296	- 184	- 296	- 492	- 317	- 596	- 760	- 360		
9. NET NATIONAL INCOME AT FACTOR COST	51,368	52,912	54,424	56,780	53,871	57,928	58,980	59,620		
10. Indirect taxes less subsidies	9,520	9,488	9,628	10,072	9,677	10,500	10,564	10,612		
11. Capital consumption allowances and miscellaneous valuation adjustments	8,444	8,420	8,484	8,448	8,449	8,840	8,548	8,976		
12. Residual error of estimate ..	- 252	- 528	- 616	- 776	- 543	- 660	- 660	-472		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,608	77,432	78,736		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(67,588)	(68,988)	(70,424)	(72,932)	(69,983)	(75,064)	(75,836)	(77,232)		

(1) Includes the withholding tax applicable to this item.

(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.

(4) See footnote 1 Table B.

* This table corresponds to Table 11 of the previously published estimates.

B1.* Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services ...	41,300	41,576	42,832	43,732	42,360	45,068	45,772	46,460		
2. Government current expenditure on goods and services ...	11,716	11,732	12,020	12,844	12,078	13,392	13,696	13,980		
3. Gross fixed capital formation	15,812	15,848	16,104	16,376	16,035	16,788	17,552	17,888		
4. Government	3,092	3,280	3,268	3,176	3,204	3,088	3,248	3,116		
5. Residential construction	16	12	12	8	12	16	12	12		
6. Non-residential construction.....	2,732	2,916	2,904	2,836	2,847	2,740	2,852	2,768		
7. Machinery and equipment	344	352	352	332	345	332	384	336		
8. Business	12,720	12,568	12,836	13,200	12,831	13,700	14,304	14,772		
9. Residential construction	3,012	3,292	3,312	3,560	3,294	3,892	4,236	4,208		
10. Non-residential construction	4,432	4,420	4,468	4,632	4,488	4,580	4,712	4,912		
11. Machinery and equipment	5,276	4,856	5,056	5,008	5,049	5,228	5,356	5,652		
12. Value of physical change in inventories	524	400	768	1,272	741	1,376	828	820		
13. Government	4	24	48	40	29	- 4	12	32		
Business:										
14. Non-farm	284	392	672	544	473	1,004	-	112		
15. Farm and grain in commercial channels (1)	236	- 16	48	688	239	376	816	676		
16. Exports of goods and services(2)	16,116	16,692	16,592	17,368	16,692	18,340	17,944	18,344		
17. Deduct: Imports of goods and services(2)	- 16,644	- 16,484	- 17,012	- 17,844	- 16,996	- 19,016	- 19,024	- 19,228		
18. Residual error of estimate	256	528	616	776	544	660	664	472		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,608	77,432	78,736		

(1) 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. All other items in the farm inventories series are seasonally adjusted by standard techniques.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	16,128	16,648	16,576	17,476	16,707
Imports	16,580	16,360	16,968	17,896	16,951

* This table corresponds to Table 12 of the previously published estimates.

Cl.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969 (1)
Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	35,372	35,332	36,168	36,540	35,853	37,348	37,452	37,740		
2. Government current expenditure on goods and services	8,420	8,400	8,300	8,732	8,463	9,080	9,036	8,908		
3. Gross fixed capital formation	13,196	12,984	13,112	13,368	13,165	13,368	13,752	13,780		
4. Government	2,492	2,560	2,548	2,596	2,549	2,356	2,516	2,336		
5. Residential construction ..	16	8	8	4	9	8	4	4		
6. Non-residential construction	2,152	2,216	2,224	2,292	2,221	2,044	2,156	2,024		
7. Machinery and equipment ...	324	336	316	300	319	304	356	308		
8. Business	10,704	10,424	10,564	10,772	10,616	11,012	11,236	11,444		
9. Residential construction ..	2,348	2,524	2,504	2,660	2,509	2,812	2,996	2,968		
10. Non-residential construction	3,688	3,620	3,640	3,732	3,670	3,628	3,632	3,680		
11. Machinery and equipment ...	4,668	4,280	4,420	4,380	4,437	4,572	4,608	4,796		
12. Value of physical change in inventories	360	356	700	1,028	611	1,256	868	856		
13. Government	4	20	44	24	23	- 4	4	20		
Business :										
14. Non-farm	268	424	624	608	481	964	4	156		
15. Farm and grain in commercial channels	88	- 88	32	396	107	296	860	680		
16. Exports of goods and services(2)	14,016	14,472	14,396	15,056	14,485	15,728	15,212	15,600		
17. Deduct: Imports of goods and services(2)	- 14,744	- 14,552	- 15,004	- 15,612	- 14,978	- 16,492	- 16,320	- 16,316		
18. Residual error of estimate ...	212	432	500	624	442	524	520	364		
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	56,832	57,424	58,172	59,736	58,041	60,812	60,520	60,932		

- (1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, 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.
- (2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	14,024	14,436	14,376	15,144	14,495
Imports	14,684	14,440	14,960	15,656	14,935

* This table corresponds to Table 20 of the previously published estimates.

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