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NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
FIRST QUARTER
1958

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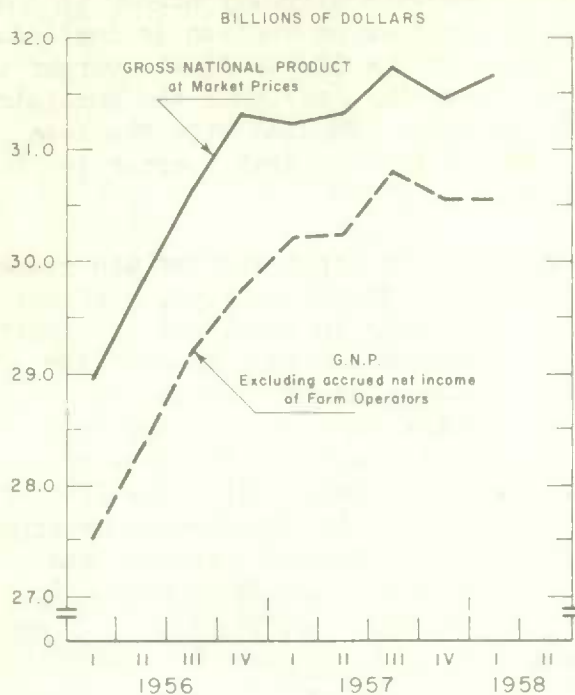
The Honourable Gordon Churchill, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Research and Development Division
National Income Section

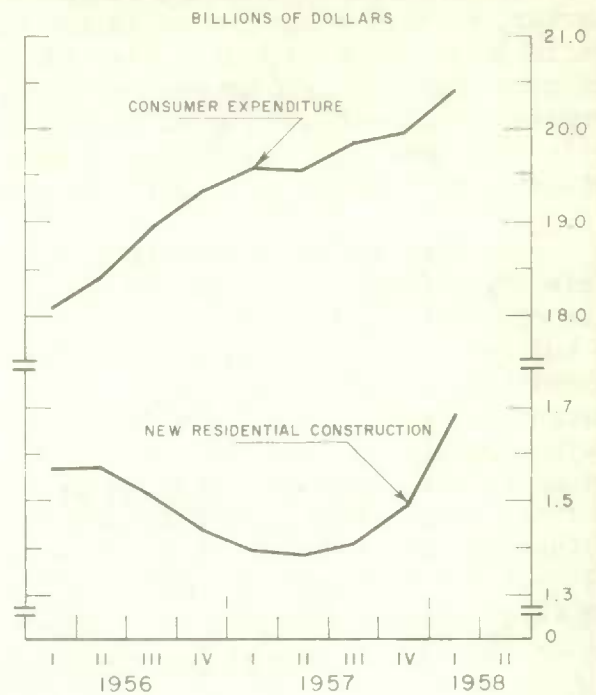
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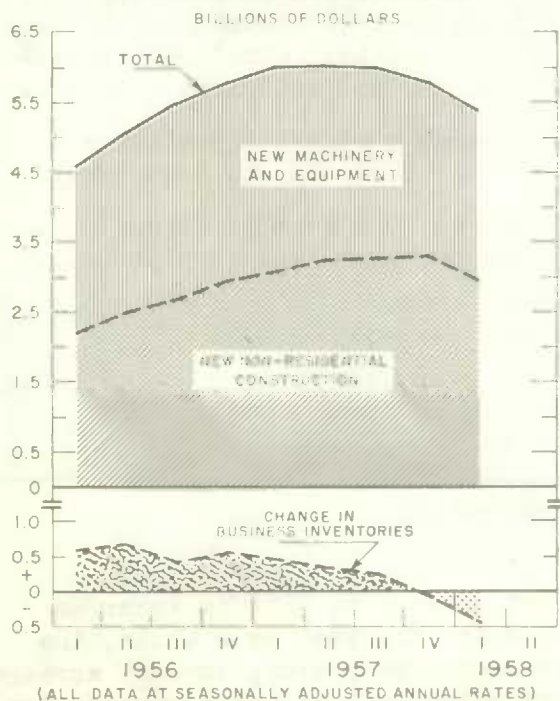
**NON-FARM PRODUCTION SHOWED LITTLE
CHANGE IN THE 1st QUARTER, FOLLOWING A SLIGHT
DECLINE IN THE FOURTH.**



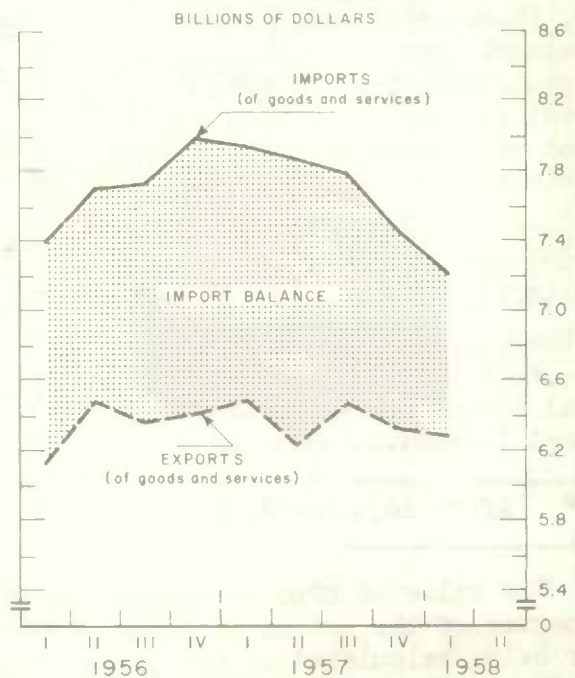
**CONSUMER EXPENDITURES AND HOUSING CONTINUED
TO PROVIDE THE MAIN ELEMENTS OF SUPPORT TO
THE FLOW OF EXPENDITURES IN THE ECONOMY.**



**INVENTORY LIQUIDATION DEEPENED IN THE
1st QUARTER, AND BUSINESS FIXED CAPITAL
FORMATION DECLINED SHARPLY.**



**BOTH EXPORTS AND IMPORTS OF GOODS AND
SERVICES CONTINUED TO MOVE DOWNWARD
IN THE FIRST QUARTER.**



The value of the nation's total output of goods and services amounted to \$31,676 million in the first quarter of 1958, little changed from the level of the preceding quarter, after seasonal adjustment. Apart from the farm sector, which includes an arbitrary estimate of crop production for the year 1958,¹ the level of non-farm production of goods and services was virtually the same as in the fourth quarter. However, final product prices were slightly higher in the quarter, so that a small drop in the volume of non-farm production is implied. Available evidence indicates that the decline in volume in the first quarter was not more than one-half of one per cent, or considerably less than the moderate drop in output which occurred in the fourth quarter. Compared with the same period one year ago, the volume of non-farm output in the first quarter is estimated to be down by less than two per cent.

This relative stability in production in the first quarter was accompanied by a further fall-off in business capital investment outlays, a higher rate of inventory liquidation, and a moderate weakening in the trend of exports, — and reflected the offsetting influences of a marked increase in consumer expenditures, a sharp upswing in outlays for housing, and an increase in government expenditures. Imports continued to bear a part of the impact of easing demand, and were further reduced in the first quarter. The flow of income to the personal sector of the economy was well sustained in the first quarter, with labour income holding level, a sharp gain in cash income receipts of farmers, and a continuation of the rising trend of transfer payments and interest and dividend receipts. As a result, the rise in personal income in the first quarter exceeded the rise in national income.

Selected Components of Income and Expenditure
(Per cent change from 4th to 1st Quarter)
(seasonally adjusted)

<u>Income</u>		<u>Expenditure</u>	
Wages, salaries, etc.	-	Personal expenditure.....	2
Corporation profits*	-	Government expenditure.....	2
Rents, interest and misc.		Residential construction.....	13
investment income.....	-1	Non-residential construction....	-11
Net income of non-farm unincor-		Machinery and equipment.....	-1
porated business.....	2	Non-farm business inventories	
Accrued net income of farm		(\$-84 Mn. to \$-460 Mn.)	
operators from farm production...	22	Exports, goods and services.....	-1
Gross National Product (ex		Imports, goods and services.....	-3
accrued net income of farm			
operators).....	-		
Transfer payments.....	2		
Interest, dividends and net			
rental income (persons).....	1		
Personal income.....	2		

* After adjustment for dividends paid abroad.

1. The value of crop production in the first quarter of 1958 is taken as one-quarter of the estimated value of production for the year as a whole, the latter being calculated on the basis of ten-year average yields, current acreage intentions and initial prices. The current estimates on this basis provide for an increase of about \$120 million between 1957 and 1958 in the value of crop production, and this is reflected in the change from the fourth to the first quarters in the seasonally adjusted data of Gross National Product and accrued net income of farm operators.

These developments in production, income and expenditure in the first quarter were accompanied by a further decline (of about 1 1/2 per cent) in the number of persons with jobs in the non-farm sector of the economy, seasonally adjusted. Those without jobs and seeking work averaged 7 per cent of the labour force compared with 6 per cent in the preceding quarter.

Trends in Production

Indicators of production in the non-agricultural segment of the economy continued to show mixed trends in the first quarter, with the service-producing industries showing on the whole greater strength than the commodity-producing industries. However, in both broad groups divergent and conflicting movements were apparent. Among the service-producing industries, the output of the transportation, communication and storage groups continued to decline, reflecting the fall-off in railway car loadings, and reduced activity in trucking. A further expansion of output occurred in trade and other service groups. Among the goods-producing industries, construction and manufacturing showed small losses in output but appreciable gains occurred in forestry and in mining, the latter reflecting a sharp increase in crude oil production from the low fourth quarter.

In manufacturing, the major part of the 1 per cent drop in production is accounted for by the durable group. Seasonally adjusted, most of the durable goods manufacturing industries continued to decline from the fourth quarter of 1957 to the first quarter of 1958, the most pronounced decline (about 8 per cent) being in non-metallic mineral products, and in transportation equipment. Wood products and non-ferrous metal products, where production had fallen sharply in 1957, registered gains in the first quarter of 1958.

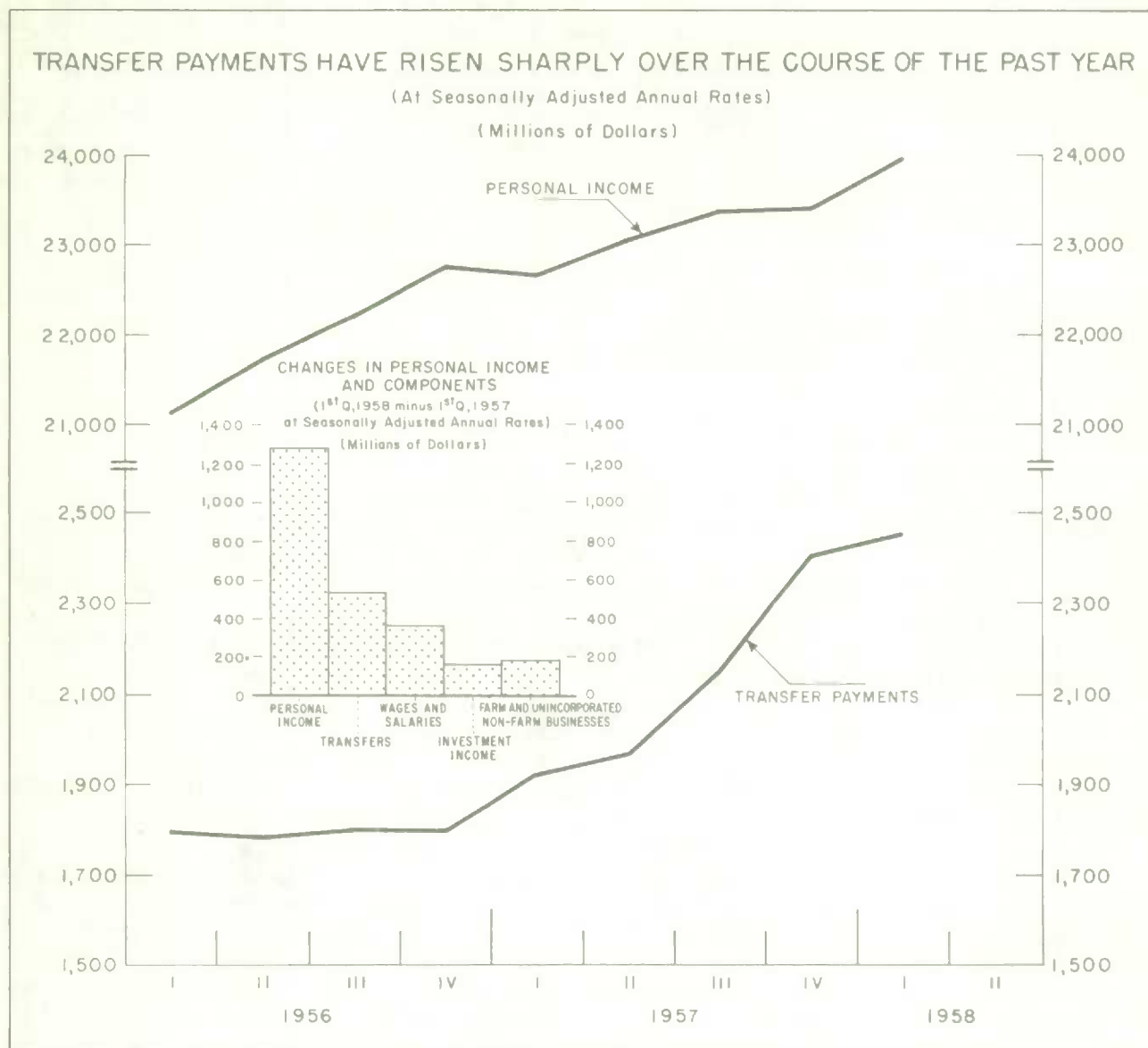
Among the non-durable groups, trends in production were mixed, with rubber products and textile products showing a drop in production of 16 and 8 per cent respectively. There was a moderate decline in production in leather products and chemical products, but most other non-durable groups showed a slight increase.

Turning to a comparison of Canada and the U.S., declines in the seasonally adjusted index of industrial production in Canada (which covers manufacturing, mining, and electricity and gas) have been moderate since the peak reached in February of last year. From February 1957 to March 1958 the decline amounted to 5 1/2 per cent. In the same period, manufacturing production declined more than 8 per cent (durables -13 per cent, non-durables -4 per cent), but mining production registered a slight gain of about 1 per cent; output of gas and electricity showed an advance of 7 per cent.

In the United States, the index of industrial production reached its peak somewhat earlier, in December 1956, and although no distinct downward tendency became apparent until well on in 1957, by March of 1958 the drop amounted to 13 per cent. The decline in manufacturing production was also 13 per cent in this period and, as in Canada, the decline in durable manufactures was the more pronounced, amounting to 19 per cent. The fall in mining production in the United States matched that in manufacturing (-13 per cent), but output of gas and electricity continued to rise (+7 per cent).

COMPONENTS OF INCOME AND EXPENDITURE

Personal Income, Expenditure and Saving



The increase in personal income since the first quarter of 1957 has amounted to about 6 per cent, one-half of which is accounted for by a very sharp advance in transfer payments from government of 28 per cent. About one-half of this increase in transfer payments, in turn, is accounted for by unemployment insurance benefits, with the balance mainly attributable to the higher rates which came into effect during 1957 on old age security fund payments, family allowances, and payments to veterans. Payments under the Prairie Farm Assistance Act were also higher, compared with a year ago, reflecting adverse crop conditions in Western Canada and an upward adjustment in rates. An additional supporting element to personal income has been the fact that interest, dividends, and net rental income of persons has continued to rise over the year, by about 7 per cent, compared with a drop in investment income entering national income of about 8 per cent; this reflects in part the fact that dividend payments have continued to rise in spite of a sharp drop in profits of 16 per cent (before dividends paid abroad).

These developments have accounted for the 6 per cent gain in personal income over the past twelve months (compared with very little change in national income) and were accompanied by an advance in consumer expenditure on goods and services of 4 per cent over the course of the year.

The rise in personal income from the fourth to the first quarter, seasonally adjusted, was also somewhat larger than the gain in national income. A major factor in the divergence was an interim payment by the Canadian Wheat Board on deliveries from the 1956-1957 wheat crop of \$39 million (approximately \$160 million at annual rates). In addition, transfer payments from government continued to give support to the total flow of income in the personal sector, showing a further increase of about 2 per cent.

Consumer expenditure in the first quarter of 1958 was running at a seasonally adjusted annual rate of \$20,432 million, an increase of a little more than 2 per cent from the rate of the preceding quarter. About half of this increase represents higher prices prevailing in the consumer sector.

Consumer purchases of non-durables increased at approximately the same rate as consumer expenditure as a whole. Consumption of all categories of non-durables increased, with two exceptions -- alcoholic beverages, which were unchanged, and fuel, which declined. The highest rates of increase occurred in purchases of food and clothing.

Consumer purchases of durables rose to \$2,492 million, a gain of 7 per cent from the level of the preceding quarter. Most of this substantial increase is attributable to larger sales of passenger cars; purchases of home furnishings, furniture and appliances were all only a little higher than in the preceding quarter. The value of new passenger car sales in the first quarter of 1958 was well above the last quarter of 1957, on a seasonally adjusted basis.

With regard to recent trends in consumer durable expenditures, Canadian experience has differed from that of the United States. In Canada, consumer purchases of durables moved rather erratically in 1957, rising in the first and third quarters, and falling in the other two quarters, leaving the annual average slightly higher than that of 1956. In the United States, consumer purchases of durables fell gradually during 1957, although the annual average was significantly higher than in 1956, and the largest decrease came in the first quarter of 1958 when purchases of durables were the lowest in three years.

Personal expenditure on services rose by about 1 per cent, seasonally adjusted, with slightly more than half of this increase attributable to higher prices. The rise in expenditure on services in the first quarter was at a somewhat lower rate than in most recent quarters. This moderating rate of rise appears to be associated with an easing of the pressure on prices in the service sector, mainly rents.

As noted, the rise in consumer expenditure from the fourth to first quarter, seasonally adjusted, was closely matched by the increase in personal income of 2 per cent. With personal direct taxes showing little change, the level of personal saving in the first quarter was not greatly different from that of the fourth¹. However, over the course of the past twelve months, personal saving has risen moderately, as the increase in consumer expenditures since one year ago has fallen short of the advance in personal disposable income.

1. After allowing for the estimated increase of \$120 million in crop production.

Government Expenditure on Goods and Services

Government expenditure on goods and services in the first quarter of 1958, at \$5,736 million, were running at a rate about 5 per cent above the level one year ago. Gains were most pronounced at the provincial and municipal levels, with a sharp rise in federal expenditures for non-defence purposes being substantially offset by a drop in defence expenditures. Compared with the fourth quarter of 1957, the seasonally adjusted total of government expenditure in the first quarter of this year was estimated to be higher by about 2 per cent. It may be noted that the forecast of capital investment outlays which was published in March, indicated substantial gains in government investment expenditures for the year 1958; projected capital investment outlays at the federal level were estimated at 11 per cent over the year 1957; at the provincial level 10 per cent; and at the municipal level 5 per cent.

Business Gross Fixed Capital Formation

Investment in durable physical assets in the first quarter of 1958 was at a seasonally adjusted annual rate of \$7,096 million, a decline of nearly 3 per cent from the fourth quarter of 1957. A further significant expansion in residential construction partially offset the falling off in business expenditures for plant and equipment.

With more money available in mortgage markets (largely as a result of additional federal government funds) and easier terms for borrowers, the pick-up in residential construction that first began to be apparent in the spring of 1957 was extended into the first quarter of 1958. Housing starts in urban centres were at a seasonally adjusted annual rate of over 126,000 units, up about 12 per cent from the fourth quarter of 1957, and more than twice as high as a year earlier. Completions in these centres were estimated at a little over 100,000 units in the first quarter of 1958, considerably higher than the 79,000 units in the last quarter of 1957. The value of new residential construction is estimated at \$1,688 million, at a seasonally adjusted annual rate, 13 per cent higher than in the last quarter of 1957, which in turn was 5 per cent above the level of the third quarter. Some evidence of upward pressure on prices continues to be apparent in this sector and a small part of the value increase represents higher prices.

For the first time since the up-turn in non-residential construction, which began in the last quarter of 1954, this component fell below the level of the preceding quarter. The estimate for the first quarter of 1958 is \$2,952 million, seasonally adjusted, a drop of nearly 11 per cent from the last quarter of 1957. As in residential construction, the estimate for non-residential construction embodies a small element of price increase. It may be noted that government construction outlays, which are expected to be higher in 1958, are not included in these figures.

The declining trend in capital outlays for machinery and equipment continued in the first quarter, but the drop of about 1 per cent was much smaller than in the three preceding quarters. Prices continued to rise in the quarter, so that the decline in value represents a fall of about 2 per cent in volume terms.

It is interesting to consider the estimates of investment in durable physical assets in the first quarter in the light of the forecast made early in the year. It was then estimated that the value of new residential construction would rise about 16 per cent, while non-residential construction and purchases

of new machinery and equipment would decline by 8 and 11 per cent, respectively. These expectations may be compared with the current estimates for the first quarter, which show the value of residential construction at an annual rate of about 18 per cent above the 1957 average and non-residential construction and purchases of machinery and equipment lower by 9 and 10 per cent respectively.

Investment in Inventories

A tendency toward lower investment in non-farm business inventories became apparent early in 1957 and by the last quarter moderate liquidation was taking place. Liquidation on a larger scale occurred in the first quarter of 1958 when stocks were being drawn down at the rate of \$460 million. This liquidation represents a swing in inventory investment of over \$900 million at seasonally adjusted annual rates from the high level of the first quarter of 1957.

Manufacturing inventories accounted for the major part of the first quarter drawing down of business stocks, with the rate of liquidation deepening from the fourth quarter. Retail trade inventories, which were still showing some accumulation in the fourth quarter, shifted to moderate liquidation in the first. There was very little change in wholesale inventories in the first quarter, following some liquidation in the fourth.

Among the manufacturing industries, the heaviest liquidations occurred in the transportation equipment, iron and steel, electrical apparatus, wood products and food groups. Except for the last named group, liquidation had been evident in these groups in the preceding quarter. In tobacco, paper, and petroleum products, there was a moderate accumulation of stocks in the first quarter.

The liquidation of stocks in retail trade was more moderate than in manufacturing. Among the non-durable groups the drawing down of inventories was fairly general but among the durable groups accumulation in the farm implements and house furnishings partially offset the liquidation in the motor vehicle, hardware and building materials groups. In wholesale trade, the trends were mixed and offsetting.

The recent drawing down of inventory stocks was associated with a declining trend in shipments, so that the ratio of stocks to sales in manufacturing remained high compared with the ratios experienced in the first quarters of recent years. In wholesale trade, too, the ratio showed some increase over the year. Among manufacturing industries, relatively high stock-sales ratios were particularly evident in the iron and steel, and wood products groups. On the other hand, in retail trade the further expansion in sales in the first quarter was met in part out of stocks which were not being replenished from current production, bringing the ratio of stocks to sales down to the lowest first quarter level since 1953. This applies to retail trade as a whole; certain industry groups, such as motor vehicles, continued to experience high stock-sales ratios in the first quarter of 1958.

Exports and Imports of Goods and Services

Exports of goods and services, seasonally adjusted, showed little change from the fourth to first quarter, being off by about 1 per cent. The small change in the total merchandise exports conceals substantial gains and losses in some of the main commodity groups. Advances occurred in animals and animal products (including cattle and meat), in agricultural and vegetable

products (including wheat), and in chemical and allied products. There was also some increase in iron and its products. On the other hand, there were losses in non-metallic minerals and their products (including petroleum), in wood, wood products and paper, and in miscellaneous commodities; and exports of non-ferrous metals were just a little below the level of the fourth quarter of 1957, in spite of a continuing increase in exports of uranium ores and concentrates.

Imports of goods and services, seasonally adjusted, declined by about 3 per cent from the fourth to the first quarter. A large part of this decline arises from a contraction in merchandise imports, reflecting in part the impact of reduced business investment in plant and equipment in Canada. Almost all commodity groups shared in the decline, which suggests that the drawing down of inventories also contributed to the contraction in demand for imported goods. The upsurge in merchandise imports had reached its peak in the first quarter of 1957 and each subsequent quarter has registered a moderate decline.

The changes in transactions on invisible items in the current international account from the fourth quarter of 1957 to the first quarter of 1958, seasonal factors apart, were on the whole of minor importance, with little change in receipts and a small decline in payments; the effect was thus to narrow slightly the deficit on invisible account. On goods and services together, the deficit is estimated at an annual rate of about \$0.9 billion in the first quarter of 1958.

Labour Income

Seasonally adjusted at annual rates, labour income in the first quarter of 1958 amounted to \$15,932 million, virtually the same as in the last quarter of 1957. This stability in the wage and salary figures follows a decline of 1 per cent in the preceding quarter, and reflects in part the fact that the steep fourth quarter drop in the earnings of forestry workers was not continued in the first quarter. Elsewhere in the economy, offsetting movements in the labour income figures tended to cancel out, with increases of about 4 per cent occurring in mining and 3 per cent in the services group, counter-balanced by declines of about 2 per cent in manufacturing and in transportation, storage and communication. While the number of paid workers declined further in the first quarter, the effect of this development was substantially offset by the economy-wide tendency toward higher average weekly earnings.

Investment Income

Investment income in the first quarter of 1958, seasonally adjusted, is estimated at \$4,476 million, slightly below the \$4,504 million recorded in the preceding quarter. This change is attributable to a further decline in corporate profits as well as a drop in government investment income.

Corporate profits (before adjustment for dividends paid abroad) are estimated to have fallen about 3 per cent in total, although individual industries experienced a marked deterioration in earnings. Among these, manufacturing, mining, and wholesale trade showed the largest declines. Retail trade earnings were higher in the quarter. Dividends paid abroad declined, leaving corporate profits retained in Canada lower by 1 per cent.

Investment income paid out to persons was slightly higher, largely as a result of larger payments in the form of interest and dividends; net rents received by individuals levelled off, after having advanced considerably in previous quarters.

Net Income of Unincorporated Business

The estimates of accrued net income of farm operators from farm production included in the first quarter, provide for an increase in crop production in 1958 of about \$120 million. (See footnote, page 1). The balance of the increase in this item from the fourth quarter of 1957 (seasonally adjusted) is accounted for by a higher level of livestock production, notably cattle, calves and hogs. It may be noted that farm cash income from the sale of livestock in the first quarter of 1958 was substantially above the level of the fourth quarter.

Net income of non-farm unincorporated business was estimated at \$2,016 million in the first quarter, about 2 per cent above the seasonally adjusted estimate for the fourth quarter. The gain was attributable mainly to increases in the construction and service groups.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies amounted to \$3,880 million at seasonally adjusted annual rates in the first quarter, an increase of about 3 per cent over the preceding quarter. The increase in indirect taxes alone was somewhat larger since subsidies had risen in the interval. The gain in indirect taxes in the quarter is attributable to federal excise duties, provincial sales taxes, and municipal real property taxes; customs import duties were down, reflecting the decline in imports.

Compared with the first quarter of 1957, indirect taxes were somewhat lower in the first quarter of the present year. The decline in yields was at the Federal level. Revenue from customs import duties and excise taxes was down substantially. Higher yields at the provincial level reflected increased rates of gasoline tax in several provinces and higher revenues from other taxes. Municipal indirect taxes rose even more, largely as a result of increased revenue from real property taxes but there were also some small increases in rates of municipal sales taxes.

Several increases in subsidies raised the level of payments in the first quarter of 1958 somewhat above the same period a year earlier.

TECHNICAL NOTE

At the present time, the quarterly National Accounts data for the post-war period are in course of being revised to the new annual levels recently published in "National Accounts, Income and Expenditure, 1926-1956". In the current report for the first quarter of 1958, unrevised quarterly data for the year 1956 and 1957 (as published in "National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual 1957") have been arithmetically converted to the new annual levels by linking at the published level of detail. The conversion process consisted of applying the ratio between the new and the old annual level for each of the years 1956 and 1957 to the unrevised quarterly data for each of these years. The quarter to quarter movement of the linked series is therefore identical with that of the old series both for the major components and for the main aggregates.

Major component shares of total Gross National Product differ slightly as between the old and the new sets of data. As a result of these weighting differences, small discrepancies occur between the sum of the components and the main aggregates. To enable the user to sum to a total, minor adjusting entries are therefore required, which are simply a reflection of the weighting differences noted above.

TABLE 1. NATIONAL INCOME AND
(millions)

	1956				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income.....	3,360	3,617	3,841	3,901	14,719
2. Military Pay and Allowances.....	93	106	113	112	424
3. Corporation Profits before Taxes ¹	597	792	776	637	2,802
4. Rent, Interest, and Miscellaneous Investment Income.....	469	480	510	505	1,964
5. Accrued Net Income of Farm Operators from Farm Production ²	-21	77	1,240	172	1,468
6. Net Income of Non-Farm Unincorporated Business ³	373	493	533	538	1,937
7. Inventory Valuation Adjustment ⁴	-64	-86	-43	-67	-260
8. Adjusting Entry.....	-7	-3	16	-6	-
9. NET NATIONAL INCOME AT FACTOR COST.....	4,800	5,476	6,986	5,792	23,054
10. Indirect Taxes less Subsidies.....	855	909	912	925	3,601
11. Capital Consumption Allowances and Miscellaneous Valuation Adjustments.....	790	868	913	944	3,515
12. Residual Error of Estimate.....	-2	-52	-35	101	12
13. Adjusting Entry.....	4	-1	-2	-1	-
14. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	6,447	7,200	8,774	7,761	30,182
15. Line 14 less Line 5.....	6,468	7,123	7,534	7,589	28,714
16. Adjusting Entry.....	4	6	-14	4	-
17. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(6,472)	(7,129)	(7,520)	(7,593)	(28,714)

1. Excludes dividends paid to non-residents.

2. Includes change in farm inventories as shown in line 12, 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 3, Table 2.

TABLE 2. GROSS NATIONAL
(millions)

	1956				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services...	4,234	4,652	4,552	5,259	18,697
2. Government Expenditure on Goods and Services ^{1,4}	1,200	1,163	1,504	1,399	5,266
3. Business Gross Fixed Capital Formation ²	1,299	1,800	1,888	1,787	6,774
4. Adjusting Entry.....	-1	-1	1	1	-
5. New Residential Construction.....	291	413	428	394	1,526
6. New Non-Residential Construction.....	459	607	786	737	2,589
7. New Machinery and Equipment.....	550	781	673	655	2,659
8. Value of Physical Change in Inventories ³	80	-28	977	-214	815
9. Non-Farm Business Inventories.....	328	157	6	54	545
10. Farm Inventories and Grain in Commercial Channels..	-248	-185	971	-268	270
11. Exports of Goods and Services.....	1,342	1,634	1,725	1,638	6,339
12. Deduct: Imports of Goods and Services.....	-1,697	-2,069	-1,926	-2,005	-7,697
13. Residual Error of Estimate.....	2	52	35	-101	-12
14. Adjusting Entry.....	-13	-4	19	-2	-
15. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	6,447	7,200	8,774	7,761	30,182

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. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

3. 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 7, Table 1).

4. Includes defence expenditures of:

1956					1957					1958
I	II	III	IV	Year	I	II	III	IV	Year	I
490	394	448	468	1,800	509	386	442	431	1,768	473

GROSS NATIONAL PRODUCT, BY QUARTERS, 1956-1958
of dollars)

11.

1957				1958	
I	II	III	IV	Year	I
3,720	3,929	4,117	4,059	15,825	3,813
108	116	131	121	476	117
566	731	699	509	2,505	452
534	524	568	553	2,179	543
-11	71	838	70	968	-20
374	493	527	547	1,941	397
-29	-30	-7	6	-60	-18
-3	-1	7	-3	-	-5
5,259	5,833	6,880	5,862	23,834	5,279
955	949	964	934	3,802	938
861	933	950	978	3,722	878
12	-49	1	121	85	10
-	-	1	-1	-	-
7,087	7,666	8,796	7,894	31,443	7,105
7,098	7,595	7,958	7,824	30,475	7,125
1	2	-6	3	-	-
(7,099)	(7,597)	(7,952)	(7,827)	(30,475)	(7,125)

General Note: For an explanation of Adjusting Entries, see
Technical Note at end of text.

EXPENDITURE, BY QUARTERS, 1956-1958
of dollars)

1957				1958	
I	II	III	IV	Year	I
4,575	4,914	4,809	5,470	19,768	4,794
1,296	1,278	1,600	1,438	5,612	1,363
1,590	1,987	2,006	1,806	7,389	1,532
-2	-	2	-	-	-1
252	363	396	413	1,424	316
649	795	969	820	3,233	614
691	829	639	573	2,732	603
54	-23	558	-447	142	-284
306	81	-39	-105	243	34
-252	-104	597	-342	-101	-318
1,408	1,579	1,761	1,627	6,375	1,364
-1,821	-2,115	-1,948	-1,874	-7,758	-1,650
-13	48	-	-120	-85	-9
-2	-2	10	-6	-	-5
7,087	7,666	8,796	7,894	31,443	7,105

TABLE 3. SOURCES OF PERSONAL

(millions)

	1956				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income.....	3,360	3,617	3,841	3,901	14,719
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds....	-117	-121	-126	-126	-490
3. Military Pay and Allowances.....	93	106	113	112	424
4. Net Income Received by Farm Operators from Farm Production ¹	-25	83	1,220	170	1,448
5. Net Income of Non-Farm Unincorporated Business.....	373	493	533	538	1,937
6. Interest, Dividends, and Net Rental Income of Persons ²	486	541	524	574	2,125
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	541	419	404	401	1,765
8. Charitable Contributions by Corporations.....	6	8	9	7	30
9. Adjusting Entry.....	-3	-3	12	-6	-
10. PERSONAL INCOME.....	4,714	5,143	6,530	5,571	21,958

1. This item differs from line 6 of Table 1 in that it excludes 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

(millions)

	1956				Year
	I	II	III	IV	
1. Personal Direct Taxes:	400	459	426	435	1,720
2. Income Taxes.....	331	390	382	392	1,495
3. Succession Duties.....	37	49	31	29	146
4. Miscellaneous.....	32	20	13	14	79
5. Personal Expenditure on Consumer Goods and Services:	4,234	4,652	4,552	5,259	18,697
6. Non-Durable Goods.....	2,099	2,277	2,317	2,859	9,552
7. Durable Goods.....	500	706	602	598	2,406
8. Services ¹	1,649	1,697	1,636	1,757	6,739
9. Adjusting Entry.....	-14	-28	-3	45	-
10. Personal Net Saving:	88	37	1,535	-119	1,541
11. Personal Saving Excluding Change in Farm Inventories.....	299	213	591	196	1,299
12. Value of Physical Change in Farm Inventories.....	-211	-176	944	-315	242
13. Adjusting Entry.....	-8	-5	17	-4	-
14. PERSONAL INCOME.....	4,714	5,143	6,530	5,571	21,958
15. (Personal Disposable Income) ²	(4,314)	(4,684)	(6,104)	(5,136)	(20,238)

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

TABLE 5. NATIONAL INCOME AND GROSS
SEASONALLY ADJUSTED
(millions)

	1956				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income..	14,052	14,536	15,004	15,284	14,719
2. Military Pay and Allowances.....	372	424	452	448	424
3. Corporation Profits before Taxes ¹	2,780	2,824	2,748	2,856	2,802
4. Rent, Interest, and Miscellaneous Investment Income	1,952	1,944	1,972	1,988	1,964
5. Accrued Net Income of Farm Operators from Farm Production ²	1,416	1,460	1,432	1,564	1,468
6. Net Income of Non-Farm Unincorporated Business ³	1,904	1,908	1,996	1,940	1,937
7. Inventory Valuation Adjustment.....	-256	-344	-172	-268	-260
8. Adjusting Entry.....	-	-	-4	4	-
9. NET NATIONAL INCOME AT FACTOR COST.....	22,220	22,752	23,428	23,816	23,054
10. Indirect Taxes less Subsidies.....	3,480	3,628	3,604	3,692	3,601
11. Capital Consumption Allowances and Miscellaneous Valuation Adjustments.....	3,356	3,464	3,576	3,664	3,515
12. Residual Error of Estimate.....	-112	-36	36	160	12
13. Adjusting Entry.....	8	-	-	-8	-
14. GROSS NATIONAL PRODUCT AT MARKET PRICES.....	28,952	29,808	30,644	31,324	30,182
15. Line 14 Less Line 5.....	27,536	28,348	29,212	29,760	28,714
16. Adjusting Entry.....	-	-	4	-4	-
17. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators).....	(27,536)	(28,348)	(29,216)	(29,756)	(28,714)

1. Excludes dividends paid to non-residents.

2. Includes an arbitrary smoothing of crop production and standard seasonal adjustments for 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 6. GROSS NATIONAL EXPENDITURE,
SEASONALLY ADJUSTED
(millions)

	1956				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services	18,072	18,424	18,952	19,340	18,697
2. Government Expenditure on Goods and Services ¹	4,936	5,216	5,452	5,460	5,266
3. Business Gross Fixed Capital Formation ²	6,168	6,664	7,012	7,252	6,774
4. Adjusting Entry.....	-	-	-	-	-
5. New Residential Construction.....	1,572	1,576	1,512	1,444	1,526
6. New Non-Residential Construction.....	2,192	2,500	2,696	2,968	2,589
7. New Machinery and Equipment.....	2,404	2,588	2,804	2,840	2,659
8. Value of Physical Change in Inventories.....	932	680	640	1,008	815
9. Non-Farm Business Inventories.....	564	640	424	552	545
10. Farm Inventories and Grain in Commercial Channels.....	368	40	216	456	270
11. Exports of Goods and Services.....	6,124	6,484	6,348	6,400	6,339
12. Deduct: Imports of Goods and Services.....	-7,388	-7,692	-7,720	-7,988	-7,697
13. Residual Error of Estimate.....	112	36	-40	-156	-12
14. Adjusting Entry.....	-4	-4	-	8	-
15. GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	28,952	29,808	30,644	31,324	30,182

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. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

NATIONAL PRODUCT, BY QUARTERS, 1956-1958
AT ANNUAL RATES
of dollars)

1957				Year	1958	
I	II	III	IV		I	
15,544	15,764	16,076	15,916	15,825	15,932	1.
456	456	512	480	476	496	2.
2,712	2,608	2,432	2,268	2,505	2,256	3.
2,156	2,128	2,196	2,236	2,179	2,220	4.
1,020	1,024	940	888	968	1,080	5.
1,908	1,936	1,948	1,972	1,941	2,016	6.
-116	-120	-28	24	-60	-72	7.
16	12	-12	-16	-	20	8.
23,696	23,808	24,064	23,768	23,834	23,948	9.
3,868	3,780	3,800	3,760	3,802	3,880	10.
3,660	3,720	3,720	3,788	3,722	3,724	11.
28	4	160	148	85	116	12.
-	-	4	-4	-	8	13.
31,252	31,312	31,748	31,460	31,443	31,676	14.
30,232	30,288	30,808	30,572	30,475	30,596	15.
-12	-12	8	16	-	-24	16.
(30,220)	(30,276)	(30,816)	(30,588)	(30,475)	(30,572)	17.

General Note: For an explanation of Adjusting Entries, see
 Technical Note at end of text.

BY QUARTERS, 1956-1958
AT ANNUAL RATES
of dollars)

1957				Year	1958	
I	II	III	IV		I	
19,604	19,584	19,896	19,988	19,768	20,432	1.
5,416	5,688	5,736	5,608	5,612	5,736	2.
7,420	7,420	7,420	7,296	7,389	7,096	3.
-	-	-	-	-	-4	4.
1,400	1,388	1,416	1,492	1,424	1,688	5.
3,088	3,244	3,292	3,308	3,233	2,952	6.
2,932	2,788	2,712	2,496	2,732	2,460	7.
292	264	176	-164	142	-556	8.
476	336	244	-84	243	-460	9.
-184	-72	-68	-80	-101	-96	10.
6,480	6,220	6,472	6,328	6,375	6,284	11.
-7,932	-7,864	-7,792	-7,444	-7,758	-7,192	12.
-28	-	-160	-152	-85	-116	13.
-	-	-	-	-	-8	14.
31,252	31,312	31,748	31,460	31,443	31,676	15.

TABLE 7. SOURCES OF PERSONAL
SEASONALLY ADJUSTED
(millions)

	1956				Year
	I	II	III	IV	
1. Wages, Salaries, and Supplementary Labour Income	14,052	14,536	15,004	15,284	14,719
2. Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds	-480	-488	-504	-488	-490
3. Military Pay and Allowances.....	372	424	452	448	424
4. Net Income Received by Farm Operators from Farm Production ¹	1,400	1,480	1,356	1,556	1,448
5. Net Income of Non-Farm Unincorporated Business...	1,904	1,908	1,996	1,940	1,937
6. Interest, Dividends, and Net Rental Income of Persons ²	2,072	2,084	2,140	2,204	2,125
Transfer Payments to Persons:					
7. From Government (Excluding Interest).....	1,772	1,752	1,768	1,768	1,765
8. Charitable Contributions by Corporations.....	24	32	32	32	30
9. Adjusting Entry.....	8	-	-8	-	-
10. PERSONAL INCOME.....	21,124	21,728	22,236	22,744	21,958

1. This item differs from line 5, Table 5 in that it excludes 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 8. DISPOSITION OF PERSONAL
SEASONALLY ADJUSTED
(millions)

	1956				Year
	I	II	III	IV	
1. Personal Direct Taxes:	1,616	1,708	1,776	1,780	1,720
2. Income Taxes.....	1,392	1,432	1,564	1,592	1,495
3. Succession Duties.....	148	196	124	116	146
4. Miscellaneous.....	76	80	88	72	79
5. Personal Expenditure on Consumer Goods and Services:	18,072	18,424	18,952	19,340	18,697
6. Non-Durable Goods.....	9,264	9,332	9,692	9,920	9,552
7. Durable Goods.....	2,276	2,452	2,464	2,432	2,406
8. Services ¹	6,524	6,660	6,792	6,980	6,739
9. Adjusting Entry.....	8	-20	4	8	-
10. Personal Net Saving.....	1,432	1,608	1,500	1,624	1,541
11. Adjusting Entry.....	4	-12	8	-	-
12. PERSONAL INCOME.....	21,124	21,728	22,236	22,744	21,958
13. (Personal Disposable Income) ²	(19,508)	(20,020)	(20,460)	(20,964)	(20,238)

1. Includes net expenditure abroad.

2. Personal Income less Total Personal Direct Taxes.

INCOME, BY QUARTERS, 1956-1958
AT ANNUAL RATES
of dollars)

1957				1958	
I	II	III	IV	Year	I
15,544	15,764	16,076	15,916	15,825	15,932
-532	-532	-560	-564	-547	-560
456	456	512	480	476	496
1,080	1,096	884	836	974	1,152
1,908	1,936	1,948	1,972	1,941	2,016
2,276	2,348	2,400	2,408	2,358	2,436
1,892	1,940	2,124	2,376	2,083	2,428
32	32	32	32	32	28
28	20	-20	-28	-	40
22,684	23,060	23,396	23,428	23,142	23,968

INCOME, BY QUARTERS, 1956-1958
AT ANNUAL RATES
of dollars)

1957				1958	
I	II	III	IV	Year	I
1,844	1,888	1,948	1,948	1,907	1,936
1,624	1,676	1,712	1,748	1,690	1,704
124	128	128	128	127	132
96	84	108	72	90	100
19,604	19,584	19,896	19,988	19,768	20,432
9,908	9,952	10,080	10,144	10,021	10,372
2,512	2,352	2,460	2,332	2,414	2,492
7,192	7,276	7,356	7,508	7,333	7,564
-8	4	-	4	-	4
1,228	1,592	1,556	1,492	1,467	1,604
8	-4	-4	-	-	-4
22,684	23,060	23,396	23,428	23,142	23,968
(20,840)	(21,172)	(21,448)	(21,480)	(21,235)	(22,032)

TABLE 9. GROSS NATIONAL EXPENDITURE IN CONSTANT (1949)
UNADJUSTED
(millions)

	1956				Year
	I	II	III	IV	
1. Personal Expenditure on Consumer Goods and Services	3,536	3,892	3,767	4,321	15,516
2. Adjusting Entry.....	-11	-22	-4	37	-
3. Non-Durable Goods	1,904	2,055	2,064	2,521	8,544
4. Durable Goods.....	454	642	555	534	2,185
5. Services.....	1,189	1,217	1,152	1,229	4,787
6. Government Expenditure on Goods and Services.....	867	813	1,063	971	3,714
7. Business Gross Fixed Capital Formation.....	951	1,313	1,362	1,264	4,890
8. Adjusting Entry.....	-	-	-	-	-
9. New Residential Construction.....	214	302	311	284	1,111
10. New Non-Residential Construction.....	325	427	551	511	1,814
11. New Machinery and Equipment.....	412	584	500	469	1,965
12. Change in Inventories.....	-16	-108	1,167	-292	751
13. Non-Farm Business Inventories.....	281	132	-7	47	453
14. Farm Inventories and Grain in Commercial Channels.....	-297	-240	1,174	-339	298
15. Exports of Goods and Services.....	1,135	1,374	1,445	1,368	5,322
16. Deduct: Imports of Goods and Services.....	-1,443	-1,767	-1,657	-1,723	-6,590
17. Residual Error of Estimate.....	1	41	27	-78	-9
18. Adjusting Entry.....	-12	-2	17	-3	-
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1949) DOLLARS	5,019	5,556	7,191	5,828	23,594

1. See footnotes, Table 2.

2. The implicit price deflators of the components of Gross National Expenditure which can be derived by dividing the value figures in Table 2 by the volume figures in Table 9 are not suitable as indicators of quarter-to-quarter price movements. This is because they are currently weighted, and are therefore affected by compositional shifts which occur within the components of the Gross National Expenditure on a quarter-to-quarter basis. Year-over-year comparisons are less subject to the problem of shifting weights at the component levels of Gross National Expenditure.

DOLLARS, BY QUARTERS, 1956-1958
 FOR SEASONALITY 1,2
 of dollars)

1957				Year	1958	
I	II	III	IV		I	
3,677	3,940	3,825	4,372	15,814	3,764	1.
-17	-20	-1	38	-	-15	2.
1,961	2,109	2,104	2,551	8,725	2,021	3.
469	588	534	518	2,109	480	4.
1,264	1,263	1,188	1,265	4,980	1,278	5.
880	851	1,082	953	3,766	890	6.
1,111	1,383	1,389	1,241	5,124	1,048	7.
-	1	-	-1	-	-	8.
180	257	280	291	1,008	222	9.
441	540	658	554	2,193	412	10.
490	585	451	397	1,923	414	11.
-42	-117	751	-499	93	-325	12.
252	70	-26	-74	222	47	13.
-294	-187	777	-425	-129	-372	14.
1,171	1,302	1,473	1,398	5,344	1,163	15.
-1,532	-1,767	-1,642	-1,578	-6,519	-1,355	16.
-9	35	-	-90	-64	-7	17.
-2	-1	5	-2	-	-2	18.
5,254	5,626	6,883	5,795	23,558	5,176	19.

In this report, the quarterly data published in "National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual 1957" have been mechanically linked for the years 1956 and 1957 to the new annual levels published recently in the reference document, "National Accounts, Income and Expenditure, 1926-1956" and Supplement. This linking process, which is carried out at the major group level, gives rise to small adjusting entries which are a reflection of slight weighting differences between the two sets of data. Revised quarterly data for the entire post-war period are at present in course of being re-worked in detail, and will be published later in the year.

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