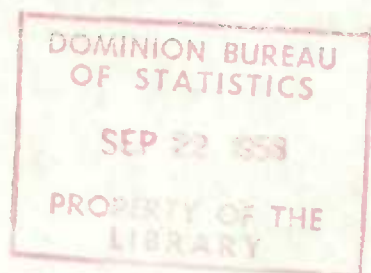


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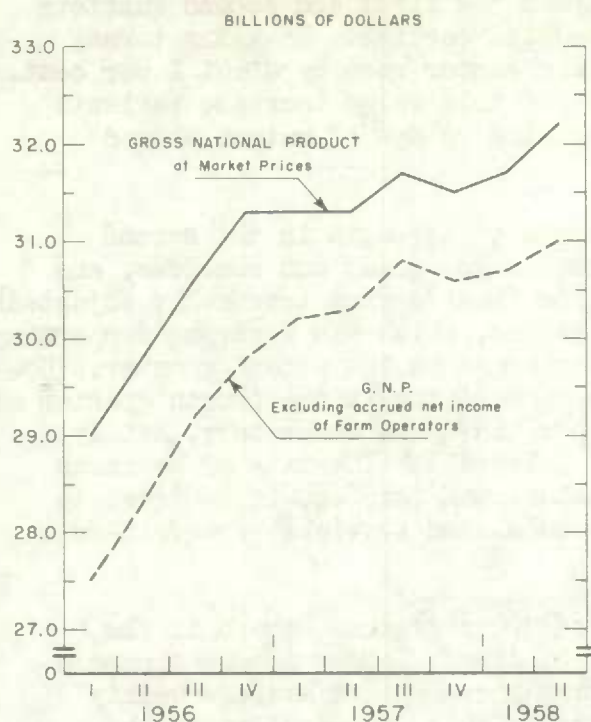
NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
SECOND QUARTER
1958



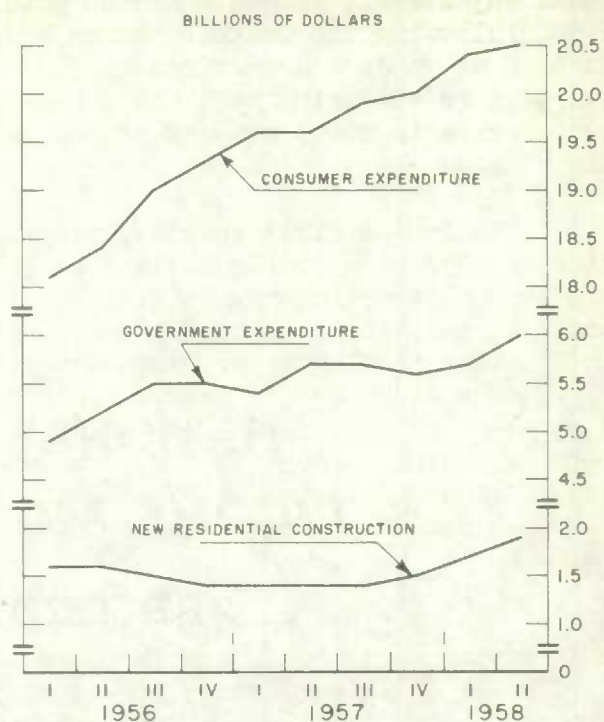
Published by Authority of
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DOMINION BUREAU OF STATISTICS
Research and Development Division
National Income Section

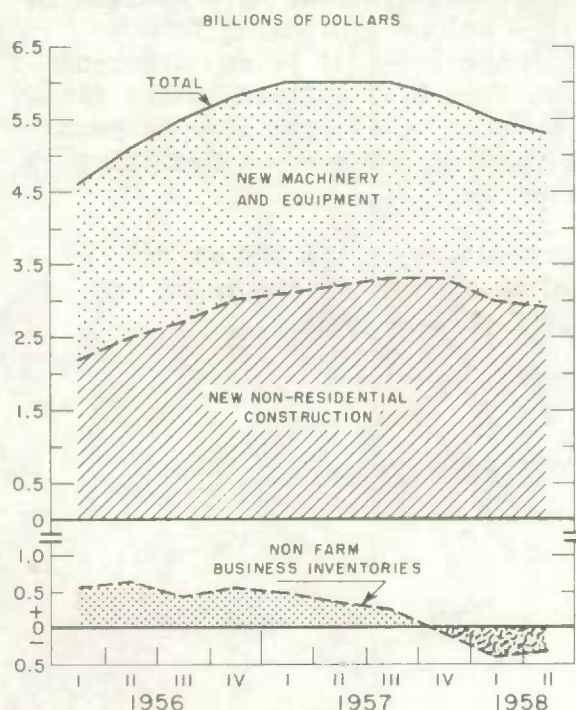
NON FARM PRODUCTION SHOWED GREATER STRENGTH IN THE SECOND QUARTER ADVANCING BY ABOUT 1 PER CENT



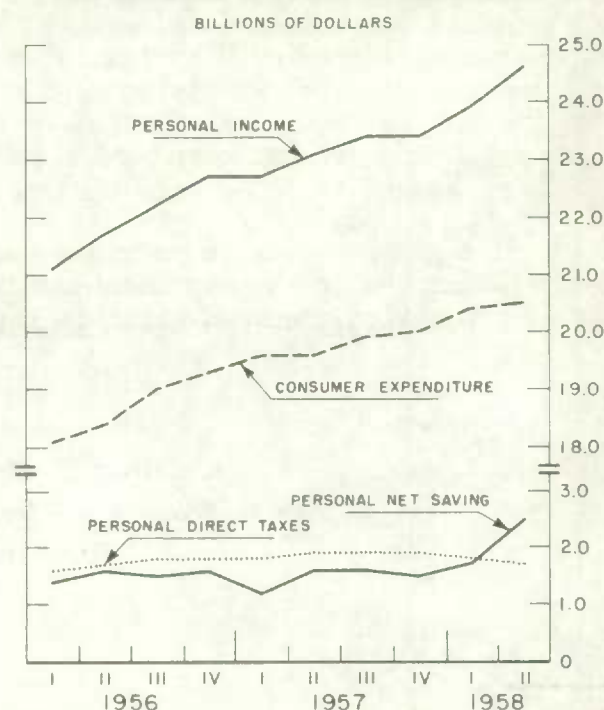
OUTLAYS FOR HOUSING AND GOVERNMENT EXPENDITURE CONTINUED TO ADVANCE BUT CONSUMER EXPENDITURE ON GOODS AND SERVICES SHOWED LITTLE CHANGE



INVENTORY LIQUIDATION CONTINUED IN THE SECOND QUARTER AND WAS ACCOMPANIED BY FURTHER DECLINES IN BUSINESS FIXED CAPITAL FORMATION



THE RATE OF PERSONAL SAVING ROSE VERY SHARPLY IN THE SECOND QUARTER REFLECTING GAINS IN INCOME ACCOMPANIED BY STABILITY IN CONSUMER EXPENDITURE AND A DECLINE IN DIRECT PERSONAL TAXES



(ALL DATA AT SEASONALLY ADJUSTED ANNUAL RATES)

INTRODUCTORY REVIEW

The value of the Nation's total output of goods and services, after seasonal adjustment, showed a modest gain between the first and second quarters of 1958, following the weakness which had developed earlier. In value terms, production of goods and services in the non-farm sector rose by about 1 per cent. However, it is estimated that the greater part of this value increase reflects a further rise in final product prices, so that the volume of output showed little change.

As in the first quarter, major elements of strength in the second quarter of 1958 were rising outlays by governments for goods and services, and higher expenditures for new housing construction (both series seasonally adjusted). Personal expenditure on consumer goods and services, which was a strong supporting element in the first quarter, was virtually unchanged in the second quarter. However, exports of goods and services, which eased a little in the fourth quarter of 1957 and declined the first quarter of this year, advanced moderately, mainly reflecting higher sales of grain, uranium, and aircraft. The rate of business inventory liquidation moderated slightly in the second quarter, in contrast to the earlier declining trend, while imports of goods and services were further reduced.

The flow of income to the personal sector continued upward in the second quarter, after allowing for seasonal variation. Labour income showed a gain of 2 per cent, reflecting for the most part increases in average weekly earnings; this is the first significant advance in this component since the third quarter of 1957. At the same time, net income of farm operators was higher in the quarter, mainly reflecting higher production of livestock. Personal income also continued to reflect the rising trend of transfer payments from government (which were more than 30 per cent above a year ago in the first half of this year), and disposable income was further bolstered by a decline in direct personal tax collections. With disposable income continuing to move strongly upward, accompanied by little change in the level of personal expenditures, the rate of personal saving rose sharply, from \$1.7 billion in the first quarter to \$2.5 billion. Other elements on the income side were less buoyant in the second quarter, but corporation profits,¹ which had shown a declining trend since the end of 1956, held steady.

The following table provides some perspective on the income and expenditure components as they have contributed to changes in the value and volume of production compared with the first half of last year.

1. Before deduction of dividends paid abroad.

Selected Components of Income and Expenditure

	6 Months <u>1957</u>	6 Months <u>1958</u>	% <u>Change</u> ¹
	(billions of dollars)		
<u>Income:</u>			
Wages and salaries.....	15.7	16.1	2.7
Corporation profits before taxes.....	2.7	2.3	-14.8
Rent, interest and miscellaneous investment income.....	2.1	2.2	4.1
Accrued net income of farm operators.....	1.0	1.1	8.8
Transfer payments.....	1.9	2.6	31.1
National income.....	23.8	24.2	1.9
Personal income.....	22.9	24.2	6.0
<u>Expenditure:</u>			
Personal expenditure.....	19.6	20.4	4.3
Government expenditure.....	5.6	5.8	5.2
Residential construction.....	1.4	1.8	28.8
Non-residential construction.....	3.2	3.0	-6.5
Machinery and equipment.....	2.9	2.5	-14.1
Non-farm business inventories.....	0.4	-0.4	N.A.
Exports.....	6.4	6.4	-
Imports.....	7.9	7.2	-9.1
<u>Gross National Product</u> - current dollars...	31.3	32.0	2.2
(Gross National Product - 1949 constant dollars).....			-0.1
(Implicit Price Deflator).....			1.8

1. Percentages based on unrounded data.

At \$32.0 billion, the annual rate of Gross National Product in the first half of 1958 has averaged about 2 per cent above the average for the first half of the year 1957. This comparison includes an estimate of the value of crop production in Canada for the year 1958, which is estimated to be approximately the same as that of a year ago. With final product prices also higher than last year, by about 2 per cent, the volume of total Canadian farm and non-farm production in the first half of this year has been little changed from the same period a year ago.

In the year-to-year comparisons shown in the above table, the main sources of strength on the demand side have been centered in personal expenditure on consumer goods and services, outlays for housing, and government expenditure for goods and services. Outlays for plant and equipment have shown substantial declines, and these have been accompanied by a shift in business inventories from accumulation a year ago to liquidation in the current year, the turn-around being the equivalent of about \$0.8 billion in terms of new production. However, imports of goods and services have borne a substantial part of the impact of easing demand, and were 9 per cent below 1957 levels in the first half of this year.

Although, as noted, personal expenditure on consumer goods and services has been an important sustaining force in the economy during the recent levelling off in economic activity, the over-the-year increase in this component has been considerably less than the increase in personal disposable income. The rate of personal saving has thus shown a very sharp advance over the course of the period under review. At the same time, the increases in national income and personal income have shown a marked divergence, reflecting the very striking rise in transfer payments from government flowing to the personal sector, as well as the fact that the national income has been adversely affected by a decline in corporation profits at a time when dividend payments to persons were being well maintained.

While the total volume of output has shown little change compared with the first half of last year, there have been some notable shifts in its composition by industry of origin. Production in manufacturing was running 5 per cent below a year ago in the first half of this year, though the trend for this group has been upward since April. Durable goods output was down by 8 per cent, with non-durable production off by 3 per cent; however, both of these components of the index of manufacturing production have been rising in recent months, on a seasonally adjusted basis. Production in the forestry industry is estimated to be down from last year by close to 20 per cent, while output in transportation, storage and communication was off by 4 per cent. On the other hand, construction and some of the services industries showed significant gains of 2 or 3 per cent over a year ago in the first half of 1958. Output of mining, quarrying and oil wells was also higher, but to a lesser extent.

Accompanying these developments on the production side, the total number of persons with jobs in the first half of 1958 has averaged slightly below the same period one year ago. Persons without jobs and seeking work were 8.0 per cent of the labour force, compared with 4.7 per cent in the same period last year.

COMPONENTS OF GROSS NATIONAL EXPENDITURE

Consumer Expenditure

Personal expenditure on consumer goods and services, seasonally adjusted, showed no significant increase in the second quarter, following the substantial gain in the first quarter. The seasonally adjusted estimate of \$20.5 billion was only fractionally higher than in the first quarter and fell short of the near 1 per cent increase in consumer prices. Thus, per capital consumption declined a little in real terms.

The easing trend of consumer expenditure is largely accounted for by significantly lower purchases of durables. Sales of non-durable goods were substantially unchanged from the first quarter while purchases of services showed the small quarter-to-quarter advance characteristic of this category.

A 5 1/2 per cent drop in purchases of new and used automobiles was the most important element in the movement of durables. However, purchases of other categories of durables were slightly lower also, with the exception of radios and appliances. It may be noted that the balances outstanding on the books of instalment finance companies by the end of June had fallen a little below the level of a year earlier, reflecting less new financing in the second quarter and larger repayments. New financing in the second quarter was nearly 8 per cent lower this year than last and repayments nearly 5 per cent higher.

Among the non-durables, food, tobacco and alcoholic beverages were the only main categories to show an advance, but these gains were offset by declines elsewhere. Purchases of clothing were significantly lower following a distinct rise in the preceding quarter. Prices of non-durables continued to rise, food prices being responsible for virtually all the increase. In real terms, consumption of non-durables declined.

Consumer expenditure on services rose by about 1 per cent, with most of the increase attributable to the higher prices in this sector.

Government Expenditure on Goods and Services

Government expenditure on goods and services in the second quarter of 1958 is estimated at \$5,964 million, about 4 per cent over the first quarter.

When the second quarter of this year is compared with the same quarter of last year, government expenditures in aggregate are seen to be about 5 per cent higher. A drop in defence expenditures offset to a large extent higher outlays for other purposes, leaving Federal expenditures only about 2 per cent higher. Both provincial and municipal expenditures increased by about 10 per cent. The rise in outlays is attributable to increased capital investment and higher wages and salaries.

Gross Domestic Investment (excluding change in inventories)

Business expenditures for plant and equipment in the second quarter were at a seasonally adjusted annual rate of \$5,340 million, 2.8 per cent lower than in the preceding quarter. This rate of investment is 11 per cent below the rate in the second quarter of 1957 when such expenditures reached their peak of \$6,032 million.

Estimated outlays for new non-residential construction were down only about 2 per cent in the second quarter, in contrast to a drop of about 10 per cent in the first quarter. Since the peak in the fourth quarter of 1957, non-residential construction outlays have declined by 11 1/2 per cent. A large volume of work continued to be put in place on such huge projects as the St. Lawrence Seaway and Power Development, and the Trans-Canada Pipeline. There was very little change in the price component of the non-residential construction estimates in the second quarter.

Expenditures for machinery and equipment have tended to fall more sharply than outlays on non-residential construction. Since the peak in the first quarter of 1957, the decline has amounted to 17 1/2 per cent. The drop in the second quarter was 3 1/2 per cent. Imports of machinery, which have borne a large part of the decline in purchases of machinery and equipment, declined nearly as sharply, just as they rose sharply during the period of rapidly rising investment in machinery and equipment in 1955 and 1956.

Residential construction continued to be an important area of strength in the economy. At a seasonally adjusted annual rate of \$1,872 million, in the second quarter, outlays for residential construction were at an all-time high and nearly 9 per cent above the level of the first quarter. Seasonally adjusted housing starts were 162,500 in the second quarter, compared with 175,600 in the first, but completions rose from 112,600 to 144,000 units. The second quarter increase in housing outlays is substantially lower than the 15 per cent increase

in the first quarter. The estimate for housing outlays embodies a small element of price increase, reflecting higher wages for construction labour.

The diverging trends in residential construction and in outlays for plant and equipment bring total gross fixed capital formation for the first half of this year about 2 1/2 per cent below the annual rate for 1957. The mid-year review of investment intentions indicated a decline of 4 per cent for the year as a whole from 1957, made up of an increase of 25 per cent in housing, and drops of 10 per cent and 12 per cent in non-residential construction and purchases of machinery and equipment. These expectations compare with estimates of a 26 per cent increase for housing in the first half year and of decreases of 8 and 10 per cent for the other two components.

Investment in Inventories

The downward pressure exerted on the economy from the liquidation of business inventories moderated a little in the second quarter. Stocks were then being drawn down at a seasonally adjusted annual rate of \$320 million compared with \$396 million in the first quarter and \$84 million in the fourth quarter of 1957. The shift from accumulation of business inventories in the second quarter of 1957 to liquidation in the same period of this year amounted to more than \$650 million at annual rates.

As in the previous quarter, manufacturing industries accounted for most of the liquidation. In the iron and steel and transportation equipment industries, stocks continued to be drawn down but at a substantially lower rate than in the preceding quarter. Liquidation developed in the wood products, petroleum and coal, textiles, rubber and paper groups, while the tobacco industry continued to show some accumulation. The heavy liquidation in the food group, evident in the first quarter, appeared to have been checked in the second quarter. These changes account for the lower rate of liquidation in manufacturing as a whole.

Stocks in wholesale trade, which in the first quarter had risen more than seasonally, declined in the second quarter. The reductions were fairly general, though modest.

Retail trade shifted from moderate liquidation in the first quarter to moderate accumulation in the second, when seasonal factors are taken into account. Motor vehicle dealers continued to reduce stocks, but at a lower rate. Furniture and household appliances stores as well as food stores added to their inventories.

In manufacturing and in wholesale trade, stock sales ratios appeared to be somewhat lower than a year earlier and close to the average rates of the past five or six years. In retail trade the ratio of stock to sales was somewhat higher than in the same quarter of recent years..

Exports of Goods and Services

Exports of goods and services at a rate of \$6,400 million in the second quarter, were a little higher than in the first, on a seasonally adjusted basis. Merchandise exports rose by 2 1/2 per cent but this gain was partly offset by a decline in receipts from services. As in recent previous quarters, the total of merchandise exports was the outcome of a variety of trends in opposite directions in many leading commodities.

In the first half-year comparison, commodity exports were higher by nearly 2 1/2 per cent, with all the gain occurring in the second quarter. Individual commodity detail is not available on a seasonally adjusted basis, but the commodity detail for the first half year indicates the nature of some of the recent shifts in the composition of exports. Among the commodities showing large gains are cattle, uranium, grain, aircraft and farm machinery. Among those showing large losses are metals and minerals like petroleum, aluminum and most other base metals, iron ore, asbestos and leading forest products like pulp and paper.

Imports of goods and services in the second quarter were at a seasonally adjusted annual rate of \$7,144 million, somewhat lower than in the first quarter. This is the sixth successive quarter to show a declining trend. Payments for services changed very little so that the decline is largely accounted for by a near 1 1/2 per cent reduction in commodity imports.

The falling off in commodity imports is related in large part to the lower level of investment in durable physical assets and the drawing down of inventories in Canada. Commodity detail is available for only the first five months of this year and a comparison with the same period of 1957 shows iron and its products lower by more than 20 per cent, (rolling mill products down 53 per cent, various types of machinery down 20 to 30 per cent, and pipes, tubes and fittings down 17 per cent), non-metallic minerals and products down 15 per cent, (chiefly petroleum), and non-ferrous metals and products down 12 per cent. These were the groups which were rising very rapidly during the period of mounting investment expenditures.

Changes in prices of exports of goods and services were mixed and offsetting. Import prices receded a little between the first and second quarters, a movement that appears to be related to the appreciation of the Canadian dollar.

COMPONENTS OF GROSS NATIONAL PRODUCT

Labour Income

Labour income resumed its upward course in the second quarter and at a seasonally adjusted annual rate of \$16,212 million was a little less than 2 per cent higher than in the first quarter. Advances were for the most part small and fairly well distributed over the main industrial groups. Mining, where employment receded slightly, is a notable exception in that labour income fell between the two quarters. For the most part, employment showed no more than the usual seasonal rise so that higher earnings account for most of the gain in labour income; in manufacturing, somewhat longer hours of work contributed to a small rise in labour income.

Investment Income

Investment income in the second quarter was at a seasonally adjusted annual rate of \$4.5 billion, about 1 per cent higher than in the previous quarter.

The recent decline in corporate profits, evident since early in 1957, appears to have been checked in the second quarter of 1958. The changes for individual industrial groups were fairly large but virtually offsetting. Mining, electrical apparatus and supplies, products of petroleum and coal, and retail trade all experienced substantially lower profits but foods and beverages, wood, paper and printing, and wholesale trade showed varying increases. Dividends paid

abroad again declined so that corporate profits retained in Canada, the appropriate figure for national income purposes, rose a little more than 2 per cent.

Government investment income likewise showed a small increase. Investment income paid out to persons was also somewhat higher, reflecting a further advance in interest and dividends and unchanged income from rents.

Net Income of Unincorporated Business

The estimates of accrued net income of farm operators from farm production included in the first and second quarters provide for no change in the value of crop production between the years 1957 and 1958. The present estimates are based on acreage yields somewhat below the 10 year average yield which formed the basis of the estimate at the time of the first quarter report. Increases in this component of the National Accounts over the fourth quarter of 1957 and from the first quarter of 1958 are almost entirely attributable to a higher level of livestock production, notably cattle, calves and hogs. However, farm cash income from the sale of livestock in the second quarter of 1958 showed little change from the level of the first quarter.

Net income of non-farm unincorporated business was estimated at \$2,016 million in the second quarter (seasonally adjusted), unchanged from the level of the first quarter. The major changes by industry were in construction and retail trade, with an increase in the former group being substantially offset by a decline in the trade component.

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, 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 aggregate.

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	II
490	394	448	468	1,800	509	386	442	431	1,768	472	377

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

9.

1957				Year	1958		
I	II	III	IV		I	II	
3,720	3,929	4,117	4,059	15,825	3,812	4,049	1.
108	116	131	121	476	117	126	2.
566	731	699	509	2,505	451	636	3.
534	524	568	553	2,179	543	541	4.
-11	71	838	70	968	3	145	5.
374	493	527	547	1,941	397	513	6.
-29	-30	-7	6	-60	-15	2	7.
-3	-1	7	-3	-	-4	-1	8.
5,259	5,833	6,880	5,862	23,834	5,304	6,011	9.
955	949	964	934	3,802	938	957	10.
861	933	950	978	3,722	882	934	11.
12	-49	1	121	85	18	-35	12.
-	-	1	-1	-	-	-	13.
7,087	7,666	8,796	7,894	31,443	7,142	7,867	14.
7,098	7,595	7,958	7,824	30,475	7,139	7,722	15.
1	2	-6	3	-	-	2	16.
(7,099)	(7,597)	(7,952)	(7,827)	(30,475)	(7,139)	(7,724)	17.

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

EXPENDITURE, BY QUARTERS, 1956-1958
of dollars)

1957				Year	1958		
I	II	III	IV		I	II	
4,575	4,914	4,809	5,470	19,768	4,792	5,098	1.
1,296	1,278	1,600	1,438	5,612	1,351	1,359	2.
1,590	1,987	2,006	1,806	7,389	1,543	1,930	3.
-2	-	2	-	-	-1	-3	4.
252	363	396	413	1,424	318	486	5.
649	795	969	820	3,233	614	724	6.
691	829	639	573	2,732	612	723	7.
54	-23	558	-447	142	-238	-240	8.
306	81	-39	-105	243	68	-103	9.
-252	-104	597	-342	-101	-306	-137	10.
1,408	1,579	1,761	1,627	6,375	1,370	1,616	11.
-1,821	-2,115	-1,948	-1,874	-7,758	-1,652	-1,928	12.
-13	48	-	-120	-85	-19	34	13.
-2	-2	10	-6	-	-5	-2	14.
7,087	7,666	8,796	7,894	31,443	7,142	7,867	15.

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 Savings:	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.

INCOME, BY QUARTERS, 1956-1958

(of dollars)

1957				Year	1958		
I	II	III	IV		I	II	
3,720	3,929	4,117	4,059	15,825	3,812	4,049	1.
-134	-132	-141	-140	-547	-142	-136	2.
108	116	131	121	476	117	126	3.
8	91	821	54	974	23	152	4.
374	493	527	547	1,941	397	513	5.
543	609	589	617	2,358	578	644	6.
592	470	488	533	2,083	757	630	7.
7	9	9	7	32	6	8	8.
-1	-2	7	-4	-	-	-1	9.
5,217	5,583	6,548	5,794	23,142	5,548	5,985	10.

INCOME, BY QUARTERS, 1956-1958

(of dollars)

1957				Year	1958		
I	II	III	IV		I	II	
466	497	472	472	1,907	456	430	1.
394	444	424	428	1,690	381	376	2.
31	32	32	32	127	33	32	3.
41	21	16	12	90	42	22	4.
4,575	4,914	4,809	5,470	19,768	4,792	5,098	5.
2,237	2,413	2,431	2,940	10,021	2,348	2,503	6.
543	680	606	585	2,414	557	679	7.
1,815	1,844	1,775	1,899	7,333	1,907	1,940	8.
-20	-23	-3	46	-	-20	-24	9.
178	175	1,255	-141	1,467	302	456	10.
424	293	671	231	1,619	538	571	11.
-246	-118	584	-372	-152	-236	-115	12.
-2	-3	12	-7	-	-2	1	13.
5,217	5,583	6,548	5,794	23,142	5,548	5,985	14.
(4,751)	(5,086)	(6,076)	(5,322)	(21,235)	(5,092)	(5,555)	15.

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	II	
15,544	15,764	16,076	15,916	15,825	15,932	16,212	1.
456	456	512	480	476	496	508	2.
2,712	2,608	2,432	2,268	2,505	2,240	2,292	3.
2,156	2,128	2,196	2,236	2,179	2,240	2,220	4.
1,020	1,024	940	888	968	1,036	1,188	5.
1,908	1,936	1,948	1,972	1,941	2,016	2,016	6.
-116	-120	-28	24	-60	-60	8	7.
16	12	-12	-16	-	12	40	8.
23,696	23,808	24,064	23,768	23,834	23,912	24,484	9.
3,868	3,780	3,800	3,760	3,802	3,856	3,812	10.
3,660	3,720	3,720	3,788	3,722	3,740	3,720	11.
28	4	160	148	85	172	228	12.
-	-	4	-4	-	4	4	13.
31,252	31,312	31,748	31,460	31,443	31,684	32,248	14.
30,232	30,288	30,808	30,572	30,475	30,648	31,060	15.
-12	-12	8	16	-	-12	-44	16.
(30,220)	(30,276)	(30,816)	(30,588)	(30,475)	(30,636)	(31,016)	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	II	
19,604	19,584	19,896	19,988	19,768	20,408	20,464	1.
5,416	5,688	5,736	5,608	5,612	5,720	5,964	2.
7,420	7,420	7,420	7,296	7,389	7,212	7,204	3.
-	-	-	-	-	-4	-8	4.
1,400	1,388	1,416	1,492	1,424	1,720	1,872	5.
3,088	3,244	3,292	3,308	3,233	2,992	2,928	6.
2,932	2,788	2,712	2,496	2,732	2,504	2,412	7.
292	264	176	-164	142	-580	-408	8.
476	336	244	-84	243	-396	-320	9.
-184	-72	-68	-80	-101	-184	-88	10.
6,480	6,220	6,472	6,328	6,375	6,324	6,400	11.
-7,932	-7,864	-7,792	-7,444	-7,758	-7,220	-7,144	12.
-28	-	-160	-152	-85	-176	-228	13.
-	-	-	-	-	-4	-4	14.
31,252	31,312	31,748	31,460	31,443	31,684	32,248	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 Transfer Payments to Persons:	2,072	2,084	2,140	2,204	2,125
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				Year	1958		
I	II	III	IV		I	II	
15,544	15,764	16,076	15,916	15,825	15,932	16,212	1.
-532	-532	-560	-564	-547	-560	-548	2.
456	456	512	480	476	496	508	3.
1,080	1,096	884	836	974	1,108	1,208	4.
1,908	1,936	1,948	1,972	1,941	2,016	2,016	5.
2,276	2,348	2,400	2,408	2,358	2,436	2,472	6.
1,892	1,940	2,124	2,376	2,083	2,428	2,624	7.
32	32	32	32	32	28	28	8.
28	20	-20	-28	-	32	48	9.
22,684	23,060	23,396	23,428	23,142	23,916	24,568	10.

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

1957				Year	1958		
I	II	III	IV		I	II	
1,844	1,888	1,948	1,948	1,907	1,836	1,676	1.
1,624	1,676	1,712	1,748	1,690	1,604	1,460	2.
124	128	128	128	127	132	128	3.
96	84	108	72	90	100	88	4.
19,604	19,584	19,896	19,988	19,768	20,408	20,464	5.
9,908	9,952	10,080	10,144	10,021	10,388	10,412	6.
2,512	2,352	2,460	2,332	2,414	2,444	2,384	7.
7,192	7,276	7,356	7,508	7,333	7,564	7,656	8.
-8	4	-	4	-	12	12	9.
1,228	1,592	1,556	1,492	1,467	1,676	2,468	10.
8	-4	-4	-	-	-4	-40	11.
22,684	23,060	23,396	23,428	23,142	23,916	24,568	12.
(20,840)	(21,172)	(21,448)	(21,480)	(21,235)	(22,080)	(22,892)	13.

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	II	
3,677	3,940	3,825	4,372	15,814	3,762	3,978	1.
-17	-20	-1	38	-	-15	-19	2.
1,961	2,109	2,104	2,551	8,725	2,020	2,127	3.
469	588	534	518	2,109	480	584	4.
1,264	1,263	1,188	1,265	4,980	1,277	1,286	5.
880	851	1,082	953	3,766	881	875	6.
1,111	1,383	1,389	1,241	5,124	1,056	1,322	7.
-	1	-	-1	-	-	-1	8.
180	257	280	291	1,008	223	337	9.
441	540	658	554	2,193	412	487	10.
490	585	451	397	1,923	421	499	11.
-42	-117	751	-499	93	-287	-310	12.
252	70	-26	-74	222	72	-70	13.
-294	-187	777	-425	-129	-359	-240	14.
1,171	1,302	1,473	1,398	5,344	1,167	1,382	15.
-1,532	-1,767	-1,642	-1,578	-6,519	-1,358	-1,610	16.
-9	35	-	-90	-64	-15	25	17.
-2	-1	5	-2	-	-2	-	18.
5,254	5,626	6,883	5,795	23,558	5,204	5,662	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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