



The Daily

Statistics Canada

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MAJOR RELEASES

- **Canadian economic accounts, second quarter 2002** 2
Real gross domestic product advanced 1.1% in the second quarter, driven by domestic demand and a build-up of inventories. Canada's current account surplus with the rest of the world fell slightly but remained strong at \$4.9 billion. Gross domestic product lost momentum towards the end of the quarter, edging up in June.

NEW PRODUCTS

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RELEASE DATES: September 2002 10



MAJOR RELEASES

Canadian economic accounts

Second quarter 2002

Real gross domestic product (GDP) advanced 1.1% in the second quarter, driven by domestic demand and a build-up of inventories. Canada's current account surplus with the rest of the world fell slightly, but remained strong at \$4.9 billion. GDP lost momentum towards the end of the quarter, edging up in June.

Gross domestic product, \$ chained 1997¹

	Change	Annualized change %	Year-over-year change
First quarter 2001	0.2	0.6	2.6
Second quarter 2001	0.1	0.3	2.0
Third quarter 2001	-0.1	-0.5	0.6
Fourth quarter 2001	0.7	2.9	0.8
First quarter 2002	1.5	6.2	2.2
Second quarter 2002	1.1	4.3	3.2

¹ The change is the growth rate from one period to the next. The annualized change is the growth rate compounded annually. The year-over-year change is the growth rate of a given quarter compared with the same quarter in a previous year.

GDP growth in the second quarter (+1.1%) matched the average over the previous two quarters and was well above the flat showing of the first three quarters of 2001. Final domestic demand gained 0.9%, matching its first quarter pace. Domestic demand was boosted by strong consumer spending on services and a pick-up of business investment in machinery and equipment, which more than offset an easing of housing investment.

Manufacturers, wholesalers and retailers began to replenish stockpiles of inventory after three quarters of drawing down. Corporate profits continued to recover from their tumble in 2001 and healthy gains in employment pushed up labour income. Imports were up strongly to satisfy domestic demand and the rebuilding of inventory.

Although the current account surplus fell in the second quarter, it remained above \$4.0 billion for the tenth consecutive quarter, a level not reached before 2000. The lower surplus came as both the goods surplus and the investment income deficit narrowed and the travel deficit widened.

On the financial side of the balance of payments, acquisitions of foreign firms spurred Canadian direct investment abroad, but investment in foreign equities continued at a much reduced pace. Foreign direct investment into the Canadian economy was down markedly. Portfolio investment was boosted by near-record purchases of new shares floated by Canadian companies in the United States.

Note to users

Starting today, the national accounts release — comprising the national economic and financial accounts and Canada's balance of international payments (quarterly data) as well as gross domestic product by industry (monthly data) — has a new format.

The Daily now publishes a single summary analysis from the three releases under the title "Canadian economic accounts." The more detailed analyses, charts and tables formerly released in The Daily are available in a new electronic publication, Canadian economic accounts quarterly review (13-010-XIE). This publication is available now, free of charge, in HTML and PDF formats, and will be available simultaneously with each future national accounts quarterly release in The Daily.

Gross domestic product by industry results for the first two months of each quarter will continue to appear in The Daily in the same format as in the past.

The second quarter saw broad-based strength in GDP across industries. The construction industry and its feeder industries all advanced. Automotive manufacturers raised output for export demand and to replenish inventories at the retail level. The elimination of softwood lumber duties for four weeks during the second quarter boosted the forestry and wood products industries. The gains in manufacturing had positive spin-offs for energy, transportation and wholesaling services.

Monthly gross domestic product by industry at basic prices, 1997 constant dollars

	Jan. 2002 ^r	Feb. 2002 ^r	March 2002 ^r	April 2002 ^r	May 2002 ^r	June 2002 ^p
	Seasonally adjusted					
	Month-to-month % change					
All industries	0.7	0.5	0.1	0.8	0.1	0.1
Goods-producing industries	1.3	1.5	0.2	1.4	-0.4	-0.1
Services-producing industries	0.4	0.1	0.0	0.5	0.4	0.2
Construction	0.1	0.5	1.3	-1.1	0.9	0.6
Retail trade	1.3	-0.7	-0.5	0.4	-0.8	1.7

^r Revised figures.

^p Preliminary figures.

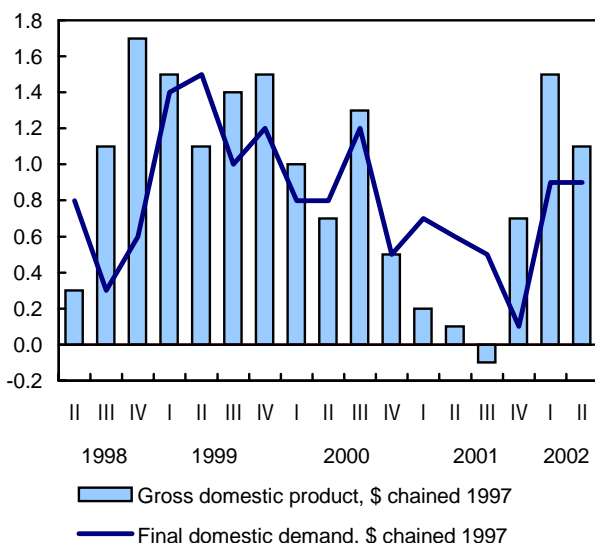
The economy lost momentum towards the end of the quarter after a strong start. GDP edged up 0.1% in June, the same as in May, after a strong 0.8% gain in April. June's increase in GDP was the ninth consecutive monthly advance since the downturn in September 2001.

National economic and financial accounts

Consumer spending, up a robust 0.7%, continued to provide impetus to GDP growth in the second quarter. More than one-fourth of the growth in consumer spending came from recreational services, which were boosted by higher ticket sales for spectator sports and lotteries. Spending on furniture and household appliances was up, as a result of the strong housing market. Purchases of new and used motor vehicles fell, but remained at near-record levels.

GDP growth continues at healthy pace

Quarterly % change



Housing investment slipped from its frantic pace in the first quarter, but remained at historically high levels. A 2.9% gain in new housing construction was more than offset by a 10.9% drop in home resale activity.

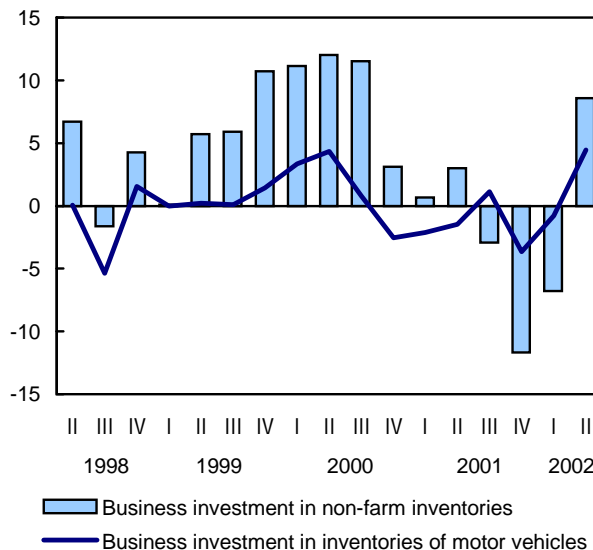
Personal disposable income was up a healthy 1.5%, following three quarters of gains averaging 1.2%. The personal saving rate remained at 5.3% after edging up in the previous three quarters. The growth in disposable income and the reduced cost of carrying debt over the past year have likely helped to fuel demand and raise the saving rate. Personal sector borrowing, although still strong, eased in the second quarter, reflecting both flat spending on consumer goods and a less robust housing market. The household debt-to-income ratio, at 95.8%, was unchanged from the first quarter.

Corporate profits advanced 9.8% in the second quarter, as a result of gains in the manufacturing, wholesaling, retailing, and oil and gas industries.

Manufacturers of computers and electronic products, however, continued to register losses. Businesses began to rebuild inventories, after three straight quarters of depletion. Over half of the build-up was related to replenishing the stock of new motor vehicles on dealers' lots after two quarters of record sales.

Motor vehicle inventories replenished

\$ billions chained 1997



Business plant and equipment spending recorded its strongest gain since the fourth quarter of 1999, boosted by a 4.8% increase in spending on machinery and equipment. Investment in transportation equipment (excluding automobiles and trucks), industrial machinery, and computers and other office equipment were notably up. Building construction remained a source of weakness, but engineering construction edged up after three quarterly declines.

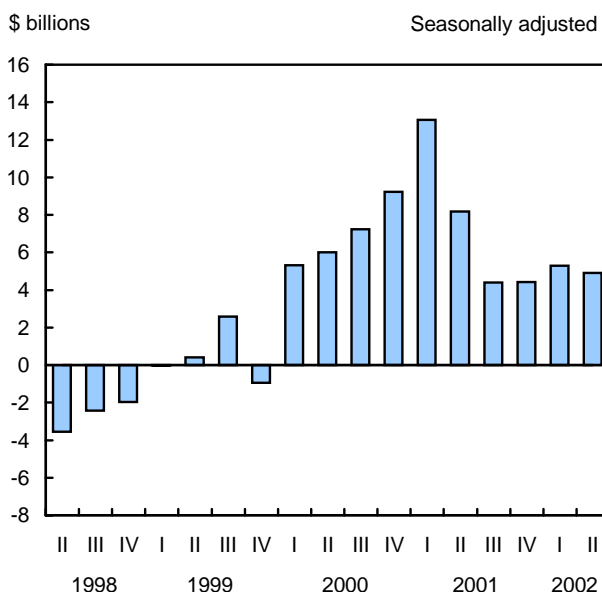
Imports jumped 4.0% to satisfy domestic demand and the replenishing of inventory. Imports of automotive products were up strongly, as Canadian automotive manufacturers ramped up production and car dealers replenished inventories. Machinery and equipment imports were up for the first time in seven quarters, boosted by higher business spending. Imports of other consumer goods were up sharply to a record level.

Export volumes decelerated to 0.4% in the second quarter from 1.3% in the first, as the US economy slowed. The weakness was widespread, with only automotive products, industrial goods and commercial services exports gaining ground.

Canada's balance of international payments

The current account surplus fell \$0.4 billion to \$4.9 billion (seasonally adjusted) in the second quarter. The surplus for goods fell slightly to \$13.7 billion, as all the main categories of imported goods increased, except agricultural and fishing products. The goods surplus with the United States rose for a second straight quarter, mainly as a result of higher prices for energy exports, but was more than offset by a widened goods deficit with European Union countries.

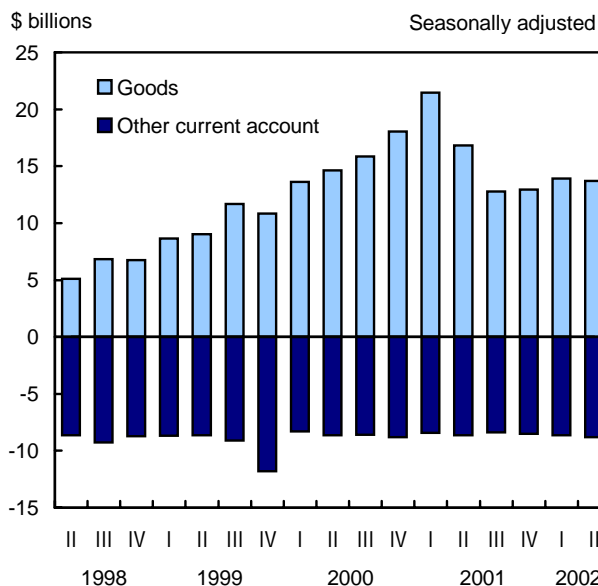
Current account balance



Profits from Canadian direct investment abroad reversed three quarters of decline, helping to reduce the deficit in investment income in the second quarter. The travel deficit doubled to \$0.4 billion (seasonally adjusted), its highest level in five quarters. Fewer foreign visitors came to Canada and more Canadians visited overseas countries. Travel to and from the United States, however, changed little.

Canadian direct investment abroad, at \$8.3 billion (not seasonally adjusted), was up in the second quarter, but still well below the increases recorded in 2000 and 2001. Most of it went to Europe and the United States, led by investments in the energy and metallic minerals industry. Half was accounted for by the acquisition of foreign firms (mostly for cash, as opposed to share exchanges).

Goods and other current account balances



Canadian portfolio investors added \$6.3 billion to their holdings of foreign securities, down \$5.0 billion from the first quarter. Much of that first quarter investment was in the form of new treasury shares issued to shareholders of Canadian firms acquired by foreign companies.

Foreign direct investors channelled \$7.9 billion (not seasonally adjusted) into the Canadian economy in the second quarter, as acquisitions of Canadian firms fell from a high level to the lowest in five quarters.

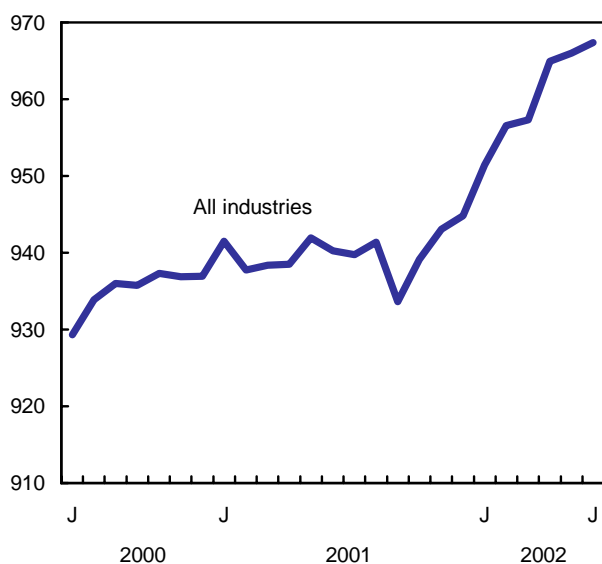
Foreign demand for Canadian securities rebounded strongly, as Canadian companies floated a near record amount of new shares in US markets. Foreign investors bought \$4.2 billion worth of Canadian equities after divesting a similar amount in the first quarter. However, they reduced purchases of Canadian bonds to \$1.9 billion, less than half that of the first quarter. Redemption of Canadian government bonds including provincial enterprises was up strongly, whereas debt financing by corporations continued apace.

Gross domestic product by industry

The second quarter saw widespread industry strength in GDP, with notable gains in the construction industry and its feeder industries, automotive manufacturing, and the forestry and wood products industries.

Pace of GDP growth slower

GDP \$ billions 1997



The boom in new housing continued in the second quarter, but at a much reduced pace. For much of 2002, housing starts were above the 200,000 mark, a level not seen since the housing boom in the late 1980s. Historically low interest rates, a limited supply of existing housing, and robust consumer confidence tied to strong employment growth all contributed to this recent housing boom.

Manufacturers, wholesalers and retailers of furniture and appliances all recorded significant gains in the second quarter, as homeowners furnished their new living spaces. The resale housing market was well below its first quarter peak, but levels were still 12.6% higher than in the second quarter of 2001. Consumers pulled back on their purchases of non-house-related goods and services, resulting in a 0.2% drop in retailing activity in the second quarter.

Motor vehicle manufacturers ramped up production levels a further 5.4%, although consumer purchases of new cars and trucks flattened out after sharp gains in the previous two quarters. Dwindling supplies of cars and trucks on car dealer lots and export demand prompted this latest rise in production levels. Motor vehicle parts manufacturers also boosted production levels. Labour strife in the aerospace and parts manufacturing industry led to a 2.6% decrease in output.

The temporary elimination of softwood lumber duties (both countervailing and anti-dumping) from April 22 to May 21 resulted in a sharp increase in output for sawmill producers in the second quarter. Before the end of the quarter, however, sawmills started to gear down production and in some cases completely shut

down. Sawmill producers increased output 6.9% in the second quarter, following a similar increase in the first. The rail and truck transportation industries and lumber wholesalers benefited from these higher production levels.

The economy lost steam towards the end of the quarter as GDP edged up 0.1% in June, the same as in May. June's increase in GDP was the ninth consecutive monthly advance since the downturn in September 2001.

Strong consumer demand for housing and retail goods were responsible for the strength in the economy in June. Industrial production edged down 0.1% as lower output from the mining and utilities sectors offset gains in manufacturing. The mining industry was setback by further reductions in drilling and rigging activity. The recent imposition of tariffs on softwood lumber took its toll on sawmill producers and the rail transportation industry.

Detailed analysis and tables

More detailed analysis on today's releases from the national accounts, including additional charts and tables, can be found in the second quarter 2002 issue of *Canadian economic accounts quarterly review*, Vol. 1, no. 1 (13-010-XIE, free), now available on Statistics Canada's Web site (www.statcan.ca). From the *Our products and services* page, choose *Free publications*, then *National accounts*.

Products, services and contact information

National economic and financial accounts

Available on CANSIM: tables 378-0001, 378-0002, 380-0001 to 380-0015, 380-0031, 380-0033 to 380-0035 and 382-0006.

The second quarter 2002 issue of *National income and expenditure accounts, quarterly estimates* (13-001-XIB, \$33/\$108; 13-001-XPB, \$44/\$145) will be available soon.

Detailed printed tables of unadjusted and seasonally adjusted quarterly *Income and expenditure accounts* (13-001-PPB, \$50/\$180), *Financial flow accounts* (13-014-PPB, \$50/\$180) and *Estimates of labour income* (13F0016XPB \$20/\$65), including supplementary analytical tables and charts, are now available.

At 8:30 am on release day, the complete quarterly income and expenditure accounts, financial flow accounts, and monthly estimates of labour income data sets can be obtained on computer diskette. The diskettes (13-001-DDB \$125/\$500, 13-014-DDB \$300/\$1200 and 13F0016DDB \$125/\$500)

can also be purchased at a lower cost seven business days after the official release date (13-001-XDB \$25/\$100, 13-014-XDB \$60/\$240 and 13F0016XDB \$25/\$100).

To purchase any of these products, contact Client Services (613-951-3810; iead-info-dcrd@statcan.ca), Income and Expenditure Accounts Division. For more information, or to enquire about the concepts, methods or data quality of this release, contact the information officer (613-951-3640), Income and Expenditure Accounts Division.

Canada's balance of international payments

Available on CANSIM: tables 376-0001 to 376-0017 and 376-0035.

The second quarter 2002 issue of *Canada's balance of international payments* (67-001-XIB, \$29/\$93; 67-001-XPB, \$38/\$124) will be available soon. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Arthur Ridgeway (613-951-8907), Balance of Payments Division.

Gross domestic product by industry

Available on CANSIM: tables 379-0017 to 379-0022

The June 2002 issue of *Gross domestic product by industry* (15-001-XIE, \$11/\$110) will be available in September. A print-on-demand version is available at a different price. See *How to order products*.

To purchase data, contact Yolande Chantigny (1-800-887-IMAD; imad@statcan.ca). For more information, or to enquire about the concepts, methods or data quality of this release, contact Jo Ann MacMillan (613-951-7248; joann.macmillan@statcan.ca), Industry Measures and Analysis Division. □

Canadian economic accounts key indicators

	Second quarter 2001	Second quarter 2002	Second quarter to third quarter 2001	Third quarter to fourth quarter 2001	Fourth quarter 2001 to first quarter 2002	First quarter to second quarter 2002
Seasonally adjusted at annual rates						
	\$ millions at current prices		% change at quarterly rates			
National economic and financial accounts						
Wages, salaries and supplementary labour income	567,676	590,528	0.1	1.0	1.6	1.2
Corporation profits before taxes	127,196	124,252	-12.4	-9.2	11.7	9.8
Personal disposable income	660,572	695,596	0.8	1.3	1.7	1.5
Personal saving rate ¹	3.7	5.3	...	...	...	...
	\$ millions chained 1997					
Personal expenditure	579,317	593,119	-0.1	1.0	0.7	0.7
Business gross fixed capital formation	183,005	187,277	2.1	-3.7	2.1	1.9
Gross domestic product at market prices	1,026,454	1,059,412	-0.1	0.7	1.5	1.1
	\$ millions at 1997 prices					
Gross domestic product by industry						
Goods-producing industries	300,978	304,479	-1.7	-0.8	2.0	1.7
Services-producing industries	639,240	661,629	0.5	1.0	1.1	0.9
Industrial production	229,505	231,715	-2.0	-1.1	2.4	1.7
Non-durable manufacturing	67,129	68,972	-1.0	0.2	1.3	2.3
Durable manufacturing	97,075	98,181	-2.3	-2.2	3.5	2.3
Information and communication technology sector (ICT)	60,099	60,694	-1.5	-1.4	2.3	1.6
	\$ millions at current prices					
	Seasonally adjusted at quarterly rates		Actual change			
Balance of payments						
Current account, balance	8,180	4,903	-3,788	36	862	-387
Goods and services, balance	14,596	11,829	-3,907	570	1,062	-492
Goods, balance	16,811	13,708	-4,024	168	963	-210
Services, balance	-2,215	-1,879	117	402	99	-282
Investment income, balance	-6,797	-7,223	-32	-554	-68	228
Current transfers, balance	381	297	151	19	-131	-123
	Not seasonally adjusted					
Financial account, net flow	-13,885	-261	...	...	...	...
Canadian assets, net flow	-30,698	-11,782	...	...	...	...
Canadian liabilities, net flow	16,813	11,521	...	...	...	...

¹ Actual rate.
... Not applicable.

NEW PRODUCTS

Infomat — a weekly review, August 30, 2002
Catalogue number 11-002-XIE (\$3/\$109).

Infomat — a weekly review, August 30, 2002
Catalogue number 11-002-XPE (\$4/\$145).

**Estimates of labour income, monthly estimates —
Day of release**, June 2002
Catalogue number 13F0016DDB (\$125/\$500).

**Estimates of labour income, monthly estimates,
Tables and analytical document**, June 2002
Catalogue number 13F0016XPB (\$20/\$65).

**National income and expenditure accounts,
quarterly estimates — Day of release**, Second
quarter 2002
Catalogue number 13-001-DDB (\$125/\$500).

**National income and expenditure accounts,
quarterly estimates**, Second quarter 2002
Catalogue number 13-001-PPB (\$50/\$180).

Canadian economic accounts quarterly review,
Second quarter 2002, Vol. 1, no. 1
Catalogue number 13-010-XIE
(free).

**Financial flow accounts, quarterly estimates — Day
of release**, Second quarter 2002
Catalogue number 13-014-DDB (\$300/\$1,200).

Financial flow accounts, quarterly estimates,
Second quarter 2002
Catalogue number 13-014-PPB (\$50/\$180).

Energy statistics handbook, Second quarter 2002
Catalogue number 57-601-XCB (\$150).

Energy statistics handbook, Second quarter 2002
Catalogue number 57-601-XIE (\$35/\$100).

Imports by country, January–June 2002, Vol. 59, no. 2
Catalogue number 65-006-XMB (\$62/\$206).

Imports by country, January–June 2002, Vol. 59, no. 2
Catalogue number 65-006-XPB (\$124/\$412).

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Thursday, June 5, 1997
For release at 8:30 a.m.



MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, adult Canadians took an average of about six trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was notably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 2
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, Apr. 1997** 12

PUBLICATIONS RELEASED 11

Statistics Canada's official release bulletin

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RELEASE DATES: SEPTEMBER 2002

(Release dates are subject to change.)

Release date	Title	Reference period
5	Building permits	July 2002
5	Help-wanted Index	August 2002
6	Labour Force Survey	August 2002
10	Grain stocks	As of July 31, 2002
11	New Housing Price Index	July 2002
11	Industrial capacity utilization rates	Second quarter 2002
12	Health status and health behaviour among immigrants: Mental health of Canada's immigrants	2000/01
13	Labour productivity, hourly compensation and unit labour cost	Second quarter 2002
16	New motor vehicle sales	July 2002
17	Monthly Survey of Manufacturing	July 2002
17	Time alone	1998
18	Canadian international merchandise trade	July 2002
19	Travel between Canada and other countries	July 2002
20	Wholesale trade	July 2002
20	Consumer Price Index	August 2002
23	Retail trade	July 2002
24	Canada's international transactions in securities	July 2002
24	Employment insurance	July 2002
25	Composite Index	August 2002
25	Employment, earnings and hours	July 2002
25	Homicide in Canada	2001
26	Neighbourhood income and mortality	1971 to 1996
26	Quarterly demographic statistics	Second quarter 2002
27	Industrial product price and raw materials price indexes	August 2002
27	National tourism indicators	Second quarter 2002
30	Gross domestic product by industry	July 2002
