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The Daily

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Thursday, August 31, 2006
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Releases

Releases

Canadian economic accounts

Second quarter 2006 and June 2006

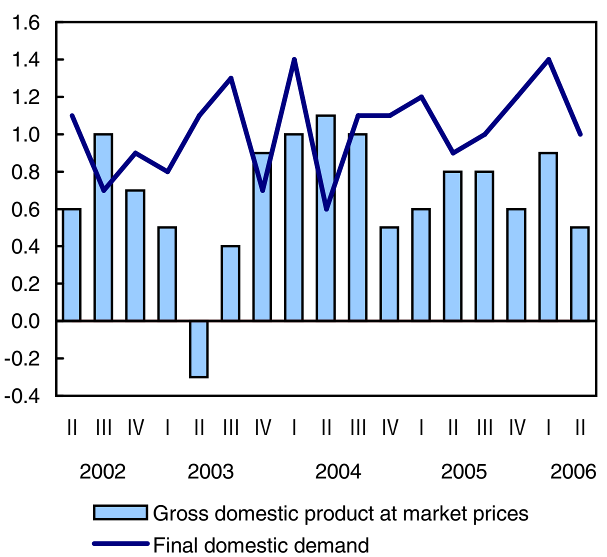
The economy slowed in the second quarter as real gross domestic product (GDP) advanced 0.5%, following a robust 0.9% increase in the first quarter. This slower growth reflected reduced but sustained growth in consumer spending and business investment in plant and equipment as well as a cooling in the housing market.

Economic activity in June was essentially unchanged from May, as the production of goods declined, offsetting gains in service industries. The economy grew by 0.2% in April, followed by a 0.1% increase in May.

A more detailed analysis is available in *Canadian Economic Accounts Quarterly Review*.

Final domestic demand continues to outpace GDP

Quarterly % change, chained (1997) dollars



Service-producing industries continued to record strong growth (+0.8%) in the second quarter, as activities in retail and wholesale trade, finance, insurance and real estate all advanced.

Output of goods-producing industries continued to soften, decreasing 0.3% in the second quarter, partly reflecting waning foreign demand for Canadian products, as exports declined for the second consecutive quarter.

Note to readers

Percentage changes for expenditure-based and industry-based statistics (such as consumer expenditures, investment, exports, imports, production and output) are calculated using volume measures, that is, adjusted for inflation. Percentage changes for income-based statistics (such as labour income, corporate profits and farm income) are calculated using nominal values, that is, not adjusted for inflation.

Output in the manufacturing sector as well as in the mining and oil and gas extraction sector decreased. These declines were partially offset by a gain in the output of utilities. Industrial production (the output of factories, mines and utilities) fell 0.6%. In the United States, the index of industrial production rose 1.5%, with all three sectors showing strength.

Rising domestic spending on final goods and services continued to drive the economy forward. However, final domestic demand slowed as the first quarter jump in residential construction was not sustained in the second quarter.

Continued strength in business investment in plant and equipment, particularly in machinery and equipment and engineering construction, and consumer expenditure, were behind most of the second quarter GDP growth. A surge in investment in telecommunication equipment and a jump in computers and other office equipment purchases accounted for much of the increase. Consumer spending, while having eased from the first quarter, increased at a moderate pace.

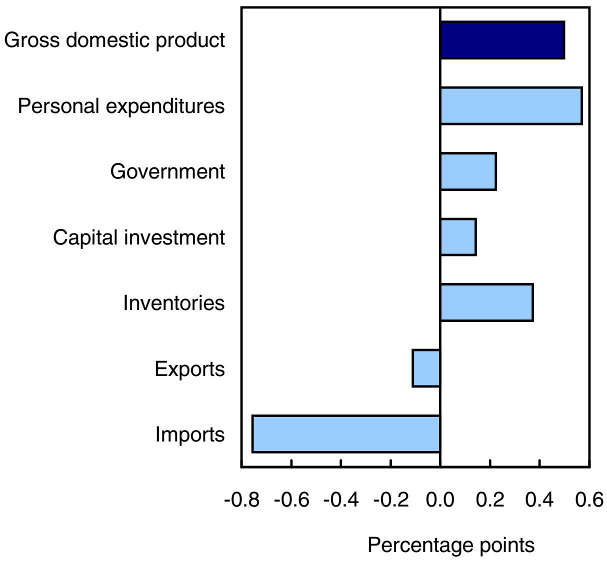
A large business inventory investment was also evident in the second quarter.

Economy-wide prices, as measured by the chain price index for GDP, fell 0.2% in the quarter (down 0.1% excluding energy). However, aggregate prices rose 0.3% in the second quarter when adjusting out the impact of a special pension contribution in the first quarter, which had the effect of reducing the price index for government goods and services in the second quarter. This reflected firmer prices for consumer non-durable goods and services as well as in construction, which were only partly offset by continuing declines in goods export prices. Excluding energy and the special pension payment, economy-wide prices advanced 0.5%

The economy grew at an annualized rate of 2.0% in the second quarter, a sharp deceleration from the 3.6%

pace set during the previous quarter. Growth in the US economy slowed to 2.9% in the second quarter, in tandem with the Canadian economy.

Contributions to percent change in GDP, second quarter 2006



Real gross domestic product, chained (1997) dollars[1]

	Change	Annualized change	Year-over-year change
		%	
First quarter 2005	0.6	2.2	3.2
Second quarter 2005	0.8	3.4	3.0
Third quarter 2005	0.8	3.2	2.7
Fourth quarter 2005	0.6	2.6	2.8
First quarter 2006	0.9	3.6	3.2
Second quarter 2006	0.5	2.0	2.9

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.*

Residential investment declines

Output in the residential construction and real estate agents-brokers industries retreated, as investment in residential structures declined 1.3% following a 3.0% increase in the first quarter.

Much of the strength in new residential construction in the first quarter likely resulted from mild winter weather conditions, which allowed builders to get an early start to the season. This activity returned to more normal levels in the second quarter. Declines in resale activity also contributed to the quarterly decline in overall residential investment.

Business investment in plant and equipment eases

Businesses continued to invest in plant and equipment, though at a slower pace (+1.8%) than in the first quarter. Capital expenditure on machinery and equipment increased across the board with the exception of automobiles and other transportation equipment which posted significant declines. Business engineering construction activity accelerated while building construction declined.

Consumer spending slows

While consumer spending slowed slightly in the second quarter (+1.0% compared to +1.3% in the first quarter), it continued to significantly support growth in the economy. The retail trade industry advanced at a good clip (+2.0%), as many consumer expenditure components recorded strong growth. Consumption of non-durables accelerated, led by food and beverages as well as motor fuels.

Consumer expenditure on durable goods decelerated sharply, as purchases of new trucks and vans declined on the heels of a significant increase in the first quarter. Weakened spending on furniture and household appliances reflected, in part, the dip in the housing market. Expenditure on recreational, sporting and camping equipment remained strong.

Exports decline for a second consecutive quarter

Exports fell 0.3%, adding to the decline in the first quarter. This slump in foreign demand was reflected in manufacturing output, which weakened further in the quarter. Production slid among export driven manufacturing industries including motor vehicles and wood products manufacturers, as well as selected non-durable industries.

Automotive exports (-5.1%), which had increased significantly in the last half of 2005, fell for a second consecutive quarter. Likewise, exports of agricultural and fish products, which performed well throughout 2005, declined 1.8%. Exports of forestry products posted a second significant decline. Energy was the only group to register a significant increase in exports (+5.8%), following a modest increase in the first quarter.

Imports rebounded following a weak first quarter, as the Canadian dollar appreciated. The strength in business investment accounted for much of the increase, as imports of machinery and equipment advanced.

Likewise, retailers and wholesalers continued to snatch up cheaper foreign goods. Imports of crude petroleum products and automotive products also picked up in the second quarter.

Non-farm inventory accumulation picks up steam

Over $16 billion was added to inventories in the second quarter, up from the $11 billion build-up in the first. Non-farm inventory accumulation picked up steam, despite lower production in manufacturing.

Wholesale inventories of durable goods piled up, in line with sagging foreign demand. Manufacturers also added to their stocks at a faster clip in the quarter.

Retail inventories posted a third consecutive quarter of strong accumulation. Both motor vehicle and other durable goods inventories were built up, reflecting softer consumer demand in these areas.

Labour income remains strong, corporate profits edge ahead

Current dollar labour income remained strong, despite the sharp deceleration from the first quarter. (The jump in the first quarter was due to a large special payment to reduce an actuarial deficit of a government employer-sponsored defined benefit pension plan.) Removing the effect of this special payment, the first and second quarter growth in labour income would be 1.3%.

Wages and salaries grew by 1.4% in the first quarter and 1.3% in the second quarter. The strength in the second quarter was driven by the services industries.

Corporate profits in nominal dollars edged ahead 0.4% in the second quarter, following a sharp 3.7% decline in the first, which arose from lower export prices for energy. The sluggish growth in the second quarter was in line with the second consecutive decline in the output of the manufacturing sector. In addition, profits of financial industries declined 1.6%.

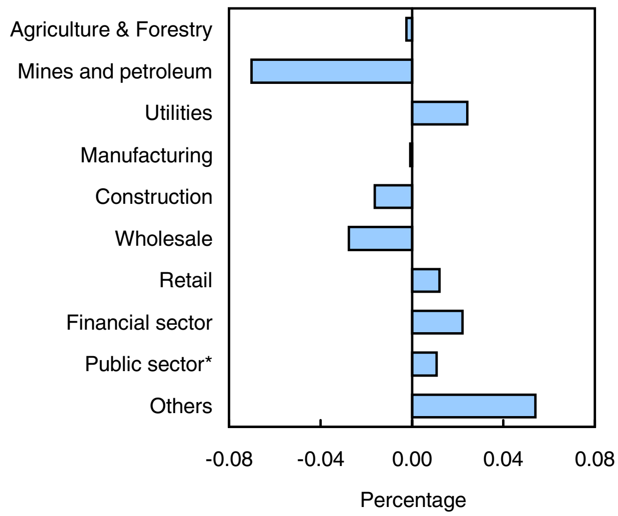
GDP by industry, June 2006

The Canadian economy remained stable in June, after increasing by 0.2% in April and 0.1% in May. The production of goods, which has been showing signs of weaknesses since the beginning of the year, declined 0.2% in June. Service industries gained 0.1%.

Oil and gas extraction, the manufacturing of chemical products, wholesale trade as well as construction recorded declines, while the manufacturing of motor vehicles and parts, of fabricated metal products, and forestry and logging posted the largest increases.

The energy sector declined for a third consecutive month, falling 0.8% in June. This loss was largely attributable to lower oil and gas extraction (-3.1%), particularly of natural gas. Declining prices and a high level of inventories of natural gas were the main factors behind this contraction.

Main industrial sectors' contribution to total growth, June 2006



* Education, health and public administration.

Manufacturing output remained essentially unchanged in June. Of the 21 major groups, 10 boosted their production, accounting for 54% of total manufacturing output. The 0.4% increase in durable goods production was offset by a 0.6% decline in non-durable goods output.

Industrial production, the output of mines, factories and utilities, slipped 0.2%, with utilities reporting the only gain (+1.0%). In the United States, industrial production increased 0.8% in June, with the three sectors posting increases.

Monthly gross domestic product by industry at basic prices in chained 1997 dollars

	January 2006[r]	February 2006[r]	March 2005[r]	April 2006[r]	May 2006[r]	June 2006[p]
	Seasonally adjusted					
	month-to month % change					
All industries	**0.2**	**0.3**	**0.1**	**0.2**	**0.1**	**0.0**
Goods-producing industries	-0.5	0.4	-0.3	-0.0	-0.2	-0.2
Service-producing industries	0.5	0.2	0.4	0.3	0.2	0.1
Industrial production	-0.9	0.2	-0.2	-0.3	-0.2	-0.2
Construction	0.8	1.3	-0.6	0.7	-0.3	-0.3
Retail trade	1.1	0.3	1.2	1.4	-0.6	0.2
Energy Sector	-2.8	1.7	0.7	-0.8	-0.8	-0.8

r *revised*
p *preliminary*

Wholesale trade fell 0.5%, with notable weakness in wholesale sales of motor vehicles and parts and of computers and office equipment. Retail trade advanced 0.2% in June. New and used car dealers contributed notably to the reduced growth of retail trade.

Detailed analysis and tables

The new *National Economic Accounts* module, accessible from the home page of our website, features an up-to-date portrait of national and provincial economies and their structure.

More detailed analysis on today's releases from the national accounts, including additional charts and tables, can be found in the second quarter 2006 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 5, no. 2 (13-010-XIE, free), which is now available from the *Publications* module of our website.

Gross domestic product by industry

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

Definitions, data sources and methods: survey numbers 1301 and 1302.

The June 2006 issue of *Gross Domestic Product by Industry*, Vol. 20, no. 6 (15-001-XIE, free) is now available from the *Publications* module of our website.

For general information or to order data, contact the Information Officer (toll-free 1-800-887-IMAD; *imad@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Bernard Lefrançois (613-951-3622; *bernard.lefrancois@statcan.ca*), Industry Accounts Division.

National economic and financial accounts

Available on CANSIM: tables 378-0001, 378-0002, 380-0001 to 380-0017, 380-0019 to 380-0035, 380-0056, 380-0059, 380-0060 and 382-0006.

Definitions, data sources and methods: survey numbers, including related surveys, 1804, 1901 and 2602.

The second quarter 2006 issue of *National Income and Expenditure Accounts, Quarterly Estimates* (13-001-XIB, free) will soon be available.

Detailed printed tables of unadjusted and seasonally adjusted quarterly *Income and Expenditure Accounts* (13-001-PPB, $54/$193), *Financial Flow Accounts* (13-014-PPB, $54/$193) and *Estimates of Labour Income* (13F0016XPB, $22/$70), including supplementary analytical tables and charts are now available. See *How to order products*.

At 8:30 a.m. on release day, the complete seasonally adjusted quarterly income and expenditure accounts (13-001-DDB, $134/$535), financial flow accounts (13-014-DDB, $321/$1,284), and monthly estimates of labour income (13F0016DDB, $134/$535) data sets can be obtained on computer diskette. See *How to order products.*

These diskettes can also be purchased at a lower cost seven business days after the official release date (13-001-XDB, $27/$107; 13-014-XDB, $65/$257; and 13F0016XDB, $27/$107). 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, *iead-info-dcrd@statcan.ca*), Income and Expenditure Accounts Division.

□

Canadian economic accounts key indicators[1]

	First quarter 2005	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
	Seasonally adjusted at annual rates							
	$ millions at current prices							
GDP by income and by expenditure								
Wages, salaries and supplementary labour income	672,252	682,340	694,340	703,668	720,672	721,844	651,888	688,150
	1.5	1.5	1.8	1.3	2.4	0.2	5.0	5.6
Corporation profits before taxes	178,936	183,704	192,368	202,812	195,268	196,080	171,323	189,455
	1.3	2.7	4.7	5.4	-3.7	0.4	18.3	10.6
Interest and miscellaneous investment income	56,460	57,036	60,392	67,724	64,544	63,968	54,084	60,403
	0.3	1.0	5.9	12.1	-4.7	-0.9	8.9	11.7
Net income of unincorporated business	85,516	85,764	86,556	86,988	87,408	88,020	84,084	86,206
	0.1	0.3	0.9	0.5	0.5	0.7	7.3	2.5
Taxes less subsidies	152,072	155,740	156,352	157,024	159,868	161,656	148,564	155,297
	0.4	2.4	0.4	0.4	1.8	1.1	5.8	4.5
Personal disposable income	772,444	781,652	793,836	802,164	830,448	825,332	755,931	787,524
	0.7	1.2	1.6	1.0	3.5	-0.6	4.7	4.2
Personal saving rate[2]	1.2	1.0	1.3	1.3	3.0	1.0	2.6	1.2
	...	...	...	...	...	...	...	...
	millions of chained (1997) dollars							
Personal expenditure on consumer goods and services	655,823	661,391	665,602	671,517	679,985	686,980	638,825	663,583
	1.4	0.8	0.6	0.9	1.3	1.0	3.3	3.9
Government current expenditure on goods and services	215,267	216,627	218,239	220,622	222,016	224,571	211,883	217,689
	0.5	0.6	0.7	1.1	0.6	1.2	3.0	2.7
Gross fixed capital formation	255,191	258,014	264,002	269,080	275,221	277,085	244,221	261,572
	1.7	1.1	2.3	1.9	2.3	0.7	8.0	7.1
Investment in inventories	17,624	14,503	14,992	14,937	11,274	16,393	9,767	15,514
	...	...	...	...	...	...	...	...
Exports of goods and services	466,955	464,866	474,439	481,889	477,303	475,858	462,239	472,037
	1.3	-0.4	2.1	1.6	-1.0	-0.3	5.2	2.1
Imports of goods and services	467,457	463,089	475,574	490,041	487,724	498,814	442,421	474,040
	2.0	-0.9	2.7	3.0	-0.5	2.3	8.2	7.1
Gross domestic product at market prices	1,144,136	1,153,623	1,162,822	1,170,239	1,180,674	1,186,555	1,124,688	1,157,705
	0.6	0.8	0.8	0.6	0.9	0.5	3.3	2.9
GDP by industry								
Goods producing industries	337,012	338,959	342,680	345,288	345,657	344,692	332,217	340,985
	0.2	0.6	1.1	0.8	0.1	-0.3	4.1	2.6
Industrial production	250,396	251,208	253,579	255,102	253,882	252,464	247,374	252,571
	-0.0	0.3	0.9	0.6	-0.5	-0.6	3.8	2.1
Energy sector	62,842	63,817	65,170	65,938	65,161	64,779	63,109	64,441
	-1.2	1.6	2.1	1.2	-1.2	-0.6	1.8	2.1
Manufacturing	183,611	183,162	184,092	184,927	184,813	183,819	180,070	183,948
	0.4	-0.2	0.5	0.5	-0.1	-0.5	4.6	2.2
Non-durable manufacturing	73,653	73,234	73,517	72,960	72,394	72,129	73,714	73,341
	-0.6	-0.6	0.4	-0.8	-0.8	-0.4	2.0	-0.5
Durable manufacturing	109,722	109,691	110,336	111,722	112,173	111,446	106,132	110,368
	1.1	-0.0	0.6	1.3	0.4	-0.6	6.5	4.0
Construction	62,352	63,251	64,241	65,754	67,314	67,610	60,689	63,900
	1.4	1.4	1.6	2.4	2.4	0.4	4.6	5.3
Services producing industries	722,895	730,301	736,164	740,825	749,425	755,652	709,357	732,546
	0.9	1.0	0.8	0.6	1.2	0.8	2.7	3.3
Wholesale trade	65,154	67,025	67,802	69,112	71,043	71,839	62,306	67,273
	1.9	2.9	1.2	1.9	2.8	1.1	5.3	8.0
Retail trade	61,453	62,121	62,241	62,635	64,160	65,420	59,405	62,112
	1.8	1.1	0.2	0.6	2.4	2.0	3.8	4.6
Transportation and warehousing	51,089	51,466	52,424	52,842	53,210	53,660	49,804	51,955
	1.1	0.7	1.9	0.8	0.7	0.8	4.5	4.3
Finance, insurance, real estate and renting	210,450	212,595	214,618	215,842	218,247	220,074	206,340	213,376
	1.1	1.0	1.0	0.6	1.1	0.8	3.4	3.4
Information and communication technologies	60,153	61,111	61,936	62,084	63,183	63,893	58,112	61,321
	1.6	1.6	1.4	0.2	1.8	1.1	4.3	5.5

... not applicable

1. *The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line is the quarter to quarter percentage change at quarterly rates.*
2. *Actual rate.*

■

Aircraft movement statistics: Small airports
April 2006

The April 2006 monthly report, Vol. 2 (TP141, free) is available on Transport Canada's website at the following URL (*http://www.tc.gc.ca/pol/en/report/tp141e/tp141.htm*).

Note: The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (i.e., those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (i.e., those without air traffic control towers). Both volumes are available free upon release at Transport Canada's website.

For more information about this website, contact Michel Villeneuve (613-990-3825; *villenm@tc.gc.ca*), Transport Canada.

Definitions, data sources and methods: survey number 2715.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

Canadian Community Health Survey: Public Use Microdata File
2005

The 2005 *Canadian Community Health Survey: Public Use Microdata File*, Cycle 3.1, is now available. Data were collected from over 130,000 respondents aged 12 or older, residing in households in all provinces and territories.

The file provides data for 101 health regions or combined health regions across Canada and includes information on a wide range of topics, including: physical activity, height and weight, smoking, exposure to second hand smoke, alcohol consumption, general health, chronic health conditions, injuries, and use of health care services. It also provides information on the socio-demographic, income and labour force characteristics of the population.

The product is provided on CD-ROM with a built-in "Beyond 20/20" application.

Definitions, data sources and methods: survey number 3226.

To order a copy of the 2005 *Canadian Community Health Survey: Public Use Microdata File*, Cycle 3.1 (82M0013XCB, free), contact Client Services, Health Statistics Division (613-951-1746; fax: 613-951-0792; *hd-ds@statcan.ca*). This product is available free of charge to non-profit organizations in the health sector for research and non-commercial purposes.

The initial results from the CCHS Cycle 3.1 (2005) were released in *The Daily* on June 13, 2006. Many indicators based on CCHS data are also available in *Health Indicators* (82-221-XIE, free).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mario Bédard (613-951-8933; fax: 613-613-4198; *mario.bedard@statcan.ca*), Health Statistics Division ■

Couriers and Messengers Services Price Index
July 2006

The Couriers and Messengers Services Price Index (CMSPI) is a monthly price index measuring the change over time in prices for courier and messenger services provided by long and short distance delivery companies to Canadian-based business clients.

The CMSPI increased 0.3% in July to 120.5 (2003=100). The courier portion declined 0.1% from June, while the local messengers component rose 2.1% due to fuel charge increases.

These indexes are available at the Canada level only.

Available on CANSIM: table 329-0053.

Definitions, data sources and methods: survey number 5064.

For more information, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; *infounit@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Perry Kirkpatrick (613-951-1930; *perry.kirkpatrick@statcan.ca*), Prices Division. ■

New products

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National Income and Expenditure Accounts, Quarterly Estimates, Vol. 54, no. 2
Catalogue number 13-001-PPB ($54/$193).

National Income and Expenditure Accounts, Quarterly Estimates, Vol. 54, no. 2
Catalogue number 13-001-XDB ($27/$107).

Canadian Economic Accounts Quarterly Review, Vol. 5, no. 2
Catalogue number 13-010-XIE
(free).

Financial Flow Accounts, Quarterly Estimates: Day of Release, Second quarter 2006
Catalogue number 13-014-DDB ($321/$1,284).

Financial Flow Accounts, Quarterly Estimates, Second quarter 2006
Catalogue number 13-014-PPB ($54/$193).

Financial Flow Accounts, Quarterly Estimates, Second quarter 2006
Catalogue number 13-014-XDB ($65/$257).

Estimates of Labour Income, Monthly Estimates: Day of Release, June 2006
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Estimates of Labour Income, Monthly Estimates, June 2006
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Gross Domestic Product by Industry, June 2006, Vol. 20, no. 6
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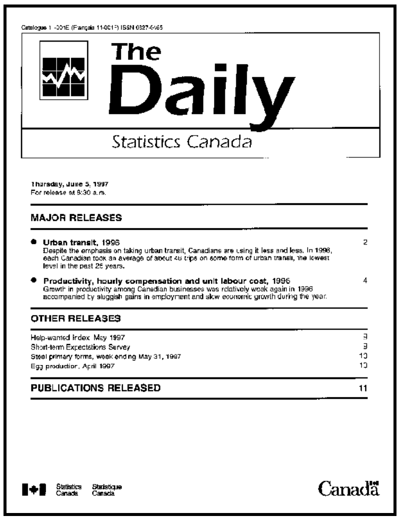

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The Daily

Statistics Canada

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

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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