



Canadian economic accounts quarterly review



Fourth quarter 2003



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| | |
|-----|---|
| . | not available for any reference period |
| .. | not available for a specific reference period |
| ... | not applicable |
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| r | revised |
| X | suppressed to meet secrecy requirements of the Statistics Act |
| E | use with caution |
| F | too unreliable to be published |

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Statistics Canada
System of National Accounts

Canadian economic accounts quarterly review

Fourth quarter 2003

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Related products and services

GDP by income and by expenditure

| | |
|---|--|
| CANSIM tables | 378-0001, 378-0002, 380-0001 to 380-0017, 380-0019 to 380-0035, 380-0037, 380-0056 to 380-0058, 382-0006, 384-0001, 384-0002, 384-0004 to 384-0013, and 384-0036 |
| Publication: | |
| National income and expenditure accounts, quarterly estimates | 13-001-XIB, 13-001-XPB |
| Tables and analytical documents: | |
| Income and expenditure accounts | 13-001-PPB |
| Financial flow accounts | 13-014-PPB |
| Estimates of labour income | 13F0016XPB |
| Provincial economic accounts | 13-213-PPB |
| Spreadsheets | 13-001-DDB, 13-014-DDB, 13F0016DDB, 13-213-DDB, 13-001-XDB, 13-014-XDB, 13F0016XDB, 13-213-XDB |

GDP by industry

| | |
|------------------------------------|----------------------|
| CANSIM tables | 379-0017 to 379-0022 |
| Publication: | |
| Gross domestic product by industry | 15-001-XIE |

Balance of international payments

| | |
|--|-----------------------------------|
| CANSIM tables | 376-0001 to 376-0019 and 376-0035 |
| Publication: | |
| Canada's balance of international payments | 67-001-XIB, 67-001-XPB |

Labour productivity, hourly compensation and unit labour cost

| | |
|-------------------------------|-----------------------|
| CANSIM table | 383-0008 and 383-0012 |
| Publication: | |
| Productivity growth in Canada | 15-204-XIE |

International investment position

| | |
|--|---|
| CANSIM tables | 376-0037, 376-0039 to 376-0042, 376-0055 to 376-0057 and 376-0059 |
| Publication: | |
| Canada's international investment position | 67-202-XIE |

National balance sheet accounts

| | |
|--|------------------------|
| CANSIM tables | 378-0003 to 378-0007 |
| Publication: | |
| National balance sheet accounts, quarterly estimates | 13-214-XIE |
| Spreadsheets | 13-214-DDB, 13-214-XDB |

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About this publication

This publication presents an overview of the economic developments reported in Canada's national accounts for the most recent quarter. The overview covers several broad areas: 1) Gross domestic product (GDP) by income and by expenditure, 2) GDP by industry, 3) Balance of international payments accounts, 4) Labour productivity and other related variables, 5) International investment position and 6) National balance sheet accounts.

The publication examines quarterly trends in the major aggregates that comprise GDP, both income- and expenditure-based, as well as prices and the financing of economic activity by institutional sector. GDP is also examined by industry, both for the last month of the quarter and the quarter as a whole. Canada's transactions with non-residents related to international trade, investment income flows, transfers and international investing and financing activities are summarized. The quarterly productivity estimates are meant to assist in the analysis of the short-run relationship between the fluctuations of output, employment, compensation and hours worked. Complete national balance sheets provide estimates of Canada's wealth. Canada's financial position with the rest of the world is also articulated. The overview is accompanied by graphics and several detailed statistical tables. Some issues also contain more technical articles, explaining national accounts methodology or analysing a particular aspect of the economy.

This publication carries the detailed analyses, charts and statistical tables that, prior to its first issue, were released in *The Daily* (11-001-XIE) under the headings National Economic and Financial Accounts, Canada's Balance of International Payments and Gross Domestic Product by industry.

Revision policy

GDP by income and by expenditure, Balance of international payments, Labour productivity, hourly compensation and unit labour cost, International investment position, National balance sheet accounts

Preceding quarters of the year are revised when the current quarter is published. Each year revisions extending back four years are made with the publication of first quarter data. They are not normally revised again except when historical revisions are carried out.

GDP by industry

Revisions arise from updates to benchmark data, projectors and seasonal adjustment. January to June: Back to the beginning of the previous year; July: Back to January of fifth previous year; August to December: Back to January of current year. Occasionally, there are historical revisions due to conceptual, methodological and classification changes - the most recent with the July 2002 GDP release.

Overview

Fourth quarter 2003 and annual 2003

Real Gross domestic product (GDP) advanced 1.7% in 2003, almost half the pace set in 2002, as exports fell for a third straight year. The economy ended the year however with its best showing in six quarters, as exports rebounded and GDP advanced a solid 0.9%. Much of the strength came late in the quarter as growth accelerated from 0.2% in October and November to 0.5% in December.

Real Gross domestic product, chained (1997) dollars¹

| | Change | Annualized change | Year-over- year change |
|---------------------|--------|----------------------|---------------------------|
| | % | | |
| First quarter 2003 | 0.6 | 2.5 | 2.7 |
| Second quarter 2003 | -0.2 | -1.0 | 1.5 |
| Third quarter 2003 | 0.3 | 1.3 | 1.1 |
| Fourth quarter 2003 | 0.9 | 3.8 | 1.6 |
| 2003 | 1.7 | ... | 1.7 |

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

Exports were the main source of strength in the fourth quarter, bouncing back from a four-quarter slump and helping manufacturing to a strong year-end. Consumer spending was flat as retail activity was driven down by sharply curtailed sales of motor vehicles. Additions to business inventories were more than three times those of the third quarter.

Flat consumer and government spending in the quarter coupled with a slowdown in business investment resulted in the weakest showing for final domestic demand (+0.3%) since the fourth quarter of 2001. As measured by the chain price index for GDP, economy-wide prices edged up 0.1% after gaining 0.9% in the third quarter.

Industrial production (manufacturing, mining and utilities) surged 1.6% in the quarter, after a depressed first-half of the year. Higher manufacturing and mining production more than offset reduced output in the utilities sector, as electricity generation declined for the third consecutive quarter. Industrial production in the United States advanced 1.3% with all major components registering gains.

On an annualized basis, Canada's GDP growth for the fourth quarter was 3.8%. The U.S. economy grew at an annualized rate of 4.1% (according to figures released today).

Revisions in this issue

GDP by income and by expenditure, Balance of international payments, International investment position, National balance sheet accounts:

With this release revisions have been made back to the first quarter of 2003.

GDP by industry:

Since the December release of the *Canadian economic accounts quarterly review*, revisions were made back to January 2003.

Labour productivity, hourly compensation and unit labour cost

With this release revisions have been made back to the first quarter of 2003. However, the hourly compensation series have been revised beginning with the first quarter of 1998.

Canadian economic accounts key indicators[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|-------------------------|-------------------------|
| Seasonally adjusted at annual rates, millions of dollars at current prices | | | | | | | | |
| GDP by income and by expenditure | | | | | | | | |
| Wages, salaries and supplementary labour income | 600,048 <i>1.3</i> | 610,040 <i>1.7</i> | 613,792 <i>0.6</i> | 614,724 <i>0.2</i> | 618,116 <i>0.6</i> | 623,392 <i>0.9</i> | 597,316 <i>4.8</i> | 617,506 <i>3.4</i> |
| Corporation profits before taxes | 138,656 <i>4.5</i> | 140,708 <i>1.5</i> | 153,896 <i>9.4</i> | 137,688 <i>-10.5</i> | 144,516 <i>5.0</i> | 149,568 <i>3.5</i> | 133,004 <i>4.3</i> | 146,417 <i>10.1</i> |
| Interest and miscellaneous investment income | 49,756 <i>-0.4</i> | 49,028 <i>-1.5</i> | 50,008 <i>2.0</i> | 50,028 <i>0.0</i> | 51,528 <i>3.0</i> | 50,936 <i>-1.1</i> | 49,425 <i>-6.8</i> | 50,625 <i>2.4</i> |
| Net income of unincorporated business | 75,160 <i>0.5</i> | 75,668 <i>0.7</i> | 76,940 <i>1.7</i> | 77,792 <i>1.1</i> | 78,988 <i>1.5</i> | 80,060 <i>1.4</i> | 74,675 <i>6.2</i> | 78,445 <i>5.0</i> |
| Taxes less subsidies | 138,980 <i>1.1</i> | 141,384 <i>1.7</i> | 140,128 <i>-0.9</i> | 138,920 <i>-0.9</i> | 144,536 <i>4.0</i> | 145,924 <i>1.0</i> | 138,197 <i>7.0</i> | 142,377 <i>3.0</i> |
| Personal disposable income | 700,724 <i>0.5</i> | 707,092 <i>0.9</i> | 713,208 <i>0.9</i> | 716,884 <i>0.5</i> | 719,636 <i>0.4</i> | 721,544 <i>0.3</i> | 698,479 <i>4.7</i> | 717,818 <i>2.8</i> |
| Personal saving rate[2] | 3.8 ... | 3.2 ... | 2.6 ... | 2.5 ... | 1.3 ... | 1.5 ... | 4.2 ... | 2.0 ... |
| Seasonally adjusted at annual rates, millions of chained (1997) dollars | | | | | | | | |
| Personal expenditure on consumer goods and services | 602,163 <i>0.3</i> | 608,753 <i>1.1</i> | 613,557 <i>0.8</i> | 618,787 <i>0.9</i> | 625,853 <i>1.1</i> | 626,048 <i>0.0</i> | 601,198 <i>3.4</i> | 621,061 <i>3.3</i> |
| Government current expenditure on goods and services | 199,451 <i>1.0</i> | 200,614 <i>0.6</i> | 202,034 <i>0.7</i> | 204,370 <i>1.2</i> | 205,070 <i>0.3</i> | 205,360 <i>0.1</i> | 198,269 <i>3.0</i> | 204,209 <i>3.0</i> |
| Gross fixed capital formation | 215,087 <i>0.8</i> | 215,153 <i>0.0</i> | 219,291 <i>1.9</i> | 220,615 <i>0.6</i> | 227,790 <i>3.3</i> | 230,487 <i>1.2</i> | 214,083 <i>1.3</i> | 224,546 <i>4.9</i> |
| Investment in inventories | 7,920 ... | 11,566 ... | 19,335 ... | 15,643 ... | 2,924 ... | 11,004 ... | 5,824 ... | 12,227 ... |
| Exports of goods and services | 450,707 <i>2.1</i> | 440,573 <i>-2.2</i> | 434,297 <i>-1.4</i> | 430,878 <i>-0.8</i> | 428,989 <i>-0.4</i> | 442,779 <i>3.2</i> | 443,486 <i>-0.1</i> | 434,236 <i>-2.1</i> |
| Imports of goods and services | 394,603 <i>1.4</i> | 393,171 <i>-0.4</i> | 396,862 <i>0.9</i> | 402,069 <i>1.3</i> | 397,943 <i>-1.0</i> | 414,593 <i>4.2</i> | 387,274 <i>0.6</i> | 402,867 <i>4.0</i> |
| Gross domestic product at market prices | 1,079,490 <i>0.7</i> | 1,083,875 <i>0.4</i> | 1,090,657 <i>0.6</i> | 1,087,947 <i>-0.2</i> | 1,091,396 <i>0.3</i> | 1,101,564 <i>0.9</i> | 1,074,516 <i>3.3</i> | 1,092,891 <i>1.7</i> |
| GDP by industry | | | | | | | | |
| Goods producing industries | 315,946 <i>1.0</i> | 316,054 <i>0.0</i> | 317,725 <i>0.5</i> | 315,153 <i>-0.8</i> | 317,129 <i>0.6</i> | 322,336 <i>1.6</i> | 313,380 <i>1.9</i> | 318,086 <i>1.5</i> |
| Services producing industries | 684,409 <i>0.7</i> | 689,375 <i>0.7</i> | 692,555 <i>0.5</i> | 694,209 <i>0.2</i> | 696,713 <i>0.4</i> | 701,383 <i>0.7</i> | 681,647 <i>4.2</i> | 696,215 <i>2.1</i> |
| Industrial production | 241,525 <i>0.9</i> | 241,015 <i>-0.2</i> | 240,946 <i>-0.0</i> | 237,606 <i>-1.4</i> | 238,572 <i>0.4</i> | 242,404 <i>1.6</i> | 239,278 <i>2.4</i> | 239,882 <i>0.3</i> |
| Non-durable manufacturing | 73,172 <i>1.0</i> | 73,303 <i>0.2</i> | 73,019 <i>-0.4</i> | 72,349 <i>-0.9</i> | 72,013 <i>-0.5</i> | 73,036 <i>1.4</i> | 72,531 <i>3.1</i> | 72,604 <i>0.1</i> |
| Durable manufacturing | 105,881 <i>1.6</i> | 104,914 <i>-0.9</i> | 104,432 <i>-0.5</i> | 102,388 <i>-2.0</i> | 102,190 <i>-0.2</i> | 104,575 <i>2.3</i> | 104,182 <i>2.7</i> | 103,396 <i>-0.8</i> |
| Information and communication technologies sector (ICT) | 55,561 <i>0.4</i> | 55,991 <i>0.8</i> | 56,640 <i>1.2</i> | 56,730 <i>0.2</i> | 56,525 <i>-0.4</i> | 56,911 <i>0.7</i> | 55,361 <i>1.8</i> | 56,702 <i>2.4</i> |
| Manufacturing | 179,152 <i>1.3</i> | 178,309 <i>-0.5</i> | 177,543 <i>-0.4</i> | 174,824 <i>-1.5</i> | 174,292 <i>-0.3</i> | 177,706 <i>2.0</i> | 176,808 <i>2.9</i> | 176,091 <i>-0.4</i> |
| Agriculture, forestry, fishing and hunting | 21,624 <i>1.7</i> | 21,900 <i>1.3</i> | 23,046 <i>5.2</i> | 23,628 <i>2.5</i> | 23,818 <i>0.8</i> | 24,071 <i>1.1</i> | 21,412 <i>-3.5</i> | 23,641 <i>10.4</i> |
| Construction | 52,622 <i>0.9</i> | 53,053 <i>0.8</i> | 53,870 <i>1.5</i> | 54,270 <i>0.7</i> | 55,163 <i>1.6</i> | 56,295 <i>2.1</i> | 52,555 <i>1.7</i> | 54,900 <i>4.5</i> |
| Wholesale trade | 60,018 <i>0.5</i> | 60,937 <i>1.5</i> | 62,506 <i>2.6</i> | 62,362 <i>-0.2</i> | 62,124 <i>-0.4</i> | 64,273 <i>3.5</i> | 59,635 <i>8.1</i> | 62,816 <i>5.3</i> |
| Retail trade | 54,852 <i>0.3</i> | 55,290 <i>0.8</i> | 55,835 <i>1.0</i> | 56,082 <i>0.4</i> | 56,537 <i>0.8</i> | 56,039 <i>-0.9</i> | 54,905 <i>5.5</i> | 56,123 <i>2.2</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

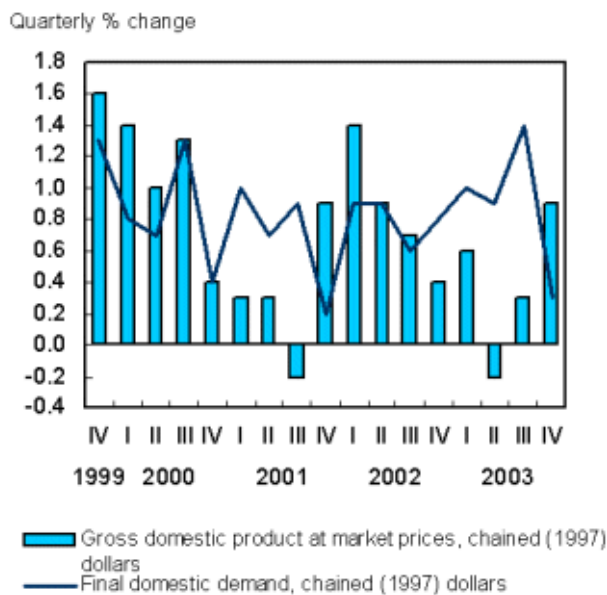
2 Actual rate.

GDP by income and by expenditure

Fourth quarter 2003 and annual 2003

Economic growth advanced 0.9% in the fourth quarter, the strongest performance in six quarters. Exports were the main contributor to growth in the quarter, bouncing back from four consecutive quarterly declines. Final domestic demand, on the other hand, grew only 0.3% following average growth of 1.0% in the four preceding quarters. Consumer spending remained unchanged following average growth of 1.0% in the previous four quarters. Prices, as measured by the chain price index for GDP, edged up 0.1% from the previous quarter and increased 2.3% on a year over year basis.

GDP picked up at year end



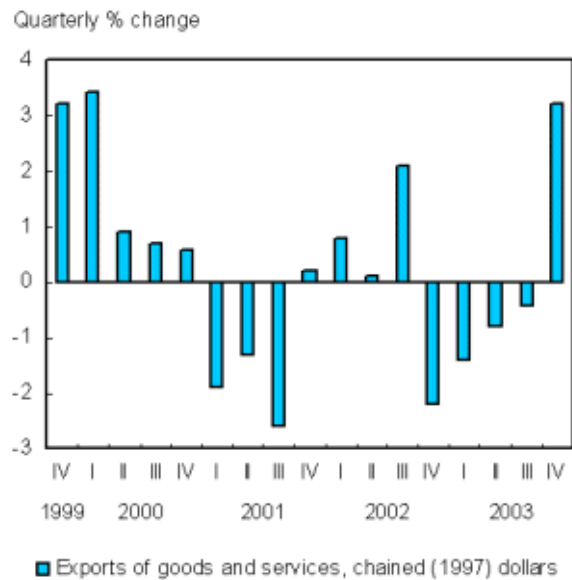
On an annualized basis, growth in the quarter was 3.8%. South of the border, the U.S. economy grew at an annualized rate of 4.1%, down from 8.2% in the third quarter.

The annual growth in GDP for 2003 was 1.7% slowing from 3.3% in 2002. Preliminary provincial data for 2003 will be released on April 28, 2004.

Exports bounced back

Exports rebounded, growing 3.2%. Quarterly export growth has averaged less than 0.1% since the beginning of 2000.

Export growth rebounded



Industrial goods and materials exports surged ahead 8.3% driven by higher exports of metal concentrates and alloys. Automotive product exports bounced back, particularly passenger cars and chassis, with increased demand from the U.S. Energy products, including crude petroleum, advanced 4.2%.

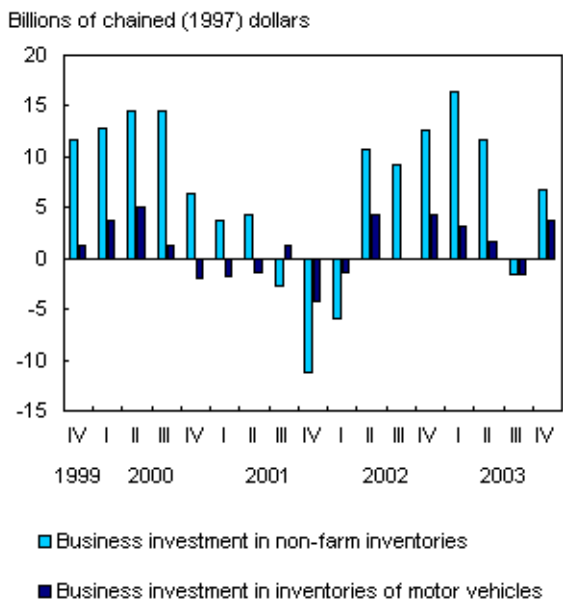
Imports grew 4.2%. Automotive products imports rebounded 7.5%, following a large decline in the third quarter. Demand for industrial goods and materials strengthened 3.9% as manufacturers' activity increased. Canadians continued to spend more on travel services (+11%) as uncertainty from the threat of SARS and the war in Iraq subsided and the stronger value of the Canadian dollar made travel in the U.S. less expensive.

Inventories accumulated

Non-farm inventories were built up nearly \$7 billion during the quarter following a draw down of inventories in the third quarter.

Business investment in retail and wholesale trade inventories was largely responsible for the buildup. Retail motor vehicle inventories increased \$3.7 billion as imports rose and sales of new motor vehicles declined. Manufacturing inventories were unchanged as increases in inventories of chemical producers were largely offset by declines in inventories of primary metals and electrical and electronic products.

Motor vehicle inventory rebuilt



Modest increase in plant and equipment expenditure

Business investment in plant and equipment weakened to 0.6% from 3.4% in the third quarter, which was the strongest quarter of growth in four years.

Fourth consecutive quarter of increased plant and equipment spending



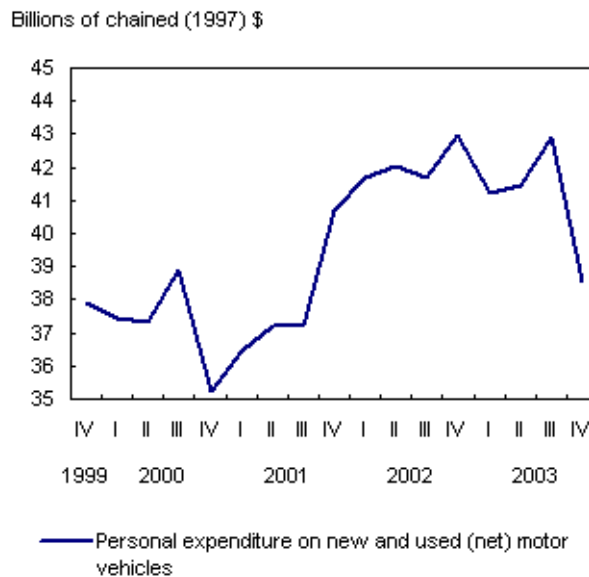
Growth in spending on non-residential structures slowed to 1.0%. Spending on engineering construction advanced to 2.0%, a second quarter of growth, while spending on building construction fell 1.7%.

Spending on machinery and equipment edged up 0.3% following 4.5% growth in the third quarter. Lower machinery and equipment prices, the result of the stronger Canadian dollar relative to the U.S. dollar, has stimulated investment growth since the first quarter of 2003. Spending on industrial machinery increased 2.4%, the fifth consecutive increase. Offsetting some of these increases, spending on trucks and on transportation equipment other than automobiles decreased.

Consumer spending flattened out

Consumer spending was unchanged in the quarter following 8 years of quarterly growth. Average growth in personal expenditures over this period has been slightly less than 1% per quarter.

Purchases of motor vehicles dropped



Despite generous incentive programs, new car purchases dropped 8.2% and new truck purchases, including minivans and SUVs, plummeted 16%. New car purchases have fallen in the last five quarters. Purchases of semi-durable goods, including clothing and footwear, slipped 0.2%. Expenditures on energy fell as average temperatures were warmer than usual.

Spending on services increased, offsetting some of these declines. The resurgence of tourism-related spending including restaurant meals, accommodation and air transport, continued in the fourth quarter from the third quarter. Consumer spending on university education picked up in the fourth quarter with the influence of the double cohort in Ontario.

Housing investment slowed

Growth in investment in residential construction slowed in the fourth quarter to 2.4%, matching the average quarterly growth of the last five years.

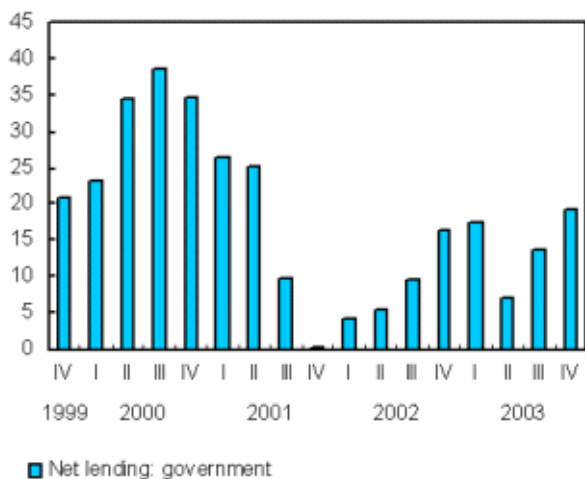
Spending on transfer costs dropped 4.7% as the resale housing market slowed. Multiple listing service unit sales fell 5.2%. Spending on new housing increased to 4.7%, helped by historically low interest rates. Housing starts increased in the eastern provinces while slowing in the western provinces. Spending on renovations was up 2.2%.

Government spending edged up

Net government spending on goods and services edged up 0.1%, decelerating for the second consecutive quarter. Almost all of the increase was in the labour component and reflects more hours worked. On a government sub-sector basis, about half of the current dollar increase in spending was for health-care and education with the remainder evenly split between the federal and provincial governments.

Government continued to build surplus

\$ billions, seasonally adjusted at annual rates



The combined government surplus (annualized national accounts basis expressed in nominal terms) rose to \$19 billion. The larger surplus resulted mainly from higher incomes, particularly federally-collected personal income taxes, higher taxes on products through sales and motive fuel taxes, increased investment income from royalties and remittances by government business enterprises, and higher profits from liquor and gaming. Outlays grew much more modestly with almost all of that increase from purchases of goods and services.

Corporate profits and labour income made moderate gains

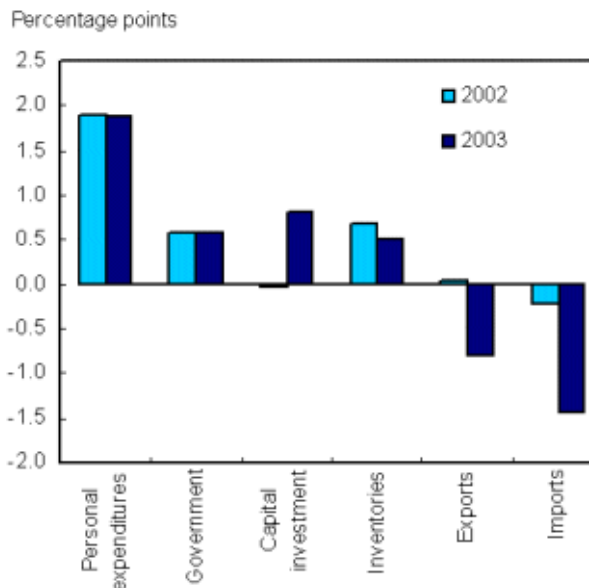
Corporate profits rose 3.5% in the fourth quarter, closing in on the record level set in the first quarter of 2003. The transportation and mining industries led, while oil and gas producers lost ground.

Labour income recorded a solid 0.9% gain, as employment picked-up after a lack-lustre first three quarters of 2003.

2003 Year-end review

Growth in GDP slowed to 1.7% in 2003 from 3.3% in 2002. Growth in the past three years has averaged just over 2.0% compared to almost 5.0% in the period from 1998 to 2000.

Contributions to percent change in GDP



Consumer spending was the greatest contributor to growth in 2003. Exports were the greatest impediment to growth with the value of the Canadian dollar increasing by 12% against the U.S. dollar (based on annual average noon spot rates). Prices, as measured by the chain price index for GDP, advanced 3.4%, reflecting higher energy prices early in the year. Excluding energy, prices increased 2.3%.

Consumer spending continued at same pace

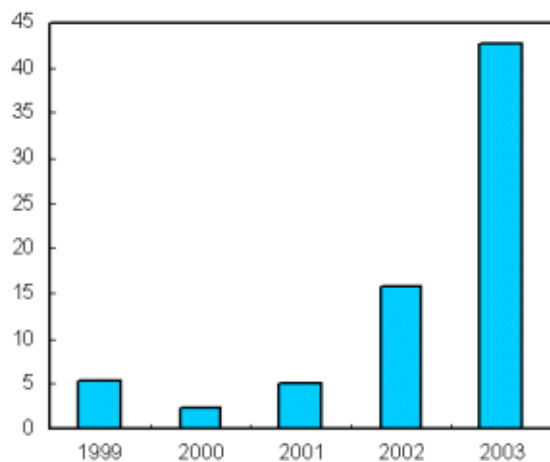
Growth in personal spending (+3.3%) matched the average growth of the last decade and was similar to the growth of 2002.

Spending on new cars fell 4.8% following four years where growth averaged almost 10%. Truck sales including vans and SUVs sales slipped 0.7% after surging ahead more than 16% last year. Furniture and floor covering sales remained strong (+8.1%) influenced

by the housing boom but slowed from the previous year. Despite an overall increase in spending in services, accommodation, gambling and public transportation (air, rail and bus) fell as the impact of the war in Iraq and the fear of SARS were felt.

Net borrowing soars in response to drop in saving

\$ billions



■ Net borrowing - persons and unincorporated businesses

Labour income grew 3.4%, the lowest growth since 1996. Although employment growth was weak at the beginning of 2003, a surge at the end of the year boosted labour income in the fourth quarter. Employment growth in the services producing industries exceeded growth in the goods producing industries. Disposable income grew by 2.8%, about half of the increase in personal expenditures (nominal basis). As a result, saving by the personal sector plummeted and the saving rate fell to 2.0%, the lowest in decades. Net household borrowing increased \$43 billion in 2003 following an increase of \$16 billion in 2002.

Exports slumped

Exports slumped a further 2.1% marking the third consecutive year of decline. Exports had been a strong contributor to growth in the previous decade with growth averaging more than 8%. In 2003, goods exports declined 2.0% with widespread declines while services exports slipped 2.5%.

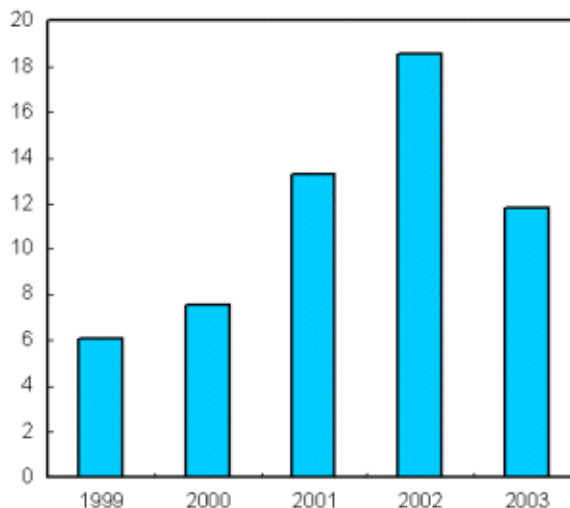
Exports of industrial goods and materials, and machinery and equipment were the hardest hit. Exports of travel services fell more than 10% impacted by the outbreak of SARS, the war in Iraq and the stronger Canadian dollar. Conversely, imports grew 4.0%, in part the result of a weaker U.S. dollar. Machinery and equipment imports grew almost 4% following two years of decline. Other consumer goods imports jumped 8.7%.

Housing boom continued

Investment in residential construction continued to grow for a fifth straight year but slowed from the double digit increases in the two previous years.

Fifth year of growth for investment in residential construction, current dollars

Annual % change



Mortgage rates remained low. Housing starts exceeded 218 thousand approaching the record levels set in the late 1980s. Growth in expenditures on renovations accelerated to 9.9%. Growth in transfer costs slowed to 5.1% but remained strong, marking the third strong year for the housing resale market.

Plant and equipment spending rebounded

Business investment in plant and equipment rebounded in 2003 following a drop in 2002. Machinery and equipment investment was supported by sales of industrial machinery (+11%) and computers and other office equipment (+11%) in tandem with rising imports. Heavy-duty truck purchases increased as the industry renewed its fleet prior to the introduction of new emission standards in January 2004. Investment in engineering construction grew 1.4% while building construction slipped 1.0%, the fourth year of decline.

Inventories built up

Business built up inventories with both farm and non farm inventories increasing. Crop production went up for the first time since 1999, marking a substantial turnaround from 2002 and resulting in a buildup of grain inventories. With the border restrictions to beef as a result of the mad cow scare, the number of cattle on Canadian farms has increased. Non-farm inventories increased, particularly trade inventories as both wholesalers and retailers added to their stocks.

Profits strengthened

Profits reached record levels in 2003, surpassing levels set in 2000. Profit growth was led by the oil and gas producers, wholesalers and retailers. Continued increases in undistributed profits coupled with modest increases in capital acquisitions left the corporate sector with improved balance sheets, and a record net lending position.

Continued growth in government spending

Government spending on goods and services grew 3.0% in 2003, the same rate as 2002. Since 1997, the last year in a string of four years of decline in government spending, the growth has averaged 2.9%. Much of the increase in 2003 occurred at the provincial and local government levels, including increased spending at hospitals and schools.

Gross domestic product, income-based, current prices and quarterly percentage change[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Seasonally adjusted data at annual rates, millions of dollars | | | | | | | | |
| Wages, salaries and supplementary labour income | 600,048 <i>1.3</i> | 610,040 <i>1.7</i> | 613,792 <i>0.6</i> | 614,724 <i>0.2</i> | 618,116 <i>0.6</i> | 623,392 <i>0.9</i> | 597,316 <i>4.8</i> | 617,506 <i>3.4</i> |
| Corporation profits before taxes | 138,656 <i>4.5</i> | 140,708 <i>1.5</i> | 153,896 <i>9.4</i> | 137,688 <i>-10.5</i> | 144,516 <i>5.0</i> | 149,568 <i>3.5</i> | 133,004 <i>4.3</i> | 146,417 <i>10.1</i> |
| Government business enterprise profits before taxes | 10,520 <i>4.4</i> | 11,208 <i>6.5</i> | 12,568 <i>12.1</i> | 9,440 <i>-24.9</i> | 9,084 <i>-3.8</i> | 9,316 <i>2.6</i> | 10,426 <i>8.1</i> | 10,102 <i>-3.1</i> |
| Interest and miscellaneous investment income | 49,756 <i>-0.4</i> | 49,028 <i>-1.5</i> | 50,008 <i>2.0</i> | 50,028 <i>0.0</i> | 51,528 <i>3.0</i> | 50,936 <i>-1.1</i> | 49,425 <i>-6.8</i> | 50,625 <i>2.4</i> |
| Accrued net income of farm operators from farm production | 1,628 <i>2.8</i> | 1,492 <i>-8.4</i> | 1,880 <i>26.0</i> | 1,004 <i>-46.6</i> | 680 <i>-32.3</i> | 752 <i>10.6</i> | 1,715 <i>-36.8</i> | 1,079 <i>-37.1</i> |
| Net income of non-farm unincorporated business, including rent | 73,532 <i>0.4</i> | 74,176 <i>0.9</i> | 75,060 <i>1.2</i> | 76,788 <i>2.3</i> | 78,308 <i>2.0</i> | 79,308 <i>1.3</i> | 72,960 <i>8.0</i> | 77,366 <i>6.0</i> |
| Inventory valuation adjustment | -5,312 ... | -3,128 ... | 2,860 ... | 11,408 ... | 3,104 ... | 2,392 ... | -3,561 ... | 4,941 ... |
| Taxes less subsidies, on factors of production | 53,732 <i>0.2</i> | 54,380 <i>1.2</i> | 54,868 <i>0.9</i> | 55,168 <i>0.5</i> | 56,276 <i>2.0</i> | 56,556 <i>0.5</i> | 53,755 <i>1.7</i> | 55,717 <i>3.6</i> |
| Net domestic product at basic prices | 922,560 <i>1.1</i> | 937,904 <i>1.7</i> | 964,932 <i>2.9</i> | 956,248 <i>-0.9</i> | 961,612 <i>0.6</i> | 972,220 <i>1.1</i> | 915,040 <i>3.6</i> | 963,753 <i>5.3</i> |
| Taxes less subsidies, on products | 85,248 <i>1.7</i> | 87,004 <i>2.1</i> | 85,260 <i>-2.0</i> | 83,752 <i>-1.8</i> | 88,260 <i>5.4</i> | 89,368 <i>1.3</i> | 84,442 <i>10.6</i> | 86,660 <i>2.6</i> |
| Capital consumption allowances | 156,332 <i>1.6</i> | 158,244 <i>1.2</i> | 160,180 <i>1.2</i> | 162,728 <i>1.6</i> | 165,316 <i>1.6</i> | 167,896 <i>1.6</i> | 155,004 <i>5.6</i> | 164,030 <i>5.8</i> |
| Statistical discrepancy | 500 ... | -1,128 ... | 132 ... | -184 ... | 1,292 ... | -608 ... | 463 ... | 158 ... |
| Gross domestic product at market prices | 1,164,640 <i>1.2</i> | 1,182,024 <i>1.5</i> | 1,210,504 <i>2.4</i> | 1,202,544 <i>-0.7</i> | 1,216,480 <i>1.2</i> | 1,228,876 <i>1.0</i> | 1,154,949 <i>4.3</i> | 1,214,601 <i>5.2</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

Gross domestic product, expenditure-based, current prices and quarterly percentage change[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Seasonally adjusted data at annual rates, millions of dollars | | | | | | | | |
| Personal expenditure on consumer goods and services | 660,712 <i>1.2</i> | 670,908 <i>1.5</i> | 680,576 <i>1.4</i> | 685,080 <i>0.7</i> | 696,112 <i>1.6</i> | 695,908 <i>-0.0</i> | 656,181 <i>5.3</i> | 689,419 <i>5.1</i> |
| Durable goods | 91,700 <i>-0.2</i> | 94,144 <i>2.7</i> | 93,544 <i>-0.6</i> | 94,164 <i>0.7</i> | 95,772 <i>1.7</i> | 90,988 <i>-5.0</i> | 92,131 <i>8.7</i> | 93,617 <i>1.6</i> |
| Semi-durable goods | 56,612 <i>-0.5</i> | 57,220 <i>1.1</i> | 57,852 <i>1.1</i> | 58,236 <i>0.7</i> | 58,432 <i>0.3</i> | 58,692 <i>0.4</i> | 56,773 <i>4.4</i> | 58,303 <i>2.7</i> |
| Non-durable goods | 159,768 <i>2.4</i> | 163,200 <i>2.1</i> | 168,312 <i>3.1</i> | 166,552 <i>-1.0</i> | 168,736 <i>1.3</i> | 168,596 <i>-0.1</i> | 157,779 <i>5.1</i> | 168,049 <i>6.5</i> |
| Services | 352,632 <i>1.3</i> | 356,344 <i>1.1</i> | 360,868 <i>1.3</i> | 366,128 <i>1.5</i> | 373,172 <i>1.9</i> | 377,632 <i>1.2</i> | 349,498 <i>4.7</i> | 369,450 <i>5.7</i> |
| Government current expenditure on goods and services | 220,828 <i>1.6</i> | 223,624 <i>1.3</i> | 226,548 <i>1.3</i> | 230,172 <i>1.6</i> | 232,720 <i>1.1</i> | 234,572 <i>0.8</i> | 218,895 <i>5.5</i> | 231,003 <i>5.5</i> |
| Government gross fixed capital formation | 30,904 <i>2.4</i> | 30,932 <i>0.1</i> | 31,900 <i>3.1</i> | 32,036 <i>0.4</i> | 32,276 <i>0.7</i> | 32,364 <i>0.3</i> | 30,430 <i>12.7</i> | 32,144 <i>5.6</i> |
| Government investment in inventories | -84 ... | -80 ... | -16 ... | 44 ... | 24 ... | 8 ... | -45 ... | 15 ... |
| Business gross fixed capital formation | 197,060 <i>0.7</i> | 198,812 <i>0.9</i> | 201,460 <i>1.3</i> | 200,428 <i>-0.5</i> | 208,396 <i>4.0</i> | 209,904 <i>0.7</i> | 196,764 <i>2.0</i> | 205,047 <i>4.2</i> |
| Residential structures | 65,796 <i>3.7</i> | 68,460 <i>4.0</i> | 69,544 <i>1.6</i> | 70,504 <i>1.4</i> | 74,732 <i>6.0</i> | 77,284 <i>3.4</i> | 65,270 <i>18.7</i> | 73,016 <i>11.9</i> |
| Non-residential structures | 48,148 <i>-0.8</i> | 47,584 <i>-1.2</i> | 48,900 <i>2.8</i> | 49,192 <i>0.6</i> | 50,228 <i>2.1</i> | 51,056 <i>1.6</i> | 48,469 <i>-8.1</i> | 49,844 <i>2.8</i> |
| Machinery and equipment | 83,116 <i>-0.6</i> | 82,768 <i>-0.4</i> | 83,016 <i>0.3</i> | 80,732 <i>-2.8</i> | 83,436 <i>3.3</i> | 81,564 <i>-2.2</i> | 83,025 <i>-2.4</i> | 82,187 <i>-1.0</i> |
| Business investment in inventories | 5,188 ... | 8,348 ... | 16,608 ... | 11,064 ... | -3,440 ... | 6,020 ... | 2,873 ... | 7,563 ... |
| Non-farm | 7,164 ... | 10,448 ... | 15,744 ... | 9,696 ... | -5,332 ... | 3,924 ... | 4,544 ... | 6,008 ... |
| Farm | -1,976 ... | -2,100 ... | 864 ... | 1,368 ... | 1,892 ... | 2,096 ... | -1,671 ... | 1,555 ... |
| Exports of goods and services | 482,920 <i>2.5</i> | 480,352 <i>-0.5</i> | 481,632 <i>0.3</i> | 452,896 <i>-6.0</i> | 452,000 <i>-0.2</i> | 451,716 <i>-0.1</i> | 474,303 <i>-1.6</i> | 459,561 <i>-3.1</i> |
| Goods | 422,592 <i>2.7</i> | 418,320 <i>-1.0</i> | 422,612 <i>1.0</i> | 396,000 <i>-6.3</i> | 394,632 <i>-0.3</i> | 392,860 <i>-0.4</i> | 414,303 <i>-1.7</i> | 401,526 <i>-3.1</i> |
| Services | 60,328 <i>1.2</i> | 62,032 <i>2.8</i> | 59,020 <i>-4.9</i> | 56,896 <i>-3.6</i> | 57,368 <i>0.8</i> | 58,856 <i>2.6</i> | 60,000 <i>-0.9</i> | 58,035 <i>-3.3</i> |
| Deduct: Imports of goods and services | 432,388 <i>2.2</i> | 432,000 <i>-0.1</i> | 428,072 <i>-0.9</i> | 409,360 <i>-4.4</i> | 400,316 <i>-2.2</i> | 402,224 <i>0.5</i> | 423,989 <i>1.2</i> | 409,993 <i>-3.3</i> |
| Goods | 364,560 <i>2.9</i> | 363,836 <i>-0.2</i> | 359,048 <i>-1.3</i> | 341,756 <i>-4.8</i> | 331,940 <i>-2.9</i> | 332,536 <i>0.2</i> | 356,458 <i>1.7</i> | 341,320 <i>-4.2</i> |
| Services | 67,828 <i>-1.4</i> | 68,164 <i>0.5</i> | 69,024 <i>1.3</i> | 67,604 <i>-2.1</i> | 68,376 <i>1.1</i> | 69,688 <i>1.9</i> | 67,531 <i>-0.9</i> | 68,673 <i>1.7</i> |
| Statistical discrepancy | -500 ... | 1,128 ... | -132 ... | 184 ... | -1,292 ... | 608 ... | -463 ... | -158 ... |
| Gross domestic product at market prices | 1,164,640 <i>1.2</i> | 1,182,024 <i>1.5</i> | 1,210,504 <i>2.4</i> | 1,202,544 <i>-0.7</i> | 1,216,480 <i>1.2</i> | 1,228,876 <i>1.0</i> | 1,154,949 <i>4.3</i> | 1,214,601 <i>5.2</i> |
| Final domestic demand | 1,109,504 <i>1.2</i> | 1,124,276 <i>1.3</i> | 1,140,484 <i>1.4</i> | 1,147,716 <i>0.6</i> | 1,169,504 <i>1.9</i> | 1,172,748 <i>0.3</i> | 1,102,270 <i>4.9</i> | 1,157,613 <i>5.0</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

Real Gross domestic product, expenditure-based, quarterly percentage change[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Seasonally adjusted at annual rates, millions of chained (1997) dollars[2] | | | | | | | | |
| Personal expenditure on consumer goods and services | 602,163 <i>0.3</i> | 608,753 <i>1.1</i> | 613,557 <i>0.8</i> | 618,787 <i>0.9</i> | 625,853 <i>1.1</i> | 626,048 <i>0.0</i> | 601,198 <i>3.4</i> | 621,061 <i>3.3</i> |
| Durable goods | 92,627 <i>-0.4</i> | 95,208 <i>2.8</i> | 94,609 <i>-0.6</i> | 95,588 <i>1.0</i> | 97,984 <i>2.5</i> | 93,538 <i>-4.5</i> | 93,294 <i>8.5</i> | 95,430 <i>2.3</i> |
| Semi-durable goods | 54,006 <i>-0.7</i> | 54,809 <i>1.5</i> | 55,718 <i>1.7</i> | 56,081 <i>0.7</i> | 56,478 <i>0.7</i> | 56,354 <i>-0.2</i> | 54,341 <i>3.9</i> | 56,158 <i>3.3</i> |
| Non-durable goods | 136,451 <i>0.2</i> | 138,052 <i>1.2</i> | 139,400 <i>1.0</i> | 139,163 <i>-0.2</i> | 139,294 <i>0.1</i> | 140,133 <i>0.6</i> | 136,534 <i>2.1</i> | 139,498 <i>2.2</i> |
| Services | 319,846 <i>0.8</i> | 321,628 <i>0.6</i> | 324,643 <i>0.9</i> | 328,904 <i>1.3</i> | 333,310 <i>1.3</i> | 336,582 <i>1.0</i> | 317,885 <i>2.6</i> | 330,860 <i>4.1</i> |
| Government current expenditure on goods and services | 199,451 <i>1.0</i> | 200,614 <i>0.6</i> | 202,034 <i>0.7</i> | 204,370 <i>1.2</i> | 205,070 <i>0.3</i> | 205,360 <i>0.1</i> | 198,269 <i>3.0</i> | 204,209 <i>3.0</i> |
| Government gross fixed capital formation | 29,775 <i>1.4</i> | 29,763 <i>-0.0</i> | 30,695 <i>3.1</i> | 31,165 <i>1.5</i> | 31,203 <i>0.1</i> | 31,495 <i>0.9</i> | 29,443 <i>11.8</i> | 31,140 <i>5.8</i> |
| Government investment in inventories | -76 ... | -72 ... | -12 ... | 40 ... | 20 ... | 8 ... | -40 ... | 14 ... |
| Business gross fixed capital formation | 185,428 <i>0.7</i> | 185,506 <i>0.0</i> | 188,724 <i>1.7</i> | 189,587 <i>0.5</i> | 196,703 <i>3.8</i> | 199,108 <i>1.2</i> | 184,751 <i>-0.2</i> | 193,531 <i>4.8</i> |
| Residential structures | 58,115 <i>3.6</i> | 59,664 <i>2.7</i> | 60,085 <i>0.7</i> | 60,261 <i>0.3</i> | 62,882 <i>4.3</i> | 64,396 <i>2.4</i> | 57,614 <i>14.2</i> | 61,906 <i>7.5</i> |
| Non-residential structures | 42,631 <i>-1.4</i> | 41,920 <i>-1.7</i> | 42,759 <i>2.0</i> | 42,910 <i>0.4</i> | 43,632 <i>1.7</i> | 44,064 <i>1.0</i> | 43,044 <i>-10.4</i> | 43,341 <i>0.7</i> |
| Machinery and equipment | 84,340 <i>-0.3</i> | 83,453 <i>-1.1</i> | 85,492 <i>2.4</i> | 86,057 <i>0.7</i> | 89,926 <i>4.5</i> | 90,182 <i>0.3</i> | 83,720 <i>-3.2</i> | 87,914 <i>5.0</i> |
| Business investment in inventories | 7,996 ... | 11,638 ... | 19,350 ... | 15,602 ... | 2,902 ... | 10,998 ... | 5,864 ... | 12,213 ... |
| Non-farm | 9,219 ... | 12,551 ... | 16,317 ... | 11,612 ... | -1,598 ... | 6,761 ... | 6,664 ... | 8,273 ... |
| Farm | -1,318 ... | -1,013 ... | 2,643 ... | 3,567 ... | 4,463 ... | 3,967 ... | -925 ... | 3,660 ... |
| Exports of goods and services | 450,707 <i>2.1</i> | 440,573 <i>-2.2</i> | 434,297 <i>-1.4</i> | 430,878 <i>-0.8</i> | 428,989 <i>-0.4</i> | 442,779 <i>3.2</i> | 443,486 <i>-0.1</i> | 434,236 <i>-2.1</i> |
| Goods | 395,514 <i>2.2</i> | 384,335 <i>-2.8</i> | 380,648 <i>-1.0</i> | 378,277 <i>-0.6</i> | 375,804 <i>-0.7</i> | 388,239 <i>3.3</i> | 388,648 <i>0.2</i> | 380,742 <i>-2.0</i> |
| Services | 55,417 <i>0.9</i> | 56,425 <i>1.8</i> | 53,830 <i>-4.6</i> | 52,786 <i>-1.9</i> | 53,347 <i>1.1</i> | 54,723 <i>2.6</i> | 55,056 <i>-1.7</i> | 53,672 <i>-2.5</i> |
| Deduct: Imports of goods and services | 394,603 <i>1.4</i> | 393,171 <i>-0.4</i> | 396,862 <i>0.9</i> | 402,069 <i>1.3</i> | 397,943 <i>-1.0</i> | 414,593 <i>4.2</i> | 387,274 <i>0.6</i> | 402,867 <i>4.0</i> |
| Goods | 339,564 <i>2.1</i> | 338,001 <i>-0.5</i> | 339,572 <i>0.5</i> | 344,082 <i>1.3</i> | 338,504 <i>-1.6</i> | 351,285 <i>3.8</i> | 332,311 <i>1.4</i> | 343,361 <i>3.3</i> |
| Services | 55,601 <i>-1.9</i> | 55,690 <i>0.2</i> | 57,625 <i>3.5</i> | 58,333 <i>1.2</i> | 59,485 <i>2.0</i> | 63,156 <i>6.2</i> | 55,400 <i>-3.4</i> | 59,650 <i>7.7</i> |
| Statistical discrepancy | -463 ... | 1,034 ... | -119 ... | 166 ... | -1,159 ... | 545 ... | -442 ... | -142 ... |
| Gross domestic product at market prices | 1,079,490 <i>0.7</i> | 1,083,875 <i>0.4</i> | 1,090,657 <i>0.6</i> | 1,087,947 <i>-0.2</i> | 1,091,396 <i>0.3</i> | 1,101,564 <i>0.9</i> | 1,074,516 <i>3.3</i> | 1,092,891 <i>1.7</i> |
| Final domestic demand | 1,016,634 <i>0.6</i> | 1,024,500 <i>0.8</i> | 1,034,783 <i>1.0</i> | 1,043,708 <i>0.9</i> | 1,058,406 <i>1.4</i> | 1,061,473 <i>0.3</i> | 1,013,490 <i>2.9</i> | 1,049,593 <i>3.6</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

2 Chained dollar series are calculated as the product of the chain-type quantity index and the current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Real Gross domestic product, expenditure-based, annualized percentage change[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|------------|------------|
| Quarter to quarter % change at annual rates, chained (1997) dollars | | | | | | | | |
| Personal expenditure on consumer goods and services | 1.3 | 4.4 | 3.2 | 3.5 | 4.6 | 0.1 | 3.4 | 3.3 |
| Durable goods | -1.5 | 11.6 | -2.5 | 4.2 | 10.4 | -17.0 | 8.5 | 2.3 |
| Semi-durable goods | -2.6 | 6.1 | 6.8 | 2.6 | 2.9 | -0.9 | 3.9 | 3.3 |
| Non-durable goods | 0.7 | 4.8 | 4.0 | -0.7 | 0.4 | 2.4 | 2.1 | 2.2 |
| Services | 3.1 | 2.2 | 3.8 | 5.4 | 5.5 | 4.0 | 2.6 | 4.1 |
| Government current expenditure on goods and services | 4.2 | 2.4 | 2.9 | 4.7 | 1.4 | 0.6 | 3.0 | 3.0 |
| Government gross fixed capital formation | 5.6 | -0.2 | 13.1 | 6.3 | 0.5 | 3.8 | 11.8 | 5.8 |
| Government investment in inventories[2] | -56 | 4 | 60 | 52 | -20 | -12 | -53 | 54 |
| Business gross fixed capital formation | 2.8 | 0.2 | 7.1 | 1.8 | 15.9 | 5.0 | -0.2 | 4.8 |
| Residential structures | 15.2 | 11.1 | 2.9 | 1.2 | 18.6 | 10.0 | 14.2 | 7.5 |
| Non-residential structures | -5.4 | -6.5 | 8.2 | 1.4 | 6.9 | 4.0 | -10.4 | 0.7 |
| Machinery and equipment | -1.3 | -4.1 | 10.1 | 2.7 | 19.2 | 1.1 | -3.2 | 5.0 |
| Business investment in inventories[2] | -1,956 | 3,642 | 7,712 | -3,748 | -12,700 | 8,096 | 7,921 | 6,349 |
| Non-farm[2] | -1,544 | 3,332 | 3,766 | -4,705 | -13,210 | 8,359 | 8,099 | 1,609 |
| Farm[2] | -412 | 305 | 3,656 | 924 | 896 | -496 | -168 | 4,585 |
| Exports of goods and services | 8.5 | -8.7 | -5.6 | -3.1 | -1.7 | 13.5 | -0.1 | -2.1 |
| Goods | 9.2 | -10.8 | -3.8 | -2.5 | -2.6 | 13.9 | 0.2 | -2.0 |
| Services | 3.6 | 7.5 | -17.2 | -7.5 | 4.3 | 10.7 | -1.7 | -2.5 |
| Deduct: Imports of goods and services | 5.8 | -1.4 | 3.8 | 5.4 | -4.0 | 17.8 | 0.6 | 4.0 |
| Goods | 8.6 | -1.8 | 1.9 | 5.4 | -6.3 | 16.0 | 1.4 | 3.3 |
| Services | -7.4 | 0.6 | 14.6 | 5.0 | 8.1 | 27.1 | -3.4 | 7.7 |
| Statistical discrepancy[2] | 21 | 1,497 | -1,153 | 285 | -1,325 | 1,704 | 595 | 301 |
| Gross domestic product at market prices | 2.7 | 1.6 | 2.5 | -1.0 | 1.3 | 3.8 | 3.3 | 1.7 |
| Final domestic demand | 2.3 | 3.1 | 4.1 | 3.5 | 5.8 | 1.2 | 2.9 | 3.6 |

1 Quarter to quarter percentage change, annualized.

2 Actual change in millions of dollars, at annual rates.

Contributions to percentage change in real Gross domestic product, expenditure-based[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------|--------------|
| Using seasonally adjusted data, percentage points | | | | | | | | |
| Personal expenditure on consumer goods and services | 0.189 | 0.619 | 0.445 | 0.480 | 0.649 | 0.018 | 1.901 | 1.875 |
| Durable goods | -0.030 | 0.218 | -0.050 | 0.080 | 0.195 | -0.356 | 0.650 | 0.181 |
| Semi-durable goods | -0.033 | 0.072 | 0.079 | 0.031 | 0.034 | -0.011 | 0.190 | 0.162 |
| Non-durable goods | 0.023 | 0.161 | 0.135 | -0.024 | 0.013 | 0.083 | 0.282 | 0.297 |
| Services | 0.228 | 0.168 | 0.281 | 0.392 | 0.407 | 0.301 | 0.779 | 1.235 |
| Government current expenditure on goods and services | 0.196 | 0.110 | 0.133 | 0.217 | 0.066 | 0.027 | 0.571 | 0.570 |
| Government gross fixed capital formation | 0.036 | -0.001 | 0.081 | 0.040 | 0.003 | 0.025 | 0.288 | 0.152 |
| Government investment in inventories | -0.005 | 0.000 | 0.005 | 0.005 | -0.002 | -0.001 | -0.005 | 0.005 |
| Business gross fixed capital formation | 0.117 | 0.007 | 0.289 | 0.076 | 0.624 | 0.209 | -0.036 | 0.802 |
| Residential structures | 0.199 | 0.151 | 0.041 | 0.017 | 0.256 | 0.149 | 0.719 | 0.423 |
| Non-residential structures | -0.059 | -0.069 | 0.080 | 0.014 | 0.069 | 0.041 | -0.500 | 0.030 |
| Machinery and equipment | -0.023 | -0.075 | 0.168 | 0.045 | 0.299 | 0.019 | -0.254 | 0.349 |
| Business investment in inventories | -0.183 | 0.333 | 0.694 | -0.336 | -1.082 | 0.676 | 0.688 | 0.510 |
| Non-farm | -0.145 | 0.302 | 0.335 | -0.413 | -1.142 | 0.715 | 0.709 | 0.106 |
| Farm | -0.038 | 0.031 | 0.360 | 0.078 | 0.059 | -0.039 | -0.022 | 0.404 |
| Exports of goods and services | 0.843 | -0.935 | -0.579 | -0.305 | -0.165 | 1.175 | 0.043 | -0.796 |
| Goods | 0.797 | -1.029 | -0.340 | -0.211 | -0.215 | 1.053 | 0.136 | -0.669 |
| Services | 0.045 | 0.094 | -0.239 | -0.094 | 0.050 | 0.122 | -0.093 | -0.127 |
| Deduct: Imports of goods and services | 0.526 | -0.134 | 0.337 | 0.452 | -0.346 | 1.352 | 0.228 | 1.434 |
| Goods | 0.639 | -0.144 | 0.141 | 0.383 | -0.456 | 1.012 | 0.438 | 1.003 |
| Services | -0.113 | 0.009 | 0.196 | 0.069 | 0.110 | 0.340 | -0.209 | 0.431 |
| Statistical discrepancy | 0.002 | 0.139 | -0.106 | 0.026 | -0.122 | 0.156 | 0.059 | 0.027 |
| Gross domestic product at market prices | 0.669 | 0.406 | 0.626 | -0.248 | 0.317 | 0.932 | 3.280 | 1.710 |
| Final domestic demand | 0.538 | 0.735 | 0.948 | 0.813 | 1.342 | 0.279 | 2.724 | 3.399 |

1 The chained (1997) dollars data shown in the table "Real Gross domestic product, expenditure-based, quarterly percentage change" are not additive. The contributions to percentage change shown in the above table are additive and provide a measure of the composition of GDP growth.

Gross domestic product, implicit chain price indexes[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Using seasonally adjusted data, (1997 = 100) | | | | | | | | |
| Personal expenditure on consumer goods and services | 109.7 <i>0.8</i> | 110.2 <i>0.5</i> | 110.9 <i>0.6</i> | 110.7 <i>-0.2</i> | 111.2 <i>0.5</i> | 111.2 <i>0.0</i> | 109.2 <i>1.9</i> | 111.0 <i>1.7</i> |
| Government current expenditure on goods and services | 110.7 <i>0.5</i> | 111.5 <i>0.7</i> | 112.1 <i>0.5</i> | 112.6 <i>0.4</i> | 113.5 <i>0.8</i> | 114.2 <i>0.6</i> | 110.4 <i>2.4</i> | 113.1 <i>2.4</i> |
| Government gross fixed capital formation | 103.8 <i>1.0</i> | 103.9 <i>0.1</i> | 103.9 <i>0.0</i> | 102.8 <i>-1.1</i> | 103.4 <i>0.6</i> | 102.8 <i>-0.6</i> | 103.4 <i>0.8</i> | 103.2 <i>-0.1</i> |
| Business gross fixed capital formation | 106.3 <i>0.1</i> | 107.2 <i>0.8</i> | 106.7 <i>-0.5</i> | 105.7 <i>-0.9</i> | 105.9 <i>0.2</i> | 105.4 <i>-0.5</i> | 106.5 <i>2.2</i> | 105.9 <i>-0.5</i> |
| Exports of goods and services | 107.1 <i>0.4</i> | 109.0 <i>1.8</i> | 110.9 <i>1.7</i> | 105.1 <i>-5.2</i> | 105.4 <i>0.3</i> | 102.0 <i>-3.2</i> | 107.0 <i>-1.5</i> | 105.9 <i>-1.0</i> |
| Imports of goods and services | 109.6 <i>0.8</i> | 109.9 <i>0.3</i> | 107.9 <i>-1.8</i> | 101.8 <i>-5.7</i> | 100.6 <i>-1.2</i> | 97.0 <i>-3.6</i> | 109.5 <i>0.6</i> | 101.8 <i>-7.0</i> |
| Gross domestic product at market prices | 107.9 <i>0.6</i> | 109.1 <i>1.1</i> | 111.0 <i>1.7</i> | 110.5 <i>-0.5</i> | 111.5 <i>0.9</i> | 111.6 <i>0.1</i> | 107.5 <i>0.9</i> | 111.2 <i>3.4</i> |
| <i>Final domestic demand</i> | <i>109.1</i> <i>0.6</i> | <i>109.7</i> <i>0.5</i> | <i>110.2</i> <i>0.5</i> | <i>110.0</i> <i>-0.2</i> | <i>110.5</i> <i>0.5</i> | <i>110.5</i> <i>0.0</i> | <i>108.7</i> <i>2.0</i> | <i>110.3</i> <i>1.4</i> |

1 The first line is the series itself. The second line, italicized, is the period to period percentage change at quarterly rates.

Financial market summary table

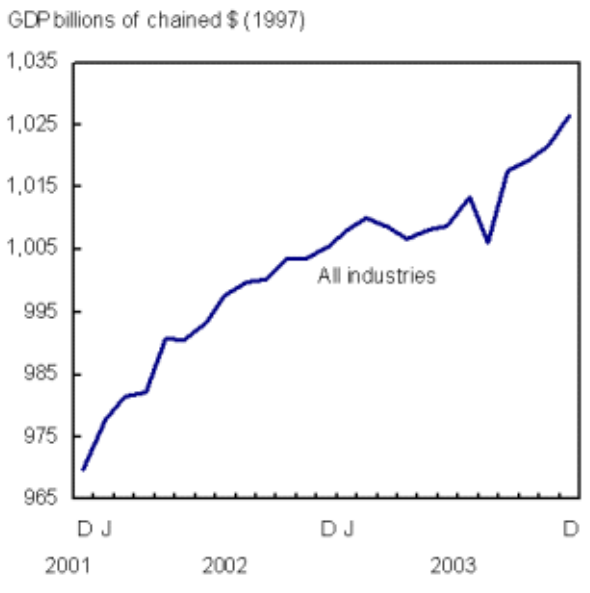
| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|---------------|---------------|
| Seasonally adjusted data at annual rates, millions of dollars | | | | | | | | |
| Funds raised: | | | | | | | | |
| Persons and unincorporated business | 49,140 | 48,312 | 48,536 | 49,592 | 52,152 | 49,304 | 47,543 | 49,896 |
| Consumer credit | 15,828 | 17,156 | 16,272 | 18,264 | 18,996 | 16,764 | 16,499 | 17,574 |
| Bank loans | 1,424 | 516 | 1,248 | 1,344 | 1,452 | 556 | 836 | 1,150 |
| Other loans | 3,428 | 2,516 | 2,320 | 984 | 1,452 | 1,108 | 3,161 | 1,466 |
| Mortgages | 28,460 | 28,124 | 28,696 | 29,000 | 30,252 | 30,876 | 27,047 | 29,706 |
| Non-financial private corporations | 39,636 | 21,232 | 35,116 | 29,364 | 36,040 | 61,976 | 40,084 | 40,624 |
| Bank loans | 7,400 | 3,864 | -984 | -3,916 | 2,400 | -1,076 | 1,035 | -894 |
| Other loans | 1,636 | 1,608 | -8,632 | 1,260 | -6,140 | 96 | -277 | -3,354 |
| Other short-term paper | -6,972 | -18,156 | -5,684 | -13,132 | -6,116 | -15,404 | -4,580 | -10,084 |
| Mortgages | 4,896 | 6,052 | 4,328 | 4,220 | 5,836 | 5,504 | 4,915 | 4,972 |
| Bonds | 1,084 | 2,140 | 19,220 | 19,448 | 7,284 | 28,100 | 8,043 | 18,513 |
| Shares | 31,592 | 25,724 | 26,868 | 21,484 | 32,776 | 44,756 | 30,948 | 31,471 |
| Non-financial government enterprises | 4,828 | 5,172 | 4,720 | 1,932 | -4,680 | -2,864 | -1,274 | -223 |
| Bank loans | 1,764 | -284 | 2,552 | 948 | -1,068 | -1,140 | -99 | 323 |
| Other loans | 1,768 | 2,268 | 5,172 | 1,804 | -116 | 3,668 | 1,073 | 2,632 |
| Other short-term paper | 112 | 1,236 | 40 | 1,728 | -2,072 | -4,708 | 318 | -1,253 |
| Mortgages | 40 | -4 | -16 | 0 | -4 | -4 | 6 | -6 |
| Bonds | 1,144 | 1,956 | -3,020 | -2,496 | -1,400 | -668 | -2,572 | -1,896 |
| Shares | 0 | 0 | -8 | -52 | -20 | -12 | 0 | -23 |
| Federal government | -5,952 | -5,564 | -196 | 1,604 | 1,912 | -9,588 | -1,246 | -1,567 |
| Bank loans | 120 | 108 | 104 | 112 | 104 | 104 | 106 | 106 |
| Other loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Canada short-term paper | 4,696 | 5,076 | 7,076 | 13,228 | 15,676 | 12,944 | 7,756 | 12,231 |
| Canada Savings Bonds | -1,644 | -2,004 | -996 | -1,560 | -1,524 | -1,080 | -1,510 | -1,290 |
| Other bonds | -9,124 | -8,744 | -6,380 | -10,176 | -12,344 | -21,556 | -7,598 | -12,614 |
| Other levels of government | 1,356 | 6,124 | 3,884 | 16,504 | 10,752 | 2,488 | 9,739 | 8,407 |
| Bank loans | 524 | -824 | -8 | 396 | -264 | 936 | 205 | 265 |
| Other loans | 216 | 576 | 492 | 840 | 752 | 436 | 454 | 630 |
| Other short-term paper | -5,568 | -5,148 | 1,920 | -3,104 | -5,536 | 2,668 | -2,300 | -1,013 |
| Mortgages | -72 | 24 | 0 | 4 | -76 | 20 | -7 | -13 |
| Provincial bonds | 7,644 | 10,376 | 1,724 | 15,832 | 13,924 | -672 | 10,906 | 7,702 |
| Municipal bonds | -1,412 | 1,120 | -276 | 2,512 | 1,920 | -904 | 463 | 813 |
| Other bonds | 24 | 0 | 32 | 24 | 32 | 4 | 18 | 23 |
| Total funds raised by domestic non-financial sectors | 89,008 | 75,276 | 92,060 | 98,996 | 96,176 | 101,316 | 94,846 | 97,137 |
| Consumer credit | 15,828 | 17,156 | 16,272 | 18,264 | 18,996 | 16,764 | 16,499 | 17,574 |
| Bank loans | 11,232 | 3,380 | 2,912 | -1,116 | 2,624 | -620 | 2,083 | 950 |
| Other loans | 7,048 | 6,968 | -648 | 4,888 | -4,052 | 5,308 | 4,411 | 1,374 |
| Canada short-term paper | 4,696 | 5,076 | 7,076 | 13,228 | 15,676 | 12,944 | 7,756 | 12,231 |
| Other short-term paper | -12,428 | -22,068 | -3,724 | -14,508 | -13,724 | -17,444 | -6,562 | -12,350 |
| Mortgages | 33,324 | 34,196 | 33,008 | 33,224 | 36,008 | 36,396 | 31,961 | 34,659 |
| Bonds | -2,284 | 4,844 | 10,304 | 23,584 | 7,892 | 3,224 | 7,750 | 11,251 |
| Shares | 31,592 | 25,724 | 26,860 | 21,432 | 32,756 | 44,744 | 30,948 | 31,448 |

GDP by industry

December 2003 and fourth quarter 2003

The year ended strongly as Gross Domestic Product (GDP) increased 0.5% in December. For the first time in this latest expansion of the economy, the business sector was the source of strength in GDP. Since the second half of 2000, the consumer had been responsible for most of the strength in the economy.

End of the year acceleration in GDP



The strength was focused in the goods sector of the economy as industrial production rose 1.2%. Higher manufacturing and mining output were responsible for the strength in industrial production offsetting a slight decline from utilities. Higher oil and gas production and demand for exploration services spurred the mining sector 1.2%, following two months of decline. Cooler than normal temperatures in the US north-east, prompted increased exports and pipeline distribution of natural gas. Continuing strength in base metal prices was behind increased output in metal mines. In comparison, the Index of Industrial Production in the United States was flat in December as lower utilities output offset gains made in manufacturing and mining.

The finance sector continued to enjoy the benefits of a recovering stock market as most North American stock market indexes maintained their upward momentum in December. In addition, higher output was reported by the health, education and government administration sectors.

Consumer demand for goods and services was found lacking in December as retailing activity fell 1.0% in the month. A further slump in new car sales was behind the weakness for retailers. Retail sales excluding new motor

vehicle dealers declined a slight 0.1%. In addition, consumer demand for new homes waned, with new home construction flat for the month of December. The real estate agent and brokerage industry also reported reduced activity reflecting a decline in housing re-sales.

On the other hand, a resurgence in demand for international travel by Canadians helped lift the output of the air transportation industry. This industry has increased 23% since the lows reached in May 2003, when SARS and the war in Iraq severely hampered demand for air travel. Meanwhile, a drop in the number of international tourists to Canada held back the output of other travel-related industries.

Broad strength in manufacturing sector

Manufacturers increased production 1.4% in December with most sub-sectors reporting gains. Although new motor vehicle sales tanked in Canada, motor vehicle and parts production increased substantially reflecting increased demand from the US. Makers of primary metal and fabricated metal products, benefited from the strength in the motor vehicle and parts industry. New-found strength in the ICT industry pushed output a further 1.4% in December as production levels reached highs not seen since the summer of 2001, although it remains 39% below its August 2000 peak.

Autos drive manufacturing sector



The strength in the manufacturing sector was mirrored in the wholesaling sector. Wholesalers of automotive equipment, lumber, beverages and computers all reported

increased activity in December. The rail transportation industry also reflected the strength in the manufacturing sector as output rose 2.8%.

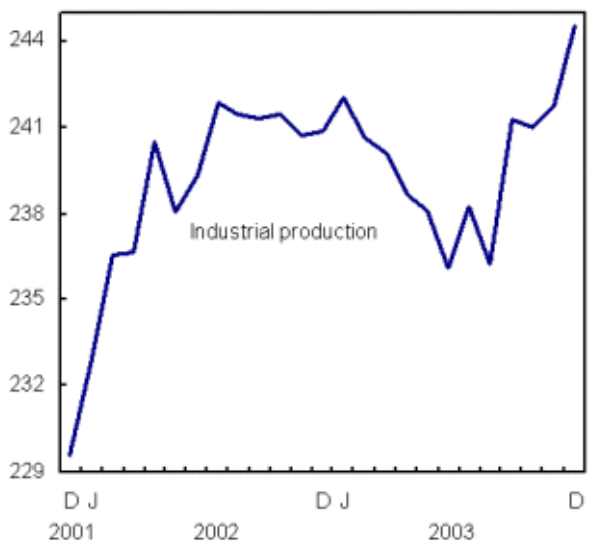
Industry profile, fourth quarter 2003

A surge in manufacturing output and supporting industries helped end the year on a solid note. Continuing strength in residential construction and the mining sector were also large contributors. Industries in the travel-related sector enjoyed a brisk quarter as gains were reported for air travel, gambling, hotels and restaurants. In addition, higher output was reported by the health, education and government administration sectors. Meanwhile, curtailed sales of motor vehicles translated into a drop in activity for the retail sector.

Industrial production (manufacturing, mining and utilities) surged 1.6%, following a depressed first half of 2003. Increased manufacturing and mining production more than offset reduced output in the utilities sector, as electricity generation declined for the third consecutive quarter. Higher energy prices provided the impetus for increased crude oil and natural gas production and pipeline distribution as well as increased oil and gas exploration. Metal ore mining jumped 7.7% in the fourth quarter, after labour disputes depressed output in the previous two quarters. In comparison, in the United States, industrial production advanced 1.3% as all major components registered gains.

Industrial production ends the year on a high note

GDP billions of chained \$ (1997)



Manufacturing output rose 2.0%, the first increase since the third quarter of 2002. The surge in manufacturing partially reflects reduced output last quarter due to the electricity blackout in Ontario, the re-opening of international borders to some Canadian beef products,

robust housing construction in both Canada and the United States and higher demand for motor vehicle parts from American motor vehicle assembly plants. ICT manufacturers registered a significant gain of 4.4%, only the second in the last six quarters.

Higher manufacturing production translated into increased activity for wholesalers. Wholesaling activity increased 3.5%, following two consecutive quarters of decline. Wholesalers of automotive products, computers, machinery, beverages and grains all registered gains. Firms involved in the transportation and storage of goods also benefited from increased manufacturing as truck transportation, rail transportation and warehousing industries all posted increases.

Historically low interest rates continued to fuel demand for new housing. New home construction advanced a further 3.6% in the fourth quarter, the tenth consecutive quarterly increase. An increase in single-family dwelling housing starts contributed to the strength in new home construction. Manufacturers, wholesalers and retailers of furniture and appliances benefited from the boom in housing construction. Meanwhile, a downturn in the resale housing market translated into lower output for the real estate agent and brokerage industry, which registered a 4.8% decline, the first downturn since the third quarter of 2002.

Consumer's appetite for large purchases was focused on new homes and home-furnishings as new car sales plunged 10%. This had negative consequences for the retail sector as it reported its first decline since the second quarter of 2002. Retail sales excluding motor vehicle dealers advanced 1.0%.

Industry profile, 2003

The expansion in the Canadian economy was dampened in 2003, to about half the pace of that seen in 2002, by a series of unforeseen events.

SARS

The outbreak of Severe Acute Respiratory Syndrome (SARS) that began in March was localized mostly in the Toronto-area; however, its effects were felt across the country. The air transportation industry, which has yet to fully recover from the events of September 2001, fell a further 7.4% in 2003. By the end of 2003, a combination of factors including increased consumer confidence and an increase in travellers from abroad allowed this industry to surpass its pre-SARS levels and return to December 2002 levels.

The hotel industry was also adversely affected by SARS as hotel occupancy rates plunged across the country. Output in the hotel industry declined 5.4% in 2003 and although the industry performed well in the latter half of 2003, December's output remained below pre-SARS

levels. The impact on the restaurant industry was not as severe and by May 2003 was back on track. Output in the restaurant industry declined 1.1% in 2003.

Mad cow

Food manufacturers were adversely affected by the revelation on May 20 that an Alberta cow died of bovine spongiform encephalopathy (BSE, or mad cow disease) which closed most of the international export market for Canadian beef. Many farmers held back their slaughter cattle, thereby reducing production at meatpacking plants. Production in the meat slaughtering and processing industry was curtailed 5.3% and exports of meat products fell 4.7% in 2003. A partial re-opening of international borders in September left the industry at pre-mad-cow levels by the end of the year. The closure of international borders to Canadian live cattle led to an increase in the size of the Canadian cattle herd, resulting in a 1.3% increase in the output of the animal production industry. Current dollar cattle receipts fell by more than one-third in 2003 to \$4.6 billion, reflecting both a drop in volume and prices.

Ontario power blackout

GDP for the month of August was the weakest in 2003 as economic activity declined 0.7%. The weakness was widespread with most industries reporting slight to sharp declines in output. Much of the downturn can be attributed to the power blackout in Ontario and the subsequent request for reduced electricity consumption. Reduced electricity generation hampered manufacturing plants and service-producing establishments, hindering the production, transportation and distribution of goods as well as the sales and delivery of a wide range of business, personal and government services. However, the economy recovered completely in September bouncing back by 1.1%, registering the largest monthly gain in GDP in 2003. Electricity generation declined 2.8% in 2003, as Ontario recorded a drop of 3.1%.

British Columbia forest fires

Record dry weather conditions set the stage for huge forest fires in British Columbia in the summer of 2003. Estimates of lost timber stocks were set at the equivalent of 75% of Canada's total U.S. softwood exports. The output of the non-business sector increased by an estimated \$500 million, due to increased provincial spending on fire fighting and support services for fire evacuees. The forestry and sawmill industries were still dealing with the impact of the US-Canada softwood lumber agreement when they posted large declines in output in August as a result of the fires; but then output almost completely rebounded in September. The forestry industry increased 3.9% in 2003, while the sawmill industry reported a slightly smaller increase of 2.6%. Lumber exports to all countries increased 2.5% in 2003. Lumber prices surged during the crisis but fell back in October and November.

Canadian dollar rally

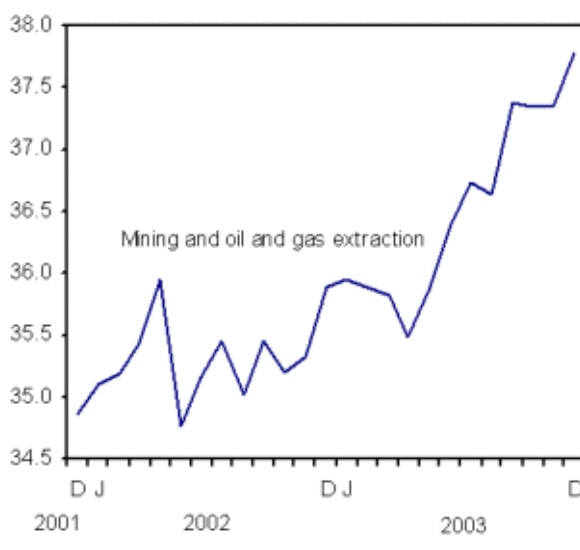
The US dollar significantly depreciated against major currencies in 2003, including the Canadian dollar. Over the year 2003, the Canadian dollar appreciated 12% (based on annual average noon spot rates) against the US dollar and from December 2002 to December 2003, it appreciated 19%. The impact on the Canadian manufacturing sector can be seen in manufacturing output which declined a slight 0.4% in 2003 and merchandise exports which fell 1.7%. Merchandise imports jumped 3.7%, while import prices fell 7.3% in 2003. Consumers paid 1.9% more for goods in 2003, while producers paid 2.0% more for their raw material inputs and charged 2.5% less for the finished goods they produced while exporters dropped the price of their goods by 0.7%.

Mining sector shines in 2003

Industrial production edged ahead 0.3% in 2003 on the strength of the mining and oil and gas sector as manufacturing and utilities output turned downwards. Higher prices spurred oil exploration and extraction activity. Canada's diamond mining industry more than doubled its output, making Canada one of the world's leading producers. Manufacturing edged down 0.4% in 2003 as the aerospace, machinery and clothing and textiles industries all recorded lower output. Production of motor vehicles was also lower. Manufacturing of telecommunications equipment fell sharply for a third straight year leaving output at pre-1997 levels. Industries feeding residential construction (wood products and non-metallic mineral products) fared well. Production of pharmaceutical products increased 8.9%, after three years of stellar growth.

Diamonds propel mining sector

GDP billions of chained \$ (1997)



Real Gross domestic product by industry, at basic prices, monthly[1]

| | July 2003 | August 2003 | September 2003 | October 2003 | November 2003 | December 2003 | December 2002 to December 2003 |
|--|------------------|------------------|-------------------|------------------|------------------|------------------|-----------------------------------|
| Seasonally adjusted at annual rates, millions chained (1997) dollars | | | | | | | % |
| All industries | 1,013,629 | 1,006,163 | 1,017,545 | 1,019,409 | 1,021,471 | 1,026,609 | |
| | <i>0.5</i> | <i>-0.7</i> | <i>1.1</i> | <i>0.2</i> | <i>0.2</i> | <i>0.5</i> | <i>2.1</i> |
| Goods producing industries | 316,481 | 314,561 | 320,346 | 320,552 | 321,758 | 324,698 | |
| | <i>0.9</i> | <i>-0.6</i> | <i>1.8</i> | <i>0.1</i> | <i>0.4</i> | <i>0.9</i> | <i>2.6</i> |
| Agriculture, forestry, fishing and hunting | 23,870 | 23,659 | 23,925 | 24,084 | 24,090 | 24,039 | |
| | <i>1.4</i> | <i>-0.9</i> | <i>1.1</i> | <i>0.7</i> | <i>0.0</i> | <i>-0.2</i> | <i>8.3</i> |
| Mining and oil and gas extraction | 36,736 | 36,634 | 37,372 | 37,338 | 37,336 | 37,789 | |
| | <i>0.9</i> | <i>-0.3</i> | <i>2.0</i> | <i>-0.1</i> | <i>-0.0</i> | <i>1.2</i> | <i>5.3</i> |
| Utilities | 26,042 | 25,865 | 25,472 | 25,213 | 25,846 | 25,755 | |
| | <i>2.0</i> | <i>-0.7</i> | <i>-1.5</i> | <i>-1.0</i> | <i>2.5</i> | <i>-0.4</i> | <i>-3.3</i> |
| Construction | 54,779 | 55,140 | 55,569 | 55,911 | 56,449 | 56,525 | |
| | <i>0.9</i> | <i>0.7</i> | <i>0.8</i> | <i>0.6</i> | <i>1.0</i> | <i>0.1</i> | <i>6.2</i> |
| Manufacturing | 173,976 | 172,138 | 176,761 | 176,806 | 176,942 | 179,369 | |
| | <i>0.7</i> | <i>-1.1</i> | <i>2.7</i> | <i>0.0</i> | <i>0.1</i> | <i>1.4</i> | <i>1.0</i> |
| Service producing industries | 698,641 | 693,046 | 698,453 | 700,152 | 700,957 | 703,040 | |
| | <i>0.2</i> | <i>-0.8</i> | <i>0.8</i> | <i>0.2</i> | <i>0.1</i> | <i>0.3</i> | <i>1.8</i> |
| Wholesale trade | 62,573 | 60,380 | 63,419 | 64,061 | 64,049 | 64,710 | |
| | <i>0.1</i> | <i>-3.5</i> | <i>5.0</i> | <i>1.0</i> | <i>-0.0</i> | <i>1.0</i> | <i>6.4</i> |
| Retail trade | 56,790 | 56,680 | 56,141 | 56,367 | 56,161 | 55,589 | |
| | <i>0.7</i> | <i>-0.2</i> | <i>-1.0</i> | <i>0.4</i> | <i>-0.4</i> | <i>-1.0</i> | <i>0.3</i> |
| Transportation and warehousing | 45,821 | 45,330 | 45,767 | 46,191 | 46,640 | 47,035 | |
| | <i>-0.1</i> | <i>-1.1</i> | <i>1.0</i> | <i>0.9</i> | <i>1.0</i> | <i>0.8</i> | <i>0.1</i> |
| Information and cultural industries | 42,142 | 42,116 | 41,961 | 41,719 | 41,606 | 41,395 | |
| | <i>-0.5</i> | <i>-0.1</i> | <i>-0.4</i> | <i>-0.6</i> | <i>-0.3</i> | <i>-0.5</i> | <i>-1.2</i> |
| Finance, insurance and real estate | 204,484 | 204,272 | 204,840 | 204,639 | 204,672 | 205,467 | |
| | <i>0.4</i> | <i>-0.1</i> | <i>0.3</i> | <i>-0.1</i> | <i>0.0</i> | <i>0.4</i> | <i>2.0</i> |
| Professional, scientific and technical services | 44,726 | 44,556 | 44,781 | 44,875 | 44,914 | 44,885 | |
| | <i>0.2</i> | <i>-0.4</i> | <i>0.5</i> | <i>0.2</i> | <i>0.1</i> | <i>-0.1</i> | <i>2.2</i> |
| Administrative and waste management services | 22,392 | 22,248 | 22,352 | 22,366 | 22,411 | 22,440 | |
| | <i>0.7</i> | <i>-0.6</i> | <i>0.5</i> | <i>0.1</i> | <i>0.2</i> | <i>0.1</i> | <i>2.0</i> |
| Educational services | 45,434 | 45,131 | 45,037 | 44,880 | 45,317 | 45,702 | |
| | <i>-0.2</i> | <i>-0.7</i> | <i>-0.2</i> | <i>-0.3</i> | <i>1.0</i> | <i>0.8</i> | <i>-0.2</i> |
| Health care and social assistance | 60,896 | 60,844 | 60,991 | 61,154 | 61,200 | 61,327 | |
| | <i>0.1</i> | <i>-0.1</i> | <i>0.2</i> | <i>0.3</i> | <i>0.1</i> | <i>0.2</i> | <i>3.1</i> |
| Arts, entertainment and recreation | 9,479 | 9,114 | 9,345 | 9,495 | 9,256 | 9,482 | |
| | <i>0.8</i> | <i>-3.9</i> | <i>2.5</i> | <i>1.6</i> | <i>-2.5</i> | <i>2.4</i> | <i>6.1</i> |
| Accommodation and food services | 22,297 | 22,520 | 22,366 | 22,977 | 22,982 | 22,964 | |
| | <i>0.6</i> | <i>1.0</i> | <i>-0.7</i> | <i>2.7</i> | <i>0.0</i> | <i>-0.1</i> | <i>-1.1</i> |
| Other services (except public administration) | 24,157 | 24,014 | 24,174 | 24,300 | 24,334 | 24,392 | |
| | <i>0.4</i> | <i>-0.6</i> | <i>0.7</i> | <i>0.5</i> | <i>0.1</i> | <i>0.2</i> | <i>1.4</i> |
| Public administration | 58,339 | 56,642 | 58,226 | 58,096 | 58,354 | 58,596 | |
| | <i>0.2</i> | <i>-2.9</i> | <i>2.8</i> | <i>-0.2</i> | <i>0.4</i> | <i>0.4</i> | <i>2.5</i> |
| Other aggregations | | | | | | | |
| Industrial production | 238,237 | 236,236 | 241,243 | 241,003 | 241,691 | 244,518 | |
| | <i>0.9</i> | <i>-0.8</i> | <i>2.1</i> | <i>-0.1</i> | <i>0.3</i> | <i>1.2</i> | <i>1.5</i> |
| Non-durable manufacturing industries | 72,094 | 71,230 | 72,715 | 72,944 | 72,896 | 73,269 | |
| | <i>0.6</i> | <i>-1.2</i> | <i>2.1</i> | <i>0.3</i> | <i>-0.1</i> | <i>0.5</i> | <i>-0.0</i> |
| Durable manufacturing industries | 101,796 | 100,821 | 103,953 | 103,771 | 103,954 | 106,000 | |
| | <i>0.9</i> | <i>-1.0</i> | <i>3.1</i> | <i>-0.2</i> | <i>0.2</i> | <i>2.0</i> | <i>1.7</i> |
| Business sector industries | 857,509 | 852,100 | 861,871 | 863,974 | 865,338 | 869,696 | |
| | <i>0.5</i> | <i>-0.6</i> | <i>1.1</i> | <i>0.2</i> | <i>0.2</i> | <i>0.5</i> | <i>2.2</i> |
| Non-business sector industries | 156,262 | 154,212 | 155,826 | 155,593 | 156,288 | 157,069 | |
| | <i>0.1</i> | <i>-1.3</i> | <i>1.0</i> | <i>-0.1</i> | <i>0.4</i> | <i>0.5</i> | <i>1.7</i> |
| ICT sector, total | 56,520 | 56,298 | 56,758 | 56,688 | 56,986 | 57,059 | |
| | <i>-0.2</i> | <i>-0.4</i> | <i>0.8</i> | <i>-0.1</i> | <i>0.5</i> | <i>0.1</i> | <i>1.6</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at monthly rates.

Real Gross domestic product by industry, at basic prices, quarterly and annually[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|----------------|----------------|
| Seasonally adjusted at annual rates, millions chained (1997) dollars | | | | | | | | |
| Goods producing industries | 315,946 | 316,054 | 317,725 | 315,153 | 317,129 | 322,336 | 313,380 | 318,086 |
| | <i>1.0</i> | <i>0.0</i> | <i>0.5</i> | <i>-0.8</i> | <i>0.6</i> | <i>1.6</i> | <i>1.9</i> | <i>1.5</i> |
| Agriculture, forestry, fishing and hunting | 21,624 | 21,900 | 23,046 | 23,628 | 23,818 | 24,071 | 21,412 | 23,641 |
| | <i>1.7</i> | <i>1.3</i> | <i>5.2</i> | <i>2.5</i> | <i>0.8</i> | <i>1.1</i> | <i>-3.5</i> | <i>10.4</i> |
| Mining and oil and gas extraction | 35,305 | 35,475 | 35,893 | 35,920 | 36,914 | 37,488 | 35,329 | 36,554 |
| | <i>0.0</i> | <i>0.5</i> | <i>1.2</i> | <i>0.1</i> | <i>2.8</i> | <i>1.6</i> | <i>0.8</i> | <i>3.5</i> |
| Utilities | 26,780 | 26,797 | 26,805 | 25,819 | 25,793 | 25,605 | 26,626 | 26,005 |
| | <i>0.2</i> | <i>0.1</i> | <i>0.0</i> | <i>-3.7</i> | <i>-0.1</i> | <i>-0.7</i> | <i>2.2</i> | <i>-2.3</i> |
| Construction | 52,622 | 53,053 | 53,870 | 54,270 | 55,163 | 56,295 | 52,555 | 54,900 |
| | <i>0.9</i> | <i>0.8</i> | <i>1.5</i> | <i>0.7</i> | <i>1.6</i> | <i>2.1</i> | <i>1.7</i> | <i>4.5</i> |
| Manufacturing | 179,152 | 178,309 | 177,543 | 174,824 | 174,292 | 177,706 | 176,808 | 176,091 |
| | <i>1.3</i> | <i>-0.5</i> | <i>-0.4</i> | <i>-1.5</i> | <i>-0.3</i> | <i>2.0</i> | <i>2.9</i> | <i>-0.4</i> |
| Service producing industries | 684,409 | 689,375 | 692,555 | 694,209 | 696,713 | 701,383 | 681,647 | 696,215 |
| | <i>0.7</i> | <i>0.7</i> | <i>0.5</i> | <i>0.2</i> | <i>0.4</i> | <i>0.7</i> | <i>4.2</i> | <i>2.1</i> |
| Wholesale trade | 60,018 | 60,937 | 62,506 | 62,362 | 62,124 | 64,273 | 59,635 | 62,816 |
| | <i>0.5</i> | <i>1.5</i> | <i>2.6</i> | <i>-0.2</i> | <i>-0.4</i> | <i>3.5</i> | <i>8.1</i> | <i>5.3</i> |
| Retail trade | 54,852 | 55,290 | 55,835 | 56,082 | 56,537 | 56,039 | 54,905 | 56,123 |
| | <i>0.3</i> | <i>0.8</i> | <i>1.0</i> | <i>0.4</i> | <i>0.8</i> | <i>-0.9</i> | <i>5.5</i> | <i>2.2</i> |
| Transportation and warehousing | 46,702 | 46,830 | 46,540 | 45,875 | 45,639 | 46,622 | 46,401 | 46,169 |
| | <i>0.2</i> | <i>0.3</i> | <i>-0.6</i> | <i>-1.4</i> | <i>-0.5</i> | <i>2.2</i> | <i>1.7</i> | <i>-0.5</i> |
| Information and cultural industries | 41,510 | 41,740 | 42,170 | 42,274 | 42,073 | 41,573 | 41,274 | 42,022 |
| | <i>0.9</i> | <i>0.6</i> | <i>1.0</i> | <i>0.2</i> | <i>-0.5</i> | <i>-1.2</i> | <i>6.4</i> | <i>1.8</i> |
| Finance, insurance and real estate | 200,570 | 201,431 | 201,291 | 202,596 | 204,532 | 204,926 | 199,890 | 203,336 |
| | <i>0.6</i> | <i>0.4</i> | <i>-0.1</i> | <i>0.6</i> | <i>1.0</i> | <i>0.2</i> | <i>4.9</i> | <i>1.7</i> |
| Professional, scientific and technical services | 43,425 | 43,846 | 44,281 | 44,584 | 44,688 | 44,891 | 43,255 | 44,611 |
| | <i>0.7</i> | <i>1.0</i> | <i>1.0</i> | <i>0.7</i> | <i>0.2</i> | <i>0.5</i> | <i>3.1</i> | <i>3.1</i> |
| Administrative and waste management services | 21,583 | 21,903 | 22,059 | 22,149 | 22,331 | 22,406 | 21,424 | 22,236 |
| | <i>1.8</i> | <i>1.5</i> | <i>0.7</i> | <i>0.4</i> | <i>0.8</i> | <i>0.3</i> | <i>5.0</i> | <i>3.8</i> |
| Educational services | 45,623 | 45,676 | 45,471 | 45,477 | 45,201 | 45,300 | 45,377 | 45,362 |
| | <i>0.6</i> | <i>0.1</i> | <i>-0.4</i> | <i>0.0</i> | <i>-0.6</i> | <i>0.2</i> | <i>1.7</i> | <i>-0.0</i> |
| Health care and social assistance | 58,659 | 59,337 | 59,893 | 60,551 | 60,910 | 61,227 | 58,337 | 60,646 |
| | <i>1.2</i> | <i>1.2</i> | <i>0.9</i> | <i>1.1</i> | <i>0.6</i> | <i>0.5</i> | <i>3.6</i> | <i>4.0</i> |
| Arts, entertainment and recreation | 8,887 | 8,947 | 9,135 | 9,346 | 9,313 | 9,411 | 8,924 | 9,301 |
| | <i>-2.8</i> | <i>0.7</i> | <i>2.1</i> | <i>2.3</i> | <i>-0.4</i> | <i>1.1</i> | <i>4.8</i> | <i>4.2</i> |
| Accommodation and food services | 23,275 | 23,265 | 22,900 | 21,972 | 22,394 | 22,974 | 23,159 | 22,560 |
| | <i>0.2</i> | <i>-0.0</i> | <i>-1.6</i> | <i>-4.1</i> | <i>1.9</i> | <i>2.6</i> | <i>0.5</i> | <i>-2.6</i> |
| Other services (except public administration) | 23,800 | 24,029 | 24,083 | 24,075 | 24,115 | 24,342 | 23,753 | 24,154 |
| | <i>0.5</i> | <i>1.0</i> | <i>0.2</i> | <i>-0.0</i> | <i>0.2</i> | <i>0.9</i> | <i>3.4</i> | <i>1.7</i> |
| Public administration | 56,390 | 57,039 | 57,387 | 57,799 | 57,736 | 58,349 | 56,180 | 57,818 |
| | <i>1.4</i> | <i>1.2</i> | <i>0.6</i> | <i>0.7</i> | <i>-0.1</i> | <i>1.1</i> | <i>2.5</i> | <i>2.9</i> |
| Other aggregations | | | | | | | | |
| Industrial production | 241,525 | 241,015 | 240,946 | 237,606 | 238,572 | 242,404 | 239,278 | 239,882 |
| | <i>0.9</i> | <i>-0.2</i> | <i>-0.0</i> | <i>-1.4</i> | <i>0.4</i> | <i>1.6</i> | <i>2.4</i> | <i>0.3</i> |
| Non-durable manufacturing industries | 73,172 | 73,303 | 73,019 | 72,349 | 72,013 | 73,036 | 72,531 | 72,604 |
| | <i>1.0</i> | <i>0.2</i> | <i>-0.4</i> | <i>-0.9</i> | <i>-0.5</i> | <i>1.4</i> | <i>3.1</i> | <i>0.1</i> |
| Durable manufacturing industries | 105,881 | 104,914 | 104,432 | 102,388 | 102,190 | 104,575 | 104,182 | 103,396 |
| | <i>1.6</i> | <i>-0.9</i> | <i>-0.5</i> | <i>-2.0</i> | <i>-0.2</i> | <i>2.3</i> | <i>2.7</i> | <i>-0.8</i> |
| Business sector industries | 846,459 | 850,201 | 854,682 | 852,585 | 857,160 | 866,336 | 841,623 | 857,691 |
| | <i>0.8</i> | <i>0.4</i> | <i>0.5</i> | <i>-0.2</i> | <i>0.5</i> | <i>1.1</i> | <i>3.6</i> | <i>1.9</i> |
| Non-business sector industries | 152,939 | 154,130 | 154,507 | 155,474 | 155,433 | 156,317 | 152,370 | 155,433 |
| | <i>0.8</i> | <i>0.8</i> | <i>0.2</i> | <i>0.6</i> | <i>-0.0</i> | <i>0.6</i> | <i>2.2</i> | <i>2.0</i> |
| ICT sector, total | 55,561 | 55,991 | 56,640 | 56,730 | 56,525 | 56,911 | 55,361 | 56,702 |
| | <i>0.4</i> | <i>0.8</i> | <i>1.2</i> | <i>0.2</i> | <i>-0.4</i> | <i>0.7</i> | <i>1.8</i> | <i>2.4</i> |

1 The first line is the series itself expressed in millions of dollars, seasonally adjusted at annual rates. The second line, italicized, is the period to period percentage change at quarterly rates.

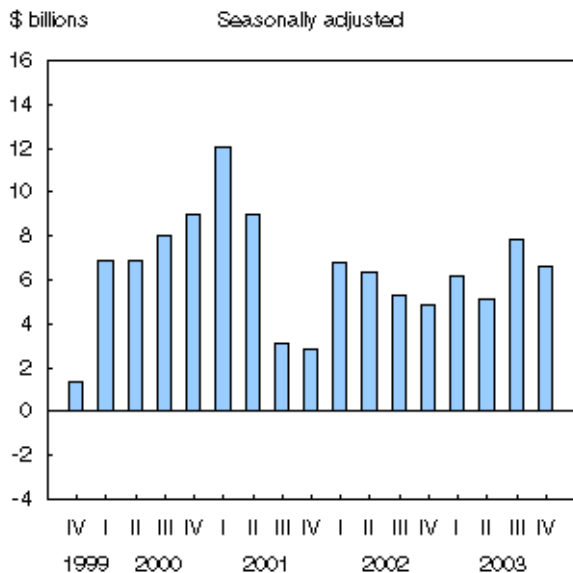
Balance of international payments

Fourth quarter 2003 and annual 2003

Highlights

Canada's **current account** surplus with the rest of the world declined \$1.2 billion to \$6.7 billion in the fourth quarter on a seasonally adjusted basis. This decline resulted from a lower surplus on trade in goods and a higher deficit on investment income. The current account surplus for all of 2003 was \$25.8 billion, the fourth consecutive year that exceeds \$20 billion.

Current account surplus down slightly



The **capital and financial account** (not seasonally adjusted) showed funds flowing out of Canada to the rest of the world for a third straight quarter. Canada's direct investment abroad was the strongest in 10 quarters, while foreign portfolio investors injected funds into both Canadian stocks and bonds.

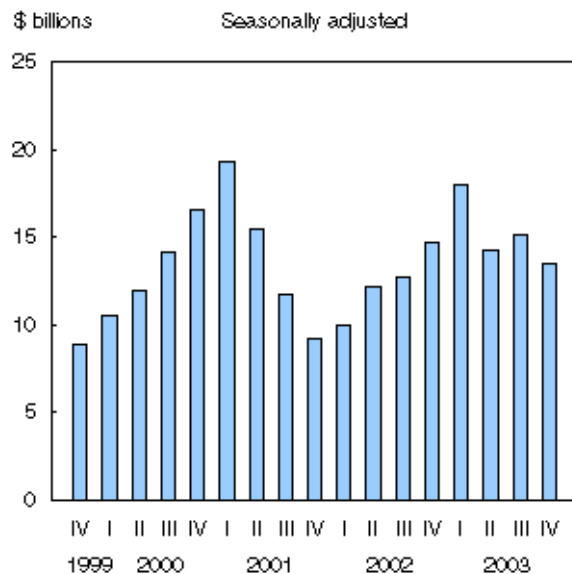
During the quarter, the Canadian dollar resumed its appreciation against the US dollar while continuing to lose ground against other major currencies. The Canadian dollar finished 2003 at 77.13 US cents, up 13.7 cents or 21.7% from the start of the year.

Current account

Goods surplus falls

The surplus on trade in goods was \$15.1 billion in the fourth quarter, a decline of \$0.6 billion from the previous quarter. Exports decreased by \$0.4 billion to \$98.2 billion, the lowest level in 4 years. Energy prices continued to play an important role in the fluctuation in nominal exports. They were largely responsible for the \$1.7 billion drop in value of energy exports. Partly offsetting this fall was a \$1.1 billion rebound in exports of industrial goods which had declined over the previous four quarters.

Energy exports fall on lower prices



Imports increased by \$0.2 billion with a rebound in passenger autos, up \$1.0 billion from a low third quarter. Machinery and equipment imports fell \$0.8 billion as most of the components had lower values in the fourth quarter.

For 2003 as a whole, nominal exports and imports both declined with imports down more than 4% and exports more than 3%. The goods surplus rose \$2.4 billion to \$60.2 billion for 2003. The lower value for exports came as higher prices for energy products were more than offset by lower values of exports for machinery and equipment and

Note to readers

Large revision to banking data

Third quarter banking data were revised due to a data processing error. This led, on a gross basis, to assets being increased by \$3.2 billion while on the liability side the revisions to deposits led to an increase of \$4.6 billion. The resulting revision to the total Financial Account amounted to a net inflow of \$1.4 billion.

automotive products. On the import side, there were large declines in import values for machinery and equipment and automotive products partly offset by higher import values of energy products, although more modest than those for exported energy.

Between 2000, when both export and import values peaked, and 2003, exports decreased by \$28.5 billion and imports by \$20.9 billion. Machinery and equipment and in particular telecommunication and related equipment saw the largest drops in both exports and imports during that period. Surpluses in automotive products and in forestry products have been reduced by \$9.1 billion and \$8.2 billion respectively over this period. On the positive side, the surplus in energy products rose \$6.1 billion over these three years.

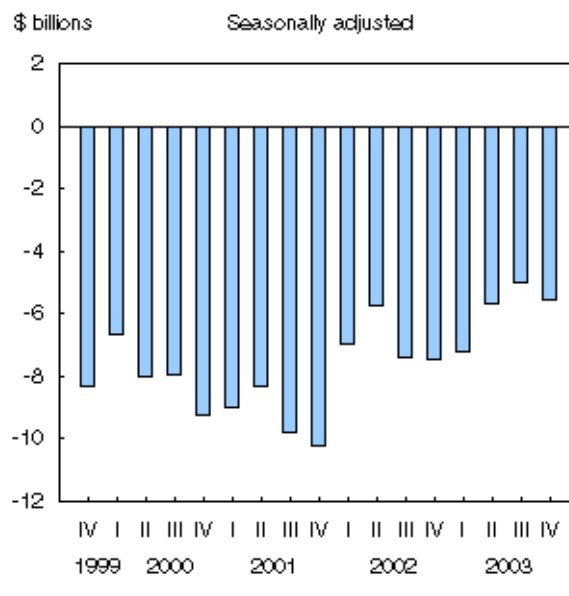
Lower profits earned on direct investment abroad

After the lowest deficit on investment income in more than 10 years was registered in the third quarter, the deficit increased \$0.6 billion to \$5.6 billion in the fourth quarter. The profits earned by Canadian direct investors abroad dropped \$0.6 billion to \$3.7 billion led by lower returns in the energy and the finance and insurance sectors.

As a large part of the Canadian securities owned by foreign portfolio investors are issued in US dollars, the stronger Canadian dollar contributed to the \$0.2 billion reduction in interest paid on these securities.

In 2003, interest paid on these Canadian securities was \$1.9 billion lower than the year before. This was the main factor in the \$4.0 billion reduction in the investment income deficit for 2003. The other important factor was a \$1.2 billion drop in interest payments on foreign currency deposits. In both cases, it was mostly related to the stronger dollar.

Strong dollar keeps deficits on investment income low



Services deficit remains stable

In the fourth quarter, the deficit on services declined by less than \$0.1 billion to \$2.9 billion. The largest change came from travel where higher expenditures on travel abroad led to a \$0.2 billion increase in the deficit. There were a record number of Canadians travelling to countries other than United States in the fourth quarter. At the same time, US travellers started to visit Canada in larger numbers again after two very slow quarters.

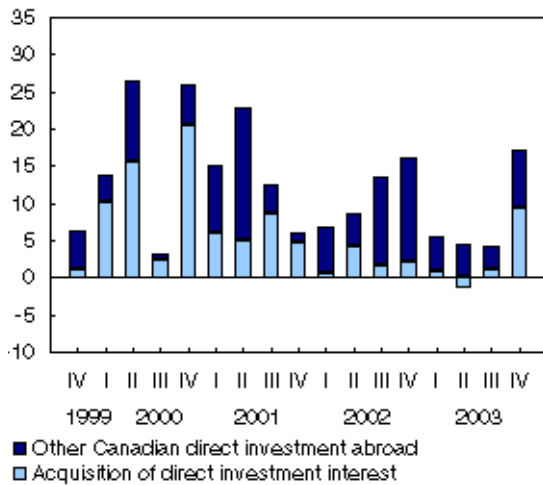
While the trade balances for all major categories of services remained largely unchanged from the third to the fourth quarter, the overall deficit on services trade for 2003 increased \$3.2 billion to reach \$11.5 billion.

During the year, the travel deficit increased \$2.4 billion to reach \$4.3 billion, the highest deficit in a decade. Spending by foreign visitors fell \$2.1 billion. Several factors such as concerns about SARS and mad cow disease led to a considerably lower number of visitors to Canada in 2003. There were 13% less visitors spending at least one night in Canada during 2003 as compared to the previous year.

As a consequence of the lower number of foreign visitors coming to Canada and a higher number of Canadians visiting countries other than United States, the deficit for passenger fares increased by \$1.0 billion to reach \$1.8 billion in 2003.

Rebound in Canadian direct investment abroad led by acquisitions

\$ billions



¹ Reverse of Balance of Payments signs.

Financial account

Direct investment abroad rebounds

Canadian direct investment abroad rebounded strongly to \$17.1 billion in the quarter, quadruple the average of the three previous quarters. More than half the investment came from acquisitions of foreign enterprises, which were at a three-year high. Two-thirds of the direct investment was invested in EU countries; the remainder went to Asian countries and the United States. The investment was concentrated mainly in just two industry groups: finance and insurance and energy and metallic minerals.

Canadian demand for foreign securities on the rise

Canadian investors bought \$5.2 billion of foreign securities in the fourth quarter, their highest investment in a year and a half. Just over 60% was invested in foreign equities with the remainder in foreign bonds.

Canadians split their \$3.2 billion investment in foreign shares between US and overseas equities. While the investment in shares was the highest for any quarter of 2003, the investment for the year, at \$4.3 billion, was the lowest in 13 years. Canadian demand for foreign bonds, on the other hand, was at an all-time high in 2003, with an investment of \$8.2 billion. About half of this went to US treasury bonds with the remainder split between US corporate and overseas bonds.

Foreign portfolio investment in Canadian securities returns

Foreign portfolio investment of \$8.5 billion flowed into Canadian securities in the quarter, largely reversing the reduction in holdings in the third quarter. Investment in

Canadian securities for 2003 totalled \$15.2 billion. A robust foreign demand for Canadian equities made up 85% of this annual total with investment in debt securities accounting for the balance.

Foreign investors purchased \$5.2 billion of Canadian equities in the fourth quarter, an amount similar to the third quarter. However, while the investment in the third quarter went almost exclusively to existing shares, most of the fourth quarter investment was in new shares, largely issued to acquire foreign firms via share exchanges.

With Canadian stock prices surging, foreign investment in existing Canadian shares was substantial in 2003. It represented \$9.0 billion of the \$12.9 billion total. Canadian stock prices advanced 10.8% in the 4th quarter and 24.3% during 2003. It was a major turnaround from the 26.0% decline in share prices over 2001 and 2002.

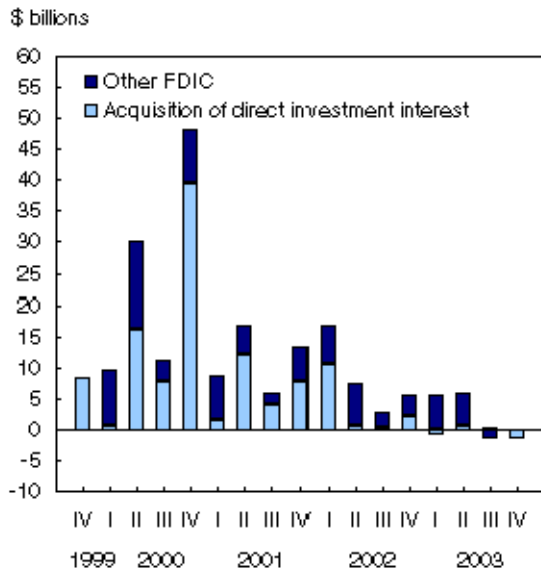
In the quarter, \$3.7 billion worth of Canadian bonds were purchased by foreign investors while they sold a small amount (\$395 million) of money market securities. The investment in bonds came after a major sell-off in the third quarter totalling \$12.5 billion. In the quarter, investors bought mostly corporate bonds and some issues of federal enterprises, partially offset by sales of bonds issued by the federal and provincial governments. On a currency basis, foreign investors bought \$7.9 billion of US-dollar denominated bonds but sold \$4.2 billion of bond issues denominated in Canadian dollars.

Foreign holdings of Canadian money market paper were reduced for a fourth straight quarter bringing the reduction to a total of \$4.4 billion for 2003. This more than reversed the \$3.8 billion accumulation in 2002. The foreign divestment in 2003 was spread across money market paper issued by all sectors, with the exception of federal treasury bills.

Foreign direct investment in Canada turns negative

Foreign direct investors withdrew funds from Canada for a second straight quarter. While the amounts were low, a net withdrawal was last seen in the early nineties. As a result, foreign direct investment in Canada for 2003 was the lowest in 10 years at just \$8.3 billion. The acquisitions component of foreign direct investment, which averaged \$28.1 billion annually in the period 1998-2002, was negative in 2003. In other words, on balance, residents bought back Canadian firms from foreign direct investors in 2003.

Foreign direct investment in Canada again negative



Other investment

Over the fourth quarter, the other investment category saw net capital inflows dominated by loans under repurchase agreements. Canada's international reserves continued to decline for a sixth consecutive quarter.

Balance of payments

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|----------------|----------------|
| Not seasonally adjusted, millions of dollars | | | | | | | | |
| Current account | | | | | | | | |
| Receipts | | | | | | | | |
| Goods and services | 120,120 | 119,411 | 118,689 | 114,664 | 112,189 | 112,306 | 472,628 | 457,848 |
| Goods | 102,235 | 105,923 | 105,897 | 100,916 | 95,672 | 99,042 | 414,305 | 401,527 |
| Services | 17,886 | 13,487 | 12,791 | 13,748 | 16,516 | 13,265 | 58,323 | 56,321 |
| Investment income | 7,828 | 9,191 | 7,471 | 7,921 | 8,236 | 7,627 | 31,638 | 31,255 |
| Direct investment | 3,756 | 5,196 | 3,452 | 4,226 | 4,470 | 3,887 | 15,345 | 16,036 |
| Portfolio investment | 2,064 | 2,072 | 2,066 | 2,062 | 2,125 | 2,143 | 8,323 | 8,396 |
| Other investment | 2,008 | 1,923 | 1,953 | 1,632 | 1,641 | 1,597 | 7,970 | 6,823 |
| Current transfers | 1,543 | 2,026 | 1,916 | 1,493 | 1,493 | 1,613 | 7,002 | 6,516 |
| Current account receipts | 129,491 | 130,628 | 128,076 | 124,079 | 121,917 | 121,547 | 511,268 | 495,618 |
| Payments | | | | | | | | |
| Goods and services | 105,221 | 107,862 | 105,917 | 105,659 | 97,625 | 99,922 | 423,112 | 409,123 |
| Goods | 88,129 | 91,621 | 88,559 | 89,044 | 80,339 | 83,375 | 356,459 | 341,317 |
| Services | 17,092 | 16,241 | 17,358 | 16,616 | 17,286 | 16,546 | 66,653 | 67,806 |
| Investment income | 15,014 | 15,970 | 15,530 | 13,741 | 12,883 | 12,589 | 59,149 | 54,743 |
| Direct investment | 5,613 | 5,915 | 5,986 | 5,104 | 4,354 | 4,230 | 20,724 | 19,674 |
| Portfolio investment | 7,497 | 7,564 | 7,440 | 7,086 | 7,011 | 6,757 | 29,643 | 28,294 |
| Other investment | 1,904 | 2,490 | 2,104 | 1,550 | 1,518 | 1,602 | 8,782 | 6,775 |
| Current transfers | 1,295 | 1,377 | 1,993 | 1,218 | 1,358 | 1,400 | 5,641 | 5,969 |
| Current account payments | 121,530 | 125,209 | 123,441 | 120,619 | 111,866 | 113,910 | 487,902 | 469,836 |
| Balances | | | | | | | | |
| Goods and services | 14,900 | 11,548 | 12,771 | 9,005 | 14,564 | 12,385 | 49,516 | 48,725 |
| Goods | 14,105 | 14,302 | 17,338 | 11,872 | 15,333 | 15,667 | 57,846 | 60,210 |
| Services | 794 | -2,754 | -4,566 | -2,867 | -770 | -3,282 | -8,330 | -11,485 |
| Investment income | -7,186 | -6,779 | -8,060 | -5,820 | -4,647 | -4,962 | -27,511 | -23,488 |
| Direct investment | -1,858 | -719 | -2,534 | -878 | 116 | -343 | -5,379 | -3,639 |
| Portfolio investment | -5,433 | -5,493 | -5,374 | -5,024 | -4,886 | -4,614 | -21,320 | -19,898 |
| Other investment | 104 | -567 | -152 | 82 | 123 | -5 | -811 | 48 |
| Current transfers | 247 | 650 | -77 | 275 | 135 | 214 | 1,361 | 546 |
| Current account balance | 7,961 | 5,419 | 4,635 | 3,460 | 10,051 | 7,637 | 23,366 | 25,783 |
| Capital and financial account[1] | | | | | | | | |
| Capital account | 1,102 | 842 | 984 | 982 | 1,056 | 894 | 4,816 | 3,916 |
| Financial account | -9,830 | -9,599 | 1,707 | -13,260 | -9,127 | -7,935 | -17,961 | -28,616 |
| Canadian assets, net flows | | | | | | | | |
| Canadian direct investment abroad | -13,576 | -16,205 | -5,497 | -3,235 | -4,243 | -17,060 | -45,217 | -30,035 |
| Portfolio investment | -3,722 | -2,928 | -1,342 | -3,210 | -2,764 | -5,204 | -24,950 | -12,519 |
| Foreign bonds | -1,472 | -32 | -3,501 | -2,664 | 11 | -2,043 | -6,243 | -8,196 |
| Foreign stocks | -2,250 | -2,897 | 2,159 | -546 | -2,775 | -3,161 | -18,707 | -4,323 |
| Other investment | -8 | -5,943 | -23,682 | 4,629 | 1,305 | -7,814 | -10,657 | -25,562 |
| Loans | -1,332 | -6,136 | -5,746 | 2,913 | 6,256 | 2,627 | -7,678 | 6,049 |
| Deposits | 2,377 | 3,107 | -17,295 | 3,678 | -716 | -9,293 | 6,411 | -23,627 |
| Official international reserves | 1,885 | 559 | 2,711 | 229 | 4 | 1,749 | 298 | 4,693 |
| Other assets | -2,938 | -3,474 | -3,352 | -2,191 | -4,238 | -2,896 | -9,688 | -12,677 |
| Total Canadian assets, net flows | -17,306 | -25,076 | -30,521 | -1,816 | -5,701 | -30,078 | -80,825 | -68,116 |
| Canadian liabilities, net flows | | | | | | | | |
| Foreign direct investment in Canada | 2,620 | 5,619 | 4,933 | 5,933 | -1,279 | -1,334 | 32,342 | 8,253 |
| Portfolio investment | -766 | 9,339 | 8,000 | 8,122 | -9,478 | 8,535 | 21,058 | 15,179 |
| Canadian bonds | 5,102 | 3,691 | 9,141 | 6,312 | -12,536 | 3,746 | 18,712 | 6,663 |
| Canadian stocks | -4,076 | 1,724 | -265 | 2,575 | 5,394 | 5,184 | -1,436 | 12,888 |
| Canadian money market | -1,791 | 3,925 | -876 | -766 | -2,336 | -395 | 3,782 | -4,373 |
| Other investment | 5,622 | 519 | 19,294 | -25,499 | 7,331 | 14,942 | 9,464 | 16,068 |
| Loans | 1,857 | 1,670 | 647 | -3,484 | -285 | 4,512 | 1,216 | 1,391 |
| Deposits | 5,353 | -1,128 | 21,200 | -20,592 | 7,525 | 10,127 | 13,559 | 18,261 |
| Other liabilities | -1,588 | -23 | -2,553 | -1,423 | 91 | 302 | -5,311 | -3,583 |
| Total Canadian liabilities, net flows | 7,476 | 15,477 | 32,228 | -11,444 | -3,426 | 22,142 | 62,864 | 39,500 |
| Total capital and financial account, net flows | -8,727 | -8,757 | 2,691 | -12,278 | -8,071 | -7,041 | -13,145 | -24,699 |
| Statistical discrepancy | 767 | 3,338 | -7,326 | 8,818 | -1,980 | -596 | -10,221 | -1,083 |

1 A minus sign (-) denotes an outflow of capital resulting from an increase in claims on non-residents or from a decrease in liabilities to non-residents. Transactions are recorded on a net basis.

Current account

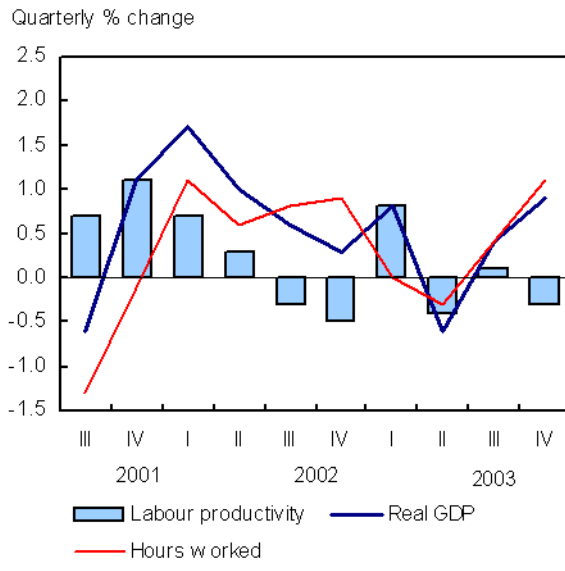
| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|----------------|----------------|
| Seasonally adjusted at quarterly rates, millions of dollars | | | | | | | | |
| Receipts | | | | | | | | |
| Goods and services | 120,309 | 119,647 | 119,980 | 112,806 | 112,566 | 112,496 | 472,628 | 457,848 |
| Goods | 105,650 | 104,580 | 105,653 | 98,999 | 98,661 | 98,214 | 414,305 | 401,527 |
| Services | 14,659 | 15,067 | 14,327 | 13,807 | 13,905 | 14,282 | 58,323 | 56,321 |
| Travel | 4,195 | 4,258 | 4,019 | 3,461 | 3,443 | 3,671 | 16,731 | 14,594 |
| Transportation | 2,700 | 2,932 | 2,649 | 2,324 | 2,454 | 2,591 | 10,831 | 10,018 |
| Commercial services | 7,420 | 7,520 | 7,289 | 7,652 | 7,659 | 7,663 | 29,312 | 30,264 |
| Government services | 344 | 357 | 370 | 370 | 349 | 357 | 1,448 | 1,446 |
| Investment income | 7,963 | 9,111 | 7,503 | 7,902 | 8,257 | 7,593 | 31,638 | 31,255 |
| Direct investment | 3,923 | 5,108 | 3,468 | 4,192 | 4,523 | 3,853 | 15,345 | 16,036 |
| Interest | 127 | 144 | 222 | 162 | 191 | 143 | 546 | 718 |
| Profits | 3,796 | 4,964 | 3,246 | 4,030 | 4,331 | 3,710 | 14,799 | 15,318 |
| Portfolio investment | 2,060 | 2,089 | 2,067 | 2,055 | 2,116 | 2,159 | 8,323 | 8,396 |
| Interest | 394 | 426 | 439 | 432 | 463 | 480 | 1,775 | 1,814 |
| Dividends | 1,666 | 1,663 | 1,627 | 1,624 | 1,653 | 1,679 | 6,548 | 6,583 |
| Other investment | 1,980 | 1,915 | 1,968 | 1,654 | 1,619 | 1,582 | 7,970 | 6,823 |
| Current transfers | 1,708 | 1,938 | 1,678 | 1,626 | 1,641 | 1,570 | 7,002 | 6,516 |
| Private | 676 | 630 | 688 | 592 | 654 | 635 | 2,619 | 2,569 |
| Official | 1,032 | 1,308 | 990 | 1,034 | 987 | 935 | 4,382 | 3,946 |
| Total receipts | 129,980 | 130,696 | 129,161 | 122,334 | 122,464 | 121,659 | 511,268 | 495,618 |
| Payments | | | | | | | | |
| Goods and services | 107,880 | 107,785 | 106,800 | 102,125 | 99,855 | 100,342 | 423,112 | 409,123 |
| Goods | 91,137 | 90,958 | 89,762 | 85,440 | 82,979 | 83,136 | 356,459 | 341,317 |
| Services | 16,743 | 16,827 | 17,038 | 16,685 | 16,876 | 17,207 | 66,653 | 67,806 |
| Travel | 4,665 | 4,686 | 4,788 | 4,371 | 4,673 | 5,062 | 18,585 | 18,893 |
| Transportation | 3,718 | 3,667 | 3,662 | 3,524 | 3,652 | 3,648 | 14,202 | 14,486 |
| Commercial services | 8,146 | 8,258 | 8,369 | 8,572 | 8,329 | 8,274 | 33,005 | 33,544 |
| Government services | 214 | 216 | 218 | 219 | 222 | 224 | 861 | 883 |
| Investment income | 15,334 | 16,546 | 14,730 | 13,577 | 13,266 | 13,170 | 59,149 | 54,743 |
| Direct investment | 5,773 | 6,537 | 5,436 | 4,805 | 4,603 | 4,829 | 20,724 | 19,674 |
| Interest | 327 | 342 | 452 | 462 | 474 | 475 | 1,390 | 1,862 |
| Profits | 5,446 | 6,194 | 4,985 | 4,343 | 4,129 | 4,354 | 19,334 | 17,812 |
| Portfolio investment | 7,495 | 7,584 | 7,418 | 7,090 | 7,015 | 6,771 | 29,643 | 28,294 |
| Interest | 7,052 | 7,119 | 6,757 | 6,535 | 6,444 | 6,211 | 27,891 | 25,946 |
| Dividends | 442 | 465 | 661 | 555 | 572 | 560 | 1,752 | 2,348 |
| Other investment | 2,067 | 2,426 | 1,876 | 1,682 | 1,647 | 1,570 | 8,782 | 6,775 |
| Current transfers | 1,432 | 1,487 | 1,442 | 1,535 | 1,496 | 1,497 | 5,641 | 5,969 |
| Private | 792 | 814 | 745 | 787 | 797 | 821 | 3,120 | 3,151 |
| Official | 640 | 672 | 696 | 747 | 699 | 676 | 2,521 | 2,819 |
| Total payments | 124,646 | 125,818 | 122,972 | 117,238 | 114,617 | 115,009 | 487,902 | 469,836 |
| Balances | | | | | | | | |
| Goods and services | 12,430 | 11,862 | 13,180 | 10,681 | 12,710 | 12,154 | 49,516 | 48,725 |
| Goods | 14,513 | 13,622 | 15,891 | 13,559 | 15,681 | 15,078 | 57,846 | 60,210 |
| Services | -2,083 | -1,760 | -2,711 | -2,878 | -2,971 | -2,925 | -8,330 | -11,485 |
| Travel | -470 | -427 | -769 | -909 | -1,231 | -1,391 | -1,853 | -4,300 |
| Transportation | -1,017 | -736 | -1,013 | -1,199 | -1,198 | -1,057 | -3,371 | -4,468 |
| Commercial services | -726 | -738 | -1,080 | -920 | -670 | -611 | -3,693 | -3,280 |
| Government services | 130 | 141 | 152 | 150 | 127 | 134 | 587 | 563 |
| Investment income | -7,371 | -7,435 | -7,227 | -5,676 | -5,009 | -5,577 | -27,511 | -23,488 |
| Direct investment | -1,849 | -1,429 | -1,968 | -613 | -81 | -977 | -5,379 | -3,639 |
| Interest | -200 | -199 | -229 | -300 | -283 | -332 | -844 | -1,144 |
| Profits | -1,649 | -1,230 | -1,739 | -313 | 202 | -644 | -4,535 | -2,494 |
| Portfolio investment | -5,435 | -5,495 | -5,351 | -5,035 | -4,899 | -4,612 | -21,320 | -19,898 |
| Interest | -6,659 | -6,693 | -6,317 | -6,103 | -5,981 | -5,731 | -26,116 | -24,132 |
| Dividends | 1,224 | 1,198 | 966 | 1,068 | 1,082 | 1,119 | 4,796 | 4,235 |
| Other investment | -87 | -511 | 93 | -28 | -29 | 12 | -811 | 48 |
| Current transfers | 276 | 451 | 237 | 91 | 145 | 73 | 1,361 | 546 |
| Private | -116 | -185 | -57 | -195 | -143 | -186 | -501 | -581 |
| Official | 392 | 636 | 294 | 286 | 288 | 259 | 1,862 | 1,127 |
| Current account | 5,334 | 4,879 | 6,189 | 5,097 | 7,847 | 6,650 | 23,366 | 25,783 |

Labour productivity, hourly compensation and unit labour cost

Fourth quarter 2003 and annual 2003

After posting strong growth of 0.8% in the first quarter 2003, business productivity then deteriorated, with declines in the second and fourth quarters and almost no increase in the third quarter. As a result, for 2003 as a whole, labour productivity increased by barely 0.1%, its worst performance since the 0.2% decline recorded in 1996.

Quarterly productivity continues at lethargic pace

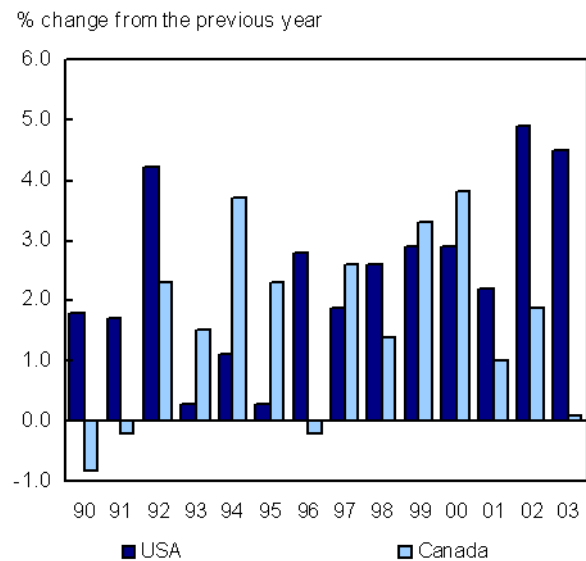


Despite improved production in the fourth quarter, Canada's business productivity declined by 0.3%, economic growth being accompanied by a marked increase in hours worked. For a second consecutive quarter, workers have devoted on average the same number of hours worked per job; job growth was mainly concentrated in full time jobs.

In the United States, quarterly productivity growth slowed in the fourth quarter to 0.5%, down significantly from the 2.1% observed in the third quarter. This was the lowest productivity increase since the second quarter of 2002.

Despite this slowdown, American businesses recorded strong productivity growth of 4.5% for 2003 overall, similar to the 4.9% posted in 2002. An increase of this magnitude had not been seen since 1950.

Weak productivity gains in Canada for 2003



This is now the third year that the growth in American business productivity has surpassed that of Canadian businesses. The gap in annual productivity growth in favour of the United States has gradually grown since 2001, when it was 1.1 percentage points. By 2002, the gap was 3.0 percentage points. In 2003, it was 4.4 percentage points. However, it is important to note that these annual

Note to readers

This chapter presents an analysis on labour productivity not only for the business sector as a whole but also in detail, reflecting 15 industries of the business sector (including goods sector and services sector). Quarterly measures of labour productivity by industry appeared for the first time last December. The statistical series for these industries start as of the first quarter of 1997.

In this release, the use of the term productivity refers to labour productivity. Calculations of the productivity growth rate and its related variables are based on index numbers rounded to one decimal place

With this release, revisions have been made back to the first quarter of 2003 to incorporate a methodological change to the measure of hours worked in the business sector and the new seasonal factors for 2003. However, the hourly compensation series have been revised back to the first quarter of 1998. A technical note on quarterly estimates of labour productivity is available on request. To order a copy, send an e-mail message to productivity.measures@statcan.ca.

Labour productivity is the ratio of output to labour input (hours worked). Quarterly estimates of productivity are derived from a Fisher chained index of GDP, or of value added, in the business sector. Economic performance as measured by labour productivity must be interpreted carefully, since these estimates reflect changes in other inputs in addition to the growth in productive efficiency.

Labour compensation includes all payments in cash or in kind made by domestic producers to persons as remuneration for work. This includes salaries and supplementary labour income of paid workers, plus the imputed labour income of self-employed workers.

Unit labour cost is the labour cost per unit of output. It is calculated as the ratio of labour compensation to real value added. It is also the equivalent of the ratio of labour compensation per hour worked to labour productivity. The unit labour cost will increase when hourly compensation rises faster than labour productivity.

productivity differences are based on preliminary data, which are subject to revision. Since 1998, these gaps have generally shrunk following revisions to the preliminary data.

Both businesses producing services and businesses producing goods experienced a slowdown in productivity growth in 2003

Productivity in the services sector slowed down in 2003. Annual growth declined from 3.2% in 2002 to 0.7% in 2003. Over the past three years, the productivity rate of growth in services has been more than three times higher than the goods producing sector.

In the services sector, declines were observed in accommodation and food services (-3.5%), in finance, real estate and company management (-2.5%), in administrative and support, waste management and remediation services (-1.5%) and in transportation and warehousing (-1.4%).

These declines were partly offset by productivity increases in wholesale trade (+4.1%), in professional, scientific and technical services (+3.5%), in information and cultural industries (+3.1%) and in retail trade (+1.3%).

In the goods producing sector, the annual growth in productivity also slowed down, from a rate of 1.0% in 2002 to 0.2% in 2003. This deceleration was in part due to the lower growth in manufacturing where productivity went from 2.8% in 2002 to 1.0% in 2003.

The appreciation of the Canadian dollar over the year of 2003 has had a negative impact on the output of manufacturing industries which decreased by 0.4% in 2003. At the same time, hours worked in this sector declined at a more pronounced pace (-1.4%).

Unit labour costs constrained in Canadian businesses

Declining 0.3% in the fourth quarter, hourly compensation paid by businesses to their employees fell at the same pace as labour productivity. Consequently, wage pressures in the Canadian economy have remained low.

On a quarterly basis, unit labour costs, an indicator that compares hourly compensation growth relative to labour productivity growth, declined slightly by 0.1% in the fourth quarter. It was the third quarterly decline of this indicator during the year of 2003.

For the whole year of 2003, the unit labour costs growth in the business sector increased by 1.0%, a similar growth to that of 2002 (+0.9%).

Unit labour costs remained in control in most of the industries

While businesses producing services have observed stagnation in their unit labour costs in the fourth quarter, the goods producing sector registered a second consecutive quarterly decline in the order of 0.6%.

Quarterly declines were noted in accommodation and food services (-2.9%), in transportation and warehousing (-2.9%), in wholesale trade (-2.8%) and in manufacturing (-1.9%).

On an annual basis, unit labour costs in the goods producing sector grew moderately by 0.8% in 2003. At the same time, services have seen its unit labour costs increase by 0.5%, after experiencing a decline of 0.5% in 2002. In manufacturing, unit labour costs increased by 1.4% in 2003, after declining by 0.3% in 2002.

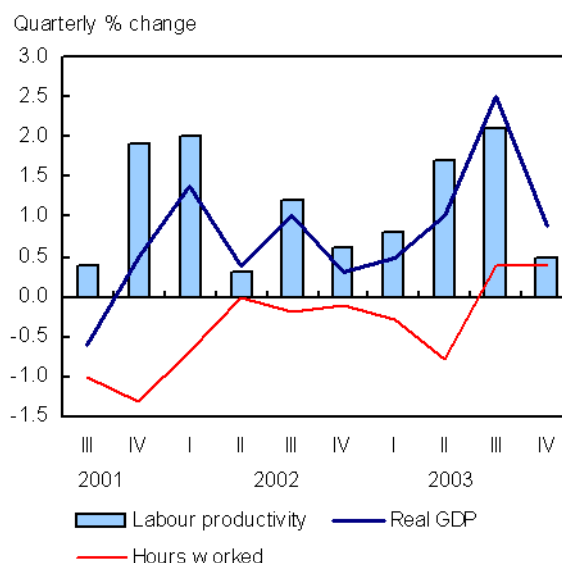
Comparable increase in production, but a very different performance by labour markets in Canada and the United States

In the fourth quarter, production in Canadian and in American businesses grew at the same rate of 0.9%. Moreover, hours worked increased in both countries for a second consecutive quarter. However, the rate of growth in hours observed in the fourth quarter was faster in Canada than in the United States, as has consistently been the case since the first quarter of 2001. In the third quarter, hours worked increased at the same rate in both countries (+0.4%).

Canadian businesses more than doubled their production in the fourth quarter, compared to the rate of 0.4% observed in the third quarter. The recovery of exports, which had declined over the four previous quarters, was largely behind the strong production growth in Canada.

American production in the business sector returned to a more normal growth rate in the fourth quarter of 2003, after a 2.5% leap in the third quarter. The latter was marked by the strongest quarterly increase since the first quarter of 1984. This deceleration in the U.S. economy resulted from a slower increase in consumer expenditures and an acceleration in imports.

U.S. productivity made moderate gains



Hours worked in Canadian businesses increased by 1.1% in the fourth quarter, more than double the rate measured in the previous quarter. In comparison, hours worked in U.S. businesses in the fourth quarter held at the same rate of increase as in the third quarter, only reaching 0.4%.

The gap in productivity growth between Canada and the United States for the fourth quarter was essentially attributable to different labour market performances in light of identical growth in production in the two countries.

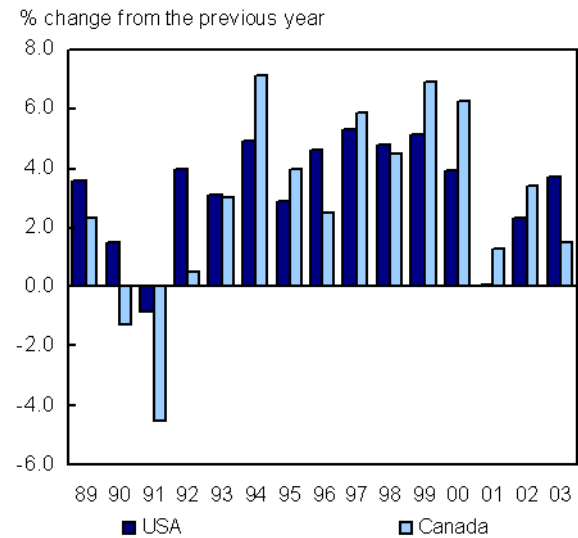
Annual productivity growth in Canada significantly down in 2003

In 2003, annual productivity growth rose by barely 0.1% in Canada. Taking into account this weak increase, the average increase for the past three years came to 0.7%. This represents only one quarter of the 2.8% average annual rate recorded between 1997 and 2000. Canada's economic growth was strong during this period, in part as a result of the intensification in the use of information and communications technology revolutions.

The period of rapid productivity was followed by a slowdown in 2001, a slight recovery in 2002 and stagnation in 2003. During 2001 and 2002, Canadian businesses felt the impact of the burst of the high-tech bubble and the September 11, 2001 attacks in the United States. In 2003, economic activity was disrupted by an extraordinary conjunction of one-time events, including the SARS and mad cow scares, the electrical outage in Ontario, forest fires in British Columbia and Hurricane Juan in the Maritimes. Moreover, the Canadian dollar appreciated rapidly against the American dollar, forcing exporting companies to adjust their operations.

In 2003, the Canadian situation contrasted sharply to that of the United States in terms of economic performance and the labour market. U.S. productivity in 2003 came from a simultaneous increase in production and a decrease in hours worked.

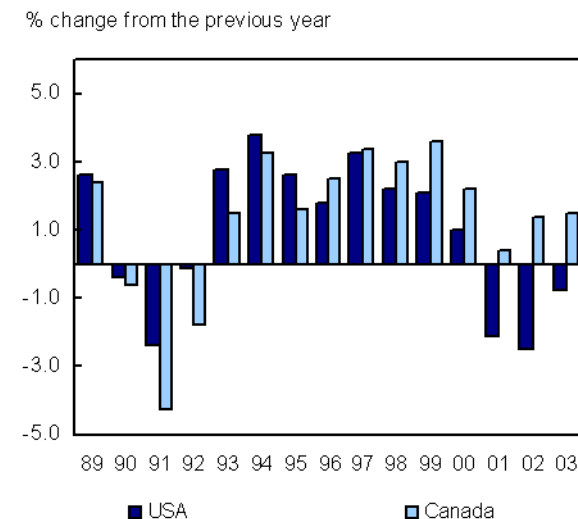
Higher output growth in the U.S. in 2003



Canadian production increased by just 1.5% in 2003, significantly lower than the 3.7% growth rate recorded in the United States. This was the strongest growth measured in the United States since 2000, or before the so-called dot-com decline. It was also the best production performance observed in the United States, compared to Canada, since 1999.

The improved productivity performance in the United States in 2003 was partly attributable to the reduction in hours worked. In 2003, hours worked in Canada increased at a rate of 1.5%, compared to the 0.8% decline in the United States.

Hours worked continue to rise in Canada and drop in the U.S.



Stronger Canadian dollar in 2003 serves to widen in labour costs in favour of the United States

On an annual basis, the rise in hourly compensation in Canadian businesses was only 1.2% in 2003, continuing the downward trend started in 2001. U.S. businesses saw hourly compensation rise by 3.3% in 2003, after a 2.2% rise in 2002. This rise ended the deceleration observed since 2001 in the United States.

The annual growth in unit labour costs in Canada slowed over the last two years. It was 1.0% in 2003 and 0.9% in 2002, much slower than the 3.2% growth recorded in 2001. In the United States, unit costs declined by 1.1% in 2003. This was the second consecutive annual decline.

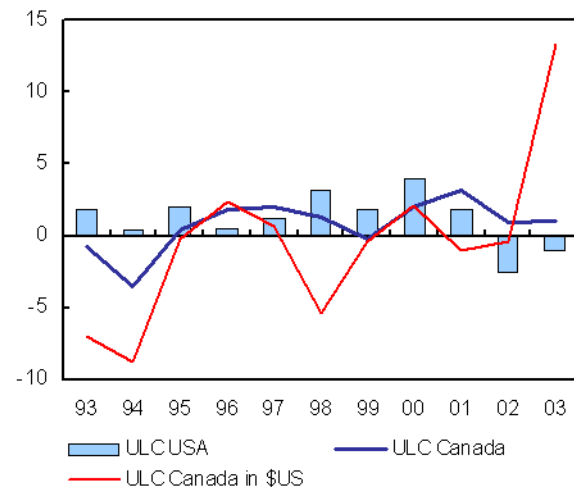
Measured in American dollars, unit labour costs in Canada grew considerably in 2003, while those in the United States declined. Between 2002 and 2003, with the value of the Canadian dollar increasing by close to 10.8% compared to that of the American dollar, the gap in unit costs between the two countries continued to widen significantly in favour of the United States. Unit labour costs in Canada, measured in American dollars, leapt by 13.3% in 2003, while the United States posted a 1.1% decline.

Recent revisions of productivity figures in the United States had no impact on the Canada-U.S. gap

In February 2004, the United States released its annual revisions of labour productivity estimates, incorporating recent revisions of the U.S. National Accounts by the Bureau of Economic Analysis. The U.S. data had also been revised back to 1999 to incorporate the adjustments in annual benchmarks on hours worked.

Canadian dollar appreciation increased unit labour costs significantly

% change from the previous year



For the period between 1987 and 2002, average annual productivity growth was not affected by these revisions; therefore, the average gap in annual productivity growth in favour of the U.S. remained identical to that released before the revision.

On the other hand, in recent years, the impact of the revisions was to increase labour productivity in the United States for 1999 and 2001, and to reduce it for 2000 and 2002. The magnitude of the revisions varied between 0.2% and 0.6%. Nonetheless, the revisions to U.S. data did not result in any changes to the mid-term average, since average annual productivity growth over the 1996-2002 period remained at 2.9%, a higher rate than the 2.3% registered in Canada over the same period.

Comparison of annual labour productivity growth in the business sector before and after revision

| | Canada | United States | |
|------------------|--------|-----------------|----------------|
| | | Before revision | After revision |
| annual % change | | | |
| 1987-2002 | 1.5 | 2.1 | 2.1 |
| 1995-2000 | 2.2 | 2.6 | 2.6 |
| 1996-2002 | 2.3 | 2.9 | 2.9 |
| 1999 | 3.3 | 2.5 | 2.9 |
| 2000 | 3.8 | 3.1 | 2.9 |
| 2001 | 1.0 | 2.0 | 2.2 |
| 2002 | 1.9 | 5.3 | 4.9 |

Source: U.S. data are from the *Bureau of Labor Statistics, Productivity and Costs - Fourth quarter 2003*, published in *NEWS*, March 4, 2004.

Business sector: Labour productivity and related variables for Canada and the United States[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| Seasonally adjusted | | | | | | |
| % change from previous quarter | | | | | | |
| Canada | | | | | | |
| Labour productivity | -0.3 | -0.5 | 0.8 | -0.4 | 0.1 | -0.3 |
| Real GDP | 0.6 | 0.3 | 0.8 | -0.6 | 0.4 | 0.9 |
| Hours worked | 0.8 | 0.9 | 0.0 | -0.3 | 0.4 | 1.1 |
| Hourly compensation | 0.3 | 0.6 | 0.6 | 0.2 | -0.2 | -0.3 |
| Unit labour cost | 0.6 | 1.2 | -0.3 | 0.5 | -0.2 | -0.1 |
| Exchange rate[2] | 0.6 | 0.4 | -3.8 | -7.4 | -1.3 | -4.7 |
| Unit labour cost in US\$ | 0.0 | 0.8 | 3.7 | 8.5 | 1.1 | 4.8 |
| United States | | | | | | |
| Labour productivity | 1.2 | 0.6 | 0.8 | 1.7 | 2.1 | 0.5 |
| Real GDP | 1.0 | 0.3 | 0.5 | 1.0 | 2.5 | 0.9 |
| Hours worked | -0.2 | -0.1 | -0.3 | -0.8 | 0.4 | 0.4 |
| Hourly compensation | 0.4 | 0.5 | 1.2 | 1.3 | 0.7 | 0.4 |
| Unit labour cost | -0.9 | 0.0 | 0.3 | -0.4 | -1.4 | -0.1 |
| % change from same quarter of previous year | | | | | | |
| Canada | | | | | | |
| Labour productivity | 1.8 | 0.2 | 0.3 | -0.4 | 0.0 | 0.3 |
| Real GDP | 4.4 | 3.6 | 2.7 | 1.1 | 1.0 | 1.5 |
| Hours worked | 2.5 | 3.5 | 2.4 | 1.4 | 1.1 | 1.2 |
| Hourly compensation | 2.2 | 2.0 | 1.6 | 1.7 | 1.2 | 0.2 |
| Unit labour cost | 0.3 | 1.9 | 1.3 | 2.0 | 1.2 | -0.1 |
| Exchange rate[2] | 1.1 | -0.7 | -5.3 | -10.0 | -11.7 | -16.2 |
| Unit labour cost in US\$ | -0.8 | 2.6 | 7.0 | 13.3 | 14.6 | 19.2 |
| United States | | | | | | |
| Labour productivity | 5.5 | 4.2 | 3.0 | 4.4 | 5.3 | 5.3 |
| Real GDP | 3.4 | 3.2 | 2.3 | 3.0 | 4.4 | 5.0 |
| Hours worked | -2.1 | -0.9 | -0.6 | -1.3 | -0.8 | -0.3 |
| Hourly compensation | 2.1 | 1.7 | 2.6 | 3.4 | 3.7 | 3.6 |
| Unit labour cost | -3.3 | -2.4 | -0.3 | -1.0 | -1.5 | -1.6 |
| % change from previous quarter at annualized rate[3] | | | | | | |
| Canada | | | | | | |
| Labour productivity | -1.1 | -2.1 | 3.3 | -1.4 | 0.4 | -1.1 |
| Real GDP | 2.3 | 1.3 | 3.2 | -2.2 | 1.6 | 3.5 |
| Hours worked | 3.3 | 3.6 | 0.0 | -1.1 | 1.4 | 4.3 |
| Hourly compensation | 1.3 | 2.3 | 2.3 | 0.7 | -0.7 | -1.3 |
| Unit labour cost | 2.3 | 4.9 | -1.1 | 1.9 | -0.7 | -0.4 |
| Unit labour cost in US\$ | -0.1 | 3.3 | 15.5 | 38.4 | 4.6 | 20.6 |
| United States | | | | | | |
| Labour productivity | 4.9 | 2.0 | 3.5 | 7.2 | 8.7 | 2.0 |
| Real GDP | 4.3 | 1.6 | 1.9 | 4.2 | 10.3 | 3.9 |
| Hours worked | -0.5 | -0.5 | -1.5 | -2.8 | 1.5 | 1.9 |
| Hourly compensation | 1.3 | 2.2 | 4.8 | 5.3 | 2.7 | 1.8 |
| Unit labour cost | -3.4 | 0.1 | 1.3 | -1.7 | -5.5 | -0.2 |

1 Source: U.S. data are from the Bureau of Labor Statistics, Productivity and costs, published in NEWS.

2 The exchange rate corresponds to the U.S. dollar value expressed in Canadian dollars.

3 The change at annualized rates corresponds to the annual growth rate that would have been observed if the growth over the quarter had been the same for the whole year.

Business sector: Some related variables for labour markets[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| Seasonally adjusted | | | | | | |
| % change from previous quarter | | | | | | |
| Canada | | | | | | |
| All jobs | 0.8 | 0.9 | 0.3 | -0.2 | 0.4 | 1.1 |
| Hours worked | 0.8 | 0.9 | 0.0 | -0.3 | 0.4 | 1.1 |
| Average hours | 0.0 | 0.0 | -0.2 | -0.2 | 0.0 | 0.0 |
| Labour share[2] | 0.1 | -0.1 | -2.4 | 1.2 | -1.0 | -0.1 |
| United States | | | | | | |
| All jobs | -0.2 | 0.2 | -0.3 | -0.3 | 0.2 | 0.3 |
| Hours worked | -0.2 | -0.1 | -0.3 | -0.8 | 0.4 | 0.4 |
| Average hours | 0.0 | -0.2 | -0.1 | -0.5 | 0.2 | 0.2 |
| Labour share[2] | -1.0 | -0.5 | -0.1 | -0.6 | -1.7 | -0.3 |
| % change from same quarter of previous year | | | | | | |
| Canada | | | | | | |
| All jobs | 3.2 | 4.1 | 3.0 | 1.8 | 1.4 | 1.7 |
| Hours worked | 2.5 | 3.5 | 2.4 | 1.4 | 1.1 | 1.2 |
| Average hours | -0.7 | -0.6 | -0.5 | -0.4 | -0.4 | -0.4 |
| Labour share[2] | -1.1 | -2.8 | -4.6 | -1.2 | -2.3 | -2.3 |
| United States | | | | | | |
| All jobs | -2.1 | -0.8 | -0.4 | -0.6 | -0.3 | -0.1 |
| Hours worked | -2.1 | -0.9 | -0.6 | -1.3 | -0.8 | -0.3 |
| Average hours | 0.0 | 0.0 | -0.2 | -0.8 | -0.6 | -0.2 |
| Labour share[2] | -3.9 | -3.2 | -1.8 | -2.2 | -2.9 | -2.7 |
| % change from previous quarter at annualized rates[3] | | | | | | |
| Canada | | | | | | |
| All jobs | 3.2 | 3.6 | 1.1 | -0.7 | 1.8 | 4.6 |
| Hours worked | 3.3 | 3.6 | 0.0 | -1.1 | 1.4 | 4.3 |
| Average hours | 0.0 | 0.0 | -0.8 | -0.8 | 0.0 | 0.0 |
| Labour share[2] | 0.4 | -0.4 | -9.3 | 5.0 | -4.0 | -0.4 |
| United States | | | | | | |
| All jobs | -0.7 | 0.7 | -1.4 | -1.0 | 0.7 | 1.4 |
| Hours worked | -0.5 | -0.5 | -1.5 | -2.8 | 1.5 | 1.9 |
| Average hours | 0.0 | -0.8 | -0.4 | -2.0 | 0.8 | 0.8 |
| Labour share[2] | -3.9 | -2.0 | -0.4 | -2.4 | -6.8 | -1.2 |

1 Source: U.S. data are from the Bureau of Labor Statistics, Productivity and costs, published in NEWS.

2 This is the ratio of labour compensation to GDP at market prices in current dollars.

3 The change at annualized rates corresponds to the annual growth rate that would have been observed if the growth over the quarter had been the same for the whole year.

Labour productivity by industry

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------|--------------|
| | Seasonally adjusted | | | | | | | |
| Business sector - goods | 112.1 | 110.7 | 111.8 | 111.8 | 111.9 | 112.7 | 111.8 | 112.1 |
| | -0.3 | -1.2 | 1.0 | 0.0 | 0.1 | 0.7 | 1.0 | 0.2 |
| Agriculture, forestry, fishing and hunting | 128.4 | 124.2 | 131.9 | 136.9 | 137.0 | 137.5 | 128.0 | 135.8 |
| | -1.7 | -3.3 | 6.2 | 3.8 | 0.1 | 0.4 | -1.2 | 6.1 |
| Construction | 105.6 | 104.9 | 105.7 | 107.2 | 106.9 | 107.1 | 106.0 | 106.7 |
| | -0.3 | -0.7 | 0.8 | 1.4 | -0.3 | 0.2 | -2.3 | 0.7 |
| Manufacturing | 115.9 | 115.0 | 116.0 | 115.8 | 116.3 | 118.0 | 115.4 | 116.5 |
| | 0.2 | -0.8 | 0.9 | -0.2 | 0.4 | 1.5 | 2.8 | 1.0 |
| Business sector - services | 114.4 | 114.6 | 114.9 | 115.0 | 115.1 | 114.7 | 114.1 | 114.9 |
| | 0.1 | 0.2 | 0.3 | 0.1 | 0.1 | -0.3 | 3.2 | 0.7 |
| Wholesale trade | 127.2 | 128.1 | 130.7 | 129.4 | 128.6 | 131.7 | 124.9 | 130.1 |
| | 1.5 | 0.7 | 2.0 | -1.0 | -0.6 | 2.4 | 6.6 | 4.1 |
| Retail trade | 119.1 | 120.7 | 121.9 | 122.0 | 121.5 | 119.8 | 119.7 | 121.3 |
| | 0.0 | 1.3 | 1.0 | 0.1 | -0.4 | -1.4 | 2.9 | 1.3 |
| Transportation and warehousing | 108.2 | 106.6 | 106.2 | 105.1 | 105.5 | 105.7 | 107.1 | 105.6 |
| | 0.5 | -1.5 | -0.4 | -1.0 | 0.4 | 0.2 | 2.4 | -1.4 |
| Information and cultural industries | 109.8 | 112.5 | 114.8 | 113.9 | 111.5 | 107.6 | 108.6 | 112.0 |
| | 2.1 | 2.5 | 2.0 | -0.8 | -2.1 | -3.5 | 8.5 | 3.1 |
| Finance, real estate and company management | 108.6 | 108.3 | 104.6 | 105.1 | 107.7 | 105.7 | 108.5 | 105.8 |
| | -0.2 | -0.3 | -3.4 | 0.5 | 2.5 | -1.9 | 2.8 | -2.5 |
| Professional, scientific and technical services | 120.4 | 120.3 | 124.1 | 125.9 | 124.9 | 124.1 | 120.5 | 124.8 |
| | 0.0 | -0.1 | 3.2 | 1.5 | -0.8 | -0.6 | 2.6 | 3.5 |
| Administrative and support, waste management and remediation services | 100.6 | 100.0 | 99.9 | 100.0 | 98.8 | 98.3 | 100.8 | 99.3 |
| | -0.2 | -0.6 | -0.1 | 0.1 | -1.2 | -0.5 | -1.5 | -1.5 |
| Accommodation and food services | 109.1 | 108.0 | 106.4 | 102.9 | 104.3 | 107.9 | 109.2 | 105.4 |
| | -1.5 | -1.0 | -1.5 | -3.3 | 1.4 | 3.5 | 1.6 | -3.5 |
| Other commercial services | 112.0 | 113.2 | 113.7 | 114.1 | 114.7 | 113.4 | 112.0 | 114.0 |
| | 0.1 | 1.1 | 0.4 | 0.4 | 0.5 | -1.1 | 0.9 | 1.8 |

Unit labour cost by industry

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------|--------------|
| Seasonally adjusted | | | | | | | | |
| Business sector - goods | 108.2 | 109.5 | 109.7 | 110.2 | 109.4 | 108.7 | 108.6 | 109.5 |
| | <i>0.5</i> | <i>1.2</i> | <i>0.2</i> | <i>0.5</i> | <i>-0.7</i> | <i>-0.6</i> | <i>2.2</i> | <i>0.8</i> |
| Agriculture, forestry, fishing and hunting | 117.3 | 117.1 | 112.3 | 104.1 | 100.4 | 102.8 | 124.3 | 104.9 |
| | <i>-6.5</i> | <i>-0.2</i> | <i>-4.1</i> | <i>-7.3</i> | <i>-3.6</i> | <i>2.4</i> | <i>9.8</i> | <i>-15.6</i> |
| Construction | 111.9 | 114.3 | 114.4 | 113.1 | 113.5 | 113.6 | 112.0 | 113.7 |
| | <i>0.7</i> | <i>2.1</i> | <i>0.1</i> | <i>-1.1</i> | <i>0.4</i> | <i>0.1</i> | <i>5.9</i> | <i>1.5</i> |
| Manufacturing | 100.2 | 101.0 | 101.5 | 102.9 | 102.0 | 100.1 | 100.2 | 101.6 |
| | <i>0.9</i> | <i>0.8</i> | <i>0.5</i> | <i>1.4</i> | <i>-0.9</i> | <i>-1.9</i> | <i>-0.3</i> | <i>1.4</i> |
| Business sector - services | 105.1 | 105.9 | 105.4 | 105.6 | 106.2 | 106.2 | 105.3 | 105.9 |
| | <i>0.2</i> | <i>0.8</i> | <i>-0.5</i> | <i>0.2</i> | <i>0.6</i> | <i>0.0</i> | <i>-0.5</i> | <i>0.5</i> |
| Wholesale trade | 93.2 | 93.3 | 91.3 | 91.4 | 92.7 | 90.4 | 93.7 | 91.5 |
| | <i>0.4</i> | <i>0.1</i> | <i>-2.1</i> | <i>0.1</i> | <i>1.4</i> | <i>-2.5</i> | <i>-4.7</i> | <i>-2.4</i> |
| Retail trade | 102.4 | 102.4 | 102.0 | 103.6 | 103.1 | 104.1 | 101.3 | 103.2 |
| | <i>1.5</i> | <i>0.0</i> | <i>-0.4</i> | <i>1.6</i> | <i>-0.5</i> | <i>1.0</i> | <i>-0.9</i> | <i>1.9</i> |
| Transportation and warehousing | 108.2 | 109.5 | 109.8 | 111.0 | 111.7 | 108.6 | 108.5 | 110.3 |
| | <i>0.7</i> | <i>1.2</i> | <i>0.3</i> | <i>1.1</i> | <i>0.6</i> | <i>-2.8</i> | <i>0.4</i> | <i>1.6</i> |
| Information and cultural industries | 107.8 | 108.3 | 107.0 | 106.5 | 108.3 | 108.5 | 108.2 | 107.6 |
| | <i>0.4</i> | <i>0.5</i> | <i>-1.2</i> | <i>-0.5</i> | <i>1.7</i> | <i>0.2</i> | <i>-2.4</i> | <i>-0.6</i> |
| Finance, real estate and company management | 105.8 | 107.4 | 109.2 | 108.6 | 109.4 | 111.8 | 106.3 | 109.8 |
| | <i>-0.2</i> | <i>1.5</i> | <i>1.7</i> | <i>-0.5</i> | <i>0.7</i> | <i>2.2</i> | <i>-2.3</i> | <i>3.3</i> |
| Professional, scientific and technical services | 112.0 | 113.2 | 112.2 | 110.4 | 109.8 | 111.0 | 112.0 | 110.9 |
| | <i>0.2</i> | <i>1.1</i> | <i>-0.9</i> | <i>-1.6</i> | <i>-0.5</i> | <i>1.1</i> | <i>1.6</i> | <i>-1.0</i> |
| Administrative and support, waste management and remediation services | 113.7 | 115.8 | 116.1 | 118.3 | 118.6 | 119.8 | 113.6 | 118.2 |
| | <i>0.7</i> | <i>1.8</i> | <i>0.3</i> | <i>1.9</i> | <i>0.3</i> | <i>1.0</i> | <i>3.3</i> | <i>4.0</i> |
| Accommodation and food services | 108.6 | 108.4 | 107.1 | 107.7 | 107.7 | 104.6 | 109.7 | 106.8 |
| | <i>-1.3</i> | <i>-0.2</i> | <i>-1.2</i> | <i>0.6</i> | <i>0.0</i> | <i>-2.9</i> | <i>2.8</i> | <i>-2.6</i> |
| Other commercial services | 105.0 | 105.1 | 103.5 | 104.5 | 106.5 | 106.9 | 105.5 | 105.4 |
| | <i>-0.3</i> | <i>0.1</i> | <i>-1.5</i> | <i>1.0</i> | <i>1.9</i> | <i>0.4</i> | <i>4.4</i> | <i>-0.1</i> |

Business sector: Labour productivity and related variables for Canada and the United States[1]

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------------------|-----------------------------|------|------|------|------|------|------|-------|
| | % change from previous year | | | | | | | |
| Canada | | | | | | | | |
| Labour productivity | -0.2 | 2.6 | 1.4 | 3.3 | 3.8 | 1.0 | 1.9 | 0.1 |
| Real GDP | 2.5 | 5.9 | 4.5 | 6.9 | 6.3 | 1.3 | 3.4 | 1.5 |
| Hours worked | 2.5 | 3.4 | 3.0 | 3.6 | 2.2 | 0.4 | 1.4 | 1.5 |
| Hourly compensation | 1.6 | 4.7 | 2.8 | 2.9 | 6.0 | 4.2 | 2.9 | 1.2 |
| Unit labour cost | 1.8 | 2.0 | 1.3 | -0.2 | 2.0 | 3.2 | 0.9 | 1.0 |
| Exchange rate[2] | -0.7 | 1.5 | 7.1 | 0.1 | 0.0 | 4.3 | 1.4 | -10.8 |
| Unit labour cost in US\$ | 2.4 | 0.6 | -5.4 | -0.4 | 2.1 | -1.0 | -0.4 | 13.3 |
| United States | | | | | | | | |
| Labour productivity | 2.8 | 1.9 | 2.6 | 2.9 | 2.9 | 2.2 | 4.9 | 4.5 |
| Real GDP | 4.6 | 5.3 | 4.8 | 5.1 | 3.9 | 0.1 | 2.3 | 3.7 |
| Hours worked | 1.8 | 3.3 | 2.2 | 2.1 | 1.0 | -2.1 | -2.5 | -0.8 |
| Hourly compensation | 3.3 | 3.2 | 5.9 | 4.8 | 7.0 | 4.1 | 2.2 | 3.3 |
| Unit labour cost | 0.5 | 1.2 | 3.2 | 1.8 | 4.0 | 1.8 | -2.5 | -1.1 |

1 Source: U.S. data are from the Bureau of Labor Statistics, Productivity and costs, published in NEWS.

2 The exchange rate corresponds to the U.S. dollar value expressed in Canadian dollars.

International investment position

Fourth quarter 2003 and annual 2003

Driven by the increase in Canadian direct investment abroad, Canada's net liability to foreign residents fell to its lowest quarterly level in a year during the fourth quarter of 2003.

Canada's net external liabilities – the difference between its external assets and foreign liabilities – reached \$205.9 billion at the end of December, down from \$218.5 billion at the end of September.

Net external liabilities of December represented 16.8% of Canada's gross domestic product, down from 18.0% in the third quarter, but higher than the 15.6% at the end of 2002.

The value of international assets totalled \$915.9 billion, up 1.9% from the third quarter. Canadian direct investment abroad, which increased by \$11.0 billion, or 2.8%, in the fourth quarter, was responsible for two-thirds of the increase in the foreign asset position.

On the other hand, international liabilities increased only slightly to \$1,121.8 billion. Higher deposit liabilities more than offset lower liabilities for Canadian bonds and foreign direct investment in Canada.

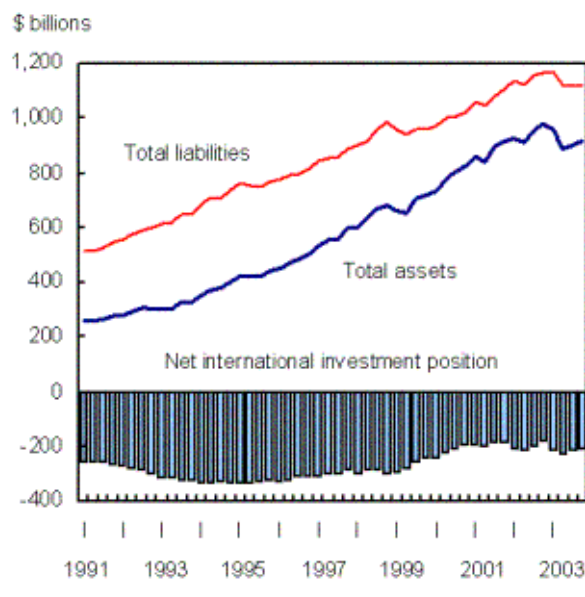
The Canadian dollar continued its appreciation compared to the US dollar in the fourth quarter, but lost ground against all other major currencies.

On a year-end basis, the \$205.9 billion in net external liabilities at the close of 2003 was up for the first time since 1998. Net external liabilities at the end of 2002 was \$184.0 billion.

Significant increase in Canadian direct investment abroad

Canadian direct investment abroad reached \$398.2 billion at the end of December, up 2.8% from the end of September.

Canada's international investment position



After three quarters of virtually no acquisitions in 2003, Canadian enterprises increased their direct investment abroad, with acquisitions totalling more than \$9 billion between October and December. It was the most active three months since the fourth quarter of 2000.

Direct investment assets in the United States declined in value by \$5.1 billion to \$164.7 billion, mostly because of the strengthening Canadian dollar against the US dollar. At the same time, the value of Canadian direct investment in all other countries significantly increased to a record \$233.5 billion.

The proportion of Canada's direct investment in the United States continued to decrease. At the end of December, it accounted for only 41.4% of total direct investment abroad, the lowest proportion on record.

On a year-end basis, the value of Canadian direct investment abroad was down by \$33.6 billion from the end of December 2002.

Note to readers

The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is calculated. Most of Canada's foreign assets are denominated in foreign currencies while less than half of our international liabilities are in foreign currencies.

When the Canadian dollar is appreciating in value, the restatement of the value of these assets and liabilities in Canadian dollars lowers the recorded value. The opposite is true when the dollar is depreciating.

Holdings of foreign stocks and bonds virtually unchanged

The purchase of foreign securities in the fourth quarter was offset by the decline in the value of existing assets as the Canadian dollar rose against the US dollar. As a result, the foreign portfolio position remained virtually unchanged at \$235.6 billion.

Canadian holding of foreign stocks reached \$193.3 billion at the end of December, down \$0.7 billion from the end of September.

During the same period, Canadian holdings of foreign bonds increased \$1.1 billion to \$42.3 billion.

Canada's international reserves reached \$45.7 billion at the end of December, the lowest level since the second quarter of 2000. At the end of 2002, Canada's international reserves had reached \$56.2 billion. The appreciation of the Canadian dollar was responsible for most of this decline.

Foreign direct investment in Canada decreases

Foreign direct investment in Canada fell for the second straight quarter between October and December, reaching \$357.7 billion. This followed 25 consecutive quarters of increases.

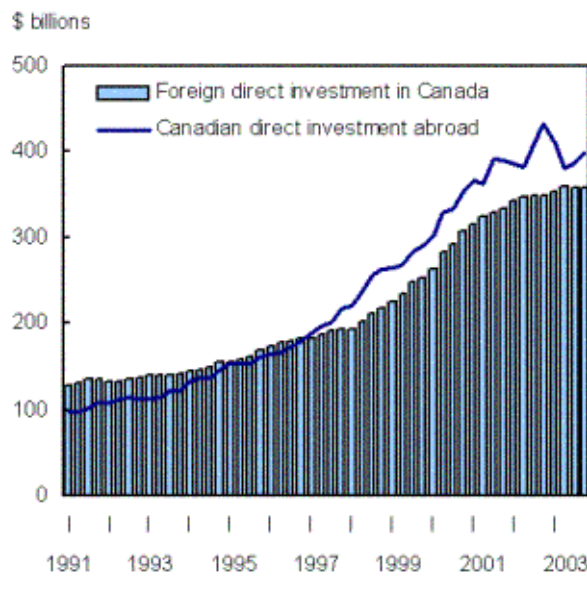
During the fourth quarter, residents bought back Canadian companies from foreign direct investors.

It was the first time that foreign direct investment in Canada declined for two quarters in a row since 1990, the first year for which quarterly foreign direct investment positions were compiled.

On a year-end basis, overall foreign direct investment in Canada at the close of 2003 was up \$8.3 billion from the end of 2002.

The net direct investment position – the difference between Canadian direct investment abroad and foreign direct investment in Canada – increased to \$40.5 billion at the end of December.

Foreign direct investment position



Decline in foreign holdings of Canadian bonds

Foreign holdings of Canadian bonds reached \$405.0 billion at the end of December, down \$3.3 billion from the end of September.

Between the end of 2002 and the end of 2003, the value of bonds held by foreign investors dropped by \$38.7 billion mostly because of the increase in the value of the Canadian dollar compared to the US dollar. More than one-half of the outstanding Canadian bonds held abroad are issued in US dollars.

Foreign investors continued to acquire Canadian shares during the quarter. At the end of December, they held \$78.8 billion worth, the highest level since the first quarter of 2001.

The strong performance of the Canadian stock market in 2003 encouraged foreign investors to buy Canadian stocks. The position increased by 6.9% in 2003 as the S&P/TSX composite index gained over 24% during the year.

Foreign holdings of Canadian money market paper were virtually unchanged from the end of the third quarter at \$21.1 billion.

International investment position at period-end

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|------------------|------------------|
| Millions of dollars | | | | | | | | |
| Assets | | | | | | | | |
| Canadian direct investment abroad | 410,931 | 431,819 | 410,392 | 380,076 | 387,179 | 398,248 | 431,819 | 398,248 |
| Portfolio investment abroad | | | | | | | | |
| Foreign bonds | 40,788 | 39,957 | 41,060 | 40,949 | 41,154 | 42,296 | 39,957 | 42,296 |
| Foreign stocks | 215,942 | 219,179 | 203,865 | 190,299 | 193,957 | 193,271 | 219,179 | 193,271 |
| Other investment | | | | | | | | |
| Loans | 65,368 | 71,110 | 73,704 | 66,170 | 59,835 | 58,553 | 71,110 | 58,553 |
| Allowances | -11,921 | -11,965 | -12,078 | -11,770 | -11,794 | -11,669 | -11,965 | -11,669 |
| Deposits | 105,601 | 102,341 | 114,060 | 100,343 | 101,717 | 108,313 | 102,341 | 108,313 |
| Official international reserves | 55,758 | 56,230 | 50,533 | 47,173 | 47,719 | 45,690 | 56,230 | 45,690 |
| Other assets | 72,081 | 74,651 | 74,844 | 74,955 | 79,414 | 81,192 | 74,651 | 81,192 |
| Total assets | 954,548 | 983,322 | 956,382 | 888,195 | 899,180 | 915,895 | 983,322 | 915,895 |
| Liabilities | | | | | | | | |
| Foreign direct investment in Canada | 348,599 | 349,388 | 354,321 | 359,929 | 358,650 | 357,728 | 349,388 | 357,728 |
| Portfolio investment | | | | | | | | |
| Canadian bonds | 439,275 | 443,676 | 435,346 | 417,651 | 408,269 | 404,966 | 443,676 | 404,966 |
| Canadian stocks | 72,891 | 73,677 | 73,556 | 74,676 | 76,834 | 78,761 | 73,677 | 78,761 |
| Canadian money market | 21,294 | 25,189 | 24,473 | 23,478 | 21,142 | 21,130 | 25,189 | 21,130 |
| Other investment | | | | | | | | |
| Loans | 57,631 | 58,487 | 56,671 | 53,704 | 53,154 | 54,313 | 58,487 | 54,313 |
| Deposits | 196,493 | 194,512 | 204,091 | 169,988 | 178,043 | 183,131 | 194,512 | 183,131 |
| Other liabilities | 22,106 | 22,400 | 22,268 | 21,719 | 21,626 | 21,810 | 22,400 | 21,810 |
| Total liabilities | 1,158,289 | 1,167,329 | 1,170,727 | 1,121,145 | 1,117,718 | 1,121,839 | 1,167,329 | 1,121,839 |
| Net international investment position | -203,741 | -184,007 | -214,346 | -232,950 | -218,538 | -205,944 | -184,007 | -205,944 |

National balance sheet accounts

Fourth quarter 2003 and annual 2003

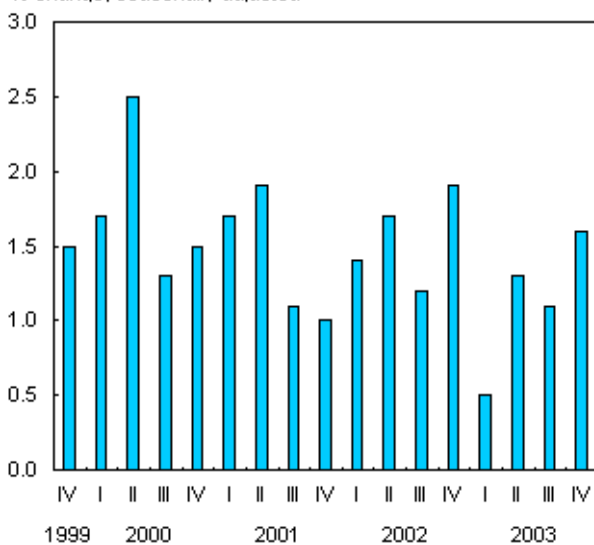
National net worth reached \$4.0 trillion by the end of the fourth quarter 2003, or \$124,700 per capita, up from \$123,000 in the previous quarter.

Advance in national net worth reflects lower net foreign debt and steady growth in national wealth

National net worth grew 1.6% (seasonally-adjusted) in the fourth quarter, at a faster pace than in the previous quarter. The decline in net foreign debt was a major factor, as what non-residents owe to Canadians rose at a significantly faster pace than what Canadians owe to non-residents.

National net worth

% change, seasonally adjusted



This quarter the decline in net foreign debt was largely driven by a sharp increase in Canadian direct investment assets abroad, whereas in the third quarter it reflected principally non-resident sales of Canadian bond liabilities.

Notably, this followed two quarters of significant currency appreciation driven increases in net foreign debt in the first half of the year.

The gain in national wealth (+0.9%, seasonally-adjusted) also contributed to the advance in national net worth in the fourth quarter. However, the growth rate of non-financial assets eased in the fourth quarter, in line with both the drop in consumer spending on durable goods and a softer residential resale market.

Household net worth advanced, but debt load also increased further

The growth in household net worth was 1.1% (seasonally-adjusted) compared to 0.8% in the previous quarter, as the growth in assets exceeded that of liabilities by a small margin.

The demand for funds in the fourth quarter, while lower, resulted in households having \$102.9 in debt (consumer credit and mortgages) for every \$100 of disposable income. However, low interest rates over the quarter would have moderated the increase in the debt burden.

Note to readers

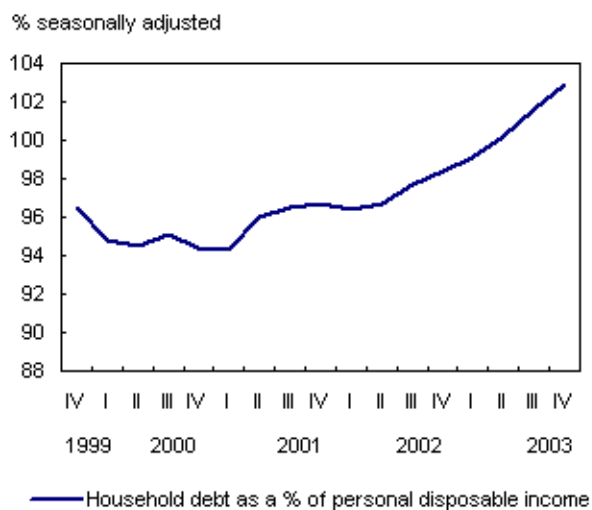
The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. **National wealth** is the sum of non-financial assets – produced assets, land surrounding structures and agricultural land - in all sectors of the economy. **National net worth** is wealth less net foreign liabilities (i.e., what is owed to non-residents less what they owe to us -- Canada's net international investment position); alternatively, it is the sum of the net worth of persons, corporations and governments.

Quarterly series run from the first quarter of 1990. At this point, only selected series are available on a seasonally-adjusted basis. The text refers to data unadjusted for seasonal variation unless otherwise specified.

Users are advised that data for Canadian foreign investment in marketable securities (foreign investment) for certain institutional investors' sectors, in particular in recent years, may differ from those reported in other Statistics Canada surveys. This difference is related to the increased gap between the book value of Canadian asset-holders marketable foreign equity securities on the one hand, and the underlying book values of the foreign firms whose shares are being held and traded on the other. This situation will persist for the next few quarters, as the National Balance Sheet Accounts will continue to follow the International Investment Position concept for valuation of Canadian foreign investment in equity securities. However, this issue will be resolved as both accounts move to a common market valuation for tradable securities.

An annual measure of national wealth that includes selected natural resources is also available (CANSIM table 378-0005). The estimates of natural resources are updated annually at the time of the fourth quarter.

Household debt burden rises further



Corporations' decline in leverage reflects continued strength in undistributed earnings

Strong undistributed earnings generated a further significant net lending position in the quarter, as the finances of corporations continued to improve. Corporations have been generating a surplus and supplying funds to the economy for over 13 consecutive quarters.

For non-financial private corporations, leverage decreased further in the fourth quarter. The debt to equity ratio extended its long-term downward trend. Earnings, combined with robust equity issues (including income trust issues), which partly reflected improved share prices, contributed to the strengthened financial position. Credit market debt (loans, bonds, short-term paper) edged up, led by significant issues of corporate bonds; however, these were partly offset by the impact of an appreciating dollar on U.S. dollar-denominated debt. Notably, the ratio of short-term debt to long-term debt continued to trend downward and liquidity improved further in the sector.

Governments' financial position improved

Net debt declined overall and in both the federal and provincial government levels, reflecting the surplus/deficit positions of those sectors respectively. Government net debt declined relative to GDP, but this drop was more pronounced at the federal level. This reflected a 0.9% reduction in federal credit market debt outstanding.

Corporate leverage continues to plummet



Annual Review, 2003

Financial position of the sectors varied, with households losing ground relative to corporations and governments

Household assets grew more slowly than in 2002, reflecting less robust housing markets and lower saving. The drop in saving arose mainly from weaker income growth, and resulted in sustained borrowing and reduced accumulation of financial assets. Asset growth was also constrained by the losses on foreign currency investments of investment and pension funds, due to a rapidly appreciating Canadian currency relative to the U.S. dollar. Indebtedness rose at a slower rate than last year but still managed to push the debt-to-income ratio to new highs, given the deceleration of income growth. Household net worth advanced at a slower pace (+3.2%) in comparison to 2002 (+5.3%).

The financial health of the corporate sector improved in 2003, reflecting the massive gains in undistributed profits relative to weak growth in non-financial capital acquisition. The resulting and record net lending position allowed for further re-structuring of balance sheets as equity continued to expand relative to debt, with corporate leverage falling to levels not seen since the 1970's.

In the government sector, the expansion of the overall surplus combined with reductions in the value of foreign currency-denominated debt, was reflected in a drop in net debt and an increase in net worth.

National Balance Sheet improved, but at a more modest pace than in 2002

The combination of the household, corporate and government balance sheet provides broader perspective on the economy. National saving grew at a slower rate than in 2002, while prices declined for a number of non-financial assets over the year. This, combined with an increase in net foreign debt, reduced the growth rate of national net worth to 4.6% from 6.4% in 2002.

Correspondingly, national wealth grew 4.9% in 2003, down from 5.9% last year. This slower growth was particularly evident in two of the non-financial assets. Lower gains in residential real estate, was in line with a housing market that cooled a bit from its torrid pace in 2002. Much lower increase in consumer durable stocks reflected slower spending growth for most big ticket items, in particular for automobiles where expenditure declined.

Natural resource assets increased sharply in 2003

The value of selected natural resource assets – timber, energy and mineral resources – rose 18.0% to \$778 billion in 2003. This resulted almost exclusively from a 37.8% increase in the value of energy resource assets, which account for more than 50% of the resource wealth. Higher natural gas prices were the major factor. The value of timber stocks, which account for near 40% of natural assets, rose more modestly (+3.5%).

A broader measure of national wealth, including natural resources, rose 6.8% compared with 4.7 in 2002.

National balance sheet accounts[1]

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Not seasonally adjusted, billions of dollars | | | | | | | | |
| National net worth | | | | | | | | |
| National wealth | 3,921 <i>1.1</i> | 3,968 <i>1.2</i> | 4,010 <i>1.1</i> | 4,077 <i>1.7</i> | 4,118 <i>1.0</i> | 4,164 <i>1.1</i> | 3,968 <i>5.9</i> | 4,164 <i>4.9</i> |
| Net foreign debt | -204 ... | -184 ... | -214 ... | -233 ... | -219 ... | -206 ... | -184 ... | -206 ... |
| National net worth | 3,717 <i>5.4</i> | 3,784 <i>6.4</i> | 3,796 <i>5.4</i> | 3,844 <i>4.9</i> | 3,900 <i>4.9</i> | 3,958 <i>4.6</i> | 3,784 <i>6.4</i> | 3,958 <i>4.6</i> |
| National net worth per capita (dollars) | 118,100 <i>1.2</i> | 120,100 <i>1.7</i> | 120,300 <i>0.2</i> | 121,500 <i>1.0</i> | 123,000 <i>1.2</i> | 124,700 <i>1.4</i> | 120,100 <i>5.4</i> | 124,700 <i>3.8</i> |
| Seasonally adjusted, billions of dollars | | | | | | | | |
| Net worth | | | | | | | | |
| Personal sector | 3,496 <i>0.1</i> | 3,560 <i>1.8</i> | 3,562 <i>0.1</i> | 3,604 <i>1.2</i> | 3,633 <i>0.8</i> | 3,674 <i>1.1</i> | 3,560 <i>5.4</i> | 3,674 <i>3.2</i> |
| Corporate sector | 429 <i>7.3</i> | 431 <i>0.5</i> | 438 <i>1.6</i> | 431 <i>-1.6</i> | 438 <i>1.6</i> | 448 <i>2.3</i> | 431 <i>5.6</i> | 448 <i>3.9</i> |
| Government sector | -211 ... | -207 ... | -197 ... | -185 ... | -176 ... | -165 ... | -207 ... | -165 ... |
| National net worth | 3,713 <i>1.2</i> | 3,784 <i>1.9</i> | 3,803 <i>0.5</i> | 3,851 <i>1.3</i> | 3,895 <i>1.1</i> | 3,958 <i>1.6</i> | 3,784 <i>6.4</i> | 3,958 <i>4.6</i> |

1 The first line is the series itself expressed in billions of dollars. The second line, italicized, is the period to period percentage change.

National balance sheet

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|-------------------|-------------------|
| Millions of dollars at quarter end | | | | | | | | |
| Total assets | 11,450,789 | 11,599,943 | 11,613,658 | 11,678,326 | 11,822,408 | 11,966,083 | 11,599,943 | 11,966,083 |
| Non-financial assets | 3,920,840 | 3,967,824 | 4,010,305 | 4,077,196 | 4,118,462 | 4,163,619 | 3,967,824 | 4,163,619 |
| Residential structures | 1,015,851 | 1,033,872 | 1,047,597 | 1,065,282 | 1,084,420 | 1,101,997 | 1,033,872 | 1,101,997 |
| Non-residential structures | 966,392 | 974,455 | 981,960 | 989,168 | 998,520 | 1,007,088 | 974,455 | 1,007,088 |
| Machinery and equipment | 429,540 | 433,192 | 434,475 | 439,360 | 441,778 | 444,919 | 433,192 | 444,919 |
| Consumer durables | 322,442 | 329,759 | 331,071 | 337,717 | 338,960 | 344,132 | 329,759 | 344,132 |
| Inventories | 194,056 | 197,349 | 203,780 | 197,061 | 194,023 | 195,392 | 197,349 | 195,392 |
| Land | 992,559 | 999,197 | 1,011,422 | 1,048,608 | 1,060,761 | 1,070,091 | 999,197 | 1,070,091 |
| Net financial assets | -203,741 | -184,007 | -214,346 | -232,950 | -218,538 | -205,944 | -184,007 | -205,944 |
| Financial assets | 7,529,949 | 7,632,119 | 7,603,353 | 7,601,130 | 7,703,946 | 7,802,464 | 7,632,119 | 7,802,464 |
| Official reserves | 55,758 | 56,230 | 50,534 | 47,172 | 47,719 | 45,689 | 56,230 | 45,689 |
| Gold and foreign currency | 49,407 | 49,478 | 43,926 | 40,548 | 41,287 | 39,615 | 49,478 | 39,615 |
| IMF reserve position | 5,263 | 5,628 | 5,523 | 5,592 | 5,360 | 4,988 | 5,628 | 4,988 |
| Special drawing rights | 1,088 | 1,124 | 1,085 | 1,032 | 1,072 | 1,086 | 1,124 | 1,086 |
| Currency and bank deposits | 664,398 | 670,724 | 666,727 | 685,918 | 687,350 | 698,264 | 670,724 | 698,264 |
| Other deposits | 163,566 | 165,149 | 166,274 | 172,223 | 175,279 | 178,367 | 165,149 | 178,367 |
| Foreign currency deposits | 82,901 | 95,029 | 100,689 | 81,237 | 93,670 | 87,429 | 95,029 | 87,429 |
| Consumer credit | 199,790 | 204,274 | 205,645 | 211,684 | 217,029 | 221,570 | 204,274 | 221,570 |
| Trade receivables | 219,297 | 220,591 | 222,872 | 223,431 | 222,556 | 226,790 | 220,591 | 226,790 |
| Bank loans | 175,054 | 177,120 | 180,405 | 181,080 | 179,887 | 175,648 | 177,120 | 175,648 |
| Other loans | 183,495 | 189,196 | 188,195 | 187,513 | 185,324 | 189,223 | 189,196 | 189,223 |
| Canada short-term paper | 97,118 | 97,631 | 98,206 | 99,655 | 104,178 | 108,687 | 97,631 | 108,687 |
| Other short-term paper | 174,125 | 168,316 | 164,659 | 164,468 | 160,911 | 156,308 | 168,316 | 156,308 |
| Mortgages | 594,337 | 594,108 | 600,015 | 611,071 | 621,251 | 628,668 | 594,108 | 628,668 |
| Canada bonds | 261,366 | 252,911 | 249,935 | 249,017 | 261,118 | 257,172 | 252,911 | 257,172 |
| (of which CSB's) | 23,442 | 22,309 | 22,034 | 21,644 | 21,382 | 20,468 | 22,309 | 20,468 |
| Provincial bonds | 248,566 | 250,495 | 252,209 | 251,404 | 255,165 | 256,291 | 250,495 | 256,291 |
| Municipal bonds | 31,931 | 32,838 | 32,248 | 31,725 | 32,358 | 32,119 | 32,838 | 32,119 |
| Other bonds | 201,312 | 213,595 | 216,511 | 222,292 | 220,660 | 227,889 | 213,595 | 227,889 |
| Life insurance and pensions | 953,061 | 968,425 | 946,238 | 951,796 | 963,703 | 975,680 | 968,425 | 975,680 |
| Corporate claims | 975,997 | 995,767 | 979,299 | 956,083 | 966,220 | 990,358 | 995,767 | 990,358 |
| Government claims | 192,631 | 191,612 | 181,021 | 180,446 | 183,496 | 181,777 | 191,612 | 181,777 |
| Shares | 1,161,038 | 1,180,418 | 1,176,818 | 1,171,754 | 1,186,936 | 1,212,173 | 1,180,418 | 1,212,173 |
| Foreign investments | 280,972 | 286,145 | 271,977 | 258,867 | 267,636 | 269,987 | 286,145 | 269,987 |
| Other financial assets | 613,236 | 621,545 | 652,876 | 662,294 | 671,500 | 682,375 | 621,545 | 682,375 |
| Liabilities and net worth | 11,450,789 | 11,599,943 | 11,613,658 | 11,678,326 | 11,822,408 | 11,966,083 | 11,599,943 | 11,966,083 |
| Liabilities | 7,733,690 | 7,816,126 | 7,817,699 | 7,834,080 | 7,922,484 | 8,008,408 | 7,816,126 | 8,008,408 |
| Currency and bank deposits | 679,304 | 684,823 | 680,502 | 700,448 | 701,331 | 712,462 | 684,823 | 712,462 |
| Other deposits | 163,566 | 165,149 | 166,274 | 172,223 | 175,279 | 178,367 | 165,149 | 178,367 |
| Foreign currency deposits | 102,787 | 112,225 | 109,189 | 90,144 | 104,410 | 100,917 | 112,225 | 100,917 |
| Consumer credit | 199,790 | 204,274 | 205,645 | 211,684 | 217,029 | 221,570 | 204,274 | 221,570 |
| Trade payables | 218,456 | 220,379 | 221,729 | 222,233 | 220,897 | 222,976 | 220,379 | 222,976 |
| Bank loans | 158,550 | 157,567 | 160,489 | 160,161 | 159,273 | 154,443 | 157,567 | 154,443 |
| Other loans | 190,425 | 194,173 | 192,772 | 192,833 | 189,910 | 194,505 | 194,173 | 194,505 |
| Canada short-term paper | 105,147 | 107,050 | 107,203 | 109,997 | 114,699 | 118,941 | 107,050 | 118,941 |
| Other short-term paper | 187,152 | 183,508 | 179,605 | 176,927 | 170,834 | 166,078 | 183,508 | 166,078 |
| Mortgages | 594,657 | 594,428 | 600,378 | 611,431 | 621,613 | 629,028 | 594,428 | 629,028 |
| Canada bonds | 334,657 | 331,079 | 331,284 | 326,713 | 322,754 | 314,716 | 331,079 | 314,716 |
| (of which CSB's) | 23,442 | 22,309 | 22,034 | 21,644 | 21,382 | 20,468 | 22,309 | 20,468 |
| Provincial bonds | 378,181 | 383,696 | 376,986 | 372,368 | 376,345 | 374,478 | 383,696 | 374,478 |
| Municipal bonds | 36,021 | 36,474 | 35,752 | 35,093 | 35,471 | 35,139 | 36,474 | 35,139 |
| Other bonds | 423,323 | 432,790 | 432,626 | 429,214 | 433,724 | 445,585 | 432,790 | 445,585 |
| Life insurance and pensions | 953,061 | 968,425 | 946,238 | 951,796 | 963,703 | 975,680 | 968,425 | 975,680 |
| Corporate claims | 451,490 | 460,006 | 464,275 | 436,267 | 436,272 | 444,486 | 460,006 | 444,486 |
| Government claims | 192,631 | 191,612 | 181,021 | 180,446 | 183,496 | 181,777 | 191,612 | 181,777 |
| Shares | 1,752,912 | 1,769,238 | 1,778,775 | 1,793,612 | 1,819,600 | 1,848,916 | 1,769,238 | 1,848,916 |
| Other liabilities | 611,580 | 619,230 | 646,956 | 660,490 | 675,844 | 688,344 | 619,230 | 688,344 |
| Net worth | 3,717,099 | 3,783,817 | 3,795,959 | 3,844,246 | 3,899,924 | 3,957,675 | 3,783,817 | 3,957,675 |

Credit market summary table

| | Third quarter 2002 | Fourth quarter 2002 | First quarter 2003 | Second quarter 2003 | Third quarter 2003 | Fourth quarter 2003 | 2002 | 2003 |
|---|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|-----------|-----------|
| Millions of dollars at quarter end | | | | | | | | |
| Debt outstanding of: | | | | | | | | |
| Persons and unincorporated business | 786,803 | 795,109 | 803,055 | 819,525 | 834,325 | 844,340 | 795,109 | 844,340 |
| Consumer credit | 199,790 | 204,274 | 205,645 | 211,684 | 217,029 | 221,570 | 204,274 | 221,570 |
| Bank loans | 32,403 | 32,073 | 33,603 | 33,669 | 33,551 | 33,175 | 32,073 | 33,175 |
| Other loans | 67,140 | 67,589 | 68,370 | 68,586 | 68,839 | 68,936 | 67,589 | 68,936 |
| Mortgages | 487,470 | 491,173 | 495,437 | 505,586 | 514,906 | 520,659 | 491,173 | 520,659 |
| Non-financial private corporations | 538,935 | 536,430 | 530,961 | 522,326 | 520,634 | 523,885 | 536,430 | 523,885 |
| Bank loans | 108,091 | 108,663 | 107,908 | 106,903 | 107,774 | 106,069 | 108,663 | 106,069 |
| Other loans | 80,702 | 81,943 | 77,986 | 77,355 | 76,169 | 77,407 | 81,943 | 77,407 |
| Other short-term paper | 54,855 | 48,644 | 47,517 | 40,596 | 40,500 | 36,092 | 48,644 | 36,092 |
| Mortgages | 96,433 | 97,030 | 98,339 | 99,421 | 99,913 | 100,954 | 97,030 | 100,954 |
| Bonds | 198,854 | 200,150 | 199,211 | 198,051 | 196,278 | 203,363 | 200,150 | 203,363 |
| Non-financial government enterprises | 68,198 | 70,065 | 72,017 | 69,187 | 67,777 | 66,615 | 70,065 | 66,615 |
| Bank loans | 2,074 | 2,456 | 3,101 | 3,333 | 3,108 | 2,528 | 2,456 | 2,528 |
| Other loans | 4,790 | 4,536 | 6,414 | 6,547 | 6,242 | 6,790 | 4,536 | 6,790 |
| Other short-term paper | 7,799 | 8,409 | 8,589 | 8,351 | 7,678 | 6,762 | 8,409 | 6,762 |
| Mortgages | 97 | 104 | 104 | 100 | 99 | 99 | 104 | 99 |
| Canada bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Provincial bonds | 51,924 | 52,809 | 52,031 | 48,322 | 48,093 | 48,001 | 52,809 | 48,001 |
| Municipal bonds | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 |
| Other bonds | 1,393 | 1,630 | 1,657 | 2,413 | 2,436 | 2,314 | 1,630 | 2,314 |
| Federal government | 436,536 | 434,865 | 435,222 | 433,452 | 434,199 | 430,406 | 434,865 | 430,406 |
| Bank loans | 101 | 101 | 103 | 103 | 103 | 103 | 101 | 103 |
| Other loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Canada short-term paper | 105,147 | 107,050 | 107,203 | 109,997 | 114,699 | 118,941 | 107,050 | 118,941 |
| Canada bonds | 331,288 | 327,714 | 327,916 | 323,352 | 319,397 | 311,362 | 327,714 | 311,362 |
| Canada savings bonds | 23,442 | 22,309 | 22,034 | 21,644 | 21,382 | 20,468 | 22,309 | 20,468 |
| Other bonds | 307,846 | 305,405 | 305,882 | 301,708 | 298,015 | 290,894 | 305,405 | 290,894 |
| Other levels of government | 375,254 | 378,009 | 372,449 | 372,360 | 375,574 | 374,727 | 378,009 | 374,727 |
| Bank loans | 4,621 | 4,076 | 4,099 | 4,083 | 4,350 | 4,341 | 4,076 | 4,341 |
| Other loans | 10,808 | 10,935 | 11,264 | 11,503 | 11,698 | 11,804 | 10,935 | 11,804 |
| Other short-term paper | 17,318 | 15,132 | 15,575 | 16,201 | 13,847 | 14,797 | 15,132 | 14,797 |
| Mortgages | 2,368 | 2,367 | 2,304 | 2,304 | 2,304 | 2,304 | 2,367 | 2,304 |
| Provincial bonds | 302,427 | 307,328 | 301,753 | 301,468 | 306,190 | 304,622 | 307,328 | 304,622 |
| Municipal bonds | 35,900 | 36,353 | 35,631 | 34,972 | 35,350 | 35,018 | 36,353 | 35,018 |
| Other bonds | 1,812 | 1,818 | 1,823 | 1,829 | 1,835 | 1,841 | 1,818 | 1,841 |
| Total funds raised by domestic non-financial sectors | 2,205,726 | 2,214,478 | 2,213,704 | 2,216,850 | 2,232,509 | 2,239,973 | 2,214,478 | 2,239,973 |
| Consumer credit | 199,790 | 204,274 | 205,645 | 211,684 | 217,029 | 221,570 | 204,274 | 221,570 |
| Bank loans | 147,290 | 147,369 | 148,814 | 148,091 | 148,886 | 146,216 | 147,369 | 146,216 |
| Other loans | 163,440 | 165,003 | 164,034 | 163,991 | 162,948 | 164,937 | 165,003 | 164,937 |
| Canada short-term paper | 105,147 | 107,050 | 107,203 | 109,997 | 114,699 | 118,941 | 107,050 | 118,941 |
| Other short-term paper | 79,972 | 72,185 | 71,681 | 65,148 | 62,025 | 57,651 | 72,185 | 57,651 |
| Mortgages | 586,368 | 590,674 | 596,184 | 607,411 | 617,222 | 624,016 | 590,674 | 624,016 |
| Bonds | 923,719 | 927,923 | 920,143 | 910,528 | 909,700 | 906,642 | 927,923 | 906,642 |
| Non-residents | 55,319 | 59,320 | 57,102 | 55,761 | 55,444 | 54,673 | 59,320 | 54,673 |
| Bank loans | 16,504 | 19,553 | 19,916 | 20,919 | 20,614 | 21,205 | 19,553 | 21,205 |
| Other loans | 38,815 | 39,767 | 37,186 | 34,842 | 34,830 | 33,468 | 39,767 | 33,468 |
| Mortgages | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total borrowing excluding domestic financial institutions | 2,261,045 | 2,273,798 | 2,270,806 | 2,272,611 | 2,287,953 | 2,294,646 | 2,273,798 | 2,294,646 |
| Domestic financial institutions | 375,062 | 383,721 | 382,466 | 383,632 | 383,724 | 389,301 | 383,721 | 389,301 |
| Bank loans | 11,260 | 10,198 | 11,675 | 12,070 | 10,387 | 8,227 | 10,198 | 8,227 |
| Other loans | 26,985 | 29,170 | 28,738 | 28,842 | 26,962 | 29,568 | 29,170 | 29,568 |
| Other short-term paper | 107,180 | 111,323 | 107,924 | 111,779 | 108,809 | 108,427 | 111,323 | 108,427 |
| Mortgages | 8,289 | 3,754 | 4,194 | 4,020 | 4,391 | 5,012 | 3,754 | 5,012 |
| Bonds | 221,348 | 229,276 | 229,935 | 226,921 | 233,175 | 238,067 | 229,276 | 238,067 |
| Total funds raised = total funds supplied | 2,636,107 | 2,657,519 | 2,653,272 | 2,656,243 | 2,671,677 | 2,683,947 | 2,657,519 | 2,683,947 |
| Assets of: | | | | | | | | |
| Persons and unincorporated business | 120,179 | 118,399 | 121,088 | 116,382 | 113,157 | 112,078 | 118,399 | 112,078 |
| Non-financial corporations | 75,644 | 75,260 | 73,303 | 73,680 | 71,551 | 71,574 | 75,260 | 71,574 |
| Governments | 179,952 | 178,007 | 180,181 | 183,468 | 190,483 | 186,618 | 178,007 | 186,618 |
| Non-residents | 496,128 | 503,875 | 491,814 | 472,273 | 459,215 | 455,581 | 503,875 | 455,581 |
| Domestic financial institutions | 1,791,319 | 1,808,818 | 1,813,456 | 1,836,379 | 1,862,690 | 1,883,305 | 1,808,818 | 1,883,305 |