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Everything, everywhere, all at once: Canada's First Quarter of 2023

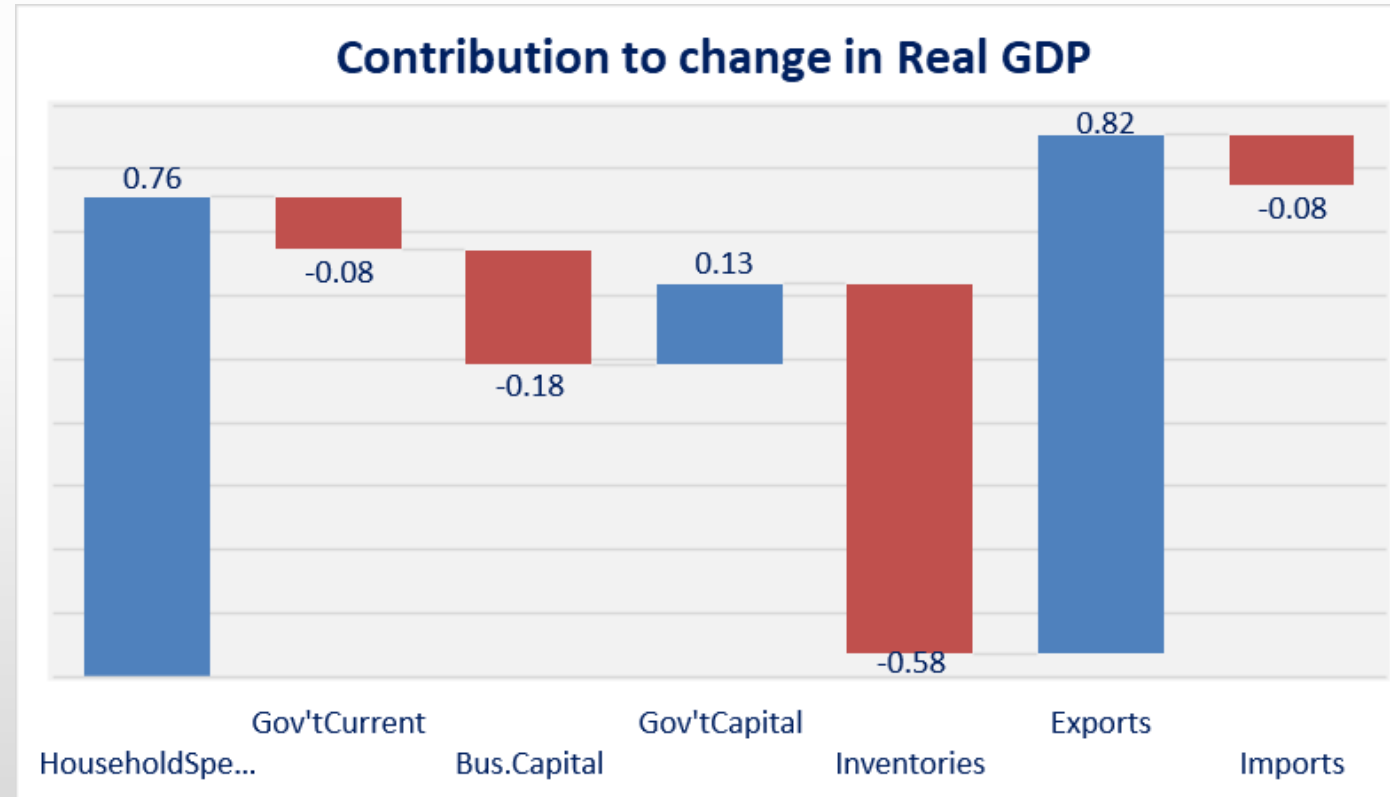
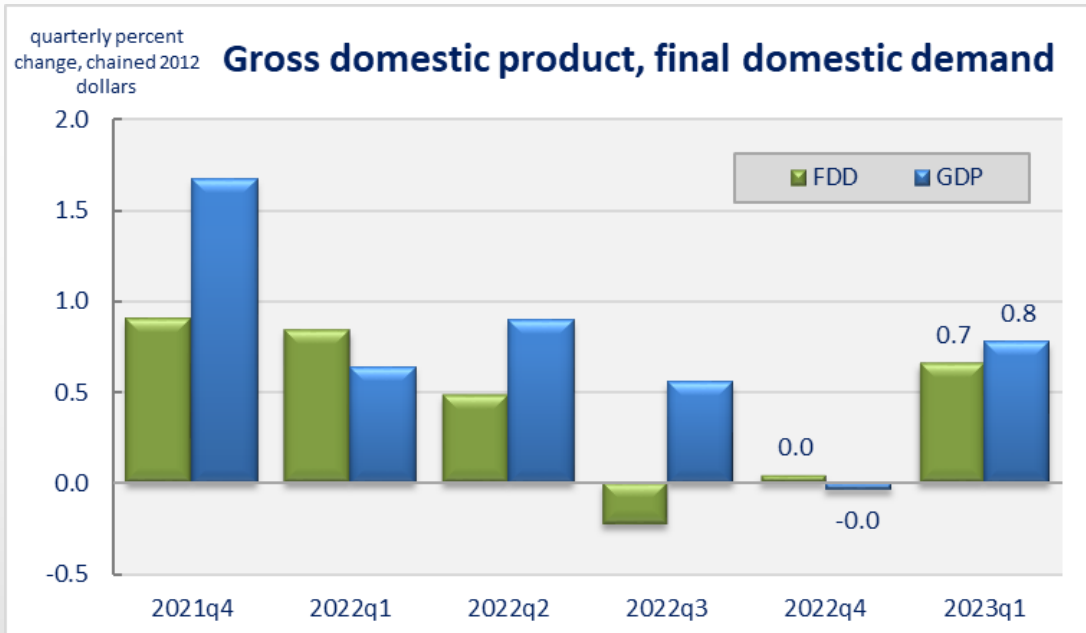
Quarterly GDP – Income and Expenditure Accounts

First quarter 2023, revised 2022Q1-Q4





GDP up 0.8 on strong household spending & exports

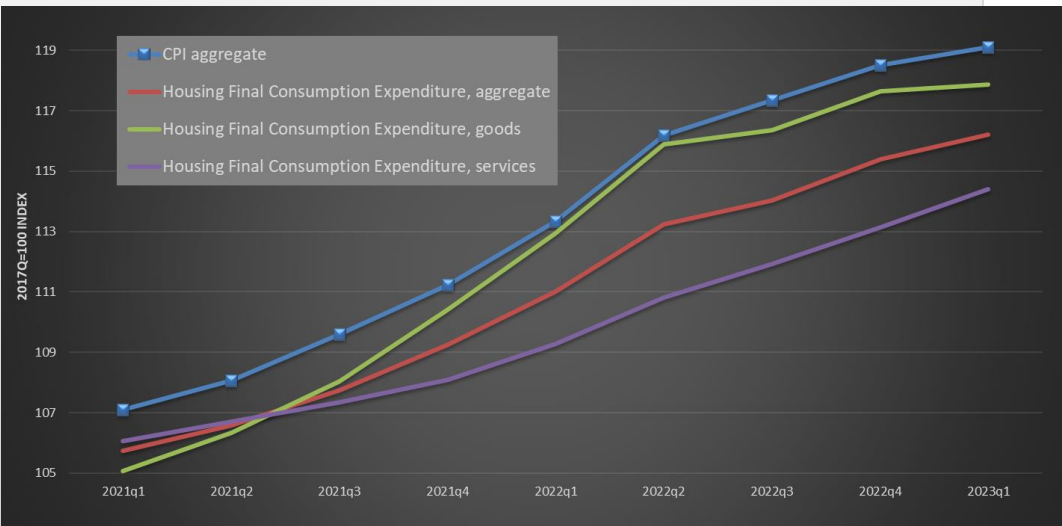
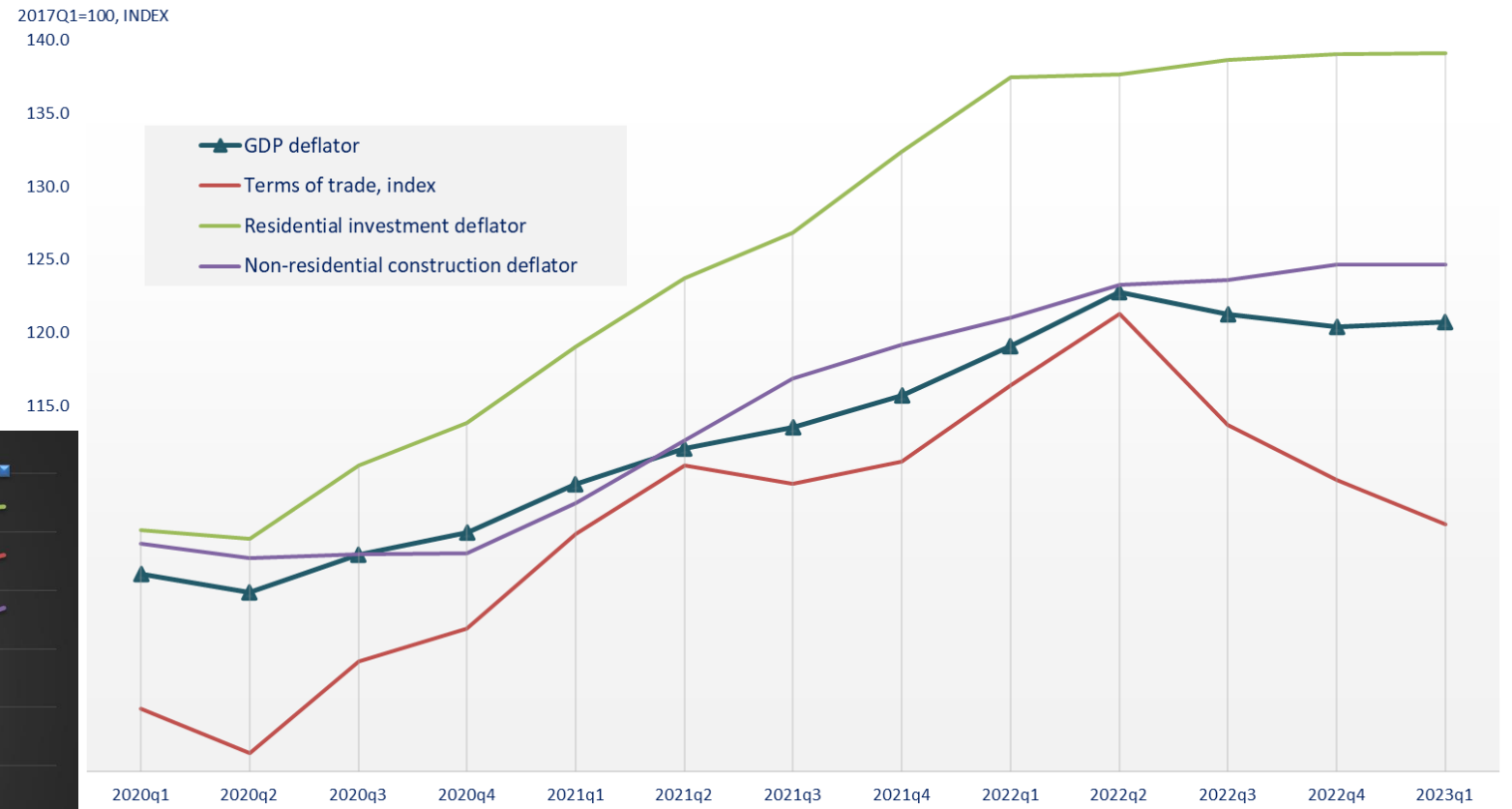


- Significant withdrawals of farm inventories drags down growth
- FDD only 0.7 - missing out on export growth



GDP deflator up slightly, exports prices continue to drop

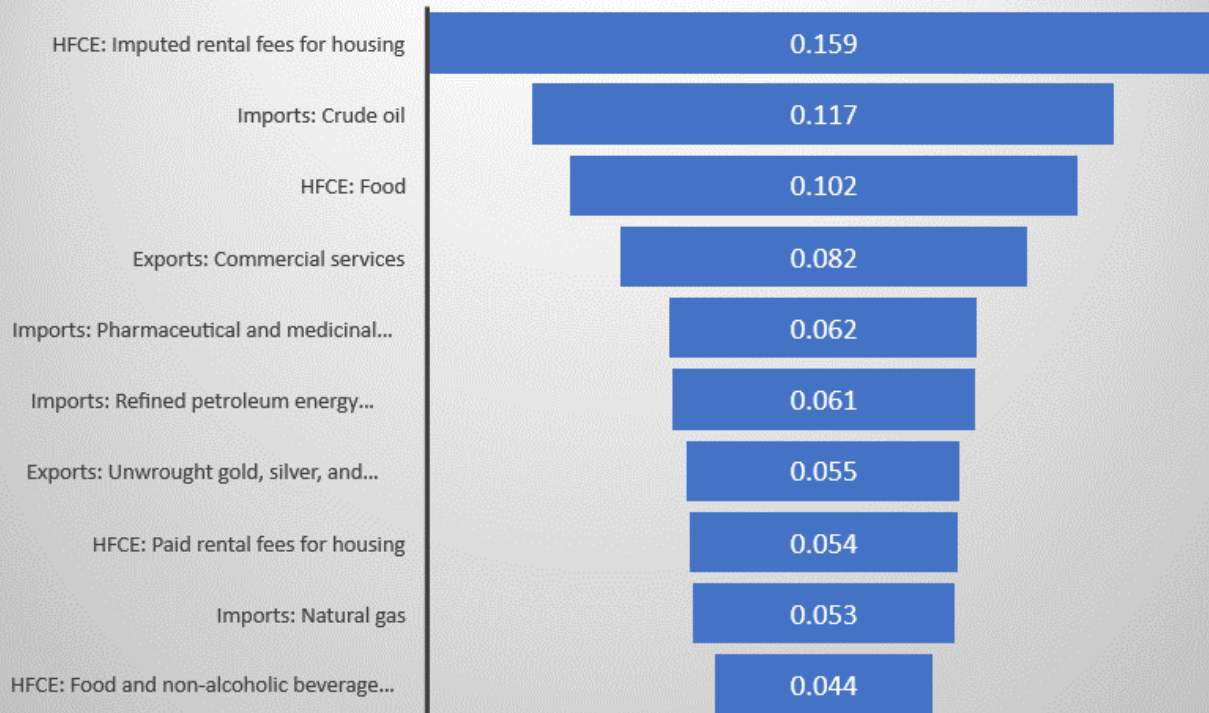
- Energy prices continue to fall
- Prices for household spending on services continue upward



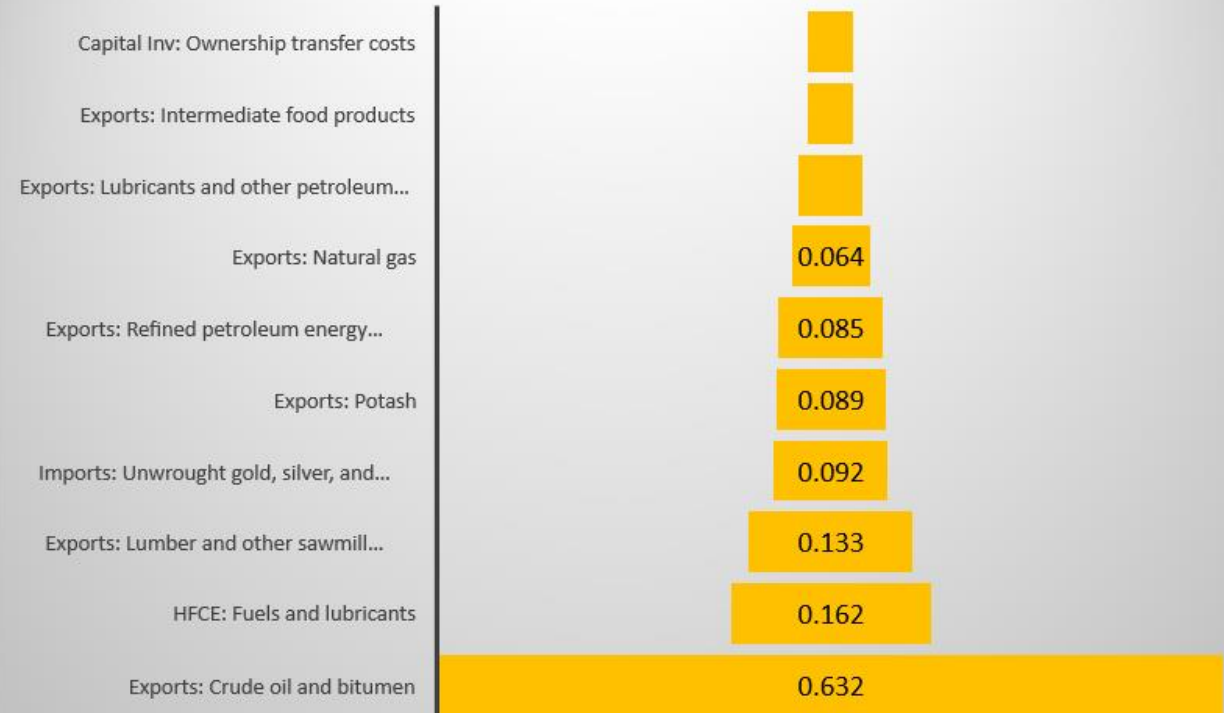


Largest contributors to GDP deflator change

Upward pressure components



Downward pressure components (negative movers)





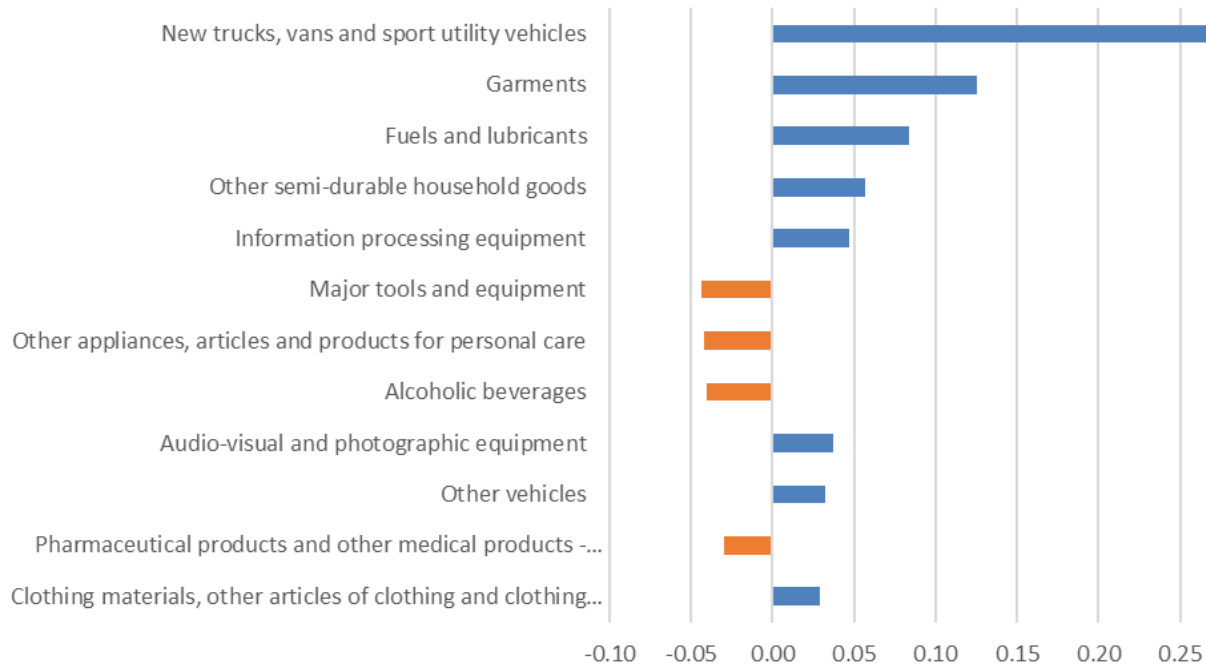
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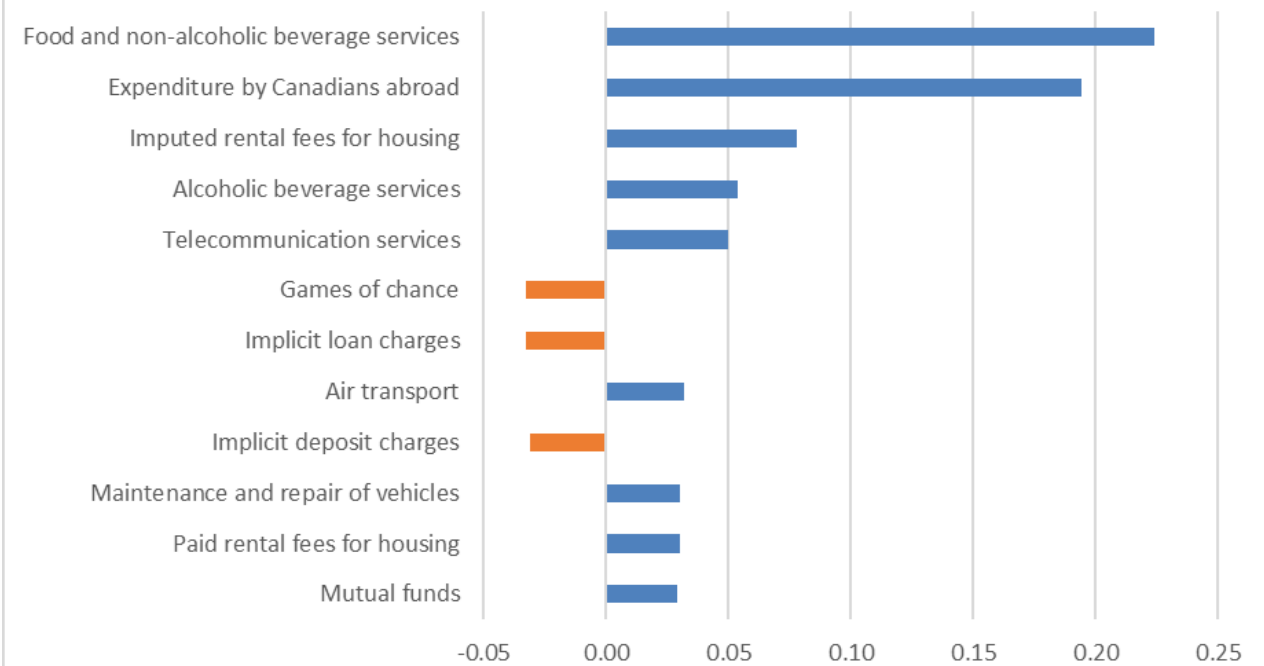


Household spending on durable goods up 3.3

Quarterly contribution to % change in HFCE Goods, 2023Q1

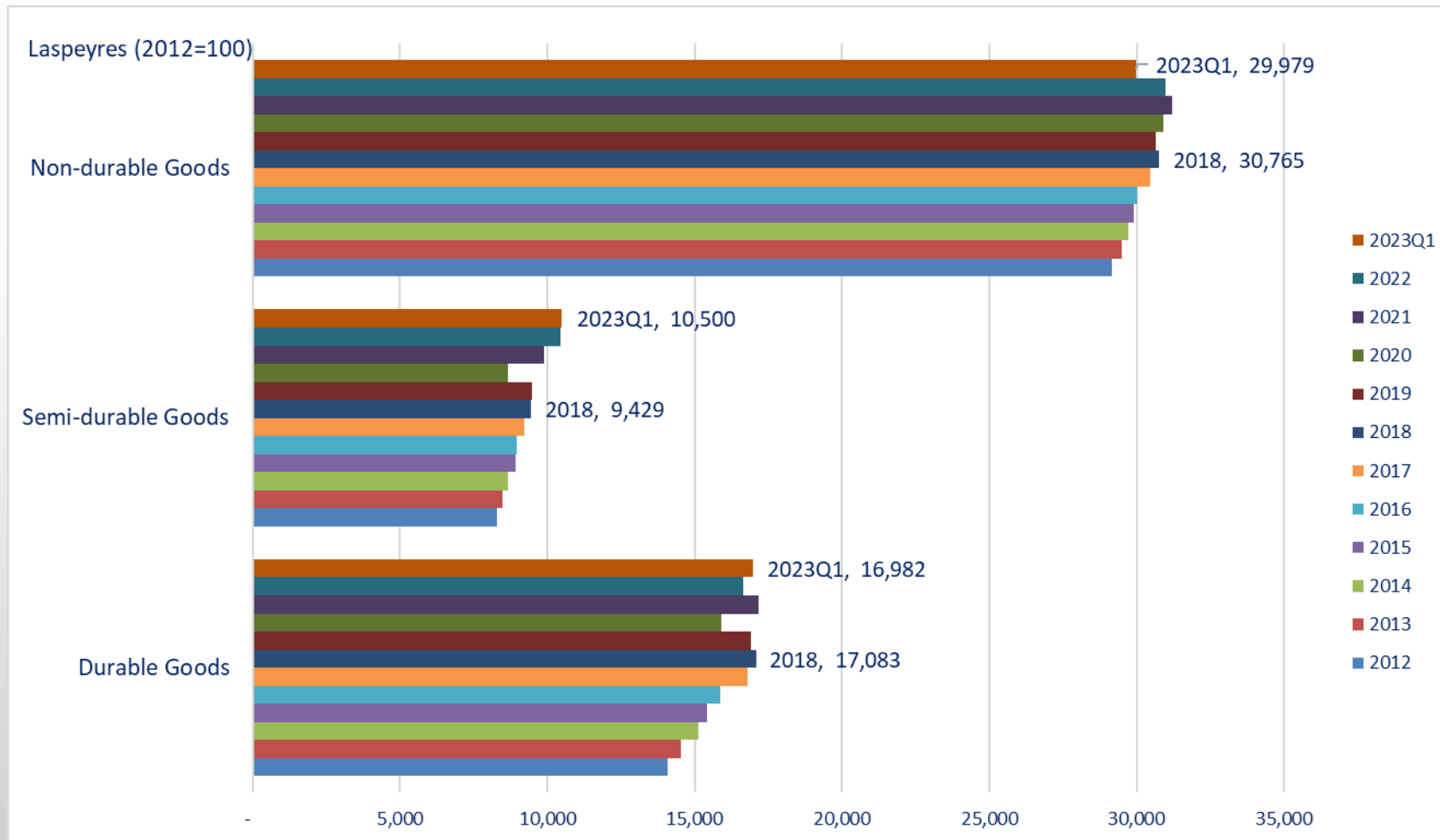


Quarterly contribution to % change in HFCE Services, 2023Q1

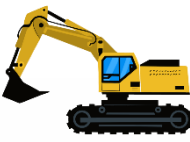




Household spending on goods, per capita

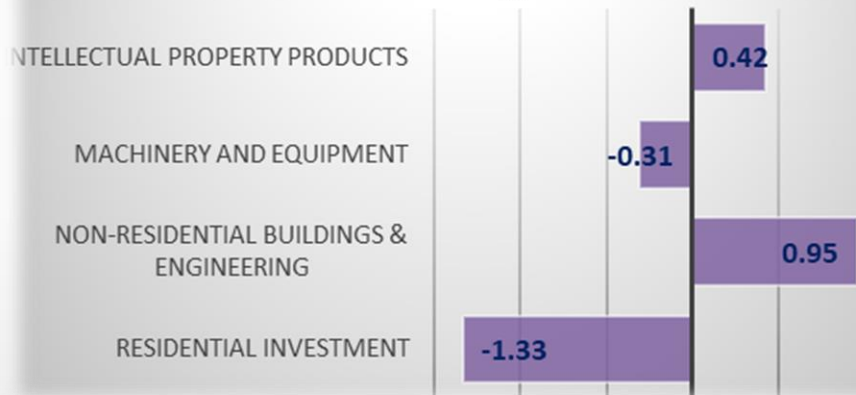


Annual average compared to 2023Q1

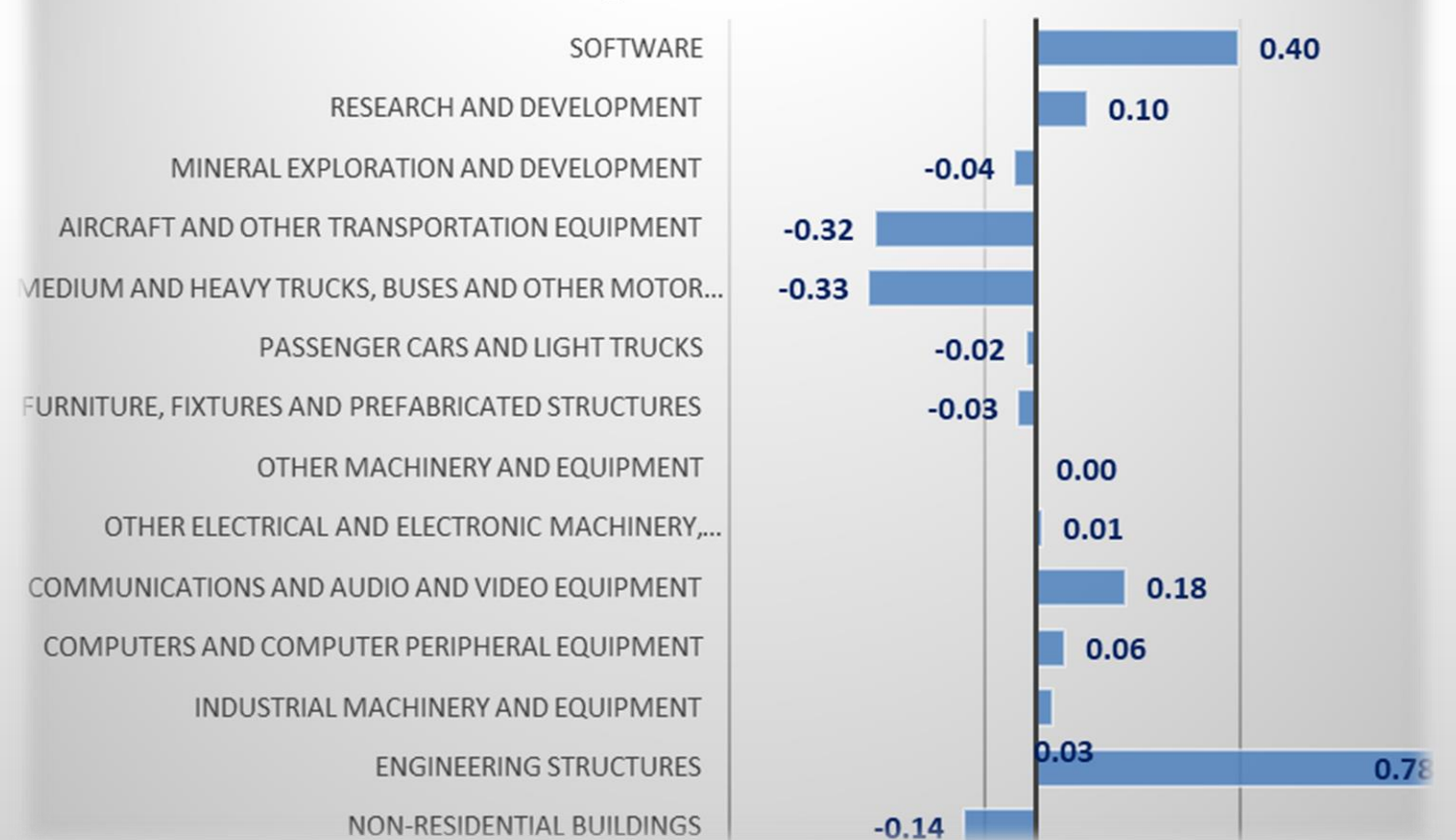


Decline in residential investment and M&E continues

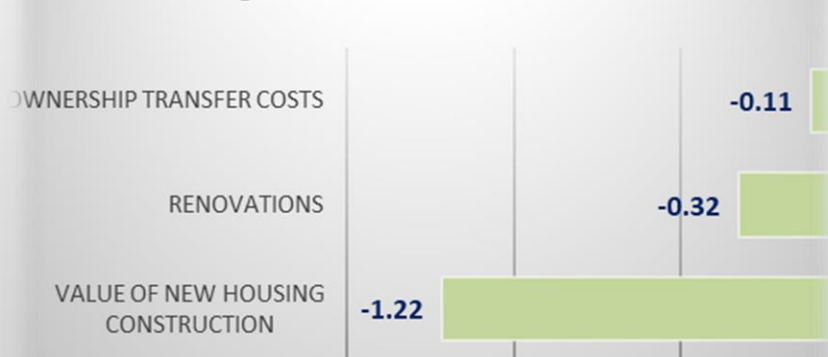
Contribution to change - All sectors GFCF



Contribution to change - Business non-residential GFCF



C to change - Business residential investment





Business engineering: estimation for the quarter

Engineering is residually derived: calculate overall indicator, remove non-residential buildings, supplement with quarterly oil and gas and drilling/rigging activities. Constrained by CAPEX 2023.

	2023q1
Overall indicator (labour & materials)	0.2%
<i>-> significant weakness in residential WPIP (-6.5%)</i>	
Non-residential buildings (NEA estimate with Transfer cost*)	-0.3%
Quarterly Oil and Gas Capital Expenditure Survey	11.9%
Drilling and rigging (monthly GDP by industry)	-7.7%
CAPEX Intentions 2023 (engineering proxy)	0.3%

Engineering deflator	
Transportation	-2.9%
<ul style="list-style-type: none"> - Labour comp -2.9% - Material comp -3.8% (diesel -21%, asphalt -9.4%, gas -4.9%) 	
Other engineering	-0.2%
<ul style="list-style-type: none"> - Labour comp -1.0% - Material comp -1.6% (diesel -21%, iron or steel pipes -6.8%) 	

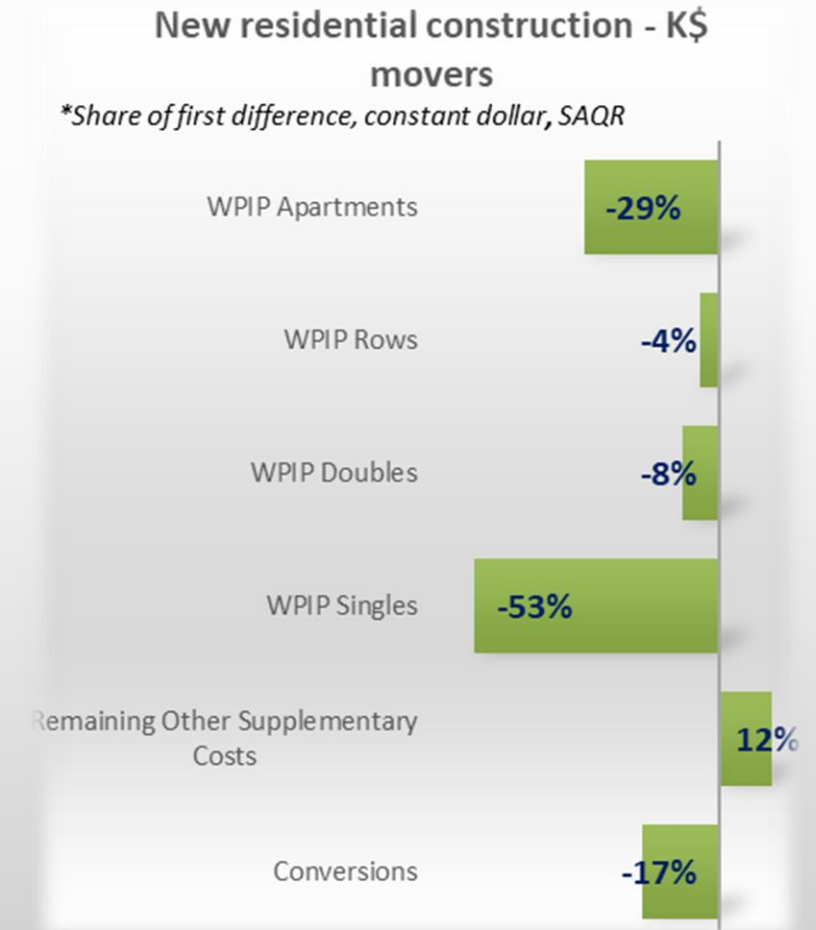
*Non-residential TC nominal -24.7%



All components of residential down again

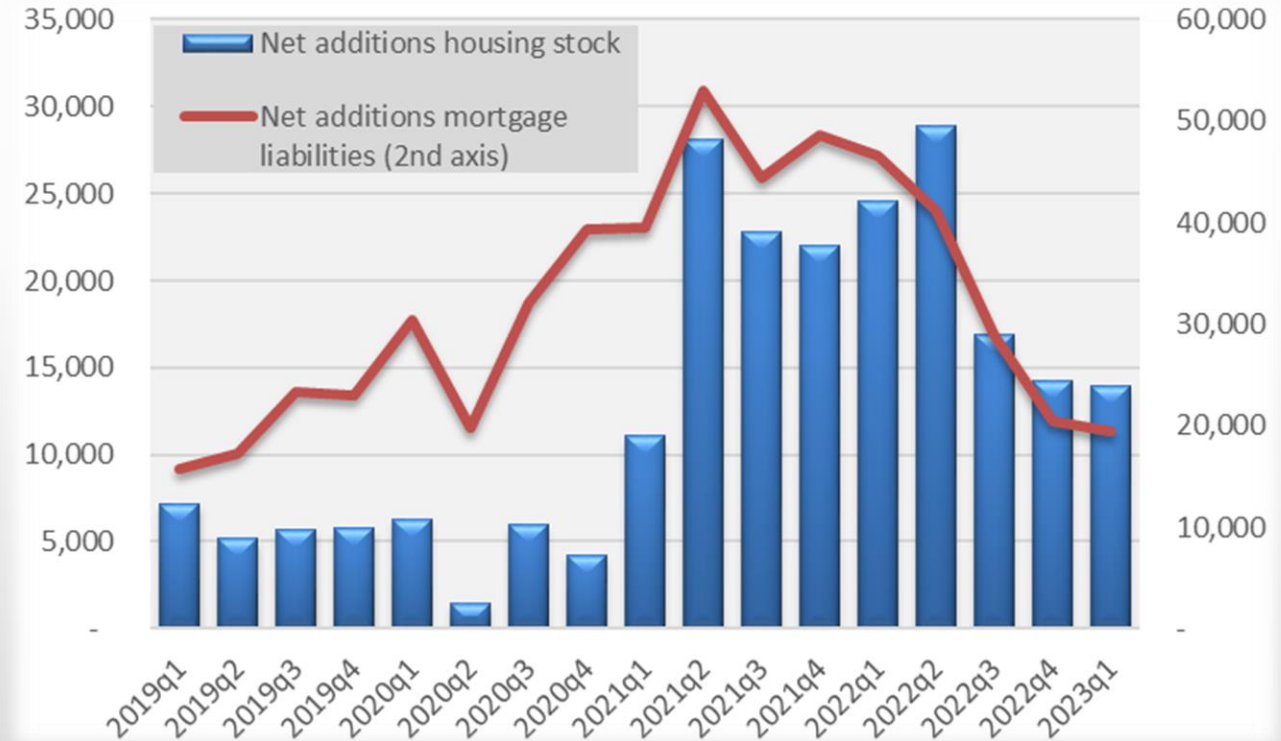
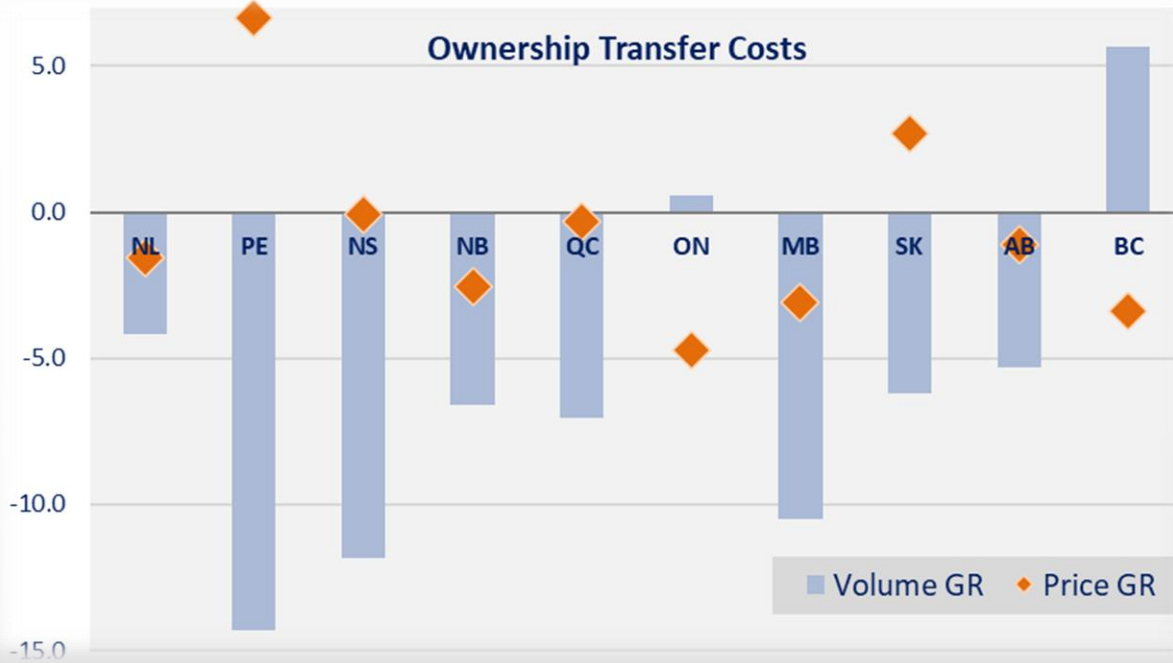
Renovations to existing houses decreased 2.1% after falling 2.9% previous quarter, nominal decreased 1.5%

Indicator growth: -1.8%	2023Q1
Internal estimation for quarterly growth (nominal)	
Wholesale: Lumber, millwork, hardware and other building supplies wholesaler-distributors, electrical, plumbing, heating and air-conditioning equipment and supplies merchant wholesalers, and metal service centres	-1.8%
Retail: Home furnishings stores and Building material and garden equipment and supplies dealers	-1.7%
Building permits for renovations: improvements total, garage and carport, and in-ground swimming pools	1.1%





Resale activity down 1.5%, down 7 of the last 8 quarters





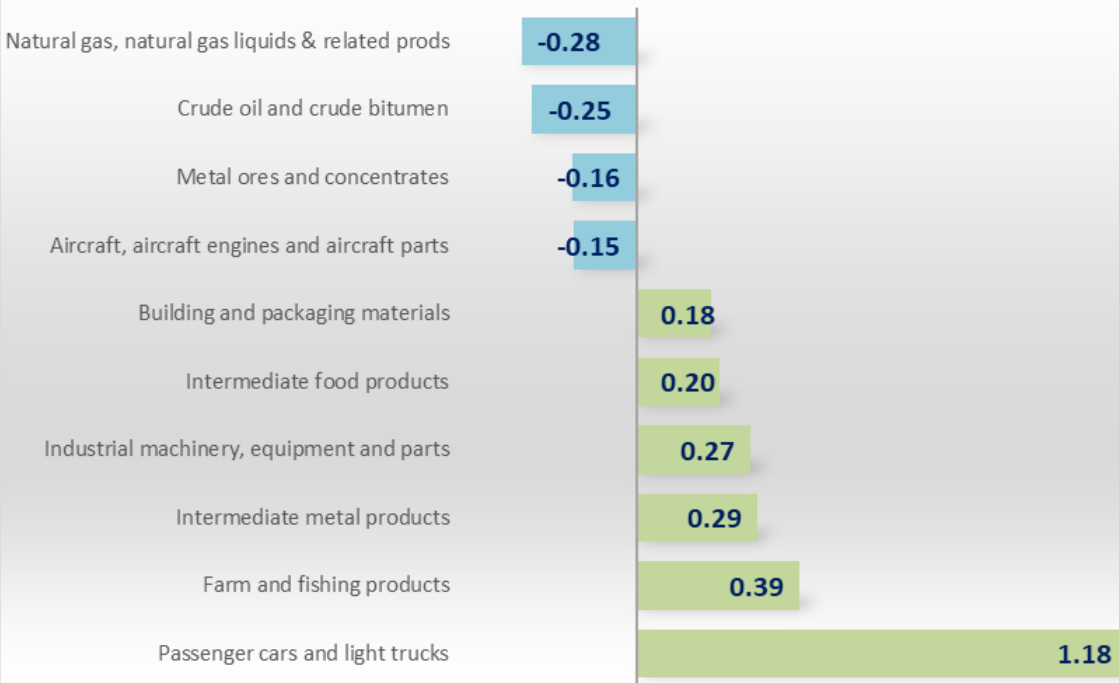
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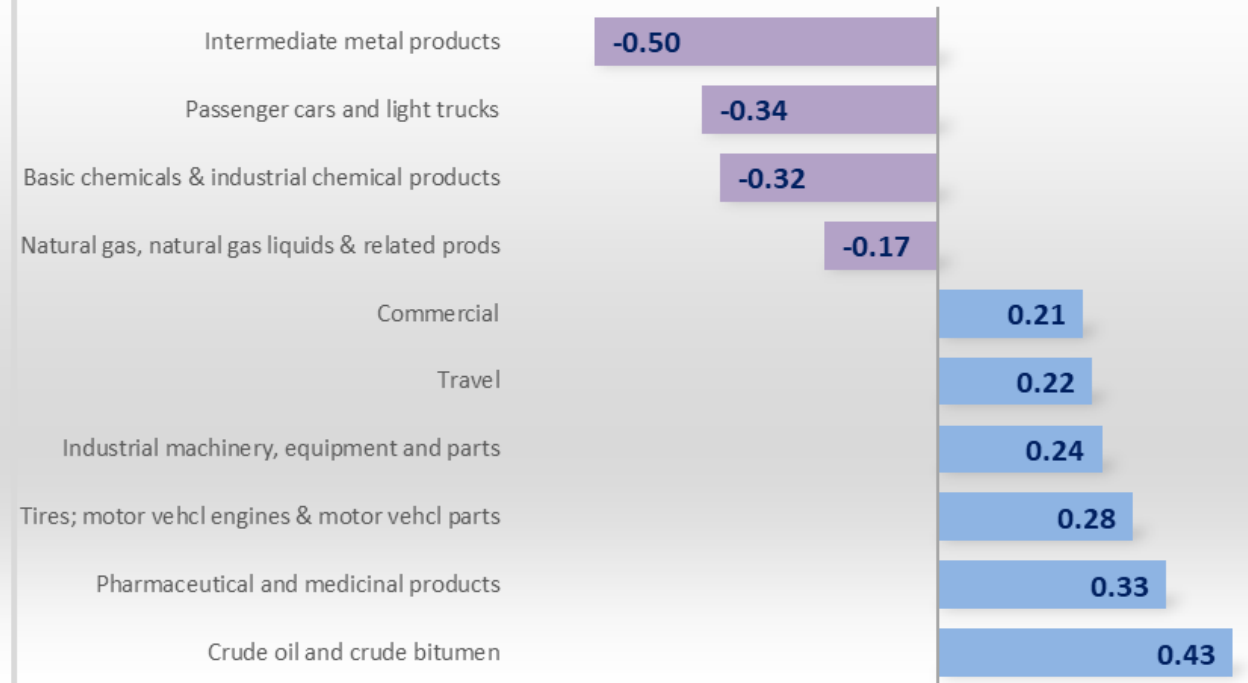


Third quarter decline in imports of goods

Exports - top contributors to change

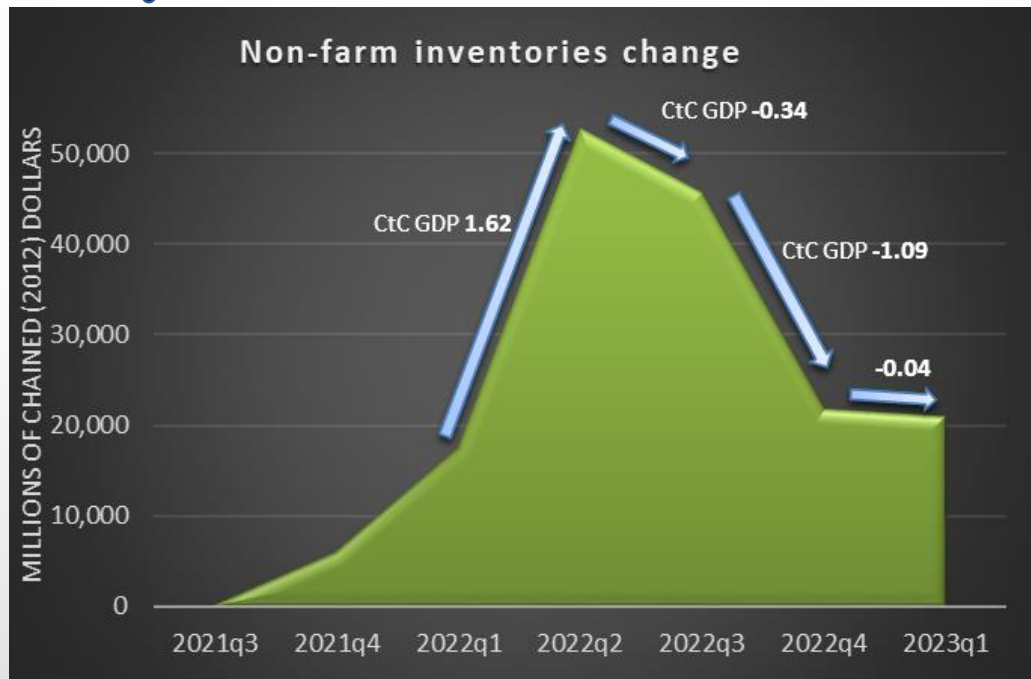


Imports - top contributors to change





Farm inventories withdrawals slow GDP growth



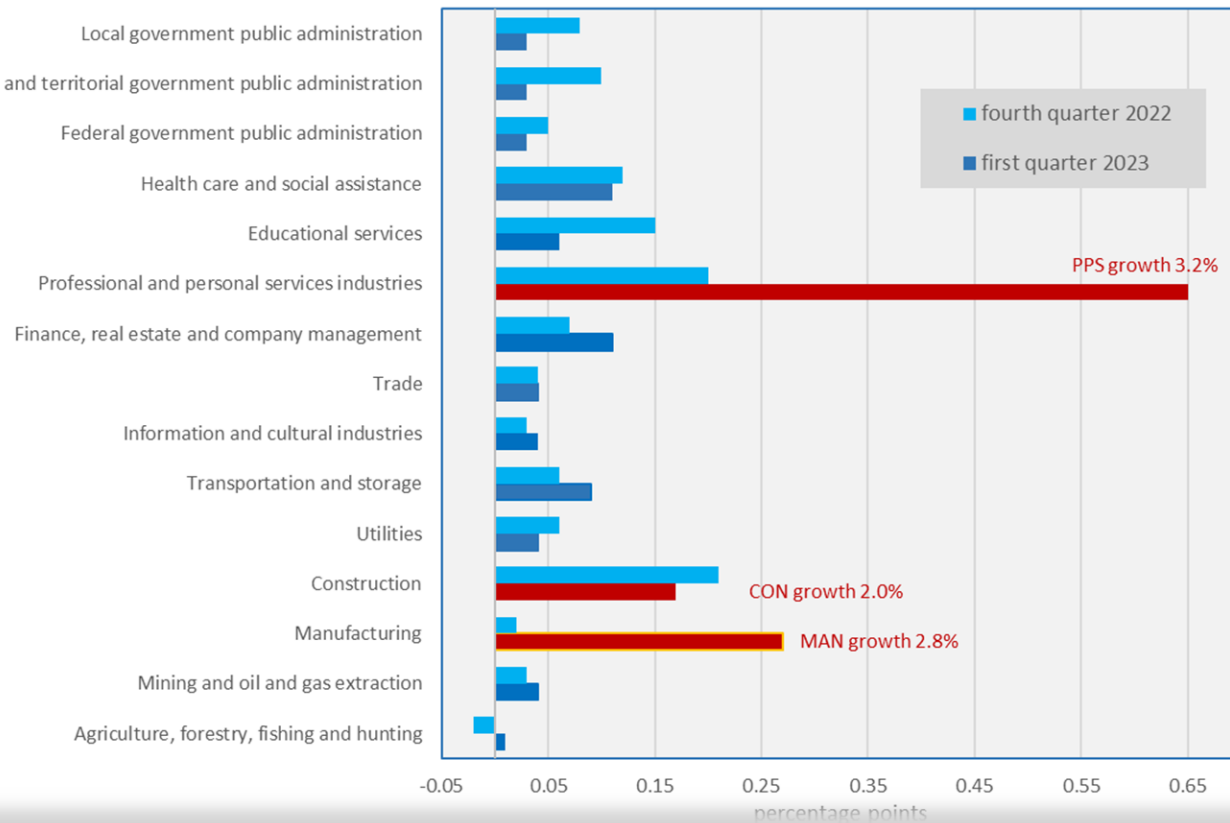
FARM inventories:

- Contribution to change in GDP from farm inventories was -0.64%
- Mostly canola and wheat, then corn and cannabis

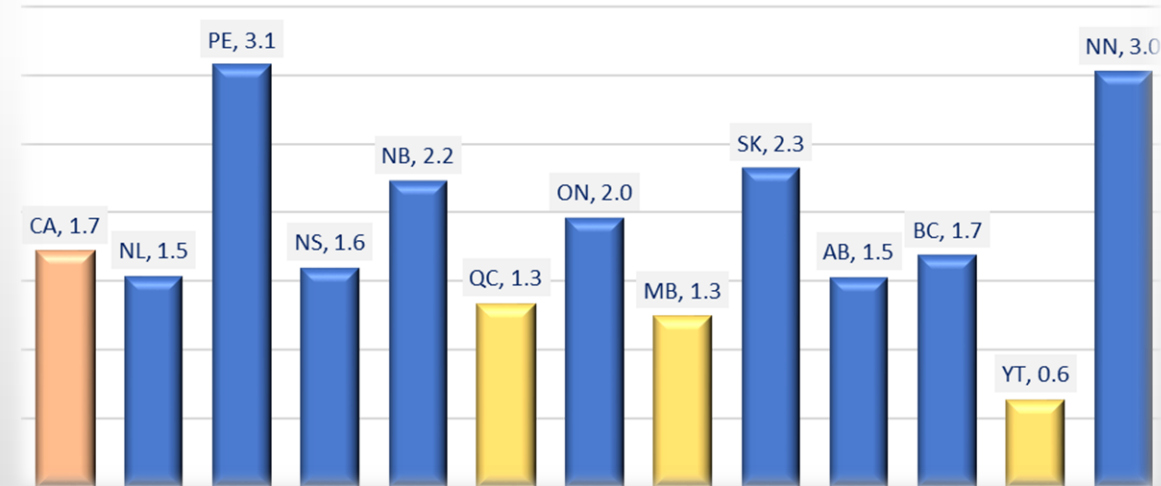


Modest gains in compensation (1.7%) continue

Contribution to seasonally adjusted growth in total wages and salaries, Canada;
 2023Q1 vs 2022Q4



SA growth in wages and salaries 2023Q1; percentage point



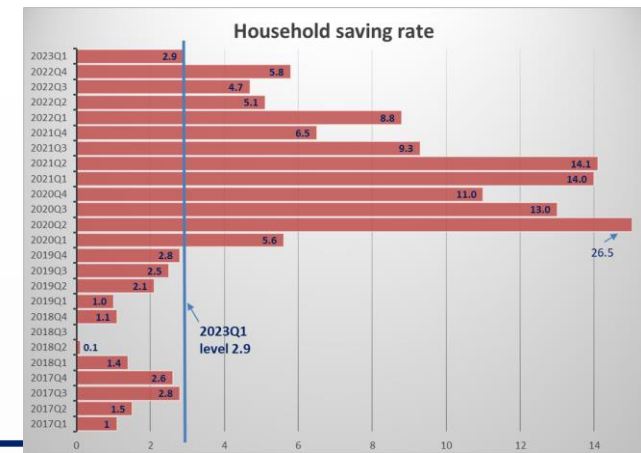


Wages & salaries estimation for the quarter

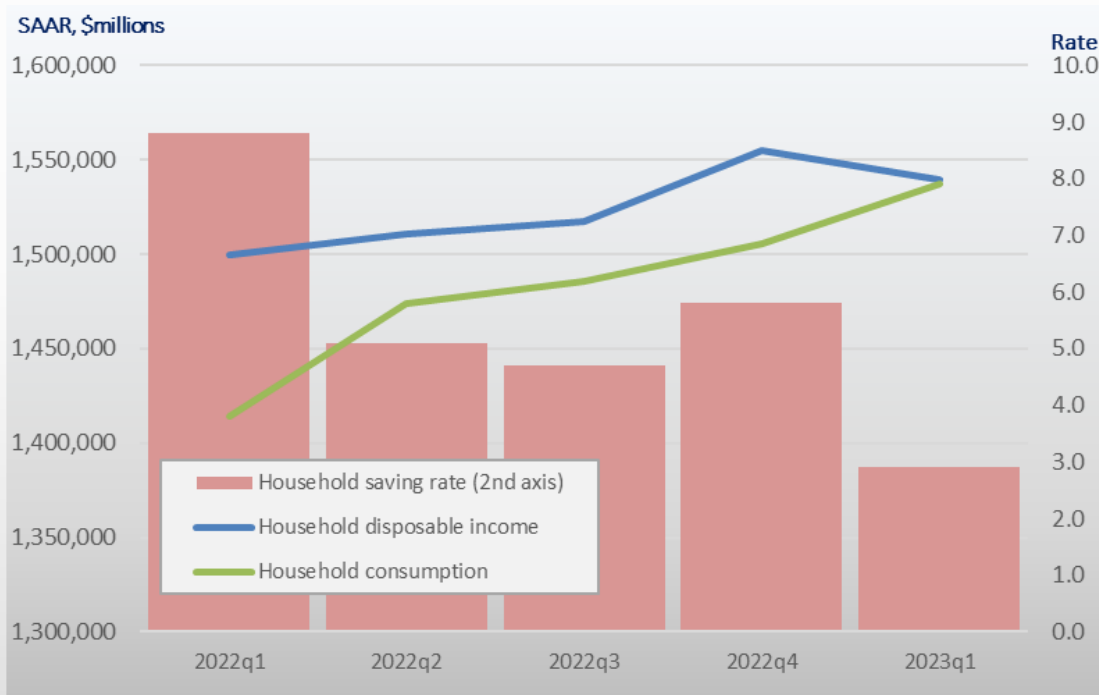
	Total economy			All goods-producing industries			All services-producing industries		
Growth rate	National Economic Accounts Wages & salaries	SEPH: internal estimation	LFS: internal estimation	National Economic Accounts Wages & salaries	SEPH: internal estimation	LFS: internal estimation	National Economic Accounts Wages & salaries	SEPH: internal estimation	LFS: internal estimation
2023Q1	1.7	1.6	2.7	2.3	2.3	3.0	1.6	1.5	2.4

Source: Special calculations.

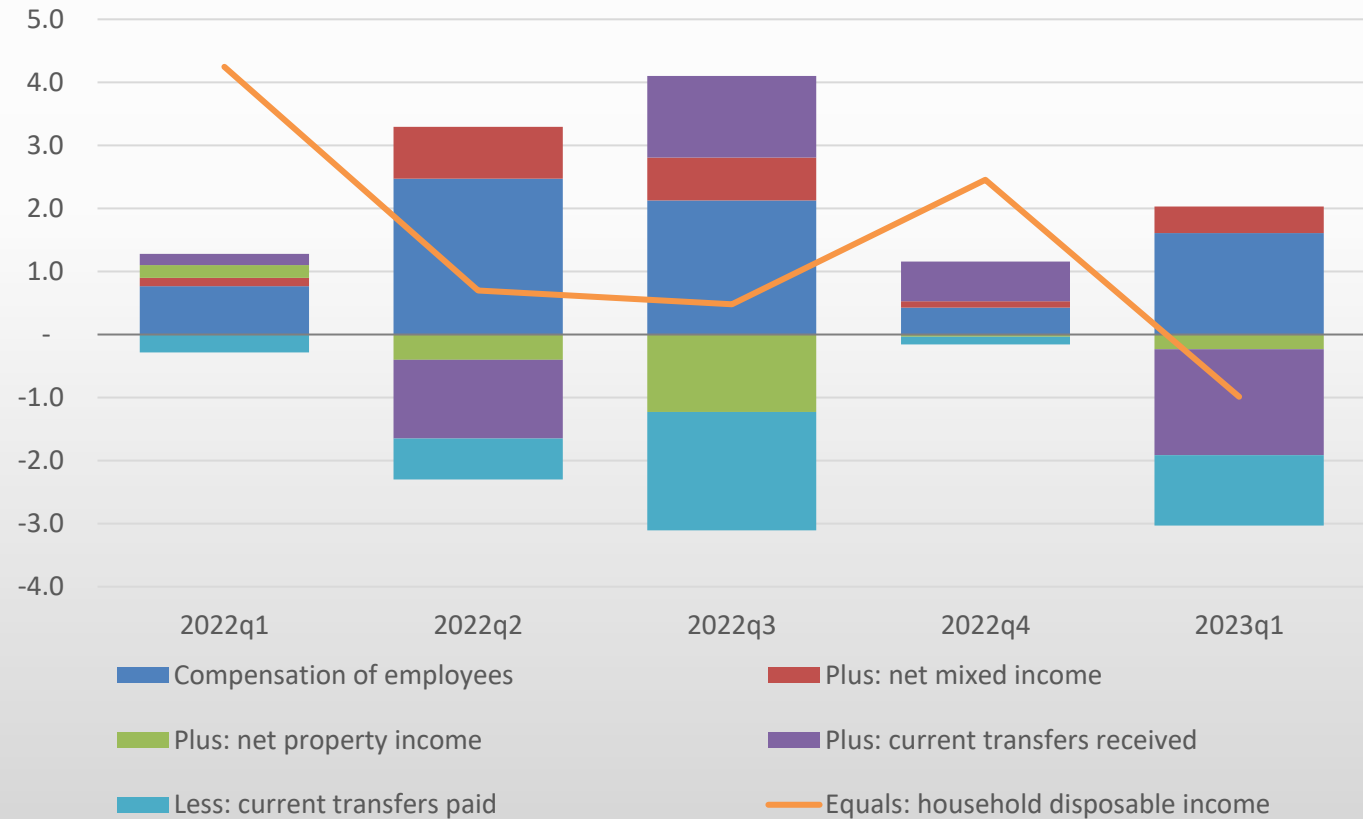
- **Collective bargaining:** \$152.2 million
QC prov admin & transport, BC education & prov admin
- **Work stoppages:** \$40.4 million



HDI drops while spending picks up



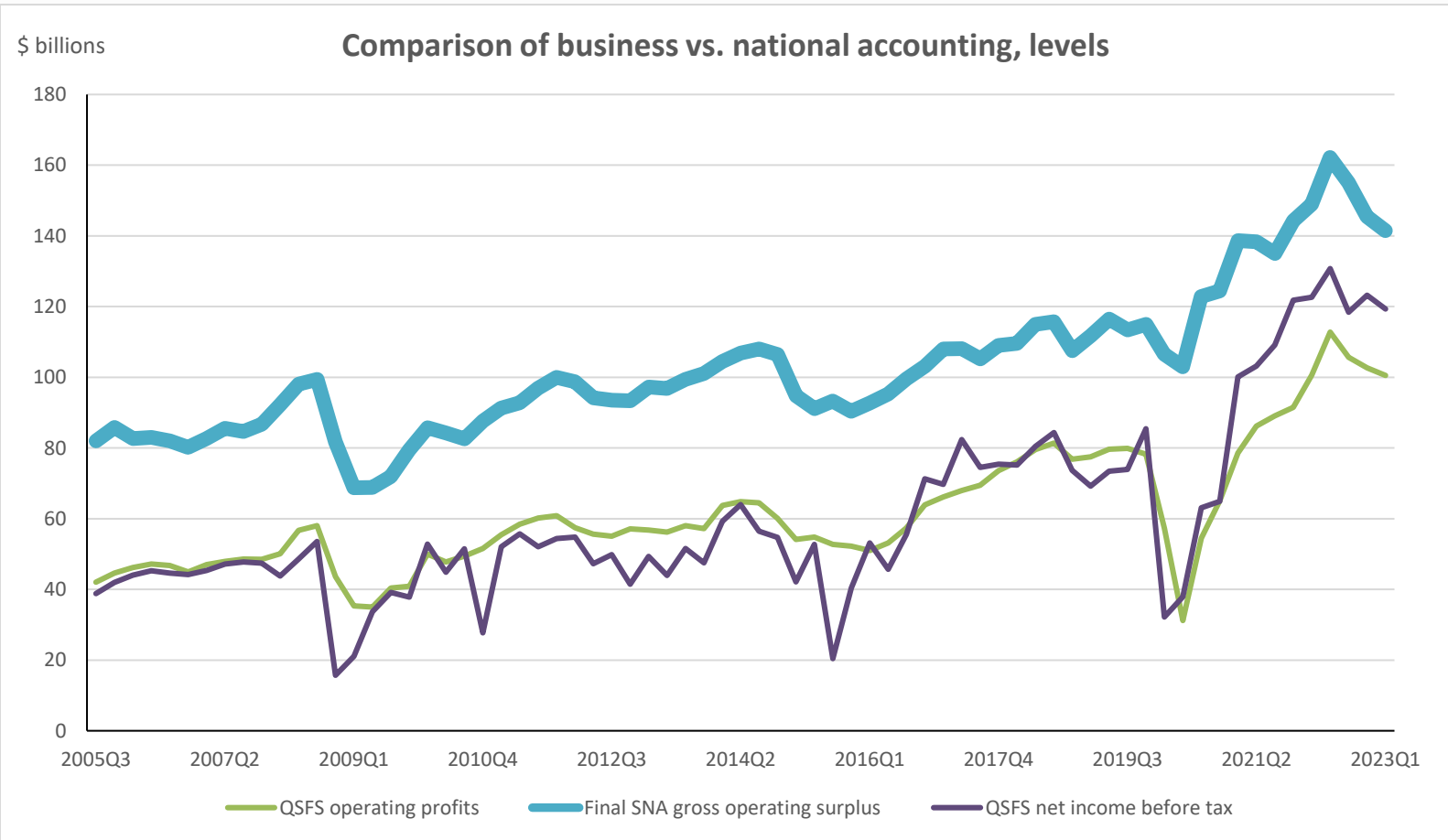
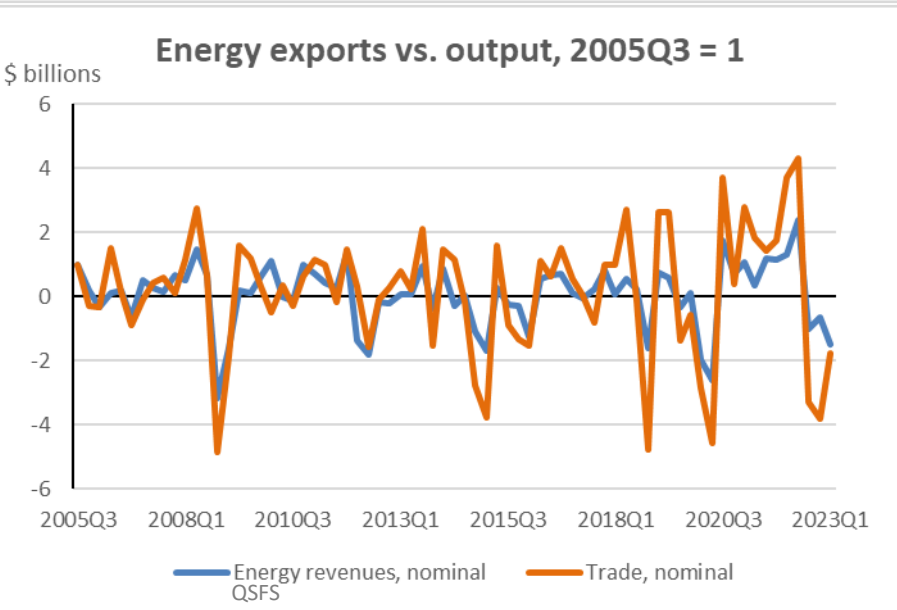
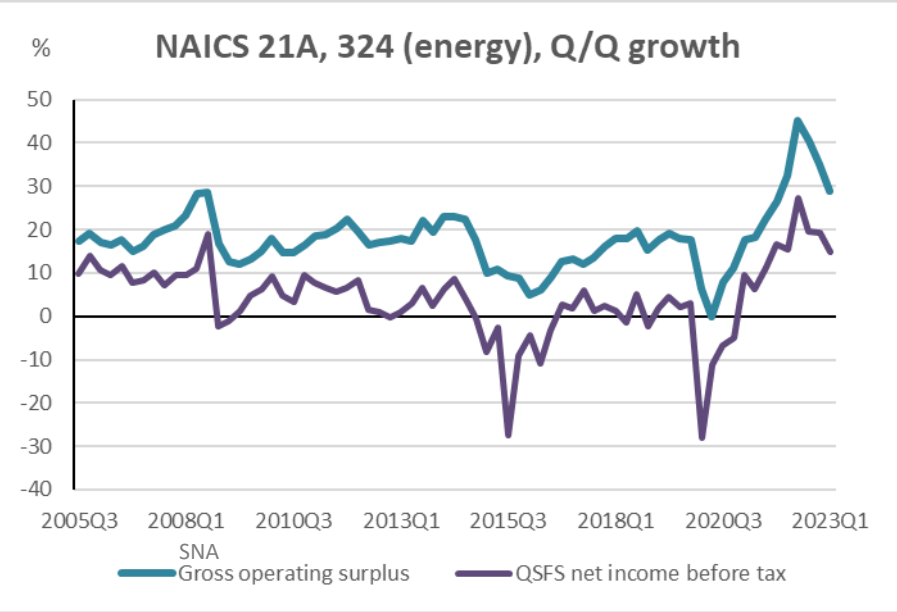
Contribution to changes in household disposable income



- Lower transfers from governments (EI and one-time inflationary support measures last quarter) with Lower net property income (more interest paid than received)

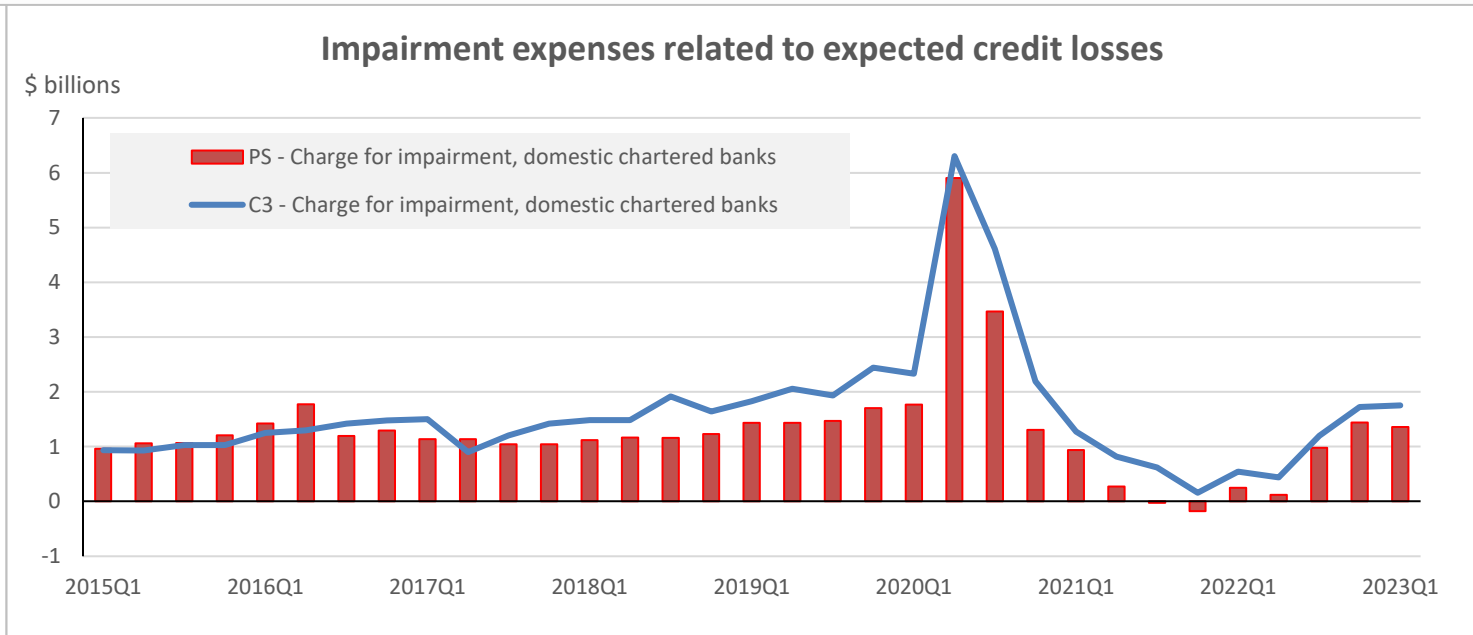
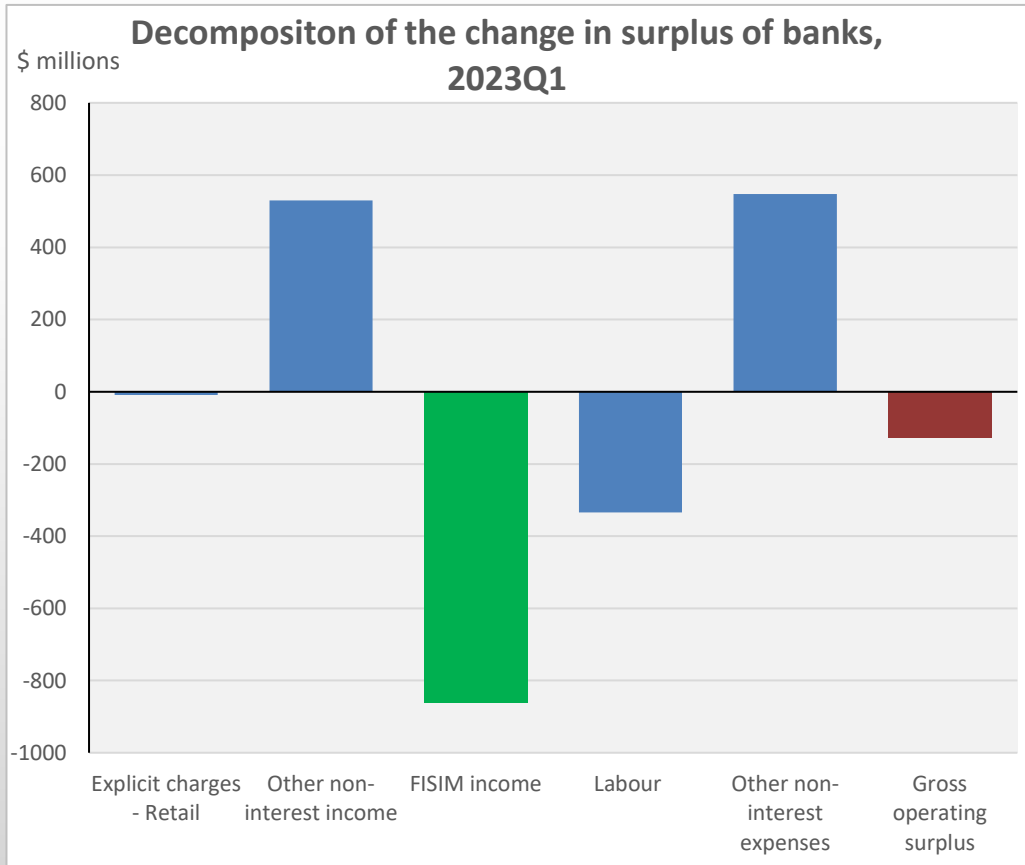


Non-fin surplus continues to decline





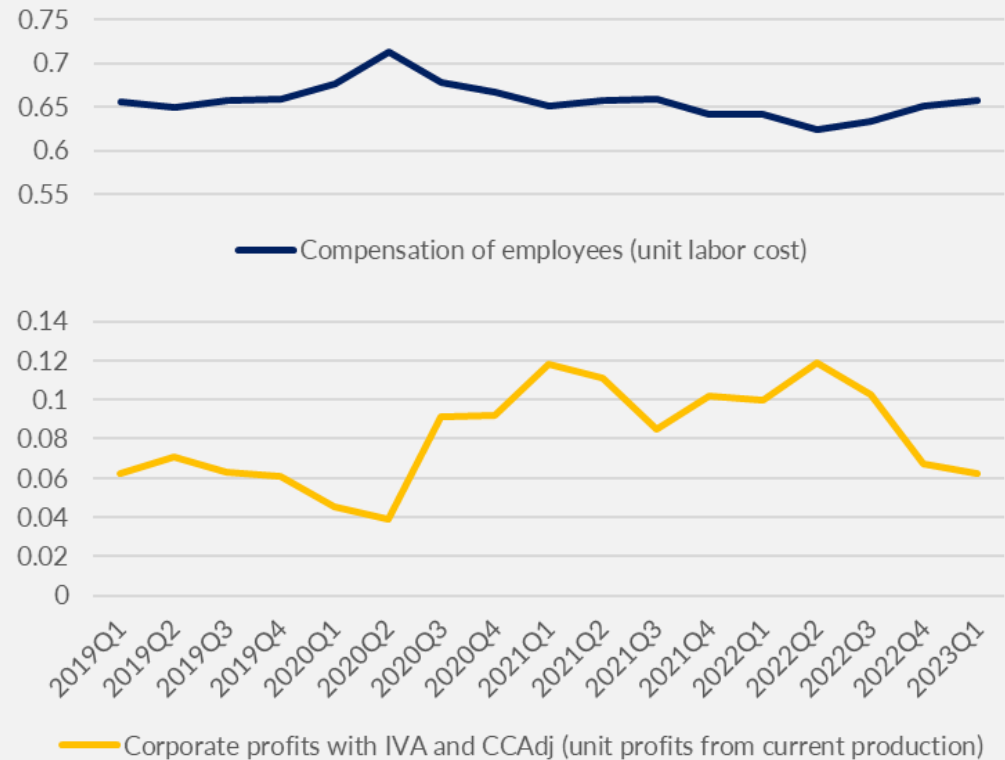
6th quarterly decline for financial corps



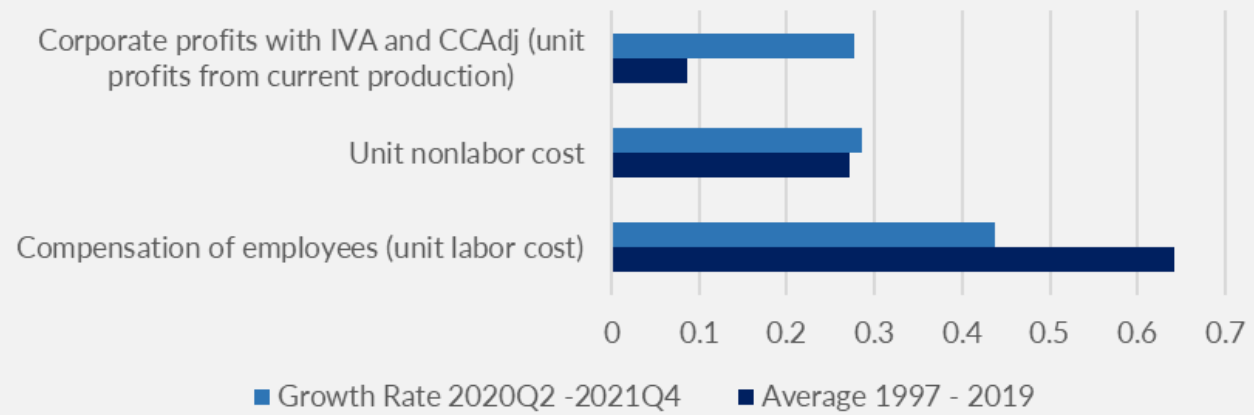


Corporate profits, non-labour & labour inputs impact on GDP change

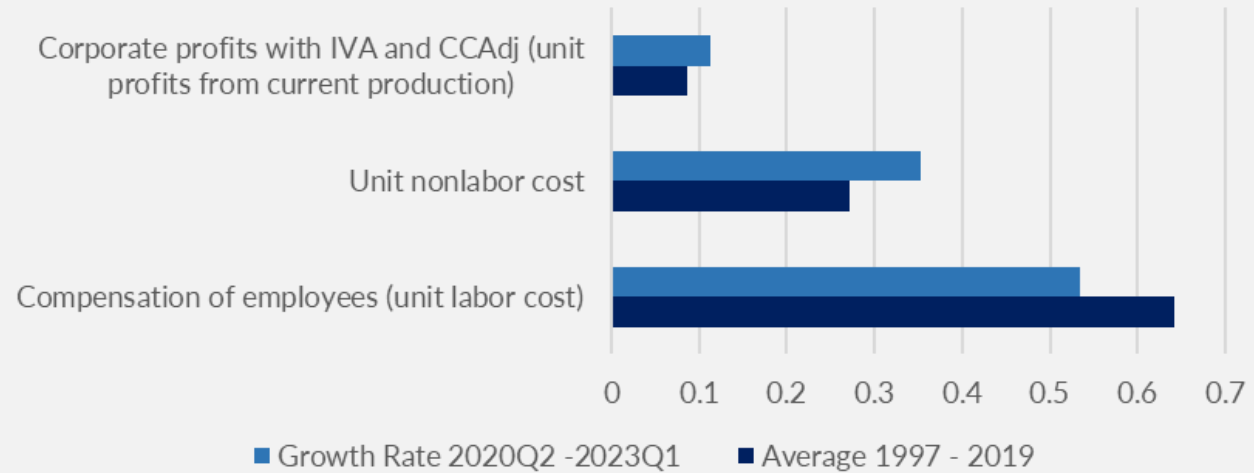
Share of Corporate profits doubles during pandemic, trend normalized by late 2022



Non-financial corporations - Contributions to Unit Prices 2020Q2 to 2021Q4



2020Q2 to 2023Q1



Based on analysis done by: Josh Bivens, Economic Policy Institute
 Results sensitive to time period referenced
 Future analysis planned



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Coming up:

- **Industrial Capacity Utilization Rates, 2023Q1:** June 9
- **Financial and Wealth Accounts, 2023Q1:** June 14
- **Distribution of Household Economic Account, 2023Q1:** July 4

- **2023 Q3 release (November 2023)**
 - Estimates will be re-referenced to 2017=100
 - Integration of NAPCS 2022



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Further information: Quarterly GDP

- Gross domestic product by income and expenditure: Interactive tool

<https://www150.statcan.gc.ca/en/catalogue/71-607-X2021015>

- Monthly credit aggregates, March 2023

<https://www150.statcan.gc.ca/n1/daily-quotidien/230519/dq230519c-eng.htm>

- NEW* Housing stock in units Table:36-10-0688

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610068801>

Geography	Institutional sector	Housing Type ^{1,2}	Dwelling Occupation ³	Dwelling type ⁴	Tenure type ⁵
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Unless otherwise noted, estimates are derived using the following CODR tables from the Income and Expenditure Accounts:

(36-10-0103, 36-10-0104, 36-10-0105, 36-10-0106, 36-10-0107, 36-10-0108, 36-10-0109, 36-10-0110, 36-10-0111, 36-10-0112, 36-10-0435, 36-10-0114, 36-10-0115, 36-10-0116, 36-10-0117, 36-10-0118, 36-10-0477, 36-10-0484, 36-10-0121, 36-10-0122, 36-10-0123, 36-10-0124, 36-10-0125, 36-10-0126, 36-10-0127, 36-10-0128, 36-10-0129, 36-10-0130, 36-10-0131, 36-10-0132, 36-10-0133, 36-10-0369, 36-10-0135, 36-10-0430, 36-10-0431)