

Canadian Chamber Economic Update - Third Quarter GDP Growth

Canada's economy grew by 1.3% (annualized rate) in the third quarter after remaining essentially flat in the first half of the year. Most of the growth occurred in July.

Canadian producers increased their output in the third quarter. The increase was led by the mining sector (support activities for oil and gas extraction) and construction. The manufacturing sector edged up while forestry continued its decline. Production in the services industries continued to grow, with notable gains in the public sector and, to a lesser extent, in retail trade and wholesale trade.

Exports declined for the fifth consecutive quarter. Imports also declined.

Growth of final domestic demand decelerated as the volume of personal spending slowed. Residential construction remained virtually unchanged following two consecutive quarterly declines. Business investment in engineering projects remained strong; however, investment in building construction was down for the second quarter in a row. Investment in machinery and equipment slipped for the second quarter in a row.

Corporations recorded strong profit growth in the third quarter (+5.7%) on top of the robust pace set in the second quarter (+8.6%). This represents the largest back-to-back quarterly growth since 2004.

The third quarter ended on a positive note with September revealing some modest growth.

Broad-based economic weakness is expected to take hold in the fourth quarter with GDP expected to drop almost 2%.

Source: Canadian Chamber of Commerce