

Canada's Economic Performance

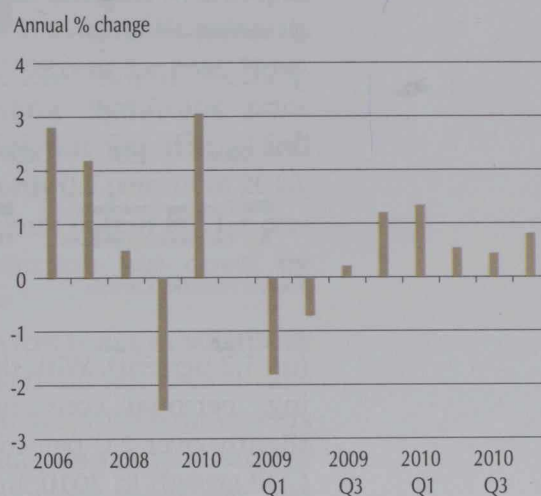
In many ways, 2010 was a year of consolidation, as the recovery, begun in 2009, moved to firmer footings: real economic activity expanded in all four quarters; domestic demand was buoyant; business investment rose; trade expanded; and jobs were created. These favourable conditions spurred consumer and business confidence. Output expanded in all provinces and territories in 2010 and, overall, the economy grew by 3.1 percent in real terms after having contracted the year before. Advances in employment brought levels almost back to where they were before the recession started—it would take until the first month of 2011 to actually surpass the pre-recession peak employment level. As a result of rising resource prices, the Canadian dollar appreciated against all major currencies and ended the year just slightly above parity with the U.S. dollar.

Gross Domestic Product

Canada emerged from the recession toward the end of the first half of 2009 and growth resumed starting in the third quarter of that year (Figure 3-1). Since then, the economy has registered six consecutive quarters of growth until the end of last year. For 2010 as a whole, real GDP expanded by 3.1 percent, offsetting the 2.5-percent contraction registered in 2009.

Turning to the expenditure-based categories of GDP (Figure 3-2), growth in real personal consumption expenditures on goods and services was a little higher than

FIGURE 3-1
Canadian Real GDP Growth, 2006-2010



Source: Statistics Canada.

overall growth in GDP, as expenditures advanced by 3.4 percent in 2010 after having only risen by 0.4 percent in 2009.

Real expenditures on durables, semi-durables, and non-durables advanced 5.4 percent, 5.0 percent, and 1.7 percent respectively, while those for services were up by 3.4 percent. Expenditures were up broadly, with a few exceptions: expenditures on fuels, other than those related to motor fuels, were down in 2010, along with those related to reading and entertainment supplies, miscellaneous personal effects, and tobacco products. Spending was up the most for expenditures abroad (up 26.0 percent); women's and girl's clothing (up 10.8 percent); new and used motor vehicles (up 6.8 percent); footwear (up 6.7 percent); and furniture, carpets and other floor coverings