



- ❑ Real growth in personal expenditure on goods and services jumped 4 per cent in 2005, the largest annual increase since 2000, when rising labour income drove up personal expenditures.
- ❑ There was a regional divide in GDP growth for 2005, with provinces west of Ontario registering the highest growth and all performing above the Canadian average of 2.9 percent, with the exception of Manitoba.
- ❑ In 2005, high energy prices helped boost economy-wide incomes including corporate profits and personal income.
- ❑ Canadian labour market conditions continued to improve in 2005. Employment grew 1.4 per cent with 227,600 net new jobs created. The services-producing sector outperformed the goods-producing sector in 2005, with an increase of 1.7 per cent (+204,500) compared to 0.6 per cent (+23,100). The unemployment rate in Canada reached historic lows, closing the year at 6.7 per cent, down from 7.2 per cent in 2004. The unemployment rate decreased in all provinces.
- ❑ The year 2005 was marked by a continued appreciation of the Canadian dollar against the main currencies (the US dollar, the Euro and the UK pound). Despite the appreciation in the dollar, Canadian exports have been strong over this period and remain a major source of overall economic growth.
- ❑ The year was also characterized by rising short-term interest rates. The Bank of Canada raised its key policy interest rate on three separate occasions, bringing it to 3.25 per cent on 06 December 2005. It now stands at 4.25 per cent.
- ❑ For the entire year 2005, consumers paid an average of 2.2 per cent more than they did in 2004 (1.9 per cent) for the goods and services included in the Consumer Price Index (CPI). The 1.6 per cent annual average rise in Core CPI was slightly higher than the 1.5 per cent increase of 2004.

OVERVIEW OF CANADA'S TRADE PERFORMANCE

- ❑ Exports of goods and services were equivalent to 37.7 per cent of Canadian gross domestic product.
- ❑ Despite the appreciation in the Canadian dollar against the major currencies, exports of goods and services increased 5.2 per cent to \$516.4 billion in 2005, surpassing the previous record reached in 2000 (\$489.0 billion). Imports also rose; 5.8 per cent to \$463.1 billion. The annual surplus on goods remained more or less stable at \$66.7 billion, as both exports and imports rose by around \$24 billion.
- ❑ Exports of goods to and imports of goods from all principal trading areas (the US, the EU, Japan and other countries) were up in 2005 compared to 2004. Of the principal trading areas, the United States posted the largest gains for goods exports in absolute terms, up nearly \$20 billion to \$369.3 billion. Canada's goods trade surplus with the U.S. increased to \$110.6 billion and was responsible for the entire surplus. Canada's goods trade deficit with the non-U.S. partners widened to \$43.9 billion.