



Economy unchanged in April, but May is looking strong

Canada's economy fell flat for the month of April following the small increase of 0.1 per cent in real gross domestic product (GDP) in March. Growth in the goods producing sector were up slightly at 0.1 per cent while service producing sectors were essentially unchanged at 0.0 per cent. Overall, in April, just over half the industries (11 out of 20) showed increases in GDP. But advanced estimates for the month of May are indicating growth of around 0.4 per cent.

March was a mixed bag for the economy. Growth was strong in the mining, quarrying, and oil and gas extraction sector as it was up 1.2 per cent. All the subsectors within this sector were up. This represents the four consecutive month of growth for the sector. Construction activity was also up. It grew around 0.4 per cent in April despite residential construction activity slowing down. Balancing out these increases was a 0.6 per cent decline in manufacturing, which was down for the first time in four months. Both durable goods and non-durable goods manufacturing were down 0.6 per cent.

Within the service sectors, public sector saw its first month decline in over a year with a 0.3 per cent contraction. Health care and social assistance along with educational services was essentially unchanged but public administration recorded a large decline of 1.0 per cent. That was largely in part due to the federal government workers strike that resulted in a 4.3 per cent contraction in federal government public administration.

Wholesale trade was also down 1.4 per cent in the month of April, its third straight month of declines while real estate and rental and leasing are up 0.5 per cent on higher home sale activity. Activity at real estate agents and brokers and other activity related to real estate was up 8.6 per cent as housing activity rebounds with market activity especially robust in B.C.'s lower mainland region and the Greater Toronto Area in Ontario.

Indicators for May's GDP are showing a 0.4 per cent increase with growth seen in manufacturing, wholesale trade sectors, and real estate. Also expected is a rebound in federal government public administration as the federal government strike ended earlier in the month. On the other hand, these increases are being offset by a decline in mining, quarry, and oil and gas extraction sectors as well as utilities. These positive signs all point to an increase likelihood of a small rate hike in July as the fight to lower inflation continues.

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