

## CANADA

The sharp contraction that began in the last quarter of 2008 intensified in the first quarter of 2009, led by collapsing exports, fixed investment and stockbuilding. The pace of contraction appears to be slowing, but recessionary conditions are expected to linger through the third quarter, with only a slow recovery thereafter. Unemployment is projected to keep rising until early 2010 and inflation pressures to stay muted.

The Bank of Canada lowered its policy rate effectively to zero and exceptionally committed to holding the rate at this level until the end of June 2010, conditional on the inflation outlook. Supplementary monetary measures do not appear warranted for now, but the fiscal authorities retain room for further temporary fiscal stimulus should the recovery fail to materialise as expected in the latter part of this year.

## Canada: Demand and output

	2005	2006	2007	2008	2009	2010
	Current prices CAD billion	Percentage changes, volume (2002 prices)				
Private consumption	759.0	4.1	4.6	3.0	-0.9	0.9
Government consumption	259.9	3.0	3.3	3.7	2.2	2.9
Gross fixed investment	292.7	6.9	3.7	0.9	-10.1	1.3
Public <sup>1</sup>	36.6	5.3	6.1	12.4	6.4	12.1
Residential	90.1	2.1	2.8	-2.7	-13.8	-2.9
Non-residential	166.0	10.0	3.7	0.2	-12.4	0.1
Final domestic demand	1 311.5	4.5	4.1	2.6	-2.4	1.4
Stockbuilding <sup>2</sup>	11.2	-0.2	0.2	-0.2	-1.1	0.1
Total domestic demand	1 322.7	4.3	4.3	2.4	-3.6	1.6
Exports of goods and services	519.4	0.8	1.1	-4.7	-14.7	0.0
Imports of goods and services	468.3	4.7	5.8	0.8	-16.5	3.3
Net exports <sup>2</sup>	51.2	-1.3	-1.6	-1.9	0.4	-0.9
GDP at market prices	1 373.8	2.9	2.5	0.4	-2.6	0.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Excluding nationalised industries and public corporations.

2. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

Source: OECD Economic Outlook 85 database.