

CANADA: THE GROWTH OF THE ECONOMY AND MARKET OPPORTUNITIES

Acus Consulting Ltd // Alberto Calva

acalva@acusconsulting.com

March 9, 2016

Some days ago, Statistics Canada (statcan.gc.ca) released the Gross Domestic Product (GDP) information for Canada. The GDP is the measurement of the goods and services produced in a specific period (usually a quarter or a year) in certain country or region.

In this first table, we can see the growth rate per quarter and annual growth rates for the last five years (2011 to 2015). The average annual growth rate for these last five years is 2.2%. The average growth rate in the last 20 years (1996 to 2015) has been 2.5%. In the last 35 years (1981 to 2015) the average annual growth rate has been 2.4%. A deceleration can be seen in the last three quarters, although there is no recession seen in this last five years. A recession is defined as two or more consecutive quarters with negative growth rates.

OVERALL GROWTH OF THE NATIONAL ECONOMY GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE

Year	Q1	Q2	Q3	Q4	Annual
2011	3.1%	2.8%	3.5%	3.1%	3.1%
2012	2.4%	2.6%	1.4%	0.7%	1.7%
2013	1.7%	1.8%	2.3%	3.1%	2.2%
2014	2.2%	2.7%	2.5%	2.4%	2.5%
2015	2.1%	1.0%	1.1%	0.5%	1.2%
Average	2.3%	2.2%	2.2%	2.0%	2.2%

For each quarter is the growth rate compared with the same quarter from previous year (Qt/Qt-4)

Source: Statistics Canada, statcan.gc.ca

The growth of the economy is not the same in all industries. This is, not all industries are equal. In the following chart, we have the information for the total economy and for each of the 20 industries as reported by Statistics Canada. In the first column, we can see the average annual growth for the last five years (2011 to 2015). In the second column, we can see the annual growth for 2015. As we can perceive, all industries have, in average, a positive annual average growth rate for the last five years. Nevertheless, some industries that have a good performance in average for the last five years did really badly in 2015.

GROWTH DOMESTIC PRODUCT (GDP) IN CANADA PER INDUSTRY

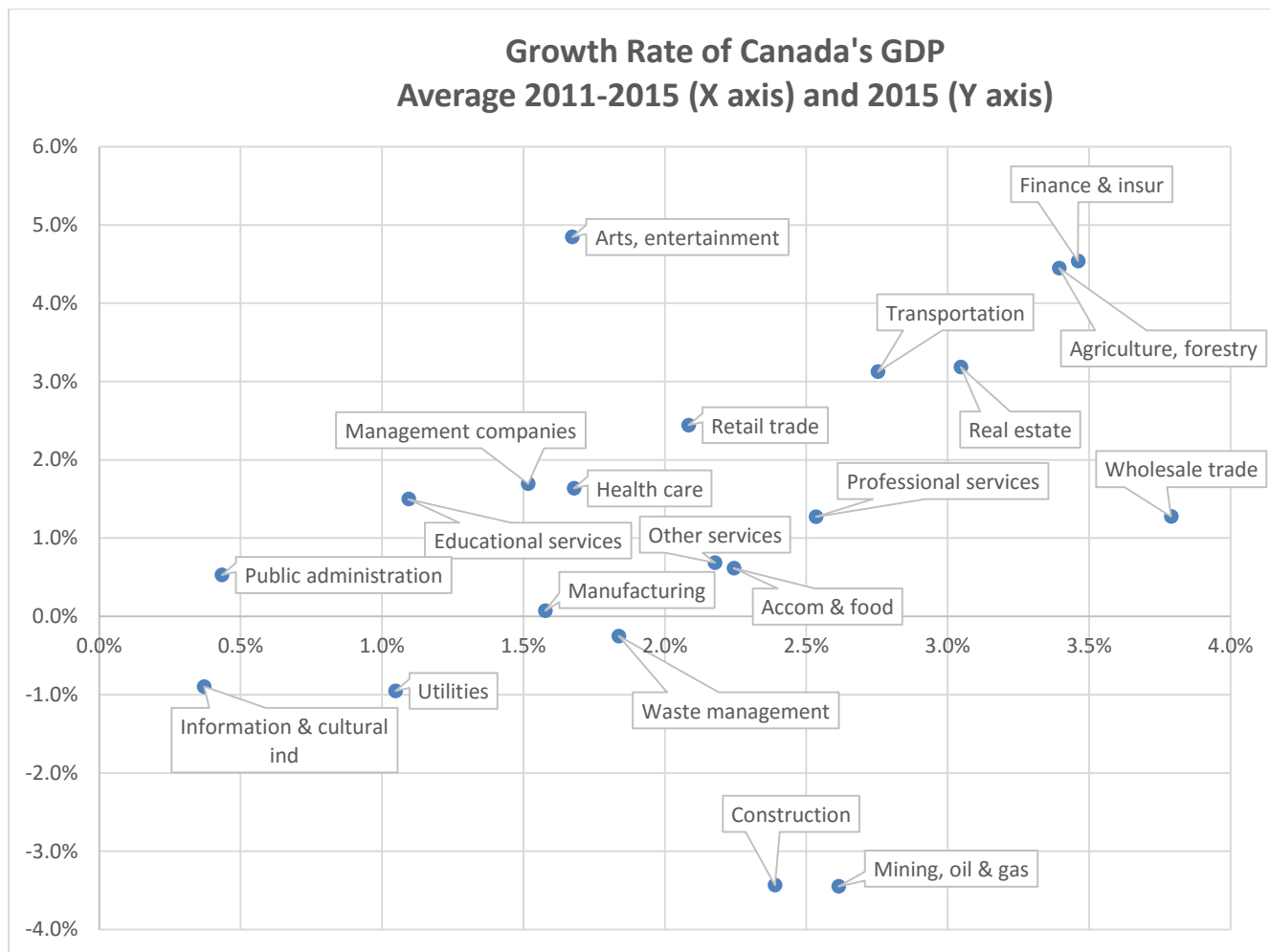
2011-2015 Annual average	2015 Annual	Industry
2.2%	1.2%	Total
3.4%	4.4%	Agriculture, forestry, fishing and hunting
2.6%	-3.5%	Mining, quarrying, and oil and gas extraction
1.0%	-1.0%	Utilities
2.4%	-3.4%	Construction
1.6%	0.1%	Manufacturing
3.8%	1.3%	Wholesale trade
2.1%	2.4%	Retail trade
2.8%	3.1%	Transportation and warehousing
0.4%	-0.9%	Information and cultural industries
3.5%	4.5%	Finance and insurance
3.0%	3.2%	Real estate and rental and leasing
2.5%	1.3%	Professional, scientific and technical services
1.5%	1.7%	Management of companies and enterprises
1.8%	-0.3%	Admin & support, waste management & remediation services
1.1%	1.5%	Educational services
1.7%	1.6%	Health care and social assistance
1.7%	4.8%	Arts, entertainment and recreation
2.2%	0.6%	Accommodation and food services
2.2%	0.7%	Other services (except public administration)
0.4%	0.5%	Public administration

Source: Statistics Canada, statcan.gc.ca

In the graph below, we have the average annual growth rate for the last five years in the X-axis, and the 2015 growth rate in the Y-axis. Every industry located in the right side of, let us say, the +2.0% growth rate means that it has been growing in average above the average of the total economy.

Still, in this group of industries in the right side, the ones in the upper part mean that they have not only done quite good in the period 2011 to 2015 but also specifically in 2015. We can mention here industries like “Finance and Insurance”, “Agriculture, Forestry, Fishing and Hunting”, “Real Estate and Rental and Leasing” and “Transportation”.

Other industries, like “Mining, Quarrying, and Oil and Gas Extraction” and “Construction” have done quite well as an average for the period 2011 to 2015, but in 2015 they had negative growth rates.



Graph prepared by Acus Consulting Ltd with data from Statistics Canada, statcan.gc.ca

We hope this information is useful in your decision making process.

E N D

About Acus Consulting. This firm supports companies, organizations and government agencies in financial and strategic analysis, investment project evaluations, financial modeling, valuation of ongoing companies, financial planning, risk analysis and decision-making. Acus Consulting works in consulting projects and offers seminars and workshops of finance for executive training. It is based in Toronto.

About Alberto Calva. His expertise field is finance and economy. He has been a business consultant for more than 20 years. He has given seminars and workshops in 8 different countries having trained with this around 10,000 executives and entrepreneurs from 20 different countries. He has a unique mix of academic, practical, entrepreneurial, hands on experience and board member background. He holds a Bachelor degree of Industrial Engineering, a Master degree of Economics and an MBA with a major of Finance.