

Monday – August 31st, 2009

Economy sees first monthly increase since '08

The Canadian economy has posted its first monthly gain in nearly a year, according to newly released data from Statistics Canada.

The agency released figures Monday showing that the economy had grown 0.1 per cent in June, the first monthly gain seen in Canada since July 2008.

The 0.1 per cent increase was about half the level of growth that had been expected by the private sector.

When adjusted for inflation, the GDP actually fell 0.9 per cent for the year's second quarter, from April to June. But the agency said that was an improvement over the 1.6 per cent drop in the quarter before that.

Corporate profits were down 11 per cent during the same period, marking the third straight quarter with a double-digit decline.

Millan Mulraine, an economics strategist with TD Securities, said the June numbers are indications that the Canadian economy has begun to stabilize, but the long-term figures are more important when evaluating the country's economic health.

"More importantly, I think it is the quarterly numbers that do show that there is some momentum building in the Canadian economy," he said when speaking to CTV News Channel in Toronto on Monday morning.

Other Statistics Canada data showed that consumer spending rose 0.4 per cent in the same quarter, in part because of improved auto sales.

Housing sales were also up, posting an 8.3 per cent increase in the national home resale market.

Exports of goods and services were down 5.2 per cent, which was better than the 8.7 per cent decrease seen in the first quarter of the year. The same trend was reported for business investment in equipment and machinery.

Personal income also saw a slight increase, edging up 0.9 per cent in the first quarter, while employment insurance benefits soared by 23 per cent.