



Experimental Indexes of Economic Activity for Yukon May 2021

Highlights:

- On a **year-over-year** basis, the May 2021 LASSO-based economic activity index increased in all provinces and territories (where data were available); the index increased 9.8% in Yukon.
- On a **month-over-month** basis, where data were available, the LASSO-based index increased in five provinces and territories, decreased in five jurisdictions, and remained the same in one province; Yukon's index increased 0.3%.

Timely measures of economic activity are critical for understanding how economies perform, and for informing policy responses to macroeconomic fluctuations. The onset of the COVID-19 pandemic emphasized the need to produce new monthly measures of aggregate economic activity for the provinces and territories, in advance of the annual estimates of gross domestic product. Monthly experimental economic activity indexes were created by Statistics Canada at the sub-national level using three different statistical methods to combine a range of economic indicators from a number of areas (i.e., labour market, merchandise trade, manufacturing production, consumer prices, electric power data, housing, wholesale and retail trade, food services and drinking places, vehicle movement between Canada and US, building permits) into composites:

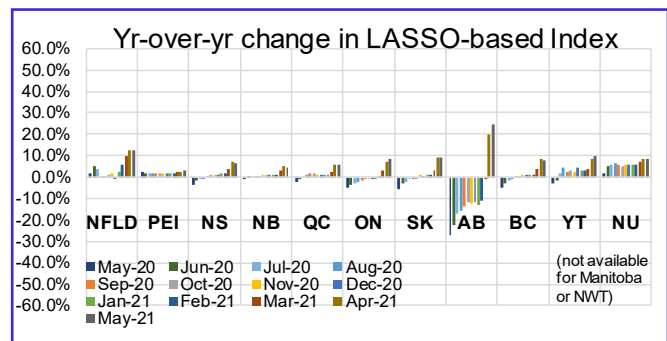
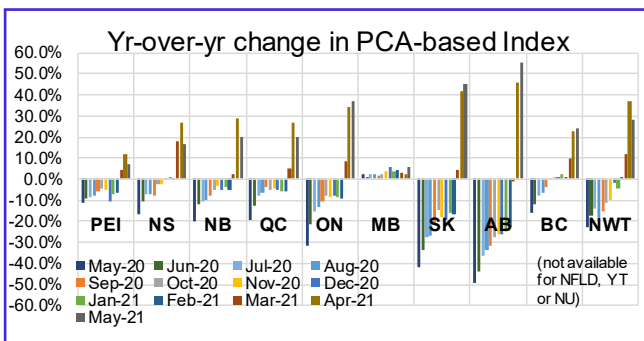
- 1) **Simple economic activity index:** assumes that total employment, total exports and total retail sales contain the appropriate information for understanding aggregate economic fluctuations; not available for Yukon.
- 2) **Principal component analysis (PCA) index:** uses a variable reduction technique to capture the variation in the input data set using a smaller number of principal components.
- 3) **Least absolute shrinkage and selection operator (LASSO):** uses a shrinkage and selection method to select series from the input data set to be included in a regression to explain annual growth.

The indexes are experimental and not based on economic theories, and therefore, should be **interpreted with caution**. Models employed typically have a different set of inputs for each province or territory. As a result, may affect inter-jurisdictional comparisons.

Source: Statistics Canada. Data table 36-10-0633-01. For further information, see: [Experimental Economic Activity Indexes for Canadian Provinces and Territories: Experimental Measures Based on Combinations of Monthly Time Series](#)

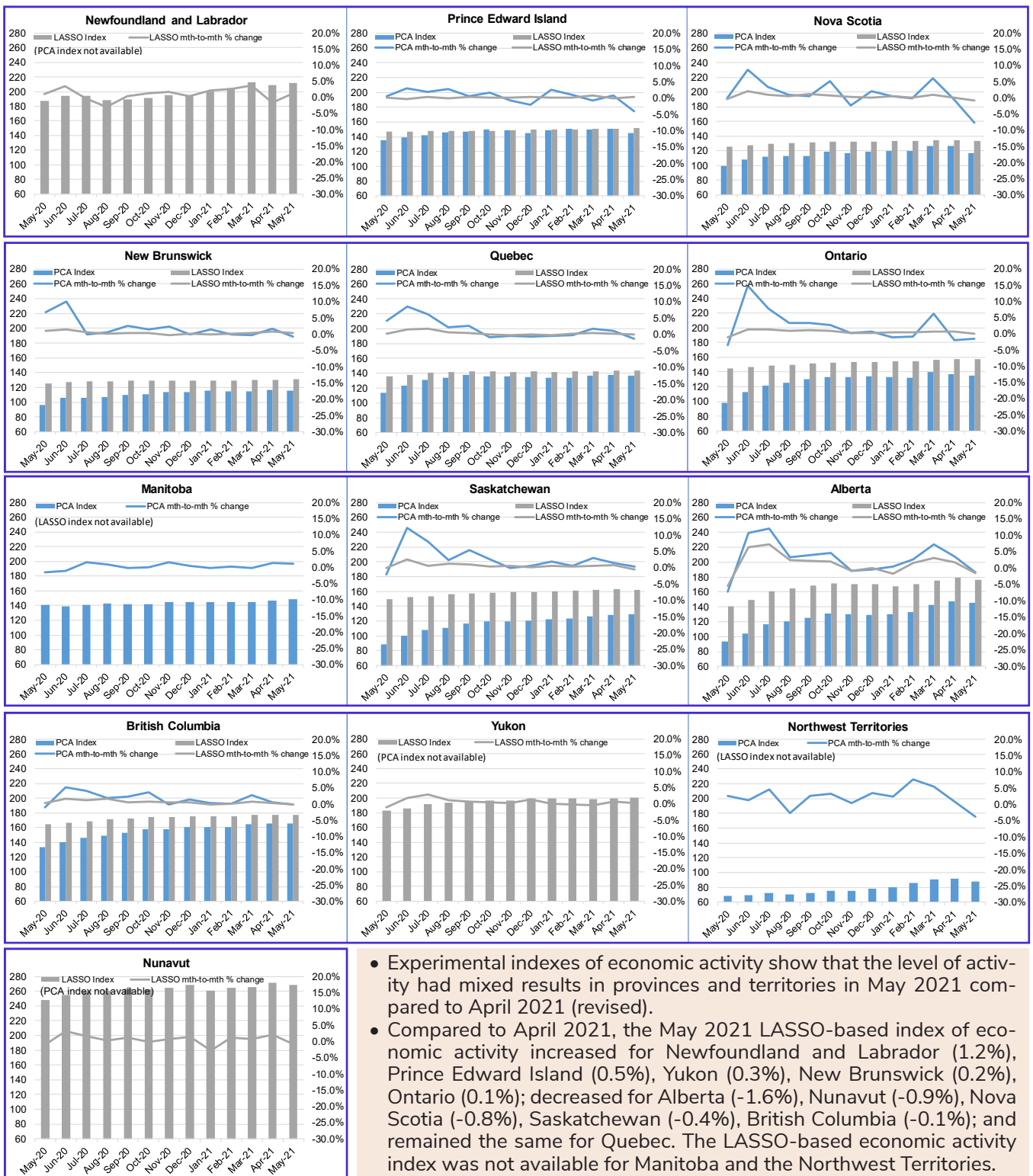
Year-over-year Changes in Economic Activity Indexes, Provinces and Territories, May 2020 to May 2021 Compared to Respective Month May 2019 to May 2020

Note: The PCA-based indexes generally show larger changes than the LASSO-based indexes because they include a larger set of input series in their construction and therefore, capture more variability.



- The PCA-based experimental index shows that all provinces and territories (not available for Newfoundland and Labrador, Yukon and Nunavut) experienced increased economic activity in the month of May 2021 compared to May 2020 (revised).
- The LASSO-based experimental index also shows year-over-year increases in economic activity in all provinces and territories (not available for Manitoba and the Northwest Territories). Comparing May 2021 to that of May 2020 (revised), Alberta (24.9%) saw the largest increase in economic activity, followed by: Newfoundland and Labrador (12.7%); Yukon (9.8%); Saskatchewan (8.9%); Ontario and Nunavut (8.6%); British Columbia (8.1%); Nova Scotia (6.6%); Quebec (5.7%); New Brunswick (4.1%); and Prince Edward Island (3.1%).

Economic Activity Indexes (January 2002 = 100) and Month-over-month Changes, Provinces and Territories, May 2020 to May 2021



- Experimental indexes of economic activity show that the level of activity had mixed results in provinces and territories in May 2021 compared to April 2021 (revised).
- Compared to April 2021, the May 2021 LASSO-based index of economic activity increased for Newfoundland and Labrador (1.2%), Prince Edward Island (0.5%), Yukon (0.3%), New Brunswick (0.2%), Ontario (0.1%); decreased for Alberta (-1.6%), Nunavut (-0.9%), Nova Scotia (-0.8%), Saskatchewan (-0.4%), British Columbia (-0.1%); and remained the same for Quebec. The LASSO-based economic activity index was not available for Manitoba and the Northwest Territories.

September 2021

