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Infomat

A Weekly Review

Friday, February 2, 1996

OVERVIEW

◆ Economy picks up

Economic activity, as measured by the gross domestic product, bounced back in November after retreating in October.

◆ More UI beneficiaries in November

The number of U.I. beneficiaries advanced again in November, the sixth consecutive monthly rise.

◆ Weekly earnings rise

In November, employees' weekly earnings increased after remaining unchanged from August to October; businesses reduced employment again.

◆ Department store sales strong in 1995

In 1995, consumer spending in department stores was generally robust; discounters enjoyed record sales, while majors suffered a tough year.

◆ Raw material prices surge

For the third straight year, manufacturers paid substantially more for raw materials in 1995 than they did in the previous year.

◆ Paper products lead jump in industrial prices

In 1995, industrial prices posted their largest increase since 1981, led by a substantial advance in paper and paper products.

Economy picks up

Economic activity, as measured by the gross domestic product, bounced back in November (+0.3%) after slipping in October (-0.2%). These results indicate that economy-wide growth remained modest in the fourth quarter. October and November's combined average production was 0.1% higher than output in the third quarter. Employment continued to grow moderately.

Rebounds in manufacturing, public utilities, and community, business and personal services accounted for most of November's recovery. Wholesalers, retailers, the finance group and construction also contributed to the overall gain. Production fell in mining, forestry and communications services.

Manufacturing output rose 0.6% after edging down in October. A surge in the production of electrical and electronic equipment was responsible for most of the gain, with office machinery and electronic equipment leading the advance. Excluding these two industries, output in manufacturing declined 0.1%.

Output of utilities rose 2.0%, reflecting higher production by electric utilities and gas distributors. Demand for energy intensified in November, due to colder-than-normal temperatures.

Community, business and personal services grew 0.7% after dropping 0.3% in October. Advances in business services, and

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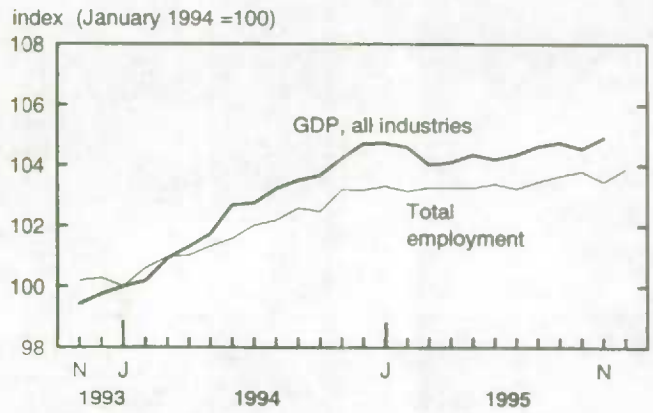
Gross domestic product at factor cost



... Economy picks up

other amusement services accounted for half the increase. A rebound in activity by lottery corporations made up the gain in amusement services.

Sales by wholesalers climbed by 0.5%, not enough to offset October's loss. Foodstuffs and motor vehicles contributed most to the gain, while sales of farm machinery fell sharply.

Retailers enjoyed a 0.4% rise in sales. Service station operators and retailers of motor vehicle parts increased sales the most, while sales by vehicle dealers and furniture and appliance stores continued to weaken. Purchases of clothing improved after several declines.

Financial and related services grew a further 0.4%, the eighth increase in the last nine months. Activity in construction, which began to firm up toward the end of the third quarter, increased 0.5% in November.

Note to readers

Gross domestic product (GDP) of an industry is the value added by labour and capital when transforming inputs purchased from other industries into output. Monthly GDP by industry is valued at 1986 prices. All estimates presented here are seasonally adjusted at annual rates.

Output in the mining sector receded 0.9%, due mainly to lower production of crude oil and natural gas, and less drilling activity.

*For further information, order **Gross domestic product by industry** (catalogue 15-001) or contact Michel Girard, Industry Measures and Analysis Division at (613) 951-9145. (See also "Current trends" on page 6.)*

More UI beneficiaries in November

The number of Canadians receiving regular UI benefits advanced 0.9% to 747,000 in November, the sixth straight monthly rise. However, even with this latest increase, the number is still below what it was at the beginning of 1995. The climb in the number of beneficiaries was in line with results from the Labour Force Survey, which showed a drop in employment in November.

Canadians received $999.3 million (unadjusted) in UI benefits (including regular and special) in November, down 11.2% from November 1994. Comparing the same month in previous years, this was the lowest amount since November 1989, when $862.2 million was paid. For the first 11 months of 1995, Canadians received $12.6 billion in benefits, down 13.8% from the same period in 1994.

UI beneficiaries receiving regular benefits, November 1995
Seasonally adjusted

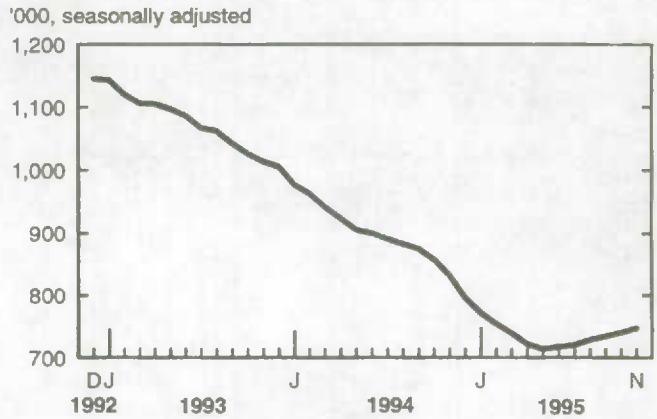
Province/territory	Total ('000)	% change, previous month	% change, previous year
Canada	**747**	**0.9**	**-10.3**
Newfoundland	41	3.4	-9.8
Prince Edward Island	10	-0.9	-10.2
Nova Scotia	37	-0.8	-18.9
New Brunswick	44	0.5	-11.1
Quebec	259	1.6	-8.3
Ontario	178	2.1	-13.8
Manitoba	19	-2.2	-9.3
Saskatchewan	15	-2.6	-8.7
Alberta	52	0.7	-9.2
British Columbia	85	0.9	-7.9
Yukon	1	-5.6	-15.9
Northwest Territories	1	0.1	-5.7

Note to readers

The majority who collect unemployment insurance benefits receive regular benefits. In addition to regular benefits, claimants can qualify for special benefits (e.g., training, maternity, sickness and fishing benefits).

Unless otherwise noted, all data are seasonally adjusted.

Number of U.I. beneficiaries receiving regular benefits



In November, 264,000 individuals claimed unemployment insurance benefits, up 1.5% from October and an increase of 7.9% from November 1994. From January to November 1995, 2,783,000 people (unadjusted) submitted claims, 3.9% more than during the same period the year before.

*For further information, order **Unemployment insurance statistics** (catalogue 73-001) or contact Ruth Barnes, Labour Division at (613) 951-4046; fax: (613) 951-4087; the Internet: labour@statcan.ca.*

Weekly earnings rise

Employees' weekly earnings rose 0.5% in November to $577.26, after remaining unchanged from August to October. This increase occurred despite a drop in weekly hours (the second straight monthly drop) for employees paid by the hour. Commissioned agents and working owners reported the most substantial earnings gain. Above-average growth was registered for employees in logging and forestry services and business services.

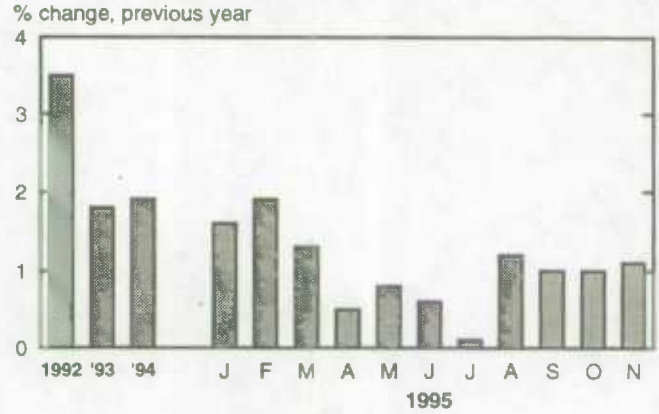
Businesses reduced the number of employees on their payrolls by 48,000 in November, reflecting households' reluctance to spend and the efforts of various governments to reduce public spending. Falling employment during October and November has dampened the general growth trend in 1995, and resulted in a year-to-date growth rate less than one-third that of 1994. From January to November 1995, the number of employees grew by 86,000.

November's decline was concentrated in personal services such as health and social services; accommodation, food and beverage services; miscellaneous services; and retail trade. This was the second consecutive month when businesses in these industries reduced employment.

Average weekly earnings, November 1995
Seasonally adjusted

Province/ Territory	Industrial aggregate ($)	% change, previous month	% change, previous year
Canada	**577.26**	**0.5**	**1.1**
Newfoundland	534.67	-0.8	-1.2
Prince Edward Island	479.35	-0.9	5.5
Nova Scotia	488.43	0.7	-2.3
New Brunswick	518.84	1.6	3.0
Quebec	555.58	1.3	2.2
Ontario	613.89	0.7	0.7
Manitoba	506.99	-0.1	0.5
Saskatchewan	494.69	-0.1	0.2
Alberta	555.80	0.3	-0.1
British Columbia	597.40	-0.4	2.5
Yukon	706.77	-1.5	5.0
Northwest Territories	717.23	0.3	2.3

Weekly earnings



Despite these declines, employment has increased since January 1995 in health and social services (+16,000) and accommodation, food and beverage services (+10,000). For miscellaneous services, however, the recent drops have more than offset 1995's earlier gains.

The number of employees in retail trade fell by 9,000 in November, following a similar drop the previous month. Employment in this industry had been expanding since October 1994, but the trend has reversed since the end of the summer. This coincides with the levelling off of retail sales in 1995.

Manufacturers employed slightly more people in November, bringing the three-month employment gain to a substantial 34,000 jobs. Following declines at the beginning of 1995, manufacturing employment has resumed a upward trend.

Since July, the number of employees in public administration has remained stable. Between January and July, employment was reduced by an average of 3,000 employees per month. Federal and provincial governments have continued this trend, but at a slower pace. Meanwhile, the number of employees in local administration has increased sufficiently to offset these declines.

For further information, order ***Employment, earnings and hours*** *(catalogue 72-002) or contact Stephen Johnson, Labour Division at (613) 951-4090; fax: (613) 951-4087; the Internet: labour@statcan.ca.*

Department store sales strong in 1995

Despite three monthly declines during the year, consumer spending in department stores was generally robust in 1995: $13.9 billion, up 4.7% from 1994. Department store sales have been on an upward trend since mid-1993. However, the pace of growth did start to slow in July 1995.

The sales jump in 1995 was largely attributable to a strong 13.4% increase by discount retailers, partly as they opened an additional 15 discount stores in 1995. The market share of the discounters, although volatile, was greater than 50% throughout 1995 and, by the end of the year, climbed to 53%.

Note to readers

The major department stores are The Bay, Eaton and Sears. The discount stores are K-Mart, Wal-Mart and Zeller's.

Sales by the major department stores fell for the third straight year (-3.7% to $6.5 billion). There were four fewer major department stores in December 1995 than in December 1994.

Women's clothing and accessories accounted for 14% of total department store sales, followed by men's clothing and accessories (11%) and toiletries, cosmetics and pharmaceutical products (10%). Sales of these items increased 0.4%, 6% and 15% respectively.

(continued on page 4)

Department store sales including concessions
Unadjusted

	Dec. 1995	Dec. 1994 to Dec. 1995
	$ millions	% change
Canada	**2,264.1**	**3.4**
Newfoundland	x	x
Prince Edward Island	x	x
Nova Scotia	79.4	0.7
New Brunswick	56.1	-1.0
Quebec	379.8	2.9
Ontario	965.2	2.5
Manitoba	94.4	3.6
Saskatchewan	71.9	6.7
Alberta	253.5	5.5
British Columbia, Yukon, the Northwest Territories	322.2	6.7

X Confidential to meet the secrecy requirements of the Statistics Act.

Department store sales rose in every province in 1995. The largest increase (11%) was recorded in Saskatchewan. Sales by department stores in Ontario (representing 42% of total sales) climbed 4.0% from the previous year.

In December, sales advanced a marginal 0.5% from November, not enough to meet retailers' hopes. Inventories fell for a third consecutive month (-0.6%). At discount stores, sales totalled $1.2 billion, up 7.1% from December 1994. The majors rang in sales of $1.1 billion, down 0.4% from a year earlier.

*For further information, order **Department store sales and stocks** (catalogue 63-002) or contact Leslie Kiss, Industry Division at (613) 951-3556.*

Raw material prices surge

In 1995, manufacturers paid 8.5% more for raw materials than they did in 1994. Most of the increase came from higher non-ferrous metal, crude oil, vegetable and wood prices. Raw material prices have increased substantially over the past three years: price rises of 7.7% in 1994 and 5.9% in 1993 preceded 1995's advance.

Non-ferrous metal prices increased almost 20% in 1995. The major contributors were copper, nickel, aluminum and lead. Prices for these metals (except lead) decreased in the last six months of 1995.

Crude oil prices rose almost 10% in 1995. After climbing in the first six months of the year, prices weakened, then regained strength in November and December. Recent OPEC talks, which confirmed status-quo production quotas, along with unusually cold weather in the United States and Europe in November and December, contributed to the price pick-up. Low inventory levels added to the upward pressure.

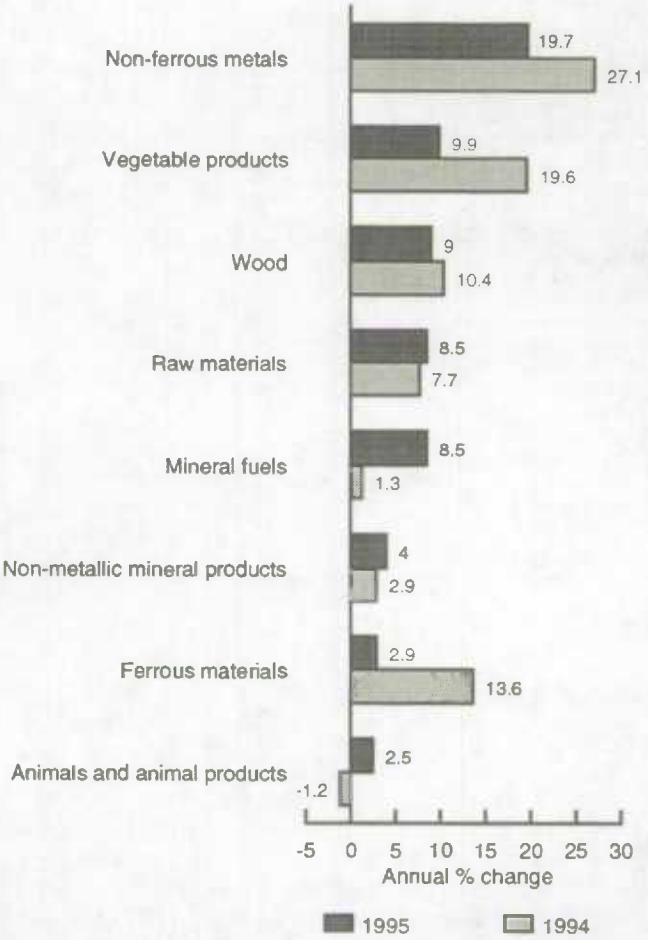
Higher prices for grains, rubber and raw tobacco led to an over 10% increase in vegetable product prices. This advance was marginally offset by lower prices for potatoes and oilseeds. Wheat prices hit a 15-year high, with world supplies at their lowest levels in almost 20 years. Nearly all the world's wheat growing countries were faced with poor weather during the growing season.

Wood prices, up almost 80% since 1990, rose for a fifth straight year (9%). Wood prices weakened in the last half of 1995, however, a result of significantly lower log prices and stagnating prices for pulpwood.

In December 1995, raw material prices rose 1.8% from the previous month. Higher prices for crude oil and grains were partly offset by lower prices for raw tobacco and cattle. Prices in December were 2.2% higher than in December 1994.

*For further information, order **Industry price indexes** (catalogue 62-011) or contact Paul-Roméo Danis, Prices Division at (613) 951-3350; fax: (613) 951-2848.*

Raw material prices



Note to readers

The raw materials price index (RMPI) reflects the prices that Canadian manufacturers pay for key raw materials. Many of these prices are set in world markets. Unlike the industrial product price index, the RMPI includes goods that are not made in Canada.

Paper products lead jump in industrial prices

Driven mainly by export-oriented inputs, 1995's annual average increase in industrial prices was 8.1%, its largest jump since 1981. Industrial prices slowed in the first half of 1995, and then stagnated in the second half. Changes in the Canadian-U.S. exchange rate significantly influenced the month-to-month fluctuations in industrial prices.

Prices rose in every major commodity group except wood products. A very low level of residential construction particularly hurt softwood lumber prices.

Of the main product categories, paper and paper products posted the steepest annual average price increase (38%). Pulp and paper plants around the world operated nearly at full capacity in an attempt to meet demand. As a result, pulp's annual average price increase was 61%; newsprint's increase was 43%. North American newspapers responded by changing format to reduce consumption; many publishers moved to thinner and/or narrower pages.

In December, the 12-month change in industrial prices fell to 5.2% from its January peak of 10.3%. Between November and December, prices rose 0.5%. However, if the exchange rate effect were removed, the change would have been 0.2%.

Note to readers

The industrial product price index (IPPI) reflects the prices producers receive as goods leave their plants. It does not reflect what consumers pay. Unlike the consumer price index, the IPPI excludes indirect taxes and all costs (including transportation, wholesale, and retail) occurring from the time a good leaves a plant until a final user takes possession.

Since Canadian export producers often quote their prices in foreign currencies, changes in the exchange rate affect the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar has been estimated to change the IPPI by about 0.2%.

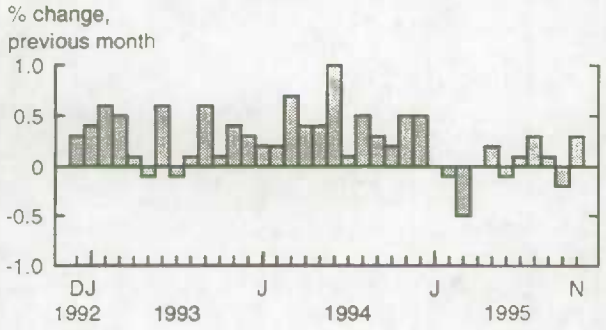
The exchange rate accounted for most of the increase in vehicle prices. Price increase for gasoline, fuel oil, ethylene, and feeds accounted for most of the remainder. The most noteworthy decline was in pulp prices, down 3.4%. This was the first decline since November 1993.

In late 1995, economic conditions remained relatively unfavourable for price increases. Domestic demand for industrial products showed signs of weakness; internationally, there were few signs of strong growth in North America, Japan or Europe.

For further information, order ***Industry price indexes*** *or contact Paul-Roméo Danis, Prices Division at (613) 951-3350; fax: (613) 951-2848.*

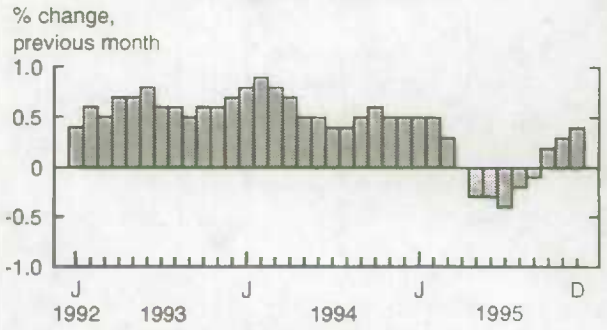
Current trends

Gross domestic product



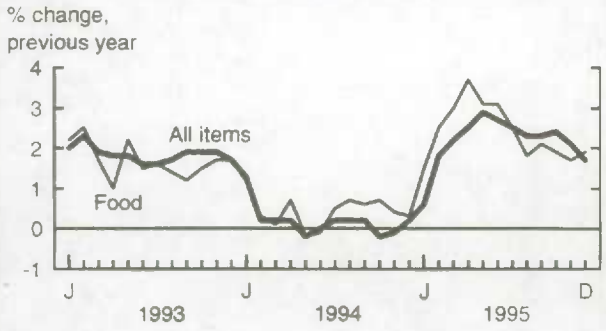
Real gross domestic product at factor cost increased 0.3% in November.

Composite index



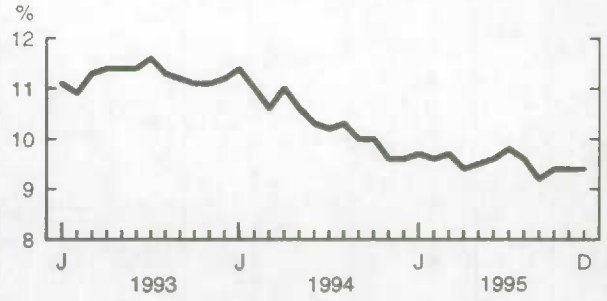
The composite index continued to rise in December, up 0.4% from the month before.

Consumer price index



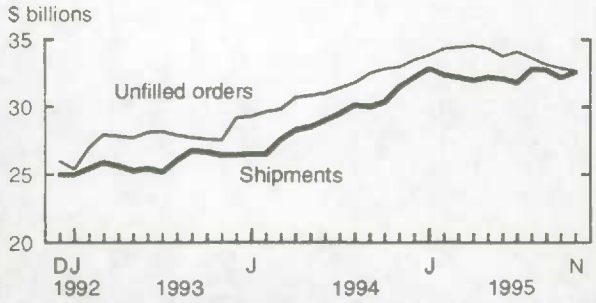
Consumers paid 1.7% more for goods and services in December 1995 than the year before. Food prices rose by 1.9%.

Unemployment rate



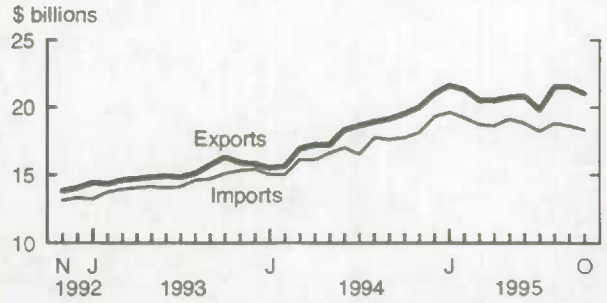
In December, for the third straight month, the unemployment rate remained unchanged at 9.4%.

Manufacturing



Manufacturers' shipments increased by 1.3% to $32.6 billion in November. The level of unfilled orders fell 0.6% to $32.6 billion.

Merchandise trade



The value of merchandise exports fell 2.5% to $21.0 billion in October. Imports fell 1.9% to $18.3 billion.

Note: *All series are seasonally adjusted except the consumer price index.*

Latest monthly statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billion, 1986)	November*	544.9	0.3%	0.7%
Composite index (1981=100)	December	172.9	0.4%	0.9%
Operating profits of enterprises ($ billion)	3rd quarter	25.0	3.2%	20.3%
DOMESTIC DEMAND				
Retail trade ($ billion)	November	17.7	0.2%	0.6%
New motor vehicle sales ('000 units)	November	96.4	0.5%	-8.7%
LABOUR				
Employment (millions)	December	13.6	0.4%	0.7%
Unemployment rate (%)	December	9.4	0.0†	-0.2†
Participation rate (%)	December	64.7	0.3†	-0.5†
Labour income ($ billion)	October	35.1	-0.2%	2.7%
Average weekly earnings ($)	November*	577.26	0.5%	1.1%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	October	21.0	-2.5%	7.3%
Merchandise imports ($ billion)	October	18.3	-1.9%	3.3%
Merchandise trade balance (all figures in $ billion)	October	2.7	-0.2	0.8
MANUFACTURING				
Shipments ($ billion)	November	32.6	1.3%	3.6%
New orders ($ billion)	November	32.4	1.5%	2.4%
Unfilled orders ($ billion)	November	32.6	-0.6%	-0.9%
Inventory/ shipments ratio	November	1.40	-0.01	0.14
Capacity utilization (%)	3rd quarter	83.1	-0.3†	-1.4†
PRICES				
Consumer price index (1986=100)	December	133.9	-0.1%	1.7%
Industrial product price index (1986=100)	December*	130.2	0.5%	5.2%
Raw materials price index (1986=100)	December*	129.3	1.8%	2.2%
New housing price index (1986=100)	November	133.1	-0.3%	-2.1%

Note: *All series are seasonally adjusted with the exception of the price indexes.*
* *new this week*
† *percentage point*

Infomat
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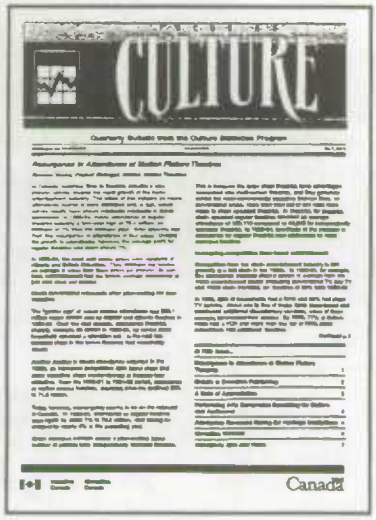
New from Statistics Canada



Focus on culture

Winter 1995

This quarter's *Focus on culture* features several articles on Canadian culture. One concerns the recent resurgence in attendance at movie theatres and drive-ins, which reached a four-year high in 1993/94. Another looks at non-profit performing arts companies, which are facing declines in both attendance and government grants.

Also, grants to Canadian publishers are examined, highlighting the relative importance of government aid to small publishers. Another article reports that even though heritage institutions are posting higher revenues from admissions while government grants are decreasing slightly, such grants still accounted for 70% of these institutions' operating revenues in 1993/94.

The Winter 1995 (vol.7, no.4) issue of Focus on culture *(catalogue 87-004-XPB, $8, $26) is now available. For further information, contact Mary Cromie, Culture Statistics Program at (613) 951-6864.*

The labour market: Year-end review

1995

Perspectives on labour and income announces the advance release, by fax, of "The labour market: Year-end review", which summarizes changes and trends in the labour market during 1995.

Last year's economic performance was weak compared with 1994, when exports, earnings and employment all made major gains — employment rose by 382,000 during 1994. That growth paused in 1995, however. Between December 1994 and December 1995, overall employment rose by only 88,000 jobs — and most of those were part-time. Moreover, adults saw their unemployment rate fall slowly during 1995, from 8.7% in January to 8.1% by year-end, while youths saw theirs climb from 14.8% to 16.1% over the same period.

This package also includes "Canada's unemployment mosaic in the 1990s", which looks at the geographic distribution of unemployment.

The Spring 1996 issue of Perspectives *(catalogue 75-001E, $17/$56) will be released in early March. It will include "The labour market: Year-end review" and "Canada's unemployment mosaic in the 1990s". For further information on "The labour market: Year-end review", contact Cécile Dumas at (613) 951-3762 or Ernest B. Akyeampong at (613) 951-4624. For further information on "Canada's unemployment mosaic in the 1990s", contact Dave Gower at (613) 951-4616. To order the fax (available immediately for $40), contact Suzanne David, Labour and Household Surveys Analysis Division at (613) 951-4628.*

Publications released from Jan. 26 to Feb.1, 1996

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription Canada (Cdn.$)	United States	Other countries
					US$
AGRICULTURE					
Field crop reporting series no. 1: stocks of Canadian grain	December 1995	22-002	15/85	18/102	21/119
EDUCATION, CULTURE AND TOURISM					
Focus on culture	Winter 1995	87-004-XPB	8/26	10/32	12/37
INDUSTRY					
Construction type plywood	November 1995	35-001	6/60	8/72	9/84
Corrugated boxes and wrappers	December 1995	36-004	6/60	8/72	9/84
Electric lamps	December 1995	43-009-XPB	6/60	8/72	9/84
Gas utilities	October 1995	55-002	16/160	20/200	23/230
Gypsum products	December 1995	44-003-XPB	6/60	8/72	9/84
Pack of canned tomatoes and tomato products	1995	32-237-XPB	14	17	20
Production and inventories of process cheese and instant skim milk powder	December 1995	32-024-XPB	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies	November 1995	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	November 1995	35-003	8/80	10/96	12/112
Refined petroleum products	October 1995	45-004	20/200	24/240	28/280
Rigid insulating board	December 1995	36-002-XPB	6/60	8/72	9/84
The sugar situation	December 1995	32-013	6/60	8/72	9/84
INTERNATIONAL TRADE					
Imports by commodity microfiche version	November 1995	65-0070XMB	35/350	42/420	49/490
Imports by commodity paper version	November 1995	65-0070XPB	75/750	90/900	105/1,050
LABOUR					
Employment, earnings and hours	October 1995	72-002	31/310	38/372	44/434
PRICES					
Industry price indexes	November 1995	62-011	21/210	26/252	30/294
SERVICES, SCIENCE AND TECHNOLOGY					
Industrial research and development	1995	88-202-XPB	75	90	105
Telephone statistics	November 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Aviation service bulletin		51-004	11/105	13/126	15/147

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