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A Weekly Review

Friday, March 5, 1999

OVERVIEW

- **Corporate operating profits declined in 1998**

  Despite a 15.1% gain in the fourth quarter, corporate operating profits declined 4.8% last year.

- **Composite index makes another large advance**

  The leading indicator rose 0.4% in January, matching its gain in December. These two advances were the indicator's largest since June.

- **Canadians invested a record amount in foreign securities last year**

  In November and December, Canadian investors added record amounts to their portfolios of foreign securities, bringing their investment for the year to an unprecedented $21.9 billion.

- **Exchange rate lifts industrial prices higher**

  Industrial product prices declined from December to January to stand slightly below their year-earlier level. The effect of the Canada-U.S. exchange rate remained strong and lifted prices.

- **First rise for raw material prices in four months**

  Raw material prices made their first overall advance in four months, mainly on the strength of hog and crude oil prices. The upward move was slightly dampened by lower vegetable product prices.

- **Slight growth in average weekly earnings**

  In December, employees' average weekly earnings increased from November by a slight 0.1%. In 1998, the growth in average weekly earnings was 1.2%, barely exceeding the 1.0% annual average inflation rate.

- **Flat capital spending expected**

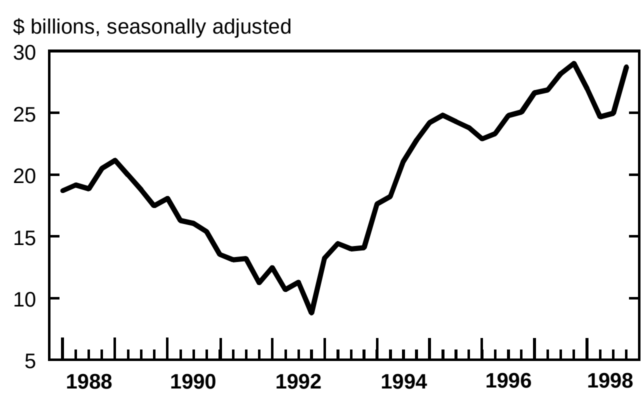
  Capital spending by businesses and governments is expected to remain almost unchanged this year after five years of growth.

Corporate operating profits declined in 1998

Canadian businesses earned $105.3 billion in operating profits in 1998, a 4.8% slide from the record high of $110.7 billion earned in 1997. Although commodity prices deteriorated overall last year, by far the largest contributing factor affecting profits was the collapse in world oil prices. Excluding the petroleum and natural gas industry, corporate profits were little changed for the year. However, petroleum and natural gas industry profits tumbled 39.0%, shrinking from $14.1 billion in 1997 down to $8.6 billion, despite a strengthening of crude oil export volumes. The natural gas industry fared better in 1998. Canadian producers tapped further into the U.S. market through expanded pipeline facilities that started coming on stream late in the year.

The non-ferrous metals industry saw profits plunge 44.0% in 1998, as average metal prices staggered to a five-year low amid a glut of supply. Many companies reported that the loss of key Asian markets was the principal factor affecting the 1998 results. The wood and paper industry staged a comeback last year, as operating profits climbed 35.3% to $4.6 billion (well below the 1995 peak of $10.5 billion). The 1998 profits were largely due to

Operating profits of corporations



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... Corporate operating profits declined in 1998

cost reductions, since operating revenue was up only 1.3%. As for newsprint, prices recovered 8.9% in 1998 despite high capacity worldwide. The price gains were magnified by the weaker Canadian dollar, as most newsprint is quoted in U.S. dollars. A five-month strike by pulp and newsprint workers was settled in November and should affect newsprint capacity and prices in 1999.

The motor vehicles, parts and accessories industry had a favourable year in 1998. Operating revenue advanced 4.0%, while operating profits grew 4.7% to a record $9.3 billion. Led by parts and accessories, retailers in the automotive sector reported a 2.6% sales increase last year. Profits also advanced in 1998 for the consumer goods and services industry (+17.7% to $4.8 billion). However, growth in the industry's operating revenue, which increased 3.7% for the year, was well below the 6.3% seen in 1997. Extensive restructuring in the department store sector may partly explain that slower revenue growth.

Transportation services suffered a 29.8% slide in operating profits, down to $2.5 billion from $3.5 billion in 1997, due to a slight decline in revenue. The industry's problems were especially evident in the airline industry, which reported much lower 1998 profits. That was partially due to the Air Canada pilot strike in September. The weaker Canadian dollar was also a factor that raised operating costs. As well, airlines cited less business travel, higher airport fees, extensive discounting, and reduced shipments of raw and finished products as economies elsewhere slowed.

Property and casualty insurers' operating profits were halved in 1998, falling to $1.4 billion. Insurance claims escalated to record levels, in part due to the ice storm in Eastern Canada early in the year. Trust companies also experienced a profit slump in 1998. Their profits fell from $1.1 billion in 1997 down to $0.3 billion, while operating revenue tumbled 21.7% in the wake of lower interest and non-interest revenue. Meanwhile, the chartered banks' operating profits expanded for a sixth straight year, rising from $15.6 billion in 1997 up to $16.5 billion. Though it was an improvement, the 6.1% profit growth in 1998 was well below the 30% plus growth seen in each of the preceding five years.

Turning to the fourth quarter's results, overall corporate profits grew 15.1%. This represented a rally from the first two quarters' declines and the third quarter's slight increase. Nevertheless, on a year-over-year basis, the fourth quarter profits were down 1.0%.

The motor vehicles, parts and accessories industry benefited from higher vehicle shipments and strong export demand in the fourth quarter. Accordingly, profits in the industry almost doubled to $3.2 billion on 15.7% revenue growth. This was partly due to the lingering effects of last summer's strike at General Motors.

Note to readers

These quarterly financial statistics cover the domestic activities of non-government corporations. Operating profits exclude expense deductions for income taxes, interest on borrowing and asset write-offs. Capital gains and investment income are excluded from the operating profits of non-financial industries, but are included in the operating profits of financial industries.

Starting with the first quarter of 1999, significant changes will be made to the survey. These will affect the comparability and the historical continuity of the financial statistics. Most notably, the statistics will be collected and compiled according to the new North American Industrial Classification System (NAICS), which will differ markedly from the Standard Industrial Classification for Companies and Enterprises (SIC-C) now in use. The new classification system will ease international comparability of the economic data.

The chartered banks' profits also surged in the fourth quarter, up to a record $4.6 billion from $3.9 billion in the third. Higher loan levels boosted fourth-quarter interest revenue. In addition, a lower year-end provision for future loan losses contributed to the fourth quarter's profit growth.

Weak crude oil prices were hammering the energy sector at the close of last year. Petroleum and natural gas industry profits fell from the third quarter to the fourth quarter by 17.3%. The drop from a year earlier was almost 50%. Meanwhile, non-ferrous metal producers recovered some lost ground, as operating profits increased by $0.1 billion to $0.5 billion. Much of the profit gain was triggered by widespread cost cutting within the industry in response to weak prices for metals.

The annualized return on shareholders' equity increased from 7.4% in the third quarter to 8.7% in the fourth. After-tax profits rode the upswing in operating profits to a 17.4% increase, whereas shareholders' equity edged up 0.7% to $644.1 billion. The operating profit margin improved to 7.3% in the fourth quarter, better than the 6.6% margin seen in the third quarter. Moreover, that 7.3% was the highest profit margin in four quarters.

Available on CANSIM: matrices 3914-3971 and 3974-3981.

The fourth quarter 1998 issue of ***Quarterly financial statistics for enterprises*** *(61-008-XPB, $35/$114) will be available later this month. For further information about the non-financial industries, contact Bill Potter (613-951-2662); for more information about the financial industry data, contact Robert Moreau (613-951-2512), Industrial Organization and Finance Division.*

Composite index makes another large advance

The leading indicator rose 0.4% in January, matching its upward revised gain in December. These two advances were the indicator's largest since June, as the economy showed few signs of slowing down. Manufacturing and business services remained the main sources of growth.

Having snapped back from their lull in mid-1998, new orders continued to strengthen (+1.1%) in line with export demand. The ratio of shipments to inventories of finished goods remained stable. Growth in shipments was matched by growth in inventories, suggesting that firms are banking on further increases in demand. These gains in new orders, shipments and inventories translated into greater demand for labour, as the average workweek rose for a fourth straight month. Manufacturers dominated the expansion of employment in January.

Consumer spending remained choppy at the turn of the year, prolonging the uneven performance posted in the second half of 1998. Personal services continued to buttress the overall growth

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... Composite index makes another large advance

in service jobs. In January, commercial services employment recorded its fastest growth of the current expansion. Conversely, demand for durable goods was still faltering, as was demand for housing. Consumer confidence has recovered only partly from its drop last summer.

There were modest gains on the stock market. The TSE remained below its year-earlier level, while natural resource stocks continued to slide. This contrasts with the complete recovery in the U.S. stock market, which partly explains the upturn in the U.S. leading indicator.

Available on CANSIM: matrix 191.

*The February 1999 issue of **Canadian economic observer** (11-010-XPB, $23/$227) is now available. For further information, contact Francine Roy (613-951-3627), Current Economic Analysis Group. See also "Current trends" on page 9.*

Canadians invested a record amount in foreign securities last year

In December, Canadian investors added a further $4.4 billion to their holdings of foreign securities, topping November's record investment and bringing the net investment for the year to an unprecedented $21.9 billion. Canadian investors ploughed a record $2.9 billion into foreign stocks in December, roughly split between U.S. and overseas shares. For 1998 as a whole, two-thirds of the equity investment went into U.S. shares. The total amount invested in foreign stocks during 1998 ($14.9 billion) was second only to the $16.5 billion invested in 1996. Three-quarters of last year's total was invested by Canadian mutual funds.

Canadian investors in December purchased $1.5 billion of foreign bonds, mainly U.S. treasuries. This followed November's record purchase of $2.4 billion and pushed the total investment in foreign bonds for the year to a high of $7.1 billion, which was slightly above the previous year's level.

Foreigners invested just over $24.2 billion in Canadian securities in 1998. In December, they purchased $3.1 billion worth. Of that amount, $2.2 billion went into Canadian bonds, primarily outstanding federal issues. Their annual investment in Canadian bonds last year was similar to 1997's at $10.7 billion. However, it was still less than half the average amount invested from 1988 to 1996. Underlying this relative weakness in the last two years was substantial foreign selling of Canadian government bonds. This was only partly offset by increased financing in foreign markets by domestic corporations.

In December, foreigners invested $0.9 billion in the Canadian money market, down somewhat from November. Investors from the United States and Asia accounted for the bulk of December's activity, which was largely in the corporate paper market. At year-end, foreign investors' holdings of Canadian short-term paper were largely unchanged from 1997.

Although foreign investment in Canadian stocks was virtually non-existent in December, purchases for the year totalled $13.8 billion. This activity was entirely driven by the issue of new Canadian corporate shares, however, as part of the direct investment acquisitions of two major U.S. companies. Excluding these new special purpose issues, foreign investors actually divested themselves of Canadian stocks in 1998. The $3.3 billion of shares sold in the secondary market was widespread geographically. Canadian stock prices opened 1998 on an upward trend, closing April at a record high. However, stock prices then turned generally downward, ending the year 3.2% below the 1997 close.

Available on CANSIM: matrices 2328-2330, 2378-2380 and 4195.

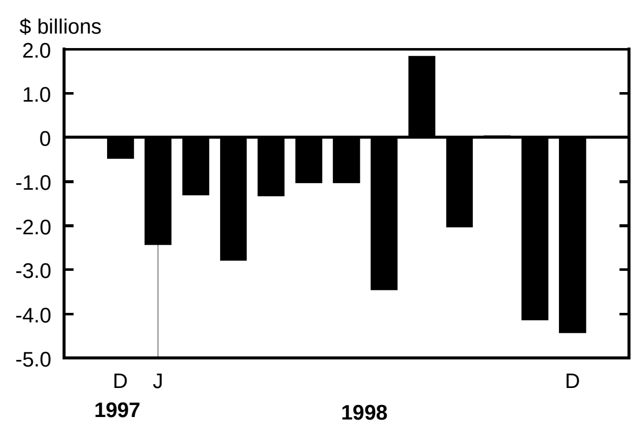
Note to readers

In December, the differential on both short- and long-term government instruments continued to favour investment in Canada, but by a smaller margin than in November. The gap on short-term instruments, which rose to some 70 basis points in October, narrowed in December to only 20 basis points. On long-term instruments, the pattern was similar. After rising to some 35 basis points in September, the gap narrowed to a mere 15 basis points in December.

Canadian and U.S. stock prices continued to rebound in December from their August lows, with gains of 2.2% and 5.6% respectively. Since the sharp sell-off from May to August, Canadian stocks (as measured by the TSE 300 composite index) advanced from September to December by 17.3%. Over this same period, the gains in U.S. stock prices (as measured by the Standard and Poor's 500 index) have been more pronounced at 28.4%.

The Canadian dollar closed December virtually unchanged from November at 65.22 U.S. cents. Early last year, the dollar did show some strength against its U.S. counterpart, rising to 71.23 U.S. cents in March. But for most of the rest of 1998, the dollar drifted lower to close the year at just over 65 U.S. cents. This represented a 7.2% decline from the close of 1997, and it was an improvement from August's record low of just over 63 U.S. cents.

Canadian investment in foreign stocks and bonds



*The December 1999 issue of **Canada's international transactions in securities** (67-002-XPB, $18/$176) will be available later this month. For further information, contact Don Granger (613-951-1864), Balance of Payments and Financial Flows Division.*

Exchange rate lifts industrial prices higher

Industrial product prices declined from December to January by 0.3% to stand slightly below their year-earlier level (-0.3%). The effect of the Canada-U.S. exchange rate remained strong and lifted prices. Prices were down most significantly for motor vehicles and for products from the refined petroleum industries. Pork prices jumped 14.6% in January, yet remained 6.2% below their January 1998 level. Beef prices were also up (+1.9% and +4.5%).

The Consumer Price Index for goods (excluding food purchased from stores) was down 0.4% from January 1998. For manufacturers, the 12-month change in prices for finished goods (other than capital goods or foods and feeds) was +2.5%. However, this increase was basically due to prices of exported goods quoted in U.S. dollars. If this exchange-rate effect were removed, the price change for finished goods would also have been -0.4%.

Exchange-rate effect on manufacturers' prices,
January 1999

	12-month change	Excluding exchange-rate effect
	%	
All goods	-0.3	-2.0
Intermediate goods[1]	-2.3	-3.7
First-stage goods[2]	-9.6	-11.4
Second-stage goods[3]	-1.1	-2.4
Finished goods[4]	2.5	0.3
Foods and feeds	1.0	0.9
Capital goods	4.0	0.9
Other finished goods	2.4	-0.4

[1] *Used as inputs into industry.*
[2] *Used as inputs into basic industries.*
[3] *Used as inputs into other industries.*
[4] *Used for immediate consumption or for capital investment.*

In the United States, manufacturers saw their overall price level increase from December to January. Even so, the 12-month change in U.S. manufacturing prices remained negative in January at -0.1%. In Canada, the 12-month change in manufacturing prices edged lower from -0.2% in December to -0.3% in January (-2.0% if not for the exchange-rate effect).

January's decline in motor vehicle prices was mainly due to the exchange-rate effect. About 90% of the vehicles made in Canada are exported, mostly to the United States. Export prices were down for both cars (-0.8%) and trucks (-0.7%). Domestic car prices, by contrast, were up 1.8%, while domestic truck prices edged up 0.1%. As for the refined petroleum products industries, prices continued to fall (-1.6% from December; -18.1% from January 1998 and -31.7% from January 1997), despite a 10.2% rise in crude oil prices in what may prove to be a temporary rally. The increase was partly attributed to concern over inventory levels in the United States.

In January, manufacturers of goods that are used mainly as industry inputs (intermediate goods) were continuing to see appreciably lower prices (-2.3% from a year earlier). This was particularly the case for prices of goods used mainly as inputs into the basic industries of primary metals, wood, pulp and some chemicals (-9.6%). The notable drop in prices of goods used as inputs into basic industries also reflected January's much lower prices for raw materials (-9.9% from a year earlier). Again, for these two classes of goods, the Canada-U.S. exchange rate had the effect of lifting prices significantly.

For the four European countries that belong to the G7, the most recent figures for the 12-month change in industrial prices are 0.0% in the United Kingdom (January), -1.3% in Italy (December), -1.7% in Germany (December) and -2.6% in France (December).

Available on CANSIM: matrices 1870-1878.

*The January 1999 issue of **Industry price indexes** (62-011-XPB, $22/$217) will be available at the end of the month. For further information, contact Client Services (613-951-3350; fax: 613-951-1539; infounit@stat can.ca), Prices Division.*

First rise for raw material prices in four months

In January, raw material prices increased from December by 3.8%. This first overall price rise in four months occurred mainly on the strength of hogs and crude oil. These upward price moves were slightly dampened by lower vegetable product prices. Despite the rise, raw material prices remained lower than in January 1998 by 9.9%.

If mineral fuels (90% of which is crude oil) were excluded, raw material prices for January would have risen 2.0% from December. This represents the largest month-to-month increase since May 1996. Higher hog prices contributed greatly to this change. Similarly, if mineral fuel prices were excluded from the total, the 12-month change would have been 5.5%.

Animal and animal product prices increased from December by 6.9%. The gain was primarily due to hog prices, which rebounded by 95.3%. Even though this recouped some losses, January prices remained 51.3% below their recent peak in July 1997. At the producer level in January, prices of fresh or frozen pork for the domestic market increased 14.6%. Recently, however, lower hog prices have trickled down to the retail level. As noted by the Consumer Price Index, fresh or frozen pork prices declined in December and January by 5.2%. However, prices have not yet stabilized. Cattle and calves prices rose 3.2% in January, while chicken prices remained stable (+0.2%). On a 12-month basis, animal and animal product prices slipped 1.6%, with hog prices dropping 17.9%; the overall decline was partly offset by price increases for cattle and fish.

As a group, mineral fuel prices rose 9.8% in January. This growth was primarily due to crude oil prices, which rebounded 10.2%. The increase was fuelled by supply concerns after a report indicated that U.S. inventories had made their biggest drop in 18 years. Further supply concerns arose when a Nigerian terminal was shut down due to labour disruptions. Nonetheless, prices remained 24.5% below January 1998 levels, as oversupply problems plagued the industry for most of 1998. Natural gas and coal prices both posted gains in January.

Non-ferrous metal prices remained unchanged in January. Nickel prices firmed up by 13.2%, partly on news of a protracted smelter shutdown in Australia, and partly due to cutbacks of ferro-nickel production in Greece. Zinc, gold and aluminum

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... First rise for raw material prices in four months

materials were subject to continued weakness in Asian demand. On a 12-month basis, non-ferrous metal prices were down 7.1%; the biggest decliners were nickel (-18.4%), zinc (-11.4%) and aluminum materials (-13.5%).

After peaking in May 1997, vegetable product prices continued their downward trend in January by falling 1.6%. Downward pressure on oilseed prices stemmed from the strong crop outlook in South America. Lower soybean prices also reflected Brazil's currency devaluation, which motivated growers to sell commodities immediately to obtain U.S. dollars. As a result, soybean prices fell 4.8%, canola fell 6.4% and coffee prices dropped 6.9%. Despite Brazil being a top sugar producer, unrefined sugar prices were still up 2.9%. Buyers were lured by long-time low market prices, raising concerns about diminishing supply. Compared with January 1998, vegetable product prices were down 12.2%. Coffee, corn, soybeans and sugar were the major contributors to this decline.

Wood prices edged down in January by 0.2% because log prices declined 0.7%. The lumber industry in both Canada and the United States has suffered because of waning Asian demand. In lieu of exporting to Asia, the United States has diverted supplies to its burgeoning domestic building industry, which has put downward pressure on prices in both Canada and the United States. In January, pulpwood prices gained ground (+1.8%). Overall, wood prices were down 4.1% on the year.

Available on CANSIM: matrices 1879.

*The January 1999 issue of **Industry price indexes** (62-011-XPB, $22/$217) will be available at the end of this month. For further information, contact Client Services (613-951-3350; fax (613-951-1539; infounit@statcan.ca), Prices Division.*

Slight growth in average weekly earnings

In December, employees' average weekly earnings increased from November by $0.81 to $608.04 (+0.1%). In 1998, the growth in average weekly earnings was 1.2%, barely exceeding the 1.0% annual average inflation rate in consumer prices.

Average weekly earnings, all industries, December 1998
Seasonally adjusted

	$	% change, previous month	% change, previous year
Canada	**608.04**	**0.1**	**1.2**
Newfoundland	544.49	1.1	4.5
Prince Edward Island	492.69	2.1	3.9
Nova Scotia	518.17	1.0	3.6
New Brunswick	529.32	1.2	2.3
Quebec	570.05	-0.2	0.3
Ontario	648.57	0.5	0.7
Manitoba	549.74	0.3	4.4
Saskatchewan	543.21	-0.3	2.7
Alberta	619.39	0.3	2.3
British Columbia	619.77	-0.1	1.0
Yukon	673.36	1.9	-4.4
Northwest Territories	720.95	-0.8	-2.7

Hourly rated employees worked an average of 31.3 hours (including overtime) in December, down slightly from November. Average hours changed very little last year, rising only 0.2 hours compared with December 1997. Average overtime hours in December remained unchanged from November.

Growth in payroll employment was strong in December (+48,000). In 1998, most of the employment growth was attributable to the manufacturing, construction and business service sectors. Employment in education decreased last year for a second year in a row.

These data on employment, payrolls and hours are now derived from administrative records, which may show a different seasonal pattern than the previous survey data. So it is recommended that these data, particularly the employment data, be used in the context of longer time periods for detailed industry distributions. For more details, consult the May 1998 issue of *Employment, earnings and hours*.

Available on CANSIM: matrices 4285-4466, 9438-9452, 9639-9664 and 9899-9911.

*The December 1998 issue of **Employment, earnings and hours** (72-002-XPB, $32/$320) presents the month's industry data and other labour market indicators in detail. The historical publication **Annual estimates of employment, earnings and hours 1985-1997** (diskette: 72F0002XDB, $120) can also be consulted. Custom tabulations of the data are available on demand. For further information, contact Jean Leduc (613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division.*

Flat capital spending expected

Capital spending on construction (non-residential and housing), machinery and equipment is expected to rise this year by just 0.2% to $161.6 billion. The overall flatness expected this year comes after a five-year period of growth beginning in 1994: 7.3%, -1.8%, 7.8%, 14.3% and 2.5%. In particular, spending on plant (non-residential construction) and equipment is together expected to slip this year by 0.6%—the first slowdown in a trend of rising investment spending that has averaged 5.6% a year since 1994. Investment in housing is expected to increase next year for a fourth consecutive year, up 2.4% from 1998.

Within plant and equipment, spending on non-residential construction is expected to grow in 1999 by 2.1%, whereas investment in machinery and equipment is expected to fall by 2.5%. The fall is largely due to a drop in the number of vehicles that leasing companies expect to acquire for lease in the coming year. This should not overshadow the investment made by communications and manufacturing industries, which still appear to be ploughing money into technology to meet new demand and to increase efficiency. Improved manufacturing employment, the upward trend of exports and low interest rates suggest that the factors behind the steady growth in investment are still present.

Among industries, the single largest decline in capital spending this year will come from the consumer and business financing industries, where most leasing companies are found. This decline of $1.5 billion (- 9.3%) to $14.5 billion will be concentrated in the machinery and equipment spending category, which reflects the sudden drop in vehicle leasing as automakers redirect their focus to selling vehicles. The oil and gas industry, meanwhile, continues to expect its capital spending to plunge in 1999, down 8.7% to $11.5 billion. The plunge in investment can be explained by the ongoing lows in oil prices, as well as by the drops in well completions and metres drilled.

Spending by the manufacturing sector, after six consecutive annual increases, is expected to remain virtually unchanged in 1999 at $19.5 billion. The transportation equipment industries expect a large decline of 14.4% (-$609 million) for 1999, due to completed capital investment projects in the motor vehicle and parts industries. Investment is expected to increase in 9 of the 22 major manufacturing groups, led by the primary metal industries with a $626 million increase (+33.6%). This levelling off of manufacturers' investment in machinery and equipment coincides with the reductions in capacity utilization seen in the second and third quarters of 1998.

The electric power industry still expects a significant increase in 1999 (+10.3%) to $6.3 billion. Its exceptional 23.7% capital spending increase in 1998 was due to the ice storm. Governments at the municipal and federal levels expect to increase capital spending this year by 13.1% (to $7.6 billion) and 4.6% (to $2.8 billion) respectively.

The growth in investment in housing will continue in 1999 chiefly because of a 5.2% rise in renovation expenditures—up to a record $17.1 billion. The largest increases for housing investment are expected in Ontario (+8.8%), Quebec (+3.4%) and Nova Scotia (+7.1%). As the chart shows, several regions can expect to see lower overall capital spending this year.

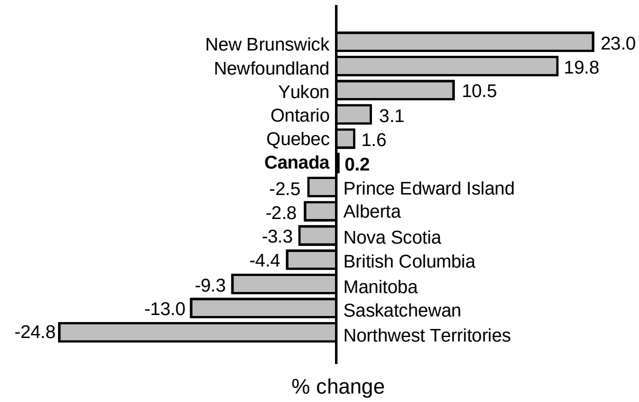
Available on CANSIM: matrices 3101-3130, 3134 and 3135.

Private and public investment in Canada, Intentions 1999 *(61-205-XIB, $35) is now available for viewing and downloading at www.statcan.ca. For further information, contact Les Shinder (1 800 345-2294, ext. 122; 613-951-9815, ext. 122; shinder@statcan.ca), or Gilbert Paquette (1 800 571-0494; 613-951-9818; gilbert@statcan.ca), Investment and Capital Stock Division.*

Note to readers

Private and public investment intentions (or expected capital spending) are based on a sample survey of 23,000 businesses, governments and institutions. The survey was conducted between October 1998 and January 1999. Amounts are in current dollars.

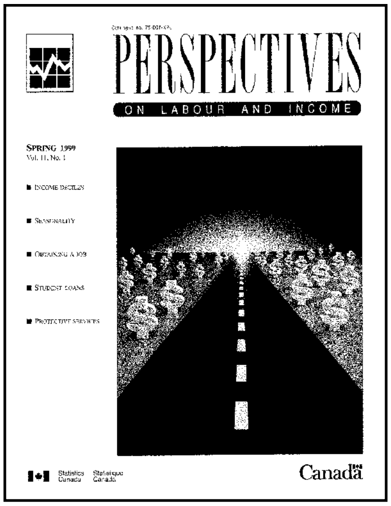
Expected change in capital spending, 1998 to 1999



Capital spending intentions

	1999	1998 to 1999
	$ billions	% change
Total	**161.6**	**0.2**
Plant and equipment	122.3	-0.6
Non-residential construction	52.7	2.1
Machinery and equipment	69.6	-2.5
Housing	39.3	2.4

New from Statistics Canada



Perspectives on labour and income
Spring 1999

The Spring 1999 issue of *Perspectives* features an article titled "Family income: 25 years of stability and change", which describes a statistical profile of family income from 1970 to 1995. The article looks at changes in the shares of total income going to families in the lower, middle and upper sections of the income distribution. It also examines more substantial changes in the types of families typically found in each of those income distribution sections.

Other articles in this issue look at seasonal patterns in employment over the past two decades, obtaining a job, paying off student loans, and private security personnel compared with public police forces.

The Spring 1999 issue of ***Perspectives on labour and income*** *(75-001-XPE, $18/$58) is now available. For further information, contact Henry Pold (613-951-4608; poldhen@statcan.ca), Labour and Household Surveys Analysis Division.*

Labour force historical review on CD-ROM
1998

Does the labour market have an impact on your business? The 1998 *Labour force historical review on CD-ROM* lets you discover labour market patterns or trends in seconds. Thousands of cross-classified data series, from 1976 to 1998, are available at the click of a mouse. You will be able to find monthly and annual averages for a range of subjects. A partial list includes labour force status by demographic, education and family characteristics; unemployment by duration; reason for leaving a last job; average hourly wages by industry and occupation; and trends in the labour markets of metropolitan areas and economic regions.

This year's disc presents industry and occupation data based on the newest classification systems. The package also contains a browser, tutorials, the *Labour Force Survey Guide*, a coefficient of variation calculator, and more. This CD lets you view the data most appropriate for your needs with quick charting features, so you can discover data patterns in seconds.

The 1998 edition of ***Labour force historical review on CD-ROM*** *(71F0004XCB, $195) is now available. Network and bulk prices are available upon request. To order, contact your nearest Statistics Canada Regional Reference Centre or send an e-mail to order@statcan.ca. For more information, contact Marc Lévesque (613-951-2793), Household Surveys Division, or visit www.statcan.ca.*

Insights on...
Winter 1999

The Winter 1999 issue of *Insights on…* features two articles: "Canada's East Coast container ports: Do they compete with or complement one another in the race for North American container traffic?" and "Overview of packaging products used by Canadian manufacturers", which examines the reuse, reduce and recycle movement.

Insights on… is a free newsletter that reports on emerging trends in business and trade. It documents developments in Canadian industry and examines how businesses are responding to new challenges and opportunities. Also included is information on new Statistics Canada products and services that pertain to business and industry.

The Winter 1999 (Vol. 3, no. 1) issue of ***Insights on...*** *(paper: 61F0019XPE, $40/$100; Internet: 61F0019XIE, free) is now available. For further information, contact Jenny Grenier (613-951-1020; grenjen@statcan.ca), Small Business and Special Surveys Division.*

New from Statistics Canada

Employment patterns in the non-metro workforce

Employment patterns in the non-metro workforce shows that patterns of employment growth and decline in the non-metro workforce are different from those in the metro workforce. It also analyzes why unemployment rates in non-metro regions are higher but less sensitive to economic fluctuations.

This analytical bulletin is a collaboration of the Rural Secretariat, Agriculture and Agri-food Canada, and Statistics Canada. It is the second in a series of bulletins that profile trends in rural Canada.

Employment patterns in the non-metro workforce *(21-006-XIE, free) is now available for viewing and downloading at www.statcan.ca. For further information, contact Robert Mendelson (613-951-5385; 1 800 465-1991; fax: 613-951-2848; mendrob@statcan.ca), Agriculture Division.*

Composition of business establishments in smaller and larger communities

Composition of business establishments in smaller and larger communities in Canada shows that, from 1993 to 1996, a large number of new businesses were started in both smaller and larger communities. Moreover, smaller communities have relatively more businesses than their share of the total population, and they are more likely to have smaller businesses. This report also finds that producer-service businesses have a relatively low presence in smaller communities, whereas distributive services, personal services and social services are almost equally spread across smaller and larger communities.

This analytical bulletin is a collaboration of the Rural Secretariat, Agriculture and Agri-food Canada, and Statistics Canada. It is the third in a series of bulletins that profile trends in rural Canada.

Composition of business establishments in smaller and larger communities in Canada *(21-006-XIE, free) is now available for viewing and downloading at www.statcan.ca. For further information, contact Robert Mendelson (613-951-5385; fax: 613-951-2848; 1 800 465-1991; mendrob@statcan.ca), Agriculture Division.*

Rural and urban household expenditure patterns
1996

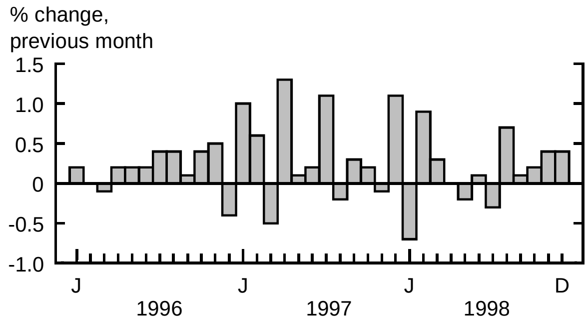
Rural and urban household expenditure patterns shows that although rural and urban households spend the same share of their budgets on food, clothing and shelter, rural households spend more on food and less on shelter. Distance influences the spending patterns of rural households. This bulletin also reveals that rural households spend a higher share of their budget on transportation and a lower share on some services such as cablevision or the Internet, which are more difficult to access.

This analytical bulletin is a collaboration of the Rural Secretariat, Agriculture and Agri-food Canada, and Statistics Canada. It is the fourth in a series of bulletins that profile trends in rural Canada.

Rural and urban household expenditure patterns, 1996 *(21-006-XIE, free) is now available for viewing and downloading at www.statcan.ca. For further information, contact Ray D. Bollman (613-951-3747; 1 800 465-1991; fax: 613-951-2848; bollman@statcan.ca), Agriculture Division.*

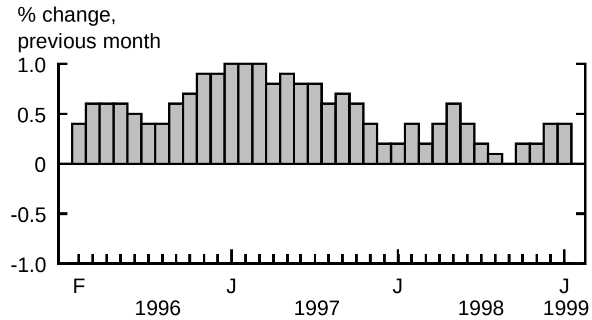
Current trends

Gross domestic product



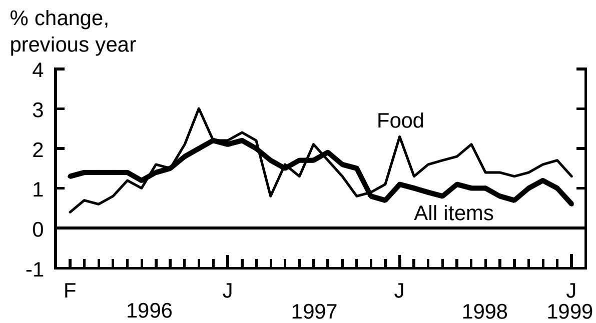
Economic activity advanced 0.4% in December, the fifth consecutive month of growth since a mid-year lull.

Composite Index



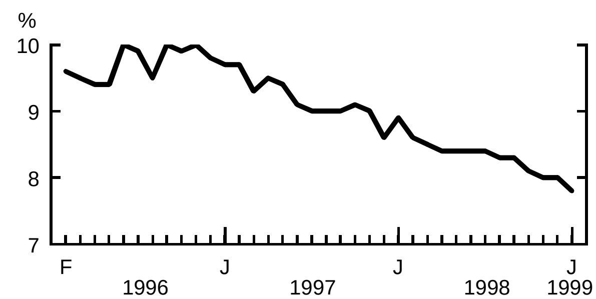
In January, the leading indicator grew 0.4%, matching its upward revised gain in December.

Consumer Price Index



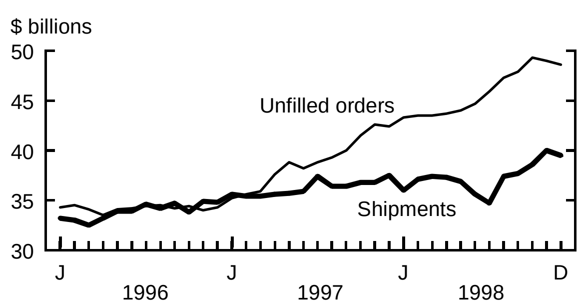
Consumers paid 0.6% more for goods and services in January 1999 than they did a year earlier. Food prices rose 1.3%.

Unemployment rate



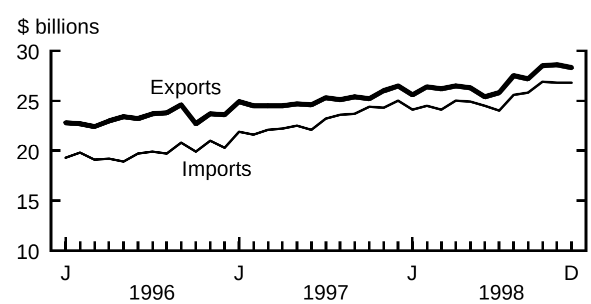
In January, the unemployment rate fell to 7.8% – its lowest point since June 1990.

Manufacturing



Manufacturers' shipments climbed 1.4% in December to $39.5 billion. The level of unfilled orders declined 0.8% to $48.6 billion.

Merchandise trade



In December, the value of merchandise exports slipped 0.7% from November to $28.3 billion. Imports remained steady at $26.8 billion.

Note: *All series are seasonally adjusted except the Consumer Price Index.*

Latest statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billion, 1992)	December*	727.5	0.4%	2.1%
Composite Index (1981=100)	January*	210.1	0.4%	3.8%
Operating profits of enterprises ($ billion)	Q4 1998*	28.7	15.1%	– 1.0%
Capacity utilization (%)	Q3 1998	83.5	– 0.6†	– 1.2†
DOMESTIC DEMAND				
Retail trade ($ billion)	December	20.8	– 0.3%	0.1%
New motor vehicle sales (thousand of units)	December	117.7	– 1.3%	– 18.6%
LABOUR				
Employment (millions)	January	14.65	0.6%	3.7%
Unemployment rate (%)	January	7.8	– 0.2†	– 1.0†
Participation rate (%)	January	65.8	0.2†	0.9†
Labour income ($ billion)	November	39.2	0.1%	3.7%
Average weekly earnings ($)	December*	608.04	0.1%	1.2%
Help-wanted Index (1996=100)	January	147	0.7%	10.5%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	December	28.3	– 0.7%	6.9%
Merchandise imports ($ billion)	December	26.8	0.0%	7.3%
Merchandise trade balance (all figures in $ billion)	December	1.5	– 0.3	0.0
MANUFACTURING				
Shipments ($ billion)	December	39.5	1.4%	5.3%
New orders ($ billion)	December	39.1	1.1%	4.9%
Unfilled orders ($ billion)	December	48.6	– 0.8%	14.7%
Inventory/shipments ratio	December	1.26	– 0.03	– 0.02
PRICES				
Consumer Price Index (1992=100)	January	108.9	0.2%	0.6%
Industrial Product Price Index (1992=100)	January*	119.2	– 0.3%	– 0.3%
Raw Materials Price Index (1992=100)	January*	103.5	3.8%	– 9.9%
New Housing Price Index (1992=100)	December	100.3	0.1%	0.6%

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

Infomat

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Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription Canada (C$)	Outside Canada (US$)
AGRICULTURE				
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Farm cash receipts	1998	21-001-XIB	15/48	15/48
Fruit and vegetable production	February 1999	22-003-XIB	23/46	23/46
Livestock statistics updates, Vol. 98, no. 4		23-603-UPE	45/149	45/149
Rural and urban household expenditure patterns	1996	21-006-XIE	free	free
The dairy review	Oct.-Dec. 1998			
Internet		23-001-XIB	27/89	27/89
Paper		23-001QXPB	36/119	36/119
CANADIAN CENTRE FOR JUSTICE STATISTICS				
A graphical overview of crime and the administration of criminal justice in Canada	1997			
Internet		85F0018XIE	26	26
Paper		85F0018XPE	35	35
INTERNATIONAL TRADE				
Canadian international merchandise trade	December 1998			
Internet		65-001-XIB	14/141	14/141
Paper		65-001-XPB	19/188	19/188
Imports by commodity	December 1998			
Paper		65-007-XPB	78/773	78/773
Microfiche		65-007-XMB	37/361	37/361
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS				
Perspectives on labour and income	Spring 1999	75-001-XPE	18/58	18/58
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Energy statistics handbook	February 1999			
Diskette		57-601-XDE	284	284
Paper		57-601-UPB	387	387
Particleboard, oriented strandboard and fibreboard	December 1998	36-003-XPB	7/62	7/62
Pulpwood and wood residue statistics	December 1998	25-001-XIB	6/55	6/55
Sawmills and planing mills	December 1998	35-003-XPB	12/114	12/114
SCIENCE AND TECHNOLOGY REDESIGN PROJECT				
Communications service bulletin, Vol. 28, no. 3: Cable statistics	1997	56-001-XIB	10/32	10/32
Survey of intellectual property commercialization in the higher education sector, No. 1	1998	88F0006XIB	free	free
SPECIAL SURVEYS				
Insights on...	Winter 1999			
Paper		61F0019XPE	40/100	40/100
Internet		61F0019XIE	free	free
TRANSPORTATION				
Aviation service bulletin, Vol. 31, no. 2		51-004-XIB	8/82	8/82

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