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Infomat

A Weekly Review

Friday, April 4, 1997

OVERVIEW

- **Economic activity advances in January**

  Following a decline in December, gross domestic product rose in January. Growth for December and January combined maintained the moderate pace established in the last half of 1996.

- **Raw material prices decline**

  Manufacturers paid less for raw materials in February, mostly due to significantly lower crude oil prices.

- **Industrial product prices unchanged from year earlier**

  In February, industrial product prices were unchanged from one year earlier. Industrial prices rose slightly between January and February.

- **Ontario and B.C. behind employment gain**

  The number of employees on business payrolls rose slightly in January. Businesses in Ontario and British Columbia accounted for all of the employment gains.

- **Youths face high unemployment rates**

  Over the last two decades, the unemployment rate for 15- to 24-year-olds has been consistently higher than that for adults.

Economic activity advances in January

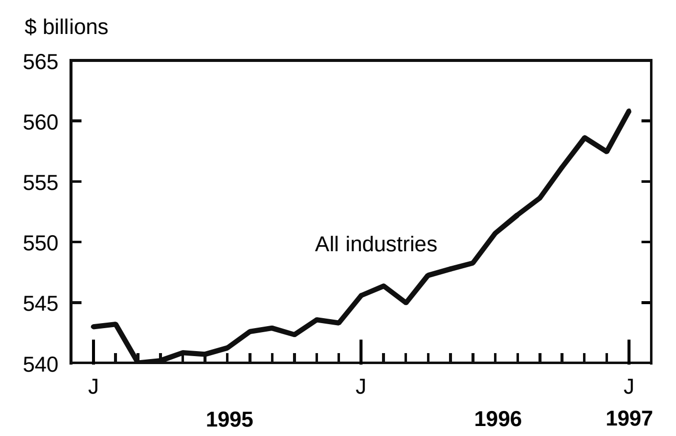
Gross domestic product (GDP) at factor cost rose 0.6% in January following December's decline (-0.2%). For January and December combined, growth maintained the moderate pace established in the last half of 1996.

Much of January's gain was concentrated in a few industries. Manufacturing was most notable, accounting for about 60% of the overall advance. Utilities, wholesale and retail trade, and communications services accounted for most of the remaining gains. Declines in the mining sector, agriculture, and government services curtailed growth.

Manufacturing advanced 1.9% in January, with more than half the gain due to a rebound in motor vehicles and parts output. Production in wood and paper and allied products also bounced back. Chemicals, primary metals and metallic products manufacturers all increased output at a good pace. Industrial machinery production slipped, while output of electrical and electronic equipment remained unchanged. However, shipments of industrial machinery and electronic equipment did increase as some manufacturers reduced stock to meet demand.

(continued on page 2)

GDP at factor cost



... Economic activity advances in January

In January, output of transportation equipment jumped 6.6%. Motor vehicles (+13.4%) and parts (+6.8%) manufacturers boosted output, helped by a significant improvement in exports. The number of vehicles sold in January was much higher than in previous months. In paper and allied products, output increased 3.4%, reflecting the sharp recovery in newsprint. Wood products fabrication moved up 2.4% as sawmill activity picked up. Chemical production rose 3.4% after remaining flat for three months.

Utilities output rose 2.2% as electricity production picked up. Production of electricity was up 3.1%, which offset some of December's loss. Lower residential and commercial demand caused gas distribution to fall 2.5%.

Wholesaling activity rose 1.5% in January, with sales of machinery and equipment, and miscellaneous products such as paper, chemicals and agricultural supplies accounting for more than half the gain. Wholesalers of computers and software products, industrial machinery, motor vehicles and parts, foodstuffs, and lumber and building materials all had a good month.

Retail trade also advanced 1.5% after slipping in December. The gain mainly reflected British Columbia's rebound in sales. Overall, sales increased in 12 of the 18 trade groups. Growth was restrained by a small decline in motor vehicle dealers' sales and lower spending in general merchandise stores.

Activity in the mining sector registered a third straight decline (-0.9%) in January. Transportation and storage services fell slightly due mainly to declines in air and rail transport. Trucking services had a good month (+2.4%), helped by strong activity in manufacturing, wholesale and retail trade.

Note to readers

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

Available on CANSIM: matrices 4670–4674.

The January 1997 issue of **Gross domestic product by industry** *(15-001-XPB, $14/$140), will be available shortly. For further information, contact Michel Girard (613-951-9145), Industry Measures and Analysis Division. (See also "Current trends" on page 7.)*

Raw material prices decline

In February, manufacturers paid 3.2% less for raw materials than in January. The decline was almost entirely due to significantly lower crude oil prices. If the mineral fuels category (90% of which is crude oil) were excluded, raw material prices for February would actually have increased 0.6%.

On a 12-month basis, raw material prices were 5.5% higher than in February 1996. Again, if mineral fuels were excluded, the 12-month increase would have been 0.2%.

Although crude oil prices fell 11.9% in February, they remained 21.0% higher than a year earlier. Marginally warmer weather and moderate increases in supply contributed to the drop. The lower monthly prices for crude oil, along with logs, were somewhat offset by higher cattle and vegetable product prices. Slightly lower prices for hogs, wheat, canola and gold further reduced the overall movement of raw material prices.

Prices for animals and animal products edged up 0.8% in February. Higher prices for cattle (+4.3%) were somewhat offset by lower prices for hogs. Compared with 12 months earlier, animals and animal product prices were up 5%. Higher prices for cattle, hogs and milk were partly diminished by lower prices for fish.

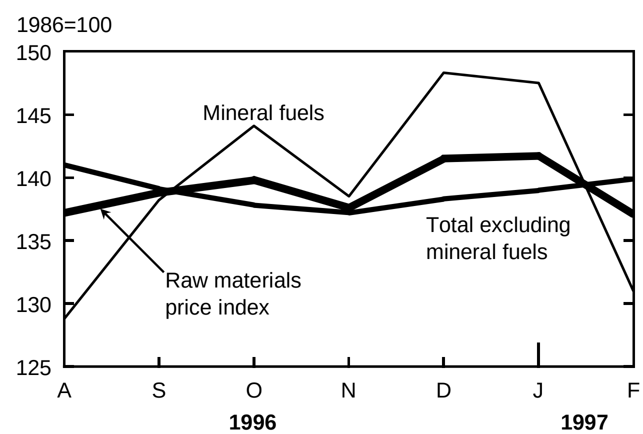
In February, vegetable product prices were up 2.8%. Higher coffee, raw tobacco and soybean prices were partly offset by lower prices for grains and canola. On a yearly basis, vegetable product prices were down 5.0% compared with February 1996. Lower prices for grains, rubber and unrefined sugar were somewhat offset by higher prices for raw tobacco, coffee and oilseeds.

Monthly prices for non-ferrous metals were up slightly in February. Although prices rose for aluminum materials, zinc, and nickel concentrates, these increases were greatly offset by lower prices for radioactive concentrates, lead concentrates, and gold.

Note to readers

The Raw Materials Price Index (RMPI) reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in a world market. Also, unlike the Industrial Product Price Index, the RMPI includes goods that are not produced in Canada.

Raw material prices



Available on CANSIM: matrix 2009.

The February 1997 issue of **Industry price indexes** *(62-011-XPB, $22/$217) will be available shortly. For further information, contact Paul-Roméo Danis (613-951-3350; fax: 613-951-2848; Internet: danipau@statcan.ca), Prices Division.*

Industrial product prices unchanged from year earlier

In February, industrial product prices were unchanged from one year earlier. This followed four months with negative 12-month change. Industrial prices were up 0.1% from January, mostly due to the slight rise in the value of the U.S. dollar against the Canadian dollar. The effect was most noticeable for motor vehicles, pulp, paper and wood products, as producers frequently quote export prices for these items in U.S. dollars.

The most important monthly price increases were for non-ferrous metal products, motor vehicles and parts, and softwood lumber. Declines in petroleum products, newsprint and pulp prices partly offset the increases.

Price increases for non-ferrous metal products were widespread in February, including increases for aluminum (+3.2%) and nickel products (+3.4%), copper and copper alloy products (+0.6%) and refined zinc (+5.1%).

Much of February's increase in motor vehicle prices was due to the change in the value of the Canadian dollar. Automobile domestic prices and truck domestic prices both rose (+0.1% and +0.3% respectively). Export prices were up 0.5% for automobiles and 0.6% for trucks. As 1997 opened, domestic sales of new motor vehicles were noticeably higher than in the two previous years.

In Canada, softwood lumber prices rose slightly in February, increasing by 0.7%. Softwood prices were up 20.1% from a year earlier. In the United States, monthly softwood prices were up 1.6%, while they were 21.6% higher a year earlier. Housing starts were up sharply in both Canada and the United States.

In February, the overall manufacturers' price level for gasoline and fuel oil fell 1.7%, ending six months of increases. Crude oil prices began declining in January and continued to fall in February, dropping 11.9%. Consumer prices for gasoline at the fuel pumps continued to rise.

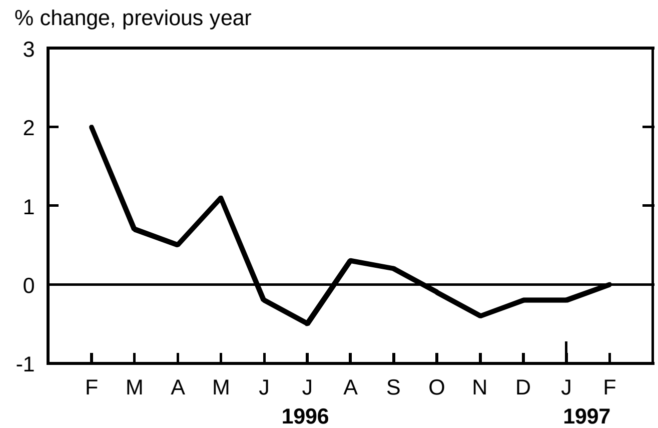
Newsprint prices were down in both Canada and the United States. Canadian manufacturers' prices for newsprint continued to decline in February (-0.4%), standing 29.3% lower than a year earlier. Similar monthly and 12-month price movements were seen in the United States. Pulp price in Canada fell 0.5% in February, and were 23.7% lower than in February 1996. U.S. price movements were roughly similar to Canadian price changes.

Note to readers

The Industrial Product Price Index (IPPI) reflects the prices that producers receive as the goods leave the plant gate. It does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time when a good leaves the plant and the time when the final user takes possession of it, including the transportation, wholesale, and retail costs.

Canadian producers export many goods. They often quote their prices in foreign currencies, particularly for motor vehicles, pulp, paper, and wood products. A rise or fall in the value of the Canadian dollar against the U.S. dollar therefore affects 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 approximately 0.2%.

Industrial product prices



Available on CANSIM: matrices 2000–2008.

The February 1997 issue of ***Industry price indexes*** *(62-011-XPB, $22/$217) will be available shortly. For further information, contact Paul-Roméo Danis (613-951-3350; fax: 613-951-2848; Internet: danipau@statcan.ca), Prices Division.*

Ontario and B.C. behind employment gain

Businesses added 9,000 employees to their payrolls in January. Ontario and British Columbia accounted for all of the employment gains, which were partly offset by declines in the remaining provinces and territories. Businesses in retail food, finance, insurance and real estate, and employment agencies and personnel suppliers led the growth; wholesale trade, accommodation and food services recorded lower employment.

In January, employees' average weekly earnings rose slightly for the second consecutive month. Earnings, which were relatively stable between May and September, resumed an upward trend led by finance, insurance, real estate and business services. Employees' earnings were 4.1% higher in January 1997 than in January 1996, partly as a result of more average hours worked.

Note to readers

The target population of the Survey of Employment, Earnings and Hours is all employers in Canada, except those in agriculture, fishing and trapping, private household services, religious organizations and defence services. The survey determines an employee as any person drawing pay for services rendered or for paid absences and for whom the employer must complete a Revenue Canada T-4 Supplementary Form.

The average number of hours worked for employees paid by the hour—half of all paid employment—reached a new peak of 31.3 hours in January. The increase was led by the wholesale trade, finance, insurance and real estate sectors.

(continued on page 4)

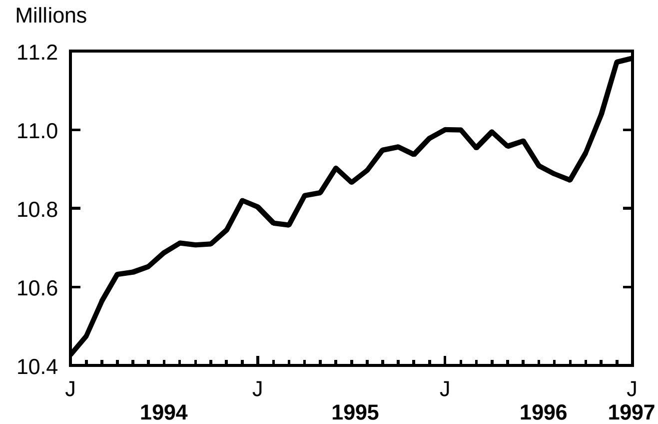
... Ontario and B.C. behind employment gain

The retail industry, which has been growing since the fall, added 11,000 employees to their payrolls in January. Growth was concentrated in Quebec and British Columbia, and in retail food stores. Following a substantial gain in October 1996, weekly earnings for retail trade employees stabilized. In January, retail trade employees' earnings were up 4.5% over a year earlier.

In finance, insurance and real estate, employment rose by 10,000 in January. Average weekly earnings for employees in this sector rose by $10.97, the fourth consecutive monthly gain. Employees earned on average 8.6% more than in January 1996, coinciding with increased activity in financial markets.

Employment in business service industries was relatively stable between January and October 1996. Since then, employment has grown substantially. The most notable increases in the past year were in employment agencies and personnel suppliers, and in offices of architects, engineers and other scientific and technical services.

Employment



Average weekly earnings, January 1997
Seasonally adjusted

	Industrial aggregate $	% change, previous month	% change, previous year
Canada	**596.78**	**0.2**	**4.1**
Newfoundland	529.05	-1.6	-0.5
Prince Edward Island	484.90	-0.3	4.7
Nova Scotia	497.47	-0.8	2.9
New Brunswick	517.55	0.3	2.6
Quebec	557.52	-1.0	3.4
Ontario	637.18	0.3	3.9
Manitoba	522.90	0.6	2.9
Saskatchewan	530.85	1.2	8.6
Alberta	591.61	-0.1	7.1
British Columbia	619.75	-0.1	4.0
Yukon	728.65	2.7	4.9
Northwest Territories	736.45	1.4	0.8

Wholesale trade lost 13,000 employees in January, partially offsetting the gains in the previous three months when 44,000 employees were added. Weekly earnings for wholesale trade employees rose 0.3%, mostly attributable to an increase in hours worked for employees paid by the hour. Wholesale trade employees earned 1.1% more in January 1997 than they did a year earlier.

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

Also see the monthly publication ***Employment, earnings and hours*** *(72-002-XPB, $31/$310) and the historical publication* ***Annual estimates of employment, earnings and hours 1983-1995*** *(diskette: 72F0002XDE, $120). For further information, contact Stephen Johnson (613-951-4090; fax: 613-951-4087; Internet: labour@statcan.ca), Labour Division.*

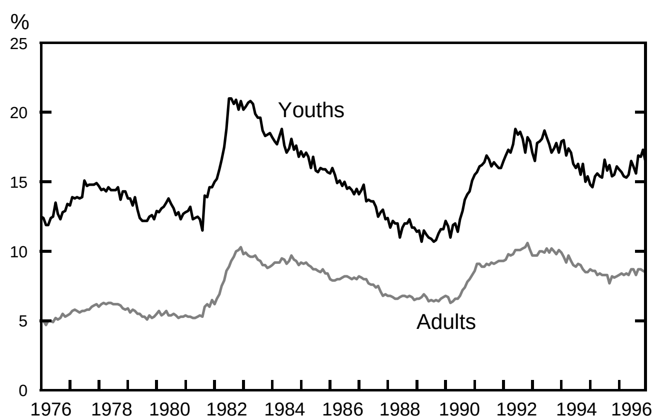
Youths face high unemployment rates

Youths have suffered from consistently higher unemployment rates than adults over the last two decades. And in the 1990s, 15- to 24-year-olds are having even more difficulty in the labour market.

In 1996, the employment rate for youths (the number of employed youths divided by the total number of 15- to 24-year-olds) was 51.1%, a drop of more than 11 percentage points from 1989. Labour market participation for youths also fell over the same period, dropping over 10 percentage points to 61.2%.

Between 1976 and 1996, the percentage of working youths employed part time (working less than 30 hours per week at their main job) more than doubled. This rise from 21% to 46% partly reflects the growing popularity of school, as 90% of students with jobs work part time. In 1989, 52% of youths were going to school; by 1996 this proportion had increased to 60%. Most of the gain has been in full-time attendance and was most pronounced for 20- to 24-year-olds.

Unemployment rate for youths



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... Youths face high unemployment rates

In the 1980s, the proportion of youths who attended school full time and worked increased dramatically. But in the early 1990s, the trend reversed, as job opportunities for teenagers were harder to find. Still, 32% of full time students were also working, primarily in the business and personal services or retail trade industries. In 1996, full-time students with jobs worked 14 hours a week on average.

Summer jobs are also harder to find. Many students look for work but are unable to find jobs. In July 1996, just over half (52%) of youths had summer jobs, compared with 69% in July 1989. The summer unemployment rate for students rose from 10.1% in 1989 to 18.4% in 1996. And the quality of summer jobs has also suffered. Those who do find summer employment are now much more likely to work only part time. During the summer of 1989, less than half of students worked part time, compared with 58% in 1996.

The data show that when students leave school they are having trouble making the transition into the work force. Although they have more education and are generally older than their counterparts in 1989, non-student youths have a very high unemployment rate. The school-to-work transition range increased from six years in 1984 to eight years in 1996.

***Labour force update: Youths and the labour market** (71-005-XPB, $29/$96) is now available. For further information, contact Geoff Bowlby (613-951-3325; fax: 613-951-2869; Internet: bowlgeo@statcan.ca).*

New from Statistics Canada

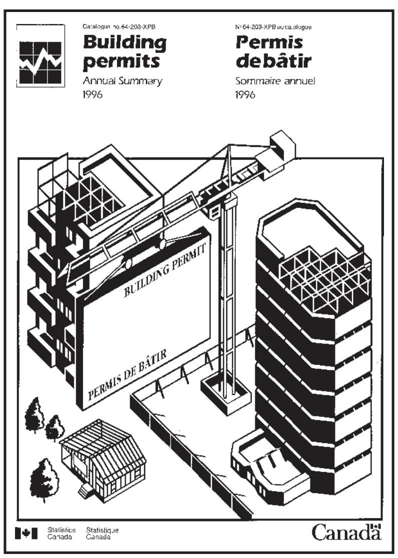
Travel-log

Spring 1997

The Spring 1997 issue of *Travel-log*, Statistics Canada's quarterly tourism newsletter, features the article "The Canada–U.S. 'Open Skies' agreement: Are Canadian carriers doing well?". This article focuses on the effect of the pact on the market share of American and Canadian companies after a year of "Open Skies." The possible impact of the agreement on various stakeholders is also examined.

Each quarter, *Travel-log* examines the trends of the travel price index and features the latest travel indicators, travellers' characteristics, and the international travel account. It also features a summary page on tourism indicators such as tourism demand in Canada and the employment generated by tourism.

*The Spring 1997 (Vol. 16, no.2) issue of **Travel-log** (87-003-XPB, $13/$42) is now available. For further information, contact Monique Beyrouti (613-951-1673, fax: 613-951-2909; Internet: beyrmon@statcan.ca), Culture, Tourism and the Centre for Education Statistics.*



Building permits, annual summary

1996

The monthly Building and Demolitions Permits Survey collects data on building construction by municipalities in Canada. It covers 2,400 municipalities representing 93% of the population. The other 7% of the population live in very small communities whose levels of building activity have little impact on the total. The value of planned construction activities shown in *Building permits, annual summary* excludes engineering projects (e.g., waterworks, sewers, culverts) and land.

Since issuing a building permit is one of the first steps in the construction process, these statistics are widely used as a leading indicator of building activity by investors, planners and various levels of government (Ministry of Finance or the Bank of Canada, for example). It is also essential for calculating capital expenditures.

The publication contains a summary analysis and statistical data tables related to the number and value of building permits issued by sector (residential and non-residential), building category, type of building and type of dwelling, value range or category, and different geographic levels of aggregation (census metropolitan area and its municipalities).

*The 1996 issue of **Building permits, annual summary** (64-203-XPB, $60) is now available. For further information, contact Joanne Bureau (613-951-9689; Internet: Burejoa@statcan.ca), Investment and Capital Stock Division.*

New from Statistics Canada

World trade database on CD-ROM

1980 to 1995

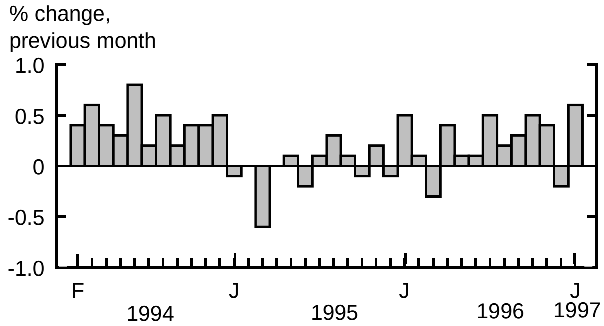
The importance attached to merchandise trade has increased in recent years. The following types of questions have become increasingly topical: How have Canadian exports fared on the world market? Which countries are Canada's major competitors? How does our economic performance compare with other countries? These are certainly pertinent questions, but where can you find the answers?

The *World trade database* provides annual figures (in thousands of U.S. dollars) on global trade that are complete and comparable across countries and commodities. It features reconciled annual exports/imports for 600 product groups by trading partner for 160 countries. Constructed from data reported to the United Nations, the *World trade database* is the most comprehensive source of merchandise trade statistics available.

*The **World trade database CD-ROM** ($3,500 subject to Statistics Canada license agreement) provides data for the years 1980 to 1995 and incorporates user-friendly software by Dataware Technologies that allows for easy data access and retrieval. For further information, contact Suzie Carpentier (613-951-9647; fax: 613-951-0117), International Trade Division.*

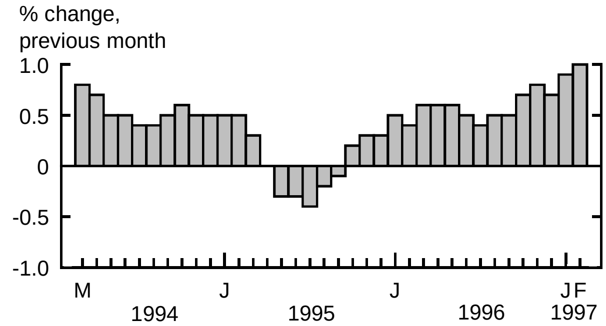
Current trends

Gross domestic product



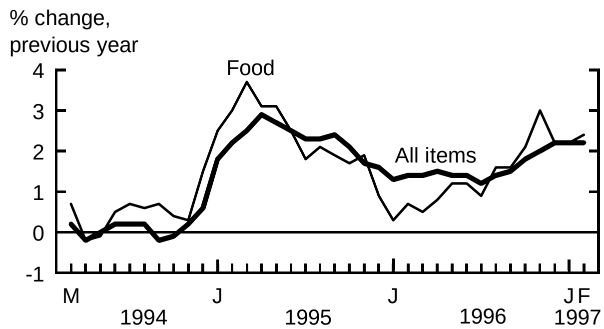
Real gross domestic product at factor cost increased 0.6% between December and January.

Composite index



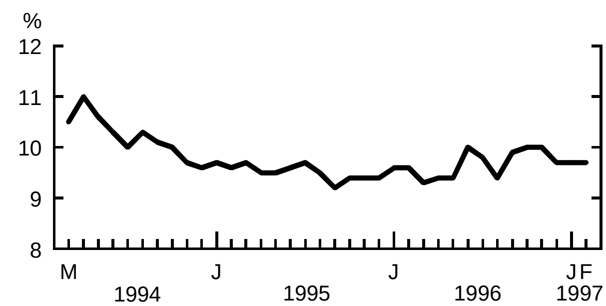
The composite index grew by 1.0% in February.

Consumer price index



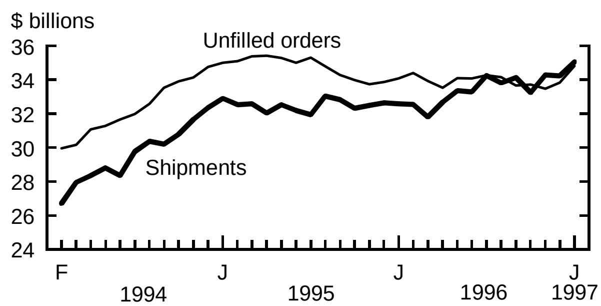
Consumers paid 2.2% more for goods and services in February 1997 than the year before. Food prices rose by 2.4%.

Unemployment rate



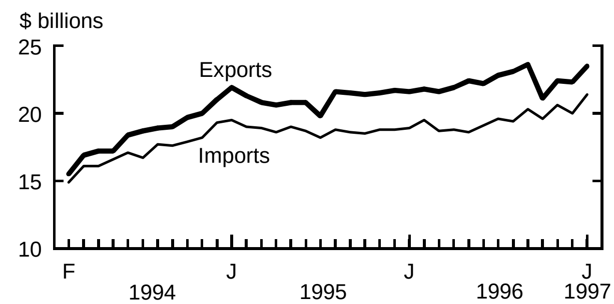
In February, the unemployment rate held at 9.7%.

Manufacturing



Manufacturers' shipments rose 2.2% in January to $35.1 billion. The level of unfilled orders increased 3.0% to $34.8 billion.

Merchandise trade



In January, the value of merchandise exports increased 3.1% from December to $23.5 billion. Imports rose 7.2% to $21.4 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)	January*	560.9	0.6%	2.8%
Composite index (1981=100)	February	189.0	1.0%	8.5%
Operating profits of enterprises ($ billion)	Q4 1996	25.7	5.7%	10.4%
Capacity utilization (%)	Q4 1996	84.8	0.7†	2.4†
DOMESTIC DEMAND				
Retail trade ($ billion)	January	18.8	1.4%	5.6%
New motor vehicle sales (thousand of units)	January	105.4	-6.3%	12.0%
LABOUR				
Employment (millions)	February	13.7	-0.1%	0.6%
Unemployment rate (%)	February	9.7	0.0†	0.1†
Participation rate (%)	February	64.6	-0.1†	-0.5†
Labour income ($ billion)	November	36.5	0.8%	3.6%
Average weekly earnings ($)	January*	596.78	0.2%	4.1%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	January	23.5	3.1%	8.0%
Merchandise imports ($ billion)	January	21.4	7.2%	13.1%
Merchandise trade balance (all figures in $ billion)	January	2.1	-0.7	-0.7
MANUFACTURING				
Shipments ($ billion)	January	35.1	2.2%	7.6%
New orders ($ billion)	January	36.1	4.3%	9.9%
Unfilled orders ($ billion)	January	34.8	3.0%	2.2%
Inventory/shipments ratio	January	1.29	-0.04	-0.09
PRICES				
Consumer price index (1986=100)	February	134.4	0.1%	2.2%
Industrial product price index (1986=100)	February*	129.8	0.1%	0.0%
Raw materials price index (1986=100)	February*	137.1	-3.2%	5.5%
New housing price index (1986=100)	January	132.2	0.2%	-0.6%

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

Infomat
A weekly review

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Publications released from March 27 to April 3, 1997

Division/Title of publication	Period	Catalogue number	Canada (C$)	United States (US$)	Other countries (US$)
CULTURE, TOURISM & CENTRE FOR EDUCATION STATISTICS					
Travel-log	Spring 1997	87-003-XPB	13/42	13/42	13/42
INDUSTRY					
Cement	January 1997	44-001-XPB	6/60	8/72	9/84
Coal mines	1995	26-206-XPB	24	29	34
Energy statistics handbook					
Paper version	March 1997	57-601-UPB	375	450	525
Electronic version	March 1997	57-601-XDE	275	330	385
Fabricated metal products industries	1994	41-251-XPB	40	40	40
Furniture and fixtures industries	1994	35-251-XPB	38	46	54
Gas utilities	December 1996	55-002-XPB	17/165	17/165	17/165
Mineral wool including fibrous glass insulation	February 1997	44-004-XPB	6/60	8/72	9/84
Wholesale trade	January 1997	63-008-XPB	18/180	22/216	26/252
MANUFACTURING, CONSTRUCTION AND ENERGY					
Electric lamps (light bulbs and tubes)	December 1996	43-009-XPB	6/60	8/72	9/84
NATIONAL ACCOUNTS AND ENVIRONMENT					
National economic and financial accounts, Quarterly estimates	Q4 1996	13-001-XPB	42/140	51/168	59/196
PRICES					
Construction price statistics	Q4 1996	62-007-XPB	23/76	28/92	33/107
TRANSPORTATION					
Service bulletin: Aviation	Vol. 29, no. 3	51-004-XPB	11/105	13/126	15/147
Service bulletin: Surface and marine transport	Vol. 13, no. 1	50-002-XPB	11/80	14/96	16/112

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