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Infomat

A Weekly Review

Thursday, April 9, 1998

OVERVIEW

- **Economy's gain partially erased**

  The effects of Eastern Canada's ice storm caused economic output to decline in January, partly reversing the surge recorded in December.

- **Building permits approach 8-year high**

  A jump in non-residential construction combined with a smaller increase in residential construction to push up the total value of building permits in February.

- **Net foreign liability resumes upward trend**

  Canada's net liability to foreigners resumed its upward historical trend in 1997, rising to a record level by year-end.

- **Weekly earnings up in most industries**

  Average weekly earnings were up in most industries in January. Transportation, communications, and other utilities showed notable strength.

- **More households join the online world**

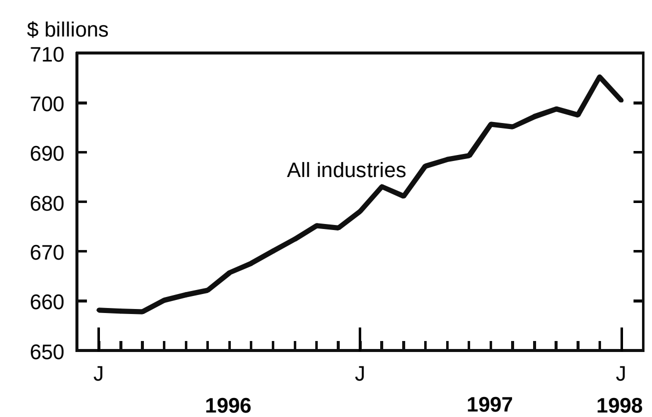
  One-half of all single-family households with children under 18 had personal computers in 1997. And about a third of these households had Internet access.

Economy's gain partially erased

Economic output declined 0.7% in January, partly reversing December's surge. As the ice storm hit Eastern Canada, the distribution systems for some utilities were crippled, which curtailed output and required costly repairs. The construction industry, however, was buoyed by the push to restore the power grid. The combined changes in the electric power and construction industries accounted for almost one-third of January's overall drop in gross domestic product (GDP). Nineteen of the twenty-two major industry groups recorded declines in January, accounting for almost 80% of manufacturing GDP.

The electric power systems industry plunged 14.2% as electrical utilities in Quebec, Ontario and the Maritimes bore the brunt of the ice storm's effect on production. The loss was partly offset by the massive repair and reconstruction effort. Repair and engineering construction soared 7.1% in January, which helped lift the entire construction industry (+ 4.2%). Although residential construction activity was hampered, especially in Quebec, the industry still managed a small increase because of strength elsewhere in the country. The same held true for non-residential building construction, which extended its recent upward growth path.

Gross domestic product at factor cost



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Statistics Canada Statistique Canada

Canada

... Economy's gain partially erased

Although manufacturing output slowed in January (–1.7%), the impact of the ice storm was difficult to assess. The single largest decrease was unrelated to the storm, as scheduled downtime at several automotive plants led to significant declines in both motor vehicle and parts output. This decline accounted for about one-quarter of the drop in manufacturing output and came just one month after the industry returned to normal capacity.

The transportation industry posted a 2.4% decline, as trucking operations were slowed by reduced traffic between manufacturers, wholesalers and retailers, and by temporary road closures. Retail sales fell 1.6% when auto sales plunged after soaring in December. Widespread declines were the norm for wholesalers, as activity declined 0.9%. Mining activity was also down 0.9% in January as the production of most types of metals declined.

A rise in long distance calls boosted activity in the telephone industry. Output in the postal and courier industry built on December's post-strike recovery, pushing output past October's pre-strike level. The finance industry posted a decline in January as mutual funds reported a slower RRSP season than in 1997.

Available on CANSIM: matrices 4677–4681.

The January 1998 issue of ***Gross domestic product by industry*** *(15-001-XPB, $15/$145) will be available shortly. For analytical information, contact Richard Evans (613-951-9145; evanric@statcan.ca); to purchase data, contact Kim Lauzon (613-951-9417; lauzonk@statcan.ca), Industry Measures and Analysis Division. (See also "Current trends" on page 6.)*

Note to readers

Changes in wealth are not part of the gross domestic product (GDP). Thus, references to the negative effects of the ice storm on GDP in January refer to foregone output and not to any damage or loss of physical capital, however great. As always, the estimates are preliminary and because of the ice storm should be considered particularly volatile.

The GDP of an industry is the value added by labour and capital in transforming inputs purchased from other producers into outputs. Monthly GDP by industry is valued at 1992 prices. The estimates presented here are seasonally adjusted at annual rates.

In December 1997, monthly GDP estimates by industry were released for the first time at 1992 prices and the data were made available from January 1992. Data are now available from January 1981. Data for the period from 1961 to 1980 will be released at a later date.

Building permits approach 8-year high

In February, the value of building permits for non-residential construction reached its highest level in almost eight years due to a surge in new commercial projects. Non-residential permits, which cover commercial, industrial and institutional projects, soared 30.5% from January to $1.4 billion. This jump, combined with a much smaller rise in residential intentions (+2.1%), helped push the overall total for building permits to just over $2.9 billion in February. This approached an eight-year high and represented a 14.3% increase from January.

Commercial construction intentions climbed 58.0% to $795 million in February, the result of plans for office buildings and projects in the trade and services area. Permits for industrial construction followed (+42.7% to $371 million), with most of the increase coming from new construction for manufacturing plants and for the utility and transportation area. The activity in both these components more than compensated for the 19.7% decline in the institutional sector, which suffered from a drop in planned construction for government administration.

The largest contributor to February's overall advance in the non-residential sector was Quebec, where permits soared 146.1%. Alberta (+81.1%) and Manitoba (+110.6%) also posted notable gains. The most significant decreases were recorded in New Brunswick (–39.8%) and Prince Edward Island (–85.4%).

In the residential sector, the value of building permits for multi-family dwellings rose 19.7% to $433 million in February—its highest level since September 1997. This solid increase offset a 3.7% decline in single-family intentions, which reached $1.1 billion. Sales of new and existing homes gained in February after declining for three months, and Canada Mortgage and Housing Corporation reported an 11.0% increase in housing starts.

(continued on page 3)

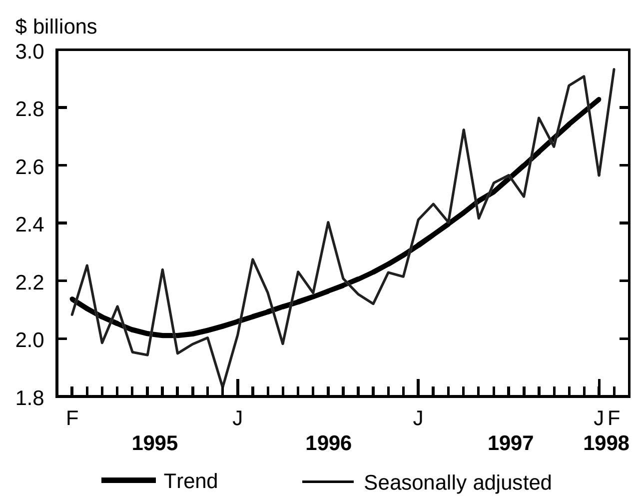
Note to readers

The monthly Building and Demolitions Permits Survey covers 2,600 municipalities representing 94% of the population. It provides an early indication of building activity. The communities representing the other 6% of the population are very small and their levels of building activity have little impact on the total.

The value of planned construction activities excludes engineering projects (such as waterworks, sewers and culverts) and land.

Unless otherwise stated, the data are seasonally adjusted. The annual rate is a monthly figure that has been seasonally adjusted and multiplied by 12 to reflect annual levels.

Total value of building permits



... Building permits approach 8-year high

In Ontario, a sharp increase in the multi-family component caused an 11.9% surge in the housing sector between January and February. Quebec recorded a 3.2% increase in residential permits, also due to multi-family intentions. The largest declines in the total residential permits were in British Columbia (–10.8%) and Manitoba (–27.8%).

Available on CANSIM: matrices 80 (levels 3–7, 16–22, 24–32), 129, 137, 443, 989–992, 994, 995 and 4073.

*The February 1998 issue of **Building permits** (paper: 64-001-XPB, $25/$248; Internet: 64-001-XIB, $19; microfiche:64-001-XMB, $25/$135) will be available shortly. For further information, contact Joanne Bureau (613-951-9689; burejoa@statcan.ca); for analytical information, contact Alain Paquet (613-951-2025; paquala@statcan.ca), Investment and Capital Stock Division.*

Building permits,[1] February 1998
Seasonally adjusted

	Total		Residential		Non-residential	
	$ millions	% change, previous month	$ millions	% change, previous month	$ millions	% change, previous month
Canada	**2,933**	**14.3**	**1,495**	**2.1**	**1,438**	**30.5**
Newfoundland	21	– 16.7	12	– 33.9	9	24.8
Prince Edward Island	5	– 21.3	4	41.0	0	– 85.4
Nova Scotia	44	43.2	23	– 0.2	21	178.9
New Brunswick	27	– 19.4	18	– 3.2	9	– 39.8
Quebec	547	56.2	227	3.2	320	146.1
Ontario	1,287	7.2	660	11.9	627	2.7
Manitoba	66	17.8	27	– 27.8	39	110.6
Saskatchewan	32	5.8	18	– 0.7	14	15.8
Alberta	485	26.2	259	– 0.1	225	81.1
British Columbia	415	– 6.7	243	– 10.8	172	– 0.2
Yukon	2	8.8	1	– 26.7	1	224.7
Northwest Territories	1	– 13.7	0	– 34.8	1	– 5.2

1. Data may not add to totals due to rounding.

Net foreign liability resumes upward trend

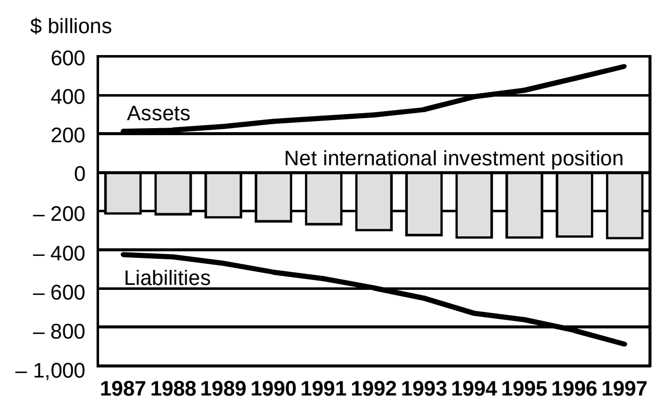
Canada's net liability to foreigners resumed its upward historical trend in 1997, rising 2.5% to a record $339 billion by the end of the year. However, as a share of gross domestic product (GDP), net foreign liability declined for the third consecutive year. At the end of 1997, it amounted to 39% of GDP compared with the recent peak of 45% in 1994.

Both external liabilities and assets reached record levels by year-end, with assets increasing at a faster rate than liabilities. Gross liabilities to foreigners stood at $889 billion (+8.7%), while external assets were at $550 billion (+13.0%).

The $71 billion increase in gross foreign liabilities was led by record foreign deposits at Canadian banks. However, at 42% of external liabilities, Canadian bonds continued to account for the largest portion of foreign investment in Canada. Canadian direct investment abroad as well as portfolio investment in foreign securities spearheaded the $63 billion increase in external assets. Direct investment abroad continued to account for the largest share of external assets, representing 35% of the total.

American investors have increased their share of Canada's net liabilities for six straight years. The U.S. share went from a record low of 34% in 1991 to 64% at the end of 1997. The share of the European Union countries narrowed to 21% from a recent peak of 30% in 1993. Although Canada remained a net debtor to OECD (Organisation for Economic Co-operation and Development) countries, it continued to be a net creditor with other countries. In fact, Canada's net asset position with non-OECD countries tripled in 1997 to $33 billion—fuelled by loans, deposits and direct investment assets.

International investment position



At $373 billion, foreign holdings of Canadian bonds increased by some 5% in each of the last two years. In 1997, the increase amounted to $16.2 billion, of which $10.4 billion came from additional inflows to Canada. The remaining rise was due to the depreciation of the Canadian dollar and other valuation adjustments.

(continued on page 4)

... Net foreign liability resumes upward trend

In 1997, non-residents sharply increased their holdings of Canadian corporate bonds, while reducing bonds issued by Canadian governments and their enterprises. However, at $262 billion, public sector bonds still accounted for most (70%) of all foreign-held Canadian bonds.

Canadian direct investment abroad outpaced foreign direct investment in Canada for the second year in a row. Canadian firms increased their direct investment capital abroad by 9% to $194 billion in 1997. This compared with a 7% increase in foreign direct investment in Canada to $188 billion. Slightly more than half of Canadian direct investment abroad was in the United States, and the remainder was well diversified geographically. More than two-thirds of direct investment in Canada originated from the United States, while one-fifth came from countries of the European Union.

Available on CANSIM: matrices 4180–4190, 4194 and 4195.

Canada's international investment position, 1997 *(67-202-XPB, $52) is now available. For further information, contact Christian Lajule (613-951-2062), Balance of Payments and Financial Flows Division.*

Weekly earnings up in most industries

Average weekly earnings rose 0.7% to $605.23 in January. Earnings were higher in most industries, with notable strength in transportation, communications, and other utilities. Almost all the earnings gain in this group was due to increased overtime for hydro workers in Quebec and Ontario following the ice storm. Compared with one year earlier, earnings were up 1.4%.

Average weekly earnings, January 1998
Seasonally adjusted

	Industrial aggregate	% change, previous month	% change, previous year
	$		
Canada	**605.23**	**0.7**	**1.4**
Newfoundland	524.50	0.7	– 0.5
Prince Edward Island	478.53	0.9	– 1.3
Nova Scotia	501.75	0.3	0.7
New Brunswick	517.14	0.0	– 0.1
Quebec	570.73	0.5	1.7
Ontario	649.14	0.8	1.7
Manitoba	533.14	1.2	2.0
Saskatchewan	537.74	1.7	2.0
Alberta	606.42	0.1	2.5
British Columbia	616.29	0.4	0.3
Yukon	704.10	– 0.1	– 2.8
Northwest Territories	722.07	– 2.6	– 1.2

Average weekly hours for employees paid by the hour were unchanged in January at 31.1 hours per week. Overtime hours increased for both hydro workers and workers in manufacturing. Some manufacturers scheduled extra overtime and hired additional employees at the end of January to make up for lost output during the ice storm.

Employers added an estimated 12,400 employees to their payrolls in January. Most provinces recorded higher employment. Ontario reported the largest increase, as employers added approximately 23,000 paid employees. In Quebec, employers reduced payrolls by 26,000, with major layoffs in manufacturing, retail trade, and miscellaneous services. Employees who were temporarily laid off due to the ice storm were expected to return to work in February.

In 1997, employment gains were concentrated in industries with substantial increases in output, such as manufacturing, wholesale trade, and business services.

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

Detailed industry data and other labour market indicators are available in the monthly publication ***Employment, earnings and hours*** *(72-002-XPB, $32/$320), the historical publication* ***Annual estimates of employment, earnings and hours, 1984–1997*** *(diskette: 72F0002XDE, $120) and by custom tabulations. For further information, contact Jean Leduc (613-951-4090, fax: 613-951-4087; labour@statcan.ca), Labour Division.*

More households join the online world

About one-half of single-family homes with children under 18 years of age had personal computers in 1997, up about 14% over the previous year. And about one-third of these households were connected to the Internet, up from just over one-fifth in 1996 (when data on home Internet use were first collected by Statistics Canada). Computer ownership and Internet use also continued to increase for single-family households without children: in 1997, 35% had a computer compared with 30% in 1996. Internet use in these computer-equipped households also climbed, moving up from 25% to 37%.

Recent data from the 1997 Household Facilities and Equipment Survey showed that 4.2 million households in Canada (36%) had a computer, more than triple the proportion in 1986, when these data were first collected. The survey also found that 1.5 million households (13%) used the Internet from home in 1997, almost double the 1996 rate (7%).

Not surprisingly, income remained a major factor in both computer ownership and Internet use. Among the five income groups, households in the highest group were still four times (62%) more likely to have computers as those in the lowest group (15%). Just over one-quarter (26%) of households with the highest income used the Internet from home in 1997, five times the proportion of households in the lowest income group (5%).

Time-saving appliances continued to be favourites in two-parent households with children under 18. Microwaves were fixtures in the kitchens of 94% of such households, while dishwashers had a place in 64% of these homes. By comparison,

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... More households join the online world

73% of one-person households had a microwave oven; 27%, a dishwasher. Leisure items—VCRs, colour televisions, compact disc players and camcorders, for example—were also popular with two-parent families with children. One-person households, which had lower average incomes, had fewer such items.

Households in the computer world, 1997

	Estimated number of households			
	with a computer	with a modem-equipped computer	with Internet access	Total
	thousands			
Type of household:				
One-person	521	326	205	2,915
Single-family without children under 18	1,508	890	553	4,308
Single-family with children under 18	1,925	1,133	651	3,834
Multi-family	212	146	91	523

A two-parent family with children under 18 was also more likely than other household types to own a van or truck. In 1997, almost one half of these families owned a van or truck, compared with just over one-third of married couples without children.

In 1997, the proportion of households owning their homes reached just over 64%, up from a low of just under 62% in 1987. Renters spent, on average, 21% of their income on rent, up from 18% in 1987. In April 1997, the average monthly rent was $540.

*Data on households by income, province, household type and other characteristics are presented in **Household facilities by income and other characteristics, 1997** (13-218-XPB, $37), which is now available. For more information, contact the Data Dissemination Unit, (613-951-7355; 1 888 297-7355; fax: 613-951-3012; expenditure@statcan.ca), Household Surveys Division.*

New from Statistics Canada

Travel-log
Spring 1998

The Spring 1998 issue of *Travel-log*, Statistics Canada's quarterly tourism newsletter, features the articles "A close-up of culture/heritage travel in Canada" and "Domestic package travel—an untapped market?".

Each quarter, *Travel-log* examines the trends of the Travel Price Index. It reviews the latest travel indicators, the data on travellers' characteristics, and the international travel account. The national tourism indicators for the tourism demand in Canada are also summarized, as are the figures on employment generated by tourism.

*The Spring 1998 issue of **Travel-log** (paper: 87-003-XPB, $13/$42; Internet: 87-003-XIB, $9), Vol. 17, no. 2, 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.*

Canadian cancer statistics
1998

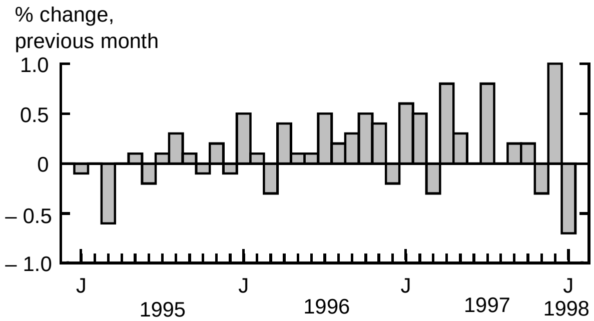
The publication *Canadian cancer statistics 1998* represents a collaborative effort between Statistics Canada, the National Cancer Institute of Canada, Health Canada, the Canadian Cancer Society, and provincial and territorial cancer registries.

This 74-page monograph contains estimates of cancer incidence and mortality for 1998, historical (actual and estimated) data from 1969 to 1998, and selected indicators on the burden of cancer. An international comparison of the burden of cancer in Canada to that of other countries is the special topic this year.

***Canadian cancer statistics 1998** (uncatalogued) is now available from the Health Statistics Division (613-951-1746) at Statistics Canada and from the Canadian Cancer Society. It is also available on the Internet at: www.cancer.ca/stats/.*

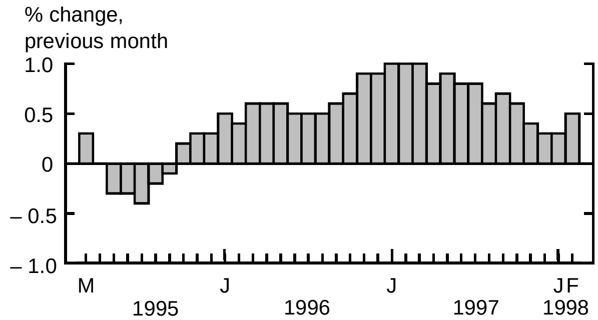
Current trends

Gross domestic product



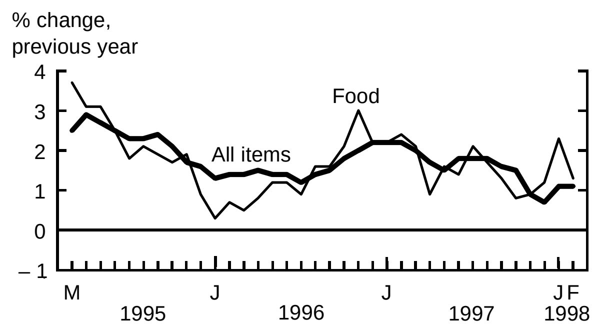
Real gross domestic product at factor cost declined 0.7% in January.

Composite Index



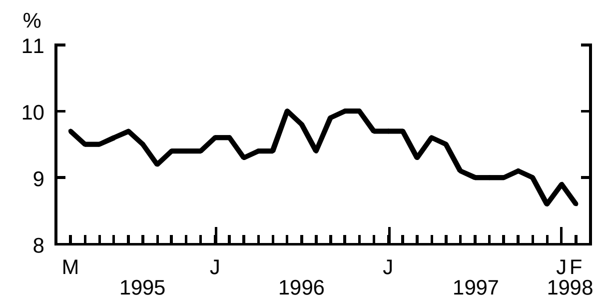
The Composite Index grew by 0.5% in February.

Consumer Price Index



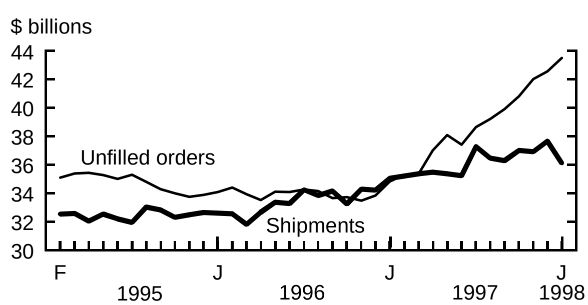
Consumers paid 1.0% more for goods and services in February 1998 than the year before. Food prices rose by 1.3%.

Unemployment rate



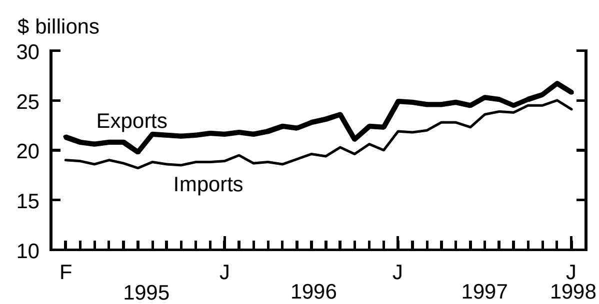
In February, the unemployment rate fell 0.3 percentage points to 8.6%.

Manufacturing



Manufacturers' shipments tumbled by 3.8% in January to $36.1 billion. The level of unfilled orders rose 2.3% to $43.5 billion.

Merchandise trade



In January, the value of merchandise exports fell 4.3% from December to $25.8 billion. Imports dropped 3.6% to $24.1 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, 1992)	January*	700.4	– 0.7%	3.3%
Composite Index (1981=100)	February	203.7	0.5%	7.9%
Operating profits of enterprises ($ billion)	Q4 1997	29.2	3.1%	16.0%
Capacity utilization (%)	Q4 1997	85.6	0.3†	2.5†
DOMESTIC DEMAND				
Retail trade ($ billion)	January	19.8	– 1.9%	5.1%
New motor vehicle sales (thousand of units)	January	105.6	–27.0%	0.7%
LABOUR				
Employment (millions)	February	14.2	0.6%	3.3%
Unemployment rate (%)	February	8.6	–0.3†	– 1.1†
Participation rate (%)	February	65.0	0.1†	0.4†
Labour income ($ billion)	January	37.7	–0.0%	3.2%
Average weekly earnings ($)	January*	605.23	0.7%	1.4%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	January	25.8	– 4.3%	3.9%
Merchandise imports ($ billion)	January	24.1	– 3.6%	9.7%
Merchandise trade balance (all figures in $ billion)	January	1.7	– 0.2	– 1.2
MANUFACTURING				
Shipments ($ billion)	January	36.1	– 3.8%	2.2%
New orders ($ billion)	January	37.1	– 0.8%	1.9%
Unfilled orders ($ billion)	January	43.5	2.3%	23.1%
Inventory/shipments ratio	January	1.33	0.05	0.04
PRICES				
Consumer Price Index (1992=100)	February	107.2	0.1%	1.0%
Industrial Product Price Index (1992=100)	February	119.6	– 0.1%	0.5%
Raw Materials Price Index (1992=100)	February	113.3	– 1.4%	– 13.4%
New Housing Price Index (1986=100)	January	99.8	0.1%	1.2%

***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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Editor: Barbara Riggs (613) 951-1197; riggbar@statcan.ca
Head of Official Release: Chantal Prévost (613) 951-1088; prevcha@statcan.ca

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Publications released from April 3 to 8, 1998

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription Canada (C$)	Outside Canada (US$)
AGRICULTURE				
Cereals and oilseeds review	January 1998	22-007-XPB	15/149	15/149
BALANCE OF PAYMENTS AND FINANCIAL FLOWS				
Canada's international transactions in securities	January 1998	67-002-XPB	18/176	18/176
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS				
Travel-log:	Spring 1998			
Internet		87-003-XIB	9	9
paper		87-003-XPB	13/42	13/42
DISTRIBUTIVE TRADES				
New motor vehicle sales:	January 1998			
Internet		63-007-XPB	17/165	17/165
Paper		63-007-XIB	13	13
HOUSEHOLD SURVEYS				
Labour force information	Week ended March 28, 1998	71-001-PPB	11/103	11/103
MANUFACTURING, CONSTRUCTION AND ENERGY				
Canada's mineral production, preliminary estimates	1997	26-202-XPB	25	25
Cement	February 1998	44-001-XPB	7/62	7/62
Coal and coke statistics	January 1998	45-002-XPB	12/114	12/114
Electric lamps (light bulbs and tubes)	February 1998	43-009-XPB	7/62	7/62
Electric power statistics	January 1998	57-001-XPB	12/114	12/114
Industrial chemicals and synthetic resins	February 1998	46-002-XPB	7/62	7/62

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