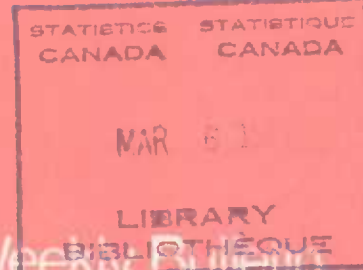


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Weekly Bulletin



Gross National Product

GNP rose 10.3% to \$231.8 billion in 1978. Prices of goods and services rose at about the same rate as in 1977 and real output accelerated slightly to an increase of 3.4% from 2.7%. External influences dominated economic developments: although real final domestic demand increased only 2.1% real exports rose 8.5%. This increase accounted for about half of the total increase in the volume of output and had a positive effect on profits and employment in export-oriented industries. Contribution of the foreign sector to real growth was reduced by a 4.1% increase in the volume of imports, which rose as a proportion of real GNP despite an increase of 12.7% in import prices. The decline in the international value of the Canadian dollar was partially responsible for the rise in import prices and for a fairly substantial increase in the Canadian dollar prices of exports which are priced in world markets.

Although employment gains were strong in 1978 a slowdown in the increase of average weekly earnings helped to reduce the rate of growth of labour income. Prices of consumer goods and services, as measured by the implicit price index for personal expenditure, rose more quickly than average earnings.

Real personal expenditure on goods and services increased only moderately despite the stimulus of direct tax cuts early in the year and indirect tax cuts later in the year. Personal expenditure was restrained throughout the year by price and interest rate increases. These increases served not only to squeeze the real income of consumers, but supported a continuing high rate of personal savings to minimize the effects of inflation on the real value of financial assets.

GNP, seasonally adjusted at annual rates, increased 1.8% in the fourth quarter of 1978. In volume terms this represents a gain of 0.5% as the rate of increase in implicit price index for Gross National Expenditure slowed to 1.3%. The advance in real GNP was reduced by an exceptionally large increase in dividends paid to non-residents. Excluding international transactions in investment income, the increase in the volume of output on a domestic basis was about 1%. The increase in real output was largely confined to a sharp \$1.5 billion additional accumulation of business non-farm inventories and

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	Nov.	272.38p	272.01r	6.3
Labour Income (\$ million)	Dec.*	11,208.2p	11,389.9r	8.9
Persons with Jobs (million)	Jan.	9.81	10.14	4.8
Unemployed	Jan.	977,000	870,000	0.0

INVENTORIES

Department Store (\$ million)	Nov.	2,389.9p	2,416.3p	9.1
Manufacturers' Owned (\$ million)	Dec.	20,731.2p	20,316.3p	11.5
Wholesale (\$ million)	Dec.*	8,894.8	8,510.9	17.7

ORDERS

Manufacturers' New Orders (\$ million)	Dec.	11,521.0p	12,475.7p	29.8
Manufacturers' Unfilled Orders (\$ million)	Dec.	13,334.6p	13,179.7p	32.1

PRICES

Consumer Price Index (1971=100)	Jan.	182.7	181.3	8.9
Industry Selling Price Index (1971=100)	Dec.	195.8	195.3	9.8
Wholesale Price Index (1935-39=100)	Dec.	643.3	639.9	12.5

CONSTRUCTION

Building Permits (\$ million)	Nov.	977.8	12,014.2	3.9
Housing Starts — Urban Centres (units)	Jan.*	11,533	11,533	-22.9

ENERGY

Coal Production (thousand tons)	Nov.	3,073.4	30,416.1	6.1
Electricity Generation (terawatt hours)	Nov.	29.2	301.8	6.1
Natural Gas Production (billion cu. ft.)	Nov.*	323.0	3,159.3	-3.3
Petroleum Refining (million barrels)	Dec.	60.8	661.7	0.1

FOREIGN TRADE

Exports — Customs Basis (\$ million)	Dec.	4,587p	52,606p	19.0
Imports — Customs Basis (\$ million)	Dec.	4,251p	49,605p	18.0

PRODUCTION

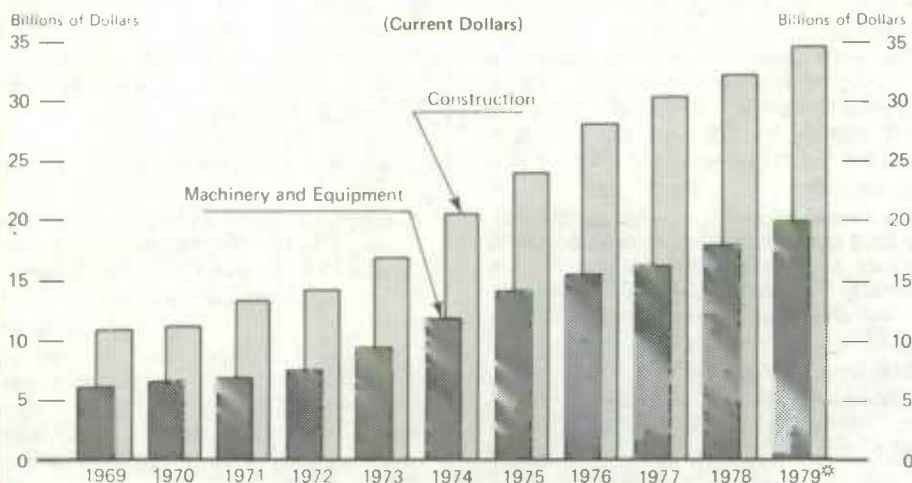
Steel (ingots — thousand tons)	Jan.	1,518.9	1,518.9	15.9
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SALES

Department Store Sales (\$ million)	Dec.	1,178.3p	7,667.9p	11.9
Manufacturers' Shipments (\$ million)	Dec.	11,366.1p	130,352.7p	18.8
New Motor Vehicle Sales (\$ million)	Dec.	581.1	9,648.5	12.9
Retail Sales (\$ million)	Dec.	7,435.8p	68,900p	11.8
Wholesale Sales (\$ million)	Dec.	4,952.9p	62,022.7p	11.6

Statistics are not seasonally adjusted. p - preliminary. r - revised. * - new this week.

Capital Expenditures, Canada, 1969-78 and Intentions 1979



Source: Private and Public Investment in Canada, Outlook 1979 (61-205)

* Intentions

substantial growth in the volume of merchandise exports as the components of final domestic demand weakened.

Despite the fourth quarter slowdown in employment growth, wages, salaries and supplementary labour income grew 2.7%, the highest quarterly growth rate in over a year. Higher average earnings, perhaps beginning to reflect the recent upturn in negotiated wage rate settlements, contributed most of the improvement in labour income.

Corporation profits before taxes grew 8.7% and are now 24.0% above the level of a year earlier. Most of the increase was in the manufacturing industries, particularly in transportation equipment, paper and primary metals. The inventory valuation adjustment increased substantially this quarter as a result of fairly widespread price increases, most notably higher prices for food, primary metals, wood and paper products. The weak levels of net income of non-farm unincorporated business income, interest and miscellaneous investment income, the sharp increases in dividends paid to non-residents and the inventory valuation adjustment helped to slow the growth of net national income at factor cost to 1.3%.

For further information, order *National Income and Expenditure Accounts, fourth quarter 1978* (13-001, \$1.05/\$4.20).

Real Domestic Product, 1978

The 1978 Real Domestic Product Index, 133.3, rose 3.3% compared with a 3.1% gain in 1977. A 3.5% growth in goods-producing industries was somewhat stronger than the 3.2% increase in service-producing industries. The Index of Industrial Production advanced 5.3% — non-durable manufacturing 8.5% and durable manufacturing 6.2%.

December's seasonally-adjusted RDP increased 0.5% to 136.0 from 135.3 in November. The Index of Industrial Production was up 2.0%. Goods-producing industries rose 1.2% and service-producing industries 0.1%. Manufacturing industries contributed most to the increase.

The fourth quarter, 1978, saw the Index increase 1.0% to a level of 135.4 from 134.0 in the third quarter. The fourth quarter also marked the strongest quarterly growth rate for goods-producing industries this year — 2.0% — with service-producing industries recording the weakest (0.4%). The Index of Industrial Production advanced 2.7% in the fourth quarter, the sharpest quarterly gain since the fourth quarter of 1973 which was also up 2.7%.

For further information, order the *December 1978 issue of Indexes of Real Domestic Product by Industry* (61-005, 40¢/\$4), or contact R.W. Collins (613-995-0443), Industry Product Division, Statistics Canada, Ottawa K1A 0T6.

Utilization, Manufacturing

Capacity utilization in manufacturing industries, fourth quarter, 1978, rose to 89.2% from 87.5% in the third quarter.

For further information, contact R. Hoyt (613-995-8152), Construction Division, Statistics Canada, Ottawa K1A 0T6.

International Travel, 1978

With earnings of \$2,364 million from international travel, payments abroad totalled \$4,083 million, resulting in a deficit of \$1,719 million (\$1,641 million in 1977). The increase in the deficit was the smallest since 1975.

Although the number of visitors from the United States fell slightly (0.6%) receipts increased to \$1,635 million from \$1,525 million in 1977. Receipts from countries other than the U.S. reached \$729 million (\$500 million). Visitors from these countries increased sharply (17%).

Inflation and depreciation of the Canadian dollar brought Canadian visitors' payments to the U.S. to \$2,560 million (\$2,280 million in 1977) even though 1.6% fewer journeyed. Travel in other countries cost \$1,523 million (\$1,386 million) as more Canadians (1.8%) visited these countries.

For further information, order the *October-December 1978 issue of Travel Between Canada and Other Countries* (66-001, \$1.75/\$7), or contact M.W. Valiquette (613-995-0847), Financial Flows and Multinational Enterprises Division, International Travel Section, Statistics Canada, Ottawa K1A 0T6.

Coal/Coke Statistics, 1978

December coal production increased 13.8% to 3,178,882 tons (2 883 833 metric tonnes) from 2,792,148 (2 532 994) a year earlier. Year-to-date production was 33,594,972 tons (30 476 846 metric tonnes), an increase of 6.9% from a year earlier. December imports increased to 2,132,780 tons (1 934 825 metric tonnes) from 987,670 (895 999). Industrial consumers used 2,740,398 tons (2 486 047 metric tonnes) of coal, up 18,097 tons (16 417 metric tonnes) and 497,259 tons (451 106 metric tonnes) of coke, up 58,382 tons (52 963 metric tonnes).

For further information, order the *December 1978 issue of Coal and Coke Statistics* (45-002, 40¢/\$4), or contact David Madsen (613-992-4021), Energy Section, Statistics Canada, Ottawa K1A 0T6.

Labour Income

Labour income, December: \$11.2 billion, up \$911.4 million or 8.9% from 1977.

Total wages and salaries rose 8.5% to \$10,352.6 million from \$9,544.8 million a year earlier.

Breakdowns for wages and salaries (millions of dollars) were: primary industries \$84.3; forestry \$99.6; mines, quarries, oil wells \$261.3; manufacturing \$2,355.9; construction \$651.7; transportation, communication, other utilities \$1,095.3; commercial, personal services \$965.9; education, related services \$1,104.6; health, welfare services \$651.3; federal administration, other government offices \$393.9; local administration \$258.8; and provincial administration \$318.2.

Supplementary income for December reached \$855.7 million.

See detailed estimates in the *December 1978 issue of Estimates of Labour Income* (72-005, \$1.05/\$4.20), or contact Mrs. G. Gauthier (613-995-8067), Labour Income Section, Labour Division, Statistics Canada, Ottawa K1A 0V2.

Employment/Earnings/Hours

The industrial composite Index of Employment, December, showed a 0.5% increase over November, with gains in all industry divisions, except mining which declined, and in all regions except British Columbia (a decrease).

Average weekly earnings rose 0.6%. Gains were recorded in most industry divisions bar forestry, transportation, communication and other utilities and trade which reported decreases. Increases were registered in all regions. Average hourly earnings rose in mining, manufacturing and construction. Average weekly hours increased in manufacturing and in construction but decreased in mining.

Detailed information for October and November will be published in the *December issue of 72-002, 70¢/\$7*, and is also available from R. Ouellette (613-992-5613), Labour Division, Statistics Canada, Ottawa K1A 0V2.

SECURITY TRANSACTIONS CONDUCTED WITH NON-RESIDENTS

Transactions with non-residents in outstanding Canadian and foreign securities produced a net outflow of \$60 million in October, up from a net outflow of \$26 million in September.

Trading with non-residents in Canadian issues gave rise to a net outflow of \$33 million, a drop of \$24 million from September. The main element in the fall was a \$32 million reduction in the net outflow from dealings in Canadian equities to \$17 million.

Canadian U.S. Purchases: \$41M.

Transactions with non-residents in outstanding foreign securities produced a net outflow of \$27 million, a substantial turnaround from the net inflow of \$30 million in September. Consistent with the fall in trading activity in New York, gross trading in United States equities fell almost one quarter. The reduction in sales by residents of Canada was twice as large as the reduction in purchases, with the result that the net inflow of \$33 million in September swung to a net outflow of \$13 million. Purchases by residents of Canada of United States bonds and debentures almost doubled to \$41 million while sales increased by \$5 million, raising the net outflow to \$17 million.

Foreign Securities' Inflow: \$58M.

For the first ten months of the year, transactions with non-residents in outstanding Canadian and foreign securities gave rise to a net outflow of \$220 million. Trading in outstanding Canadian securities produced a net outflow of \$278 million, largely from trading in Canadian equity issues. Dealings in outstanding foreign securities resulted in a net inflow of \$58 million, with trading in United States stock more than accounting for the net inflow.

Abstracted from *Security Transactions With Non-Residents* (67-002, 40¢/\$4).

Key Economic Series

During March, release of key economic series data is to be as outlined below. Where a range of dates applies, this represents the period within which publication can be reasonably expected given the circumstances peculiar to each series. (A range may be exceeded on occasion.)

Feb. 26 to Mar. 9: Unemployment Insurance, December

Mar. 5 to 7: Industry Selling Price Index, January

Mar. 6: Preliminary Statement, Trade, January

Mar. 7: Balance of International Payments, 4th quarter 1978

Mar. 12 to 15: Building Permits, December

Mar. 12 to 16: Retail Trade, January

Mar. 13: Labour Force Survey, February

Mar. 19 to 21: Wholesale Trade, January

Mar. 19 to 23: Private/Public Investments, Outlook by Provinces 1979 (Final Figures)

Mar. 16: The Consumer Price Index, February

Mar. 20 to 26: Index of Industrial Production, January

Mar. 22 to 23: Inventories, Shipments and Orders, January

Mar. 23 to 27: Labour Income, January

Mar. 23 to 28: Real Domestic Product, January

Mar. 23 to 29: Employment, Earnings and Hours, January

Mar. 26 to 29: Industrial Corporations' Financial Statistics, 4th quarter 1978 (Final Figures)

Mar. 26 to Apr. 6: Unemployment Insurance, January.

For further information, contact Jack Kerr (613-992-1548), Production Planning and Scheduling Division, Statistics Canada, Ottawa K1A 0T6.

Oil Pipeline Transport

Pipelines received 2,707,635 B/D (430 270 m3D) of crude oil, condensate, pentanes plus and refined petroleum product in December, 4% fewer than 2,820,100 (448 142 m3) a year earlier. Receipts of domestic petroleum and products fell 1.4% to 2,454,084 B/D (389 978 m3D) and imported petroleum and products 23.5% to 253,551 B/D (40 292 m3D).

For further information, order the December 1978 issue of *Oil Pipe Line Transport* (55-001, 30¢/\$3), or contact G. Kitchen (613-992-4021), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Radio Broadcasting

Gross national radio air-time sales, November: \$8.5 million, up 13.3% from \$7.5 million in 1977. After deduction of commissions: \$7.2 million, up 12.5% from \$6.4 million. Net local air-time sales: up 15.8% to \$19.8 million from \$17.1 million.

Gross sales, January-November: \$291.5 million (\$250.4 million, 16.4%). Net sales rose 16.1% to \$271.1 million from \$233.5 million.

For further information, order the November 1978 issue of *Radio Broadcasting* (56-003, 15¢/\$1.50), or contact J.R. Slattery (613-996-9271), Transportation and Communications Division, Statistics Canada, Ottawa K1A 0T6.

PRIVATE/PUBLIC INVESTMENT — OUTLOOK 1979

Advance national estimates of capital expenditures for 1978 and 1979 are subject to revisions during the detailed provincial compilations now under way but this advance information is considered adequate to indicate emerging patterns for the year ahead. All amounts shown are in current dollars without any adjustments for price increases in 1978 or in 1979. As soon as the detailed estimates by province are completed, the data will be made available to users on CANSIM in mid-March for both capital expenditures and for repair expenditures charged to operating expenses. That information and further special tables will in turn appear in "Private and Public Investment in Canada, Outlook 1979" to be released in early April.

Total of capital expenditures during 1979 by all sectors of the economy is estimated at \$54,697 million, 8.9% above the 1978 amount of \$50,208 million. The current measurement for 1978 is marginally higher than the mid-year estimates of \$49,950 million for 1978 and 7.8% above the \$46,594 million for 1977.

Capital expenditures for new construction in 1979 are expected to reach \$34,822 million, 7.9% higher than the \$32,263 million in 1978. (In the following summary, the percentage change over 1978 and the total for 1978 will be shown parenthetically in the same sequence.) In the construction program, residential construction is estimated at \$11,715 million, up 3.0% from \$11,375 million, using a basis of 215,000 starts projected for 1979 compared with 228,000 starts in 1978. Non-residential construction, representing the remainder of the construction program, is shown at \$23,107 million (10.6%, \$20,888 million). The total for acquisition of new machinery and equipment during 1979 is \$19,875 million (10.8%, \$17,945 million).

Social Capital Outlays To Rise 7%

The total of capital spending by the business group is shown at \$34,847 million (11.6%, \$31,231 million). The increase is smaller for outlays on social capital by institutions and governments which are estimated at \$8,135 million (7.0%, \$7,603 million).

In the business group, utilities contribute the largest gain in value for 1979 with an overall total of \$11,731 million (9.5%, \$10,710 million) because of increases for electric power, air and rail transportation and for telephones with some limited offsetting decreases for pipelines, urban and motor transportation. The program for manufacturing is somewhat stronger in 1979 than in 1978 with an expected total of \$6,780 million (8.9%, \$6,229 million). The increase during 1978 was only 2.4% over a total of \$6,081 million in 1977. In the current year, the largest gains are shown for transportation equipment, primary metals, food and beverages, with smaller increases for wood products, non-metallic minerals, machinery, paper and allied industries. Only four industry groups show decreases in current dollars, namely chemicals and chemical products, petroleum and coal products, metal fabricating and clothing.

Commercial Services' Projected: 25.2%

In the remainder of the business sector, some strength is expected in most industry groups. The mining group is expected to reach \$4,414 million (16.4%, \$3,791 million), mostly as a result of growth for petroleum and gas. A higher level for metal mining is mostly from the copper-gold-silver group and from uranium. Non-metal mining on the other hand is showing a decrease for 1979. Sizeable gains are expected for the trade-finance-commercial group where trade is shown to be up by 8.3% in 1979, finance with a 14.5% gain, and commercial services with a 25.2% increase where significant expansion was recorded for acquisitions of machinery for leasing to others. Capital spending in agriculture and fishing is projected at \$3,777 million (8.2%, \$3,491 million).

Capital expenditures of the social capital group of institutions and governments at \$8,135 million (7.0%, \$7,603 million) is registering a lower rate of increase in the current year than the 8.2% increase of 1978 over 1977. In the total for governments for 1979, the federal departments are expected to have outlays of \$986 million compared with \$1,107 million last year. On the other hand, capital spending of provincial government departments is expected to increase to \$2,763 million (12.8%, \$2,449 million). The total for municipalities is also increasing to \$2,609 million (4.5%, \$2,497 million). In the institutions group, outlays for schools at \$798 million dominate the increase over 1978 when the additions of schools were only \$680 million following \$735 million in 1977.

For further information, contact Duncan Lusick or Richard Landry (613-995-9013), Construction Division, Statistics Canada, Ottawa K1A 0T6.

Housing Starts

Residential building in January in centres of 10,000 population and above was marked by housing starts falling 22.9% to 11,533 from 14,958 a year earlier.

Provincial figures with January 1978 totals in brackets: Ontario 2,516 (3,881), Québec 2,252 (2,807), Alberta 3,349 (3,265), British Columbia 1,957 (2,031),

Manitoba 792 (1,557), Saskatchewan 446 (1,053), Nova Scotia 112 (251), New Brunswick 74 (47), Newfoundland 9 (57) and Prince Edward Island 26 (9).

For further information, order the January 1979 issue of *Housing Starts and Completions* (64-002, 55¢/\$5.50), or contact J.P. Delisle (613-995-8213), Construction Division, Statistics Canada, Ottawa K1A 0T6.



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These publications released February 23 — March 1

	Cata- logue	Price per issue/year		Cata- logue	Price per issue/year
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Grain Milling Statistics, December 1978	32-003	30¢/\$3	Factory Sales of Electric Storage Batteries, December 1978	43-005	15¢/\$1.50
Production of Eggs and Poultry, December 1978	23-003	30¢/\$3	Footwear Statistics, December 1978	33-002	30¢/\$3
Specified Domestic Electrical Appliances, December 1978	43-003	15¢/\$1.50	Gold Production, December 1978	26-004	15¢/\$1.50
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Statistical report on the Operation of the Unemployment Insurance Act, July-September 1978	73-001	\$1.05/\$4.20	Quarterly Shipments of Flush Type Doors (Wood) by Canadian Manufacturers, Quarter Ended December 31, 1978	35-004	35¢/\$1.40
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			Railway Transport, Part III, Equipment, Track and Fuel Statistics, 1977	52-209	70¢
			SERVICE BULLETIN		
			Aviation Statistics Centre — Vol. 11, No. 2, Canadian Air Transport Industry, 1978	51-004	/ \$4.20