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Trade

On a seasonally-adjusted balance of payments basis, exports fell 0.9% in January to $5.96 billion following an increase of 2.9% in December. As imports rose 6.2% to $5.69 billion (1.4% in December), the merchandise trade surplus fell to $271 million from $658 million in December.

The export and import short-term trend cycles continued to grow but at a slower pace. The export trend cycle slowed from a peak increase of 3.7% in August 1979 to an increase of 1.5% in November. The import trend cycle slowed from a peak increase of 2.5% in August 1979 to an increase of 1% in November. Export growth — though still higher than import growth — has slowed slightly more rapidly than import growth. Consequently, the growth rate of the merchandise trade surplus has eased from an increase of $70 million in August 1979 to $335 million to one of $35 million in November to $490 million.

For further information on area and commodity trade, order the January 1980 issue of Summary of External Trade (65-001, $3/$30).

Balance of Payments, 1979

The 1979 current account deficit fell 5.4% to $5,019 million from an unrevised $5,302 million in 1978. Capital movements resulted in a net inflow of $11,121 million. The first allocation of Special Drawing Rights by the International Monetary Fund since 1972 produced $219 million while the balancing item was equivalent to a net outflow of $4,402 million. The overall surplus led to an increase in net reserve assets of $1,919 million.

For further information, contact D.K. McAlister (613-995-0743), Balance of Payments Division, Statistics Canada, Ottawa K1A 0T6.

Industry Selling Price Index

The Industry Selling Price Index for manufacturing (1971=100) increased 3.3% to 238.0 in January from revised December's 230.3, now standing 16.2% above the January 1979 level. The most significant movement came in the major groups of miscellaneous manufacturing, primary metals, chemicals and chemical products and non-metallic mineral products.

Data users should note that indexes for the most recent six months are subject to revision. For further information, order the January 1980 issue of Industry Price Indexes (62-011, $3.50/$35), or contact the Information Unit, Industrial Prices (613-995-5738).

LATEST MONTHLY STATISTICS

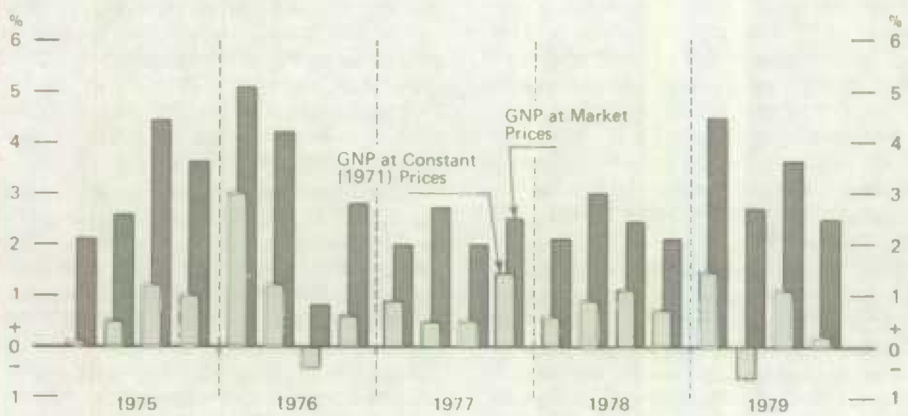
			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings ($)	Dec.	293.5	296.62r	8.9
Labour Income ($ million)	Dec.*	12,361.2p	12,475.8r	10.9
Persons with Jobs (million)	Jan.	10.19	10.39	3.9
Unemployed	Jan.	946,000	779,000	-3.2
INVENTORIES				
Department Store ($ million)	Dec.	2,175.2p	2,885.5p	11.5
Manufacturers' Owned ($ million)	Dec.	25,897.1p	25,125.5r	25.8
Wholesale ($ million)	Dec.	10,609.7p	10,550.7p	19.3
ORDERS				
Manufacturers' New Orders ($ million)	Dec.	11,949.5p	13,668.6r	6.0
Manufacturers' Unfilled Orders ($ million)	Dec.	16,778.5p	16,714.0r	22.5
PRICES				
Consumer Price Index (1971=100)	Jan.	200.1	199.0	9.5
Non-food (CPI) Component	Jan.	185.4	184.2	9.0
New House Price Index (1976=100)	Dec.	113.0	112.4	5.0
22-city Composite Wage, Building (1971=100)	Dec.*	230.9	230.8	5.1
Industry Selling Price Index (1971=100)	Jan.*	238.0p	230.3r	16.2
CONSTRUCTION			**Year-to-date**	
Building Permits ($ million)	Dec.	883.3p	*14,064.4p*	*7.1*
Housing Starts — Urban Centres (units)	Jan.*	10,489	*10,489*	*-9.1*
ENERGY				
Coal Production (thousand metric tonnes)	Nov.	2 782.9	*30 210.5*	*9.5*
Electricity Generation (terawatt hours)	Nov.	31.0	*318.6*	*5.6*
Natural Gas Production (million cubic metres)	Nov.	9 279.7	*95 415.6*	*6.7*
Petroleum Refining (million cubic metres)	Dec.	9.67p	*114.67p*	*8.8*
FOREIGN TRADE				
Exports — Balance of Payments Basis ($ million)	Jan.*	5,886p	*5,886p*	*17.8*
Imports — Balance of Payments Basis ($ million)	Jan.*	5,509p	*5,509p*	*17.6*
PRODUCTION				
Steel (ingots — thousand metric tonnes)	Dec.	1 343.13p	*15 860.9p*	*7.0*
SALES				
Department Store Sales ($ million)	Dec.	1,299.5p	*8,518.0p*	*10.7*
Manufacturers' Shipments ($ million)	Dec.	11,885.0p	*150,248.6p*	*16.5*
New Motor Vehicle Sales ($ million)	Jan.*	768.4	*768.4*	*13.8*
Retail Sales ($ million)	Dec.	8,094.6p	*76,977.7p*	*11.7*
Wholesale Sales ($ million)	Dec.	5,660.0p	*74,730.0r*	*21.0*

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

Canada's Gross National Product (GNP)

Quarter-to-Quarter Change

All Data Seasonally Adjusted



Source: National Income and Expenditure Accounts (13-001)

Gross National Product, 1979

Gross National Product's 1979 level reached $260.5 billion, up 13.1% from 1978. Allowing for price changes, the volume of GNP rose 2.9%, the third consecutive year of restrained growth in the economy. Most of the weakness originated in sluggish consumer and government demand. Export growth tapered off sharply. Higher business expenditure for plant and equipment and inventories accounted for most of the increase in Gross National Expenditure.

Although real growth has been relatively constricted over the last three years there are indications that shifts in total income and expenditure towards the business sector plus the decline in the international value of the Canadian dollar have created room for some optimism for a return to higher growth rates. The restoration of the competitiveness of the manufacturing sector, the recovery of investment in plant and equipment, the absence to date of any post-Anti Inflation Board wage bubble, a reduction in the rate of domestically-generated inflation and the improvement in the terms of trade related to the recovery of commodity prices provide some ground for optimism for medium-term prospects. However, the recent course has been clouded by the marked slowdown in industrial production in the United States and a further weakening of consumer and government demand in Canada.

The growth of real merchandise exports slowed noticeably to 2.6%. Merchandise imports continued to expand rapidly and as a result real net merchandise exports fell $1,573 million. Value of the dollar stabilized somewhat and with the worldwide upsurge in commodity prices the Index of the Terms of Trade improved substantially from 102.8 to 106.6 (the merchandise trade surplus improved by about $600 million). Higher export earnings were also an important factor in the further distribution of national income towards corporate profits and underlay much of the strength in business capital expenditure.

Most of the increase in export prices represented higher prices received for crude and fabricated materials, up 29% and 25%. Prices for these goods, such as ores, alloys, petroleum, wood and paper products, are determined in world markets. Triggered by oil prices there was a great deal of speculative activity in these markets. Price increases were more restrained for end products — demand was relatively weak. Import prices rose 14.8%, about the same rate of increase as last year, following a small decline in the value of the dollar and an upturn in inflation for end products imported from the U.S.

The strong increase in export prices accounted for most of the acceleration in the Implicit Price Index for GNE. The Index advanced 9.9% as export prices rose 19.1%. Excluding exports, the increase in the price of domestically-produced goods and services for consumption in Canada was 6.4%, up slightly from 5.4% in 1978. The continued weakness of final domestic demand contributed to this moderation of domestically-generated inflation and subsidies mitigated inflationary world oil prices.

Slowdown of the U.S. economy was most evident in the automotive sector where nominal exports of goods slumped by almost $900 million. Nominal exports rose sharply for a number of crude and fabricated materials in high demand such as crude petroleum, natural gas and petroleum-based products. Nominal merchandise imports grew 24.5%, a further strengthening in volume of imports by 9.2% after allowing for price changes. Continued high rates of investment in machinery and equipment and the resiliency of the Canadian automotive market accounted for much of the gain.

Real personal expenditure on goods and services advanced 2.3% — continuation of moderation begun in 1977. Consumer spending rose moderately through most of 1978 and the first half of 1979 in response to the stimulus of personal income tax cuts and the temporary reduction of sales tax rates in most provinces. Demand slumped sharply, however, once the programs expired.

Most of heightened inflation for consumer goods and services originated in semi-durable goods, automotive goods and travel abroad with food and energy price increases continuing at double-digit rates. Partly as a result consumer demand was most restrained for semi- and non-durable goods. Net travel expenditures abroad declined again — continuation of the trend begun shortly after the sharp 1979 decline in the value of the dollar. Spending on durable goods rose 3.5% evenly split between automotive and non-automotive components.

In volume terms, inventory accumulation was $2,069 million with virtually all of the increase in the non-farm business sector. Business expenditure on plant/equipment (real terms) rose 10.4% — continuation of recovery begun in mid-1978. A major part of the upturn originated in the mining and manufacturing industries, firms continuing to adjust capacity with higher purchases of machinery and equipment, up 10.6%. Notable recovery of non-residential construction expenditure marked 1979 and upward commodity prices sparked strong growth in fossil fuels/minerals exploration/extraction. Growth of total gross fixed capital formation was restrained to 5.0% in volume by continuing restraint in government capital expenditures and a further reduction in residential construction: residential construction declined 7.4%.

Corporation profits before taxes rose an estimated 33.1%, the share of such profits in GNP rising to 13.3%. Corporate profits improved in 1978 largely in export-oriented industries but the 1979 increase was more diffuse as profits for domestically-oriented firms also rose strongly despite the relatively low rate of demand/inflation for goods/services produced for domestic consumption. Largest increases came, however, in mining/manufacturing industries. Wages, salaries and supplementary labour income advanced 10.9% in 1979, slightly more than the gains in the previous two years. Most of this upturn reflected continuing strong advances in employment as average earnings continued to grow moderately despite the high rate of inflation and the expiry of wage and price controls. The unusually strong gain in employment exceeded the increase in real output with the result output per employed worker declined. This may be related to movements in the relative prices of labour, energy and capital. Increase in labour income was led by strong gains in the mining and manufacturing industries, up 19% and 12%. The share of labour income in GNP — 55.3% — declined for the second consecutive year. Total personal income advanced 11.6% and personal disposable income rose 11.9%. With nominal personal expenditure recording a similar increase the personal savings rate was virtually unchanged for the third consecutive year at 10.3%.

For further information, order National Income and Expenditure Accounts, fourth quarter, 1979 (13-001, $6/$24), or contact Miss B. Clift (613-995-3989), Assistant Director, Gross National Product Division, Statistics Canada, R.H. Coats Building, Section 22-A, Ottawa K1A 0T6.

Private/Public Investment: Outlook '80

Capital expenditures 1980, are estimated to rise 12% to $63,891 million from 1979's $57,065 million (which, in turn, rose 13.3% from 1978's $50,360 million.) New construction is expected to rise 9.4% to $38,648 million from $35,336 million. The residential portion at $11,530 million is only fractionally higher than the $11,482 million in 1979 using a basis of 175,000 starts in 1980 compared with 197,000 starts in 1979. Non-residential construction is expected to increase 13.7% to $27,118 million from $23,854 million compared with 1979's 16.7% increase over 1978's $20,461 million. Acquisition of new machinery and equipment: up 16.2% to $25,243 million from $21,729 million (17.8% over 1978's $18,448 million).

Business group: up 16.7% to $43,784 million from $37,515 million, a rate of increase below the 19% last year for capital spending. Outlays for social capital of institutions and governments at $8,578 million is only 6.3% above the $8,068 million in 1979 compared with 1979's 9.3% increase over 1978.

In the business group, a 32.9% increase is estimated for those industries that include mining and oil and gas wells. Metal and non-metal mining is expected to increase by 37.7% to $1,791 million in 1980 from $1,300 million. Oil and gas wells show a gain of 31.3% to $5,194 million from $3,955 million. In manufacturing, the total of $8,881 million is 23.8% higher than the $7,174 million in 1979 (this rate of increase exceeds the 16.1% of 1979 over 1978). Most significant recorded expansion is in the transportation equipment group ($778 million, 118.9%), the primary metals group ($370 million, 49.6%), the paper and allied industries group ($294 million, 38.2%), followed by petroleum refineries, machinery, electrical products, food and beverages, textiles and metal fabricating. Decreases: the chemical products group (following a larger decrease last year) and non-metallic mineral products, wood products and rubber products groups.

In the utilities sector, transportation is expected to contribute significantly to higher capital expenditures — $3,187 million or 25.2% above 1979's $2,546 million. Air transport is the only group showing a decrease but is still close to the high 1979 level when compared with 1978. Rail transport and pipelines are the two dominant groups in the overall increase. The telephones and telegraph group — 10.3% gain of $228 million — enjoys the major share of the increase for communications. In the miscellaneous utilities, electric power is advancing 3.1% to $6,617 million from $6,419 million followed by gas distribution ($36 million, 14.6%). The trade-finance-commercial estimate rises 14% to $8,718 million from $7,645 million (1979 over 1978: was 20.8%). The commercial services group, real estate developers and banks dominate the increase in this area. The $4,912 million for agriculture and fishing is up 12.5% ($4,367 million).

In the social capital group of institutions and governments, the increase of 6.3% to a new total of $8,578 million results in large part from the increase in capital spending by municipal governments to $2,904 million in 1980 from $2,735 million in 1979 (6.2%). Provincial governments are estimated at $2,784 million compared with $2,676 million last year (4.1%) and federal government departments are shown at $1,015 million (9.7%) after $925 million in 1979 and $1,050 million in 1978. Schools ($61 million) and hospitals ($62 million) increase 8.8% and 9.6%.

For further information, contact Duncan Lusick or Richard Landry (613-995-9013), Construction Division, Statistics Canada, Ottawa K1A 0T6. These advance data are subject to revision. Amounts are in current dollars without adjustments for 1979-80 price increases. Detailed estimates, by province, are available on CANSIM in March for capital expenditures and for repair expenditures charged to operating expenses. Data and special tables will be published in April under catalogue number 61-205.

Real Domestic Product, 1979

The seasonally-adjusted Index of Real Domestic Product declined 0.6% to 139.8 in December from 140.7 in November with the Index of Industrial Production falling 1.1%. Goods-producing industries were off 1.0%, service-producing industries off 0.3%.

The level of economic activity in the fourth quarter was unchanged from that of the third quarter. In terms of the broad groupings the gains recorded in manufacturing, forestry, transportation-storage communication and community-business-personal services were offset by declines (or no change) in other industries including trade and mining industries.

Total production in the fourth quarter is estimated up 1.7% from a year earlier. The Index of Industrial Production rose 0.3% for the fourth quarter to a level 1.9% above that of 1978. Although the quarterly index level was higher than that for the preceding quarter falls were recorded in each of the months of the fourth quarter.

Real Domestic Product increased 3.1% in 1979 compared with a gain of 4.0% in 1978. The Index of Industrial Production rose 4.2% with growth in 1978 being 5.8%. The slowdown in the growth rate was evident in both goods-producing and service-producing industries.

Agricultural output was down about 1.0% in 1979 — sharp declines in grain production and livestock and dairy production; gains were made in poultry, vegetable and tobacco production.

An increase of 2.8% in forestry resulted entirely from increased pulpwood demand for domestic use — pulpwood exports declined. Logging output was virtually unchanged from 1978's level.

Throughout 1978 and part of 1979 mining output — especially in metal mining — was adversely affected by various labour disruptions. Production increased in 1979 in metal mines but not back to 1977 levels. Most of the increase in mining for 1979 occurred in mineral fuels — up 10%. Non-metal mines production moved up strongly as well due to increased production and exports of asbestos and potash.

Manufacturing industries recorded a 3.4% increase over the previous year with non-durable manufacturing up 3.9% and durable manufacturing up 2.9%. Nineteen of the 20 major industry groups registered increases. Food and beverage products advanced 3.3% in the year with beverage industries showing the largest increase. The start up of new production and storage facilities contributed to the growth in dairy products manufacturing. There was continued strength in output of rubber and plastic industries. The increase in plastic fabricating reflects strong demand for such products in the automotive industry to reduce the weight of cars. Textiles, knitted products and clothing recorded gains of 3.0%, 7.3% and 4.5%.

The pulp and paper industry moved ahead 3.1% in 1979. The operating rate of the newsprint mills was 97% compared with 98% in 1978.

The wood industries increased only slightly, due in part to strikes at various mills during the summer and also because of continuing weakness in the residential construction industry.

Production of chemicals and chemical products was up 1.4%. Manufacturers of industrial chemicals, pharmaceuticals and plastic and synthetic resins were among major contributors to the increase.

Primary metal industries increased only marginally, the rate of growth in iron and steel mills and steel pipe and tube industries slowing to about half of that in 1978, mainly due to labour problems earlier in the year. Production in smelting and refining industry was affected by major strikes, the level of output decreasing for the second consecutive year. Most of the metal fabricating industries recorded increases.

By far the largest rate of growth was registered by the machinery industries. As a result of widespread growth — agricultural implements up 19.1%, miscellaneous machinery 15.3%, commercial refrigeration and air conditioning equipment 23.9%, office and store machinery 23.5% — the industry group advanced dramatically by 17.5%, the largest annual growth rate since 1971. Capital expenditures on machinery and equipment advanced very sharply.

Transportation exhibited significant strength mainly due to increased carloadings of grain (other than wheat), iron ore, fertilizers, chemical products and iron and steel products. Receipts of crude petroleum and natural gas through Canadian oil pipelines increased significantly. The growth in communications originated mostly from increases in telephone systems.

Trade was up 1.9% in 1979 with both wholesale and retail trade contributing to the upward movement. In wholesale trade, activity among wholesale merchants accounted for most of the gain. In retail trade, department stores, motor vehicle dealers, clothing stores and drug stores provided most of the growth; food stores declined for the second consecutive year.

Finance, insurance and real estate services also contributed but to a lesser extent than in previous years. Community, business and personal services grew at about the same rate as in 1978. Public administration and defence services declined for the first time since 1971. A sharp drop in federal administration services was responsible for the decline although growth in provincial services also slowed.

For further information, order the December 1979 issue of Indexes of Real Domestic Product by Industry (61-005, $3/$30), or contact R.W. Collins (613-995-0443), Industry Product Division, Statistics Canada.

SAMPLING PRESENTATION OFFERED IN VANCOUVER

A one-and-a-half day non-mathematical presentation on the basic principles and techniques of survey sampling is being offered in Vancouver, March 26 — 27. Co-sponsored by the Professional Marketing Research Society and Statistics Canada, the presentation will be delivered by statisticians and is intended for persons who have little or no formal training in sampling. Discussion and consultation with speakers will be available. Venue is The Inn, at Denman Place, 1733 Comox St., Vancouver B.C. The fee, $65.00 per person, ($60.00 for Research Society members) includes lunch on the 26th and a 100-page manual providing a detailed description of the presentation material. For further details and for registration, contact Sharon Brown (604-666-6478), Statistics Canada, Main Floor, 1145 Robson Street, Vancouver V6E 1B8.

These publications released February 29 — March 6

	Catalogue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE			
Farm Cash Receipts, January to December 1979	21-001	$1.50/$15	$1.80/$18
Production and Stocks of Eggs and Poultry, December 1979	23-003	$2.50/$25	$3/$30
BUSINESS FINANCE			
Industrial Corporations, Financial Statistics, Fourth Quarter 1979, Preliminary Data (With Comparative Data for the Fourth quarter 1978)	61-003p	N/C	N/C
CENSUS			
Quality of Data, Series 1: Sources of Error — Sampling and Weighting, 1976 Census of Canada	99-844	$3	
EDUCATION, SCIENCE AND CULTURE			
Universities: Enrolment and Degrees, 1978	81-204	$6	$7.20
EXTERNAL TRADE			
Imports by Commodities, November 1979	65-007	$5/$50	$6/$60
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Asphalt Roofing, December 1979	45-001	$1.50/$15	$1.80/$18
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Consumption, Production and Inventories of Rubber, December 1979	33-003	$1.50/$15	$1.80/$18
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Gas Utilities, November 1979	55-002	$2.50/$25	$3/$30
Lime Manufacturers, 1978	44-209	$4.50	
Mineral Wool, January 1980	44-004	$1.50/$15	$1.80/$1[illegible]
Monthly Production of Soft Drinks, January 1980	32-001	$1.50/$15	$1.80/$1[illegible]
Primary Iron and Steel, December 1979	41-001	$2.50/$25	$3/$30
Production and Disposition of Tobacco Products, January 1980	32-033	$1.50/$15	$1.80/$1[illegible]
Production and Inventories of Process Cheese and Instant Skim Milk Powder, January 1980	32-024	$1.50/$15	$1.80/$18
Production and Shipments of Floor Tiles, January 1980	47-001	$1.50/$15	$1.80/$18
Production and Stocks of Tea, Coffee and Cocoa, Quarter Ended December 1979	32-025	$2.50/$10	$3/$12
Pulpwood and Wood Residue Statistics, December 1979	25-001	$1.50/$15	$1.80/$18
Quarterly Shipments of Office Furniture Products, Quarter Ended December 31, 1979	35-006	$2.50/$10	$3/$12
Sales of Paints, Varnishes and Lacquers, December 1979	46-001	$1.50/$15	$1.80/$18
Specified Chemicals, December 1979	46-002	$1.50/$15	$1.80/$18
Specified Domestic Electrical Appliances, December 1979	43-003	$1.50/$15	$1.80/$18
Steel Wire and Specified Wire Products, December 1979	41-006	$1.50/$15	$1.80/$18
SERVICE BULLETIN			
Fruit and Vegetable Preservation — Vol. 8, No. 19, Pack of Processed Blueberries, 1979	32-023	$1.50/$15	$1.80/$18
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Merchandising Inventories, November 1979	63-014	$2.50/$25	$3/$30
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Industry Price Indexes, December 1979	62-011	$3.50/$35	$4.20/$42
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