



February 27, 1981

Canadian Composite Leading Indicator

The composite leading index recorded a substantial increase of 1.11% in November.* The indicator had improved by 0.82% in October and 0.07% in September, the first increases after 17 consecutive drops. Indicators of consumer demand also rose for the third consecutive month, with appreciable increases of 0.79% for motor vehicle sales and 0.97% for retail sales. Even though the unfiltered data revealed that the negative effect of the sharp rise in interest rates had already begun to be felt in this sector, this effect is not expected to show up in the filtered version of the data because of the price reductions announced by the auto manufacturers. Indicators from the manufacturing sector were less optimistic. The percentage change in price per unit labour cost fell by 0.02% and, although the ratio of shipments to inventory and the weekly hours of work increased, the rate of increase was much weaker than in October. Greater effort has been concentrated on keeping stocks under control in recent months, following the large increases in 1979 and early 1980.

All indicators of future economic activity continued to improve in November. With the exception of the money supply, this was the third consecutive increase. The residential construction** and the Toronto Stock Exchange indices showed the strongest performances. The index of residential construction continued to grow rapidly, and is now 12.14% above the trough recorded last August. This trend, however, is in danger of being reversed because of the weakness which has recently appeared in the unfiltered data of these components. The share index continued to rise at an unprecedented rate, increasing by 4.74%. The United States leading indicator registered an appreciable increase of 1.62%. The raw data, however, show that the United States is weathering the sharp rise in interest rates much better than Canada. New orders of durables and the money supply increased at a more moderate rate than the other indicators, registering increases of 0.37% and 0.35%, respectively.

* The leading index, and its components, have been filtered with minimum phase shift filters so as to minimize false signals and maximize lead time. See D. Rhoades, "Converting Timeliness into Reliability in Economic Time Series" or "Minimum Phase-shift Filtering of Economic Time Series", (continued on next page)

LATEST MONTHLY STATISTICS**EMPLOYMENT, INCOME**

		Nov	Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	Nov	328.04p	329.42p	10.6
Labour Income (\$ million)	Nov	14,054.9p	14,182.8p	12.6
Persons with Jobs (million)	Jan.	10.46	10.64	2.6
Unemployed	Jan.	945,000	810,000	—

INVENTORIES

Department Store (\$ million)	Dec.	2,499.9	3,070.6	13.6
Manufacturers' Owned (\$ million)	Dec.*	28,964.4p	28,499.6r	9.9
Wholesale (\$ million)	Dec.*	13,091.8	12,720.5	16.4

ORDERS

Manufacturers' New Orders (\$ million)	Dec.*	13,983.5p	14,386.2r	14.3
Manufacturers' Unfilled Orders (\$ million)	Dec.*	18,374.4p	18,647.5r	5.1

PRICES

Consumer Price Index (1971=100)	Jan.	224.1	221.3	12.0
Non-food (CPI) Component	Jan.	206.8	203.8	11.5
New House Price Index (1976=100)	Dec.	125.1	123.2	10.7
22-city Composite Wage, Building (1971=100)	Nov.	253.1p	252.5p	9.5
Industry Selling Price Index (1971=100)	Dec.	257.5p	257.2r	11.8

CONSTRUCTION

Building Permits (\$ million)	Nov.	1,251.5p	13,830.7p	4.9
Housing Starts — Urban Centres (units)	Dec.	10,302	125,013	-17.6

ENERGY

Coal Production (thousand metric tonnes)	Nov	3 287.2	33 157.2	9.1
Electricity Generation (terawatt hours)	Nov	32.3	330.2	3.6
Natural Gas Production (million cubic metres)	Nov.	8 938.5	87 647.1	-8.1
Petroleum Refining (million cubic metres)	Dec.	9.9p	111.7p	-2.6

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Dec.	6,387p	76,077p	16.7
Imports — Balance of Payments Basis (\$ million)	Dec.	5,582p	68,116p	11.3

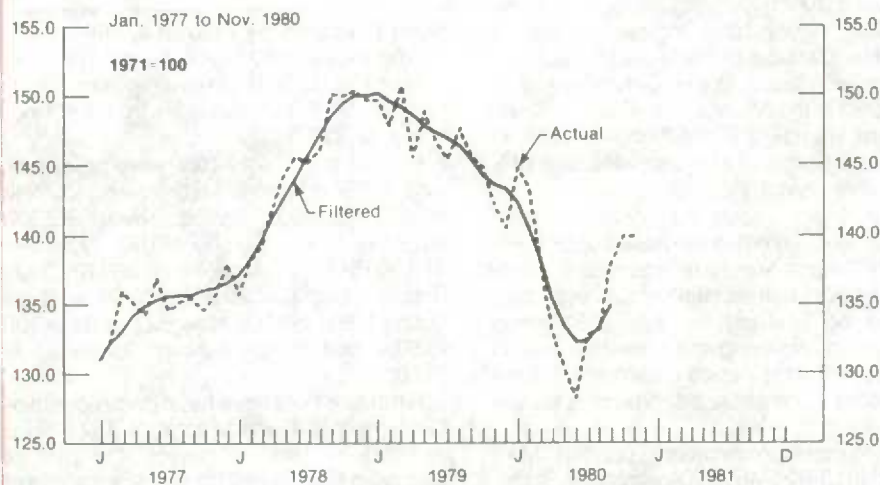
PRODUCTION

Steel (ingots — thousand metric tonnes)	Dec.	1 300.9	15 686.1	-1.1
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SALES

Department Store Sales (\$ million)	Dec.	1,459.8	9,372.8	9.9
Manufacturers' Shipments (\$ million)	Dec.*	14,256.6p	165,787.5p	9.3
New Motor Vehicle Sales (\$ million)	Dec.	729.8	11,378.6	0.9
Retail Sales (\$ million)	Dec.	9,088.1p	83,888.9p	8.9
Wholesale Sales (\$ million)	Dec.*	6,613.3	79,888.8	10.1

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

The Canadian Composite Leading Index

Source: Statistics Canada, Current Economic Analysis (13-004E)

Canadian Statistical Review, February 1980.

Filtering the leading index (Jan. 1952 to Feb. 1980) reduced false signals from 69 to 3, while reducing the average lead time by 2.6 months at peaks and 2.6 months at troughs.

All references to leading indicators in this section are to filtered data unless otherwise stated.

** This index is a composite of housing starts, residential building permits, and mortgage loan approvals.

Current Economic Analysis

Now available is the first issue of *Current Economic Analysis* (13-004E, \$2.50/\$25), a monthly publication which provides, in a manner easily accessible to the public, an integrated commentary on the most recent data releases covering leading economic indicators, consumption, employment, output, investment, finance, prices, external trade, etc. Included is a news summary of major domestic and international developments contributing to the economic outlook and extensive tables and charts containing analytically useful transformations of the basic source data. Because of this emphasis on analytical transformations of the data, the publication is not meant to serve as a compendium of source data on the macro-economy. Users requiring such a compendium are urged to consult the *Canadian Statistical Review*.

From time to time, feature articles will appear covering methodological issues such as dating business cycles and constructing leading indexes and presenting in-depth studies on the current behaviour of specific economic sectors.

For further information, contact D. Rhoades (613-992-4441), Current Economic Analysis Staff, Statistics Canada, Ottawa K1A 0T6.

Average Value of Farm Lands and Buildings, by Province, 1980

Preliminary indications are that farmland values have continued their rise through the first half of 1980 at about the same 18% rate observed during the year 1979. In general farmland values have increased most in Western Canada (Alberta +25%, Saskatchewan +21% and British Columbia +17%) and least in the Atlantic provinces (Prince Edward Island +2%, New Brunswick +7% and Nova Scotia +14%), with values up 14% in Quebec and 13% in Ontario.

Data users should note that the 1980 preliminary estimates are based upon Farm Credit Corporation farm appraisals covering the first half of 1980; these estimates should be finalized by July 1981 when information covering the complete year is available. For the period ending in 1979 the estimates were obtained through a survey conducted by mail.

For further information, contact Mike Trant (613-995-4895), Agriculture Statistics Division, Statistics Canada, Ottawa K1A 0T6.

Leading Indicators

Percentage
Change in
November

Composite Leading Index (1971=100).....	+1.11
1. Average Workweek — Manufacturing (Hours).....	+0.26
2. Residential Construction Index (1971=100).....	+4.91
3. United States Composite Leading Index (1967=100).....	+1.62
4. Money Supply (M1) (\$1971 Millions).....	+0.35
5. New Orders — Durable Products Industries (\$1971 Millions).....	+0.37
6. Retail Trade — Furniture and Appliances (\$1971 Millions).....	+0.97
7. New Motor Vehicle Sales (\$1971 Millions).....	+0.79
8. Shipment to Inventory Ratio (Finished Goods) — Manufacturing.....	+0.01*
9. Stock Price Index (TSE300 Excluding Oil & Gas 1975=1000).....	+4.74
10. Change in Price Per Unit Labour Costs (Per Cent).....	-0.02*

*Net Change

A Note on the Role of Leading Indicators in the Statistical System

Policy-makers and decision-makers in both the government and private sectors are making increased and more sophisticated uses of quarterly national accounts and of other macro-economic frameworks in order to evaluate the current performance of the economy and to detect its underlying trends. However, by the time users have access to the elaborate frameworks which allow them to analyze the economy in a relatively disciplined fashion, events with consequences for the near and medium term future may have already taken place. The first quantitative manifestation of current economic developments often occurs in a group of indicators that lead cyclical movements in the economy and that can be assembled rapidly as events unfold. Consequently it is not surprising that "leading indicators" have long played a role in assessing current economic conditions. In the last decade the increased severity of recessions worldwide has disabused most analysts of the notion that the business cycle is dead and has rekindled interest in the leading indicator approach to economic analysis. Since the early 1970s the number of organizations, both in Canada and elsewhere, that have developed indicator systems to monitor economic developments is quite impressive. All of this activity has stimulated inquiries into the nature of the work being carried out and into possible directions of evolution of indicator systems.

These inquiries have led Statistics Canada to develop a set of theoretical guidelines that are useful in constructing, evaluating, or in guiding the evolution of leading indicator systems. Also, technical advances in data smoothing have been utilized so that the number of false signals emitted by the leading index has been minimized while preserving the maximum amount of lead time. A paper on these topics will shortly be published in a forthcoming issue of the new publication *Current Economic Analysis* (catalogue number 13-004E). Within the limits of this note we can only be suggestive and indicate that a leading indicator system should be structured as much as possible like the framework (eg. the quarterly national accounts) that it is intended to complement, and it must contain a broad enough range of component indicators to enable the system to warn of cyclical changes that may be generated by any of a large variety of causal mechanisms. Although the current version of Statistics Canada's leading indicator system does not incorporate all the implications of the theoretical guidelines, along with the guidelines, it constitutes a useful addition to the indicator systems in Canada, and will become increasingly more so as the system evolves in accordance with the theoretical principles underlying its development.

Farm Numbers by Province, 1980

Estimates for 1980 place the total number of farms in Canada (excluding Newfoundland) at 327,600, down 0.5% from the 1979 figure of 329,300.

Provincial totals for 1980 were as follows, with 1979 numbers in brackets: Ontario 85,800 (85,800); Saskatchewan 69,200 (69,600); Alberta 58,500 (60,000); Quebec 51,500 (51,500); Manitoba 29,300 (29,300); British Columbia 20,800 (20,600); Nova Scotia 5,800 (5,800); New Brunswick 3,700 (3,600) and Prince Edward Island 3,100 (3,100).

Farm numbers have been declining since 1941, from a Canada total of 732,832 to 327,600 in 1980. However, the rate of decrease has slowed from an annual rate of 1.5% in the 1940s to a rate of 0.5% between 1979 and 1980.

Radio Broadcasting

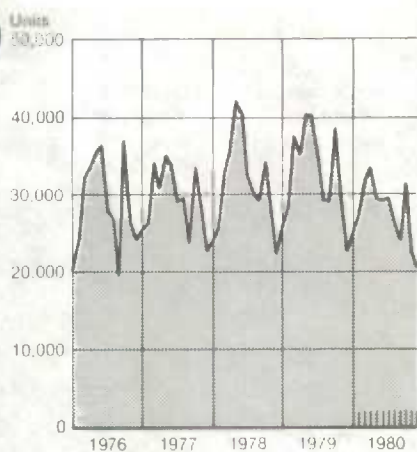
Gross national AM and FM radio air-time sales were \$7.5 million in December 1980, a decrease of 17.6% from \$9.1 million in December 1979. Net national sales after deduction of agency and other commissions amounted to \$6.4 million, down 16.9% from \$7.7 million in the previous year.

Net local air-time sales were up 10.0% to \$27.8 million in December from \$25.3 million.

Gross radio air-time sales for the year 1980 reached \$412.4 million compared to \$371.7 million in 1979, an increase of 10.9%. Net sales rose 11.4% to \$385.3 million from \$345.8 million.

For further information, order the December 1980 issue of *Radio Broadcasting* (56-003, \$1.50/\$15).

Sales of New Commercial Vehicles



Source: Statistics Canada, New Motor Vehicle Sales (63-007)

Sales of Commercial Vehicles

Sales in Canada of all commercial vehicles decreased 15.7% to 331,747 units in 1980 from 393,394 in 1979 and were at their lowest level since 1975 (327,349).

For further information, order the December 1980 issue of *New Motor Vehicle Sales* (63-007, \$2.50/\$25), or contact M. Kwilecki (613-996-9304), Merchandising and Services Division, Statistics Canada, Ottawa K1A 0V4.

International Travel Receipts/Payments

Preliminary estimates show that Canada recorded a deficit on international travel of \$1,138 million in 1980, up by \$70 million from \$1,068 million in 1979. Spending by Canadians travelling abroad rose 12.4% to \$4,444 million while receipts from visitors to this country increased by 14.5% to \$3,306 million.

Although receipts from the United States surpassed the \$2 billion level (\$2,061 million) for the first time, up 9.6% from 1979, the travel deficit with the U.S. widened to \$783 million from \$576 million in 1979. This increase can be partly explained by a detailed analysis of the traffic which reveals that 8.5% more Canadians travelled to the U.S. by automobile for two or more nights in 1980, while Americans visiting Canada in the same category increased by only 0.9%. Canadian residents returning by plane after a visit to the U.S. grew by 6.0% to 3.2 million while U.S. residents who came to Canada by plane rose by only 1.1% to 1.9 million. Thus, the large increase in U.S. visitors was confined to same-day traffic where the impact on receipts is relatively small.

Estimated receipts from countries other than the U.S. totalled \$1,245 million in 1980, up 23.8% from 1979, as 2.2 million visitors entered Canada. Payments by the 1.6 million Canadians who visited these other countries increased by only 6.8% to \$1,600 million, leading to a narrowing of the deficit to \$355 million in 1980 from \$492 million in 1979.

For further information, contact Paul Paradis (613-995-0847), International Travel Section, Statistics Canada, Ottawa K1A 0Z8.

New Publication Released

Now available is *The Future of National Justice Statistics and Information*, Volumes I and II (85-506E, \$16).

Volume I of this report provides an historical background to the development of the present situation of justice information and statistics and an analysis of that background. It also provides a profile of information needs as viewed by the provinces and the federal agencies from which could be derived a profile of national needs. It establishes an overview of federal and provincial resources presently applied to national justice information and statistics and presents general and technical considerations for future direction. It examines the possible options relating to the organizational structure of justice information and statistics, looks at criteria for the evaluation of those options and makes recommendations as to which option to choose.

Volume II provides background papers on such topics as the issue of privacy and confidentiality, the development of systems technology as applied to the justice community and the experience of other jurisdictions in this field.

These two volumes are available only as a set. For further information, contact the National Work Group on Justice Information and Statistics (613-995-0746), Statistics Canada, Ottawa K1A 0T6.

Wholesale Trade

Canadian wholesale merchants' sales for December 1980 were estimated at \$6,613.3 million, up 16.3% from \$5,687.1 million a year earlier.

Total wholesale sales reached \$79,888.8 million in 1980, an increase of 10.1% over the accumulated sales of \$72,574.4 million for January - December 1979.

Wholesale inventories were valued at \$13,091.8 million at December 31, 1980, an increase of 16.4% from stocks of \$11,247.7 million on hand at the end of December 1979.

For further information, order the December 1980 issue of *Wholesale Trade* (63-008, \$1.50/\$15), or contact the Wholesale Trade Section (613-996-9307), Merchandising and Services Division, Statistics Canada, Ottawa K1A 0V4.

Refined Petroleum Products

Preliminary data show that net sales in Canada of all refined petroleum products decreased 2.2% in 1980 to 100 173.4 thousand cubic metres from the 1979 total of 102 428.1 thousand cubic metres.

For further information, order the December 1980 issue of *Refined Petroleum Products* (45-004, \$3.50/\$35), or contact George Kitchen (613-996-3139), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Key Economic Series, March 1981

During the coming month, the release of Key Economic Series data is expected to be in accordance with the schedule outlined below.

February 25 to March 5: Gross National Product, Fourth Quarter 1980;

February 26 to March 3: Index of Industrial Production, December 1980;

February 26 to March 5: Labour Income, December 1980;

February 26 to March 5: Private and Public Investment in Canada, Outlook 1981;

February 27 to March 4: Canadian Composite Leading Indicator, December 1980;

March 2 to 6: Building Permits, December 1980;

March 3 to 11: Industry Selling Price Index, January 1981;

March 4 to 12: Real Domestic Product, December 1980;

March 5: Preliminary Statement of Canadian Trade, January 1981;

March 9: Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1980;

March 10 to 13: Farm Cash Receipts, January 1981;

March 11 to 17: Employment, Earnings and Hours, December 1980;

March 12 to 18: Retail Trade, January 1981;

March 13: Labour Force Survey, February 1981;

March 13 to 20: Wholesale Trade, January 1981;

March 18: The Consumer Price Index, February 1981;

March 19 to 24: Inventories, Shipments and Orders, January 1981;

March 20 to 24: Index of Industrial Production, January 1981;

March 23 to 27: Private and Public Investment in Canada (Final Figures), Outlook 1981;

March 25 to 31: Unemployment Insurance Statistics, January 1981;

March 26 to 30: Real Domestic Product, January 1981;

March 26 to 31: Housing Starts in Urban Centres of 10,000 Population and Over, February 1981;

March 27 to April 3: Labour Income, January 1981.

Data users should note that the Canadian Composite Leading Indicator will be included each month in the listing of the Key Economic Series. The Indicator is part of a new monthly publication, *Current Economic Analysis* (13-004E, \$2.50/\$25) that provides an integrated commentary on the most recent data releases covering leading economic indicators, consumption, employment, output, investment, finance, prices, external trade, etc.

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



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These publications released February 20 — 26

	Cata- logue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE STATISTICS			
Farm Cash Receipts, January to December 1980	21-001	\$1.50/\$15	\$1.80/\$18
BUSINESS FINANCE			
Cheques Cashed, December 1980	61-001	\$1.50/\$15	\$1.80/\$18
CONSTRUCTION			
Housing Starts and Completions, December 1980	64-002	\$3/\$30	\$3.60/\$36
CURRENT ECONOMIC ANALYSIS			
Current Economic Analysis, February 1981	13-004E	\$2.50/\$25	\$3/\$30
EXTERNAL TRADE			
Summary of External Trade, December 1980	65-001	\$3/\$30	\$3.60/\$36
FINANCIAL FLOWS AND MULTINATIONAL ENTERPRISES			
Travel between Canada and Other Countries, 1979	66-201	\$7	\$8.40
HEALTH			
List of Canadian Hospitals and Special Care Facilities, 1980	83-201	\$15	\$18
INDUSTRY PRODUCT			
Indexes of Real Domestic Product by Industry, November 1980	61-005	\$3/\$30	\$3.60/\$36
JUSTICE STATISTICS			
The Future of National Justice Statistics and Information in Canada. Volumes 1 and 2, January 1981	85-506E	\$16	\$19.20
LABOUR			
Employment, Earnings and Hours, October 1980	72-002	\$4/\$40	\$4.80/\$48
MANUFACTURING AND PRIMARY INDUSTRIES			
Commercial Refrigeration and Air Conditioning Equipment Manufacturers, 1979	42-215	\$4.50	\$5.40
Crude Petroleum and Natural Gas Production, October 1980	26-006	\$2.50/\$25	\$3/\$30
Distilleries, 1979	32-206	\$4.50	\$5.40
Domestic and Foreign Control of Manufacturing, Mining and Logging Establishments in Canada, 1976	31-401	\$8	\$9.60
Factory Sales of Electric Storage Batteries, December 1980	43-005	\$1.50/\$15	\$1.80/\$18
Oils and Fats, December 1980	32-006	\$1.50/\$15	\$1.80/\$18
Particleboard and Waferboard, December 1980	36-003	\$1.50/\$15	\$1.80/\$18
Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, December 1980	47-004	\$1.50/\$15	\$1.80/\$18
Pulpwood and Wood Residue Statistics, December 1980	25-001	\$1.50/\$15	\$1.80/\$18
Railroad Rolling Stock Industry, 1979	42-211	\$4.50	\$5.40
Specified Chemicals, December 1980	46-002	\$1.50/\$15	\$1.80/\$18
Steel Ingots and Pig Iron, January 1981	41-002	\$1.50/\$15	\$1.80/\$18
SERVICE BULLETINS			
Fruit and Vegetable Preservation, Vol. 9, 1980: No. 13, Pack of Processed Pumpkin and Squash; No. 14, Pack of Processed Beets; No. 16, Pack of Processed Lima Beans; No. 22, Pack of Processed Mushrooms	32-023	\$1.50/\$15	\$1.80/\$18
MERCHANDISING AND SERVICES			
Department Store Sales and Stocks, November 1980	63-002	\$2.50/\$25	\$3/\$30
Merchandising Inventories, November 1980	63-014	\$2.50/\$25	\$3/\$30
PRICES			
Consumer Prices and Price Indexes, October-December 1980	62-010	\$6/\$24	\$7.20/\$28.80
TRANSPORTATION AND COMMUNICATIONS			
Railway Carloadings, December 1980	52-001	\$1.50/\$15	\$1.80/\$18
Urban Transit, December 1980	53-002	\$1.50/\$15	\$1.80/\$18