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Weekly Bulletin



March 6, 1981

Gross National Product

Canada's Gross National Product increased 10.7% to a level of \$288.1 billion in 1980. In volume terms, output of goods and services was virtually unchanged for the year, as a decline in output in the first half of 1980 was recouped in the second half of the year. Final domestic demand increased slowly, as has been the case every year since 1976, with restrained demand in the consumer, housing and government sectors again the principal sources of weakness. Business investment in inventories was reduced following substantial accumulation in 1979, but outlays for plant and equipment continued to expand at a rapid rate.

The slowdown of real export growth which emerged in 1979 continued, with only a marginal gain recorded in 1980. The nominal deficit of trade in goods and services, however, was halved in 1980, following three years of deterioration. Strong growth in the current dollar value of merchandise exports, particularly to overseas markets, led the improvement.

Overall prices, as measured by the GNE deflator, rose by more than 10% for the second year in a row. The implicit price index for consumer goods and services was 10.5% higher in 1980, and this absorbed most of the 11.5% increase in personal disposable income; the income increase reflected a growth of 3.3% in labour force paid workers and a 10.1% increase in average weekly earnings.

Fourth Quarter 1980

Gross National Product, seasonally adjusted at annual rates, increased to \$301.8 billion in the fourth quarter; after allowing for price change, the rise was 2.0%, the strongest quarterly gain in output since early 1976. The increase in GNP was primarily the result of a sharp increase in merchandise exports, and indeed the highlight of the quarter was the reappearance of a current account surplus in the Canadian balance of international payments for the first time since early 1974. Real final domestic demand rose 1.2% during the quarter.

The nominal merchandise trade balance reached a record \$11.7 billion at annual rates. Merchandise exports increased 10.0%, with most of the increase representing higher volume as prices rose only 1.4%. Exports of automotive products rose strongly, perhaps more reflective of optimism in (continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	Nov.	328.04p	329.42p	10.6
Labour Income (\$ million)	Dec.*	13,922.0p	14,014.4p	12.1
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)	Jan.*	126.8	125.1	11.8
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)	Jan.*	8,194	8,194	-21.9

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)	Jan.*	1,477.5	1,477.5	6.0
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SALES

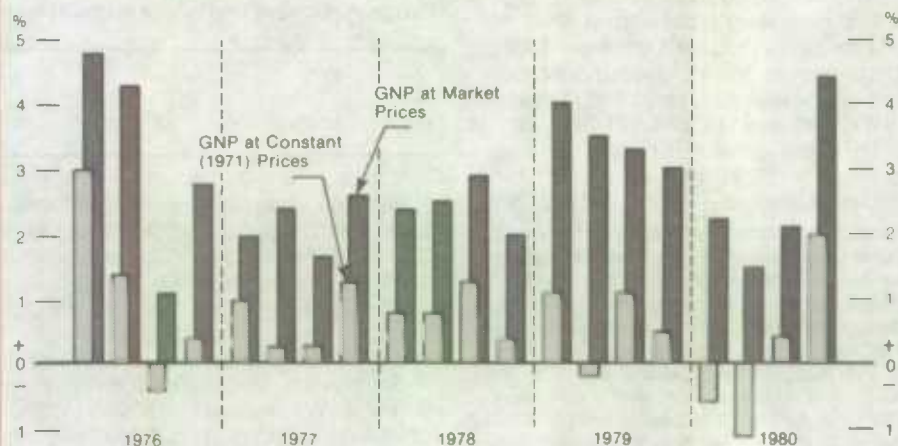
Department Store Sales (\$ million)	Dec.	1,459.8	9,372.8	9.9
Manufacturers' Shipments (\$ million)	Dec.	14,256.6p	165,787.5p	9.3
New Motor Vehicle Sales (\$ million)	Jan.*	772.2	772.2	0.5
Retail Sales (\$ million)	Dec.	9,088.1p	83,888.9p	8.9
Wholesale Sales (\$ million)	Dec.	6,613.3	79,888.8	10.1

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

Canada's Gross National Product (GNP)

Quarter-to-Quarter Change

(All Data Seasonally Adjusted)



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

the industry than of U.S. consumer demand. The value of shipments abroad of gold, natural gas, newsprint, and rolling mill products also rose significantly.

The housing market continued to recover for the second quarter in a row, with real expenditure up 2.2%. Business outlays for plant and equipment rose 2.3% in real terms, with a recovery in purchases of farm machinery leading the increase. Consumer demand rose 1.3%, as increases in non-automotive durables and semi-durables such as furniture, appliances, and clothing outweighed a reversal of the third quarter recovery in the domestic auto market.

The upturn of economic activity was accompanied by a \$2.1 billion reduction in inventories during the quarter; this was about the same rate of depletion as in the third quarter, following eight quarters of strong accumulation. About \$1.7 billion of the decline was in the non-farm business inventories.

Wages, salaries and supplementary labour income recorded its strongest advance since late 1976, rising 3.6% in the quarter. Personal incomes rose 3.3%; with income taxes rising 5.4%, the growth of disposable income slowed to 3.0%. The relatively faster 3.9% increase in nominal consumer outlays was partly the result of a half per cent decline in the personal savings rate to 9.6% during the quarter. Corporate profits before taxes rose 4.3% in the quarter. Most of the increase occurred in the finance industry as all other major industry groups showed modest changes.

Industrial Corporations' Statistics

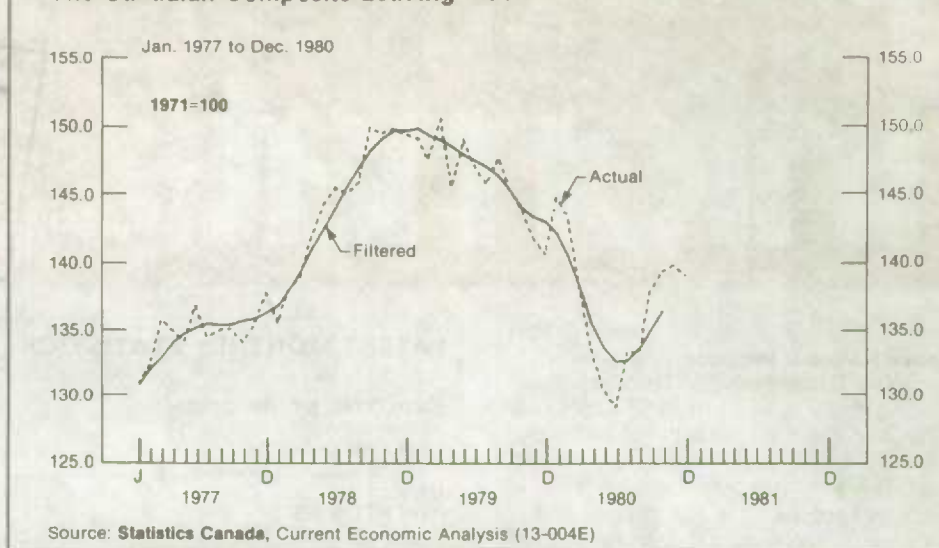
Unadjusted after-tax profits of Canadian industrial corporations totalled \$5,360 million in October-December 1980, down \$416 million (7.2%) from the same period in 1979. Seasonally adjusted, profits declined by \$81 million (1.6%) from the preceding quarter to a level of \$4,979 million. (Included in these profits are extraordinary gains of \$208 million in the latest quarter, \$105 million in the third quarter of 1980 and \$343 million in the fourth quarter of 1979.)

Unadjusted pre-tax profits were \$8,617 million in the fourth quarter of 1980, down \$58 million (0.7%) from the year-earlier period. On a seasonally adjusted basis, pre-tax profits increased by \$75 million (0.9%) over the preceding quarter to a level of \$8,134 million in October-December 1980.

Fourth quarter sales of industrial corporations, not seasonally adjusted, totalled \$119.3 billion, up \$11.2 billion (10.4%) from the 1979 figure. Seasonally adjusted, sales increased by \$5 billion (4.5%) from the preceding quarter to a level of \$116 billion.

These data which cover all privately owned corporations operating in Canada except those in agriculture, fishing, construction, finance, insurance, and real estate industries, will be revised approximately 45 days after the date of this release. More detailed statistics for the 47 industry groups are available on CANSIM and will be available in publication 61-003P. For further information, contact Gail Campbell or Roy St. Germain (613-995-9751), Business Finance Division, Statistics Canada, Ottawa K1A 0T6.

The Canadian Composite Leading Index



Canadian Composite Leading Indicator

The filtered version of the composite leading index advanced for the fourth consecutive month in December, suggesting the economy has entered an expansionary phase(1). However, the unfiltered index fell in December indicating that the expansion is still tentative. The drop was not large enough to reverse the upward trend of the filtered series and therefore does not represent sufficient evidence to suggest, as some analysts fear, that the economy is entering the second downward leg of a W-shaped recession.

The composite leading index advanced from 134.91 to 136.26. The same nine components as in the preceding month participated in the 1.00% increase, a growth rate virtually equivalent to that of November. However the non-filtered version fell 0.57%, with five of the 10 components registering declines, one more than in the previous month.

Indicators of final demand continued to grow at an accelerated pace, posting gains of 0.96% in the case of motor vehicle sales and of 1.52% for sales of furniture and appliances.

In the manufacturing sector the average workweek(2) climbed 0.21%, per cent change in price per unit labour costs(2) was

down 0.01% and the ratio of shipments to finished goods inventories rose 0.03 to 1.47.

Four of the five indicators of future economic activity decelerated in December. This slackening originated in significant drops in the unfiltered versions of these series, particularly in the residential construction index (-6.32%) and in the stock market index (-4.15%), with smaller declines occurring in the United States leading index (-0.89%) and in the real money supply (-1.49%). The slight growth of 0.31% in new orders for durable goods represented the only acceleration in this sector.

(1) The purpose of filtering is to reduce irregular movements in the data so that one can better judge whether the current movement represents a change in the business cycle.

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

(2) The unavailability of preliminary data for employees, earnings and hours in manufacturing necessitated substituting estimates for these series.

For further information, order the March 1981 issue of Current Economic Analysis (13-004E, \$2.50/\$25), or contact D. Rhoades (613-992-4441), Current Economic Analysis Staff, Statistics Canada, Ottawa K1A 0T6.

Leading Indicators	Percentage Change in December
Composite Leading Index (1971=100)	+1.00
1. Average Workweek — Manufacturing (Hours)(2)	+0.21
2. Residential Construction Index (1971=100)	+1.60
3. United States Composite Leading Index (1967=100)	+1.42
4. Money Supply (M1) (\$1971 Millions)	+0.32
5. New Orders — Durable Products Industries (\$1971 Millions)	+0.31
6. Retail Trade — Furniture and Appliances (\$1971 Millions)	+1.52
7. New Motor Vehicle Sales (\$1971 Millions)	+0.96
8. Shipment to Inventory Ratio (Finished Goods) — Manufacturing	+0.03(3)
9. Stock Price Index (TSE300 Excluding Oil and Gas 1975=1000)	+3.56
10. Percentage Change in Price Per Unit Labour Costs(2)	-0.01(3)
(2) See footnote in accompanying text. (3) Net Change.	

Private and Public Investment In Canada, Outlook 1981

Advance estimates show that capital spending during 1981 by all sectors of the Canadian economy is expected to reach \$78,326 million, an increase of 16.6% over the 1980 level of \$65,482 million. (These estimates are in current dollars without any adjustment for price increases developing between the two years.)

Capital expenditures for new construction during 1981 are estimated at \$45,898 million, up 16.3% over the 1980 total of \$39,470 million. In the construction program, residential construction is estimated at \$12,304 million (up 12.2% from \$10,968 million in 1980) on the basis of 178,000 housing starts projected for this year. The remainder of the construction program, consisting of non-residential buildings and engineering structures, is expected to total \$33,594 million compared with \$28,502 million in 1980, an increase of 17.9%.

Capital outlays for the acquisition of machinery and equipment are expected to rise 17.0% in 1981, to \$30,428 million from \$26,013 million in 1980.

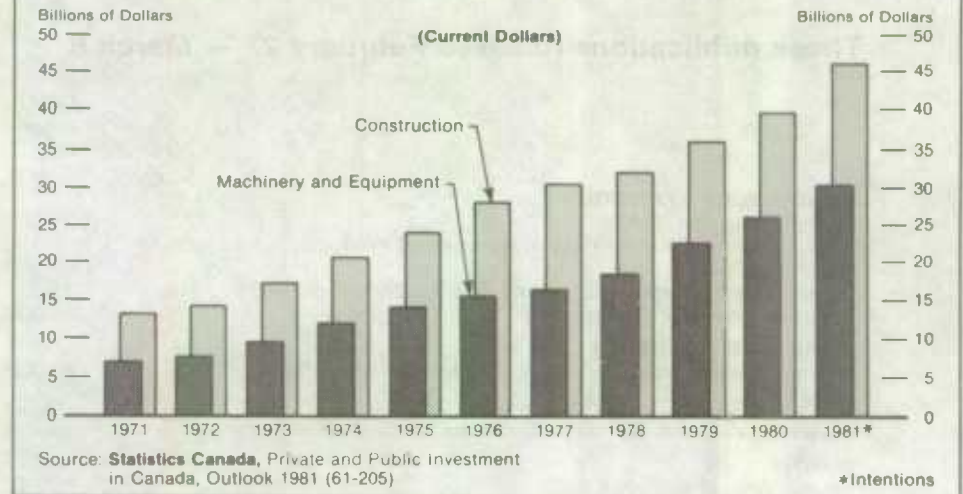
Capital spending intentions of the business sector in 1981 are expected to be up 19.0% from 1980 to a level of \$54,734 million. Outlays for the social capital of institutions and governments will rise 9.1% to \$9,288 million.

In the business sector, the largest increase in value of \$2,668 million (+20.4%) to a total of \$15,738 million is for the transportation-communication-utilities group. All categories within the group show advances for 1981 except motor transport, with significant gains for pipelines (+\$839 million, +147.7%), electric power (+\$747 million, +11.6%) and telephones and telegraphs (+\$327 million, +12.8%). The highest rate of increase (24%) to a level of \$10,140.0 million is for the group including mining and petroleum and gas wells. But the 19.7% rise for 1981 to a total of \$7,350 million for the petroleum and gas wells component is well below the 42.2% gain recorded in 1980. Capital spending for metal and non-metal mining at \$2,790 million in 1981 is up by 36.7% from the preceding year, but included is a 15.2% decrease for the copper-gold-silver group.

Manufacturing is expected to record a 23.0% increase in capital spending to a level of \$11,696 million. Notable increases are projected for chemicals (+\$572 million, +47.6%), paper and allied products (+\$535 million, +40.0%), petroleum and coal products (+\$447 million, +148.9%) and transportation equipment (+\$241 million, +19.6%).

Increases for the trade-finance-commercial group (up 14.9% in 1981 to \$10,748 million) are largest for real estate developers, commercial services (which include acquisitions of machinery for lease to others), banks and the department store and automotive areas of the trade group. The agriculture and fishing total of \$4,787 million expected for 1981 is up 6.7% from 1980.

Capital Expenditures, Canada, 1971-80 and Intentions 1981



Capital expenditures of the social capital group of institutions and governments will rise 9.1% in 1981 to a total of \$9,288 million. This reflects spending increases for provincial governments (up \$337 million to \$2,996 million), municipal governments (up \$169 million to \$3,130 million) and schools (up \$133 million to \$825 million). Federal departments and hospitals will also record higher capital expenditures in 1981.

The publication *Private and Public Investment in Canada, Outlook 1981* (61-205, \$6) will be released early in April. In the meantime, further information may be obtained by contacting Duncan Lusick or Richard Landry (613-995-9013), Construction Division, Statistics Canada, Ottawa K1A 0T6.

Unemployment Insurance Statistics

Unemployment insurance payments in December amounted to \$399 million, bringing the total for 1980 to \$4,393 million compared with \$4,008 million in 1979, an increase of 10%. The increase was entirely the result of an advance of 11% in the average weekly benefit to \$120.92 as the number of weeks of benefit paid dropped by 2%. Benefits paid in 1980 were higher than in 1979 in all provinces except for British Columbia and the Yukon and the Northwest Territories.

For the week ended December 13, the number of persons qualifying for unemployment insurance benefits totalled 736,000, up 17% from November and 8% from December 1979. The monthly average of beneficiaries in 1980 was 700,000 compared to 713,000 in 1979, a decrease of 2%.

Claimants filed 303,000 applications for benefits in December. The year's total at 2,762,000 was some 6% greater than in 1979. All areas except the Territories reported increased numbers of claims.

For further information, order the fourth quarter 1980 issue of *Statistical Report on the Operation of the Unemployment Insurance Act* (73-001, \$6/\$24), or contact George Fincham (613-995-8445), Labour Division, Statistics Canada, Ottawa K1A 0V1.

New Motor Vehicle Sales

New motor vehicles sold in January 1981 totalled 81,814 units, down 7.8% from a year earlier. This included 45,773 passenger cars (down 10.1%) and 19,077 commercial vehicles (down 20.8%) manufactured in Canada and the United States and 15,231 passenger cars (up 23.6%) and 1,733 commercial vehicles (up 23.4%) manufactured overseas.

Total sales value increased 0.5% to \$772.2 million. Canadian and U.S. passenger cars sold for \$391.0 million (down 0.2%) and commercial vehicles for \$244.0 million (down 12.1%). Sales of passenger cars from overseas increased 38.7% to \$123.3 million and those of commercial vehicles increased 37.5% to \$13.9 million. Included in total commercial vehicles sold were 275 units of coaches and buses valued at \$11.0 million.

For further information, order the January 1981 issue of *New Motor Vehicle Sales* (63-007, \$2.50/\$25), or contact M. Kwilecki (613-996-9304), Retail Trade Section, Merchandising and Services Division, Statistics Canada, Ottawa K1A 0V4.

Labour Income

Labour income for the month of December 1980 was estimated at \$13,922.0 million, an increase of \$1,503.0 million or 12.1% from December 1979.

Adjusted for seasonal variation, wages and salaries increased by \$180.8 million between November and December to a total of \$13,084.4 million.

The estimates will be published in the October-December 1980 issue of *Estimates of Labour Income* (72-005, \$5/\$20). For further information, contact G. Gauthier (613-995-8431), Labour Income Section, Labour Division, Statistics Canada, Ottawa K1A 0T6.

Electric Lamps (Light Sources)

Total sales of electric lamps (light sources) of all types including imports during the month of January 1981 were valued at \$16,127,649.

For further information, order the January 1981 issue of *Electric Lamps (Light Sources)* (43-009, \$1.50/\$15).



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These publications released February 27 — March 5

	Cata- logue No.	In Canada. Price per issue/year	Elsewhere. Price per issue/year
AGRICULTURE STATISTICS			
Honey Production, 1980	23-007	\$3/\$6	\$3.60/\$7.20
Index Numbers of Farm Prices of Agricultural Products, December 1980	62-003	\$1.50/\$15	\$1.80/\$18
Production and Stocks of Eggs and Poultry, December 1980	23-003	\$2.50/\$25	\$3/\$30
Report on Livestock Surveys: Pigs, January 1, 1981	23-008	\$4/\$16	\$4.80/\$19.20
BALANCE OF PAYMENTS			
Security Transactions with Non-residents, November 1980	67-002	\$2.50/\$25	\$3/\$30
GROSS NATIONAL PRODUCT			
Provincial Economic Accounts, Experimental Data, 1964-1979	13-213	\$10	\$12
HEALTH			
Hospital Annual Statistics, 1976	83-232	\$20	\$24
LABOUR			
Employment, Earnings and Hours, November 1980	72-002	\$4/\$40	\$4.80/\$48
Estimates of Employees by Province and Industry, November 1980	72-008	\$3/\$30	\$3.60/\$36
Preliminary Unemployment Insurance Statistics, November 1980	73-001p	N/C	
MANUFACTURING AND PRIMARY INDUSTRIES			
Aluminum Rolling, Casting and Extruding, 1979	41-204	\$4.50	\$5.40
Biscuit Manufacturers, 1979	32-202	\$4.50	\$5.40
Boiler and Plate Works, 1979	41-223	\$4.50	\$5.40
Bread and Other Bakery Products, Quarter Ended December 31, 1980	32-015	\$2.50/\$10	\$3/\$12
Canned and Frozen Fruits and Vegetables — Monthly, December 1980	32-011	\$1.50/\$15	\$1.80/\$18
Construction Type Plywood, December 1980	35-001	\$1.50/\$15	\$1.80/\$18
Consumption, Production and Inventories of Rubber, December 1980	33-003	\$1.50/\$15	\$1.80/\$18
Corrugated Boxes and Wrappers, January 1981	36-004	\$1.50/\$15	\$1.80/\$18
Hardboard, January 1981	36-001	\$1.50/\$15	\$1.80/\$18
Monthly Production of Soft Drinks, January 1981	32-001	\$1.50/\$15	\$1.80/\$18
Primary Iron and Steel, December 1980	41-001	\$2.50/\$25	\$3/\$30
Production and Disposition of Tobacco Products, January 1981	32-022	\$1.50/\$15	\$1.80/\$18
Production and Inventories of Process Cheese and Instant Skim Milk Powder, January 1981	32-024	\$1.50/\$15	\$1.80/\$18
Production and Shipments of Floor Tiles, January 1981	47-001	\$1.50/\$15	\$1.80/\$18
Production and Shipments of Steel Pipe, Tubing and Fittings, December 1980	41-011	\$1.50/\$15	\$1.80/\$18
Production and Stocks of Tea, Coffee and Cocoa, Quarter Ended December 1980	32-025	\$2.50/\$10	\$3/\$12
Quarterly Shipments of Office Furniture Products, Quarter Ended December 31, 1980	35-006	\$2.50/\$10	\$3/\$12
Refined Petroleum Products, November 1980	45-004	\$2.50/\$25	\$3/\$30
Shipments of Animal and Poultry Feeds — Quarterly, Quarter Ended December 31, 1980	32-004	\$2.50/\$10	\$3/\$12
The Sugar Situation, January 1981	32-013	\$1.50/\$15	\$1.80/\$18
Vegetable Oil Mills, 1979	32-223	\$4.50	\$5.40
SERVICE BULLETIN			
Fruit and Vegetable Preservation , Vol. 9, No. 10, Pack of Canned Pears, 1980	32-023	\$1.50/\$15	\$1.80/\$18
MERCHANDISING AND SERVICES			
New Motor Vehicle Sales, December 1980	63-007	\$2.50/\$25	\$3/\$30
Wholesale Trade, December 1980	63-008	\$1.50/\$15	\$1.80/\$18
PUBLIC FINANCE			
Provincial Government Employment, July-September 1980	72-007	\$5/\$20	\$6/\$24
TRANSPORTATION AND COMMUNICATIONS			
Railway Operating Statistics, October 1980	52-003	\$2.50/\$25	\$3/\$30
Railway Transport: Part VI — Employment Statistics, 1979	52-212	\$4.50	\$5.40
SERVICE BULLETINS			
Aviation Statistics Centre , Vol. 13, No. 2, Canadian Air Transport Industry, Summary Statistics	51-004	\$1.50/\$15	\$1.80/\$18
Road Transport , Vol. 10, No. 1, Motor Carriers — Freight and Household Goods Movers, 1979	53-006	\$1.50/\$15	\$1.80/\$18