

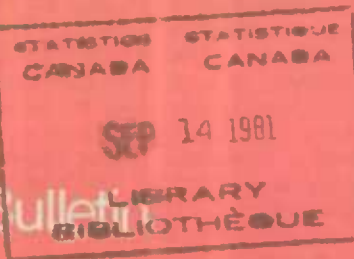


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Weekly Bulletin



September 11, 1981

Canadian Leading Indicator

According to the Canadian composite leading index, a slowdown in economic activity is likely in the near future, commencing probably in the third quarter of 1981. High interest rates in recent months, reflected by another decline in the real money supply (M1) have depressed prospects for housing. Consumer expenditure and exports may also weaken in months to come, although the outlook for these sectors is not as clear as for housing. The deterioration of economic conditions was echoed by the index of stock prices on the Toronto Exchange, as the filtered version of that series declined for the first time in more than a year. The leading index (1971=100), which decelerated markedly from January to May, decreased .09% in June to 138.59 from 138.72. The non-filtered index fell .7% to 136.1 from 138.6.

The residential construction index decelerated markedly in June, gaining just 1.25% after rises of 6.39% and 3.71% in April and May. The rapid deceleration was due to large declines in the non-filtered series, as the real value of building permits fell and the number of mortgage loan approvals gained only marginally in June. The latter have slumped nearly 15% in the second quarter, while building permits lost 25% in May and June. Housing starts grew marginally in June but fell substantially in July. Rapidly spreading signs of weakness in this sector suggest that a renewed slump in residential construction has begun.

Real expenditure on furniture and appliances climbed 1.5%. The rise was due to three consecutive large gains in the non-filtered series, although these have barely recouped large losses earlier in the year. Moreover, this vigor has not been transmitted to furniture and appliance manufacturers. Retailers and wholesalers, evidently attributing the gains to advance buying due to the ending of the sales tax rebate on furniture and selected appliances in Ontario, have actually reduced their orders to manufacturers. New motor vehicle sales fell 0.59% in volume in the month, reflecting a drop of 8.0% in the non-filtered series in the past two months.

The filtered U.S. leading index fell 0.24% in June, the first decline following nine consecutive increases. The published index (non-filtered) registered a drop of 1.0% in June, the second consecutive

(continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	May	351.40p	347.84p	12.4
Labour Income (\$ million)	May	15,168.2p	14,638.7p	14.1
Persons with Jobs (million)	Aug.	11.48	11.46	3.3
Unemployed	Aug.	790,000	835,000	-5.2

INVENTORIES

Department Store (\$ million)	June	2,694.5	3,038.4	12.5
Manufacturers' Owned (\$ million)	June	32,084.3p	31,576.7r	13.9
Wholesale (\$ million)	May	17,091.0	16,923.1	

ORDERS

Manufacturers' New Orders (\$ million)	June	17,124.4p	16,232.3r	27.3
Manufacturers' Unfilled Orders (\$ million)	June	19,988.8p	20,177.3r	8.5

PRICES

Consumer Price Index (1971=100)	July	238.9	236.8	13.0
Non-food Component (CPI)	July	220.7	219	12.9
New House Price Index (1976=100)	July	135.2	135.1	14.3
22-city Composite Wage, Building (1971=100)	Apr.	253.8p	253.8	9.2
Industry Selling Price Index (1971=100)	July*	273.1p	271.9	10.9

CONSTRUCTION

Building Permits (\$ million)	May	1,589.4p	6,731.4p	30.0
Housing Starts — Urban Centres (units)	July	13,161	84,008	29.5

ENERGY

Coal Production (thousand metric tonnes)	May	2,979.6	16,894.3	18.4
Electricity Generation (terawatt hours)	June*	27.6	190.9	3.0
Natural Gas Production (million cubic metres)	May*	7,309.3	42,880.7	-2.5
Petroleum Refining (million cubic metres)	June	8.3p	52.0p	-7.1

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	July	6,788p	48,899p	12.9
Imports — Balance of Payments Basis (\$ million)	July	6,468p	46,187p	15.1

PRODUCTION

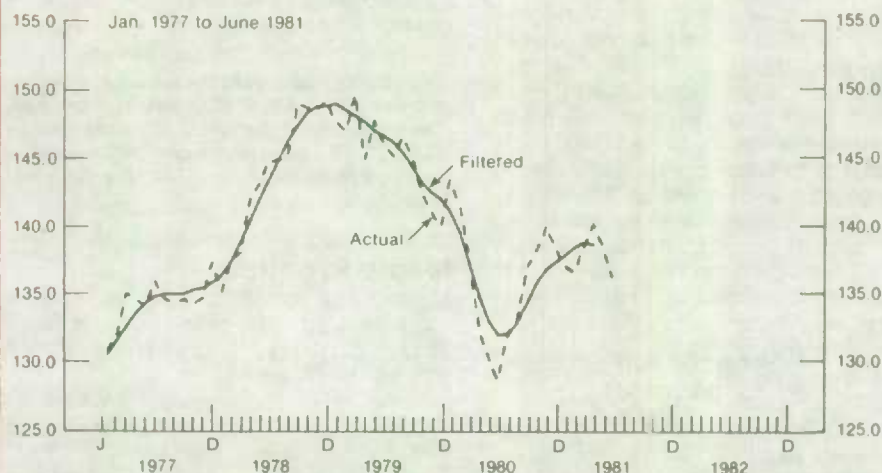
Steel (ingots — thousand metric tonnes)	July	1,375.7	9,950.3	7.6
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SALES

Department Store Sales (\$ million)	June	839.9	4,354.7	13.2
Manufacturers' Shipments (\$ million)	June	17,250.9p	93,222.8p	15.2
New Motor Vehicle Sales (\$ million)	June	1,194.5	6,557.1	11.7
Retail Sales (\$ million)	May	8,278.4p	36,126.9p	14.7
Wholesale Sales (\$ million)	May	9,701.6p	44,570.1p	

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

The Canadian Composite Leading Index (1971=100)



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

decline that has left the index at a level of 133.9 in June, down from 137.4 in April. The published index also fell in July but the sources of weakness were not so widespread in June and July as in May. Although the trend-cycle of exports to the United States has been accelerating, the recent drops in the U.S. leading index may portend a weakening of exports to that country. Additionally, appreciation of the Canadian dollar relative to many European currencies may cause exports to those countries to continue their declining trend.

Financial indicators tumbled in June as the Toronto index of stock prices fell 0.62%, the first drop following 13 consecutive increases, and the real money supply (M1) registered its sixth consecutive decline. The non-filtered stock index has declined six of the last seven months, rising only in March when interest rates were widely expected to decline. The real money supply dropped 4.1% in non-filtered terms in June, one of the largest monthly declines on record.

Manufacturing appeared to be the strongest sector in June, although in some manufacturing industries signs of hesitation were evident.

All references above to leading indicators are to filtered data unless otherwise stated. For further information, order Current Economic Analysis (13-004E, Canada: \$2.50/\$25; other countries: \$3/\$30), or contact D. Rhoades (613-992-4441), Current Economic Analysis Staff, Statistics Canada, Ottawa K1A 0T6.

Balance of Payments

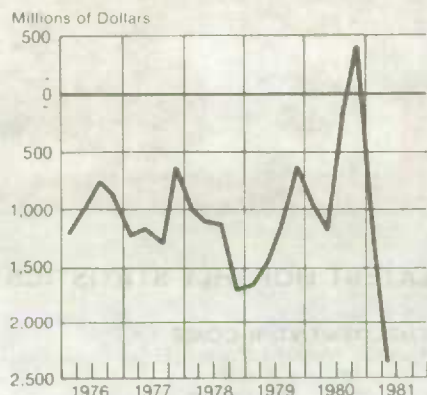
In the second quarter of 1981, the seasonally adjusted current account deficit is estimated to have almost doubled to \$2,378 million, mainly as a result of a decline in the merchandise trade surplus. Unadjusted for seasonal variations, the current account was in deficit by \$2,562 million. Capital movements produced a net inflow of \$4,356 million, while the balancing item, representing net errors and omissions in the recorded estimates of the current and capital accounts, was equivalent to a net outflow of \$2,432 million. Together these transactions gave rise to an overall decrease of \$638 million in net official monetary assets.

The main quarterly features were:

- a decline of three-quarters of a billion dollars in the seasonally adjusted trade surplus to \$1 billion as exports increased by about 5% and imports by 9%. Preliminary data indicate that, in volume terms, both exports and imports rose by more than 7% suggesting that, while exports recovered from the first quarter decline, there was deterioration in Canada's terms of trade;
- among exports, large increases on a seasonally adjusted basis for passenger automobiles, wheat, motor vehicle parts (including engines), trucks and barley, while decreases were recorded for crude petroleum, fish, natural gas, fertilizers and rolling mill products. The main import

Canadian Balance of International Payments

Current Account -- Seasonally Adjusted



Source: Statistics Canada, Quarterly Estimates of the Canadian Balance of International Payments (67-001)

gains were for crude petroleum, non-ferrous metals, motor vehicle parts (excluding engines), passenger automobiles and rolling mill products while imports of industrial machinery and petroleum and coal products declined;

- an increase of almost \$350 million to \$3,377 million in the seasonally adjusted non-merchandise deficit, caused mainly by a significant rise in interest and miscellaneous income payments. The deficit on travel transactions registered a small increase to \$287 million;
- a record net outflow from Canada of \$3,490 million of foreign direct investment capital, due to very large acquisitions from non-resident direct investors of their equity in Canadian oil and gas companies;
- a sharp increase to \$2,555 million in the net inflow from bond borrowings abroad. The increase, mainly in United States dollar bonds, brought to 40% the non-resident share of new Canadian bonds issued during the quarter;
- among short-term capital transactions, a record net inflow of \$8,088 million from the foreign currency transactions of the chartered banks. The proceeds were used in part to finance the takeover activity in the oil and gas sector.

For further information, contact A. Meguerditchian (613-995-0743), Balance of Payments Division, Statistics Canada, Ottawa K1A 0T6. The main tables can be obtained, in machine-readable form, from the CANSIM base.

Maple Products

Maple syrup production for 1981 reached an estimated 3.0 million gallons, with Quebec tapplings accounting for 2.7 million gallons.

Value of Canadian maple products in 1980 was \$35.8 million and 1981 prices are forecast to remain at high levels.

For further information, order Production of Maple Products, 1981 and Value of Maple Products, 1980 (22-204, \$3).

The Labour Force

Canada's seasonally adjusted unemployment rate decreased to 7.0% in August 1981 from 7.2% the previous month; the rate in August 1980 was 7.6%. The seasonally adjusted participation rate remained unchanged from July at 64.7%, while the employment/population ratio edged up to 60.1% from 60.0%.

For the week ending August 15, 1981, the seasonally adjusted employment level was 11,024,000, up 33,000 from July. Employment decreased slightly for women 15-24, while for men of the same age group, it showed little change. The level increased by 17,000 for men 25 and older and by 23,000 for women of the same age group.

The seasonally adjusted unemployment level was estimated at 836,000, down 14,000 from July. Unemployment decreased slightly for women 15-24, but showed no change for men in this age group. The level declined by 13,000 for men 25 and older and increased marginally for women of the same age group.

Seasonally adjusted unemployment rates for the provinces in August were as follows, with July figures in brackets: Newfoundland, 14.1% (14.4%); Prince Edward Island, 10.5% (11.1%); Nova Scotia, 9.6% (10.1%); New Brunswick, 10.5% (10.8%); Quebec, 9.9% (10.1%); Ontario, 5.9% (6.1%); Manitoba, 5.9% (6.3%); Saskatchewan, 4.4% (4.0%); Alberta, 3.3% (3.4%); and British Columbia, 6.2% (6.1%).

The unadjusted employment level for Canada in August was 11,480,000, an increase of 372,000 (3.3%) over August 1980. Unemployment totalled 790,000, down from 833,000 a year earlier. The unemployment rate was 6.4%, down from 7.0% in August 1980.

For further information, order the August 1981 issue of The Labour Force (71-001, \$3.50/\$35).

Department Store Sales

Department store sales totalled \$757.8 million in July 1981, up 6.8% from a year earlier.

Sales by regions for the latest month were as follows, with percentage changes from July 1980 in brackets:

- Ontario, \$258.7 million (4.0%)
- British Columbia, \$140.7 million (11.5%)
- Quebec, \$136.0 million (—)
- Alberta, \$113.8 million (14.5%)
- Atlantic provinces, \$47.8 million (6.5%)
- Manitoba, \$39.8 million (11.3%)
- Saskatchewan, \$21.2 million (14.3%).

Data users should note that figures for the Yukon and Northwest Territories are included with British Columbia.

Research Paper Available

Now available is a paper entitled *Transforming Monthly Uniform Crime Reports to Incident Reports*.

To obtain a copy free of charge, contact Craig McKie (613-995-0711), Research, Development and Analysis Group, Institutions and Agriculture Statistics Branch, Statistics Canada, Ottawa K1A 0T6.

Raw Materials

The Raw Materials Price Index increased 1.1% in July 1981 and was 25.5% higher than in July 1980. The index excluding coal, crude oil and natural gas decreased 0.5% in July to stand 4.7% above its level of a year earlier.

For the third successive month, the coal, crude oil, and natural gas component registered the largest increase with a 2.9% rise. This was mainly attributable to the \$1 per barrel increase in the wellhead price of crude oil that became effective July 1 as part of the National Energy Program, but prices for natural gas also rose in some regions of the country. The component was up 57.2% over July 1980.

For further information, order the July 1981 issue of *Industry Price Indexes* (62-011, \$3.50/\$35).

International Travel

Preliminary statistics for June 1981 show that the number of both non-resident visitors and Canadian residents re-entering after an international trip decreased from June 1980.

Statistics for June show that 4.3 million United States residents entered Canada, down 0.4% from last year. Visitors from countries other than the U.S. decreased during the month by 0.8% to 296,000. Canadian residents returning from visits to the U.S. numbered 2.8 million in the latest month, down 8.3% from June 1980 and re-entries from other countries declined by 2.1% to 91,000.

From January to June 1981, the figures were as follows: 18.4 million residents of the U.S. visited Canada, up 16.3% from 1980; visitors from other countries increased by 2.0% to 807,000; residents of Canada re-entering from visits to the U.S. numbered 15.6 million, down 2.8%; and the number of residents returning from other countries declined by 8.7% to 787,000.

In the first half of 1981, long-term entries by U.S. residents (including overnight or longer automobile and bus traffic and total plane, train and boat entries) numbered 4.1 million, an increase of 1.8% over 1980. Visitors from other countries (excluding those arriving by land via the U.S. and entering and leaving on the same day) rose by 2.8% to 701,000. Long-term Canadian re-entries from the U.S. decreased by 1.6% to 5.0 million; residents returning from visits to other countries numbered 787,000 in the first six months, down 8.7% from 1980.

For further information, order the June 1981 issue of *International Travel — Advance Information* (66-002, \$1.50/\$15).

Fur Farms, 1980

Production of mink for 1980 amounted to 1,213,174 pelts, up from 1,065,907 pelts in 1979. Value of mink pelts sold in 1980 declined to \$44,405,463 from \$46,981,141 in 1979.

For further information, order *Report on Fur Farms, 1980* (23-208, \$4.50), or contact P.L. Beerstecher (613-995-4853), Agriculture Statistics Division, Statistics Canada, Ottawa K1A 0T6.

Industry Price Index

The Industry Selling Price Index for manufacturing (1971=100) increased 0.4% in July 1981 to a preliminary 273.1 from 271.9 (revised) in June and stood 10.9% above the level of a year earlier. Thus, the 12-month movement remained in the same range as that registered during the first six months of the year.

Major groups which contributed most to the July 1981 price change were: food and beverage industries (+0.6%); wood industries (+2.6%); petroleum and coal products (+1.0%); and chemical and chemical products (+1.4%). Declines were posted for both primary metals industries (-1.2%) and miscellaneous industries (-2.5%).

For further information, order the July 1981 issue of *Industry Price Indexes* (62-011, \$3.50/\$35), or contact the Information Unit (613-995-5738), Industrial Prices Section, Prices Division, Statistics Canada, Ottawa K1A 0V5.

The Dairy Review

Milk sold from Canadian farms for all purposes in June 1981 amounted to an estimated 740 552 kilolitres, 1.8% more than in June 1980.

This brought the total estimate during the first six months of 1981 to 3 670 401 kilolitres, an increase of 2.4% over the January-June 1980 period.

For further information, order the July 1981 issue of *The Dairy Review* (23-001, \$2.50/\$25), or contact E. Leckie (613-995-4853), Agriculture Statistics Division, Statistics Canada, Ottawa K1A 0T6.

Phonograph Records/Tapes

Canadian manufacturers produced 6,252,200 phonograph records in July 1981, up from 4,799,768 a year earlier.

Production of pre-recorded tapes rose to 1,648,307 in the latest month from 1,054,192 in July 1980.

For further information, order the July 1981 issue of *Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada* (47-004, \$1.50/\$15).

Telephone Statistics

Canada's 13 major telephone systems reported revenues of \$579.3 million in July 1981, up 22.6% over a year earlier. Operating expenses rose 17.7% to \$406.4 million. Net operating revenue at \$173.0 million showed a gain of 35.8% over July 1980. Telephone toll messages increased 13.8% to 131.1 million.

For further information, order the July 1981 issue of *Telephone Statistics* (56-002, \$1.50/\$15), or contact J.R. Slattery (613-996-9271), Transportation and Communications Division, Statistics Canada, Ottawa K1A 0V1.

Electric Power

Net generation of electricity in Canada increased to 27.6 TWh in June 1981 from 25.5 TWh in June 1980. Hydro generation increased 8.7% and thermal production rose 6.4%.

Total generation for the first six months of 1981 was 190.9 TWh, up 3.0% from January-June 1980.

For further information, order the June 1981 issue of *Electric Power Statistics* (57-001, \$2.50/\$25), or contact David Madsen (613-996-3139), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Petroleum/Natural Gas

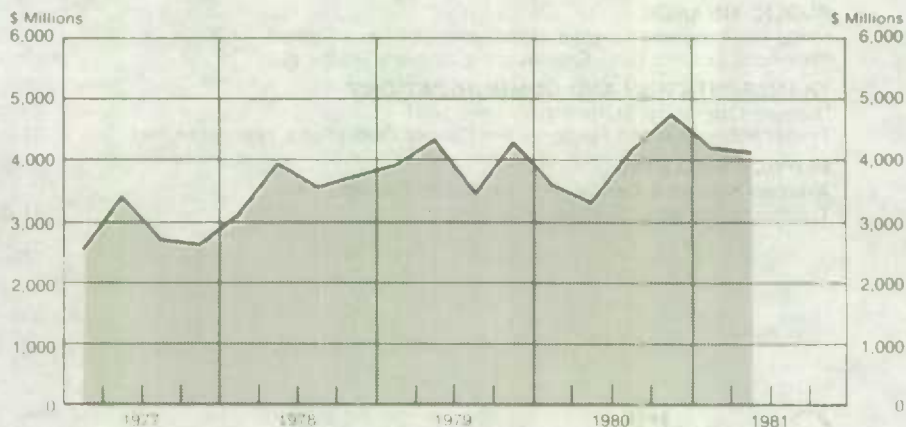
Production of crude petroleum and equivalent hydrocarbons during May 1981 amounted to 6 602 700 cubic metres, down 13.1% from 7 595 700 cubic metres a year earlier.

Net new production of natural gas decreased 4.3% in the latest month to 7 309.3 million cubic metres from 7 634.0 million cubic metres in May 1980.

For further information, order the May 1981 issue of *Crude Petroleum and Natural Gas Production* (26-106, \$2.50/\$25), or contact Ian Cavanagh (613-996-3139), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Accrued Net Income of Farm Operators from Farm Production

Data Seasonally Adjusted at Annual Rates



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



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These publications released September 4 — 10

	Cata- logue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE STATISTICS			
Stocks of Frozen Meat Products, August 1981	32-012	\$2.50/\$25	\$3/\$30
Field Crop Reporting Series, No. 5, Stocks of Grain at July 31, 1981	22-002E	\$10 for Series of 8	
CONSTRUCTION			
Fixed Capital Flows and Stocks, 1981	13-211	\$6	\$7.20
Housing Starts and Completions, June 1981	64-002	\$3/\$30	\$3.60/\$36
SERVICE BULLETIN			
Construction Statistics, Vol. 4, No. 6, Regional Profile	64-003	\$1.50/\$15	\$1.80/\$18
DEMOGRAPHY			
Quarterly Estimates of Population for Canada and the Provinces, April 1981	91-001	\$2.50/\$10	\$3/\$12
EDUCATION, SCIENCE AND CULTURE			
Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, 1979-80	81-258	\$7	\$8.40
SERVICE BULLETIN			
Science Statistics, Vol. 5, No. 7, R & D in the Petroleum Industry, 1980	13-003	\$1.50/\$15	\$1.80/\$18
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Vital Statistics, Volume I, Births and Deaths, 1979	84-204	\$6	\$7.20
MANUFACTURING AND PRIMARY INDUSTRIES			
Concrete Products Manufacturers, 1979	44-205	\$4.50	\$5.40
Consumption of Containers and Other Packaging Supplies by the Manufacturing Industries, 1979	31-212	\$4.50	\$5.40
Electricity Bills, for Domestic Commercial and Small Power Service, 1981	57-203	\$4.50	\$5.40
Hardboard, July 1981	36-001	\$1.50/\$15	\$1.80/\$18
Iron and Steel Mills, 1979	41-203	\$4.50	\$5.40
Manufacturers of Soap and Cleaning Compounds, 1979	46-214	\$4.50	\$5.40
Men's Clothing Industries, 1979	34-216	\$4.50	\$5.40
Miscellaneous Machinery and Equipment Manufacturers, 1979	42-214	\$4.50	\$5.40
Miscellaneous Manufacturing Industries, 1979	47-205	\$6	\$7.20
Miscellaneous Textile Industries, 1979	34-210	\$6	\$7.20
Ornamental and Architectural Metal Industry, 1979	41-221	\$4.50	\$5.40
Petroleum Refineries, 1979	45-205	\$4.50	\$5.40
Plastics Fabricating Industry, 1979	47-208	\$4.50	\$5.40
Printing, Publishing and Allied Industries, 1979	36-203	\$6	\$7.20
Production and Disposition of Tobacco Products, July 1981	32-022	\$1.50/\$15	\$1.80/\$18
Production and Shipments of Floor Tiles, July 1981	47-001	\$1.50/\$15	\$1.80/\$18
Quarterly Report on Energy Supply-Demand in Canada, 1980-I	57-003	\$6/\$24	\$7.20/\$28
Rubber Products Industries, 1979	33-206	\$4.50	\$5.40
Sawmills and Planing Mills and Shingle Mills, 1979	35-204	\$6	\$7.20
Scientific and Professional Equipment Industries, 1979	47-206	\$6	\$7.20
Shoe Factories and Boot and Shoe Findings Manufacturers, 1979	33-203	\$4.50	\$5.40
Smelting and Refining, 1979	41-214	\$4.50	\$5.40
Sporting Goods and Toy Industries, 1979	47-204	\$4.50	\$5.40
Women's and Children's Clothing Industries, 1979	34-217	\$6	\$7.20
MERCHANDISING AND SERVICES			
New Motor Vehicle Sales, June 1981	63-007	\$2.50/\$25	\$3/\$30
Traveller Accommodation Statistics, 1979	63-204	\$4.50	\$5.40
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Local Government Finance, Preliminary 1979 and Estimates 1980	68-203	\$6	\$7.20
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Transcontinental and Regional Air Carrier Operations, November 1980	51-001	\$3/\$30	\$3.60/\$36
SERVICE BULLETIN			
Aviation Statistics Centre, Vol. 13, No. 8, Canadian Air Transport Industry, Summary Statistics	51-004	\$1.50/\$15	\$1.80/\$18

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