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Weekly Bulletin

September 4, 1981

Canadian Trade

From preliminary results, it is estimated that, on a seasonally adjusted balance-of-payments basis, Canada's exports decreased 4.0% or \$293 million in July 1981 to \$7,075 million following an increase of 6.8% in June, a decrease of 0.3% in May and a 5.6% increase in April. Imports decreased slightly less than exports in July, with a decline of 3.4% or \$232 million to \$6,636 million following a 7% increase in June, a 7% decrease in May and a 14.4% increase in April. As a result the merchandise trade surplus was down slightly to \$439 million in July from \$500 million in June.

Commodity Analysis

On a customs basis, for seasonally adjusted domestic exports the largest decreases in value for July were for cereals, including wheat, and cereal preparations (down \$260 million to \$270 million), lumber products, which were affected by a strike in the industry in British Columbia (down \$115 million to \$250 million), metal ores (down \$70 million to \$275 million) and petroleum and coal products (down \$45 million to \$185 million following a \$75 million increase in June). The largest increases were for chemicals including fertilizer (up \$110 million to \$475 million after a \$30 million increase in June), precious metals (up \$60 million to \$215 million following a \$45 million increase in June), passenger cars (up \$60 million to \$525 million) and natural gas (up \$55 million to \$385 million following a \$50 million increase in June).

The largest decrease for July imports from June was for precious metals (down \$45 million to \$70 million following a \$105 million decrease in June). Passenger car imports increased \$85 million to \$600 million and coal was up \$60 million to \$115 million.

Trading Partner Analysis

Exports to the United States decreased 5% or \$240 million to \$4.87 billion in July following a 13% increase in June. Exports to the following countries also decreased: the United Kingdom, down 11% to \$225 million; Japan, down 13% to \$325 million; and "Other OECD" countries, down 26% to \$145 million. Exports to "Other EEC" countries increased 11% or \$45 million to \$455 million after decreasing 3% in June. Exports to "Other America" increased

(continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Main Economic Indicators				
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)	July	11.46	11.32	3.1
Unemployed	July	835,000	855,000	-2.0

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	219.1	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)	June	271.9p	269.6p	11.6

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)	May	29.1	163.3	2.2
Natural Gas Production (million cubic metres)	Apr.	8,034.2	35,571.4	-2.2
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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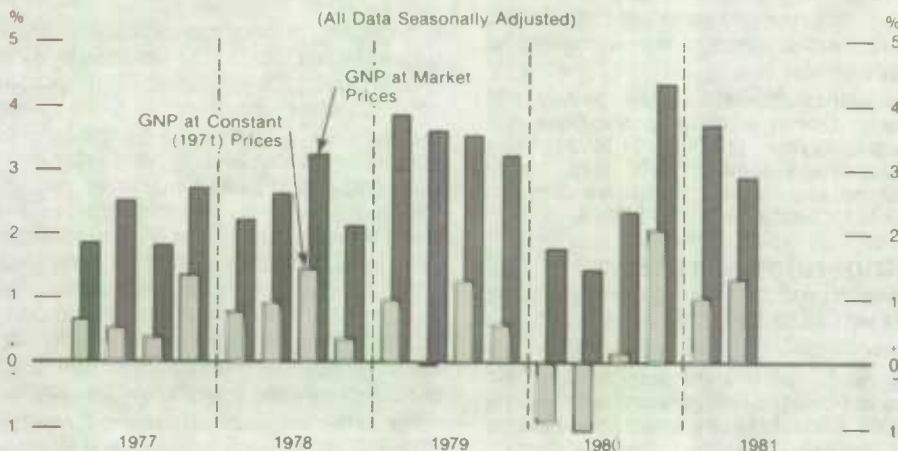
SALES

Department Store Sales (\$ million)	June	835.9	4,354.7	13.2
Manufacturers' Shipments (\$ million)	June	17,252.9p	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.

Canada's Gross National Product (GNP)

Quarter-to-Quarter Change



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

nearly 16% or \$50 million to \$385 million following a 9% decrease in June.

Imports from most major sources decreased in July, except those from the U.K. and "Other EEC" countries. Imports from the U.S. were down 2% or \$90 million to \$4.73 billion, following a 3.4% increase in June. Imports from the following areas also decreased: Japan, down 9% or \$35 million to \$335 million; "Other OECD" countries, down 26% or \$55 million to \$155 million; and "Other America", down 23% or \$140 million to \$475 million, following an 85% increase in June. Exports from the U.K. increased 24% to \$165 million following a 30% decrease in June and imports from "Other EEC" countries rose 6% to \$355 million following a 13% increase in June.

For further information on area and commodity trade, order the August 1981 issue of *Summary of External Trade* (65-001, \$3/\$30).

Export/Import Indexes

The trend toward smaller price changes, which began in March 1981, continued in June with a 0.3% decrease for domestic exports (on a fixed weight Laspeyres basis) and a 0.1% decline for imports. The slower pace of monthly price changes was reflected in the second quarter of 1981 with a 1.2% increase for domestic exports, down from a 3.2% increase in the first quarter and a 1.9% increase for imports, down from a 5.6% rise in the first quarter. The current weighted price deflator for exports declined 4.1% in the second quarter from the first quarter (largely as a result of reduced volumes of highly priced energy commodities) and the import deflator was up 1.6%.

Seasonally adjusted export (domestic) and import volume increased sharply in June — by 11% and 9% respectively. Second quarter 1981 domestic export volume climbed 8.8% following a 5.2% decrease in the preceding quarter. Import volume rose 6.8% after a marginal increase of 0.5% in the first quarter.

For further information, order the July 1981 issue of *Summary of External Trade* (65-001, \$3/\$30).

Washers/Dryers

Canadian production of automatic electric washing machines during July 1981 totalled 20,069 units. Production of clothes dryers for the same month amounted to 14,623 units.

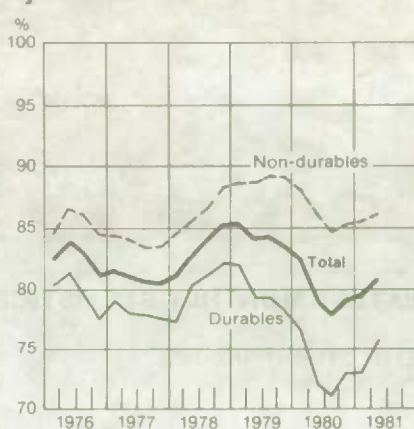
For further information, order the July 1981 issue of *Domestic Washing Machines and Clothes Dryers* (43-002, \$1.50/\$15), or contact Brian Preston (613-996-3226), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Refrigerators/Freezers

Domestic production of refrigerators in July 1981 was 35,384 units. Production of home freezers totalled 31,336 units.

For further information, order the July 1981 issue of *Domestic Refrigerators and Freezers* (43-001, \$1.50/\$15), or contact Brian Preston (613-996-3226), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Capacity Utilization Rates in Canadian Manufacturing, by Quarter



Source: Statistics Canada, Capacity Utilization Rates in Canadian Manufacturing (31-003)

Business Conditions

Canadian manufacturers reporting to the Business Conditions Survey in July were less optimistic about production for the third quarter of 1981 than for the previous quarter. Third quarter expectations of higher production, with just 24% of the weighted response indicating such increased activity, were down sharply from the corresponding level of 42% which expected higher second quarter production in the April survey. Furthermore, the proportion expecting production to be lower increased to 35% from the previous quarter's 12%.

The proportion reporting rising new orders dropped to 20% in July from 31% in April and the proportion reporting declining new orders rose to 28% from 22%. In the July survey, the backlog of unfilled orders was reported higher than normal by 12%, lower than normal by 35% and about normal by 53%. In April, 16% reported a higher than normal backlog, 22% lower than normal and 62% about normal.

There was little change from April to July in manufacturers' assessment of the level of their finished products inventory. In the latest survey, this inventory was reported too high by 26%, too low by 4% and about right by 70%.

Regarding production difficulties, shortage of skilled labour was reported by 12% to be a major problem. While 78% indicated no production impediments were being experienced, a number of establishments complained about high interest rates.

Among export-based industries, just 5% reported a rising level of new orders. This result, down sharply from 31% reported in April 1981, indicated a return to conditions which have generally existed from the first quarter of 1980. Moreover, the export-based industries were more pessimistic about expected production in the third quarter compared to the previous quarter.

For further information, contact T. Newton (613-996-7008), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Unemployment Insurance

Benefits paid to unemployment insurance claimants in June 1981 amounted to \$354 million, down 6% from May but up 6% from a year earlier. Payments for the first half of the year reached \$2,681 million, an increase of 8% from the same period in 1980. Benefits for the latest period were substantially greater in each of the Prairie provinces with increases ranging from 17% to 22%.

For the week ending June 20, claimants qualifying for unemployment insurance benefits totalled 545,000, a decrease of 19% from May and 12% from June 1980. The drop from May to June was somewhat greater than for the same period during the six previous years when the declines in the number of beneficiaries ranged from 11% to 15%.

Claims submitted by persons applying for benefits in June were 183,000, up 10% from May and about the same number as in June 1980. For January to June 1981, claims totalled 1,253,000, a decrease of 7% from the year-earlier period. Claims were lower in all areas except the Prairie provinces (up from 1% to 5%) and the Territories (up about 20%).

For further information, order the April-June 1981 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.

Housing Starts

Housing starts in July 1981 in centres of 10,000 population and over totalled 13,150 up from 11,117 a year earlier.

Housing starts by province for the latest month were as follows, with July 1980 figures in brackets: Ontario, 4,859 (3,385); Alberta, 2,876 (2,788); British Columbia, 2,265 (2,068); Quebec, 2,117 (1,736); Manitoba, 312 (149); Nova Scotia, 302 (141); Saskatchewan, 199 (314); Newfoundland, 191 (421); New Brunswick, 40 (112); and Prince Edward Island, 0 (3).

For further information, order the July 1981 issue of *Housing Starts and Completions* (64-002, \$3/\$30), or contact J. P. Delisle (613-995-8213), Construction Division, Statistics Canada, Ottawa K1A 0Z7.

Urban Transit

Canada's 57 urban transit systems collected 100,735,826 initial passenger fares in July 1981. The total distance run was 55 143 627 km and operating revenues amounted to \$45,586,385.

For further information, order the July 1981 issue of *Urban Transit* (53-003, \$1.50/\$15).

Oil Pipeline Transport

Net receipts of crude oil, condensates, pentanes plus, liquefied petroleum gases and petroleum products through Canadian oil pipelines during May 1981 totalled 11 748 451 cubic metres, down 2.3% from 12 022 509 cubic metres in May 1980.

For further information, order the May 1981 issue of *Oil Pipeline Transport* (55-001, \$2.50/\$25).

Gross National Product

Preliminary estimates of the national income and expenditure accounts indicate that Gross National Product, seasonally adjusted at annual rates, rose to a level of \$24.1 billion in the second quarter of 1981, an increase of 2.9%. In volume terms, GNP advanced 1.3% after a 1.0% gain in the first quarter. The average level in the first six months of 1981 is 3.1% above the average level for 1980. Most of the surprising second quarter gain in GNP occurred early in the quarter, as there were indications that domestic activity, notably household spending, had begun to slow substantially by the end of the quarter.

The second quarter advance in GNP was the result of a widespread strengthening of final demand. Investment in business residential construction and plant and equipment sustained their rapid gains of the first quarter, rising 7.0% and 2.5% respectively in volume. Consumer outlays also advanced about 0.6%, although there was a noticeable narrowing of the sources of strength. Real merchandise exports recouped all of their first quarter decline. A deterioration in the terms of trade, strong domestic demand for imports and a substantial worsening of the service account deficit pushed the nominal current account deficit to a record level in the second quarter.

Spending on total gross fixed capital formation gained 3.1% in volume, raising the share of fixed investment in GNP to 23.9%, only slightly below the historical record shares. Residential construction continued to rise by more than 6%, as housing starts and work-put-in place did not begin to retrench in the face of record mortgage rates until the end of the quarter. The strength of housing activity in Canada thus far in 1981 is the opposite of the American experience and is partly a response to the severe slump in residential construction in Canada from 1976 to mid-1980.

Business investment in plant and equipment demonstrated a resilience similar to that recorded for residential construction. Nominal outlays in the second quarter were about 20.7% above the level of a year earlier, substantially in accord with the mid-year results of the Private and Public Investment in Canada survey. The volume increase this quarter was 2.5%, with much of the strength attributable to engineering construction and purchases of machinery and equipment.

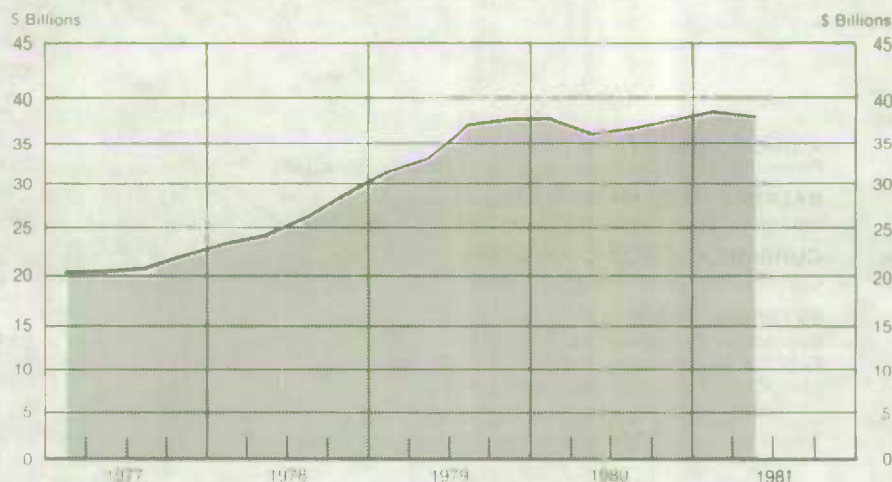
Other features of the second quarter performance:

- Total inventory accumulation was \$1.1 billion in volume in the second quarter. Non-farm business inventories rose at the same \$1 billion rate recorded in the revised estimates for the first quarter.

Wages, salaries, and supplementary labour income grew 3.5%, a continuation of the strengthening of labour income that began late in 1980. Goods-producing industries such as manufacturing and mining led this increase, as industrial

Corporation Profits (Before Taxes)

(Data Seasonally Adjusted at Annual Rates)



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

output rose a further 2.2%.

- Higher income tax collections helped to slow the gain in personal disposable income in the quarter to 2.7%. With personal expenditure expanding by 3.2%, the personal savings rate dipped to 9.6%.
- Corporate profits before taxes declined about 1.8%; profit growth has been sluggish since late 1979. While the volume of demand rose strongly in the second quarter, an easing of final demand price increases served to restrain profits.
- Total government revenue, excluding intergovernmental transfers, increased by 4.5% in the quarter, reflecting higher personal income tax collections and continued strength in petroleum-related revenues. Total government expenditure rose by 5.1%, an acceleration from the rate of the previous quarter. With expenditures outpacing revenue growth, the first quarter surplus of \$360 million swung to a \$484 million deficit in the second quarter.

For further information, order the second quarter 1981 issue of *National Income and Expenditure Accounts* (13-001, \$6/\$24).

Real Domestic Product

The index of real domestic product recorded little change in May and June. Industrial production in June was unchanged from the May output level. Both goods-producing and service-producing industries advanced slightly during the month.

Second Quarter 1981

Preliminary estimates indicate that the forward pace in the economy continued to moderate as real domestic product increased 0.6% in April, but showed no growth in May and June. This resulted in a 1.1% increase for the second quarter of 1981, down from the growth rate of 1.5% and 1.3% respectively for the preceding two quarters. Although industrial production rose 2.2% in the second quarter of 1981, there was a flattening in activity in June. The level of industrial output in the quarter was 5.5%

above the level of the third quarter of 1980.

Second quarter growth was heavily concentrated among the manufacturing industries. Led by substantial increases among manufacturers of motor vehicles and parts, primary metals, fabricated metal products, food and beverages, rubber, electrical and non-metallic mineral products, manufacturing output rose 2.8% in the quarter. Over the last nine months, increased manufacturing activity has been the major contributor to the growth in the economy. Other areas of strength in the second quarter included residential construction, air transport, communication systems, electric power utilities and public administration services.

In the automotive sector severe production cutbacks occurred at the start of the year. However, motor vehicle output improved significantly in the second quarter of 1981 and was the largest single contributor to the overall gain in the economy. Increased production of passenger cars for the export market was the underlying factor in reversing the poor first quarter performance in the industry. Auto exports climbed about 40% in the three-month period ending in June 1981. The introduction of several new passenger car models manufactured exclusively in Canada, 90% of which are destined for the U.S., was a major factor in the increase. Truck production, however, remained at a relatively low level.

For further information, order the June 1981 issue of *Indexes of Real Domestic Product by Industry* (Including the Index of Industrial Production) (61-005, \$3/\$30), or contact Ron Kennedy (613-995-0568), Industry Product Division, Statistics Canada, Ottawa K1A 0T6.

Shipping Statistics

Domestic shipping at Canadian ports during 1980 increased 5% over 1979 to 165 522 588 tonnes.

The publication *Coastwise Shipping Statistics, 1980* (54-210, \$8), will be released at a later date.



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These publications released August 28 — September 3

	Cata- logue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE STATISTICS			
Production and Stocks of Eggs and Poultry, June 1981	23-003	\$2.50/\$25	\$3/\$30
BALANCE OF PAYMENTS			
Security Transactions with Non-residents, May 1981	67-002	\$2.50/\$25	\$3/\$30
CURRENT ECONOMIC ANALYSIS			
Current Economic Analysis, August 1981	13-004E	\$2.50/\$25	\$3/\$30
EXTERNAL TRADE			
Exports by Commodities, June 1981	65-004	\$5/\$50	\$6/\$60
Exports, Merchandise Trade, 1980	65-202	\$30	\$36
Imports by Commodities, May 1981	65-007	\$5/\$50	\$6/\$60
EDUCATION, SCIENCE AND CULTURE			
Educational Staff of Community Colleges and Vocational Schools, 1979-80	81-254	\$7	\$8.40
HEALTH			
Causes of Death, Provinces by Sex and Canada by Sex and Age, 1979	84-203	\$15	\$18
INDUSTRY PRODUCT			
Indexes of Real Domestic Product by Industry, May 1981	61-005	\$3/\$30	\$3.60/\$36
LABOUR			
Estimates of Employees by Province and Industry, May 1981	72-008	\$3/\$30	\$3.60/\$36
MANUFACTURING AND PRIMARY INDUSTRIES			
Crude Petroleum and Natural Gas Production, April 1981	26-006	\$2.50/\$25	\$3/\$30
Crude Petroleum and Natural Gas Production, March 1981	26-006	\$2.50/\$25	\$3/\$30
Feed Industry, 1979	32-214	\$4.50	\$5.40
Fish Products Industry, 1979	32-216	\$4.50	\$5.40
Gas Utilities, May 1981	55-002	\$2.50/\$25	\$3/\$30
Household Furniture Manufacturers, 1979	35-211	\$4.50	\$5.40
Manufacturers of Electrical Industrial Equipment, 1979	43-207	\$4.50	\$5.40
Manufacturers of Industrial Chemicals, 1979	46-219	\$4.50	\$5.40
Manufacturers of Mixed Fertilizers, 1979	46-220	\$4.50	\$5.40
Manufacturers of Pharmaceuticals and Medicines, 1979	46-209	\$4.50	\$5.40
Manufacturers of Plastics and Synthetic Resins, 1979	46-211	\$4.50	\$5.40
Mineral Wool Including Fibrous Glass Insulation, July 1981	44-004	\$1.50/\$15	\$1.80/\$18
Miscellaneous Chemical Industries, 1979	46-216	\$4.50	\$5.40
Miscellaneous Food Processors, 1979	32-224	\$4.50	\$5.40
Miscellaneous Petroleum and Coal Products Industries, 1979	45-207	\$4.50	\$5.40
Monthly Production of Soft Drinks, July 1981	32-001	\$1.50/\$15	\$1.80/\$18
Paint and Varnish Manufacturers, 1979	46-210	\$4.50	\$5.40
Primary Iron and Steel, June 1981	41-001	\$2.50/\$25	\$3/\$30
Production and Inventories of Process Cheese and Instant Skim Milk Powder, July 1981	32-024	\$1.50/\$15	\$1.80/\$18
Ready-mix Concrete Manufacturers, 1979	44-211	\$4.50	\$5.40
Refined Petroleum Products, May 1981	45-004	\$3.50/\$35	\$4.20/\$42
The Sugar Situation, July 1981	32-013	\$1.50/\$15	\$1.80/\$18
SERVICE BULLETIN			
Fruit and Vegetable Preservation , Vol. 9, No. 23, Pack of Apples and Apple Products, 1980	32-023	\$1.50/\$15	\$1.80/\$18
MERCHANDISING AND SERVICES			
Merchandising Inventories, May 1981	63-014	\$2.50/\$25	\$3/\$30
Restaurant, Caterer and Tavern Statistics, June 1981	63-011	\$1.50/\$15	\$1.80/\$18
PRICES			
Consumer Prices and Price Indexes, April-June 1981	62-010	\$6/\$24	\$7.20/\$28.80
Industry Price Indexes, June 1981	62-011	\$3.50/\$35	\$4.20/\$42
TRANSPORTATION AND COMMUNICATIONS			
SERVICE BULLETIN			
Water Transport , Vol. 11, No. 6, International Vessel Traffic Statistics, Second Quarter 1980	54-003	\$1.50/\$15	\$1.80/\$18

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