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Weekly Bulletin

February 12, 1982

## Department Store Sales

Department stores in Canada had sales totalling \$1,542.5 million in December 1981, up 5.8% from a year earlier. Sales were higher in all regions.

Department store sales by regions for the latest month were as follows, with percentage increases from December 1980 in brackets:

- Ontario, \$562.3 million (6.2%)
- Quebec, \$264.0 million (2.3%)
- British Columbia, \$263.9 million (2.5%)
- Alberta, \$225.6 million (11.3%)
- Atlantic provinces, \$107.5 million (7.2%)
- Manitoba, \$76.6 million (9.0%)
- Saskatchewan, \$42.6 million (3.5%)

Data users should note that British Columbia figures include as well those for the Yukon and Northwest Territories. See the December issue of *Department Store Sales by Regions* (21-004, \$1.50/\$15).

## Labour Income

Labour income for the month of November 1981 was estimated at \$15,986.5 million, an increase of \$1,919.6 million or 13.6% from November 1980.

Adjusted for seasonal variation, wages and salaries increased by \$146.2 million between October and November to \$14,796.2 million.

The estimates will be published in the October-December 1981 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.

## Farm Cash Receipts

Farm cash receipts for the year 1981 are estimated to have reached a record \$18.5 billion, an increase of 19% over the \$15.6 billion estimated for 1980. All provinces recorded increases in cash receipts.

Receipts from the sale of crops were up 29% in 1981 with higher average prices for wheat, barley and potatoes all contributing to the increase. Livestock receipts rose 8%, reflecting higher receipts for hogs (up 17%), dairy products (up 15%), poultry (up 18%) and eggs (up 15%).

For further information, order the January-December 1981 issue of *Farm Cash Receipts* (21-001, \$1.50/\$15), or contact Peter Lys (613-995-4895), Agriculture Statistics Division, Statistics Canada, Ottawa K1A 0T6.

## LATEST MONTHLY STATISTICS

### EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	Nov.*	369.26p	369.56p	12.1
Labour Income (\$ million)	Nov.*	15,986.5p	16,090.4p	13.6
Persons with Jobs (million)	Jan.*	10.41	10.66	-0.5
Unemployed	Jan.*	1,096,000	987,000	16.0

### INVENTORIES

Department Store (\$ million)	Nov.	3,437.4	3,769.4	11.7
Manufacturers' Owned (\$ million)	Nov.	34,559.0p	34,309.8r	16.5
Wholesale (\$ million)	May	17,091.0	16,923.1	

### ORDERS

Manufacturers' New Orders (\$ million)	Nov.	15,620.2p	16,261.8r	4.8
Manufacturers' Unfilled Orders (\$ million)	Nov.	19,046.2p	19,200.1r	3.0

### PRICES

Consumer Price Index (1971=100)	Dec.	248.0	246.9	12.1
Non-food Component (CPI)	Dec.	232.3	230.5	14.0
New House Price Index (1976=100)	Dec.	134.8	134.3	7.8
Raw Materials Price Index (1977=100)	Dec.	187.2p	193.0p	14.0
Industry Selling Price Index (1971=100)	Dec.	279.2p	278.2p	8.0

### CONSTRUCTION

Building Permits (\$ million)	Nov.	1,513.8p	16,573.7p	18.5
Housing Starts — Urban Centres (units)	Dec.	14,099	142,441	13.9

### ENERGY

Coal Production (thousand metric tonnes)	Nov.	3,545.1	36,032.9	8.5
Electricity Generation (terawatt hours)	Oct.	31.8	308.6	3.6
Natural Gas Production (million cubic metres)	Oct.	8,294.5	79,320.1	-0.6
Petroleum Refining (million cubic metres)	Oct.	7.7p	86.8p	-6.3

### FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Dec.	6,890p	84,029p	10.3
Imports — Balance of Payments Basis (\$ million)	Dec.	5,803p	77,522p	13.4

### PRODUCTION

Steel (ingots — thousand metric tonnes)	Dec.	1,066.1	14,625.8	-6.7
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### SALES

Department Store Sales (\$ million)	Dec.*	1,542.5	10,218.5	9.1
Manufacturers' Shipments (\$ million)	Nov.	15,774.2p	173,242.6p	13.7
New Motor Vehicle Sales (\$ million)	Dec.*	694.3	11,905.9	4.6
Retail Sales (\$ million)	Nov.	8,325.8p	84,590.1p	12.8
Wholesale Sales (\$ million)	May	9,701.6p	44,570.1p	

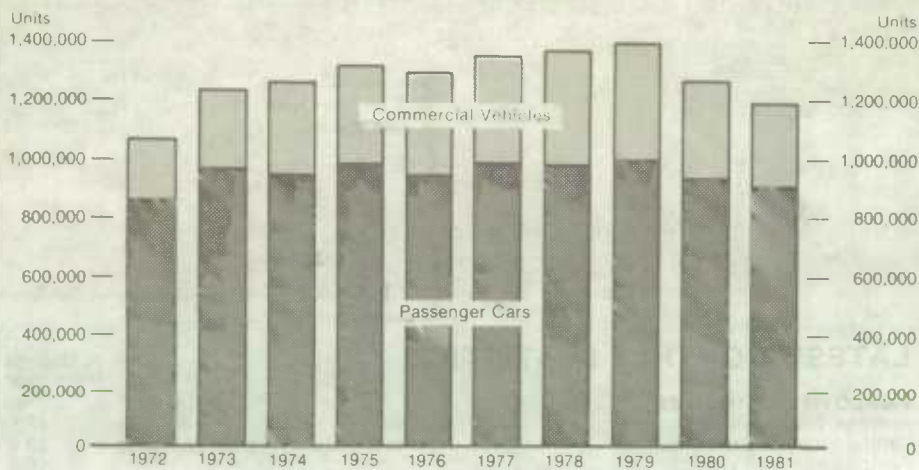
Statistics are not seasonally adjusted. p - preliminary. r - revised. \* - new this week.

## Farm Cash Receipts, Canada



Source: Statistics Canada, Farm Cash Receipts (21-001)

## Canadian Sales of New Motor Vehicles



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

### New Motor Vehicle Sales

New motor vehicles sold in December 1981 totalled 63,730 units, down 18.1% from a year earlier. This included 32,380 passenger cars (down 24.4%) and 13,236 commercial vehicles (down 28.4%) manufactured in Canada and the United States and 14,917 passenger cars (up 3.5%) and 3,197 commercial vehicles (up 48.8%) manufactured overseas. Of all the new passenger cars sold in Canada in December 1981, 68.5% were produced in North America, 23.5% in Japan and 8.0% in Europe; while in November 1981, the percentages were 75.6%, 19.6% and 4.8%, respectively.

Total sales value decreased 4.9% to \$694.3 million. Canadian and U.S. passenger cars sold for \$317.7 million (down 12.4%) and commercial vehicles for \$200.7 million (down 11.4%). Sales of passenger cars from overseas increased 19.5% to \$147.4 million and those of commercial vehicles rose 62.3% to \$28.5 million. Included in total commercial vehicles sold were 351 coaches and buses valued at \$20.8 million.

For the year 1981, total sales were 1,190,882 units (1,263,807 in 1980), with an accumulated value of \$11,905.9 million. This represented an increase of 4.6% in value over sales for January-December 1980.

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

### Labour Force Supplement

In the interests of broadening the understanding of Canadian labour markets, Statistics Canada has conducted a special survey in March of each of the past several years. This survey, undertaken as a supplement to the monthly Labour Force Survey, is directed at persons who are neither working nor actively seeking employment, and establishes how many of these persons want a job and are available for work. Among those who say that they want work, the survey

determines their reasons for not seeking work, their previous labour force activities and their expectations of obtaining work in the near future.

In the past, this survey has been conducted in the month of March, a month when employment is at or near the lowest point in its annual cycle, and therefore a month when the persons who make up the survey's target population can be expected to be most numerous.

However, in order to gain an appreciation of the size, composition and characteristics of this group in a month when employment is at or near its annual peak, the survey was conducted again in September of 1981.

Data from the September survey are now available and show that:

- The number of persons not in the labour force who wanted a job but were not actively seeking one was 27% lower in September 1981 at an estimated 248,000 than it had been in the previous March (339,000);
- In September, more of these persons gave a personal reason for not looking for work (i.e. illness, family responsibilities, or going to school) than was the case in March. In September, 29% gave such personal reasons, compared to 19% in March;
- Among the 248,000 persons not in the labour force who wanted work in September, only 69,000 (28% of the total) said that they were not looking for work because they "believed no work was available". In March, 101,000 (30% of the total) gave this reason;
- In September, the proportion of women among the total who wanted work (62%) was larger than it had been in March (52%); the proportion of persons 15 to 24 years of age was about the same (36% and 38%, respectively); and the proportion of full-time students remained constant (10% in both periods).

Data from the March supplementary surveys of 1979, 1980 and 1981 were published in the August 1981 issue of *The Labour Force* (71-001, \$3.50/\$35).

### Labour Force Survey

The unadjusted employment level for Canada was estimated at 10,413,000 in January 1982, down 49,000 (0.5%) from a year earlier. Unemployment climbed to 1,096,000 from 945,000 over the period. The unemployment rate at 9.5% was down from 8.3% in January 1981. The participation rate was 62.4% compared to 62.8% a year earlier and the employment/population ratio was down to 56.5% from 57.6%.

But on a seasonally adjusted basis, Canada's unemployment rate decreased to 8.3% in January 1982 from 8.6% in December. The participation rate dropped sharply to 64.0% from 64.4% and the unemployment/population ratio decreased to 58.6% from 58.8%.

For the week ending January 16, 1982, the seasonally adjusted level of employment was 10,814,000 down 25,000 from December and a decline of 175,000 over the last five months. While the decrease from December was mainly in the service industries, the manufacturing industry continued the downward trend that began in August. The employment level declined by 33,000 for males aged 15 to 24, by 7,000 for females 15-24 and by 11,000 for males 25 and over. It increased by 26,000 for females 25 and over. On a provincial basis, employment dropped by 15,000 in Ontario and 5,000 in British Columbia.

Seasonally adjusted unemployment was estimated at 983,000, down 43,000 from December. The level declined by 19,000 for males 25 and over and by 26,000 for females of the same age group. Provincially, unemployment was down by 26,000 in Quebec and 8,000 in British Columbia.

Seasonally adjusted unemployment rates for the provinces in January 1982 were as follows, with December rates in brackets: Newfoundland, 14.0% (13.6%); Prince Edward Island, 11.0% (11.8%); Nova Scotia, 10.6% (10.9%); New Brunswick, 13.2% (12.9%); Quebec, 11.0% (11.8%); Ontario, 7.4% (7.5%); Manitoba, 6.5% (6.7%); Saskatchewan, 4.8% (4.8%); Alberta, 4.6% (4.5%); and British Columbia, 8.2% (8.7%).

For further information, order the January 1982 issue of *The Labour Force* (71-001, \$3.50/\$35).

### Wholesale Trade

Sales by Canadian wholesale merchants for November 1981 decreased by 10.5% from the October 1981 level. Lower sales were reported in all provinces with decreases ranging from 1.4% for Newfoundland to 29.3% for Saskatchewan.

### Oil Pipeline Transport

Net receipts of crude oil, condensates, pentanes plus, liquefied petroleum gases and petroleum products through Canadian oil pipelines decreased 3.1% in November 1981 to 12 197 573 cubic metres from 12 587 906 cubic metres a year earlier.

## Canadian Leading Indicator

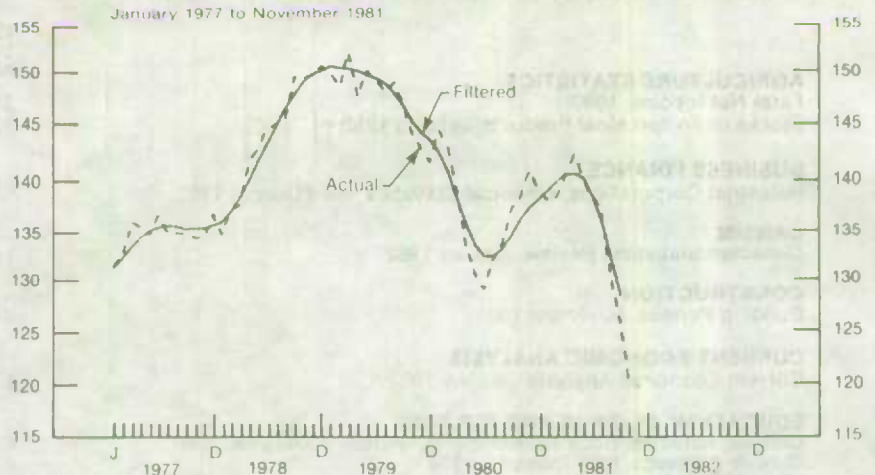
According to the composite leading index in November, a recovery from the current recession is not imminent, although there are signs that the recession may lose some of its momentum in the first quarter of 1982. While the leading indicator (1971=100) declined by a similar magnitude to that in October — down 2.87% to 128.41 from 132.21 — the marked drop of the previous three months in the non-filtered version slowed substantially, declining only 0.5%, and four of the component indicators were up. The indicators of personal expenditure and the index of residential construction rebounded in reaction to an easing of interest rates and to several programs designed to stimulate demand. The upswing of these indicators is likely temporary, however, as these stimulative factors have either expired or been reversed. Moreover, all the indicators of the manufacturing sector continued to decline in reaction to the recent weakening of final demand. It appears unlikely that a recovery of manufacturing production will occur without a sustained increase in final demand, due to the further accumulation of manufacturing inventories and the continued reduction of unfilled orders. Financial indicators reflected poor business conditions.

## Current Economic Analysis

Initial indications suggest that real output dropped again in the fourth quarter of 1981, as the preliminary estimates to be released next month will likely indicate that the decline was less severe than the third quarter drop in output. Final demand appears to have risen marginally, as consumer outlays and merchandise exports rose slightly, while business investment in plant and equipment was up sharply due to increased expenditures in non-residential construction. Residential construction acted as the main drag on domestic expenditure. The firming of final demand and a sizeable drop in imports appear to have resulted in little change in the level of real inventories in the fourth quarter following the \$1.6 billion increase last quarter.

Signs of a pick-up in real final demand became evident in the fourth quarter, partly the result of an easing of inflation and interest rates following the record drop in final sales in the previous quarter. Most of the firming of expenditure indicators originated in sharply higher domestic demand for autos and multiple housing units, although the steady erosion of employment and incomes suggests that a continuation of these gains should be regarded with some skepticism. The increase in business investment for plant and equipment was sustained despite the recent deterioration of financial conditions. The stabilization of demand was not transmitted to the manufacturing sector, which appears intent on cutting production and inventories at a time of uninterrupted weakness in shipments and new and unfilled orders. Employment and output continued to recede in goods-

## The Canadian Composite Leading Index (1971=100)



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

producing industries in November as a result of the desire to slow the build-up in inventories, and the leading indicators suggest that only a slowing of the rate of decline can be anticipated in the short term.

Inflation showed further signs of easing late in 1981, both in the consumer sector and in other sectors of the economy. Food was the major restraining influence on consumer prices, while increases in energy and housing costs accounted for the largest gains. Together with the gradual drop in short-term interest rates, this provides some basis for a revival of economic activity. The escalation of long-term interest rates since November, however, reflects the widely-held view in financial markets that a sustained upturn in the economy in the near future would quickly rekindle inflationary pressures or lead to another upward jolt in short-term interest rates, or both.

The easing of industry selling prices in Canada in line with producer prices in the United States does suggest that recent concerns over the loss of competitiveness due to higher wage increases in Canada have, at least in the short term, not fully allowed for the greater squeeze on profit margins in Canada. This adjustment, along with the sharp reversal in domestic demand for imports since the onset of the recession in July, was reflected in a strong recovery in the merchandise trade balance in the fourth quarter. The erosion of profitability resulting from this unfavourable price-wage nexus, at a time of high borrowing costs, raises doubts about the durability of the three-year old surge in business investment.

International economic conditions were dominated by increasing concern over the sharp rise in unemployment. The unemployment rate in the European Economic Community rose to 9.0% in December, roughly the same as the 8.6% rate in Canada and the 8.9% rate in the U.S. The course of interest rates was headed in different directions in reaction to the unemployment figures, as most European central banks continued to slowly reduce interest

rates while most American rates rose slightly for the second consecutive month. The increase in the U.S. appeared to reflect concerns that the recent surge in the money supply and the signs of an impending rise of economic activity are incompatible with the Federal Reserve Board's monetary policy.

- **Real Domestic Product** rose 0.2% in November, leaving output down 0.4% to date in the fourth quarter, as service industries recovered strongly due to the gains in retail sales and financial activity. Most of the upturn in demand for goods was met by a drawdown of retail inventories, as industrial output declined 0.5% and orders continued to weaken.
- The volume of consumer demand for **retail goods** surged ahead by 5.6% in November. A temporary surge in auto sales led the gain, although non-automotive retail sales also advanced 1.5% as consumers stepped up their purchases in response to an easing of price increases for durable and semi-durable goods and of interest rates.
- The further deterioration of **labour market** conditions emphasizes the fragile nature of the gains in November retail sales, as employment fell 0.5% in December and 0.2% in January. Labour income reflected this weakening, as the rate of increase has slowed to about 2.5% in the third and fourth quarters compared to an average 3.5% gain in the previous four quarters of expansion.
- The nominal **merchandise trade balance** continued a strong fourth quarter performance, resting at \$753 million in December. Exports in the fourth quarter recovered 0.9% of their 2.2% loss in the previous quarter. Exports fell 5.1% in December, as American auto demand began to recede, after remaining surprisingly firm since the onset of the recession. Imports decreased 0.9% in December, leaving imports down 6.8% for the quarter, as the greater severity of the Canadian recession has generally pushed down imports at a faster clip.



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## THESE PUBLICATIONS RELEASED FEBRUARY 5 — 11

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Department Store Sales by Regions, December 1981	63-004	\$1.50/\$15	\$1.80/\$18
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