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 Weekly Bulletin

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Building Permits

The total value of building permits issued by Canadian municipalities was estimated at a seasonally adjusted level of \$1,107.2 million in November 1982, up 5.0% from \$1,054.0 million in October but down 34.5% from the November 1981 total of \$1,691.4 million.

The number of new dwellings authorized in November 1982 rose to 14,078 units, seasonally adjusted, from 12,085 in October, reflecting an increase in single-detached homes to 9,666 from 6,103 that was partly offset by a drop in multiple units to 4,412 from 5,982. The value of all residential permits issued in November rose 23.8% to \$713.8 million from \$576.8 million in October with the largest increases occurring in Nova Scotia, Ontario, Manitoba and Alberta, although permit activity remained strong in all the other provinces.

Non-residential permits continued to weaken in November, dropping 17.6% to a seasonally adjusted \$393.4 million from \$477.3 million in October. By category, industrial projects decreased 13.1% in value to \$67.0 million from \$77.1 million, commercial projects rose 3.8% to \$151.4 million from the record low of \$145.8 million in October, and publicly-initiated projects declined 31.2% to \$175.0 million from \$254.4 million.

For further information, order the November 1982 issue of *Building Permits* (64-001, \$3.50/\$35), or contact J.P. Delisle (613-995-8213). Construction Division, Statistics Canada, Ottawa K1A 9Z9.

Consumer Price Index

The Consumer Price Index (CPI) for Canada stood at 271.1 (1971=100) in December 1982, virtually unchanged from the level of 271.0 registered in November. The fractional change recorded extended the trend of moderating price increases which have averaged 0.5% monthly since July, compared to the average increase of 1.0% recorded in the first half of the year. The year-over-year increase, as calculated by comparing the index level of December 1982 to that of December 1981, fell to 9.3%, down from the 9.8% increase registered in November. The all-items-excluding-food index, which had registered increases of 0.8% in each of the previous two months, (continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	Oct.*	399.04p	395.64p	8.0
Labour Income (\$ million)	Oct.*	16,958.7p	16,912.3p	3.4
Persons with Jobs (million)	Dec.	10.25	10.36	-3.8
Unemployed	Dec.	1,494,000	1,438,000	51.4

INVENTORIES

Department Store (\$ million)	Nov.	3,324.7	3,338.1	-3.3
Manufacturers' Owned (\$ million)	Nov.*	31,849.6p	32,132.3r	-3.5

ORDERS

Manufacturers' New Orders (\$ million)	Nov.*	15,829.7p	14,828.6r	3.5
Manufacturers' Unfilled Orders (\$ million)	Nov.*	17,361.9p	16,764.9r	-9.7

PRICES

Consumer Price Index (1971=100)	Dec.*	271.1	271.0	9.3
New House Price Index (1976=100)	Nov.	129.7	130.2	-3.4
Raw Materials Price Index (1977=100)	Nov.	200.9p	200.9p	4.0
Excl. coal, crude oil, nat. gas	Nov.	142.9p	143.9p	-3.4
Industry Selling Price Index (1971=100)	Nov.	291.0p	292.0p	4.4

CONSTRUCTION

Building Permits (\$ million)	Oct.	977.0p	10,381.3p	-31.0
Housing Starts — Urban Centres (units)	Dec.*	10,498	104,792	-26.4

ENERGY

Coal Production (thousand tonnes)	Oct.	2,970	35,327	8.5
Electricity Generation (terawatt hours)	Oct.	30.5	307.3	-0.6
Natural Gas Production (million cubic metres)	Oct.*	7,925.6	79,776.4	0.5
Petroleum Refining (million cubic metres)	Nov.	7.8p	82.7p	-13.0

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Nov.	7,028p	77,351p	0.1
Imports — Balance of Payments Basis (\$ million)	Nov.	5,262p	61,682p	-13.9

PRODUCTION

Railway Carloadings (million tonnes)	Dec.	14.5p	200.9p	-12.6
Steel (ingots — thousand tonnes)	Dec.	618.3p	11,769.0p	-19.6

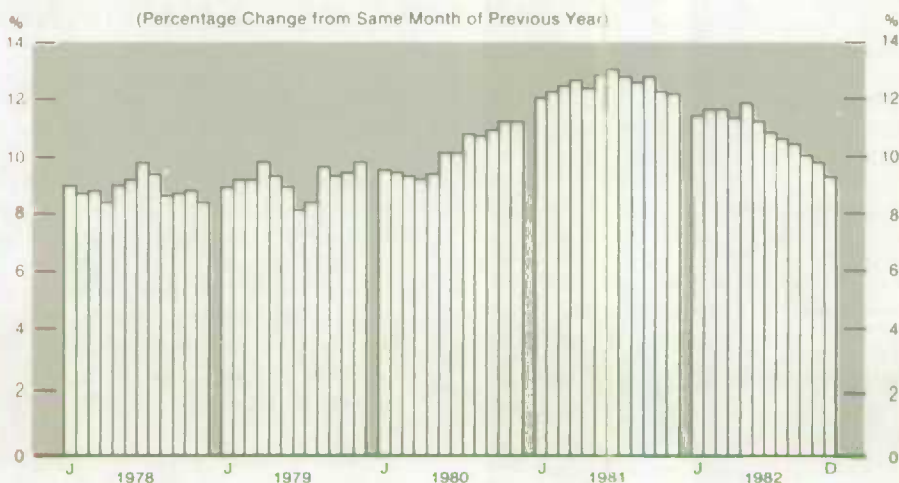
SALES

Department Store Sales (\$ million)	Nov.	1,073.6	8,598.0	-0.9
Manufacturers' Shipments (\$ million)	Nov.*	15,232.7p	168,542.3p	-3.4
New Motor Vehicle Sales (\$ million)	Nov.	765.2	9,094.5	-19.0
Retail Sales (\$ million)	Nov.	8,536.7p	86,762.4p	2.8

Statistics are in current dollars and are not seasonally adjusted.

p - preliminary, r - revised, * - new this week.

Consumer Price Index for Canada (CPI)



Source: Statistics Canada, The Consumer Price Index (62-001)

advanced by only 0.2% in December. The food index declined by 0.4% in December, as compared to an increase of 0.3% registered between October and November.

Lower prices for most pork cuts, fresh fruit (especially for oranges), poultry (most notably for turkeys) and for soft drinks were largely responsible for the 0.6% decline in the food-purchased-from-stores index. In December, the index stood 6.7% above its level of December 1981. The food-purchased-from-restaurants index advanced by 0.3% in the latest month, up 9.3% above its level of December 1981. As a result, the aggregate food index increased 7.4% over its level of December 1981.

The all-items-excluding-food index advanced by 0.2% in December, as lower gasoline prices, resulting from "price wars" in several urban centres, coupled with a decrease in travel/holiday expenses significantly dampened the impact of price increases in other commodities.

Viewed in terms of goods and services, the price level for goods declined 0.1% while that for services increased by 0.2%. As a result, between December 1981 and December 1982, the price level for goods advanced by 8.1% while that for services rose by 11.0%.

On a seasonally adjusted basis, the all-items CPI rose 0.5% in December; this comprised a decline of 0.2% in the food index and a 0.6% increase in the all-items-excluding-food index.

Annual Averages

On an annual average basis, i.e. comparing the average of the 12 monthly indexes in 1982 to the average of the 12 monthly indexes in 1981, the all-items Consumer Price Index advanced 10.8%, down from the 12.5% increase registered in 1981. The improvement in the 1982 annual average rate of change was largely concentrated in the latter half of the year, as noted above. The increase of 10.8% in 1982 comprised a 7.2% increase in the food index, down from the 11.4% increase registered in 1981 and a rise of 11.8% in the all-items-excluding-food index, down from the 12.8% increase registered in 1981.

The annual average increases for 1982 among the 15 cities for which CPIs are produced were as follows: St. John's 10.0%; Charlottetown/Summerside 9.5%; Halifax 9.6%; Saint John 9.4%; Quebec City 12.2%; Montreal 11.6%; Ottawa 9.9%; Toronto 11.3%; Thunder Bay 10.4%; Winnipeg 8.8%; Regina 9.0%; Saskatoon 8.9%; Edmonton 10.8%; Calgary 12.0%; Vancouver 10.5%.

For further information, order the December 1982 issue of *The Consumer Price Index* (62-001, \$2.50/\$25), or contact Sandra Shadlock or Suzanne Gratton (613-995-4078), Prices Division, Statistics Canada, Ottawa K1A 0T6.

Railway Operating Statistics

Canada's seven major railways reported a combined net income from operations of \$8.2 million in October 1982. Operating revenues of \$450.7 million were down by 11.1% from the 1981 level.

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Petroleum/Natural Gas

Canadian production of crude petroleum and equivalent hydrocarbons in October 1982 amounted to 7 106 900 cubic metres, up 20.0% from 5 922 900 cubic metres a year earlier. Alberta was the main producer with 83.7% of the Canadian total. Imported crude and equivalents for the same month amounted to 1 200 200 cubic metres while crude oil and equivalents exported to the United States amounted to 1 092 600 cubic metres.

Net new production of natural gas in Canada in October 1982 amounted to 7 925.6 million cubic metres, down 4.4% from 8 294.5 million cubic metres in October 1981. Alberta was the main producer with 89.8% of the Canadian total. On the disposition side: exports to the United States in October 1982 were 1 838.6 million cubic metres; 2 935.8 million cubic metres were sold to ultimate customers in Canada; and 1 426.4 million cubic metres were used in fields and processing plants.

For further information, order the October 1982 issue of *Crude Petroleum and Natural Gas Production* (26-006, \$2.50/\$25), or contact Richard Godin (613-996-3139), Energy Section, Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Employment in Industry

First estimates show the Canada industrial composite index of employment (1961=100) declined 0.9% in October 1982 from the September level. Lower employment levels were recorded in all industry divisions except mining (including milling)

Industrial Production

Preliminary data indicate Industrial Production increased 0.3% in November 1982 with the index (1971=100) moving to a level of 116.5 from 116.1 in October 1982. The main contributors to the overall output rise included metal mines, electric power utilities and food and beverage manufacturers; production declines were recorded for the transportation equipment and wood products industries.

For further information, order the November 1982 issue of *Gross Domestic Product by Industry* (61-005, \$3/\$30), or contact R. Kennedy (613-995-0568), Industry Product Division, Statistics Canada, Ottawa K1A 9Z9.

Labour Income

Labour income for the month of October 1982 was estimated at \$16.958.7 million, up \$563.7 million or 3.4% from October 1981.

Adjusted for seasonal variation, wages and salaries increased by \$105.5 million between September and October 1982 to \$15,402.4 million.

The estimates will be published in the October-December 1982 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.

Wholesale Trade

Sales by Canadian wholesale merchants in November 1982 decreased by 0.1% from a year earlier. Lower sales were posted in three provinces, declines ranging from -2.0% for British Columbia to -6.8% for Alberta. The largest sales increase was recorded in Prince Edward Island (+37.0%).

Wholesale inventories in November 1982 showed a drop of 6.7% from the previous year.

For further information, order the November 1982 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.

and construction which showed increases. With the exception of the Atlantic region, all regions decreased.

Average weekly earnings at the Canada industrial level increased by 0.8% to \$396.27 in October from \$393.20 in September.

Destination of Shipments of Manufacturers

Provincial and export destinations of shipments of manufacturers of each province are given in a new occasional report, *Destination of Shipments of Manufacturers*, 1979 (Catalogue 31-530, \$15; other countries, \$18). Data are presented for the manufacturing industries, with breakdowns by major groups and industries. The destinations shown are individual provinces (with totals for the Atlantic and Prairie regions) and "outside Canada" (as a combined total). The report also contains an extensive analysis of patterns of interprovincial shipments and of changes in them since similar surveys for 1967 and 1974.

For further information, contact the Analysis and Development Section (613-992-9654), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Current Economic Analysis

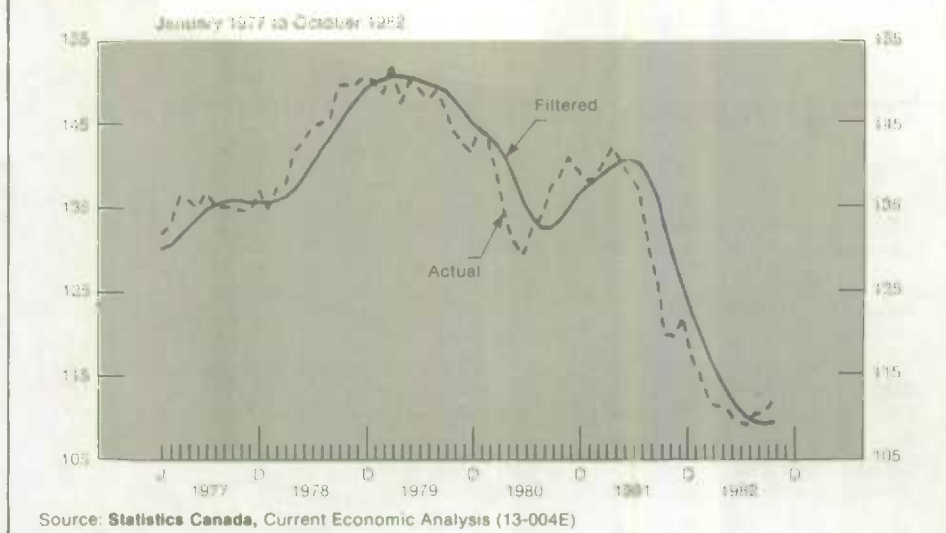
Considerable evidence accumulated during the latest month to indicate that the recession may be coming to an end. It is difficult to say, however, whether recovery is imminent or is still a few months away, as production was off sharply in October 1982 and some uncertainties remain in major sectors such as consumer spending. Much of the positive evidence was reflected in the first upturn in 16 months in the index of leading indicators for October. In addition, the Conference Board of Canada's index of consumer sentiment increased substantially in the fourth quarter. Consistent with the rise in consumer confidence, retail sales posted an increase in November. Also, employment rose for the first time in 16 months in December. Much of the firming in employment occurred in the trade sector, indicating that December was also a good month for retailers. Residential construction appears to be headed for an increase in the first quarter of 1983 as housing starts climbed for the third consecutive month in October. Output in most industries outside of manufacturing had begun to increase by October.

While the heavy toll on employment and earnings in the current recession has acted as a drag on consumer demand, the resulting improvement in productivity and unit labour costs has had a more beneficial effect on corporate earnings. The resulting reduction in operating expenses, together with a refinancing of corporate short-term debt in bond and equity markets, has helped to improve corporate profitability and liquidity in the third quarter, and these trends appear to be progressing into the fourth quarter despite a continued high level of inventories relative to sales. The improvement in labour costs, and to a lesser extent in energy and financing costs, also has built some inertia against upward pressure into the current relatively low rates of inflation.

Manufacturing firms, especially auto makers, implemented steep cutbacks in output in October to reduce inventories built up during the third quarter in apparent anticipation of an imminent recovery of final sales. Evidently the recovery in sales has taken at least two or three more months than manufacturers anticipated. The major question now appears to be whether the positive evidence concerning consumer confidence and retail sales in the fourth quarter represents the beginning of a recovery in consumer demand. A sustained recovery in consumer spending may be delayed a few more months by several factors that will serve to reduce income of consumers in the first quarter, notably the increase in U.I.C. payments, the partial deindexation of basic income tax exemptions, and the rollback of public sector wages in Quebec. These effects will be partly offset by increased cash flow as mortgages are renewed at lower rates.

• **Real Domestic Product** declined by 0.9% in October, with over half the decline

The Canadian Composite Leading Index (1971=100)



attributable to cutbacks in auto assemblies. The steep drop in output matches the average monthly declines recorded since May, with the exception of a brief upturn in August.

- The indicators of **personal expenditure** on retail goods fell 0.9% in October after a 0.5% decline in September. Weak demand for durable goods, notably passenger cars, led the decline. Over half the drop originated in Quebec, where concern over future income prospects is most accentuated in the short-run.

- The Labour Force Survey revealed further signs of a firming of **labour market** conditions. Job losses slowed to -0.9% in the fourth quarter, leading up to a small (0.2%) increase in employment in December, the first gain in 16 months. As a result, the increase in the unemployment rate slowed to 0.2% to reach 12.8% in December.

- The trend-cycle component of **merchandise exports** continued to deteriorate (-1.9%) in the fourth quarter, as nominal exports fell 0.7% in November after an 11.9% drop in October. Slumping auto demand and weak sales of raw materials have led this weakness. The merchandise trade surplus has been sustained near record levels (\$1,570 million in November) by continued slack in domestic demand for imports (up 0.9% in November after a 14.1% drop in October), notably for motor vehicles, machinery and equipment, and crude petroleum. The terms of trade have improved from a trough of 99.1 in June to 106.0 by October.

- The indicators of **manufacturing activity** slumped in October, following a significant reversal in September. Led by cutbacks in the auto industry and, to a lesser extent, in industries related to business investment, the volume of shipments sagged by 5.0% while new orders fell 2.3%. The rate of inventory reduction slowed from a peak rate of \$200 million in August to \$92 million by October, and the inventory-to-shipments ratio rose to 2.23 in October.

- **Housing starts** continued to recover steadily from the trough of 86,000 units

attained in September, touching a level of 145,000 units at annual rates in December. Single-family homes continue to benefit the most from the stimulus of lower mortgage rates and house prices as well as government support.

The leading indicator (1971=100) rose by 0.25% in October 1982 to 109.22, the first gain in 16 months. Four of the components rose during the month, one more than in September, and the non-filtered version continued to recover for the third straight month, rising 1.3% to a level of 111.8. While this pattern indicates that the economy will reach a cyclical trough in the near future, based on the behaviour of the leader in previous recessions, the recovery will likely not begin before the first quarter of 1983 at the earliest. Production in October, particularly in the manufacturing sector, revealed accentuated weakness, which will likely characterize the fourth quarter as a whole. Moreover, the upturn in the leading indicator is explained largely by the components with the longest lead times, notably the stock market index which has risen 33% since June in the non-filtered version. The outlook for a firming of activity in the first quarter in residential construction and profits remains favourable, but the reversal of personal outlays is less evident due to the high rate of unemployment and the uncertainty of the prospects for revenues.

For the detailed analysis as well as a news summary of major domestic and international developments and extensive analytical charts and tables, order Current Economic Analysis (13-004E, Canada: \$2.50/\$25; other countries: \$3/\$30). For further information contact D. Rhoades (613-992-4441), Current Economic Analysis Division, Statistics Canada.

Railway Carloadings

Revenue freight loaded by railways in Canada during November 1982 totalled 15.4 million tonnes, a drop of 22.0% from a year earlier. The carriers received an additional 0.9 million tonnes from the United States, down 31.6% from November 1981.



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