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Weekly Bulletin

November 25, 1983

Canadian Composite Leading Indicator

The rise in the leading indicator decelerated noticeably again in August 1983 — to 2.03% from 2.55% in July — and a small drop was registered in the non-filtered version, the first decline since August 1982. Since the slowdown was due to those components with the longest leads (between seven and 11 months at peaks), the index in August suggests the increased probability of a slowing in the expansion during the first half of 1984. Nevertheless, the short-term indicators still signal that the recovery should continue to be vigorous up to year-end, as the indicators of personal expenditure on goods and new orders for durable goods, which have leads varying between two and four months, posted the strongest gains.

The indicators of personal expenditure on goods continued to record high rates of growth in August, which signals the continuation in the short-run of the recovery of consumer demand. Sales of new motor vehicles (+2.26%) as well as furniture and appliances (+4.43%) slowed only marginally, as the moderation of prices and the relatively lower cost of credit continued to

(continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	Aug.	389.78p	389.28r	
Labour Income (\$ million)	Aug.	18,679.4p	18,755.9p	8.2
Persons with Jobs (million)	Oct.	10.82	10.87	2.9
Unemployed	Oct.	1,238,000	1,257,000	-10.8

INVENTORIES

Department Store (\$ million)	Sept.	3,310.4	3,213.6	16.9
Manufacturers' Owned (\$ million)	Sept.	30,210.6p	29,991.0r	-9.2

ORDERS

Manufacturers' New Orders (\$ million)	Sept.	21,557.1p	17,134.6r	36.5
Manufacturers' Unfilled Orders (\$ million)	Sept.	20,382.3p	16,935.7r	26.2

PRICES

Consumer Price Index (1981=100)	Oct.	119.2	118.5	4.9
New House Price Index (1976=100)	Sept.	131.3	131.0	0.5
Raw Materials Price Index (1977=100)	Sept.	211.2p	212.3p	4.2
Excl. coal, crude oil, nat. gas	Sept.	153.2p	155.1p	4.1
Industry Selling Price Index (1971=100)	Sept.	300.6p	301.0p	2.8

CONSTRUCTION

Building Permits (\$ million)	Aug.	1,188.8p	9,531.2p	14.6
Housing Starts — Urban Centres (units)	Sept.	9,904	104,486	41.2

ENERGY

Coal Production (thousand tonnes)	Aug.	3,406.3	27,820.8	-3.6
Electricity Generation (terawatt hours)	Aug.	30.7	255.2	2.1
Natural Gas Production (million cubic metres)	Aug.	6,608.5	61,091.6	-6.0
Petroleum Refining (million cubic metres)	Sept.	8.1p	63.4p	-6.5

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Sept.	7,719p	65,676p	3.0
Imports — Balance of Payments Basis (\$ million)	Sept.	6,309p	52,741p	3.9

PRODUCTION

Railway Carloadings (million tonnes)	Oct.	20.1p	170.7p	0.3
Steel (ingots — thousand tonnes)	Oct.	1,230.1p	10,482.7p	0.9

SALES

Department Store Sales (\$ million)	Sept.	922.1	7,137.6	7.1
Manufacturers' Shipments (\$ million)	Sept.	18,110.6p	146,656.5p	5.6
New Motor Vehicle Sales (\$ million)	Sept.	906.7	8,933.8	17.6
Retail Sales (\$ million)	Sept.	8,858.7p	75,212.0p	7.1

Statistics are in current dollars and are not seasonally adjusted.

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

Consumer Price Index

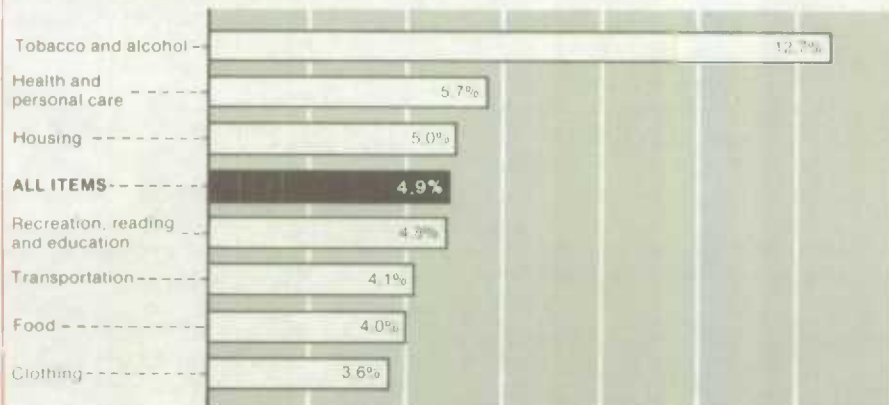
The Consumer Price Index (CPI) for Canada stood at 119.2 (1981=100) in October 1983, an increase of 0.6% from 118.5 in September. The year-over-year increase, as measured by comparing the index level of October 1983 to that of October 1982, decelerated marginally to 4.9% from 5.0% in September. The latest monthly increase was largely attributable to increased housing charges and food prices and, to a lesser extent, to higher tobacco and alcohol prices. Dampening the overall impact of these increases was a decline in transportation costs. Food prices, which had declined sharply in September, advanced by 1.1% in October. The all-items-excluding-food index rose 0.4%, up marginally from the 0.3% advance registered in September.

The October increase of 1.3% in the food-purchased-from-stores index was largely attributable to higher prices for fresh

(continued on next page)

Percentage Change in the Consumer Price Index and its Major Components

October 1982 to October 1983



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

Canada

...Leading Indicator

stimulate demand. The more vigorous recovery of these indicators since April, however, has been slow to be reflected in the other components of retail sales, particularly semi-durable goods, while the trend of real wages continued to be weak economy-wide.

The rate of decline of the residential construction index was accentuated in August (-5.20%). Housing could continue to deteriorate for several months given the marked drop since June in the non-filtered version of housing starts. The continued weak level of starts suggests, however, that in addition to CHOSP, cyclical factors have played a part in the sharp drop of construction in recent months.

The strengthening of the leading indicators for manufacturing continued in August, suggesting that manufacturing output will regain its momentum after a slackening in August. New orders for durable goods rose at a particularly rapid rate (+2.81%), comparable to the growth during the period of expansion in 1978-79. This movement has led to another important gain in shipments, which continued to contribute the largest portion of the growth of the ratio of shipments to stocks of finished goods, up 0.02 to 1.55 in August. Most manufacturing industries have recorded sustained growth, with the exception of those industries related to the household sector — such as clothing and some intermediate goods related to housebuilding — which gave some signs of easing.

The percent change of price per unit labour cost maintained a sustained rate of growth (to +0.63%), indicating a continued recovery of profit margins which should encourage investment outlays.

The leading index for the United States rose by 1.32% in August, which represents a slowdown from the gains in June and July. In particular, the leading indicators for housing and financial markets continued to react negatively to the recent upturn in interest rates.

The financial market indicators eased in Canada in August, as was the case in the United States. The rate of growth of stock market prices slowed to +1.67% from +2.60% in July, while the increase in the real money supply (M1) was reduced to +0.49%. Preliminary data for September and October point to an accentuation of this weakening, such that these indices could soon join the downward movement initiated in July in the residential construction index. The fact that all these indicators have the longest leads underscores the probability of a noticeable slackening of the expansion in the first half of 1984.

For further information, order *Current Economic Analysis* (13-004E, Canada: \$2.65/\$26.50; other countries: \$3.20/\$31.80), or contact D. Rhoades (613-992-4441), *Current Economic Analysis Division, Statistics Canada, Ottawa K1A 0T6*.

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...Consumer Price Index

vegetables. The prices of salad-type vegetables (particularly tomatoes and lettuce) rose sharply as depleted domestic supplies were replaced by higher priced imports. On average, fresh vegetable prices were up 32.5% from a year earlier, due in large part to the impact of weather conditions on 1983 crops in both Canada and the United States. In October, the index stood 3.8% above its level of October 1982. The food-purchased-from-restaurants index rose 0.6% in October and was 4.2% above its level of a year earlier. As a result, the aggregate food index advanced 4.0% over its level of October 1982.

The increase of 0.4% in the all-items-excluding-food index was largely attributable to higher property taxes and increased prices for tobacco and alcohol products. Property taxes (surveyed once a year with changes incorporated in the October index) advanced, on average, by 5.3% in 1983, down from the 10.7% increase registered in 1982. Between October 1982 and October 1983, the all-items-excluding-food index advanced 5.2%.

Viewed in terms of goods and services, the price level for goods advanced by 0.5% while that for services increased by 0.7%. As a result, between October 1982 and October 1983, the price level for goods increased 5.1% while that for services advanced 4.6%.

For further information, order the *October 1983 issue of The Consumer Price Index* (62-001, \$2.65/\$26.50).

Railway Carloadings

Revenue freight loaded by railways in Canada in September 1983 totalled 19.6 million tonnes, an increase of 28.6% from a year earlier. The carriers received an additional 1.2 million tonnes from the United States, up 42.2% from September 1982.

Total loadings in Canada during the first nine months of 1983 showed a decrease of 1.8% from the 1982 period, while receipts from U.S. connections increased by 3.0%.

Refined Petroleum Products and Natural Gas

During September 1983, sales of petroleum products by Canadian refiners and major distributors amounted to 6 591 500 cubic metres, down 1.0% from the level recorded in September 1982. A breakdown of sales of the main products with the percentage change from a year earlier was as follows: motor gasoline, 2 910 200 cubic metres (0.0); diesel fuel, 1 367 500 cubic metres (+7.1); light fuel oil, 276 200 cubic metres (-27.0) and heavy fuel oil, 597 300 cubic metres (-7.2%). Production of petroleum products by Canadian refiners amounted to 8 096 200 cubic metres, up 9.0% from September 1982.

For the first nine months of 1983, sales of refined petroleum products amounted to 57 622 700 cubic metres, down 9.4% from the level recorded during the same period of 1982.

Natural Gas

During September 1983, sales of natural gas by main distributors amounted to 2 419 171 thousand cubic metres, up 4.2% from the level recorded during September 1982.

Fertility Publication

Now available is *Demographic Aspects of Vital Statistics — Fertility*, a non-catalogued publication that summarizes the discussions and recommendations of a workshop held under the sponsorship of Statistics Canada. The report, prepared by Professor Jean Vevers of the University of Victoria reflects the views and contributions of participants on various aspects of fertility determinants, their measurement and the consequences of emerging fertility trends in Canada.

For those interested in the vital statistical and other aspects of Canadian fertility and its past trends, current levels and future prospects, the report provides important, illuminating and informative reading. The report summarizes the available Canadian statistical information on fertility and the manifold aspects it encompasses. It enumerates the gaps in existing information and the Vital Statistics data system and recommends the ways of ameliorating these gaps.

Copies of the non-catalogued publication may be obtained for \$6 from the Health Division or the Casual Sales Unit (613-992-3151), Statistics Canada. For further information, contact Professor J. Vevers, University of Victoria (604-721-1691), D. Nagner (demographer) or J. Silins (chief), Vital Statistics and Disease Registries Section (613-995-9593), Health Division, Statistics Canada, Ottawa K1A 0T6.

Wholesale Trade

Canadian wholesale merchants' sales in September 1983 continued to increase sharply, rising 16.7% over the same period last year. (Revised sales for August 1983 were up 21.7% from the August 1982 level.)

Sales increases were recorded in September by all trade groups, with the most notable gains reported by wholesalers of electrical machinery, equipment and supplies (+42.8%); apparel and dry goods (+24.9%); farm machinery, equipment and supplies (+20.3%); and household furniture and home furnishings (+19.4%). All provinces posted sales increases from a year earlier, with gains ranging from 31.9% in New Brunswick to 1.0% in Saskatchewan.

Cumulative sales by wholesale merchants for the first nine months of 1983 were up 10.1% over the January-September 1982 period.

Inventories

Wholesale inventories in September 1983 declined by 4.9% from the corresponding period in the previous year. Major contributors to this downward trend were wholesalers of metal and metal products (-17.1%); machinery and equipment, n.e.s. (-11.4%); household furniture and home furnishings (-9.9%); and motor vehicles and accessories (-9.4%).

For further information, order the September 1983 issue of *Wholesale Trade* (63-008, \$1.55/\$15.50).

Department Store Sales

Department store sales were \$922.1 million in September 1983, up 7.1% over September 1982. Sales were higher in 31 of the 40 departments with the largest increases for repairs and services (+37.4%), toys and games (+36.9%) and TV, radio and music (+19.5%).

All provinces showed department store sales increases in September 1983 from the same month a year earlier, with advances ranging from 3.8% in British Columbia to 20.8% in Saskatchewan. Nine of the 10 metropolitan areas covered by the survey reported sales increases — gains ranging from 1.6% in Vancouver to 11.5% in Halifax-Dartmouth — while sales in Hamilton showed no change from September 1982.

Sales by major department store organizations in September 1983 totalled \$609.6 million, up 4.5% from September 1982. Junior department store organizations had sales of \$312.4 million, an increase of 12.4% from a year earlier.

In September 1983, total department store sales constituted 10.4% of all retail sales in Canada, a slight decrease from the 10.6% share held in September 1982.

Stocks

The selling value of department store inventories held in September 1983 at \$3,310.4 million showed an increase of 16.9% over the same month a year earlier.

For further information, order the September 1983 issue of *Department Store Sales and Stocks* (63-002, \$3.15/\$31.50).

Real Estate Investment Trusts

Quarterly Statement of Estimated Assets, Liabilities and Shareholders' Equity



Labour Income

Labour income for the month of August 1983 was estimated at \$18,679.4 million, an increase of \$1,419.7 million or 8.2% from August 1982.

Adjusted for seasonal variation, wages and salaries increased by \$9.6 million between July and August 1983 to \$16,806.8 million.

The estimates will be published in the July-September 1983 issue of *Estimates of Labour Income* (72-005, \$5.30/\$21.20). For further information, contact G. Gauthier (613-995-8431), Labour Income Section, Labour Division, Statistics Canada, Ottawa K1A 0T6.

Canada Energy Highlights

During the first quarter of 1983, final demand for energy in Canada amounted to 1 530 000 terajoules, down 14.5% from the January-March 1982 level. Milder than normal weather and the economic recession were the main factors contributing to this decrease.

A breakdown of final energy demand in the first quarter of 1983 was as follows: refined petroleum products, 40.4%; natural gas, 33.8%; electricity, 20.7%; coal and coal derivatives, 3%; natural gas liquids, 1.2% and steam, 0.9%. The relative position of refined petroleum products in the Canadian energy situation continued to decline: refined petroleum products represented 41.8% of final energy demand in the first quarter of 1982, 45.4% in the first quarter of 1981, and 46.8% in the first quarter of 1980.

Total energy exports reached 606 000 terajoules in the first quarter of 1983, while imports amounted to 171 000 terajoules. Thus, exports exceeded imports by 435 000 terajoules, an increase of 38.5% over the surplus recorded in the first quarter of 1982.

For further information, order the first quarter 1983 issue of *Quarterly Report on Energy Supply-Demand in Canada* (57-003, \$6.35/\$25.40).

Manufacturing Activity

Preliminary estimates show the value of new orders received in all Canadian manufacturing industries in September 1983, seasonally adjusted, increased 18.1% to \$20,838.4 million from the revised estimate of \$17,650.8 million for August. Reflecting the Federal government's previously announced order for six frigates, new orders in transportation equipment industries were up \$3,408.8 million in September, excluding transportation equipment industries, new orders in durable goods industries were down 1.7%. In non-durable goods industries, new orders received had an estimated value of \$9,900.6 million, down 1.4% from the revised August level of \$10,036.1 million.

The seasonally adjusted unfilled orders backlog of manufacturers at the end of September was \$20 515.5 million, up 20.6% from the revised August estimate of \$17,011.4 million. Unfilled orders increased 23.9% in durable goods industries to \$18,437.0 million from \$14,878.1 million at the end of August, but declined 2.6% in non-durable goods industries to \$2,078.5 million from \$2,133.3 million a month earlier.

The seasonally adjusted value of manufacturers' shipments in September was \$17,334.3 million, up 1.5% from August's level of \$17,084.8 million. A \$182.5 million increase in transportation equipment industries was the major contributor to a 3.9% gain in the durable goods industries as shipments rose to \$7,378.9 million in September from \$7,104.6 million in August. Shipments of non-durable goods were down 0.2% to \$9,955.4 million from \$9,980.2 million.

Seasonally adjusted inventory owned by manufacturers at the end of September was \$30,715.5 million, up 1.6% from the previous month's revised value of \$30,231.6 million. Total inventory held increased 1.7% to \$32,278.7 million from \$31,730.1 million in August with increases of 2.7% in finished products, 1.8% in goods in process and 0.8% in raw materials.

The seasonally adjusted ratio of total inventory owned to shipments at the end of September remained unchanged from the August level of 1.77:1. The ratio of finished products inventory to shipments rose to 0.65:1 from 0.64:1 in the preceding month.

Not adjusted for seasonal variation, manufacturers' shipments in September 1983 were estimated at \$18,110.6 million. Cumulative shipments for the first nine months of 1983 at an estimated \$146,656.5 million were up 5.6% from the January-September 1982 total of \$138,870.5 million.

For further information, order the September 1983 issue of *Inventories, Shipments and Orders in Manufacturing Industries* (31-001, \$3.70/\$37), or contact H.D. Wightman (613-996-7008), Shipments, Inventories and Orders Section, Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.



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