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Weekly Bulletin

November 4, 1983

Unemployment Insurance

Unemployment insurance benefits paid out in August 1983 totalled \$811 million, up 20% from the previous month (a major portion of the increase reflected extra processing days in August). Benefits were up 14% from the August 1982 disbursement of \$712 million. Payments for the first eight months of 1983 amounted to \$7.34 billion, up 35% from the \$5.42 billion paid out in the same period of 1982.

Preliminary data show that 1,050,000 persons drew unemployment insurance benefits for the week ended August 20, down 2% from the previous month and 5% less than in August 1982.

Claims received in August numbered 248,000, a decrease of 4% from July and 10% from August 1982. Claims for the first eight months of 1983 totalled 2.13 million, down 11% from the January-August 1982 period. The largest decreases in claims were recorded in British Columbia (-17%), Quebec (-15%) and Ontario (-15%).

For further information, order the July-September 1983 issue of *Statistical Report on the Operation of the Unemployment Insurance Act* (73-001, \$6.35/\$25.40), or contact H. Stiebert (613-995-8445), Labour Division, Statistics Canada, Ottawa K1A 0V1.

Gross Domestic Product

Gross Domestic Product, in constant 1971 prices, edged downwards slightly in August 1983 to \$119.0 billion at annual rates from \$119.1 billion in July. Despite the lack of growth in August, output still remained 5.0% ahead of the December 1982 low point. For August, industrial production advanced 0.4%, marking the seventh monthly increase in the last eight months.

In August, modest but widespread production increases in most industries were offset by major declines in two sectors — construction and trade. Construction industry output fell 5.2%, primarily reflecting a sharp drop in residential building activity. From June to August, residential construction tumbled 19%.

The major contributors to the decline in trade in August were virtually all types of wholesale merchants — especially wholesalers of machinery, motor vehicles, and lumber and building materials.

(continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

		Aug.	Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	.....	389.78p	389.28r	
Labour Income (\$ million)	.....	July* 18,784.8p	19,079.7p	6.9
Persons with Jobs (million)	.....	Sept. 10.87	11.18	3.1
Unemployed	.....	Sept. 1,257,000	1,365,000	-6.4

INVENTORIES

Department Store (\$ million)	.....	Aug. 3,213.6	3,136.8	10.2
Manufacturers' Owned (\$ million)	.....	Aug. 29,914.0p	29,532.0r	-11.3

ORDERS

Manufacturers' New Orders (\$ million)	.....	Aug. 17,001.0p	15,410.8r	14.6
Manufacturers' Unfilled Orders (\$ million)	.....	Aug. 16,828.9p	16,400.3r	1.5

PRICES

Consumer Price Index (1981=100)	.....	Sept. 118.5	118.5	5.0
New House Price Index (1976=100)	.....	Aug. 131.0	130.4	-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)	.....	July 1,020.9p	8,213.5p	12.3
Housing Starts — Urban Centres (units)	.....	Aug. 9,154	94,582	39.8

ENERGY

Coal Production (thousand tonnes)	.....	July 2 838.9	24 414.5	-4.5
Electricity Generation (terawatt hours)	.....	July 29.2	224.5	1.3
Natural Gas Production (million cubic metres)	.....	July 6 573.9	54 483.1	-6.5
Petroleum Refining (million cubic metres)	.....	Aug. 7.7p	54.8p	-8.6

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	.....	Aug. 7,027p	57,937p	3.0
Imports — Balance of Payments Basis (\$ million)	.....	Aug. 5,973p	46,563p	2.5

PRODUCTION

Railway Carloadings (million tonnes)	.....	Aug. 18.0p	131.8p	-5.1
Steel (Ingots — thousand tonnes)	.....	Aug. 1 093.4p	8 074.0p	-6.7

SALES

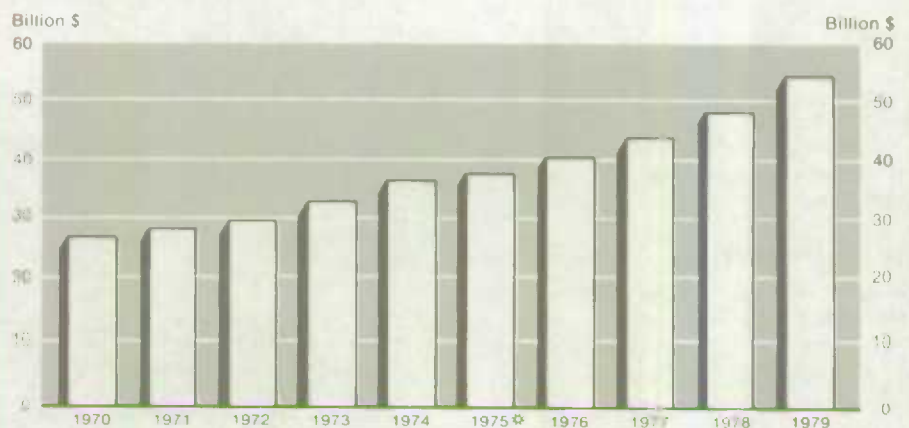
Department Store Sales (\$ million)	.....	Aug. 850.9	6,215.5	7.1
Manufacturers' Shipments (\$ million)	.....	Aug. 16,572.4p	128,519.1p	4.8
New Motor Vehicle Sales (\$ million)	.....	Aug. 1,002.6	8,027.0	17.9
Retail Sales (\$ million)	.....	Aug. 8,853.9p	66,379.9p	6.8

Statistics are in current dollars and are not seasonally adjusted.

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

Foreign Direct Investment in Canada

(Year-ends 1970-79)



*Change in conceptual treatment

Source: Statistics Canada, Canada's International Investment Position (67-202)

Canada

On the positive side, sizeable output increases were recorded in August in railway transport, forestry, insurance and real estate agencies, motor vehicle manufacturing, and telephone systems. By August 1983, forestry output had surpassed its pre-recession level of July 1980.

For further information, order the August 1983 issue of *Gross Domestic Product by Industry* (61-005, \$3.70/\$37), or contact Ron Kennedy (613-995-0568), Industry Product Division, Statistics Canada, Ottawa K1A 9Z9.

Raw Materials Price Index

The Raw Materials Price Index (1977=100) posted a preliminary level of 211.2 in September 1983, down 0.5% from 212.3 (revised) in August. Over the 12-month period between September 1982 and September 1983, the index increased 4.2%. The Raw Materials Price Index excluding the coal, crude oil, and natural gas component declined by 1.2% in September to stand 4.1% higher than a year earlier. For both indexes, the monthly changes were the largest decreases recorded in 1983.

The major contribution to the September index change came from a 5% drop in the vegetable products component; smaller declines were registered for non-ferrous metals (-1.9%) and animals and animal products (-0.4%).

The 5.0% drop in the vegetable products index in September was mainly due to seasonally lower prices for fresh vegetables, which declined 25.7%. Also contributing to the decline was a 10.2% fall in prices for raw sugar and a reduction of 2% in wheat and other grains. Despite this latest monthly decrease in the vegetable products index, the year-to-year change in this component still shows a rise of 24.5%.

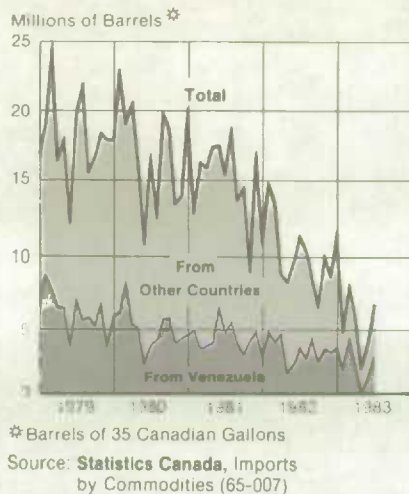
The 1.9% decrease in the non-ferrous metals index in September mainly reflected price declines for copper and precious metals; copper prices fell 4.9% in response to higher world production. Despite the latest monthly decline in the non-ferrous metals index, the component index still stands 15.2% above its level of September 1982; however, the September decrease breaks the trend of steady acceleration in the year-to-year movement, which had risen from 6.5% in January 1983 to 30.1% in August 1983.

For further information, order the September 1983 issue of *Industry Price Indexes* (62-011, \$3.70/\$37), 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 August 1983 totalled an estimated 652 933 kilolitres, 6.2% less than in August 1982. This brought the total estimate of milk sold off farms during the first eight months of 1983 to 4 994 069 kilolitres, a decrease of 4.0% from the January-August 1982 period.

Canadian Imports of Crude Petroleum



Security Transactions

Non-residents added to their holdings of outstanding Canadian bonds in August 1983, producing a net capital inflow to Canada of \$67 million, up from \$16 million in July. Geographically, most of the net sales to non-residents were in Japan and the United Kingdom. Trading with non-residents in outstanding Canadian equities resulted, however, in a net outflow of \$11 million in August. This contrasted with net inflows recorded in each of the previous three months, when non-residents were net purchasers of Canadian equities.

Residents were net purchasers of foreign securities in August, leading to a net outflow of \$18 million, of which \$15 million was in foreign bonds and \$3 million in foreign equities.

For further information, order the August 1983 issue of *Security Transactions with Non-residents* (67-002, \$2.65/\$26.50), or contact John Motala (613-996-2545), Balance of Payments Division, Statistics Canada, Ottawa K1A 0T6.

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Business Conditions Survey

Canadian manufacturers reporting to the October Business Conditions Survey express slightly more optimism about production for the fourth quarter of 1983 than they did for the third quarter. Results show 27% of the weighted response anticipate higher production in the fourth quarter, 22% expect a decline and 51% believe that production will continue at third quarter levels.

When results are classified by the type of market served, they indicate that manufacturers in durable consumer goods, other intermediate goods and export-based industries are more optimistic about fourth quarter production, while manufacturers of consumer non-durable goods, machinery and equipment, and construction materials and supplies are more pessimistic.

Manufacturers in New Brunswick, Ontario, Manitoba and Saskatchewan indicate that, on balance, higher production can be expected in the fourth quarter than in the third quarter. Little change is expected in Quebec and Alberta, while a decline is forecast in Nova Scotia and British Columbia.

Overall, new orders levels continued to improve in October with 36% of manufacturers indicating new orders were rising and only 17% showing a drop. Except for manufacturers producing machinery and equipment, and construction materials and supplies, respondents indicated that, on balance, new orders were on the rise. The provincial results show that new orders were rising in five of the eight provinces covered.

The proportion of manufacturers reporting a higher than normal backlog of unfilled orders increased slightly to 23% in October from 21% in July while those reporting a lower than normal backlog of unfilled orders fell to 32% from 35%.

Finished products inventory was felt to be too high by 20% of manufacturers in October and too low by 7%. Results were fairly similar to the July survey when 19% indicated that inventories were too high and 6% too low.

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

Labour Income

Labour income for the month of July 1983 was estimated at \$18,784.8 million, an increase of \$1,209.7 million or 6.9% from July 1982.

Adjusted for seasonal variation, wages and salaries increased by \$129.4 million between June and July 1983 to \$16,821.3 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.

Current Economic Analysis

Based on the recent performance of output and employment, it appears that economic growth for the third quarter of 1983 continued at a rate comparable to that in the first half of the year. There are signs, however, of a redistribution in the sources of growth. In particular, the large contribution to the recovery made by exports has declined, while housing activity has begun to drop, at least in the short term. Consumer demand remains on an upward trend despite signs of faltering in July. Business investment in inventories and plant and equipment is strengthening to offset most of the slack occurring in household and external demand. The upward trend of import demand remains stable, partly as a result of the shift in demand towards business investment — which has a relatively high import content — and imports of crude oil to help rebuild domestic inventories.

The deceleration in export demand is consistent with the slight slowdown in the growth of real GNP in the United States in the third quarter. The recent easing of the leading indicators for the United States suggest that this moderation will continue, although export growth for Canada in the second half of the year should be sustained by this more moderate growth in the United States and an improvement in growth prospects for Europe, which generally has had a feeble recovery so far in 1983.

The downturn in housing activity in the third quarter has been primarily an adjustment to the expiry of the CHOSP in May, although the extended weakness of housing starts into September is suggestive that cyclical factors — notably mortgage rates and incomes — may explain parts of this weakness. A more moderate rate of growth in housing activity by year-end would be consistent with the performance of consumer demand to date in the recovery. Personal expenditure grew moderately in the early stages of the upturn, as the weakness of real incomes meant that much of this recovery was financed by lower savings. Household discretionary income also has been sustained by lower interest payments on debt, a stimulus that should continue to year-end for homeowners renewing one-year mortgages. Retail sales, which sagged on balance between June and August, should also be supported in the autumn by the further slowdown in consumer prices and the continuation of employment growth.

The indications of an upturn in business capital outlays is a marked reversal from the declines recorded in this sector during the recession and early into the recovery. The swing to an increase in manufacturing inventories was most evident in the motor vehicle and petroleum industries, where stocks relative to shipments had fallen below 1979 levels. The ratio of inventories to shipments, however, remains above pre-recession levels in a majority of major industry groups. As a result, it is not clear that inventories will continue to grow apace

Canadian Exports of Crude Petroleum



economy-wide. Most firms appear to have ended the hefty rates of reduction in stocks recorded in the past year, but remain prudent with regard to inventories in light of the uncertain outlook for sales growth, high financing costs, and a less than complete recovery in corporate balance sheets. The decline in business investment in plant and equipment had slowed to only -0.6% in the second quarter, and there are indications of an increase in the third. The trend of import demand for machinery and equipment remains positive into August, which may indicate in part a trend by firms to invest in productivity-enhancing goods, while non-residential construction activity has shown signs of recovering, aided by public work projects.

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

Railway Operating Statistics

The seven major railways in Canada reported a combined net income from operations of \$45.5 million in June 1983. Operating revenues of \$610.2 million were up 14.1% from the 1982 figure.

Revenue freight tonne-kilometres were up by 3.9% from a year earlier in June 1983, freight train-kilometres increased 3.7%, and freight car-kilometres 4.6%. Average revenue per tonne-kilometre of freight was 2.427 cents. Revenue passenger-kilometres decreased by 3.9% to 190.0 million.

For further information, order the June 1983 issue of Railway Operating Statistics (52-003, \$2.65/\$26.50), or contact the Rail Unit (613-996-9271), Transportation and Communications Division, Statistics Canada, Ottawa K1A 0V1.

Industry Selling Price Index

Preliminary estimates show the Industry Selling Price Index (ISPI) for manufacturing (1971=100) stood at 300.6 in September 1983, down 0.1% from the revised level of 301.0 in August. With this slight drop, the year-over-year increase — from September 1982 to September 1983 — was 2.8%, the smallest annual advance recorded since July 1971.

The 0.1% September decline was due primarily to lower prices in wood industries (-4.9%), primary metal industries (-0.3%) and other major groups (-0.1%) that were not quite offset by increases in the food and beverage (+0.3%), electrical products (+0.4%) and chemical and chemical products (+0.3%) industries.

The wood industries index plunged 4.9% in September, but still remained 8.6% above last year's level. Sluggish demand for lumber since the end of the second quarter — in both the export and domestic markets — led to substantial price cuts for spruce (-8.3%) and pine (-8.4%) and smaller decreases for hemlock, Douglas fir and cedar. These cuts caused the sawmills and planing mills index to fall 6.1%, though it was still 9.3% above the level recorded in September 1982. Weak demand was also responsible for the 9.4% drop in the veneer and plywood mills index.

The primary metals index slipped 0.3% in September to a level 3.2% higher than a year earlier. The main stimulus for the monthly drop was a 1.0% decline in the smelting and refining index, due to lower prices for precious metals and copper.

The food and beverage index climbed 0.3% in September to a level 3.0% higher than a year earlier. Higher prices for complete feeds for swine and poultry accounted for much of the 2.5% advance in the feed industry index. Other components that contributed to the overall component index increase were poultry processors (+2.5%) and wineries (+3.1%), as well as the dairy products industry index, which rose 0.6% as a result of the August rise in industrial milk prices, which continued to affect the industry's selling prices.

For further information, order the September 1983 issue of Industry Price Indexes (62-011, \$3.70/\$37), or contact the Information Unit (613-995-5738), Industrial Prices Section, Prices Division, Statistics Canada, Ottawa K1A 0V5.

Oil Pipeline Transport

Net receipts of crude oil, condensates, pentanes plus, liquefied petroleum gases and petroleum products through Canadian oil pipelines decreased 3.9% in August 1983 to 12 001 322 cubic metres from 12 483 733 cubic metres a year earlier.

For further information, order the August 1983 issue of Oil Pipeline Transport (55-001, \$2.65/\$26.50), or contact Richard Godin (613-996-3139), Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.



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AGRICULTURE STATISTICS			
Farm Cash Receipts, January-August 1983	21-001	\$1.55/\$15.50	\$1.85/\$18.60
Production and Stocks of Eggs and Poultry, August 1983	23-003	\$2.65/\$26.50	\$3.20/\$31.80
BUSINESS FINANCE			
Credit Unions, 1981	61-209	\$7.40	\$8.90
CENSUS			
Census Tracts: Population, Occupied Private Dwellings, Private Households and Census and Economic Families in Private Households — Selected Social and Economic Characteristics, Montréal, 1981 Census of Canada	95-959	\$24	\$28.80
Census Tracts: Population, Occupied Private Dwellings, Private Households and Census and Economic Families in Private Households — Selected Social and Economic Characteristics, Thunder Bay, 1981 Census of Canada	95-975	\$5.50	\$6.60
Census Tracts: Population, Occupied Private Dwellings, Private Households and Census and Economic Families in Private Households — Selected Social and Economic Characteristics, Trois-Rivières, 1981 Census of Canada	95-976	\$5.50	\$6.60
Population: Labour Force — Industry Trends, 1981 Census of Canada	92-925	\$7.50	\$9
Population: Mother Tongue, Official Language and Home Language, 1981 Census of Canada	92-910	\$9.50	\$11.40
CONSTRUCTION			
Building Permits, July 1983	64-001	\$3.70/\$37	\$4.45/\$44.40
EXTERNAL TRADE			
Exports by Commodities, August 1983	65-004	\$5.30/\$53	\$6.35/\$63.60
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Gross Domestic Product by Industry, July 1983	61-005	\$3.70/\$37	\$4.45/\$44.40
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TRANSPORTATION AND COMMUNICATIONS			
Service Bulletin			
Aviation Statistics Centre, Vol. 15, No. 10, Canadian Air Transport Industry, 1983, 1982 and 1981	51-004	\$1.55/\$15.50	\$1.85/\$18.60

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