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Weekly Bulletin

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Consumer Price Index

The Consumer Price Index rose 0.4% in July, down from 1.1% in June. In July, the CPI stood at 117.9 (1981=100) compared to the level of 117.4 reached in June. As a result of this latest monthly rise, the year-over-year increase stood at 5.5%, down marginally from the advance of 5.6% between June 1982 and June 1983. The food, housing, recreation and transportation components contributed almost equally to the latest monthly increase in the all-items index. Food prices rose 0.6% in July compared to an increase of 0.2% registered between May and June. The all-items-excluding-food index, which advanced by 1.4% in June, moderated significantly, rising by 0.4% in the latest month.

Higher fresh fruit prices — largely reflecting seasonal reductions in stocks — coupled with increased prices for pork cuts, chicken, fresh milk and sugar were largely responsible for the 0.6% increase in the food-purchased-from-stores index. Dampening the impact of the price increases were lower prices for certain beef cuts and for fresh vegetables which declined marginally as the impact of higher prices for potatoes was offset by lower prices for most other fresh vegetable items. In July, the index stood 1.1% above its level of July 1982. The food-purchased-from-restaurants index increased 0.7% between June and July and stood 4.4% above its level of July 1982. As a result, the aggregate food index advanced 2.0% over its level of July 1982, up slightly from the increase of 1.9% registered between June 1982 and June 1983.

Higher travel/holiday expenses, increased gasoline prices, higher shelter charges for both rented and owned accommodation and increased household operation charges were largely responsible for the 0.4% increase in the all-items-excluding-food index. The increase in travel/holiday expenses largely reflected higher seasonal hotel and motel rates, while the increase in gasoline prices mainly resulted from higher wholesale prices. Within household operation, electricity charges rose in the provinces of Prince Edward Island, Nova Scotia and Saskatchewan, natural gas rates rose in Saskatchewan but declined in Calgary, while higher telephone charges were

(continued on next page)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings (\$)	Mar.	410.85p	407.55p	6.8
Labour Income (\$ million)	Apr.*	17,709.4p	17,459.6p	3.0
Persons with Jobs (million)	July	11.18	10.98	1.6
Unemployed	July	1,409,000	1,452,000	1.7

INVENTORIES

Department Store (\$ million)	June	2,981.4	3,235.3	2.4
Manufacturers' Owned (\$ million)	June*	29,861.0p	30,323.0p	-3.8

ORDERS

Manufacturers' New Orders (\$ million)	June*	17,968.4p	17,154.7p	6.2
Manufacturers' Unfilled Orders (\$ million)	June*	16,272.7p	16,528.3p	0.5

PRICES

Consumer Price Index (1981=100)	July*	117.9	117.4	5.5
New House Price Index (1976=100)	June	130.2	129.9	-2.2
Raw Materials Price Index (1977=100)	June	210.5p	211.2p	5.3
Excl. coal, crude oil, nat. gas	June	152.6p	153.8p	-0.4
Industry Selling Price Index (1971=100)	June	299.9p	298.4p	3.5

CONSTRUCTION

Building Permits (\$ million)	May	1,266.8p	5,854.8p	16.1
Housing Starts — Urban Centres (units)	June	16,354	74,902	41.6

ENERGY

Coal Production (thousand tonnes)	May	3,739	17,878	-4.2
Electricity Generation (terawatt hours)	May	29.8	166.2	-1.5
Natural Gas Production (million cubic metres)	Apr.	7,613.0	34,475.8	-6.9
Petroleum Refining (million cubic metres)	June*	7.0p	39.4p	-12.3

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	June	8,231p	44,206p	3.3
Imports — Balance of Payments Basis (\$ million)	June	6,280p	34,986p	0.6

PRODUCTION

Railway Carloadings (million tonnes)	July	15.3p	113.8p	-8.4
Steel Ingots — thousand tonnes	July	1,012.3p	6,981.0p	-9.3

SALES

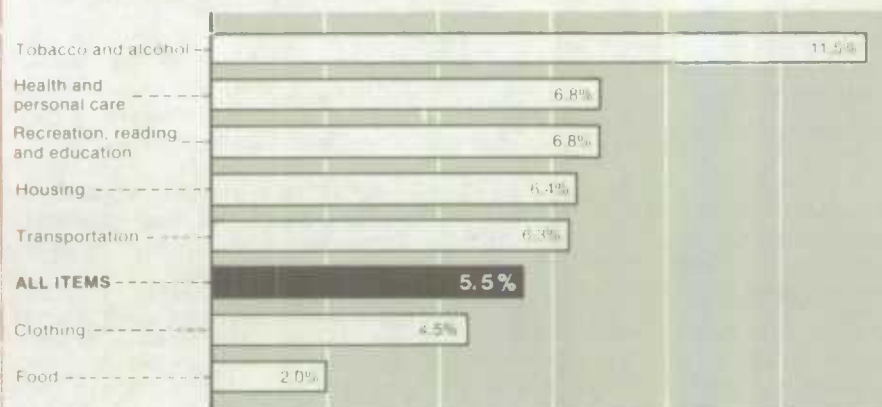
Department Store Sales (\$ million)	June	920.2	4,550.8	6.7
Manufacturers' Shipments (\$ million)	June*	18,224.1p	96,649.9p	3.6
New Motor Vehicle Sales (\$ million)	June	1,251.5	6,083.1	13.1
Retail Sales (\$ million)	June	9,472.6p	48,494.1p	6.0

Statistics are in current dollars and are not seasonally adjusted.

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

Percentage Change in the Consumer Price Index and its Major Components

July 1982 to July 1983



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

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reported in the provinces of Manitoba and British Columbia. Cablevision charges rose resulting from increases in the basic monthly rates as well as the imposition of the 6.0% federal sales tax. In the province of British Columbia, the tax rate on all goods and services subject to the Social Services Tax was raised to 7% and its application extended to certain items which were previously exempt from this charge. Beer prices rose in the provinces of Nova Scotia, Saskatchewan, Alberta and British Columbia while air fares rose on certain domestic and international routes. Dampening the impact of the price increases were lower prices for certain clothing items reflecting the impact of seasonal "sales". Between July 1982 and July 1983, the all-items-excluding-food index advanced 6.6%, unchanged from the increase registered between June 1982 and June 1983.

Viewed in terms of goods and services, the price level for goods advanced 0.4%, while that for services increased by 0.5%. As a result, between July 1982 and July 1983, the price level for goods advanced by 5.2%, while that for services increased by 6.1%.

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

For further information, order the the July 1983 issue of The Consumer Price Index (62-001, \$2.65/\$26.50), or contact Sandra Shadlock or Suzanne Gratton (613-995-4078), Prices Division, Statistics Canada, Ottawa K1A 0V5.

Justice Statistics

Costs for two major administrative sectors of the Canadian justice system rose dramatically between 1978 and 1982.

A 68.3% increase in court operations took the \$230 million total for fiscal year 1977-78 to \$387 million in 1981-82.

The other major sector, criminal prosecutions, cost \$78.7 million in 1981-82 against \$47.6 million, a 65.3% jump.

Statistics Canada's Canadian Centre for Justice Statistics reports that costs have risen dramatically as staff resources have had to grow to handle expanding caseloads involving more complex and time-consuming trials.

The results of the Centre's 1981-82 survey were compared with a 1977-78 survey carried out by the National Task Force on the Administration of Justice.

For further information, order Manpower, Resources and Costs of Courts and Criminal Prosecutions in Canada, 1980-82 (85-212E, \$21.20/\$25.45), or contact Brian Grainger (613-995-1067), Canadian Centre for Justice Statistics, Statistics Canada, Ottawa K1A 0T6.

Industrial Finance

Spurred by the results in the automobile industry, second quarter 1983 financial statistics of Canadian industrial corporations show a continuation of the strong recovery in corporate profits that began in the first quarter of the year. Book profits of industrial corporations before taxes and extraordinary items climbed 44.9% over year-earlier levels, while after-tax profits jumped by 49.2%. Furthermore, the recovery in profits is now widespread: 32 of the 44 industrial groups posted increases in year-over-year profits.

Although the second quarter 1983 statistics show a remarkable year-over-year percentage increase, some caution should be exercised in interpreting the results, as before-tax profits are still about 25% below those of the second quarter of 1981, just before the recession began. The large relative increase in year-over-year profits is derived from a low base — the mid-recession levels of a year ago.

Seasonally adjusted data for the second quarter of 1983 show that the strong recovery which began in the first quarter of the year continued into the second quarter, but at moderated rates. On a quarter-to-quarter basis, book profits before taxes and extraordinary items advanced 11.7% in the second quarter, following a 19.7% surge in the first quarter of 1983, when the profit recovery began. Net profits in the current quarter advanced even faster at 14.7%.

The year-over-year rise in corporate profits before taxes to \$6.8 billion in the current quarter from \$4.7 billion in the second quarter of 1982 reflects lower interest costs and the operational efficiency associated with an upswing in production.

Declining interest rates over the past year have translated into a \$1.0 billion saving to industrial corporations for the current quarter, and account for almost one-half of the \$2.1 billion improvement in profits. The balance of the profit improvement is largely attributable to the productivity gains normally experienced in the recovery phase of a recession. While interest savings have accrued to all industries, the major share of the productivity gain to date has been in the transportation equipment industry.

Industrial corporations' sales increased \$6.6 billion or 5.0% on a year-over-year basis and originated, in part, with the present high demand for Canadian-made motor vehicles. Sales in the transportation equipment industry alone increased by \$1.4 billion or 17.4% in the current quarter from last year's levels. The resulting improvement in profits before taxes in this industry was \$0.5 billion.

These preliminary data cover all non-government owned corporations in Canada except those in the agriculture, fishing, real estate, construction and finance industries. For further information, contact Tom Maxwell or Gail Campbell (613-995-9751), Business Finance Division, Statistics Canada, Ottawa K1A 0T6.

Composite Lead Indicator

According to the gain in the Canadian composite leading indicator in May, the recovery of output should be sustained through the next several months at least. The major sectors of economic strength in the short-term appear to be export demand — reflecting the turnaround in the international environment — and manufacturing output, as the excess of inventories has been reduced. Residential construction growth is likely to slow from the unsustainably rapid rates of increase in the second quarter. Consumer spending has been sluggish to this point in the recovery and is likely to continue so over the near-term. The composite indicator (1971=100) rose to 132.60 in May from 128.59, an increase of 3.12% compared to 3.10% in April.

The indicators of personal expenditure on goods continued to advance in May, with renewed strength for furniture and appliance sales (+1.53%), that lagged a similar upturn for auto sales in preceding months (+3.70% in May).

The leading indicators of the manufacturing sector rose strongly, reflecting the more diffuse expansion of final demand during the second quarter. In May, new orders for durable goods rose by 2.22% with the increase widespread among the industries. Caution on the part of manufacturers in boosting production sharply, however, was evident in the rapid rate of increase in the ratio of shipments to inventories of finished goods (+0.03), due to a drop in the non-filtered version of stocks.

The leading indicator for the United States increased substantially in May (+1.70%), indicative that the recovery of Canadian exports — initiated in January 1983 — should continue over the next few months at least. The value of our exports to the U.S. continued to grow in the second quarter at a rate (+8.0%) similar to that of the preceding quarter (+8.7%). Except for the United Kingdom, exports to the rest of the world contributed more to the accelerated growth of total exports in the second quarter.

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).

Labour Income

Labour income for the month of April 1983 was estimated at \$17,709.4 million, an increase of \$508.5 million or 3.0% from April 1982.

Adjusted for seasonal variations, wages and salaries increased by \$122.2 million between March and April 1983 to \$16,190.2 million.

The estimates will be published in the April-June 1983 issue of Estimates of Labour Income (72-005, \$5.30/\$21.20). Data users should note that labour income estimates for May and June 1983 will be published simultaneously.

For further information, contact G. Gauthier (613-995-8431), Labour Income Section, Labour Division, Statistics Canada.

Inventories/Shipments/Orders

Preliminary estimates show the value of new orders received in Canadian manufacturing in June 1983, seasonally adjusted, declined marginally by 0.9% to \$16,779.8 million from \$16,936.0 million in May. In durable goods industries, new orders fell 4.0% to an estimated \$6,967.7 million from the May level of \$7,257.5 million; most of the decline reflected drops of \$282.9 million in the transportation equipment industry and \$41.6 million in the machinery industry groups (in both these groups, there had been substantial gains in May). In non-durable goods industries, new orders received had an estimated value of \$9,812.1 million, up 1.4% from the May value of \$9,678.5 million.

The seasonally adjusted unfilled orders backlog of manufacturers at the end of June was \$16,289.6 million, 0.4% lower than the May estimate of \$16,360.4 million.

The seasonally adjusted value of manufacturers' shipments in June was \$16,850.6 million, up 0.9% from \$16,694.1 million in May. Shipments of durable goods industries advanced 0.6% to \$7,039.1 million from \$6,995.7 million; substantial gains of \$60.7 million in wood industries and \$51.9 million in machinery industries were largely offset by a decline of \$102 million in the transportation equipment group. In non-durable goods industries, shipments increased by 1.2% to \$9,811.5 million in June from \$9,598.4 million in May; increases of \$79.5 million in the foods and beverages industries, \$77 million in paper and allied products industries and \$51.4 million in tobacco industries were partly countered by a decline of \$69.3 million in the petroleum products industries.

Not adjusted for seasonal variation, manufacturers' shipments in June 1983 were estimated at \$18,224.1 million, up 6.3% from \$17,141.8 million in May. Cumulative shipments for the first six months of 1983 at an estimated \$96,649.9 million increased 3.6% from the January-June 1982 level of \$93,336.1 million.

For further information, order the June 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*.

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International Travel

Preliminary estimates show Canada posted an international travel account deficit of \$541 million during April-June 1983, up from \$293 million in the second quarter of 1982. Canada earned \$960 million from international travel, down 2.3% from the year-earlier quarter; during the same period, payments by Canadians travelling abroad climbed 17.6% to \$1,501 million.

Receipts from the United States totalled \$615 million in the second quarter of 1983, up 3.5% from the year-earlier period, while receipts from all other countries decreased by 11.3% to \$345 million. Payments by Canadians to the U.S. amounted to \$1,024 million, up 17.8% from 1982, while payments to all other countries increased by 17.2% to \$477 million.

In the first six months of 1983, Canada had a travel account deficit of \$1,685 million, up from \$1,383 million in January-June 1982. Estimated receipts from U.S. visitors to Canada amounted to \$880 million, up marginally from \$859 million in 1982, while those from visitors from other countries decreased by 9.2% to \$466 million. Payments by Canadians travelling to the U.S. advanced to \$2,060 million in the latest period from \$1,873 million, while payments to all other countries increased to \$971 million from \$882 million in 1982.

For further information, order the April-June 1983 issue of *Travel Between Canada and Other Countries* (66-001, \$7.95/\$31.80), or contact Paul L. Paradis (613-995-0847), *International Travel Section, Statistics Canada, Ottawa K1A 0Z8*.

Refined Petroleum Products

Preliminary data show net sales in Canada of all refined petroleum products fell 5.2% in June 1983 to 6 474.3 thousand cubic metres from 6 836.6 thousand cubic metres a year earlier.

For further information, order the June 1983 issue of *Refined Petroleum Products* (45-004, \$3.70/\$37).

Wholesale Trade

Wholesale merchants' sales jumped by 16.6% in June 1983 over the same period last year. The main contributors to this substantial sales increase were wholesalers of electrical machinery, equipment and supplies (+50.4%), apparel and dry goods (+38.2%) and lumber and building materials (+34.3%). Significant gains were also recorded for farm products, excluding grain (+24.3%), household furniture and house furnishings (+24.3%), motor vehicles and accessories (+24.1%) and drugs and toilet preparations (+23.2%).

The level of wholesale inventories in June 1983 was 7.9% lower than in the corresponding month last year. The largest decreases in stocks were recorded by wholesalers of metal and metal products (-24.8%), motor vehicles and accessories (-18.7%) and machinery and equipment, n.e.s. (-14.6%).

For further information, order the June 1983 issue of *Wholesale Trade* (63-008, \$1.55/\$15.50), or contact the *Wholesale Trade Section* (613-996-9307).

Security Transactions

Transactions with non-residents in outstanding Canadian securities produced a net capital inflow of \$64 million in June 1983, down from the net inflow of \$226 million in May. Net sales of outstanding Canadian bonds to non-residents declined to \$49 million in June from \$211 million in the previous month. Japanese investors continued to add to their holdings of Canadian bonds in the latest month. United States investors were net sellers.

Residents of Canada increased their portfolio holdings of foreign equities in June, producing a net outflow of \$138 million, \$100 million higher than in May.

For further information, order the June 1983 issue of *Security Transactions with Non-residents* (67-002, \$2.65/\$26.50).

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