Catalogue 11-002E (Français 11-002F) ISSN 0380-0547 C.3 Price: Canada, $27.75 a year/Other Countries, $33.30 a year

Statistics Canada Statistique Canada

infomat Weekly Bulletin

January 27, 1984

Canadian Composite Leading Indicator

The advance of the leading indicator decelerated rapidly again in October 1983, to a rise of 1.20% from 1.79%. Increases remain widespread among the components, indicating that economic growth will continue in the near term, although at a slower pace than in the recovery to date. Recent gains in output-per-person-employed and the sustained recovery among our trading partners, notably the United States, should lend support to continued economic growth. Most of the components related to final domestic demand have weakened recently, however, and signs of a slowing in manufacturing emerged in October. The non-filtered index declined 1.0%, the first drop in 15 months, as declines spread to six of the components, including manufacturing. The levels of the filtered and non-filtered indices were about the same at 146.63 and 146.7, respectively.

(continued on page 2)

Consumer Price Index (CPI)

The Consumer Price Index for Canada (1981=100) stood at 119.6 in December 1983, up 0.3% from the November level of 119.2. The year-over-year increase rose to 4.5% from 4.2% in November. On an annual average basis, i.e. comparing the average of the 12 monthly indexes for the years 1982 and 1983, the CPI advanced by 5.8%, down from the 10.8% increase registered between 1981 and 1982, and representing the smallest annual average increase since 1972.

Most of the increase between November and December, as well as the acceleration in the year-over-year change, was attributable to the transportation component, reflecting the ending of gasoline price wars and airline seat sales, which had exerted a dampening impact on the November index.

Food prices, which had declined by 0.5% between October and November, advanced by 0.4% in December.

The increase of 0.4% in the food-purchased-from-stores index was largely attributable to higher prices for fresh fruit, especially oranges, and for certain beef cuts. In December, the index stood 3.8% above its level of a year earlier. The food-purchased-from-restaurants index advanced

(continued on page 2)

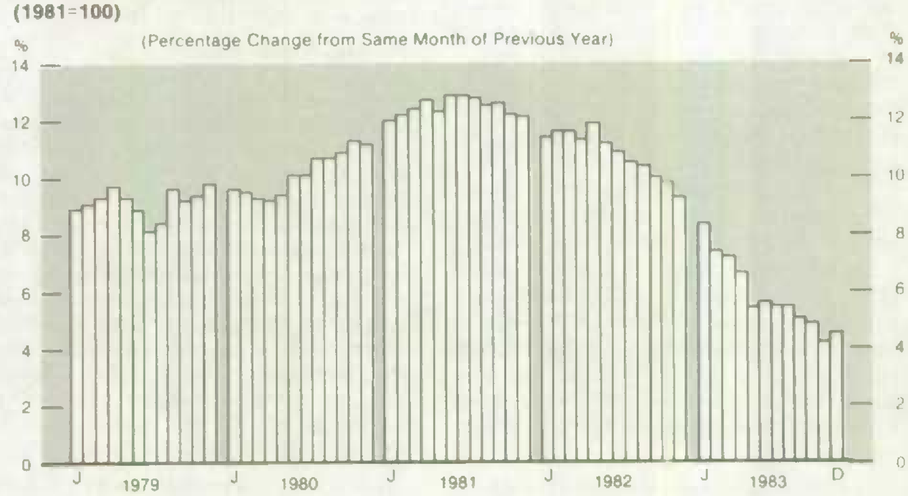
LATEST MONTHLY STATISTICS

			Previous Month	Year-to-date	% Change From Year Ago
EMPLOYMENT, INCOME					
Average Weekly Earnings ($)	Oct.	394.95p	396.44p		
Labour Income ($ million)	Oct.	19,067.5p	19,117.6p		7.5
Persons with Jobs (million)	Dec.*	10.63	10.71		3.7
Unemployed	Dec.*	1,321,000	1,281,000		-11.6
INVENTORIES					
Department Store ($ million)	Nov.	3,854.9	3,732.9		14.2
Manufacturers' Owned ($ million)	Nov.*	30,438.1p	30,385.9r		-5.9
ORDERS					
Manufacturers' New Orders ($ million)	Nov.*	18,398.9p	18,137.7r		17.8
Manufacturers' Unfilled Orders ($ million)	Nov.*	20,398.5p	20,379.1r		26.9
PRICES					
Consumer Price Index (1981=100)	Dec.*	119.6	119.2		4.5
New House Price Index (1976=100)	Nov.	131.8	131.4		1.6
Raw Materials Price Index (1977=100)	Nov.	211.3p	211.7p		5.3
Excl. coal, crude oil, nat. gas	Nov.	152.1p	152.8p		6.6
Industry Selling Price Index (1971=100)	Nov.	301.5p	301.4p		3.5
CONSTRUCTION					
Building Permits ($ million)	Oct.	1,177.9p		*12,068.6p*	*14.6*
Housing Starts — Urban Centres (units)	Nov.	10,114		*123,885*	*31.4*
ENERGY					
Coal Production (thousand tonnes)	Oct.	4 253		*36 155*	*2.5*
Electricity Generation (terawatt hours)	Oct.	33.1		*318.7*	*3.3*
Natural Gas Production (million cubic metres)	Oct.*	7 846.1		*76 035.6*	*-4.7*
Petroleum Refining (million cubic metres)	Nov.*	7.5p		*78.9p*	*-4.6*
FOREIGN TRADE					
Exports — Balance of Payments Basis ($ million)	Nov.	8,937p		*82,911p*	*6.9*
Imports — Balance of Payments Basis ($ million)	Nov.	7,120p		*66,883p*	*9.2*
PRODUCTION					
Railway Carloadings (million tonnes)	Dec.	16.6p		*206.9p*	*3.7*
Steel (ingots — thousand tonnes)	Dec.	1 078.3p		*12 745p*	*8.4*
SALES					
Department Store Sales ($ million)	Nov.	1,138.8		*9,198.4*	*7.0*
Manufacturers' Shipments ($ million)	Nov.*	18,379.5p		*183,233.7p*	*8.1*
New Motor Vehicle Sales ($ million)	Nov.	1,200.0		*11,298.0*	*24.2*
Retail Sales ($ million)	Nov.	9,297.3p		*93,485.5p*	*7.4*

Statistics are in current dollars and are not seasonally adjusted.
p - preliminary. r - revised. * - new this week.

Consumer Price Index for Canada (CPI)

(1981=100)



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

Canada

... Leading Indicator

The indicators of personal expenditure on goods continued to decelerate in October, which signals the high probability of a slowdown in the growth of overall consumer demand in the near future. Furniture and appliance sales, and new motor vehicle sales, posted increases of 1.40% and 0.96%, respectively, compared to the peak rates of growth of around 4% recorded during the summer. Consumer spending should continue to progress slowly, given the increases in the non-filtered versions in October and the increased supply of imported cars with the renewal of import agreements with Japan.

The residential construction index declined again at a rapid rate in October, off 6.23%, implying that work-put-in-place will remain at low levels in the fourth quarter. The downward trend of housing demand since June has been particularly marked in the Prairies, where labour market conditions continued to deteriorate during the recovery.

Signs of a slowing of the recovery emerged in the indicators for manufacturing, which up to now had not reacted to the slowing of final demand. The 5.42% increase in the filtered version of new orders for durable goods largely reflects the spectacular gain in shipbuilding in September (+48%), which was offset by a decline in October. The weakening of shipments in most household-related industries continued to slow the recovery of the ratio of shipments to stocks of finished goods which increased by 0.01 to a level of 1.59. The slowdown in the average workweek and in employment strengthen the notion of a slower rate of recovery in the short term. The steady climb in unfilled orders, however, suggests that activity, even if slowing down, should continue to rise for several months at least.

The recovery of profits should continue, as suggested by the steady increase in the per cent change of price per unit labour costs in manufacturing (up 0.02 to +0.72%). The improvement of profit margins reflects the sustained increases of output-per-person-employed and the continued slowdown in average hourly earnings in October, in line with negotiated wage settlements in manufacturing in the third quarter. This moderate trend of wages should continue to ease the upward pressure on prices for manufactured goods.

The leading indicator of the United States grew at a similar rate (+1.04%) as in September, while U.S. demand for our products posted a moderate increase in the month (+1.5% on a customs basis). Demand by the United States should continue to expand during the fourth quarter, as in that country industrial production remains vigorous while manufacturing orders in November reflected the renewed strength of consumer demand.

For further information, order Current Economic Analysis (13-004E, Canada: $2.75/$27.50; other countries: $3.30/$33).

Infomat
Weekly Bulletin

Published by the Federal and Media Relations Division, Statistics Canada.

Senior Editor Greg Thomson (613-593-7444).

Catalogue 11-002E. Price: Canada, $27.75 a year; other countries, $33.30 a year. To subscribe: send money order or cheque payable to the Receiver General for Canada to Publication Sales and Services, Statistics Canada, Ottawa K1A 0T6.

... Consumer Price Index (CPI)

by 0.2% in the latest month and was 3.9% above its level of December 1982. As a result, the aggregate food index rose 3.9% over its level of December 1982.

The all-items-excluding-food index increased 0.3% in December, virtually unchanged from the advance of 0.2% registered in November. The increase was largely attributable to the ending of gasoline price wars in several Quebec and Ontario cities and to an increase in air fares, resulting from the ending of certain seat sales which had been in effect throughout November. Between December 1982 and December 1983, the all-items-excluding-food index advanced 4.7%.

Viewed in terms of goods and services, the price level for goods advanced 0.3% while that for services increased 0.2%. As a result, between December 1982 and December 1983, the price level for goods advanced 4.7% while that for services rose by 4.3%.

On a seasonally adjusted basis, the all-items index increased 0.8%; this comprised an increase of 0.9% in the food index and an advance of 0.6% in the all-items-excluding-food index.

Annual Averages

Although each of the seven major components contributed to the deceleration in the rate of price increase in the all-items index to 5.8% in 1983 from 10.8% in 1982, most of the improved price performance was attributable to the housing and transportation components. Decelerations in the rates of increase for mortgage interest costs and utility charges accounted for most of the improvement in the housing component, while within transportation, significantly lower rates of increase for gasoline prices, automobile insurance premiums and air fares were responsible for the deceleration. The food index advanced 3.7% in 1983, down from the 7.2% increase registered in 1982.

For further information, order the December 1983 issue of the Consumer Price Index (62-001, $2.75/$27.50).

Industrial Production

Industrial production, in constant 1971 prices, increased in November 1983 by 0.3% to an annual level of $33.238 billion from $33.151 billion in October. In November 1983, industrial production was up 16.8% above the low point of December 1982 but remained 3.8% below the pre-recession peak set in June 1981. The November increase was the ninth consecutive monthly gain and was largely attributable to a 0.7% increase in manufacturing output.

Within manufacturing, gains in production were generally small but widespread, with the largest increases occurring in the transportation equipment, chemical products and rubber and plastic products industries. Electric power, gas and water utilities showed little change in output during November, while production by mines declined by 3.3%.

For further information, order the November 1983 issue of Gross Domestic Product by Industry (61-005, $3.85/$38.50), or contact Erika Young (613-995-0568), Industry Product Division, Statistics Canada, Ottawa K1A 9Z9.

Department Store Sales

Department store were $1,138.8 million in November 1983, up 6.1% over November 1982. Sales were higher in 28 of the 40 departments, with the largest increases for toys and games (+32.4%), stationery, books and magazines (+25.1%) and furs (+20.9%); the most notable decreases were recorded by women's and misses' dresses, house dresses, aprons and uniforms (-12.5%), sporting goods and luggage (-11.4%) and girls' and teenage girls' wear (-7.9%).

All provinces except British Columbia (-2.8%), Alberta (-0.3%) and the Yukon and Northwest Territories (-6.0%) showed department store sales increases in November 1983 from the same month a year earlier, with advances ranging from 13.6% in Saskatchewan to 4.6% in Manitoba. Seven of the 10 metropolitan areas covered by the survey reported sales increases, ranging from 13.4% in Ottawa-Hull to 4.3% in Winnipeg, while decreases were registered in Calgary (-2.2%), Edmonton (-0.8%) and Vancouver (-5.0%).

Sales by major department store organizations in November 1983 totalled $741.9 million, up 4.7% from November 1982. Junior department store organizations had sales of $396.9 million, an increase of 8.8% from a year earlier.

Cumulative unadjusted sales for all department stores for the first 11 months of 1983 reached $9,198.4 million, 7.0% higher than in the January-November 1982 period.

Stocks

The selling value of inventories held by department stores in November 1983 $3,854.9 million showed an increase of 14.2% over the same month a year earlier.

For further information, order the November 1983 issue of Department Store Sales and Stocks (63-002, $3.30/$33).

Wholesale Trade

Wholesale merchants' sales in November 1983 increased strongly for the sixth consecutive month, rising 18.8% over the same period in 1982. (Revised sales for October 1983 were up 19.3% from the October 1982 level.)

Sales increases were recorded in November by all trade groups, with the most notable gains reported by wholesalers of motor vehicles and accessories (+41.1%) general merchandise (+32.4%) and electrical machinery, equipment and supplies (+31.1%). Trade groups with significant export content — metal and metal products (+25.4%), paper and paper products (+22.7%) and wholesalers, n.e.s. (+10.7%) — also registered strong sales gains. All provinces except Prince Edward Island (-14.6%) posted sales increases from a year earlier.

Cumulative sales by wholesale merchants for the first 11 months of 1983 were up 11.7% over the January-November 1982 period.

Inventories

Wholesale inventories in November 1983 declined by 2.5% from the corresponding period in 1982.

The ratio of inventories to sales declined to 1.34 in November 1983 from 1.87 a year earlier.

For further information, order the November 1983 issue of Wholesale Trade (63-008, $1.60/$16).

Industry by Labour Force and Work Activity

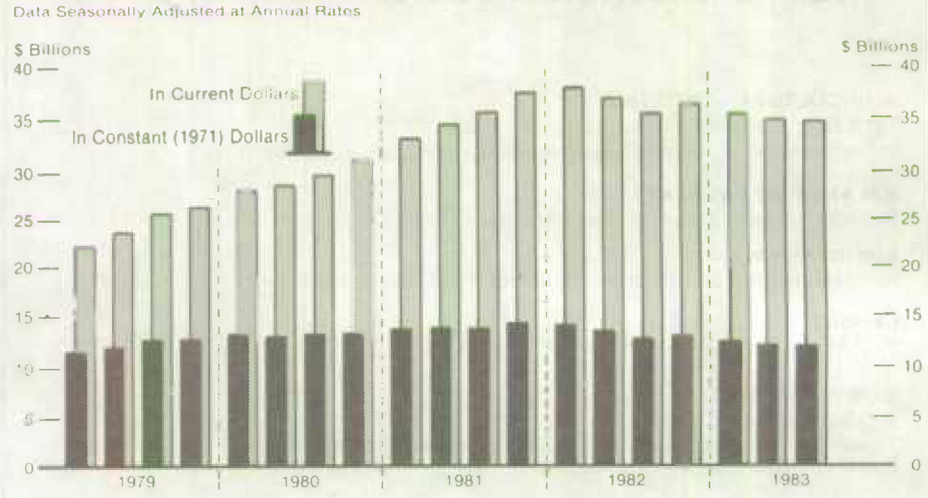
In Canada in 1980, the community, business and personal services sector employed the largest number of part-time workers, 1,042,695, of whom 77% were women. Some distance behind were the trade sector with 601,300 (69% women) and the manufacturing sector with 203,835 (53% women).

Detailed data from the 1981 Census show that the percentage of women who worked part-time in 1980 was higher in general merchandise stores (54%), food stores (52%), women's clothing stores (46%) and food services (45%) than the average for all industries in Canada (31%). The average for men was 11%.

For all industries, 18% of men worked 26 weeks or less in 1980. There were particularly high percentages in the fishing (63%), logging (34%) and construction (27%) industries, which are much more subject to seasonal fluctuations. In comparison, 27% of women worked 26 weeks or less in 1980, and as was the case for male workers, the percentages were fairly high in seasonal industries (fishing, logging and farming); for all other industry divisions, however, the percentages for women were far higher than those for men.

Further details are now available in Population: Worked Since January 1, 1980 — Industry by Labour Force and Work Activity, 1981 Census of Canada (92-924, $7.50).

Non-Residential Construction Expenditures



Source: **Statistics Canada**, National Income and Expenditure Accounts (13-001)

Manufacturing Activity

Preliminary estimates show the seasonally adjusted value of new orders received in all Canadian manufacturing industries in November 1983 increased 2.0% to $17,928.1 million from the revised estimate of $17,580.0 million for October. In durable goods industries, new orders with an estimated value of $7,913.7 million were 3.6% higher than the October level of $7,640.0 million; most of the increase reflected a gain of $284.7 million in transportation equipment industries. In non-durable goods industries, new orders received had an estimated value of $10,014.4 million, up 0.7% from the revised estimate of $9,940.0 million for October.

The seasonally adjusted value of manufacturers' shipments in November was $17,760.9 million, up 1.6% from October's value of $17,479.3 million. Shipments of durable goods industries rose 2.4% to $7,742.2 million from $7,564.0 million; an increase of $95.8 million in machinery industries was the major contributor. Non-durable goods industries' shipments increased 1.0% to $10,018.7 million from $9,915.3 million: an increase of $135.0 million in foods and beverages industries was partly offset by a $121.6 million decrease in petroleum and coal products industries.

The seasonally adjusted unfilled orders backlog of manufacturers at the end of November was $20,834.3 million, up 0.8% from $20,667.1 million (revised) in October.

Seasonally adjusted inventory owned by manufacturers at the end of November was $31,040.4 million, up 0.1% from the previous month's revised value of $31,013.5 million. Total inventory held remained virtually unchanged at $32,411.6 million ($32,410.6 million in October), with an increase of 0.1% in goods in process, a decrease of 0.1% in raw materials and no change in finished goods.

The seasonally adjusted ratio of total inventory owned to shipments at the end of November was 1.75:1, down from 1.77 in October. The ratio of finished products inventory to shipments went down to 0.65:1 in November from 0.66:1 in October.

Not adjusted for seasonal variation, manufacturers' shipments in November 1983 were estimated at $18,379.5 million. Cumulative shipments for the first 11 months of 1983 at an estimated $183,233.7 million were up 8.1% from the $169,458.4 million estimated for the same period in 1982.

For further information, order the November 1983 issue of Inventories, Shipments and Orders in Manufacturing Industries (31-001, $3.85/$38.50). For further information, contact J. Lepage (613-996-7008), Shipments, Inventories and Orders Section, Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

Refined Petroleum Products/Natural Gas

During November 1983, sales of petroleum products by Canadian refiners and major distributors amounted to 6 792 600 cubic metres, down 2.2% from the level recorded in November 1982. Sales of the main products were as follows: motor gasoline, 2 722 300 cubic metres (-2.0%); diesel fuel, 1 237 500 cubic metres (8.3%); light fuel oil, 893 600 cubic metres (5.9%) and heavy fuel oil, 737 800 cubic metres (-18.2%).

For the first 11 months of 1983, sales in Canada of refined petroleum products amounted to 71 139 562 cubic metres, down 7.8% from January-November 1982.

Natural Gas

During November 1983, sales of natural gas by main distributors amounted to 4 229 thousand cubic metres, up 6.9% from the level recorded during November 1982. For the first 11 months of 1983, sales of natural gas amounted to 38 154 thousand cubic metres, down 3.0% from January-November 1982.

For further information, order the November 1983 issue of Refined Petroleum Products (45-004, $3.85/$38.50) and Gas Utilities (55-002, $2.75/$27.50).

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