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Weekly Bulletin



March 30, 1984

Composite Leading Indicator

The Canadian leading indicator in December continued to signal that the slower rate of recovery which appeared at the end of 1983 will continue in the short term. The composite index (1971=100) registered another slight deceleration in its rate of growth, to 1.06%, to reach a level of 150.14. The steady weakening of the leading indicators for domestic demand, notably households, has been increasingly reflected in the manufacturing sector. Consumer demand will continue to be restrained in the short term by the steady slowing of wages and weak labour market conditions, although growth in total output in the first quarter of 1984 should be sustained by the relative strength of exports.

New motor vehicle sales posted another substantial gain in December (+3.77%), suggesting a continuation of the recovery of personal expenditure on goods, which rose by 1.8% in the fourth quarter of 1983. The underlying determinants of consumption, however, augur a slowdown of growth. A drop in furniture and appliance sales (-0.23%) more closely follows the trend for the majority of the components of retail sales.

The rate of decline of the residential construction index was essentially unchanged in December at -5.23%,

(continued on page 2)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	Jan.*	399.75	395.72	
Labour Income (\$ million)	Dec.	18,631.4	18,829.3	7.1
Persons with Jobs (million)	Feb.	10.56	10.44	3.4
Unemployed	Feb.	1,476,000	1,473,000	-8.0

INVENTORIES

Department Store (\$ million)	Jan.	3,058.2	3,222.5	12.3
Manufacturers' Owned (\$ million)	Jan.	31,217.6	30,767.0	1.2

ORDERS

Manufacturers' New Orders (\$ million)	Jan.	17,745.5	16,526.5	23.9
Manufacturers' Unfilled Orders (\$ million)	Jan.	20,845.1	20,143.0	30.1

PRICES

Consumer Price Index (1981=100)	Feb.	120.9	120.2	5.5
New House Price Index (1981=100)	Jan.*	94.9	94.8	0.1
Raw Materials Price Index (1977=100)	Jan.	214.0	212.3	3.5
Excl. coal, crude oil, nat. gas	Jan.	157.1	154.4	7.6
Industry Selling Price Index (1971=100)	Jan.	304.5	302.6	4.0

CONSTRUCTION

Building Permits (\$ million)	Dec.	1,038.9	14,571.8	13.9
Housing Starts — Urban Centres (units)	Feb.*	6,710	15,345	1.1

ENERGY

Coal Production (thousand tonnes)	Dec.*	4,371	44,882	4.8
Electricity Generation (terawatt hours)	Dec.*	40.1	394.2	4.7
Natural Gas Production (million cubic metres)	Nov.	8,791.7	84,827.3	-4.5
Petroleum Refining (million cubic metres)	Jan.*	7.8	7.8	4.7

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Jan.	8,326	8,326	28.9
Imports — Balance of Payments Basis (\$ million)	Jan.	6,586	6,586	28.8

PRODUCTION

Railway Carloadings (million tonnes)	Feb.*	18.7	35.5	25.9
Steel (ingots — thousand tonnes)	Jan.	1,228.6	1,228.6	66.5

SALES

Department Store Sales (\$ million)	Jan.	649.4	649.4	4.2
Manufacturers' Shipments (\$ million)	Jan.	17,043.4	17,043.4	22.7
New Motor Vehicle Sales (\$ million)	Jan.	923.6	923.6	59.2
Retail Sales (\$ million)	Jan.	7,617.0	7,617.0	10.6

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Automotive Products Trade

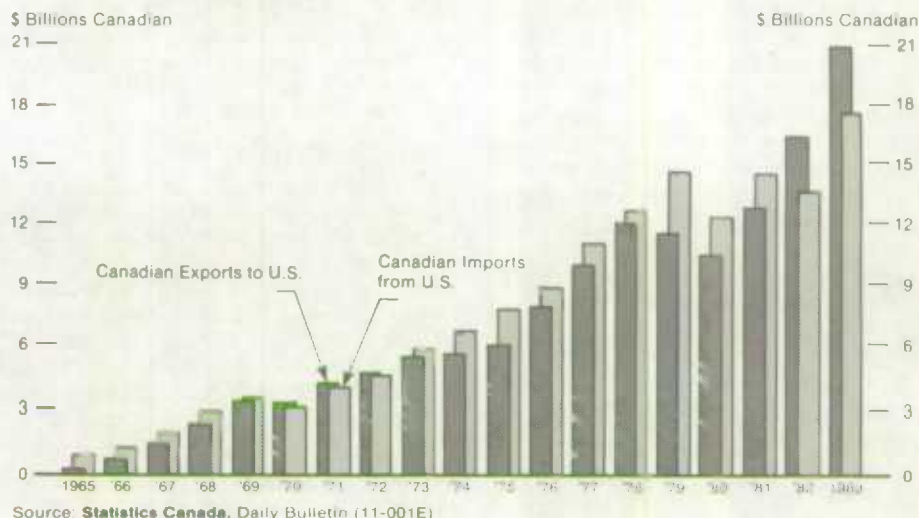
Canada's exports of automotive products to the United States, which stood at a level of \$20.9 billion in 1983, showed a gain of \$4.5 billion over 1982. This increase was mainly attributable to another large annual gain (\$1.8 billion) in car exports to \$9.0 billion combined with a \$2.2 billion jump in parts exports to \$7.1 billion.

Imports of automotive products from the U.S. rose by \$4.0 billion from 1982 to a total of \$17.6 billion in 1983.

Canada's balance of trade in automotive products with the U.S. widened by \$440 million in 1983 to a record surplus of \$3.29 billion from the \$2.85 billion surplus in 1982.

For further information, contact Gordon Blaney (613-995-6305), Trade Information Unit, or François Bordé (613-995-6115), Trade Measures and Analysis Section, External Trade Division, Statistics Canada, Ottawa K1A 0T6.

Canada — United States Trade in Automotive Products



Canada

... Composite Leading Indicator

indicating that work-put-in-place will remain weak in the first quarter.

The weakening of domestic demand since the summer of 1983 slowed the growth of the leading indicators for manufacturing for the third straight month in December. In particular, new orders for durable goods slowed in response to this weakness during the autumn, to a gain of 0.85% in December from 2.86% in November. The ratio of shipments to stocks of finished goods grew moderately, up 0.02 to 1.65, as shipments maintained their vigorous growth rate in export-oriented industries. The percentage change of price per unit labour costs edged up by 0.01 to 0.75%. The growth of the average workweek was virtually unchanged in December (+0.17%) compared to November (+0.15%).

The advance of the leading indicator for the United States decelerated rapidly in December (+0.67%), suggesting that the vigorous growth of the U.S. economy at the start of 1984 will moderate over the first half of the year.

The Toronto Stock Exchange index continued to grow in December (+1.09%). In January, however, a growing number of financial indicators showed signs of weakness. The restrained course of the real money supply (M1) also continued to be evident in December (-0.05%).

For further information, order *Current Economic Analysis* (13-004E, Canada: \$2.75/\$27.50; other countries: \$3.30/\$33), or contact D. Rhoades (613-992-4441), *Current Economic Analysis Division, Statistics Canada, Ottawa K1A 0T6*.

New Publication

Now available is a publication that is the first in a series of Statistics Canada background papers concerned with the development of indicators of Canada's efforts in the field of science and technology.

A Framework for Measuring Research and Development Expenditures in Canada (catalogue 88-506E, \$6.65) describes the concepts, definitions, content and methodology underlying Gross Domestic Expenditures on Research and Development (GERD), a statistical series employed internationally to measure a country's research and development activities. This paper is an adaptation, for Canada, of guidelines published by the Organization for Economic Co-operation and Development (OECD).

Copies of the publication can be purchased from Publication Sales and Services, Statistics Canada, Ottawa K1A 0T6, or any of the Bureau's regional reference centres. For further information, contact Karen Walker (613-995-3014), Science and Technology Statistics Division, Statistics Canada, Ottawa K1A 0T6.

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Security Transactions

Trading with non-residents in outstanding Canadian securities produced a net capital inflow of \$73 million in January 1984, compared with a net outflow of \$6 million in December 1983. In the current month, non-residents increased their holdings of outstanding Canadian bonds, producing a net capital inflow of \$130 million, up from the \$88 million net inflow in the previous month; Japanese investors accounted for the bulk of the investment. As in the previous month, the major portion of the net investment in bonds was in provincial issues (including provincial enterprises); this contrasted with the historical trend of investment in Government of Canada issues. In January, non-residents reduced their holdings of outstanding Canadian equities, giving rise to a net outflow of \$57 million.

Residents of Canada increased their holdings of outstanding foreign securities in January 1984, producing a net capital outflow of \$132 million, up from the \$88 million net outflow in December 1983. Continuing the trend, the investment was made in the United States market, with equities accounting for two-thirds of the net outflow.

For further information, order the *January 1984 issue of Security Transactions with Non-residents* (67-002, \$2.75/\$27.50), or contact John Motala (613-996-2545).

Hotels/Motels, 1982

Traveller accommodation businesses in Canada (14,496) reported total receipts for 1982 of \$5,298.8 million.

Included in the total for 1982 were receipts for hotels (4,295) which amounted to \$4,332.3 million and motels (3,844) with receipts of \$604.0 million. The remaining \$362.5 million in receipts was accounted for by 6,357 other traveller accommodation firms — tourist courts and cabins, outfitters and tent and trailer campgrounds.

For further information, contact R. Bennett (613-996-9301), *Merchandising and Services Division, Statistics Canada, Ottawa K1A 0T6*.

Gross Domestic Product

Strong growth in January 1984 pushed the Canadian economy into the expansionary phase of the business cycle: the 18 months of recession were followed by 13 months of growth, and by January 1984 the level of Gross Domestic Product had fully recovered to its pre-recession peak of June 1981.

Gross Domestic Product in constant 1971 prices increased 1.3% in January to \$122.8 billion at annual rates from \$121.3 billion in December. The January gain of \$1.5 billion was the strongest monthly advance since June of last year.

One of the most positive aspects of the robust advance in output during January was the composition of the economic growth: signs of rapid gains appeared in almost all sectors of the economy. In fact, only the construction industry showed weakness in the month.

Contributing the largest share of the overall January gain was manufacturing, with strong and widespread production increases posted among manufacturers of durable goods. Significant output increases were also reported in transportation and financial services, as well as in forestry operations, and retail and wholesale trade.

For further information, order the *January 1984 issue of Gross Domestic Product by Industry* (61-005, \$3.85/\$38.50), or contact Ron Kennedy (613-995-0568).

Economic Hardship

Since the late 1960s, Statistics Canada has been publishing information on the incidence of low income among families and unattached individuals. Using low income "cut-offs" — a statistical tool which identifies the low income population — it has been possible to monitor trends over time in the changing incidence of low income, and in the characteristics of low income and other family units.

"Link Between Economic Hardship and Labour Market Problems in Canada", appearing in the February 1984 issue of *The Labour Force* (71-001, \$3.70/\$37), analyzes the annual work experience of members of low income and all other family units, with a view to identifying the causes of low income or economic hardship that are likely linked to the labour market. The study shows that:

- In 1981, two million of the 16 million persons aged 15-64 years belonged to low income family units;
- About 25% of the two million persons had experienced some unemployment in 1981, and another 35% who had worked without experiencing unemployment had not earned enough to bring their family income above the low income cut-off;
- Labour market problems such as unemployment and low earnings affected unattached individuals and families with female heads more than husband-wife families.

Industrial Production

Industrial production in constant 1971 prices increased in January 1984 by 2.1% to \$34.3 billion at annual rates from \$33.6 billion in December 1983. This marked the 11th consecutive monthly gain in output.

In January, increases were widespread, with the largest advances occurring in the production of transportation equipment, primary metals, electrical products and machinery.

The overall January increase raised industrial production 20.5% above the trough registered in December 1982. Output in January was only 0.7% below the pre-recession peak set in June 1981.

For further information, order the January 1984 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 0T6.

Federal Government Employment

Employees of the Federal government (including members of the Canadian Armed Forces) and government enterprises numbered 580,731 as of December 1983, an overall increase of 1,701 (0.3%) from December 1982. General government employees increased by 3,689 (0.8%), while those in government enterprises declined by 1,988 (-1.4%).

Gross payrolls (including overtime and retroactive payments) for October-December 1983 totalled \$4,205.3 million, an increase of \$215.6 million (5.4%) over the corresponding quarter in 1982.

October-December 1983 data will be released in *Federal Government Employment* (72-004, \$5.55/\$22.20). For further information, contact T. Moore (613-995-8201), Public Finance Division, Statistics Canada, Ottawa K1A 0T6.

Employment in Industry

Preliminary estimates show employment at the Canada industrial aggregate level registered a small decrease from December 1983 to January 1984. Employment decreased by 0.4% in the goods-producing industries but increased by 0.1% in the service-producing industries. Decreases were registered in all provinces except Ontario, Manitoba, British Columbia and the Northwest Territories.

Average weekly earnings at the Canada industrial aggregate level increased by 1.0% to \$399.75 in January 1984 from \$395.72 in December 1983. Average weekly earnings rose in all industries except transportation, electric power, gas and water utilities and retail trade. All the provinces and territories except the Yukon posted higher earnings.

Detailed information for December 1983 and January 1984 will be published in the January 1984 issue of *Employment, Earnings and Hours* (72-002, \$5.30/\$53), or may be obtained by calling the Labour Division (613-995-7165), Statistics Canada.

New Housing Price Index

The Canada New Housing Price Index (1981=100) increased 0.1% in January 1984 to a level of 94.9 from 94.8 in December 1983. This index of housing contractors' selling prices now stands 0.1% higher than its year-earlier level of 94.8.

Between December 1983 and January 1984, the largest increases in new housing prices were recorded for Hamilton (2.9%), Regina (2.5%) and Thunder Bay (2.1%); other increases were registered for Windsor (1.1%), St. Catharines-Niagara (0.4%), Montreal (0.3%), Ottawa (0.3%), London (0.2%), Quebec City (0.1%), Toronto (0.1%), Saskatoon (0.1%) and Vancouver (0.1%). Edmonton registered a significant decrease (-1.2%), while fractional decreases were noted for Calgary (-0.4%) and Victoria (-0.1%).

Between January 1983 and January 1984, the largest year-over-year increase in new housing prices was recorded for Ottawa (11.6%), followed by Saint John — Moncton (8.0%), Montreal (7.5%), Windsor (7.4%), Quebec City (6.4%), Thunder Bay (5.8%) and Regina (5.7%). Lower year-over-year increases, ranging between 1.4% and 4.9%, were recorded for St. John's, London, Vancouver, Kitchener, St. Catharines-Niagara, Hamilton and Winnipeg.

A significant year-over-year decrease was registered for Calgary (-10.9%), while smaller declines occurred in Edmonton (-5.3%), Victoria (-2.8%), Toronto (-0.7%) and Saskatoon (-0.6%).

For further information, order *Construction Price Statistics* (62-007, \$3.30/\$33), or contact Prices Division (613-996-3744).

Corporations and Labour Unions Returns Act, Report for 1981, Part 1 — Corporations

By all measurements the leading 500 non-financial enterprises in Canada maintained their market share in 1981, accounting for 53.7% of industry sales, 65.6% of assets, 68.8% of profits and 75.4% of payments to non-residents. The foreign-controlled sector was dominant within the leading 500, in financial terms, and accounted for 261 enterprises.

Differences between Canadian and foreign-controlled enterprises were particularly evident in the leading 25 enterprises. Within this group — which accounted for 22.4% of total sales, 32.1% of assets, and 30.2% of profits — the foreign-controlled sector had a turnover ratio (sales/assets) almost twice as high as its Canadian counterpart and was more profitable.

Some of the other highlights of the report:

Assets

- In 1981, the share of total assets held by non-financial, foreign-controlled corporations declined by 1.8 percentage points to 25.5%. Assets of foreign-controlled corporations rose by 8.8% to \$136.9 billion, while those of Canadian-controlled corporations rose by 18.7% to \$400.1 billion.

Sales

- The foreign-controlled share of total non-financial sales declined 1.9 percentage points to 29.8% in 1981. Foreign-controlled corporations reported sales of \$182.6 billion, an increase of 5.4% over 1980, while Canadian-controlled corporations saw sales climb 15.1% from 1980 to a total of \$430.0 billion.

Profits

- The share of profits of foreign-controlled corporations, at 35.5% in 1981, was down by 2.9 percentage points from 1980. Profits earned by foreign-controlled corporations fell by 13.8% to \$14.0 billion, while profits of corporations identified as Canadian-controlled decreased by 2.1% to \$25.5 billion. Profits recorded by businesses with assets under \$10 million decreased 9.2% to \$9.0 billion.

Taxable Income

- The share of total taxable income of non-financial industries generated by foreign-controlled corporations amounted to 44.7% in 1981, down 0.3 percentage points from 1980. The effective tax rate on book profits increased to 32.9% from 29.7% for foreign-controlled corporations with assets greater than \$10 million and decreased to 16.0% from 17.7% for their Canadian-controlled counterparts.

Payments to non-residents

- Payments to non-residents, totalling \$8,186 million in 1981, were \$879 million higher than in 1980.
- Interest payments continued to rise in 1981, reaching \$1,970 million. This represented an increase of \$348 million over 1980.
- Dividend payments to non-residents rose by \$195 million to \$3,105 million in 1981.
- Business service payments increased by \$336 million to \$3,111 million in 1981.

Within the Foreign Sector

Within the foreign sector, corporations classified to United States control have had a dominant position, particularly in terms of profits. In 1981 such corporations accounted for 73.9% of the assets, 75.4% of the sales and 80.7% of the profits of foreign-controlled, non-financial firms. Corporations classified to British control accounted for a further 10.0% of assets, 9.8% of sales and 8.0% of profits.

For further information, order the 1981 edition of *Corporations and Labour Unions Returns Act, Part I, Corporations* (61-210, \$16.70), or contact Roy St. Germain (613-995-9804), Business Finance Division, Statistics Canada, Ottawa K1A 0T6.



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