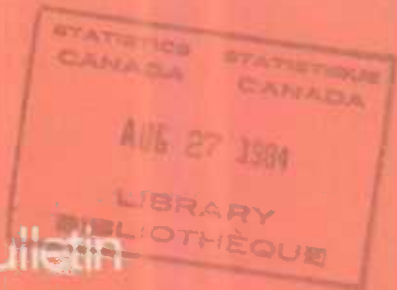


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Weekly Bulletin



August 31, 1984

## Gross National Product

Gross National Product at market prices rose 2.0% in the second quarter of 1984 to a level of \$418.9 billion, seasonally adjusted at annual rates. After allowing for a 1.2% increase in overall prices, real GNP increased 0.7%, the same rate of increase as in the first quarter. Real GNP, which had recovered to its pre-recession level of activity during the fourth quarter of 1983, has now expanded a further 1.5% beyond this level.

Growth in economic activity in the second quarter was moderate in total, but was broadly based. This was in marked contrast to the first quarter when growth was dominated by the auto industry, both domestically and in the foreign sector. During the second quarter personal expenditures recorded modest growth, and there was an increase in building activity — both non-residential and residential. Investment in machinery and equipment fell, while inventory investment increased largely due to an accumulation of durable goods.

The volume of personal expenditure on goods and services advanced 1.0% in the second quarter. In contrast to the dominance of auto and auto related purchases in the first quarter, expenditure growth was more diffuse in the second. A sharp increase in spending on semi-durable goods was led by clothing sales and supported by widespread increases in other categories. Expenditure on durable goods rose at about half the rate of growth as in the first quarter with increases in the non-auto components only partly offsetting the weakness in new passenger car sales. Spending on non-durable goods rose 0.6%

(continued on page 2)

## Industrial Corporations

Pre-tax profits of Canadian industrial corporations in the second quarter of 1984 rose 4.5% from the preceding quarter to \$8.8 billion on a seasonally adjusted basis. Although higher than the 3.7% rise recorded last quarter, the current increase represents the third consecutive quarter of restrained growth compared to the 20.7%, 13.7% and 15.6% surges in pre-tax profits posted in the first three quarters of 1983. Nevertheless, the current level of profits is the highest posted since the first quarter 1981 mark of \$8.9 billion and is approaching the record \$9.3 billion high of the first quarter of 1980.

For further information, contact Tom Maxwell or Bill Potter (613-990-9843).

## LATEST MONTHLY STATISTICS

### EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	June*	404.56	402.34	3.6
Labour Income (\$ million)	May	19,281.3	18,735.0	5.4
Persons with Jobs (million)	July	11.56	11.32	2.6
Unemployed	July	1,326,000	1,362,000	-6.3

### INVENTORIES

Department Store (\$ million)	June	3,146.7	3,341.9	5.3
Manufacturers' Owned (\$ million)	June	35,510.2	32,610.4	9.5

### ORDERS

Manufacturers' New Orders (\$ million)	June	20,469.1	20,403.9	14.0
Manufacturers' Unfilled Orders (\$ million)	June	22,366.7	22,028.6	38.7

### PRICES

Consumer Price Index (1981=100)	July	122.9	122.2	4.2
New House Price Index (1981=100)	June	95.3	95.5	0.8
Raw Materials Price Index (1977=100)	June	217.0	217.9	-6.7
Excl. coal, crude oil, nat. gas	June	162.4	163.8	2.9
Industry Selling Price Index (1971=100)	June	310.9	310.5	3.9

### CONSTRUCTION

Building Permits (\$ million)	June*	1,291.2	6,989.9	-2.8
Housing Starts — Urban Centres (units)	June	11,977	54,076	-27.8

### ENERGY

Coal Production (thousand tonnes)	May	4,877	23,036	28.9
Electricity Generation (terawatt hours)	May	33.3	183.1	10.1
Natural Gas Production (million cubic metres)	May	6,722	39,250	7.9
Petroleum Refining (million cubic metres)	May	7.0	35.7	10.0

### FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	June	9,515	54,817	26.4
Imports — Balance of Payments Basis (\$ million)	June	7,445	44,923	32.8

### PRODUCTION

Railway Carloadings (million tonnes)	June	20.6	117.5	19.0
Steel (ingots — thousand tonnes)	July	1,117	8,696	24.6

### SALES

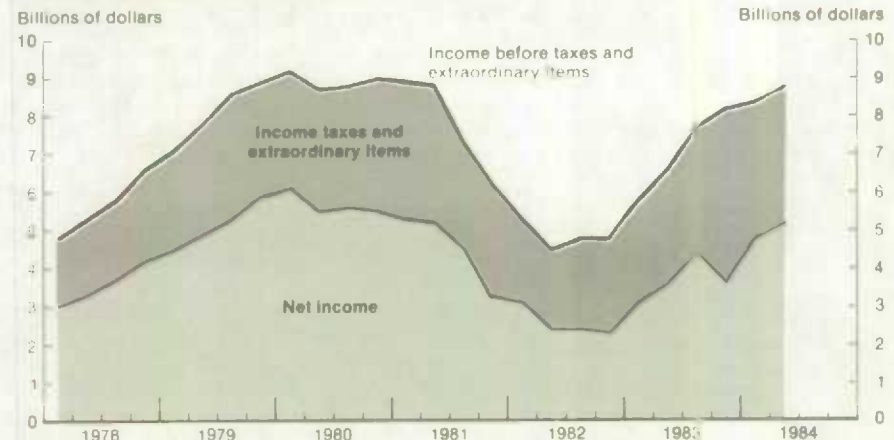
Department Store Sales (\$ million)	June	941.3	4,827.2	6.0
Manufacturers' Shipments (\$ million)	June	20,131.0	112,372.8	16.4
New Motor Vehicle Sales (\$ million)	June	1,620.6	8,347.7	37.2
Retail Sales (\$ million)	June	10,367.1	54,239.7	10.5

Statistics are in current dollars and are not seasonally adjusted.

\* - new this week.

## Corporation Profits Industrial Corporations Sector

(Seasonally Adjusted)



Source: Statistics Canada, Industrial Corporations: Financial Statistics (61-003)

## Current Economic Analysis

The growth of output in the second quarter of 1984 (+0.7%) was unchanged from the moderate rate recorded in the first quarter. However, the short-term prospects are for some further deceleration in growth following a sharp buildup of manufacturing inventories in the second quarter, and with no other apparent prospect of offsetting strength in final demand. This weaker outlook also was evident in an easing of the growth of the Canadian composite leading indicator in May, notably for those components related to final domestic demand. The mid-year results of the survey of public and private investment in Canada augur a continued sluggish recovery in investment outlays. At the same time, household demand for durable goods such as housing and autos appears to have weakened in the second quarter, and a similar softening of demand in the United States appears to be restraining export growth. Growth in the short term should be underpinned by export industries oriented to overseas demand as well as to investment demand in the United States, and by expansion in service industries. The pronounced weakness of prices in international commodity markets in June and July is encouraging for continued moderate inflation, although it will be a dampening influence on output and investment in the depressed primary sector.

The growth of output and employment in manufacturing was largely sustained by a swing to stock accumulation in the second quarter, partly in response to the course of labour negotiations in key industries such as food, pulp and paper, and transportation equipment, as well as to lower final demand for wood and machinery and equipment. The percentage of firms in the business conditions survey who evaluated finished goods stocks as too high was up slightly in July (23%) from April (20%), and production plans for the third quarter were cut back. While stock-to-shipments ratios remain low in most industries, the survey results suggest that most of the recent inventory buildup was a short-term phenomenon.

Exports overseas and shipments of investment goods to the United States have strengthened recently, partly as increased competitiveness of Canadian manufacturers in world markets due to the drop of the Canadian dollar appears to have offset some of the recent slack in American demand for motor vehicles and primary commodities. Price declines in June and July for a wide range of commodities such as food, metal, and wood products reversed a brief revival recorded early in the second quarter. The renewed downturn appears to reflect an over-building of stocks and a retreat of demand following the upturn of interest rates in the United States in the second quarter. Commodity prices in the recovery generally have been muted by sluggish European industrial demand and intensified competition from Third World producers anxious for foreign exchange earnings to meet debt payments denominated in U.S. dollars. The easing of interest rates in August appears to have stabilized conditions in most commodity and financial markets.

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## Weekly Bulletin

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### ... Gross National Product

following two quarters of decline while spending on services rose 0.4% in the quarter.

Real residential construction activity increased 2.3% in the second quarter following three consecutive quarters of decline. The volume of spending on new dwelling construction rose as work continued on units previously started and construction commenced on a slightly lower number of new units in the second quarter. Also contributing to growth of residential construction were small increases in real estate commissions generated in the market for resale housing and in alterations and improvements.

Following three quarters of slow growth, real spending on business plant and equipment dropped 0.8% in the second quarter, due to a decline of almost 4% in machinery and equipment investment. While domestic production and imports of a wide variety of machinery and equipment grew substantially, these goods went largely into exports or inventories rather than into final domestic demand. The non-residential construction component of investment advanced almost 3% in real terms. This strength appeared to be concentrated in small and medium-sized building projects. In nominal terms, the growth in plant and equipment investment during the first half of the year is broadly in line with the increase indicated by the mid-year estimate from the Private and Public Investment Survey for 1984.

Inventory investment contributed to growth, as the rate of accumulation of non-farm inventories rose to \$1,040 million from \$676 million in the previous quarter. Stock accumulation was almost entirely in manufacturing and included durable goods related to machinery and equipment investment. A substantial contribution was also made by the swing in wood and paper inventories following labour disputes in British Columbia which reduced production in the first quarter.

## Energy Statistics

Preliminary data for the first six months of 1984 show that Canadian production and export levels of all the main energy forms were higher than those recorded during the corresponding period of 1983.

### Crude Oil and Refined Petroleum Products

Canadian production of crude oil and equivalent hydrocarbons during the first six months of 1984 rose by 12.9% to 44 053 million litres. Half of this increase reflected higher exports, which rose 32.0% to 10 337 million litres from 7 834 million litres, while the balance reflected higher deliveries of domestic oil to Canadian refineries.

Imports of crude oil during the first six months of 1984 also were up, increasing 37.3% to 7 520 million litres. This increase combined with higher receipts of domestic crude, resulted in total receipts at Canadian refineries amounting to 41 179 million litres, up from 36 855 million litres in the first six months of 1983.

Canadian refineries increased their production of refined products by 9.2% during the first half of 1984 to 43 086 million litres. However, sales of these products increased only by 1.8%. (During the year-earlier period, inventories of refined petroleum products had been permitted to be drawn down to sharply lower levels.)

Both exports and imports of refined petroleum products increased during the first half of 1984. The surplus of exports over imports in the latest period amounted to 2 447 million litres, up from 2 335 million litres in the first six months of 1983.

### Natural Gas and NGLs

During the first six months of 1984, natural gas production (net withdrawals at the wells) reached 45 062 million cubic metres, up 7.6% from January-June 1983. Production of propane, butane and ethane (NGLs) by natural gas processing plants also was up, increasing 14.3% to 7 143 million litres.

Natural gas exports rose 4.1% in the latest period to 10 753 million cubic metres and sales in Canada climbed 9.5% to 24 074 million cubic metres.

### Coal

Coal production rose 28.1% to 27 627 kilotonnes during the first half of 1984. The higher production levels were primarily due to increased exports, which jumped 54.9% to 12 120 kilotonnes. Imports amounted to 8 151 kilotonnes during the same period.

### Electricity

Electricity generation increased 9.7% during the first six months of 1984 to 214 487 million kilowatt hours. Exports of electric power rose 5.8% to 18 896 million kilowatt hours.

For further information, contact Richard Godin (613-990-9823), Energy Section, Manufacturing and Primary Industries Division, Statistics Canada, Ottawa K1A 0T6.

## Unemployment Insurance

Unemployment insurance benefits paid out during the month of June 1984 totalled \$720 million, down 22% from May and 8% from June 1983. For the first six months of 1984, \$5,493 million was paid to claimants, down 6% compared with the same period last year.

The number of beneficiaries stood at 1,057,000 in June, a decrease of 10% from May and 8% from June 1983.

During June, 234,000 claims were received, 6% fewer than were received in May and down 3% from June 1983. For the first half of 1984, the number of claims received decreased to 1,600,000 or by 2% from the 1,624,000 recorded during the first six months of 1983.

For further information, order the second quarter 1984 issue of *Statistical Report on the Operation of the Unemployment Insurance Act* (73-001, \$6.65/\$26.60), or contact H. Stiebert (613-990-9900, extension 238), Labour Division, Statistics Canada, Ottawa K1A 0T6.

## Gross Domestic Product (Industrial Production)

Industrial production (in constant 1971 prices) increased 0.4% in June 1984 to \$33.9 billion from \$33.8 billion in May. The Index of Industrial Production (1971=100) advanced to 138.9 in June from the upwardly revised May level of 138.4.

The June increase in industrial production was confined to manufacturing (up 0.7%), while output of both mining and public utilities declined.

Within manufacturing, significant production gains were reported by motor vehicle manufacturers, sawmills, and manufacturers of machinery and equipment.

In mining, sharply higher production of iron ore and other metals was offset by declining production of crude petroleum, natural gas and potash. The output decrease in public utilities was due to drops in electric power generation and natural gas sales.

For further information, order the June 1984 issue of *Gross Domestic Product by Industry* (61-005, \$3.85/\$38.50), or contact Ron Kennedy (613-990-9145), Industry Production Division, Statistics Canada, Ottawa K1A 0T6.

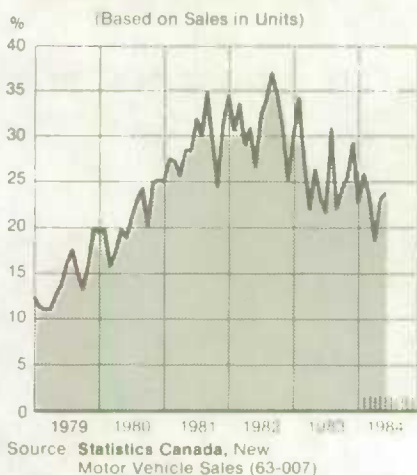
## Farm Production, 1983

Canadian farm production in 1983 decreased slightly by 0.5% from the 1982 level. (The Canada Index of Farm Production (1971=100) stood at 131.7 in 1983, compared with 132.3 in 1982.) Thus, farm production in 1983 was only narrowly lower after record levels were set in the previous two years.

Crop production in Canada declined 3.2% in 1983 from the record 1982 level while livestock production increased by 2.5%.

Changes in crop production from 1982 to 1983 varied considerably by province: increased production in Nova Scotia, Ontario and British Columbia was more than offset by decreases in all the other provinces.

## Share of Canadian New Car Market Held by Overseas Manufacturers



## Wholesale Trade

Wholesale merchants' sales in June 1984 continued to show considerable strength, advancing 11.6% over the same period last year. (Revised sales for May 1984 were up a strong 17.3% from the May 1983 level.)

In June 1984, all major trade groups except farm machinery and equipment (-16.3%) and lumber and building materials (-6.2%) registered sales increases from a year earlier. Notable gains were posted by the following groups: motor vehicles and accessories (+25.7%), "other wholesalers" (+22.8%), metals, hardware, plumbing and heating equipment (+19.4%) and "other machinery and equipment" (+15.4%). Sales increases from a year earlier were recorded in all regions except the Prairie provinces (-0.8%).

Cumulative sales by wholesale merchants for the first six months of 1984 were up a healthy 15.4% over the January-June 1983 period. Exceptional gains were reported by wholesalers of motor vehicles and accessories (+31.2%) and metals, hardware, plumbing and heating equipment (+25.0%).

### Inventories

Wholesale inventories in June 1984 increased by 5.4% from the corresponding period in 1983. (Revised inventories for May 1984 were up 6.7% from the May 1983 level.)

The ratio of inventories to sales at the end of June 1984 was 1.51:1, down from 1.57:1 a year earlier.

For further information, order the June 1984 issue of *Wholesale Trade* (63-008, \$1.60/\$16), or contact the Wholesale Trade Section (613-990-9679), Merchandising and Services Division, Statistics Canada, Ottawa K1A 0T6.

Livestock production increased uniformly in most provinces except Newfoundland and Nova Scotia from 1982 to 1983: a 4.7% increase in red meat production was the main cause of the livestock sector's higher production.

For further information, order the 1983 issue of *Index of Farm Production* (21-203, \$5).

## Employment in Industry

Preliminary estimates show employment at the Canada industrial aggregate level increased by 1.5% from May to June 1984. All industry divisions registered increases except community, business and personal services which posted a decrease. All provinces and territories contributed to the overall increase in employment.

Average weekly earnings at the Canada industrial aggregate level increased by 0.6% to \$404.56 in June from \$402.34 in May. Higher average weekly earnings were recorded in manufacturing, construction, finance, insurance and real estate and services, while the remaining industry divisions showed decreases. All provinces and territories had increases except Newfoundland, Prince Edward Island and the Yukon, where decreases occurred.

Detailed information for May and June will be published in the June 1984 issue of *Employment, Earnings and Hours* (72-002, \$5.55/\$55.50), or may be obtained by calling the Labour Division (613-990-9900), Statistics Canada, Ottawa K1A 0T6.

## Building Permits

The seasonally adjusted value of building permits issued in June 1984 increased 13.3% to \$1,372.6 million from \$1,211.2 million in May; a similar level has not been attained since April 1983. This performance reflected a strengthening in both residential and non-residential construction components.

Although the value of permits authorized for construction of multiple dwellings slipped 4.9% from May, the 10.5% rise in single dwellings pushed the residential intentions level up 6.0% to \$721.6 million in June from \$680.8 million in May. A seasonally adjusted 11,983 units (6,915 single-detached and 5,068 multiple dwellings) were approved in June compared with 11,194 units in May (6,228 singles and 4,966 multiples), a rise of 7.0%. (Translated into annual terms, the June approvals represent a seasonally adjusted rate of 143,900 units compared with 134,300 a month earlier.) The provinces of Quebec, Ontario and Alberta experienced the growth in the residential sector.

Following a substantial drop in May, the value of non-residential permits increased 22.7% in June to a seasonally adjusted \$651.0 million from \$530.3 million during the previous month. Substantial increases in industrial (+52.9%) and commercial (+35.7%) projects triggered this recovery; publicly-initiated projects remained weak at \$142.7 million, down 14.3% from the May level. On a provincial basis, non-residential construction intentions rose in the Atlantic provinces, Quebec, Manitoba and British Columbia.

For additional information, order the June 1984 issue of *Building Permits* (64-001, \$3.85/\$38.50), or contact R. Couillard (613-990-9689), Construction Division, Statistics Canada, Ottawa K1A 0T6.



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<b>AGRICULTURE STATISTICS</b>			
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Index Numbers of Farm Prices of Agricultural Products, June 1984	62-003	\$1.60/\$16	\$1.90/\$19
<b>BUSINESS FINANCE</b>			
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<b>BUSINESS, PROVINCIAL AND MUNICIPAL RELATIONS</b>			
Directory to Microdata and Special Tabulations, 1983	11-514E	\$4.95	\$5.95
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<b>Service Bulletin</b>			
Culture Communiqué, Vol. 7, No. 3, Preliminary Statistics on Federal and Provincial Government Expenditures on Culture, 1982-83	87-001	\$1.60/\$16	\$1.90/\$19
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Oil Pipe Line Transport, May 1984	55-001	\$2.75/\$27.50	\$3.30/\$33.00
Primary Iron and Steel, June 1984	41-001	\$2.75/\$27.50	\$3.30/\$33.00
Production and Disposition of Tobacco Products, July 1984	32-022	\$1.60/\$16	\$1.90/\$19
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