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Weekly Bulletin

September 21, 1984

Consumer Price Index

The Consumer Price Index (CPI) for Canada (1981=100) registered no overall change between July and August, remaining at the index level of 122.9 recorded in the month previous. Price decreases of 0.8% in the food component and 0.5% in the transportation index were offset by price increases in the other five components, notably a 0.2% rise in the housing index. While the food index declined by 0.8%, the all-items-excluding food index rose by a moderate 0.2%.

The year-over-year increase in the CPI, as measured by comparing the index level for August 1984 to that of August 1983, was 3.7%, down from the 4.2% increase registered in July and the lowest year-over-year rise since October 1971 when it stood at 3.6%.

The 0.8% decrease in the food index was largely the result of seasonally lower prices for fresh vegetables, those for potatoes having had the most significant downward impact. As a result, the aggregate food index rose 5.2% over its level of August 1983, down from the 5.9% registered in July.

(continued on page 2)

Income Distributions by Size in Canada

Average income of families and of unattached individuals in 1983 did not show any real gains over 1982, according to preliminary data from Statistics Canada's annual Survey of Consumer Finances.

Although economic conditions in 1983 were generally better than in 1982, family incomes were constrained by the continuing high level of unemployment and the growth of part-time work. Wages and salaries, the dominant source of family income, increased by less than the Consumer Price Index. Some population groups, particularly the elderly for whom investment income is important, found their incomes reduced by lower interest rates.

Highlights of the report *Income Distributions by Size in Canada, Preliminary Estimates, 1983*, include:

- The estimated 1983 average family income, at \$34,479, was about the same as the 1982 average on an inflation-adjusted basis.
- None of the five major regions in Canada experienced a significant increase in real family income.

(continued on page 2)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	June	404.56	402.34	3.6
Labour Income (\$ million)	June	19,968.3	19,373.1	5.0
Persons with Jobs (million)	Aug.	11.52	11.56	2.2
Unemployed	Aug.	1,347,000	1,326,000	-2.0

INVENTORIES

Department Store (\$ million)	June	3,146.7	3,341.9	5.3
Manufacturers' Owned (\$ million)	July*	32,426.3	32,368.5	10.0

ORDERS

Manufacturers' New Orders (\$ million)	July*	17,246.0	20,443.1	12.5
Manufacturers' Unfilled Orders (\$ million)	July*	22,178.9	22,284.0	36.8

PRICES

Consumer Price Index (1981=100)	Aug.*	122.9	122.9	3.7
New House Price Index (1981=100)	July	95.2	95.3	0.6
Raw Materials Price Index (1977=100)	July	217.4	217.5	3.4
Excl. coal, crude oil, nat. gas	July	162.5	162.5	7.3
Industry Selling Price Index (1971=100)	July	312.3	310.8	4.0

CONSTRUCTION

Building Permits (\$ million)	June	1,291.2	6,989.9	-2.8
Housing Starts — Urban Centres (units)	July	9,922	63,998	-25.1

ENERGY

Coal Production (thousand tonnes)	June	4,666	27,702	28.4
Electricity Generation (terawatt hours)	June	31.1	214.1	9.5
Natural Gas Production (million cubic metres)	June*	6,187	45,062	7.6
Petroleum Refining (million cubic metres)	July*	8.0	49.1	8.5

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	July	9,401	65,074	28.2
Imports — Balance of Payments Basis (\$ million)	July	7,550	53,954	33.1

PRODUCTION

Railway Carloadings (million tonnes)	July	19.4	137.4	21.2
Steel (ingots — thousand tonnes)	July	1,117	8,696	24.6

SALES

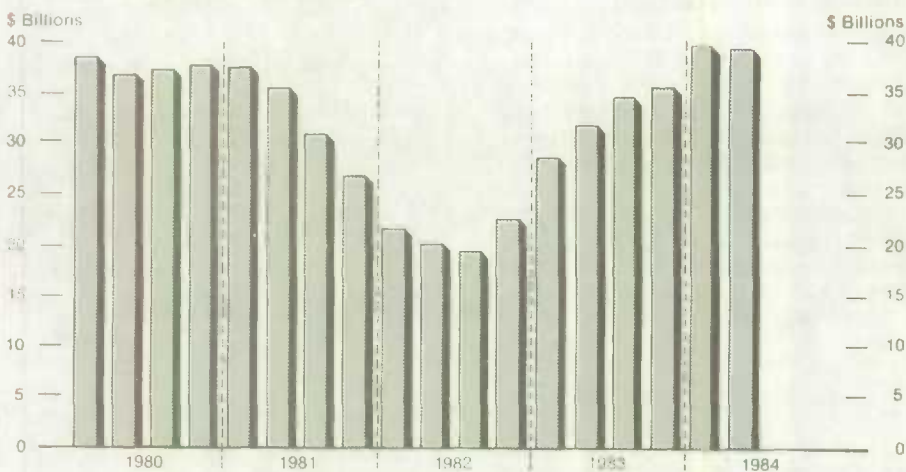
Department Store Sales (\$ million)	July	806.3	5,633.5	5.0
Manufacturers' Shipments (\$ million)	July*	17,351.1	129,780.7	16.1
New Motor Vehicle Sales (\$ million)	July	1,260.6	9,608.3	36.8
Retail Sales (\$ million)	July	9,473.9	63,711.9	9.6

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Corporation Profits (Before Taxes)

(Data Seasonally Adjusted at Annual Rates)



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

Canada

... Consumer Price Index

The 0.2% increase in the housing component, attributable principally to a 1.1% rise in the rent index, and this mainly observable in Quebec urban centres, was the single most important contributing factor in the 0.2% increase in the all-items-excluding-food index. Price increases for women's wear items, cigarettes in Ontario, beer and liquor served in licensed premises and certain recreational items also contributed to this advance. Between August 1983 and August 1984, the index for all items excluding food increased by 3.3%, down considerably from the 3.8% observed in July.

On a seasonally-adjusted basis, the all-items index increased by 0.2% between July and August, comprising a decrease of 0.1% in the food component and a 0.2% rise in the all-items-excluding-food index. During the three-month period May to August, the all-items index rose at a seasonally adjusted compounded annual rate of change of 2.8%, the fourth consecutive month in which this rate has been below 3%.

For further information, order the August 1984 issue of *The Consumer Price Index* (62-001, \$2.75/\$27.50), or contact Sandra Shadlock or Suzanne Gratton (613-990-9606), Prices Division, Statistics Canada, Ottawa K1A 0T6.

... Income Distributions

- Regardless of age of family head, no group of families experienced an increase in real average income. In fact, the average incomes of young families (heads under 25 years of age), at \$20,891, represented a 9% drop on an inflation-adjusted basis.

- At \$19,034, the average income of families headed by females (mostly single-parent families) was about one-half of the \$36,351 average received by male-headed families.

For further information, order *Income Distributions by Size in Canada, Preliminary Estimates, 1983* (13-206, Canada: \$5; other countries: \$6), or contact the Data Dissemination Unit (613-990-9775), Consumer Income and Expenditure Division, Statistics Canada, Ottawa K1A 0T6.

Leading Indicator of Building Construction

The leading indicator of building construction activity in Canada (1971=100) continued to recover in May 1984, advancing 2.4% from April to a level of 89.0. In May, after four consecutive increases, the index posted a level of building intentions comparable to the peak reached in 1983.

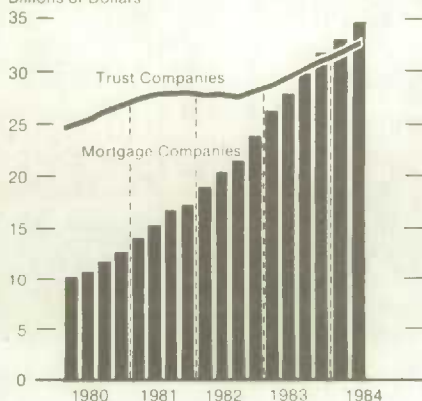
The leading indicator of residential construction moved up 2.5% in May to 89.1. Dwelling construction intentions continued to grow in spite of interest rate increases, but are almost entirely supported by the Ontario performance; since the beginning of the year, 40% of the residential construction activity in Canada has occurred in this province.

For further information, contact Lizette Gervais-Simard (613-990-9689), Construction Division, Statistics Canada, Ottawa K1A 0T6.

Trust and Mortgage Companies

Quarterly Statements of Mortgages Outstanding

Billions of Dollars



Source: Statistics Canada, Financial Institutions, Financial Statistics (61-006)

Department Store Sales

Total department store sales in Canada for July 1984 registered their first drop since April 1983, decreasing 0.9% from the same month last year to \$806.3 million.

At the provincial level, sales decreases were reported for the Yukon and Northwest Territories (-8.9%), Alberta (-7.7%), Ontario (-3.4%), Newfoundland (-2.7%) and British Columbia (-2.2%), while the remaining provinces posted advances ranging from 9.0% in Quebec to 0.4% in Nova Scotia. Of the 10 metropolitan areas surveyed, the only cities recording increased sales were Quebec City (+15.6%), Montreal (+7.6%) and Winnipeg (+4.2%), while the remaining metropolitan areas recorded decreases ranging from 5.9% in Edmonton to 1.8% in Hamilton.

Department store sales constituted 8.5% of total retail trade in Canada in July 1984, a notable decline from the 9.0% share held in July 1983.

For further information, order the July 1984 issue of *Department Store Sales and Stocks* (63-002, \$3.30/\$33).

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Weekly Bulletin

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

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3F, R.H. Coats Building, Tunney's Pasture,
Ottawa K1A 0T6.

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.

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Inventories/Shipments/Orders

Preliminary estimates show the seasonally adjusted value of new orders received in all Canadian manufacturing industries in July 1984 decreased 3.4% to \$18,688.7 million from the revised June estimate of \$19,352.1 million. In durable goods industries, new orders with an estimated value of \$8,102.8 million fell 7.7% from the June value of \$8,774.9 million; most of the decrease results from losses of \$466.4 million in transportation equipment industries, \$207.2 million in primary metal industries and \$191.9 million in electrical products industries. In non-durable goods industries, new orders received were valued at \$10,586.1 million, up 0.1% from June's revised estimate of \$10,577.6 million.

Shipments in manufacturing industries in July 1984 increased 0.9% to \$18,976.6 million, seasonally adjusted from the revised estimate of \$18,798.3 million in June. Shipments of durable goods industries were up 1.2% to \$8,365.6 million from \$8,262.5 million, primarily due to increases of \$97.6 million in primary metal industries, \$91.0 million in the wood industries and \$83.2 million in metal fabricating industries. These increases were partly offset by a \$200.7 million decrease in transportation equipment industries. In non-durable goods industries, an increase of \$98.5 million in paper and allied industries accounted for most of the gain, as shipments rose to \$10,611.0 million for the current month from \$10,535.8 million in June.

The seasonally adjusted unfilled orders backlog at the end of July was \$22,334.1 million, down 1.3% from the revised June estimate of \$22,492.0 million.

Inventory owned by manufacturers at the end of July was \$32,704.7 million, seasonally adjusted, up 1.4% from the previous month's revised value of \$32,265.2 million.

The seasonally adjusted ratio of total inventory owned to shipments at the end of July remained at 1.72:1. The ratio of finished products inventory to shipments went to 0.62:1 in July from 0.61:1 in June.

Manufacturers' shipments in July 1984 not adjusted for seasonal variation were estimated at \$17,351.1 million. Cumulative shipments for the first seven months of 1984, at an estimated \$129,780.7 million, were up 16.1% from the \$111,749.2 million estimated for the same period in 1983.

For further information, order the July 1984 issue of *Inventories, Shipments and Orders in Manufacturing Industries* (31-001, \$3.85/\$38.50), or contact J. Lepage (613-990-9832).

Production of Raw Steel

Preliminary estimates show steel ingot production for the month of August 1984 totalled 1 133 697 tonnes, an increase of 3.4% from 1 096 800 tonnes a year earlier.

For further information, order the August 1984 issue of *Primary Iron and Steel* (41-001, \$2.75/\$27.50), or contact G.W. Barrett (613-990-9826), Manufacturing and Primary Industries Division.

Canadian Leading Indicator

According to the Canadian composite leading index in June, economic output growth will be somewhat reduced during the second half of the year from the moderate rates posted in the first half. The index decelerated noticeably in June for the second straight month, to +0.59% from +0.87%. This deceleration reflects declines in the non-filtered version in April (-0.2%) and in June (-0.4%). The major signs of a further easing of growth emanate from the consumer and export sectors, and from the indicator of profit margins. This deceleration of final demand was reflected in stock accumulation in manufacturing which, with no indication that firms regard stocks as too low, augurs a further slowing of output.

In June, the leading indicators of consumer demand remained unfavourable, partly due to ongoing high interest rates and lower consumer confidence: new motor vehicle sales continued to decelerate (to +0.44% from +0.67%) while furniture and appliance sales declined 0.91%. Overall consumer demand rose in the second quarter, as higher real incomes stimulated purchases of some semi- and non-durable goods. However, much of the increase in incomes was due to irregular factors and, along with the uneven nature of employment gains during the summer, suggests that spending on semi- and non-durable goods may be less important in coming months. The signs of a moderation of spending are reinforced by a further slowdown of the growth of wage rates to post-1967 lows, while prices rose at the turn of the second quarter. Negotiated wage settlements (without COLA clauses) signed in large bargaining units in the second quarter rose an average of 2.9% at annual rates, after a 3.9% increase in the first quarter.

The residential construction leading index turned up for the first time in 11 months in June (+0.77%), reflecting a firming of housing activity after several quarterly declines. The recent behaviour of two of the components of this index — building permits and housing starts — is more reflective of building activity in the short run, suggesting a stabilization of new housing activity rather than a marked increase. Housing starts in urban areas declined 4.5% in non-filtered terms in June, continuing to oscillate along with permits around low levels. The number of mortgage loan approvals rose in June for the fourth straight month, particularly for single dwellings, accounting for most of the gain in the housing index. This sizeable increase appears to reflect mainly an advancement in the timing of credit demand as a hedge against rising interest rates.

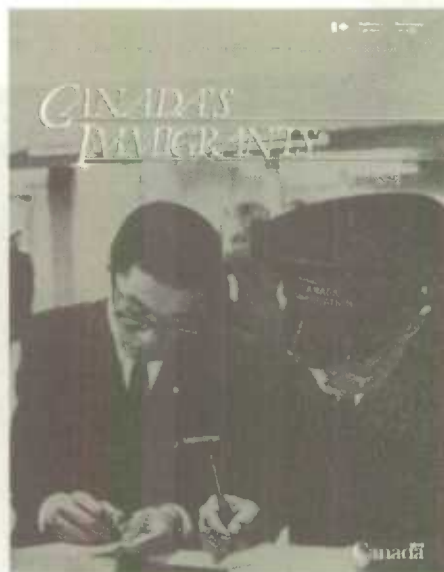
The steady moderation of final demand, to a rate of increase of only 0.4% in the second quarter, continued to influence the course of the manufacturing leading indicators in June. Following a drop in shipments together with an increase in stocks in non-filtered terms in recent months, the ratio of shipments to finished goods stocks slowed

(+0.002) in June, and there is no evidence of a sustained period of voluntary stock accumulation. In the July business conditions survey, firms said that they were largely satisfied with stock levels. New orders for durable goods edged up (+0.65%) along with the average workweek (+0.07%) in June, after declines earlier in the year. Nevertheless, these upturns may not be sustained in the short term, as the sources of growth in the second quarter were transitory (notably a recovery from labour disputes in the pulp and paper industry). The indicator of profit margins continued to slow in June (+0.02%), reflecting two consecutive monthly declines in the non-filtered version.

The leading indicator for the United States slowed markedly in June (+0.26%), which suggests that Canada's exports probably will contribute to a further weakening of final demand in the next several months. Exports to the United States posted a second straight decline (-0.8%) in the month of July, a result of weakness in cyclically sensitive sectors such as autos and housing as well as crude and intermediate materials.

The deterioration of the Canadian financial market indicators continued into June, with the Toronto Stock Exchange index off 2.53% and the real money supply down 0.05% after a brief upturn in May. These negative signs, for components with the longest lead times at turning points, reinforce the expectations of a further slowdown of growth in the second half of the year.

For further information, order *Current Economic Analysis* (13-004E, Canada: \$2.75/\$27.50; other countries: \$3.30/\$33), or contact D. Rhoades (613-990-9161), *Current Economic Analysis Division*, Statistics Canada, Ottawa K1A 0T6.



Canada's Immigrants

The 1981 Census identified some 3.8 million immigrants in Canada, 16% of the total population. *Canada's Immigrants* outlines characteristics of this immigrant population, including age, educational level, income, household status and citizenship.

Copies of the report (catalogue 99-936, Canada: \$5.50; other countries: \$6.60), part of the popular Census Content Series, are available from Publication Sales and Services or any of the Bureau's regional reference centres.

Air Carrier Fares

Data reported by five major Canadian carriers show that, in 1983, 45.1% of domestic air passengers travelled on a fare involving some form of discount relative to the regular economy fare. Long-haul interprovincial passengers (i.e., on city-pairs involving distances of 800 kilometres or more as determined by the flight coupon origin and destination) showed the highest rate of discount fare utilization; 57.8% of passengers in this traffic category travelled on a discount fare during 1983.

Notes on survey concepts and the reliability of the estimates will be found in the *Aviation Statistics Centre Service Bulletin*, (September 1984), Vol. 16, No. 9 (51-004, \$1.60/\$16).

For further information, contact E. Di Sanza (819-997-1385), *Aviation Statistics Centre, Transportation and Communications Division*, Statistics Canada, Ottawa K1A 0T6.

Restaurants/Caterers/Taverns

Preliminary estimates for July 1984 show restaurant, caterer and tavern establishments in Canada had receipts totalling \$1,013.5 million, up 4.5% from July 1983.

Revised total receipts of these establishments for June 1984 were \$985.8 million, an increase of 7.8% over June 1983.

For further information on provincial totals by kind of business and on chains versus independents, order the July 1984 issue of *Restaurant, Caterer and Tavern Statistics* (63-011, \$1.60/\$16), or contact Ed Yablonski (613-990-9662), *Services Section, Merchandising and Services Division*, Statistics Canada, Ottawa K1A 0T6.

Fur Farms Report

Production of mink in 1983 amounted to 1,491,910 pelts, up from the 1,465,961 pelts produced in 1982. Value of mink pelts sold rose to \$43.4 million in 1983 from \$40.9 million in 1982.

For further information, order *Report on Fur Farms, 1983* (23-208, \$5), or contact Paul Murray (613-990-8714), *Agriculture Statistics Division*, Statistics Canada, Ottawa K1A 0T6.



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