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Weekly Bulletin



October 4, 1985

## Industrial Corporations

According to second quarter 1985 final results, seasonally adjusted pre-tax profits of industrial corporations declined \$217 million or 2.1% from the previous quarter, to a level of \$10.1 billion.

This represents the first quarter-to-quarter decline in seasonally adjusted pre-tax profits since the second quarter of 1982. Lower dividends received combined with reduced operating income were the primary cause of the profit decline.

On a year-to-year basis, unadjusted for seasonal variation, pre-tax corporate profits rose 3.2% to a level of \$10.2 billion in the second quarter of 1985. This continues the trend of reduced growth rates recorded for year-over-year pre-tax profits over the past seven quarters. Sales in the second quarter of 1985 totalled \$184.4 billion, up 7.2% from the year-earlier period.

### Balance Sheet Data

Balance sheet data show an improving short-term liquidity of industrial corporations, with the working capital ratio now standing at 1.40, up from 1.39 in the first quarter of 1985 and 1.34 in the second quarter of 1984. The actual level of working capital expanded to \$38.4 billion, up from

(continued on page 2, col. 2)

## Income Distributions by Size in Canada

Preliminary 1984 income data from Statistics Canada's annual survey of Consumer Finances show that, after adjustment for inflation, average income levels of families and unattached individuals were basically unchanged from those of 1983. Consequently, real family incomes had not started to return to the levels experienced in 1980 and 1981.

Although statistics on low income indicated changes since 1983 (a higher proportion of families and a lower proportion of unattached individuals with low income), the 1983-84 changes may not be statistically significant when the final data are released in early 1986. However, it can be said that for families, the percentage with low incomes remained higher than the levels of 1980 and 1981. For unattached individuals, the incidence of low income has been relatively stable since 1980.

Highlights of the report *Income Distributions by Size in Canada, Preliminary Estimates, 1984*, include:

- The average family income of \$35,853 in 1984 did not represent an increase from

(continued on page 2, col. 1)

## LATEST MONTHLY STATISTICS

### EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings(\$)	July*	419.84	419.81	3.7
Labour Income (\$ million)	June	21,176.8	20,712.9	6.1
Persons with Jobs (million)	Aug.	11.83	11.83	2.7
Unemployed	Aug.	1,253,000	1,272,000	-7.0

### INVENTORIES

Department Store (\$ million)	July	3,393.3	3,292.1	2.6
Manufacturers' Owned (\$ million)	July	33,856.2	33,923.6	4.3

### ORDERS

Manufacturers' New Orders (\$ million)	July	19,339.3	21,136.2	12.7
Manufacturers' Unfilled Orders (\$ million)	July	22,668.6	22,576.8	3.0

### PRICES

Consumer Price Index (1981 = 100)	Aug.	127.8	127.6	4.0
New House Price Index (1981 = 100)	July	95.9	95.6	0.7
Raw Materials Price Index (1977 = 100)	Aug.*	216.1	216.9	0.8
Excl. coal, crude oil, nat. gas	Aug.*	152.8	154.1	-3.7
Industry Selling Price Index (1971 = 100)	Aug.*	318.8	318.9	2.0

### CONSTRUCTION

Building Permits (\$ million)	July*	1,630.3	10,396.3	16.8
Housing Starts - Urban Centres (units)	July	12,690	73,362	14.6

### ENERGY

Coal Production (thousand tonnes)	May	5 141	26 094	13.2
Electricity Generation (terawatt hours)	June	32 077	224 618	4.8
Natural Gas Production (million cubic metres)	June*	6 460	49 666	10.6
Petroleum Refining (thousand cubic metres)	July*	7 785	48 561	-5.6

### FOREIGN TRADE

Exports - Balance of Payments Basis (\$ million)	July	8,425	68,736	6.9
Imports - Balance of Payments Basis (\$ million)	July	8,659	59,234	10.7

### PRODUCTION

Railway Carloadings (million tonnes)	July	19.5	138.3	0.6
Steel (ingots - thousand tonnes)	July	1 066	8 376	-3.8

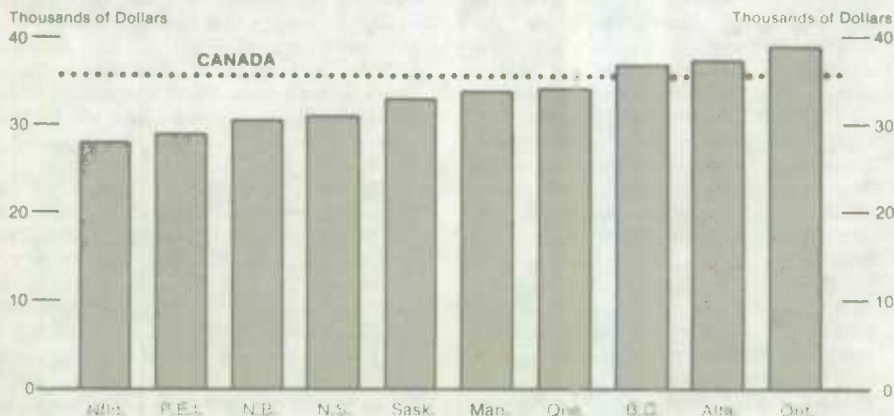
### SALES

Department Store Sales (\$ million)	July	875.7	5,884.1	4.4
Manufacturers' Shipments (\$ million)	July	19,247.4	138,620.8	6.5
New Motor Vehicle Sales (\$ million)	July	1,610.1	11,803.3	22.8
Retail Sales (\$ million)	July	10,656.2	70,684.5	9.7

Statistics are in current dollars and are not seasonally adjusted.

\* - new this week.

## Average Family Income,\* 1984



Source: Statistics Canada, *Income Distributions by Size in Canada, Preliminary Estimates (13-206)*

\* Preliminary estimates - includes all money income before taxes or other deductions and does not take inflation into account.



## ... Income Distributions by Size in Canada

1983 on an inflation-adjusted basis.

- None of the 10 provinces showed a significant increase in real family income in 1984 from 1983. Since 1982, family incomes in Newfoundland, Saskatchewan, Alberta and British Columbia have declined.
- Regardless of age of family head, no group of families experienced an increase in real average income. Families with heads under 25 years of age had the lowest average at \$22,419 while those with heads 45 to 54 years of age had the highest at \$43,755.
- At \$20,788, the average income of families headed by females (mostly lone-parent families) was about one-half of the \$37,841 average received by male-headed families.

Statistics on low income indicate that:

- In 1984, approximately 4.3 million persons – up from 4.2 million in 1983 – were unattached individuals or members of a family whose income was below the Statistics Canada low income cut-offs. These low income persons represented 17.8% of the covered population, compared with 17.1% in 1983, 16.1% in 1982 and 14.7% in 1981. Since 1983 statistics were produced from a small survey sample, the rise in the low income incidence for 1984 may not be statistically significant. However, the proportion of persons with low income is still significantly higher than in 1982 and 1981. (Low income cut-offs are relative levels selected on the basis of income and expenditure patterns in 1978 and vary by size of area of residence and by the size of the family.)
- Among age groups, young families (with heads under 25 years of age) still had the highest proportion with low income. Their incidence of low income, at 31.3% in 1984, was down from 34.7% in 1983. This appears to break the trend of steadily increasing low income rates for this group since 1979, when the figure was 20.5%.
- The proportion of elderly families (heads 65 years of age and over) that had low income remained stable at 11.9%, below the rate of 15.0% for all families. This is the third year that the rate of low income for this group has been below the national average.
- Among elderly unattached (of whom almost 80% are female), the rate was 50.4%. This improvement, from 57.5% in 1983, is a continuation of a downward trend since 1979. However, the proportion of this group in a low income situation is still substantially above that of other major socio-economic groups.
- The percentage of female-headed families (mostly lone-parent families) that were in a low income situation was 42.9%, not significantly changed from 1983 and still substantially above the rate for all families.

Order Income Distributions by Size in Canada, Preliminary Estimates, 1984, (13-206, \$10), or contact the Data Dissemination Unit (613-990-9775), Household Surveys Division.

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## ... Industrial Corporations

\$37.2 billion in the first quarter 1985 and only \$32.5 billion in the second quarter of 1984.

Order the second quarter issue of **Industrial Corporations: Financial Statistics** (61-003, \$50/\$200), available the first week of November, or for further information contact Gail Campbell or Bill Potter (613-990-9843), Industrial Organization and Finance Division.

## Corporation Financial Statistics

Financial characteristics reported by corporations in 1983 reflected a turnaround in sales and profits from the 1982 recession, although the overall rate of growth in assets was still below the levels of previous years.

Book value of assets increased 3% to \$1,304 billion compared to a 6% increase in 1982 and a 19% increase in 1981. Assets in the financial sector were up 1.5% at \$701 billion, whereas in the non-financial sector the book value of total assets increased 4% to \$603 billion.

Total sales of all industries amounted to \$747 billion, up 1.7% following a 1% increase in the previous year. The financial sector no longer continued to out-perform the non-financial sector by registering a 11% decline in sales to \$90 billion (compared to a 6% increase in 1982) while sales in the non-financial sector increased 4% to \$658 billion (compared to a 0.5% increase in 1982).

Pretax profits (net of losses) in all industries reflected a sharp turnaround, up 26% to \$42 billion compared to a 35% decline in 1982. In the financial sector profits increased 17% to \$10 billion while in the non-financial sector, profits increased 28% to \$33 billion.

Order **Corporation Financial Statistics, 1983** (61-207, \$50), which includes a series of key financial ratios for 182 industries, or for more information contact A. Dorland (613-990-9855), Industrial Organization and Finance Division.

## Unemployment Insurance

Unemployment insurance benefits paid in July 1985 totalled \$785 million, up 9.9% over the previous month and 7.6% over July 1984. For the first seven months of 1985 unemployment insurance payments to claimants amounted to \$6,575 million, up 5.7% over the same period in 1984.

During the month of July, 287,000 claims for unemployment insurance benefits were received, up 35.1% from June 1985, but down 3.2% from July 1984. Between January and July 1985, Commission offices received 1.83 million claims for benefits, down 3.6% from the same period last year.

For the week ending July 20, 1985, the number of beneficiaries stood at 990,000, down 2.9% from the previous month and 9.1% from July 1984.

Adjusted for seasonal variation, the number of beneficiaries receiving regular benefits has declined since January 1985. The number of beneficiaries in July 1985 declined 0.8% from June.

Data for the months of May, June and July will be published in the July 1985 issue of **Unemployment Insurance Statistics** (73-001, \$12/\$120), or contact H. Stiebert or J.-P. Maynard (613-990-9900), Labour Division.

## Crude Petroleum and Natural Gas Production

Production of crude oil and equivalent hydrocarbons for June 1985 decreased 0.7% from the previous year to 7 366.8 thousand cubic metres, while exports rose 39.4% to 2 008.1 thousand cubic metres. Imports advanced 52.8% to 1 662.9 thousand cubic metres. Canadian refinery receipts of crude oil increased 4.8% to 7 101.2 thousand cubic metres.

Net withdrawals of natural gas in June 1985 increased 7.2% from last year, totalling 6 460.2 million cubic metres. Marketable production of natural gas after treatment at processing plants amounted to 5 082.4 million cubic metres, up 7.0%, while net withdrawals of natural gas liquids (propane, butanes and ethane) reached 1 065.7 thousand cubic metres, up 1.7%. Exports of natural gas reached 1 762.9 million cubic metres, up 23.3%, while sales in Canada increased 4.4% to 2 650.4 million cubic metres.

Order the June 1985 issue of **Crude Petroleum and Natural Gas Production** (26-006, \$8/\$80), or contact G. O'Connor (613-991-3562), Industry Division.

## Farm Wages in Canada

At August 15, 1985, the average hourly wage, without board, lodging, or house provided, was estimated to be \$5.31, up 2.7% compared to \$5.17 at August 15, 1984. The highest average wage, \$6.19 per hour, was paid in Saskatchewan, while the lowest, \$4.67, was paid in Quebec.

Order **Farm Wages in Canada** (21-002, \$7/\$28), or contact Elizabeth Leckie (613-990-8706), Agriculture and Natural Resources Division.



## Industry Selling Price Index

Preliminary estimates show that the Industry Selling Price Index (ISPI) for manufacturing (1971=100) stood at 318.8 in August 1985, down marginally from the revised level of 318.9 for July. The year-over-year advance, calculated by comparing the level for August 1985 with the level for August 1984, stood at 2.0%, up slightly from the 1.9% recorded in July 1985. While the monthly change was negligible, a number of major groups showed substantial price movements.

The food and beverage industry index fell 0.5% in August, but remained 0.1% higher than a year earlier. The monthly decline was largely due to decreases of 2.7% in the slaughtering and meat processors index, 2.7% in the poultry processors index and 3.1% in the flour and breakfast cereal products index. These down-swings were partly counterbalanced by a jump of 11.7% in the cane and beet sugar processors index.

The wood industry index decreased by 0.5% in August, but remained 3.2% higher than in August 1984. The main stimulus for the monthly decline was a 1.4% decrease in the sawmills and planing mills index, partly offset by a 2.2% rise in the veneer and plywood mills index.

Primary metals rose 0.3% from July 1985, but were down 1.0% from August 1984. A 0.4% advance in the smelting and refining index, attributable to price increases of 2.3% for copper and 4.9% for precious metals, and a 0.5% upturn in the iron and steel mills index were the key factors in the group index's increase for the month.

## Raw Materials Price Index

The Raw Materials Price Index (RMPI, 1977=100) stood at a preliminary level of 216.1 in August 1985, down 0.4% from the revised July level of 216.9. Compared to August 1984 the index has risen 0.8%. The Raw Materials Price Index excluding coal, crude oil, and natural gas decreased 0.8% over the month and was 3.7% lower than its year-earlier level.

The vegetable products component index level fell 5.3% in August and was down 13.5% from its August 1984 level. Wheat and other grains decreased 8.6% in August to stand at a level 16.7% lower than the level for August 1984. Fresh vegetables dropped 19.4% over the month and 27.5% over the year.

The non-ferrous metals component index level increased 1.2% over the month. Despite this increase, the component is still 7.8% lower than its August 1984 level. Increases for precious metals and copper were the main contributors to August's higher index level.

The animal and animal products component index level was down 0.3% in August and down 5.3% over the year. The major contributor to this monthly decrease was the 7.5% drop in hog prices.

*Order the August 1985 issue of Industry Price Indexes (62-011, \$15/\$150), or contact the Information and Current Analysis Unit (613-990-9606/7), Prices Division.*

## Building Permits

After four consecutive monthly increases, the seasonally adjusted value of building permits issued by Canadian municipalities in July decreased 4.9% to \$1,588.6 million from \$1,670.1 million in June.

The seasonally adjusted value of building permits issued for residential construction in July totalled \$897.9 million, down 5.4% from the \$948.7 million recorded in June. This decrease was the result of a marked fall of intentions in the multi-family dwelling sector and a slowdown in the single-family dwelling sector. On a seasonally adjusted basis, 13,747 units were approved in July (8,113 single-detached and 5,634 multiple dwellings), down 9.1% from the 15,180 units approved in June (8,413 single-detached and 6,707 multiple dwellings). Translated into annual terms, these approvals represented 165,000 and 181,400 units respectively. In July, gains were registered only in Quebec and the Prairies.

The seasonally adjusted value of non-residential projects in July slipped for a third consecutive month to \$690.7 million, down 4.3%. This drop was attributable to the weakness of intentions recorded in the commercial sector (-7.5%) and to a lesser extent, the industrial sector (-4.6%). Meanwhile, the public sector (+4.1%) increased its level of construction intentions. The province of Ontario showed a sharp fall while the other regions registered slight increases.

*Order the July 1985 issue of Building Permits (64-001, \$20/\$200), or contact G. Lemay (613-990-9689), Science, Technology and Capital Stock Division.*

## Construction Building Material Indexes

### Non-residential

The non-residential construction building material price index (1981=100) rose to 120.0 in August, up 0.1% from its revised July level of 119.9. This index of non-residential building material prices now stands 4.2% higher than its year-ago level of 115.2.

Between July and August 1985, increases were noted in three components. The largest increase was reported for mechanical materials (0.2%), followed by architectural and electrical materials, each at 0.1%. The main contribution to the increase in the total index came from higher prices for plywood.

Between August 1984 and August 1985, architectural and mechanical materials both increased 4.8%, followed by structural materials (4.1%) and electrical materials (1.3%).

### Residential

The price index for residential construction building materials (1981=100) rose to 120.8 in August, up 0.2% from its revised July level of 120.5. This index now stands 5.1% higher than its year-ago level of 114.9.

Between July and August 1985, increases were noted in two components; the largest increase was reported for architectural materials (0.3%), followed by mechanical materials (0.2%). Structural materials declined by 0.2%. Contributing to

## Gross Domestic Product

Gross Domestic Product in constant 1971 prices increased 1.0% in July 1985 following an advance of 0.7% in June. Output of goods-producing industries rose 1.8% in July, while for service-producing industries the output increase was 0.5%.

The overall advance in GDP was 2.8% since the start of 1985, slightly slower than the 3.0% advance over the same period last year. For the service-producing industries, growth for the first seven months of the year was 2.5% in 1985 and 2.7% in 1984. Output of the goods-producing industries has increased 3.3% so far this year, compared to 3.6% for the same period last year.

Manufacturing production grew 2.4% in July following a 1.5% increase in June. Gains were widespread in July with motor vehicle and motor vehicle parts manufacturers accounting for almost 40% of the increase. For motor vehicle parts manufacturers, the 14.8% July increase followed six months of declines, leaving output still slightly below the level of January. Motor vehicle manufacturing output has increased for four consecutive months, but July output remained slightly below September 1984.

Construction recorded a strong output gain, mainly as a result of an advance in residential construction. Construction output has now advanced for five consecutive months to record an overall gain of 9.2%.

Utilities output rose in July due to increases in both electric power utilities and gas distribution. For electric power utilities, output has been relatively flat for the first six months of the year.

Among the service-producing industries the gain was mainly traceable to increases in insurance and real estate agencies, telephone systems, security brokers and dealers and retail trade. For insurance and real estate agencies the advance reflects continued strength in real estate sales. Telephone systems output increased primarily due to increased long distance calls.

In retail trade, the gain in July recovered the loss in June to leave output at about the same level as May. Some of the major advances in July were in food stores, new motor vehicle dealers, clothing stores and drug stores.

*Order the July 1985 issue of Gross Domestic Product by Industry (61-005, \$10/\$100), or contact Richard Martel (613-990-9145), Industry Measures and Analysis Division.*

the increase in the total index were higher prices for plywood and particleboard which more than offset price decreases for lumber and mineral wool.

Between August 1984 and August 1985, the largest year-over-year price increase was recorded for architectural materials (6.0%), followed by structural materials (5.7%), mechanical materials (1.4%) and electrical materials (0.7%).

*Order the third quarter 1985 issue of Construction Price Statistics (62-007, \$15/\$60), or contact Don DeGenova (613-990-9601), Prices Division.*



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