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Weekly Bulletin

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FEB 8 1985

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February 8, 1985

External Trade

On a seasonally adjusted Balance of Payments basis, preliminary estimates indicate that the value of Canada's total exports fell 1.4% or \$130 million in December to a level of \$9.4 billion. The December decline follows a drop of \$385 million (3.9%) in November and a small rise of \$40 million (0.4%) in October.

Imports rose 4.5% or \$340 million after a \$160 million (2.1%) increase in November and a \$375 million (4.8%) decline in October. The net effect of these movements was a drop in the merchandise trade surplus to \$1.4 billion.

Quarter-to-Quarter

Total exports declined 2.6% or \$0.8 billion to \$28.8 billion in the fourth quarter of 1984, following increases in the previous three quarters of 6.4%, 5.1% and 6.5%. Imports followed a similar pattern and turned down in the fourth quarter, registering a drop of 5.0% or \$1.2 billion. This contrasts growth in the previous quarters of 7.9%, 1.7% and 7.5%. The net effect was an increase of \$425 million in the merchandise trade surplus to a record level of \$5.8 billion.

1984 Merchandise Trade Surplus

The trade surplus for the year as a whole was also record setting at \$20.8 billion, \$3.1 billion over 1983 and \$3.0 billion above the previous record in 1982.

The industrial sectors contributing to this surplus were:

- Forest products with a \$14.7 billion balance, an increase of \$2.3 billion over 1983;
- Energy-related products with a positive balance of \$8.7 billion, \$1.1 billion higher than last year;
- Industrial goods and materials with a surplus of \$4.8 billion, an increase of \$1.4 billion;
- Agricultural products with a surplus of \$5.1 billion, a slight decline of \$450 million; and
- Automotive products, which contributed \$3.7 billion to the surplus, \$1.0 billion more than in 1983.

Offsetting the contribution to the surplus were:

- Machinery and equipment with a deficit of \$10.9 billion, an increase in the deficit of \$2.1 billion; and
- Consumer goods, which registered a \$8.3 billion deficit, an increase of \$1.6 billion.

(continued page 2, col. 3)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

Average Weekly Earnings (\$)	Nov.	410.76	408.25	4.1
Labour Income (\$ million)	Nov.*	20,001.9	20,004.3	6.9
Persons with Jobs (million)	Dec.	10.97	11.05	2.4
Unemployed	Dec.	1,316,000	1,355,000	-1.5

INVENTORIES

Department Store (\$ million)	Nov.	3,950.5	3,924.2	2.5
Manufacturers' Owned (\$ million)	Nov.	32,862.5	32,916.3	7.8

ORDERS

Manufacturers' New Orders (\$ million)	Nov.	19,856.5	20,278.2	8.0
Manufacturers' Unfilled Orders (\$ million)	Nov.	22,183.8	22,223.0	9.1

PRICES

Consumer Price Index (1981=100)	Dec.	124.1	124.0	3.8
New House Price Index (1981=100)	Dec.*	94.7	94.5	-0.1
Raw Materials Price Index (1977=100)	Dec.*	221.9	221.7	4.5
Excl. coal, crude oil, nat. gas	Dec.*	156.5	156.4	1.4
Industry Selling Price Index (1971=100)	Dec.*	313.9	313.4	3.6

CONSTRUCTION

Building Permits (\$ million)	Nov.*	1,140.3	14,021.6	3.6
Housing Starts — Urban Centres (units)	Dec.*	8,792	110,874	-17.4

ENERGY

Coal Production (thousand tonnes)	Nov.	5,212	52,355	29.3
Electricity Generation (terawatt hours)	Nov.	37.5	383.8	8.2
Natural Gas Production (million cubic metres)	Nov.	8,570	79,844	8.6
Petroleum Refining (million cubic metres)	Nov.	7.2	79.8	1.2

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Dec.*	8,999	112,510	23.9
Imports — Balance of Payments Basis (\$ million)	Dec.*	6,905	91,679	25.4

PRODUCTION

Railway Carloadings (million tonnes)	Dec.*	16.9	240.0	15.9
Steel (ingots — thousand tonnes)	Dec.	1,105	14,571	14.5

SALES

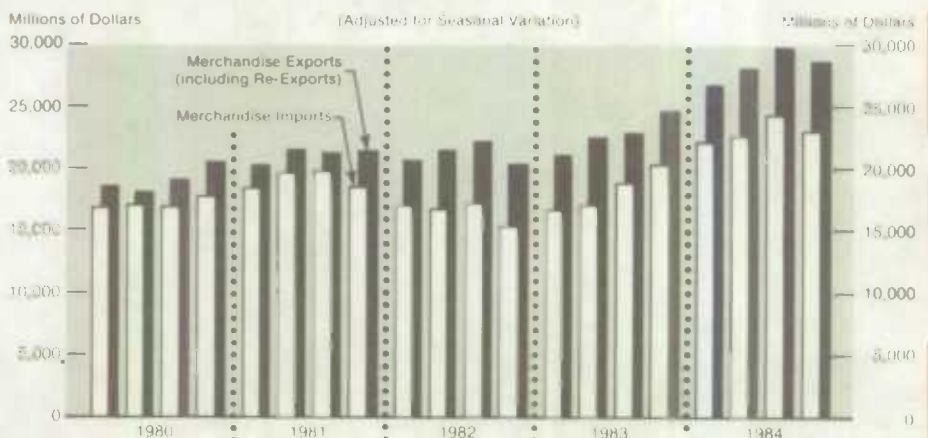
Department Store Sales (\$ million)	Nov.	1,254.7	9,666.7	5.1
Manufacturers' Shipments (\$ million)	Nov.	19,895.8	207,942.6	13.7
New Motor Vehicle Sales (\$ million)	Nov.	1,266.9	14,607.2	29.3
Retail Sales (\$ million)	Nov.	10,462.9	103,039.0	9.0

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Canadian Merchandise Exports and Imports[☆]

Quarter-by-Quarter Movements



☆ Balance of Payments Basis

Source: Statistics Canada, Summary of External Trade (65-001)

Current Economic Analysis and Leading Indicator

Leading Indicator

The filtered version of the index of leading indicators declined for the third successive month in October. The drop was 0.6% to a level of 158.3. The non-filtered index fell 1.8%, the sixth decline in the past seven months.

Nine of the 10 components of the index fell during the month, but in seven cases, the magnitude of the decline was about the same or less than that registered in September. An exception was the residential construction index which fell 2.2%. The index of stock prices rose for the second consecutive month, following seven months of decline.

Sales of furniture and appliances and new motor vehicles slipped by 0.5% and 0.2% respectively, in October. While this indicates continued weakness in personal expenditure on durable goods, overall retail sales rose in October as did employment in trade and services in the fourth quarter.

The residential construction index turned down by 2.2% in October. The indicators of manufacturing activity were little changed in October: new orders for durable goods edged down by 0.3%, while the ratio of shipments to stocks of finished goods was almost unchanged at a level of 1.7 and the average workweek declined 0.4% to 38.5 hours.

The leading indicator for the United States fell slightly for the fourth month in a row (-0.3%), with the inclusion of a 0.5% drop in the non-filtered version in October. All of the indicators of final demand in the United States fell during September and October, while preliminary data for November show a small gain.

Monthly Review

Aggregate output rebounded by 1.2% in November and much of the gain was due to strike-depressed levels in September and October. Industrial production remained below its peak of July, despite a 2.2% rebound in November.

A continued slow increase in employment and a drop in labour force participation contributed equally to the drop in the unemployment rate from 11.3% in November to 10.8% in December.

The average monthly gain in output since July has slowed to 0.2%. The slowdown coincided with a marked deceleration of the trend of export growth, from 2.2% to 0.2% over the past four months, and with continued restraint in domestic spending on durable goods. The slowing of export demand largely originated in a flattening-out of demand in the United States.

Domestic demand continues to be sluggish, as gains in services have been accompanied by weakness for manufactured durable goods. Residential construction remains weak, with total housing starts down 15.3% in the fourth quarter. Real retail sales rose by 0.7% over October and November after a weak third quarter. The Conference Board index of consumer confidence declined from 104.6 to 97.6 in the fourth quarter, while labour income edged up by only 0.3% between July and October compared to a 3.0% gain in the previous three-month period. Salary growth has been restrained by slow employment gains, by low wage increases, and by increased strike activity up to October.

Real inventory investment in manufacturing rose substantially in September (+\$128 million) and in October (+\$113 million). Together with a drop in shipments over this period, notably of durable goods industries, the total manufacturing stock-to-shipments ratio rose from a low of 1.77 in August to 1.86 in October. The increase in stocks occurred despite the cutback in manufacturing output over this period. Manufacturing firms showed little desire to rebuild inventories in the October business conditions survey, as only 6% of firms felt that stocks were too low while about one-quarter of firms evaluated stocks as too high.

Contact D. Rhoades (613-990-9161), Econometric Analysis Division.

... External Trade

Commodity Analysis

The drop of \$130 million in total exports in December reflects large declines in exports of iron ores, precious metals and wheat. The decline at the total level was somewhat mitigated by renewed strength in exports of automobile products, coal and newsprint paper.

The \$340 million advance in imports was largely accounted for by a substantial increase of \$240 million in automotive products. Energy-related products registered a more modest increase of \$90 million.

Trading Partner Analysis

Following the surge of 10.4% in August, primarily related to labour disputes in the auto industry, Canada's exports to the United States have since registered four monthly declines. In December, exports fell 2.9% to a level of 7.2 billion, equal to the monthly average recorded for 1984. A net rise in exports to the rest of the world moderated the decline in total exports.

Following monthly declines of 9.5% in September, 5.4% in October and a modest 1.3% in November, Canada's imports from the United States advanced 9.4% or \$495 million in December. A net decline was recorded for the rest of the world with "Other Countries" registering the largest decline of \$120 million.

Order the December 1984 issue of Summary of External Trade (65-001, \$3.30/\$3.33), or contact G. Blaney (613-990-9647), Trade Information Unit, or Judith Frederick (613-990-9784), Trade Measures and Analysis Section, External Trade Division.

Raw Materials Price Index

The Raw Materials Price Index (1977=100) rose to a preliminary level of 221.9 in December 1984, up 0.1% from its revised level of 221.7 in November 1984. The Raw Materials Price Index excluding the coal, crude oil and natural gas component also rose 0.1% over the same period.

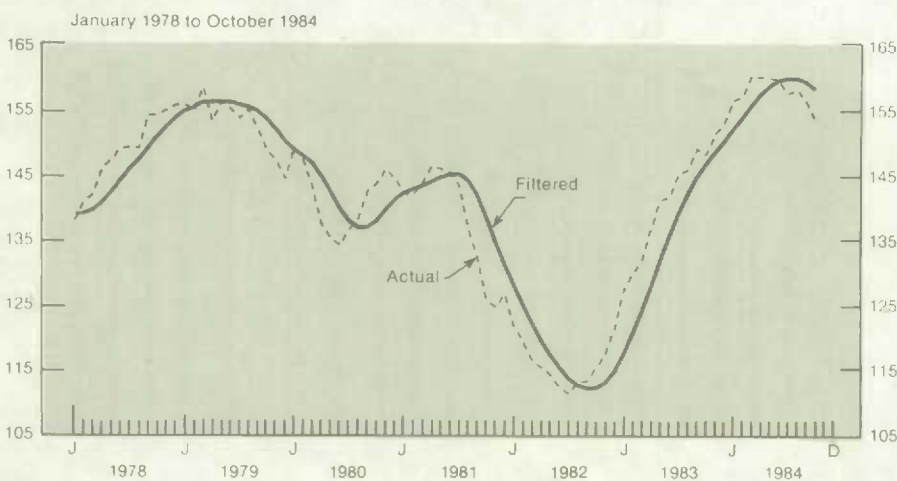
As a result of this latest monthly increase, the year-over-year change in the Raw Materials Price Index stood at 4.5% between December 1983 and December 1984. This comprised increases of 7.0% for the coal, crude oil and natural gas component and 1.4% for the index excluding this component. On an average annual basis, the Raw Materials Price Index increased 3.1% from an average level of 210.4 in 1983 to 216.9 in 1984.

Review of 1984

Between December 1983 and December 1984, the Raw Materials Price Index rose 4.5%, compared to year-over-year increases of 5.2% in 1983 and 8.3% in 1982. The year-to-year movement in the Raw Materials Price Index between March and October displayed a downward trend. The Raw Materials Price Index rose to a level that was 5.2% higher than in November 1983.

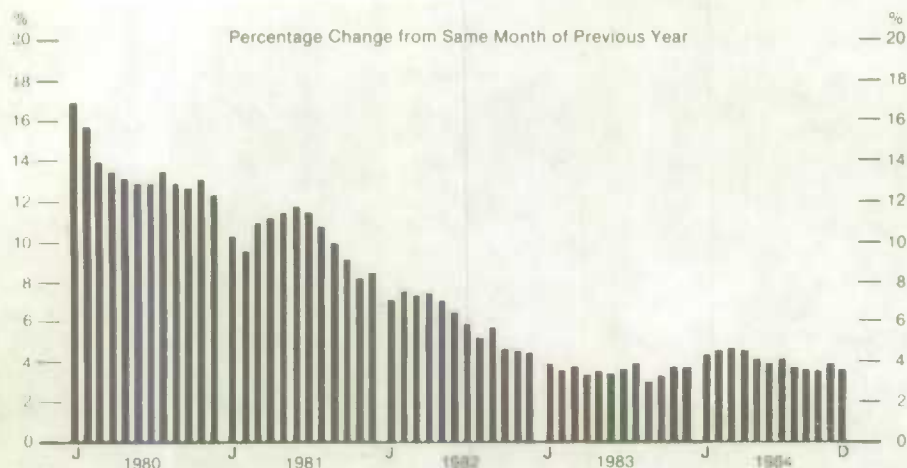
Order the December 1984 issue of Industry Price Indexes (62-011, \$3.85/\$38.50), or contact Prices Division (613-990-9615).

The Canadian Composite Leading Index (1971=100)



Source: Statistics Canada, Current Economic Analysis (13-004E)

Industry Selling Price Index: Manufacturing (1971=100)



Source: Statistics Canada, Industry Price Indexes (62-011)

Industry Selling Price Index

Preliminary estimates show that the Industry Selling Price Index for manufacturing (1971=100) stood at 313.9 in December 1984, up 0.2% from the previous month's revised level of 313.4. With this increase, the year-over-year advance calculated by comparing the December 1984 level with the December 1983 level, declined to 3.6% from the 3.8% recorded in November 1984. On an annual average basis, that is, comparing the average of the 12 monthly indexes for the years 1983 and 1984, the ISPI increased by 4.0%, to 310.8 from 298.8.

A jump in the petroleum and coal products index (1.6%) was largely responsible for the monthly change. An upswing in the wood industries index (0.6%) also contributed to the increase for the month, while a decline in other major groups (-0.2%) had a moderating effect on the overall index.

In December 1984, the percentages of industry indexes that posted increases (43.8%) and decreases (22.8%) were lower than the averages for the previous six months (52.8% and 27.8% respectively). The proportion of indexes showing no change (33.9%) was substantially above the average for the preceding six months (19.4%).

Review of 1984

Overall, the Industry Selling Price Index for manufacturing experienced a moderate rate of increase compared to that observed in 1983. The average annual rate of increase was 4.0% in 1984, compared with 3.5% in 1983. From a broader historical perspective, this moderate increase appears to halt, at least temporarily, the downward trend that had prevailed in the ISPI since the beginning of 1980.

This trend in the ISPI in 1984 can be traced primarily to price movements in Canadian manufacturing industries exposed to the risk of foreign competition and consequently to forces associated with the international economic situation. Manufacturing industries that faced little or no

New Housing Price Index

The New Housing Price Index (1981=100) for Canada stood at 94.7 in December, up 0.2% from its November level of 94.5. This index of Canadian housing contractors' selling prices now stands 0.1% lower than the year-earlier level of 94.8. Between November and December, the estimated House Only Index increased 0.2% to 97.3, while the estimated Land Only index increased 0.1% to 90.2.

Annual Average Indexes

Based on the annual average method, the New Housing Price Index (1981=100) for 1984 was 0.4% higher than the annual average for 1983 at the Canada Total level. This comprised increases of 0.5% for the House Only Index and 0.3% for the Land Only index.

Order Construction Price Statistics (62-007, \$3.30/\$33), or contact Prices Division (613-990-9601).

international competition, with the exception of the petroleum and coal products industry, had annual rates of increase in December 1984 that were virtually unchanged from those recorded in December 1983. Meanwhile, the devaluation of the Canadian dollar by almost five cents, fluctuations in primary metals prices on international markets and variations in external demand for lumber and newsprint had a significant impact on exposed industries in the Canadian manufacturing sector — specifically the primary metals, wood and paper and allied industries. In fact, the movement of the ISPI was largely governed by the convergent influence of these external factors during the first four months of 1984 and their divergent influence through the remainder of the year. Thus, the average annual rate of increase was 4.5% between January and April, compared with 4.0% between May and July and 3.6% in the last five months of the year.

Order the December 1984 issue of Industry Price Indexes (62-011, \$3.85/\$38.50), or contact Prices Division (613-990-9615).

Labour Income

Labour income for the month of November 1984 was estimated at \$20,001.9 million, an increase of \$1,283.6 million or 6.9% from November 1983. Adjusted for seasonal variation, wages and salaries increased by \$263.6 million between October 1984 and November 1984 to \$17,958.7 million.

Order the October-December issue of Estimates of Labour Income (72-005, \$5.55/\$22.20). Contact Mrs. Gauthier (613-990-9900), Labour Division.

Building Permits

The seasonally adjusted value of building permits in November decreased 3.4% to \$1,214.8 million from \$1,257.6 million in October. The residential intentions rose in November after a few months of stagnation, however, this increase did not offset the sharp drop recorded in the non-residential sector.

As a result of a recovery in the multiple dwellings, the value of residential construction authorized in November rose 11.4% to a level of \$713.0 million from \$640.2 million in October. On a seasonally-adjusted basis, 11,933 units were approved in November (7,060 single-detached and 4,873 multiple dwellings) compared to 10,181 in October (6,662 single-detached and 3,519 multiple dwellings). This constituted a rise of 17.2%. Translated into annual terms the November approvals represent a seasonally-adjusted rate of 143,200 units compared to 122,200 in October.

The value of non-residential building permits fell 18.7% in November to a seasonally-adjusted \$501.8 million from \$617.4 million in October; only February (\$481.3 million) and March (\$435.3 million) registered less construction activity. Important fluctuations were recorded in the commercial (-26.1%) and public sectors (-17.8%) while the industrial sector (+1.5%) recovered slightly.

Order the November issue of Building Permits (64-001, \$3.85/\$38.50) or contact G. Lemay (613-990-9689), Construction Division.

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Weekly Bulletin

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

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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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PUBLICATIONS RELEASED FEBRUARY 1 — 7

AGRICULTURE STATISTICS

Fruit and vegetable production, January 1985
 Production and stocks of eggs and poultry, November 1984
 Stocks of frozen meat products, January 1985

Catalogue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
22-003	\$2.75/\$27.50	\$3.30/\$33
23-003	\$2.75/\$27.50	\$3.30/\$33
32-012	\$2.75/\$27.50	\$3.30/\$33

BALANCE OF PAYMENTS

Security transactions with non-residents, November 1984

67-002	\$2.75/\$27.50	\$3.30/\$33
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BUSINESS FINANCE

Cheques cashed, November 1984
 Financial institutions, Financial statistics, Third Quarter 1984
 Industrial corporations, Financial statistics, Third Quarter 1984

61-001	\$1.60/\$16	\$1.90/\$19
61-006	\$8.35/\$33.40	\$10/\$40.05
61-003	\$11.10/\$44.40	\$13.30/\$53.25

CANSIM

Canadian statistical review, January 1985

11-003E	\$3.85/\$38.50	\$4.60/\$46
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EDUCATION, CULTURE AND TOURISM

Advance statistics on education, 1984-85

81-220	\$6.65	\$7.95
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EXTERNAL TRADE

Exports by commodities, November 1984

65-004	\$5.55/\$55.50	\$6.65/\$66.50
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HEALTH

List of Canadian hospitals and special care facilities, 1984
 Selected tables from annual reports of special care facilities, 1981-82

83-201	\$11.10	\$13.30
83-x-201	\$10	

LABOUR

Estimates of labour income, July-September 1984
 Quarterly estimates of trustee pension funds, Third Quarter 1984

72-005	\$5.55/\$22.20	\$6.65/\$26.60
74-001	\$2.75/\$11	\$3.30/\$13.20

LABOUR FORCE SURVEY

Historical labour force statistics — Actual data, seasonal factors, seasonally adjusted data, 1984

71-201	\$22.25	\$26.70
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MANUFACTURING AND PRIMARY INDUSTRIES

Canned and frozen fruits and vegetables, November 1984
 Consumption of purchased fuel and electricity, 1981
 Electric lamps, December 1984
 Gas utilities, October 1984
 Mineral wool including fibrous glass insulation, December 1984
 Primary iron and steel, November 1984
 Production and shipments of steel pipe, tubing and fittings, November 1984
 Production, shipments and stocks on hand of sawmills east of the Rockies, November 1984
 Production, shipments and stocks on hand of sawmills in British Columbia, November 1984
 The crude petroleum and natural gas industry, 1983

32-011	\$1.60/\$16	\$1.90/\$19
57-208	\$7.75	\$9.30
43-009	\$1.60/\$16	\$1.90/\$19
55-002	\$2.75/\$27.50	\$3.30/\$33
44-004	\$1.60/\$16	\$1.90/\$19
41-001	\$2.75/\$27.50	\$3.30/\$33
41-011	\$1.60/\$16	\$1.90/\$19
35-002	\$2.75/\$27.50	\$3.30/\$33
35-003	\$1.60/\$16	\$1.90/\$19
26-213	\$6.65	\$7.95

MERCHANDISING AND SERVICES

Architectural, engineering and scientific services, 1982
 Department store sales and stocks, November 1984
 Department store sales by regions, December 1984
 New motor vehicle sales, November 1984
 Retail trade, November 1984
 Wholesale trade, November 1984

63-537	\$7.75	\$9.30
63-002	\$3.30/\$33	\$3.95/\$39.50
63-004	\$1.60/\$16	\$1.90/\$19
63-007	\$2.75/\$27.50	\$3.30/\$33
63-005	\$3.85/\$38.50	\$4.60/\$46
63-008	\$1.60/\$16	\$1.90/\$19

PRICES

Construction price statistics, November 1984

62-007	\$3.30/\$33	\$3.95/\$39.50
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PUBLIC INSTITUTIONS

Provincial and territorial government employment, April-June 1984

72-007	\$5.55/\$22.20	\$6.65/\$26.60
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SCIENCE AND TECHNOLOGY

Science and technology indicators, 1984

88-201	\$11.10	\$13.30
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TRANSPORTATION AND COMMUNICATIONS

International seaborne shipping commodity statistics, 1983
 International seaborne shipping statistics, Fourth Quarter 1983

54-209	\$16.70	\$20
54-004	\$6.65/\$26.60	\$7.95/\$31.90

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