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Weekly Bulletin

April 19, 1985

Consumer Price Index

The Consumer Price Index (CPI) for Canada (1981=100) rose 0.2% between February and March to a level of 125.7. The moderate overall increase observed in March resulted from a decline of 0.2% in food prices, which followed two monthly increases of over 1.0%, partially offsetting an increase of 0.4% in the all-items excluding food index. The increase in the all-items excluding food index was principally due to higher housing and transportation prices. The year-to-year increase in the CPI was 3.7% for the third consecutive month.

The food index declined 0.2% in March as the food purchased from stores index declined 0.4% while the food purchased from restaurants index rose by 0.2%. Lower prices for meat, in particular beef (-1.0%) and chicken (-2.1%), combined with declines in the prices of some dairy products (-0.2%) and eggs (-2.0%) and lower prices for fresh vegetables (-4.0%) were some of the principal contributing factors in the overall decline in food prices. Declines were also observed for sugar, coffee, fats and oils and other food preparations. The most notable price increase within the food group was for fresh fruit, up 1.4%, largely due to higher prices for bananas (10.1%) and apples (1.7%) but these increases were partially offset by declines in the prices of oranges (-3.9%) and pears (-3.3%). The index for food purchased from stores now stands 2.3% above its level of March 1984 while the index for food purchased from restaurants is 3.8% higher than it was in March 1984. The resulting year-to-year rise in the aggregate food index stands at 2.8%, down from the 3.9% observed in each of the last two months. This is the lowest year-to-year increase for food since September 1983.

The 0.4% increase in the all-items excluding food index was largely the result of higher housing and transportation charges. Higher charges for both rented and owned accommodation combined with higher prices for household furnishings, up 2.0% as many furniture sales ended, were the principal causes of the rise in the housing index. The increase in the transportation index was almost entirely due to higher air fares, both seasonally higher fares on most southern routes and some increases on

(continued on page 2, col. 1)

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

EMPLOYMENT INCOME				
Average Weekly Earnings (\$)	Jan	410.14	407.99	2.5
Labour Income (\$ million)	Jan	19,569.8	19,716.7	6.5
Persons with Jobs (million)	Mar	10.86	10.77	2.5
Unemployed	Mar	1,546,000	1,455,000	0.3

INVENTORIES

Department Store (\$ million)	Dec	3,142.7	3,950.5	-2.5
Manufacturers' Owned (\$ million)	Jan	33,474.4	33,094.7	6.2

ORDERS

Manufacturers' New Orders (\$ million)	Jan	18,727.7	17,540.5	5.9
Manufacturers' Unfilled Orders (\$ million)	Jan	22,161.8	21,797.2	7.1

PRICES

Consumer Price Index (1981=100)	Mar	125.7	125.4	3.7
New House Price Index (1981=100)	Feb	95.0	95.0	-0.1
Raw Materials Price Index (1977=100)	Feb	222.2	221.7	3.0
Excl. coal, crude oil, nat. gas	Feb	157.3	156.7	-1.9
Industry Selling Price Index (1971=100)	Feb	316.0	315.6	3.1

CONSTRUCTION

Building Permits (\$ million)	Jan	765.6	765.6	13.0
Housing Starts — Urban Centres (units)	Feb	6,262	13,924	-9.3

ENERGY

Coal Production (thousand tonnes)	Dec	5,008	57,428	28.2
Electricity Generation (terawatt hours)	Dec	40.9	424.6	7.4
Natural Gas Production (million cubic metres)	Dec	9,772	89,865	7.9
Petroleum Refining (million cubic metres)	Dec	7.7	87.6	1.5

FOREIGN TRADE

Exports — Balance of Payments Basis (\$ million)	Feb.	9,073	18,171	9.1
Imports — Balance of Payments Basis (\$ million)	Feb.	7,637	15,321	11.2

PRODUCTION

Railway Carloadings (million tonnes)	Dec	16.9	240.0	15.9
Steel (ingots — thousand tonnes)	Feb	1,150	2,298	-5.6

SALES

Department Store Sales (\$ million)	Jan	692.7	692.7	6.7
Manufacturers' Shipments (\$ million)	Jan	18,363.1	18,363.1	7.3
New Motor Vehicle Sales (\$ million)	Feb	1,214.7	2,355.4	15.2
Retail Sales (\$ million)	Feb.	8,291.0	16,815.9	8.5

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Percentage Change in the Consumer Price Index and its Major Components

March 1984 to March 1985



Source: Statistics Canada, The Consumer Price Index (62-001)

... Consumer Price Index

domestic routes. Gasoline "price wars" in some cities had a small offsetting effect. Higher prices were also observed for clothing, recreation and alcoholic beverages, most notable in the province of Quebec. Personal care supply prices declined slightly. Between March 1984 and March 1985 the all-items excluding food index rose 3.9%, up from 3.6% observed in January and in February.

On a seasonally adjusted basis, the all-items index increased 0.2% between February and March, as the food index declined 0.3% while the all-items excluding food index rose 0.3%. During the three-month period December to March, the all-items index rose at a seasonally adjusted compounded annual rate of change of 4.4%.

Order the March 1985 issue of *The Consumer Price Index* (62-001, \$2.75/\$27.50), or contact Sandra Shadlock or Suzanne Gratton (613-990-9606), Prices Division.

Hours Worked

An article entitled, "Total Annual Hours Worked in Canada: 1976 to 1984", which appears in the March 1985 issue of *The Labour Force*, compares changes in employment with changes in total annual hours worked during the 1976-1984 period, focussing on major age-sex groups.

Some of the changes highlighted in the article are:

- The 1981-82 recession had a more pronounced impact on total annual hours worked than on the employment level. Total hours worked dropped 4.5% during this period, while employment declined 3.3%.
- From 1976 to 1984, the employment level increased by 16.1% compared to an increase of only 12.0% in hours worked, a phenomenon largely attributable to a shift towards part-time work among the employed.
- Compared to other age-sex groups, women aged 25 and older reported the greatest increases in both annual hours worked (42.3%) and employment (44.3%) over the 1976-84 period. Men aged 25 and older experienced smaller percentage increases in hours worked (8.4%) and employment (10.1%). People in the 15 to 24 age group, however, suffered a substantial decline in hours worked (-8.1%) compared to their marginal drop in employment (-0.7%).

Order the March 1985 issue of *The Labour Force* (71-001, \$20/\$200), or contact Doreen Duchesne (613-990-9452), Labour Force Survey Division.

Department Store Sales

Department stores in Canada reported sales totalling \$647.1 million in February 1985, a decrease of 1.9% from a year earlier. Cumulative sales for the year to date totalled \$1,339.7 million, up 2.4% from the same period in 1984.

On a regional basis, department store sales during the month were as follows:

- Ontario, \$230.7 million (-0.7%);
- Quebec, \$121.1 million (-1.0%);
- British Columbia, \$107.0 million (-2.8%);

Security Transactions

Foreign investment in outstanding Canadian securities produced a net capital inflow of \$487 million in February, some \$300 million greater than in January 1985. Net sales of Canadian bonds to non-residents increased by over \$100 million to \$321 million, approximately 40% of which represented investments from Japan. While the bulk of the foreign investment continued to be in Government of Canada issues, non-residents also acquired nearly \$100 million of provincial government bonds. Non-residents also increased their holdings of outstanding Canadian equities by \$166 million in the current month. This contrasted with a net disinvestment of \$37 million in January and represented the largest monthly net investment in more than four years. The net investment in Canadian equities came principally from the United States. The gross value of foreign trading in Canadian equities remained high at \$1.3 billion.

Residents of Canada increased their holdings of outstanding foreign securities by \$49 million in February, compared to a net reduction of \$144 million in the previous month. During the current month, residents acquired \$79 million of foreign equities, while reducing holdings of foreign bonds by \$30 million. The gross value of resident trading activity on foreign exchanges totalled \$5.5 billion.

Order the February 1985 issue of *Security Transactions with Non-residents* (67-002, \$2.75/\$27.50), or contact John Motala (613-990-9051), International and Financial Economics Division.

Retail Trade

Unadjusted Sales

Preliminary estimates of total retail trade for February 1985 show an increase of 5.6% over the February 1984 level, totalling \$8,291.0 million in current dollars. The most notable gains were reported in book and stationery stores (+15.0%), sporting goods and accessories stores (+11.3%), and men's clothing stores (+10.7%). The largest decreases were in furniture, television, radio and appliance stores (-5.4%), household furniture stores (-4.1%) and department stores (-1.8%).

All provinces and territories reported sales increases in February 1985 over the corresponding month in 1984, with the exception of Prince Edward Island which registered a slight decrease of 0.2%.

Cumulative retail sales for the first two months of 1985 were \$16,815.9 million, up 8.5% over the same period a year earlier.

Adjusted Sales

Adjusted for seasonal fluctuations, holidays and the number of selling days, February 1985 estimates of retail trade were 2.3% higher than the previous month, with sales of \$10,136.3 million. The most notable increases recorded during the month were in household appliance stores (+13.0%), furniture, television, radio and appliance stores (+9.9%) and household furniture stores (+7.1%). Major drops were reported by general merchandise stores (-8.6%), garages (-3.3%) and variety stores (-1.7%).

Lower sales were reported in Saskatchewan (-0.3%), the Yukon and Northwest Territories (-0.6%) and New Brunswick (-1.1%) in February 1985 compared to January; the remaining provinces recorded higher sales with increases ranging from 0.5% in Nova Scotia to 4.2% in Quebec.

Order the February 1985 issue of *Retail Trade* (63-005, \$14/\$140), or contact Michael Kwilecki (613-990-9665), Industry Division.

Canadian Controlled Investment Abroad

From the end of 1979 to 1982, Canadian-controlled investment abroad increased by \$34.4 billion to \$67.5 billion. Direct investment accounted for \$13.8 billion of this increase and third-party investment represented the balance of \$20.5 billion. The period 1979-82 was characterized by a rapid growth of Canadian direct investment abroad. Associated with this rapid growth was the takeover of foreign companies or buying-out of part of their shares or assets by Canadian direct investors. These activities were financed to a large extent from third party loans.

Globally in order of importance, the manufacturing, real estate and petroleum and natural gas industries experienced the greatest growth. In the United States, the real estate industry experienced the most growth, followed by the manufacturing and the petroleum and natural gas industries.

Order Canada's International Investment Position (67-202, \$35), or contact C. Richards (613-990-9051), International and Financial Economics Division.

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- Alberta, \$91.8 million (-4.0%);
- Atlantic Provinces, \$42.6 million (-1.0%);
- Manitoba, \$33.1 million (-0.1%); and
- Saskatchewan, \$20.9 million (-4.0%).

Order the February 1985 issue of *Department Store Sales and Stocks* (63-004, \$2/\$20), or contact the Industry Division (613-990-9665).

Industrial Corporations

Profits

According to fourth quarter 1984 final survey results, **seasonally adjusted** pre-tax profits of industrial corporations in Canada rose 2.4% to \$9.4 billion from the previous quarter. This follows similar growth rates of 3.9%, 3.3% and 3.9% for the first three quarters of 1984. The current seasonally adjusted pre-tax profit figure is now at an all-time high, exceeding the previous record of \$9.3 billion registered in the first quarter of 1980. The energy sector was the largest contributor to this quarter's gain in pre-tax profits.

On a year-to-year basis, **unadjusted** quarterly pre-tax profits of industrial corporations in Canada rose 14.7% to \$9.7 billion from fourth quarter 1983 to the current quarter. This represents the eight consecutive quarter of significant year-over-year pre-tax profit gains.

For the 1984 year as a whole, pre-tax profits totalled \$35.6 billion, strongly ahead of the \$28.3 billion of 1983 and the \$19.5 billion posted in 1982. Sales in 1984 were \$610.9 billion, compared to \$548.4 billion in 1983 and \$510.0 billion in 1982.

Balance Sheet Data (corporations with assets exceeding \$10 million)

Balance Sheet data show industrial corporations' working capital ratio declining slightly to 1.42 from the 1.44 level of the prior three quarters. This ratio is generally used to assess the short-term liquidity of corporations. After expanding for seven consecutive quarters, the actual level of working capital fell to \$36.7 billion from the preceding quarter's \$37.5 billion, but is still well ahead of the \$30.7 billion of fourth quarter 1982, and the \$33.9 billion of the fourth quarter a year ago.

Long-term corporate liquidity, as measured by long-term debt (excluding affiliated debt) to equity, continued to improve. For the eighth straight quarter this ratio (which relates long-term borrowing to shareholders' equity) has declined, from the high of 57.9% in fourth quarter 1982 to the current 49.8% in the last quarter of 1984.

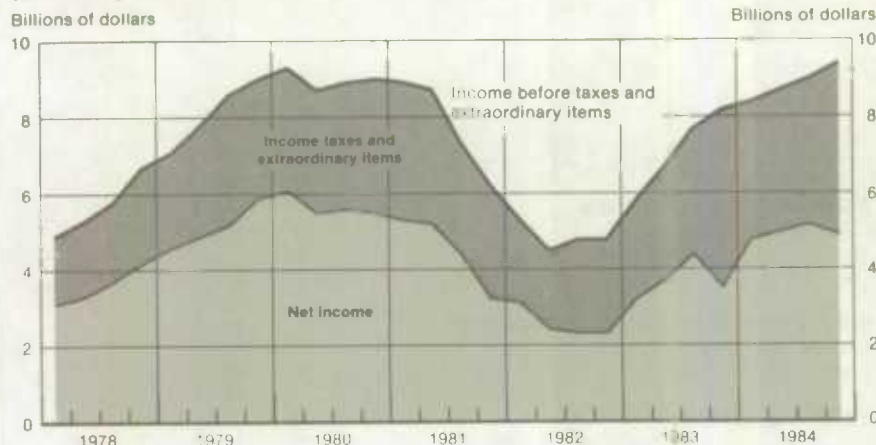
An indicator of the continuing profitability of corporations lies in the annualized return on shareholders' equity ratio. Using seasonally adjusted profit after taxes but before extraordinary items, this ratio stood at 11.4% in fourth quarter 1984, comparing favourably with the 10% to 11% returns of the past five quarters and 5% to 6% returns on equity logged back in 1982.

Since many companies declared year-end dividends, the dividend payout ratio (dividends to net profit) increased significantly in the fourth quarter of 1984. After holding around 45% for the earlier 1984 quarters, this ratio jumped to 72.6% in fourth quarter. However, the pay-out ratio was lower than the 79.7% of fourth quarter 1983.

Order Industrial Corporations Financial Statistics (61-003), or contact Bill Potter or Gail Campbell (613-990-9843), Industrial Organization and Finance Division.

Corporation Profits Industrial Corporations Sector

(Seasonally Adjusted)



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

Provincial Government Revenue and Expenditure

The gross general revenue of all provincial and territorial governments amounted to \$78.7 billion for the fiscal year ending March 31, 1983. Gross general expenditure totalled \$85.4 billion.

These data are presented on the basis of the Canadian System of Government Financial Management Statistics.

Further information on 1982-83 actual data and 1983-84 and 1984-85 revised estimates contact G. Huneault (613-990-8559), Public Institutions Division.

Farm Cash Receipts

Farm cash receipts for the period January-February 1985 reached an estimated \$4,277.2 million, up 9.5% from the revised January-February 1984 estimate of \$3,907.6 million.

Receipts from the sale of field crops were estimated at \$2,603.8 million, a rise of 10.8% over last year's estimate of \$2,349.4 million. Increases were registered for receipts for wheat, corn and Canadian Wheat Board payments while receipts for oats, barley, flaxseed, rye, soybeans and potatoes declined.

Cash receipts from the sale of livestock and livestock products totalled \$1,584.6 million, up 8.2% from the revised 1984 level of \$1,463.9 million. Other receipts were down 5.8% at \$88.8 million from the revised year-earlier total of \$94.3 million.

Order the January-February 1985 issue of Farm Cash Receipts (21-001), or contact Lambert Gauthier (613-990-8706), Agriculture/Natural Resources Division.

New Housing Price Indexes

The New Housing Index (1981=100) for Canada stood at 95.0 in February, unchanged from its January 1985 level. This index of Canadian housing contractors' selling prices now stands -0.1% lower than the year-earlier level of 95.1. Between February 1984 and February 1985, the estimated House Only Index increased 0.2%, to 97.7, while the estimated Land Only

Corporation Taxation Statistics

The preliminary estimate of federal and provincial corporate income taxes for 1983 is \$10,484 million, 9% higher than in 1982. Corporate profits before taxes, on a National Accounts basis, rebounded strongly, increasing by 55% following two years of significant decreases. A number of factors are behind the much smaller increase in income taxes than in profits. Part of the increase in net book profits is due to decreased book losses which do not affect taxable income and therefore, taxes. Provincial tax rates in Ontario and Quebec were lower in 1983; prior year losses applied to reduce 1983 income taxes have increased and a number of provisions in the April 1983 budget have the effect of reducing income taxes.

A number of provisions introduced in the April 1983 federal budget have an impact on 1983 corporate income taxes. The most significant of these measures are the introduction of the scientific research tax credit, modifications to the investment tax credit, and extended carry-forward and carry-back periods for non-capital losses. These provisions are the main cause of the lowering of the effective federal tax rate to 25% of taxable income from 28% in 1982. Provincial income taxes also declined as a percentage of taxable income due mostly to the reduction of the tax rates for large corporations from 8% to 5.5% in Quebec.

Taxable income (the tax base) for Canada increased 21% to \$31,359 million in 1983.

Order Corporation Taxation Statistics (61-208P), or contact B. Theriault (613-990-9855), Industrial Organization and Finance Division.

Index decreased -0.3%, to 90.6.

Between January and February, the most significant increases in the price index were recorded for Saint John-Moncton (1.3%) and Calgary (1.0%). The most significant monthly decrease was registered for Edmonton (-2.2%).

Order the February 1985 issue of Construction Price Statistics (62-007, \$3.30/\$33), or contact Prices Division (613-990-9601).



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PUBLICATIONS RELEASED APRIL 12—18

	Cata- logue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE STATISTICS			
Farm wages in Canada, February 1985	21-002	\$7/\$28	\$8/\$32
March intentions of principal field crop area, Canada	22-002	\$1.60/\$16	\$1.90/\$19
Stocks of frozen meat products, March 1985	32-012	\$10/\$100	\$11/\$110
EDUCATION, CULTURE AND TOURISM			
Service bulletin:			
Travel-log, Vol. 4, No. 1, Households owning ski equipment, 1976-1984	87-003	\$8/\$32	\$9/\$36
EXTERNAL TRADE			
Imports by commodities, January 1985	65-007	\$50/\$500	\$60/\$600
LABOUR			
Estimates of labour income, October-December 1984	72-005	\$15/\$60	\$16/\$64
LABOUR FORCE SURVEY			
The labour force, March 1985	71-001	\$20/\$200	\$21.50/\$215
MANUFACTURING AND PRIMARY INDUSTRIES			
Canned and frozen fruits and vegetables, January 1985	32-011	\$4/\$40	\$5/\$50
Corrugated boxes and wrappers, February 1985	36-004	\$4/\$40	\$5/\$50
Electric lamps (Light bulbs and tubes), February 1985	43-009	\$4/\$40	\$5/\$50
Gypsum products, February 1985	44-003	\$4/\$40	\$5/\$50
Industrial chemicals and synthetic resins, February 1985	46-002	\$6/\$60	\$7/\$70
Mineral wool including fibrous glass insulation, February 1985	44-004	\$4/\$40	\$5/\$50
Production and inventories of process cheese and instant skim milk powder, February 1985	32-024	\$4/\$40	\$5/\$50
Production, sales and stocks of major appliances, February 1985	43-010	\$4/\$40	\$5/\$50
Production, shipments and stocks on hand of sawmills east of the Rockies, January 1985	35-002	\$8/\$80	\$9/\$90
Quarterly report on energy supply-demand in Canada, Third Quarter 1984	57-003	\$25/\$100	\$26.50/\$106
The sugar situation, February 1985	32-013	\$4/\$40	\$5/\$50
Service bulletin:			
Fruit and vegetable preservation, Vol. 13, 1984; No. 2, Pack of processed mushrooms, No. 25, Pack of processed mixed vegetables	32-023	\$10/\$100	\$11/\$110
MERCHANDISING AND SERVICES			
Department store sales by regions, February 1985	63-004	\$2/\$20	\$3/\$30
PRICES			
Consumer price index, March 1985	62-001	\$2.75/\$27.50	\$3.30/\$33
PUBLIC INSTITUTIONS			
Federal government employment in metropolitan areas, September 1984	72-205	\$20	\$21
Local government employment, July-September 1984	72-009	\$12/\$48	\$13/\$52
TRANSPORTATION AND COMMUNICATIONS			
Railway carloadings, January 1985	52-001	\$7.50/\$75	\$8.50/\$85
Service bulletin:			
Communications, Vol. 15, No. 2, Telecommunication statistics, Fourth Quarter 1984	56-001	\$6.50/\$39	\$7.50/\$45

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