Catalogue 11-002E (Français 11-002F) ISSN 0380-0547 Price: Canada, $27.75 a year/Other Countries, $33.30 a year

Statistics Canada Statistique Canada

infomat Weekly Bulletin

May 24, 1985

Leading Indicator

The leading indicator posted its seventh consecutive decline in February, continuing a downward trend that began last August. The small 0.4% decrease, coupled with continuing offsetting movements in a number of components, signals little change in the outlook for moderate economic growth. Seven of the indicator's 10 components were up in February, but marginally in three cases. The recent improvement in the indicators of final demand continued, as the leading indicator for the United States and for residential construction increased slightly and as the decline in furniture sales moderated. A decrease in the non-filtered index in February (-0.9%) was led by the manufacturing indicators, while the indicators of consumer demand continued to be mixed.

In February, the indicators of consumer demand remained disparate, with furniture and appliance sales posting a smaller decline (-0.6%) than the preceding month, and new motor vehicle sales registering a smaller increase (+2.1%). Sales of motor vehicles maintained a high level, following an exceptional fourth quarter performance which accompanied a drop in interest rates. Non-filtered furniture sales rebounded somewhat in February after posting a drop in January, while the residential construction index continued to increase, at a time of rising interest rates. Mortgage loan approvals continued to recover in January which contributed to the upturn in the filtered residential index in January (+1.1%) and February (+1.3%).

After four marginal declines, the average workweek was unchanged in February, preceding a contraction in manufacturing employment in the first quarter according to the labour force survey. New orders for durable goods decelerated sharply (+0.4%), as the export sector joined a number of industries posting declines in orders since last autumn. Weak prices (+0.2%) accompanied the slowdown of manufacturing demand in February, contributing to another decline of the proxy of profit margins (-0.2 to a level of +0.3%), while unit labour costs rose (+0.7%). The non-filtered level of profit margins moved from simply decelerating to outright decline in February, the first in 23 months. The ratio

(continued on page 2, col. 1)

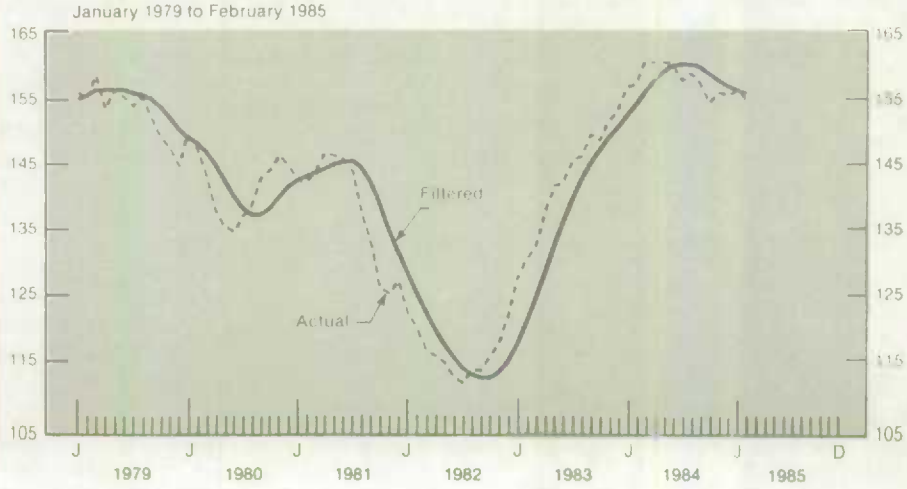
LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings ($)	Feb.	412.87	411.53	3.6
Labour Income ($ million)	Feb.	19,655.6	19,599.6	7.1
Persons with Jobs (million)	Apr.	11.02	10.86	3.2
Unemployed	Apr.	1,437,000	1,546,000	-2.1
INVENTORIES				
Department Store ($ million)	Feb.	2,970.2	3,014.1	-5.6
Manufacturers' Owned ($ million)	Mar.*	33,913.0	33,713.3	5.0
ORDERS				
Manufacturers' New Orders ($ million)	Mar.*	20,383.7	18,443.9	2.7
Manufacturers' Unfilled Orders ($ million)	Mar.*	22,533.0	22,304.7	5.0
PRICES				
Consumer Price Index (1981=100)	Apr.*	126.2	125.7	3.9
New House Price Index (1981=100)	Mar.	95.2	95.0	-0.1
Raw Materials Price Index (1977=100)	Mar.	222.9	222.4	2.2
Excl. coal, crude oil, nat. gas	Mar.	158.2	157.6	-3.8
Industry Selling Price Index (1971=100)	Mar.	317.5	316.4	2.9
CONSTRUCTION			**Year-to-date**	
Building Permits ($ million)	Feb.	779.1	*1,553.8*	*3.0*
Housing Starts — Urban Centres (units)	Mar.	7,077	*21,001*	*-2.5*
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)	Mar.	10,511	*28,781*	*11.2*
Imports — Balance of Payments Basis ($ million)	Mar.	8,447	*23,674*	*8.1*
PRODUCTION				
Railway Carloadings (million tonnes)	Mar.	20.1	*55.7*	*2.1*
Steel (ingots — thousand tonnes)	Mar.	1 296	*3 589*	*-4.7*
SALES				
Department Store Sales ($ million)	Feb.	647.1	*1,339.7*	*2.4*
Manufacturers' Shipments ($ million)	Mar.*	20,155.4	*56,730.6*	*4.5*
New Motor Vehicle Sales ($ million)	Mar.	1,741.4	*4,096.8*	*14.7*
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.*

The Canadian Composite Leading Index (1971=100)

January 1979 to February 1985



Source: **Statistics Canada**, Current Economic Indicators (13-005)

Canada

...Leading Indicator

of shipments to stocks of finished goods continued to climb, however, reaching a high level of 1.68, just below the peaks attained in late 1978. Low stock levels contributed to the increase and suggest that weak demand may not be fully translated into restraint on output and employment.

In February, the leading indicator for the United States posted its first gain (+0.2%) after seven straight monthly declines. The increases in the non-filtered version in January and February coincided with an upswing in Canadian exports to the United States, as shipments of industrial materials increased. The filtered version of the indicators of household demand remained positive in March, with a gain of 2.3% in the building permits index, while new orders for consumer goods posted a marginal increase.

Financial market indicators registered a similar movement as in January: -0.2% for the real money supply (M1) and +3.6% for the Toronto Stock Exchange index. Declines in both non-filtered versions coincided with an upswing in interest rates in February, following the gradual decline since last August.

Summary

Industry output in January (+0.2%) and February (+0.2%) remained in line with the moderate trend of growth recorded since July 1984. Aggregate output has risen 0.2% per month on average since last July, as gains in service-producing industries of 0.3% per month have more than outweighed declines of 0.3% per month in the goods-producing sector (excluding agriculture). Gains in services totalled 0.9% in January and February, reflecting continued slow growth in consumer and government demand for services and a modest rise in activity in financial markets. Services to business management and telephones service sustained rapid growth. A 0.7% decline in goods-producing industries (excluding agriculture) in the first two months of the year reflects a 1.8% contraction of manufacturing output (which had levelled off in the second half of 1984), metal mine output (-8.1%) and drops in new home building (-2.4%). The decrease of manufacturing output in January and February occurred in 14 of the 19 major industry groups.

Final demand rose slightly in the quarter, as a 1.1% rise in export volume accompanied a moderate gain in final domestic demand. Real estate commissions (+18%) within residential construction and retail sales of durable goods (+0.7%) led the gain in domestic demand in January and February. The moderate increase in final domestic demand was accompanied by rising confidence in the consumer and manufacturing sectors of the economy and a drop in unemployment in April. Total non-agricultural employment rose by 85,000, notably in services, helping to reduce the unemployment rate from 11.2% in March to 10.9% in April. The ongoing weakness of employment in goods-producing industries (excluding agriculture), off 2,000 in April and down 30,000 since December, restrains the growth of total labour income.

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

Manufacturing Industries

Preliminary estimates show that the seasonally adjusted value of shipments in all Canadian manufacturing industries decreased 1.5% to $19,302.5 million in March from the revised estimate of $19,596.9 million in February.

Seasonally adjusted inventories owned by manufacturers at the end of March were $33,234.6 million, down 0.3% from the previous month's revised value of $33,339.8 million. The ratio of seasonally adjusted total inventory owned to seasonally adjusted shipments went from 1.70:1 in February to 1.72:1 in March.

The value of new orders received in March, seasonally adjusted, increased 0.4% to $19,501.3 million from the revised February estimate of $19,423.0 million. The seasonally adjusted unfilled orders backlog at the end of March was $22,368.3 million, up 0.9% from the previous month's revised estimate of $22,169.5 million.

Not adjusted for seasonal variation, manufacturers' shipments in March 1985 were estimated at $20,155.4 million, 10.0% higher than the revised February value of $18,329.6 million. Cumulative shipments for the first three months of 1985, at an estimated $56,730.6 million, were up 4.5% from the $54,303.4 million estimated for the same period in 1984.

Order the March 1985 issue of Inventories, Shipments and Orders in Manufacturing Industries *(31-001, $15/$150), or contact J. Lepage (613-990-9832), Shipments, Inventories and Orders Section, Industry Division.*

Ontario's Population

Since 1901, Ontario has experienced average annual growth rates of just under 2%. The one major exception to this came between 1951 and 1961 when Ontario's average annual growth rate was just over 3%.

Between 1901 and 1910, the population in Alberta and Saskatchewan had average annual rates running at 48% and 18%, respectively. Since these early high points, both provinces have actually experienced a loss in their populations.

About one-third of Canadians live in Ontario and this proportion has not varied much throughout the century. The one exception took place between 1901 and 1921 when Ontario's share of Canada's population slipped from 41% to 33%.

More than two-thirds of Ontario's population live in metropolitan areas of at least 100,000 people. Over half of these live in the Toronto metropolitan area.

Other interesting highlights:

- Ontarians are living longer.
  Since 1931, there has been an 11-year gain in life expectancy for men and a 15-year gain for women. That means that men can now expect to live to age 72 and women to age 79.
- Ontarians are getting older.
  There are now more senior citizens and fewer children are being born each year. Between 1931 and 1984, the proportion of seniors rose from 7% to 11%, while the proportion of children fell from 28% to 21%.
- Divorces in Ontario are on the rise.
  In 1931, there were 2,088 divorced persons. By 1984, the figure had risen to 228,000 — a 109-fold increase. At the same time, the population of Ontario has only doubled.

Contact Ronald Raby (613-990-9581), Demography Division.

Job Opportunities

An article entitled "Persons not in the labour force: job search activities and the desire for employment - March 1985" appears in the April 1985 issue of *The Labour Force*. Persons who say that they want work are divided into two groups according to their reasons for not looking for work: labour market related reasons such as "believes no work available", and personal or other reasons such as illness, family responsibilities or going to school. The rationale underlying this distinction is that changes in the estimates of persons citing "personal and other reasons" do not vary substantially with changes in economic conditions.

Some of the article's highlights are:

- In March 1985, an estimated 413,000 persons reported that they wanted a job but did not seek it for "labour market related" and "personal" reasons, compared to 457,000 a year earlier;
- Among those not seeking work for labour market related reasons, the largest decrease in relative terms was among men 25 to 44 years of age, down 18.5% to 59,000 between March 1984 and March 1985;
- An estimated 28.2% of those who reported wanting work but not seeking it in 1985 would move within their province, while 18.9% would move to another province, if a suitable job were offered.

Order the April issue of The Labour Force *(71-001, $20/$200), or contact R.G. Carter (613) 990-9452, Labour Force Activity Section.*

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Weekly Bulletin

Published by the Communications 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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Consumer Price Index

The Consumer Price Index (CPI) for Canada (1981=100) rose 0.4% between March and April to a level of 126.2. Food prices were the largest contributor to this increase as the Food index rose 1.2% in April following the 0.2% decline observed in March. The All-items excluding Food index rose 0.2% in April principally due to increases in the Housing and Tobacco Products and Alcoholic Beverages indexes.

The year-to-year increase in the CPI, as measured by comparing the index level for April 1985 to that of April 1984, was 3.9%, up from the 3.7% which had been observed for the last three months. The year-to-year increase in both the Food and the All-items excluding Food indexes was 3.8%.

The Food index rose 1.2% in April as the Food Purchased from Stores index increased 1.6% while the Food Purchased from Restaurants index increased 0.4%. Higher prices for fresh produce were the major contributors to the higher food prices as fresh vegetable prices rose 11.9% and fresh fruit prices rose 7.0%. Meat prices, up 0.6%, also had a significant impact on overall food prices. Beef prices rose 3.0% largely due to specials reported in the previous month being discontinued, while pork prices declined following the imposition of new duties on hog exports to the United States. Prices of dairy products and eggs declined 0.2% as dairy prices fell 0.2% largely due to specials in various centres and as egg prices declined 0.7% following a reduction in the producer price at the beginning of the month. The index for Food Purchased from Stores now stands 3.7% above its level of April 1984 while the index for Food Purchased from Restaurants is 4.0% higher than it was in April 1984. The resulting year-to-year increase in the aggregate Food index is 3.8% up from the 2.8% observed in March.

The 0.2% increase in the All-items excluding Food index was largely the result of higher prices for housing and tobacco and alcohol products. Within the Housing index, higher charges for owned and rented accommodation were partially offset by a 0.7% decline in the Household Furnishings and Equipment index largely due to specials for furniture, bedding and window coverings. The 0.7% increase in the Tobacco Products and Alcoholic Beverages index resulted from a combination of manufacturers' price increases and higher taxes announced in some provincial budgets. The Clothing index rose 0.2% as increased prices for women's wear were partially offset by sale prices on some men's wear items. The net effect of changes in various gasoline "price wars" was a 0.2% decline in the Gasoline index while charges for automobile maintenance and repair were up 1.3% largely due to higher labour rates. The Health Care index rose 2.3% largely due to higher dental charges while the Personal Care index declined 0.5% as prices fell on a wide range of personal hygiene products. A decline of 1.9% in the index for Home Entertainment Equipment was largely responsible for the 0.3% decline in the Recreation index. Between April 1984 and April 1985, the All-items excluding Food index rose 3.8%, down from the 3.9% recorded in March.

Viewed in terms of goods and services, the index level for Goods and for Services each rose 0.4% in April. Between April 1984 and April 1985, the price level for goods rose 3.7% while that for services increased 3.9%.

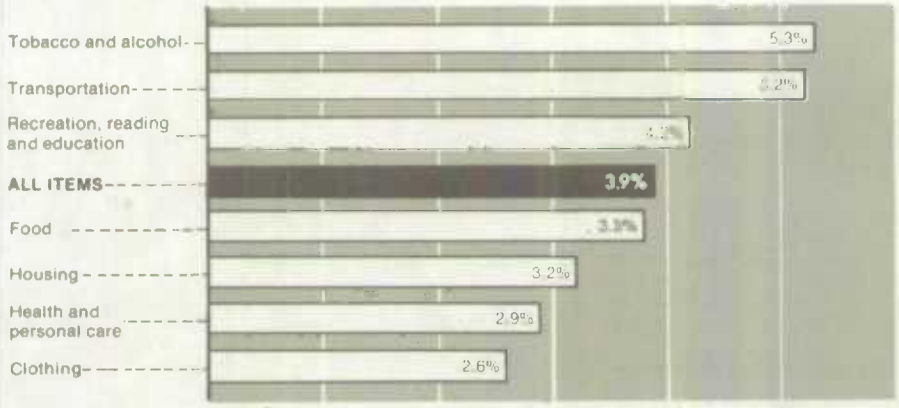
On a seasonally adjusted basis, the All-items index increased by 0.4% between March and April, as the Food index rose 1.0% while the All-items excluding Food index rose 0.3%. During the three-month period January to April, the All-items index rose at a seasonally adjusted compounded annual rate of change of 3.6%.

Between March and April 1985, consumer price changes in cities for which CPI's are published ranged from 0.2% in Ottawa, Toronto and Victoria to 0.9% in Vancouver. The lower than average change in Ottawa was primarily due to local competition in food prices as the Food index recorded no overall change. In Toronto, a gasoline "price war" was the major contributor to their lower than average price increase while in Vancouver the end of a gasoline "price war" resulted in their higher than average price increase. There was no overall increase in the Housing index in Victoria, leading to its lower than average increase.

Order the April 1985 issue of The Consumer Price Index *(62-001, $8/$80), or contact Sandra Shadlock or Suzanne Gratton (613-990-9606), Prices Division.*

Percentage Change in the Consumer Price Index and its Major Components

April 1984 to April 1985



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

Electric Power

The net generation of electricity in Canada in February 1985 increased by 6.7% to 38 599 gigawatt hours from a year earlier. Exports of electric power dropped 15.3% to 2 544 gigawatt hours, and imports declined by 0.4% to 186 gigawatt hours.

For the first two months of 1985, net generation off electricity totalled 82 585 gigawatt hours, up 6.0% from the January-February 1984 level. Exports of electricity were down 11.5% to 5 545 gigawatt hours, and imports increased by 5.3% to 394 gigawatt hours.

Order the February 1985 issue of Electric Power Statistics *(57-001, $8/$80), or contact Dave Madsen (613-990-9823), Industry Division.*

Refined Petroleum Products and Natural Gas

Refined Petroleum Products

During March 1985, sales of petroleum products by Canadian refiners and major distributors amounted to 6 088 100 cubic metres, down 8.1% from the level recorded in March 1984. Production of petroleum products by Canadian refiners amounted to 6 863 498 cubic metres, down 7.6% from March 1984.

For the first three months of 1985, sales of refined petroleum products amounted to 19 024 138 cubic metres, down 3.3% from the level recorded during the same period of 1984. Year-to-date production of petroleum products by Canadian refiners amounted to 20 310 872 cubic metres, down 10.9% from the same period in 1984.

Natural Gas

During March 1985, sales of natural gas by main distributors amounted to 5 123 392 thousand cubic metres, down 1.5% from the level recorded during March 1984.

For the first three months of 1985, sales of natural gas amounted to 17 255 329 thousand cubic metres, up 4.7% from the level recorded during the same period of 1984.

Order the March 1985 issues of Refined Petroleum Products *(45-004, $15/$150) and* Gas Utilities *(55-002, $10/$100), or contact Gerard O'Connor or Gary Smalldridge (613-990-9823), Energy Section, Industry Division.*

Traveller Accommodation

Total receipts reported by 14,409 traveller accommodation businesses in Canada for 1983 amounted to $5,507.0 million. Included in the total were hotels which numbered 4,266 with reported receipts of $4,517.9 million and 3,836 motels with receipts of $608.9 million. The remaining $380.2 million in receipts was accounted for by 6,307 other types of traveller accommodation firms, (tourist courts and cabins, outfitters and tent and trailer campgrounds).

Contact E. Yablonski (613-990-9662), Services Division.

PUBLICATIONS RELEASED MAY 17 — 23

	Catalogue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE/NATURAL RESOURCES			
The dairy review, March 1985	23-001	$10/$100	$11/$110
BUSINESS FINANCE			
Cheques cashed, February 1985	61-001	$10/$100	$11/$110
DEMOGRAPHY			
Quarterly estimates of population for Canada, the provinces and the territories January 1985	91-001	$6/$24	$7/$28
HOUSEHOLD SURVEYS			
The labour force, April 1985	71-001	$20/$200	$21.50/$215
INDUSTRY			
* Crude petroleum and natural gas production, January 1985	26-006	$8/$80	$9/$90
Factory sales of electric storage batteries, March 1985	43-005	$4/$40	$5/$50
Footwear statistics, March 1985	33-002	$4/$40	$5/$50
Industrial chemicals and synthetic resins, March 1985	46-002	$6/$60	$7/$70
Oil pipe line transport, February 1985	55-001	$8/$80	$9/$90
Production and sales of phonograph records and pre-recorded tapes in Canada, March 1985	47-004	$4/$40	$5/$50
Production, sales and stocks of major appliances, March 1985	43-010	$4/$40	$5/$50
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International travel — Advance information, March 1985	66-002	$1.60/$16	$1.90/$19
LABOUR			
Help-wanted index, April 1985	71-003	$2.50/$25	$3.50/$35
PRICES			
The consumer price index, April 1985	62-001	$8/$80	$9/$90
TRANSPORTATION			
Railway operating statistics, November 1984	52-003	$9.50/$95	$10.50/$105

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