

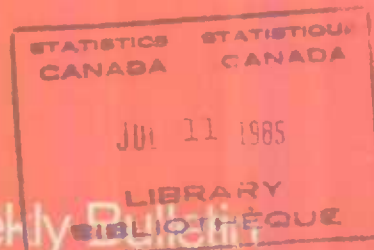


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July 12, 1985

Industrial Corporations

Seasonally Adjusted Data

According to first quarter 1985 final survey results, seasonally adjusted pre-tax profits of industrial corporations in Canada rose marginally to \$10.3 billion in the first quarter of 1985 from the \$10.2 billion level of the previous quarter. The current quarter's increase, although moderating, represents the eleventh consecutive quarter of growth in seasonally adjusted pre-tax profits.

Data Unadjusted for Seasonal Variation

On a year-to-year basis, unadjusted for seasonal variation, pre-tax corporate profits rose 11.6% to a level of \$10.0 billion in the first quarter of 1985. This is the ninth consecutive quarter of year-over-year increases in pre-tax profits, although the magnitude of the growth rate has been steadily declining over the past six quarters. Year-over-year sales rose 5.8% to currently stand at \$171.2 billion.

Balance Sheet Data

Balance sheet data show industrial corporation's working capital ratio increasing slightly to 1.39 from the 1.37 of the previous quarter, and the 1.33 recorded in the first quarter of 1984. This ratio is generally used to assess the short-term liquidity of corporations. The actual level of working capital continued to expand for the ninth consecutive quarter to stand at \$37.2 billion in the first quarter of 1985, compared to \$36.0 billion in the last quarter and the \$30.8 billion in the first quarter of 1984. Long-term corporate liquidity remained fairly constant over the past quarter, with the ratio decreasing slightly from 63.6% in the fourth quarter of 1984 to 63.5% currently.

The dividend payout ratio fell to 62.1% in the first quarter of 1985 from 76.6% in the last quarter. This first quarter drop is consistent with the trend of the past several years as corporate dividend payouts have traditionally been higher in fourth quarters. The current payout ratio is well above the 45.7% of the first quarter in 1984 and the 58.8% of the first quarter in 1983.

The annualized return on shareholder's equity ratio, an indicator of corporate profitability, stood at 10.7% in the first quarter of 1985, virtually unchanged from the previous quarter, but improved from the 10.1% return logged in the first quarter of 1984.

Order the first quarter 1985 issue of **Industrial Corporations: Financial Statistics** (61-003, \$50/\$200), or contact Gail Campbell or Bill Potter (613-990-9843), Industrial Organization and Finance Division.

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

		Previous Month	% Change From Year Ago
Average Weekly Earnings(\$)	Apr.	416.54	4.2
Labour Income (\$ million)	Apr.*	20,026.5	6.8
Persons with Jobs (million)	June*	11.62	2.7
Unemployed	June*	1,293,000	-5.1

INVENTORIES

Department Store (\$ million)	Apr.	3,540.7	-1.8
Manufacturers' Owned (\$ million)	Apr.	34,049.5	4.7

ORDERS

Manufacturers' New Orders (\$ million)	Apr.	19,994.8	8.4
Manufacturers' Unfilled Orders (\$ million)	Apr.	22,390.0	4.8

PRICES

Consumer Price Index (1981 = 100)	May	126.5	3.9
New House Price Index (1981 = 100)	May	95.2	-0.3
Raw Materials Price Index (1977 = 100)	May	222.5	2.1
Excl. coal, crude oil, nat. gas	May	158.0	-3.6
Industry Selling Price Index (1971 = 100)	May	318.8	2.6

CONSTRUCTION

		Year-to-date	% Change
Building Permits (\$ million)	Apr.*	1,768.6	12.8
Housing Starts - Urban Centres (units)	May*	14,340	11.8

ENERGY

Coal Production (thousand tonnes)	Mar.	5 592	14.6
Electricity Generation (terawatt hours)	Mar.	40 766	5.9
Natural Gas Production (million cubic metres)	Mar.	8 962	12.5
Petroleum Refining (thousand cubic metres)	Mar.	6 960	-10.5

FOREIGN TRADE

Exports - Balance of Payments Basis (\$ million)	May*	10,786	10.6
Imports - Balance of Payments Basis (\$ million)	May*	8,955	9.2

PRODUCTION

Railway Carloadings (million tonnes)	May*	22.0	1.4
Steel (ingots - thousand tonnes)	May	1 250	-4.9

SALES

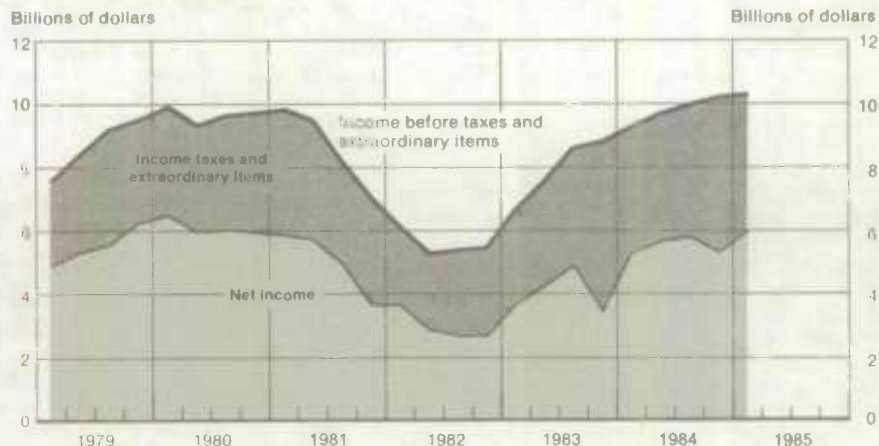
Department Store Sales (\$ million)	Apr.	901.4	6.9
Manufacturers' Shipments (\$ million)	Mar.	20,155.4	4.5
New Motor Vehicle Sales (\$ million)	May*	2,007.1	20.9
Retail Sales (\$ million)	Apr.	10,370.0	11.6

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Corporation Profits Industrial Corporations Sector

(Seasonally Adjusted)



International Trade

On a seasonally adjusted balance of payments basis, preliminary estimates indicate that Canada's total exports declined slightly in May to \$10.0 billion. The drop of 1.4% or \$146 million was the second decline in a row, but the value of total exports remained at record levels and the short-term trend continued to rise.

Imports rose 2.5% or \$200 million in May to \$8.2 billion, a continuation of the largely offsetting monthly fluctuations experienced since January. As a result, the merchandise trade surplus fell to \$1.8 billion from \$2.1 billion in April.

Short-Term Trend

The strongest growth in the short-term trend for exports continued to come from the energy sector, with more moderate growth in machinery and consumer goods. Exports of forestry products continued at the same level. The trend for agriculture and fishing products, having fallen from record levels in 1984, has stabilized in the current period. The short-term trend for exports of automotive products and for industrial goods and materials turned marginally negative.

The short-term trend for imports remained flat. Growth in the short-term trend for imports of machinery and industrial goods and materials was offset by declines in the trend for the automotive sector. The trend for imports of agricultural goods and of consumer goods showed no significant movement.

Commodity Analysis

Much of the \$146 million dollar decline in exports was due to a drop of \$124 million in crude materials. Within this group, crude petroleum and iron ores dropped \$87 million and \$48 million respectively after correspondingly large increases the previous month. Within fabricated materials, declines of \$51 million in organic chemicals and \$42 million in newsprint were partially offset by an increase of \$59 million in lumber products. Exports of cars and trucks posted small increases of \$28 million and \$22 million, while automotive parts fell \$35 million.

The upward movement of \$200 million in imports was largely due to increases in the energy sector. Crude petroleum, coal, and refined petroleum and coal products collectively moved up \$148 million in May, recovering from a drop of over \$100 million in April. Imports of office machinery and equipment grew by \$65 million, after an equivalent decline in April. Imports of cars remained unchanged, but trucks rose \$36 million and automotive parts fell \$72 million.

Trading Partner Analysis

Exports to the United States dropped by \$139 million to \$8.0 billion, but still represented more than 80% of total exports. Exports to Japan rose \$37 million to \$378 million, but for a second month, remained well below the 1984 average monthly value of \$461 million. Exports to the United Kingdom and other E.E.C. countries fell slightly (\$13 million and \$18 million respectively). Exports to other OECD countries declined by \$78 million in May but were largely offset by increased exports to other countries (\$65 million).

Imports from the United States dropped in May by \$101 million to \$5.8 billion, continuing a gradual downward trend from

Pension Plans

At the beginning of 1984, the number of workers in Canada that participated in employer-sponsored pension plans was nearly 4,565,000, a decrease of more than 93,000 or 2% from the 4,658,000 members in 1982. These participants represented 37.2% of the total labour force in 1984, down from the 38.9% proportion recorded in 1982. In terms of the employed paid workers in the labour force, however, the participation rate increased from 46.5% in 1982 to 47.0% in 1984.

The decrease in the number of members was accompanied by a dramatic increase in the number of pension plans. From 1982 to 1984, the number of active plans increased from 15,232 to 17,711, a growth of 16%. During this two-year period, some 1,850 plans were terminated. However, more than 4,300 new plans were registered. Of these new plans, 60% were for executive employees and 71% had less than five members. This development can be directly attributed to the change in Revenue Canada regulations affecting pension plans for significant shareholders.

The number of pension plans in the public and private sectors increased by 10% and 17% respectively over this two-year period. However, whereas the public sector plans recorded a growth of almost 3% in the number of members, the private sector membership declined by nearly 6%.

An analysis of the changes in the terms and conditions of these plans reveals a recent trend towards non-contributory plans from plans requiring employee contributions and more especially, a trend towards defined contribution plans from defined benefit. Of the newly registered plans, 70% are non-contributory and 85% have a defined contribution formula. Moreover, more than 100 plans were amended between 1982 and 1984 from contributory to non-contributory and nearly 200 had a change in retirement benefit formula from defined benefit to money purchase.

Order the 1984 issue of *Pension Plans in Canada* (74-401, \$50), or contact Hubert Frenken (613-990-9900), Labour Division.

Help-wanted Index

The seasonally adjusted Help-wanted Index (1981=100) for Canada declined for two successive months. Between May and June, it fell by 1.4% from 70 to 69. However, comparing the first and second quarter averages, the index gained 7.6%; that is, the averages advanced from 66 in the first quarter to 71 in the second quarter of 1985.

Order the June 1985 issue of *Help-wanted Index* (71-003, \$2.50/\$25), or contact Horst Stiebert or Jean-Pierre Maynard (613-990-9900) Labour Division.

the January value of \$6.0 billion. Imports from Japan largely offset this drop, increasing by \$99 million. About half of this increase was due to car imports. Imports from the rest of the world rose \$202 million.

Order the May 1985 issue of *Summary of Canadian International Trade* (65-001, \$15/\$150), or contact G. Blaney (613-990-9647), Trade Information Unit, or John Butterill (613-990-9784), Trade Measures and Analysis Section, International Trade Division.

New Motor Vehicle Sales

Sales of all new motor vehicles in May 1985 registered a gain of 13.3% over the corresponding month of the previous year, rising to 157,040 units. Compared to May 1984, sales of North American manufactured passenger cars increased by 1.4% to 84,132 units, while those of commercial vehicles rose by 19.6% to 32,869 units over the same period. Sales of passenger cars built overseas rose by 41.7% to 35,395 units, while sales of overseas-built commercial vehicles increased by 43.9% to 4,644 units. For overseas-built passenger cars, this comprised increases of 22.1% for Japanese automobiles (21,309 units) and 87.1% for passenger cars imported from other countries (14,086 units).

The share of the Canadian passenger car market held by North American manufacturers in May 1985 (based on unit sales) was 70.4%, down from the 76.8% recorded in May 1984. Japanese manufacturers held a market share of 17.8% compared to 16.2% a year earlier. Manufacturers from other countries held 11.8% of the passenger car market, a substantial increase from the 7.0% held in May 1984.

The total dollar value of all new motor vehicles sold in May 1985 increased by 19.2% from a year earlier to \$2,007.1 million. Sales of North American passenger cars reached \$997.0 million, up 7.1% over the corresponding month in 1984. The total sales of commercial vehicles built in North America amounted to \$528.0 million, up 29.8%. Sales of overseas passenger cars and commercial vehicles rose by 38.4% and 49.3% to reach \$431.3 million and \$50.9 million, respectively.

Total sales reported for the first five months of 1985 increased 14.7% over the same period last year to reach 639,585 units, valued at \$8,134.6 million, a gain of 20.9%.

Order the May 1985 issue of *New Motor Vehicle Sales* (63-007, \$8/\$80), or contact Michael Kwilecki (613-990-9665), Industry Division.

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Weekly Bulletin

Published by the Communications Division, Statistics Canada.

Senior Editor: Vicki Crompton (613-993-7444).

Editor: Deanna Jamieson (613-993-7444),

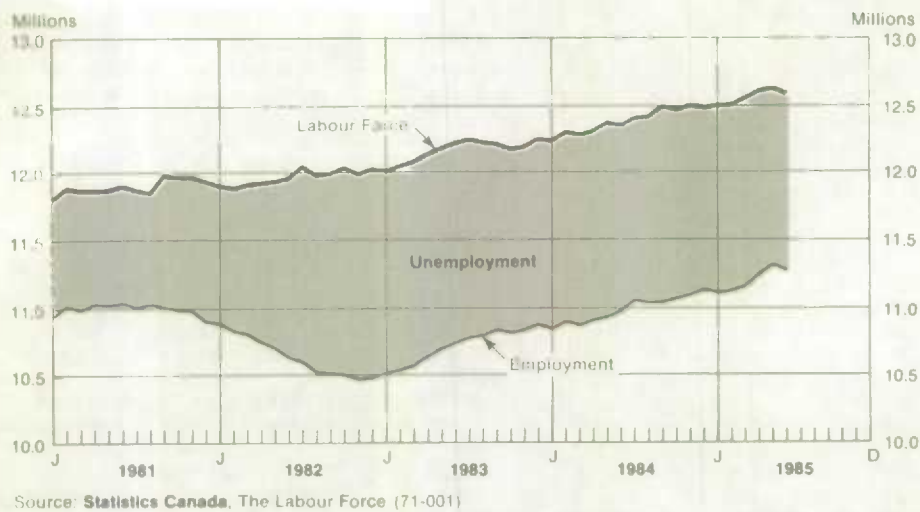
R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2/\$100; other countries, \$3/\$150. To subscribe: send money order or cheque payable to the Receiver General for Canada to Publication Sales and Services, Statistics Canada, Ottawa, Ontario K1A 0T6.

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The Labour Force

(Seasonally Adjusted)



Source: Statistics Canada, The Labour Force (71-001)

Building permits

The seasonally adjusted value of building permits issued by Canadian municipalities in April totalled \$1,578.5 million, up 20.2% from the \$1,313.6 million recorded for March. Such a level of intentions had not occurred since 1981. This performance was sustained by both the non-residential sector, which recorded strong intentions, and the residential sector, which recorded a slight increase.

For a third consecutive month, the seasonally adjusted value of residential construction rose 4.9% to \$777.2 million in April. Both single and multi-family sectors contributed to this increase. On a seasonally adjusted basis, 12,512 units were approved in April compared to 12,016 units in March, up 4.1%. Translated into annual terms, these approvals represented 150,100 and 144,200 units respectively.

The seasonally adjusted value of non-residential building permits rose 39.9% to \$801.3 million. This significant increase is largely the result of specific major projects, such as the construction permit (worth \$148.0 million) issued to the Domtar company, located in Windsor, Quebec. This project accounted for almost half of the non-residential increase recorded in April. Under this positive influence, the industrial sector (+91.1%) has almost doubled. The commercial sector (+35.5%) increased significantly while the public sector (+4.5%) rose slightly.

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

Labour Income

Labour income for the month of April 1985 was estimated at \$20,026.5 million, an increase of \$1,268.3 million or 6.8% from April 1984. Adjusted for seasonal variation, wages and salaries increased by \$34.8 million between March and April 1985 to \$18,283.6 million.

Order the April-June 1985 issue of *Estimates of Labour Income* (72-005, \$15/\$60), or contact Georgette Gauthier (613-990-9900), Labour Division.

International Travel

During May 1985, preliminary statistics show that an estimated 2.9 million United States residents entered Canada, up 8.6% from May 1984. Visitors from other countries increased by 6.6% to 176,400 in May. Canadian residents re-entering the country following visits to the United States totalled 3.1 million, up 0.9% from May 1984. Canadians returning from visits to all other countries increased by 20.1% to 170,400.

For the first five months of 1985, total international travel flows were as follows: 9.8 million United States residents entered Canada, up 5.0% from 1984; visitors from other countries increased by only 2.5% to 469,700; Canadians returning from the United States decreased by 3.1% to 14.0 million, while residents returning from other countries numbered 1.1 million, up 17.7% from the first five months in 1984.

Estimation of Tourists

Preliminary data show that long-term tourist entries (by auto and bus for one night or longer and all entries by boat, plane and train) from the United States increased by 9.7% to 1.0 million in May 1985. Residents of other countries (excluding those arriving by land via the United States and intending to stay less than 24 hours) numbered 154,700, up 2.7% from last year. Canadian tourist re-entries from the United States numbered 825,300 during May, down 4.1%, while residents returning from countries other than the United States increased by 20.1% to 170,400.

For the first five months of 1985, tourists from the United States numbered 2.7 million, up 4.9% from 1984. The number of tourists from other countries increased by 0.6% to 423,000 during the January-May period. Canadian tourist re-entries from the United States numbered 4.0 million down, 7.7% from a year earlier, while residents returning from countries other than the United States increased by 17.7% to 1.1 million.

Order the May 1985 issue of *International Travel - Advance Information* (66-001P, \$5/\$50), or contact Paul L. Paradis (613-990-8932), International Travel Section.

The Labour Force

Employment

The seasonally adjusted estimate of employment for the week ending June 15, 1985 was 11,282,000, a decline of 42,000 from that of the previous month. There was a decline of 37,000 in seasonally adjusted employment among persons aged 15 to 24, to an estimated 2,381,000. For those 25 and over, employment remained virtually unchanged at 8,901,000. The decline in youth employment was equally distributed between males and females, with reductions of 22,000 and 15,000, respectively.

Unemployment

The seasonally adjusted level of unemployment remained virtually unchanged in June, at an estimated 1,319,000. There were no significant changes in unemployment levels among youth (474,000) or older persons (845,000), or for men (738,000) or women (581,000).

Unemployment Rate

The seasonally adjusted unemployment rate remained unchanged at 10.5 in June, 1985. The rate increased by 0.4 to 16.6 for persons aged 15 to 24. The unemployment rate remained unchanged at 8.7 for persons aged 25 and over.

Participation Rate

The seasonally adjusted participation rate declined by 0.3 to 65.1 in June, 1985. The rate decreased by 0.6 to 67.2 for persons aged 15 to 24. The rate fell by 0.9 for males in this age category and by 0.3 for females. The participation rate declined by 0.2 to 64.5 for persons aged 25 and over, with similar decreases for both males and females in this age group.

Employment/Population Ratio

The seasonally adjusted employment/population ratio declined by 0.2 to 58.3 in June, 1985. The ratio fell by 0.8 to 56.0 for persons aged 15 to 24. There were declines of 1.0 and 0.6 for males and females, respectively. The ratio remained virtually unchanged at 58.9 for persons aged 25 and over.

Unadjusted Data

The unadjusted estimate of employment for June, 1985 was 11,624,000, an increase of 308,000 (+2.7%) over the level of the previous year. Unemployment was estimated at 1,293,000 in June, a decline of 69,000 (-5.1%) from the level of a year ago. The unemployment rate was 10.0 this month, 0.7 below the rate of last June. The participation rate was an estimated 66.7, an increase of 0.4 over that of last year. The employment/population ratio was 60.0, 0.9 above the ratio of a year ago.

Student Data

The unadjusted unemployment rate for returning students aged 15 to 24 was 16.1 in June, 1985, an increase of 0.6 from last June. The rate was 16.3 for students aged 15 to 19, up from 15.6 a year ago, while it was 15.6 for those aged 20 to 24, slightly above that of last June. There were an estimated 827,000 students employed in June, 37,000 (+4.7%) more than in this month a year ago. The participation rate for returning students was 56.6 this year, 2.7 above the rate of last June. The employment/population ratio for students was 47.5, up 2.0 from the ratio of a year ago.

Order the June 1985 issue of *The Labour Force* (71-001, \$20/\$200), or contact Ken Bennett (613-990-9448), Household Surveys Division.



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