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Weekly Bulletin



August 23, 1985

Industrial Corporations

Seasonally Adjusted Data

According to second quarter 1985 preliminary results, seasonally adjusted pre-tax profits of industrial corporations declined \$339 million or 3.3% from the previous quarter, to a level of \$9.9 billion.

The current quarter's results represent the first quarter-to-quarter decline in pre-tax profit since the second quarter of 1982 and follows several quarters of low growth. While a portion of the decline is attributable to a 1.0% reduction in seasonally adjusted operating income, the bulk of the drop is due to lower dividend income, notably in the distilling industry.

On an industry basis, 20 of the 47 industries posted declines in seasonally adjusted pre-tax profit, including a significant drop in the Transportation Equipment industry. Of the 25 industries registering increases in pre-tax profits, the Chemicals and Metal Mining industries had the largest growth. Two industries remained unchanged.

Sales grew 3.0% in the second quarter of 1985 to \$181.4 billion. The operating margin, which relates operating income to sales, declined to 3.9% after stabilizing at 4.0% over the preceding three quarters. The interest coverage ratio, which measures the ability of corporations to meet interest charges out of current profits, fell to 2.79 from the 2.87 of the prior quarter, mainly because of the decline in profits, as interest expense remained basically unchanged over the last quarter.

Data Unadjusted for Seasonal Variation
On a year-over-year basis, unadjusted for seasonal variation, pre-tax corporate profit rose a marginal 1.8% to a level of \$10.1 billion in the second quarter of 1985. This levelling off of profit growth continues the trend of the last several quarters of declining year-over-year growth rates.

Year-over-year sales grew at a rate of 6.8% to \$183.7 billion in the second quarter of 1985.

These preliminary data cover all non-government owned corporations in Canada except those in the agriculture, fishing and finance industries. More detailed statistics for the 47 industry groups are now on CANSIM: matrices 4780-4921 and 4928-4942 and will be available in Industrial Corporations: Financial Statistics (61-003p, \$15/\$60). For further information 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(\$)	May	417.05	416.15	3.7
Labour Income (\$ million)	May	20,520.4	20,097.1	6.0
Persons with Jobs (million)	July	11.83	11.62	2.3
Unemployed	July	1,272,000	1,293,000	-4.1

INVENTORIES

Department Store (\$ million)	June*	3,292.1	3,517.4	4.6
Manufacturers' Owned (\$ million)	June*	33,800.8	33,787.6	4.2

ORDERS

Manufacturers' New Orders (\$ million)	June*	21,507.1	21,504.8	5.3
Manufacturers' Unfilled Orders (\$ million)	June*	22,887.4	22,607.5	2.5

PRICES

Consumer Price Index (1981 = 100)	July*	127.6	127.2	3.8
New House Price Index (1981 = 100)	June	95.6	95.2	0.3
Raw Materials Price Index (1977 = 100)	June	222.1	222.8	2.1
Excl. coal, crude oil, nat. gas	June	157.5	158.0	-3.2
Industry Selling Price Index (1971 = 100)	June	318.9	318.7	2.5

CONSTRUCTION

			Year-to-date	
Building Permits (\$ million)	May	1,743.7	6,831.1	19.9
Housing Starts - Urban Centres (units)	June	13,617	60,672	12.2

ENERGY

Coal Production (thousand tonnes)	Apr.	5 085	20 967	15.2
Electricity Generation (terawatt hours)	Apr.	35 284	158 641	5.9
Natural Gas Production (million cubic metres)	Apr.	771	35 964	12.0
Petroleum Refining (thousand cubic metres)	Apr.	6 027	26 434	-9.3

FOREIGN TRADE

Exports - Balance of Payments Basis (\$ million)	June	10,325	60,311	9.4
Imports - Balance of Payments Basis (\$ million)	June	8,683	50,325	9.5

PRODUCTION

Railway Carloadings (million tonnes)	June	20.4	118.6	1.0
Steel (ingots - thousand tonnes)	June*	1 270	7 310	-3.5

SALES

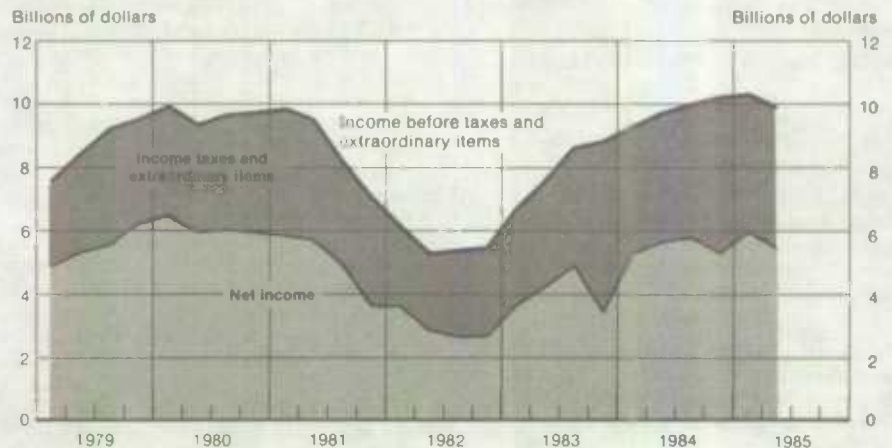
Department Store Sales (\$ million)	June	928.2	5,008.4	3.7
Manufacturers' Shipments (\$ million)	June*	21,227.2	119,433.7	6.0
New Motor Vehicle Sales (\$ million)	June	2,058.6	10,193.2	22.1
Retail Sales (\$ million)	June*	11,059.4	60,079.7	5.4

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Corporation Profits Industrial Corporations Sector

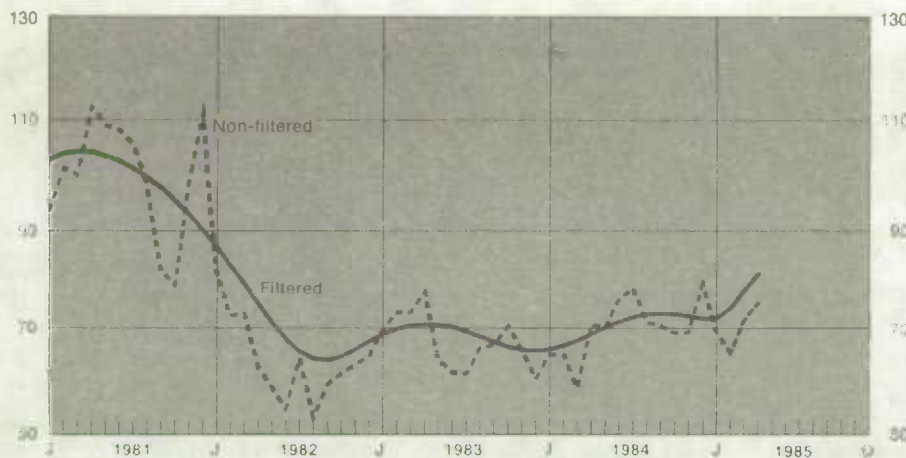
(Seasonally Adjusted)



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

Indexes of Construction Activity in Canada

1981=100



Source: Statistics Canada, Building Permits (64-001)

Annual Work Patterns Survey

An article published in the July 1985 issue of **The Labour Force** examines the Annual Work Patterns Survey data for the calendar years 1983 and 1984. Some of the article's highlights are:

- a total of 13.9 million persons, accounting for 72.2% of the 19.3 million people of working age in January 1985, were in the labour force at some time in 1984;
- among the 13.9 million persons in the labour force at some time in 1984, 13.3 million experienced some employment and 3.7 million experienced at least some unemployment.

Order the July 1985 issue of **The Labour Force** (71-001, \$20/\$200), or contact Richard Veevers, (613-990-9452), Labour and Household Surveys Analysis Division.

Department Stores

Unadjusted Sales

Department stores in Canada reported unadjusted sales totalling \$928.2 million in June 1985, down 1.4% from the June 1984 level. Sales were lower in 24 of the 40 departments with the largest decreases reported in plumbing, heating and building materials (-31.4%), gasoline, oil, auto accessories, repairs and supplies (-14.6%) and girls' and teenage girls' wear (-11.7%). The most notable increases were recorded for furs (+16.8%), toys and games (+15.0%) and hardware, paints, wallpaper, etc. (+14.6%).

Sales by major department stores in June 1985 reached \$557.8 million, down 4.6% from the corresponding month a year earlier, while junior department stores had sales of \$370.4 million, up 3.7% over the same period last year.

Seasonally Adjusted Sales

Adjusted for seasonal fluctuations, holidays and the number of trading days, total department store sales in June 1985 decreased by 1.0% to \$984.6 million from the revised May 1985 level of \$994.5 million. Among the 23 departments recording lower sales, the most notable decreases were reported in girls' and teenage girls' wear (-16.0%), women's and misses' dresses, housedresses, aprons and uniforms (-11.9%) and plumbing, heating and building materials (-9.8%). The largest increases were recorded for furs (+50.5%), television, radio and music (+15.5%) and lamps, pictures, mirrors and all other home furnishings (+7.1%).

Stocks

The unadjusted selling value of inventories held by department stores in June 1985 was \$3,292.1 million, up 4.6% from June 1984. Seasonally adjusted department store stocks totalled \$3,503.0 million, up 0.8% from the May 1985 revised value of \$3,475.3 million.

Order the June 1985 issue of **Department Store Sales and Stocks** (63-002, \$13/\$130), or contact Michael Kwilecki (613-991-3549), Industry Division.

Construction Activity

The leading indicator of building construction activity in Canada (1981 = 100) continued to rise in April to 81.2, up 4.3% from the previous month. Both residential and non-residential sectors were responsible for this increase.

The filtered index of residential construction jumped 6.3% in April to 82.9. This large increase was supported by the strengthening of construction intentions that continued in both single and multi-family building sectors. On a regional basis, except for Quebec, the trend-cycle of residential building permits issued registered gains in all regions.

The filtered index of non-residential construction (excluding engineering projects) progressed 2.1% from March to 79.4. This moderate increase followed two months of strong gains recorded in this sector (4.0% in February and 6.0% in March). The commercial, governmental and industrial indexes all recorded increases in April. The commercial index rose 3.6%, while the governmental index went up 1.6% and the industrial index increased 1.3%. The trend-cycle of non-residential permits issued indicated a continuing increment in all regions except the Atlantic region.

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

Inventories, Shipments and Orders

Preliminary estimates show the seasonally adjusted value of shipments in all Canadian manufacturing industries decreased 0.3% to \$19,946.4 million in June, down from the revised estimate of \$20,007.4 million in May.

Seasonally adjusted inventories owned by manufacturers at the end of June were \$33,800.5 million, up 0.7% from the previous month's revised value of \$33,560.5 million. The ratio of seasonally adjusted total inventory owned to seasonally adjusted shipments went from 1.68:1 in May to 1.69:1 in June.

The seasonally adjusted value of new orders received in June, increased 1.3% to \$20,429.0 million from the revised May estimate of \$20,158.9 million.

The seasonally adjusted unfilled orders backlog at the end of June was \$22,675.6 million, up 2.2% from the revised May estimate of \$22,193.0 million.

Not adjusted for seasonal variation, manufacturers' shipments in June 1985 were estimated at \$21,227.1 million, 0.3% lower than the revised May value of \$21,300.5 million. Cumulative shipments for the first six months of 1985, at an estimated \$119,433.7 million, were up 6.0% from the \$112,640.0 million estimated for the same period in 1984.

Order the June 1985 issue of **Inventories, Shipments and Orders in Manufacturing Industries** (31-001, \$15/\$150), or contact J. Lepage (613-990-9834) Shipments, Inventories and Orders Section, Industry Division.

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Retail Trade

Unadjusted Sales

Preliminary estimates of total retail trade for June 1985 show an increase of 5.4% over the same month last year, totalling \$11,059.4 million in current dollars (not adjusted for inflation). The most notable gains were registered by motor vehicle dealers (+18.8%), used car dealers (+18.7%) and book and stationery stores (+14.5%). The largest decreases were for garages (-12.5%), sporting goods and accessories stores (-7.5%) and general stores (-1.5%).

Cumulative retail sales for the first six months of 1985 totalled \$60,079.7 million, up 9.4% over the same period a year earlier.

The revised sales estimates for May 1985 amounted to \$11,618.6 million, an increase of 13.1% over May 1984.

Seasonally Adjusted Sales

Adjusted for seasonal fluctuations, holidays and the number of trading days, retail sales totalled \$10,617.5 million in current dollars in June 1985, an increase of 0.6% over the preceding month's revised total of \$10,550.1 million. The largest sales increases were recorded by florists (+8.5%), jewellery stores (+6.0%) and book and stationery stores (+4.7%). The most notable decreases were reported by sporting goods and accessories stores (-5.1%), garages (-4.9%) and household appliance stores (-3.5%).

Order the June 1985 issue of *Retail Trade* (63-005, \$14/\$140), or contact Lina Di Pietro, (613-990-9824), Retail Trade Section, Industry Division.

Refined Petroleum Products and Natural Gas

Preliminary figures show that in June 1985, sales of refined petroleum products in Canada decreased by 4.3% from a year earlier, while sales of natural gas increased by 3.7%. Cumulative figures for the first six months of 1985 show sales of petroleum products fell 0.2% from the 1984 level, while sales of natural gas were up by 4.6%.

Refined Petroleum Products

During June 1985, sales of petroleum products by Canadian refiners and major distributors amounted to 6 056 400 cubic metres, down 4.3% from the level recorded in June 1984. Production of petroleum products by Canadian refiners amounted to 7 248 100 cubic metres, up 0.1% from June 1984.

For the first six months of 1985, sales of refined petroleum products amounted to 38 022 927 cubic metres, down 0.2% from the level recorded during the same period of 1984. Year-to-date production of petroleum products by Canadian refiners amounted to 40 732 386 cubic metres, down 6.1% from the same period in 1984.

Natural Gas

During June 1985, sales of natural gas by main distributors amounted to 2 631 485 thousand cubic metres, up 3.7% from the level recorded during June 1984. For the first six months of 1985, sales of natural gas amounted to 27 593 505 cubic metres, up 4.6% from the level recorded during the same period in 1984.

Order the June 1985 issues of *Refined Petroleum Products* (45-004, \$15/\$150) and *Gas Utilities* (55-002, \$10/\$100), or contact Gerard Smalldridge (613-991-3567), Industry Division.

Consumer Price Index

National Highlights

The Consumer Price Index (CPI) for Canada (1981=100) rose 0.3% between June and July to a level of 127.6. A 0.6% increase in the Food index when combined with a 0.3% increase in the Housing index accounted for most of the overall increase in July.

The year-to-year increase in the CPI, as measured by comparing the index level for July 1985 to that of July 1984, was 3.8%, down from the 4.1% registered in the 12 month period ending in June. The year-to-year measure of price change has now remained near the 4.0% level for 14 months.

The Food index rose 0.6% in July, the same rate as observed in June, as the Food Purchased from Stores index rose 0.6% while the Food Purchased from Restaurants index increased 0.7%. Meat prices rose 1.3% largely due to a 4.1% increase in chicken prices and a 2.3% increase in pork prices. Both the Fresh Fruit and Fresh Vegetable indexes declined marginally overall. Other notable food price changes were for chocolate bars (10.0%), soft drinks (4.6%), eggs (-0.8%) and sugar (-0.6%). The index for Food Purchased from Stores stood 1.6% above its level for July 1984 while the index for Food Purchased from Restaurants was 4.4% higher than it was in July 1984. The resulting year-to-year increase in the aggregate Food index was 2.3%, down from 2.6% in June.

The 0.2% increase in the All-items excluding Food index resulted from marginally higher prices for housing, transportation, recreation, reading and education and tobacco and alcohol products being only partially offset by lower prices for clothing and health and personal care products. Notable price changes within housing were for postal services (13.3%), traveller accommodation (6.2%) as seasonal price increases were observed for hotels and motels, pet food (3.1%) and natural gas (-1.2%) as a number of western Canadian cities reported price declines following the removal of the Canadian Ownership charge. Clothing prices declined 0.7% largely due to sales on the remaining stocks of summer items. The

Transportation index rose 0.2% as a 3.2% increase in the Public Transportation index was only partially offset by a 0.3% decline in the Private Transportation index. This latter decline was largely due to "price war" activity in the gasoline market while the increase for public transportation was principally due to higher air fares as increases were observed on many international and some domestic routes. The marginal decline of 0.2% in the Health and Personal Care index was largely due to sales activity for personal care products such as shampoo and toothpaste. The Recreation, Reading and Education index rose 0.4% largely due to higher admission charges for motion pictures and football and increased prices for a number of newspapers. An increase in the tax on cigarettes in New Brunswick and higher prices for alcoholic beverages in Ontario and Alberta were the primary factors in the 0.4% increase in the Tobacco Products and Alcoholic Beverages index. Between July 1984 and July 1985, the All-items excluding Food index rose 4.1%, down from the 4.5% recorded in the previous 12 month period.

On a seasonally adjusted basis, the All-items index increased by 0.3% between June and July, with the Food and All-items excluding Food indexes both rising 0.2%. (This apparent anomaly is due to rounding.) During the three month period April to July, the seasonally adjusted All-items index rose at a compounded annual rate of 4.3%.

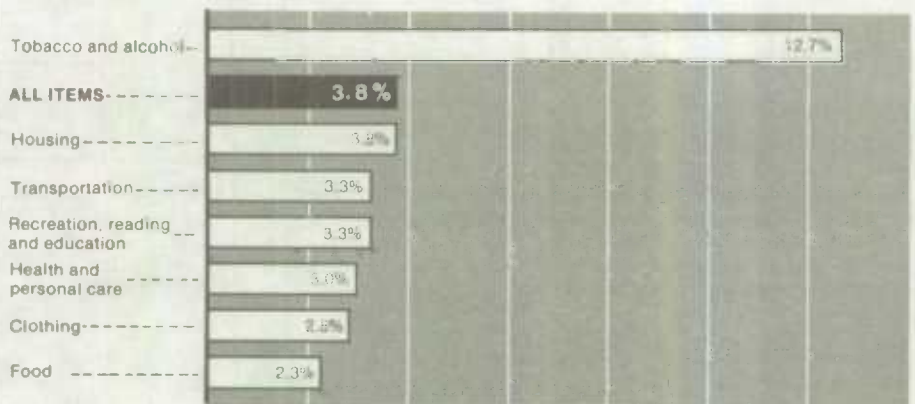
City Highlights

Between June and July, consumer price changes in cities for which CPI's are published ranged from 0.1% in Edmonton to 0.6% in Charlottetown/Summerside. The higher than average increase in Charlottetown/Summerside was largely due to a higher than average increase in the Clothing index. The lower than average increase in Edmonton was largely due to a decline in the Housing index and the Transportation index.

Order the July 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

July 1984 to July 1985



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



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PUBLICATIONS RELEASED AUGUST 16-22

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The Labour Force, July 1985	71-001	\$20/\$200	\$21.50/\$215
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Department Store Sales by Regions, June 1985	63-004	\$2/\$20	\$3/\$30
Footwear Statistics, June 1985	33-002	\$4/\$40	\$5/\$50
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