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Weekly Bulletin



September 20, 1985

Manufacturing Industries

Preliminary estimates show the seasonally adjusted value of shipments in all Canadian manufacturing industries increased 4.0% to \$20,681.5 million in July from the revised estimate of \$19,888.2 million in June.

The seasonally adjusted value of new orders received in July increased 4.4% to \$20,957.1 million from the revised June estimate of \$20,065.3 million. (It should be noted the revision to June data for new orders was larger than usual; reports received since the publishing of the first estimate of \$20,429.0 million have had a greater than usual impact.)

The seasonally adjusted unfilled orders backlog at the end of July was \$22,645.7 million, up 1.2% from the revised June estimate of \$22,370.1 million.

Seasonally adjusted inventories owned by manufacturers at the end of July totalled \$34,192.7 million, up 0.8% from the previous month's revised value of \$33,924.7 million.

The ratio of seasonally adjusted total inventory owned to seasonally adjusted shipments went from 1.71:1 in June to 1.65:1 in July.

(continued on page 2, col. 1)

Composite Leading Indicator

The Canadian composite leading indicator increased slightly to 154.77 in June, returning to approximately the same level as in April. The non-filtered index posted consecutive increases in May and June for the first time since it began declining in April 1984. The marginal movement in the leading indicator suggests little change in the outlook for continued moderate growth in the short-term.

A shallow downward trend in the filtered index began in August 1984 with the downturn of the United States leading index and the real money supply. In early 1985, the downturn in the Canadian leading index slowed, reflecting the firming of the stock exchange index, the residential construction indicator and the average workweek in manufacturing. Real GNP slowed from an average growth of 1.5% over the first seven quarters of recovery to rates of 0.9%, 1.0% and 1.0% in the three quarters ending in the second quarter of 1985. Construction activity contributed to the moderate growth in output and spending in the second quarter.

Order Current Economic Indicators (13-005, \$10/\$100), or contact D. Rhoades (613-990-9161), Econometric Analysis Division.

LATEST MONTHLY STATISTICS

EMPLOYMENT, INCOME

			Previous Month	% Change From Year Ago
Average Weekly Earnings(\$)	June	419.47	417.21	2.8
Labour Income (\$ million)	June	21,176.8	20,712.9	6.1
Persons with Jobs (million)	Aug.	11.83	11.83	2.7
Unemployed	Aug.	1,253,000	1,272,000	-7.0

INVENTORIES

Department Store (\$ million)	July*	3,393.3	3,292.1	2.6
Manufacturers' Owned (\$ million)	July*	33,856.2	33,923.6	4.3

ORDERS

Manufacturers' New Orders (\$ million)	July*	19,339.3	21,136.2	12.7
Manufacturers' Unfilled Orders (\$ million)	July*	22,668.6	22,576.8	3.0

PRICES

Consumer Price Index (1981 = 100)	Aug.*	127.8	127.6	4.0
New House Price Index (1981 = 100)	July	95.9	95.6	0.7
Raw Materials Price Index (1977 = 100)	July	217.6	222.1	0.1
Excl. coal, crude oil, nat. gas	July	155.1	157.4	-4.7
Industry Selling Price Index (1971 = 100)	July	319.5	318.8	2.1

CONSTRUCTION

			Year-to-date	
Building Permits (\$ million)	June	1,638.9	8,628.7	19.3
Housing Starts - Urban Centres (units)	July	12,690	73,362	14.6

ENERGY

Coal Production (thousand tonnes)	May*	5 141	26 094	13.2
Electricity Generation (terawatt hours)	June*	32 077	224 618	4.8
Natural Gas Production (million cubic metres)	May*	7 242	43 217	11.2
Petroleum Refining (thousand cubic metres)	June*	7 292	40 776	-6.0

FOREIGN TRADE

Exports - Balance of Payments Basis (\$ million)	July	8,425	68,736	6.9
Imports - Balance of Payments Basis (\$ million)	July	8,659	59,234	10.7

PRODUCTION

Railway Carloadings (million tonnes)	July	19.5	138.3	0.6
Steel (ingots - thousand tonnes)	June	1 270	7 310	-3.5

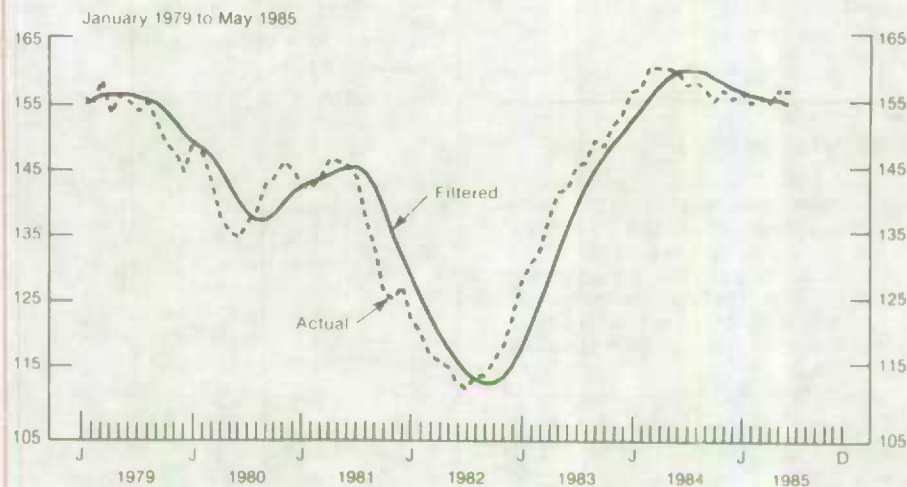
SALES

Department Store Sales (\$ million)	July	875.7	5,884.1	4.4
Manufacturers' Shipments (\$ million)	July*	19,247.4	138,620.8	6.5
New Motor Vehicle Sales (\$ million)	July	1,610.1	11,803.3	22.8
Retail Sales (\$ million)	July*	10,656.2	70,684.5	9.7

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

The Canadian Composite Leading Index (1971=100)



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

Canada

Foreign Trade in Automotive Products

Trade with the United States, Reconciled Basis

During the first six months of 1985, Canada accumulated a \$2.3 billion trade surplus in automotive products with the United States. This was a decline of \$411 million from the surplus of \$2.7 billion recorded during the corresponding time period of last year and was the first decline since 1981.

Exports of automotive products to the United States increased 12.1% to \$17.2 billion during the first half of 1985. Imports from the United States were 17.9% higher, reaching \$14.9 billion. More than half of this growth was due to a 41.3% increase in imports of cars. Imports of parts rose only 8.4% but continued to be the primary commodity, representing nearly 60% of the import total.

Trade with Overseas Countries, Customs Basis

The trade deficit in automotive products with countries other than the United States totalled \$1.9 billion during the first half of 1985, an increase of \$360 million from the corresponding period of 1984. The increased deficit was primarily attributable to imports of cars which grew by 30.0% to \$1.2 billion. Imports of automotive parts rose by only 5.9%. Exports fell 12.3% to \$341 million. The decline was due primarily to cars which dropped to \$27 million from \$103 million for the same period in 1984. Exports of trucks rose by 33% and parts gained 10.2%.

Source of Passenger Automobile Imports

During the first half of 1985, 545,300 cars were imported, an increase of 15.9% over the corresponding period of 1984. Of these, 69.4% came from the United States (down from 72.0% in 1984), and 17.6% came from Japan (18.6% in 1984). Imports from West Germany rose 24.2%, but imports from France fell by two-thirds. Imports from "other countries" have more than doubled and now represent 7.5% of the import market.

The average price of imported cars was 19.8% higher in the first half of 1985 than in the first half of 1984. Cars from the rest of the world rose only 2.8% and, in particular, those from Japan gained only 3.2% in value per unit.

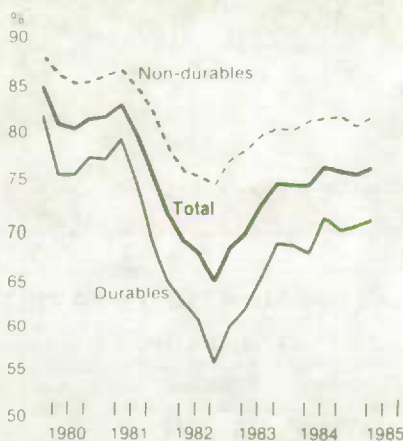
Contact O. Saucy (613-990-9647) or Judith Frederick (613-990-9784) International Trade Division.

... Manufacturing Industries

Not adjusted for seasonal variation, manufacturers' shipments in July 1985 were estimated at \$19,247.4 million, 9.1% lower than the revised June value of \$21,166.8 million. Cumulative shipments for the first seven months of 1985, at an estimated \$138,620.8 million, were up 6.5% from the \$130,115.6 million estimated for the same period in 1984.

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

Capacity Utilization Rates in Canadian Manufacturing



Source: Statistics Canada, Capacity Utilization Rates in Canadian Manufacturing (31-003)

Labour Market Activity of Students

An article in the August 1985 issue of *The Labour Force* examines trends from July 1977 to July 1985 in the labour market activity of returning students.

Overall, July 1985 has seen a continuation of the improvements which have occurred in the labour market situation of returning students since the low point experienced in July of the recession year 1982. The July participation rate of students increased to a new high of 69.2% in 1985, while the employment/population ratio also increased (to 59.3%). The unemployment rate decreased by 0.5% between July 1984 and July 1985.

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

Infomat

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Capacity Utilization Rates

Capacity utilization in Canadian manufacturing in the second quarter of 1985 edged up 0.9% to a level of 76.3% from 75.6% in the first quarter of 1985. In this second quarter, higher capacity utilization rates were posted in 13 of the 19 industry groups. The most important increases were 9.2% in tobacco products, 7.4% in metal fabricating, 6.7% in petroleum and coal products and 6.0% in non-metallic mineral products. All other increases were less than 5.0%. Of the six industry groups whose rates declined, five of them registered decreases of 3.0% or less. The only decline above 3.0% was one of 4.1% for transportation equipment manufacturers.

Utilization rates in durable manufacturing industries increased by 0.7% in the second quarter of 1985 to 71.1% of capacity from 70.6% in the first quarter of 1985. In the non-durable sector, capacity utilization increased 1.2% to 81.7% from 80.7%.

Contact D. Wallace or R. Landry (613-990-9684), Science, Technology and Capital Stock Division.

Retail Trade

Unadjusted Sales

Preliminary estimates of total retail trade for July 1985 show an increase of 12.0% over the same month last year, totalling \$10,656.2 million in current dollars (not adjusted for inflation). The most notable gains were registered by motor vehicle dealers (+27.8%), specialty shoe stores (+27.3%) and pharmacies, patent medicine and cosmetics stores (+16.6%). The only decreases in sales were recorded in general stores (-1.9%) and garages (-10.7%).

All provinces and territories reported higher sales in July 1985 over the corresponding month in 1984. Gains ranged from 7.3% in the Yukon and Northwest Territories to 20.2% in Nova Scotia.

Cumulative retail sales for the first seven months of 1985 totalled \$70,684.5 million, up 9.7% over the same period a year earlier.

Seasonally Adjusted Sales

Adjusted for seasonal fluctuations, holidays and the number of trading days, retail sales totalled \$10,516.1 million in current dollars in July 1985, a decrease of 0.5% from the previous month's revised total of \$10,570.9 million. The largest sales decreases were recorded by service stations (-5.4%), jewellery stores (-4.9%) and book and stationery stores (-4.3%). The most notable increases were reported by sporting goods and accessories stores (+5.3%), specialty shoe stores (+3.9%) and family shoe stores (+3.0%).

Lower sales were reported in seven of the provinces with decreases ranging from 0.2% in Saskatchewan to 1.8% in Prince Edward Island. Sales were also lower by 1.3% in the Yukon and Northwest Territories. Higher sales were registered in Alberta (+0.2%), Nova Scotia (+0.3%) and New Brunswick (+0.8%).

Order the July 1985 issue of *Retail Trade* (63-005, \$14/\$140), or contact Lana DiPietro, (613-990-9824), Industry Division.

Consumer Price Index

National Highlights

The Consumer Price Index (CPI) for Canada (1981=100) rose 0.2% between July and August to a level of 127.8. A 0.6% decline in the food index partially offset increases in each of the remaining six major components to produce this latest monthly increase.

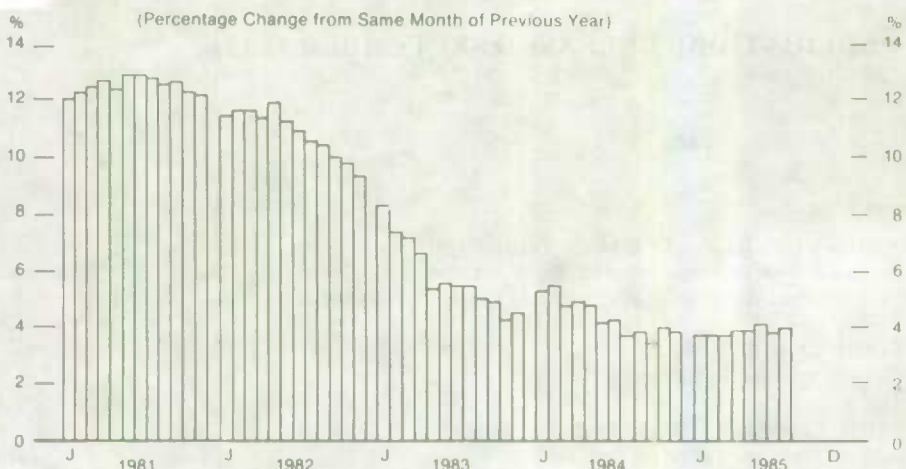
The year-to-year increase in the CPI, as measured by comparing the index level for August 1985 to that of August 1984, was 4.0%, up from the 3.8% registered in the 12-month period ending in July. August is the 15th consecutive month in which the year-to-year measure of price change has been at or near 4.0%.

The food index declined 0.6% in August, as the food purchased from stores index fell 0.9% while the food purchased from restaurants index rose 0.4%. A 14.0% decline in the fresh vegetables index was the largest contributor to the overall decline in food prices. Prices for virtually all vegetables declined significantly as local crops came on to the market. The 0.9% decline for the meat index also had a significant effect on the overall decline, as declines of 2.1% for beef and 2.4% for meat preparations and ready-cooked meats were only partially offset by a 3.3% increase in pork prices. Fresh fruit prices remained virtually unchanged as price increases for apples and citrus fruit were offset by lower prices for early harvested fruits such as pears. Other notable price changes within food were for sugar (3.9%), coffee and tea (0.7%) and dairy products and eggs (0.5%). The index for food purchased from stores stood 1.8% above its level for August 1984 while the index for food purchased from restaurants was 4.3% higher than it was in August 1984. The resulting year-to-year increase in the aggregate food index was 2.4%, little changed from the 2.3% in July.

The 0.4% increase in the all-items excluding food index resulted from increases in all of its six major components, with housing providing the largest contribution. The 0.4% increase in the housing index largely resulted from a 1.0% increase in the rent index which largely reflects rent increases in the province of Quebec. Other notable price increases within housing were for pet expenses, up 3.5% and furniture, up 1.2%, this latter increase was largely due to the end of "sales". Clothing prices rose 0.5% largely due to increases for selected women's wear items. The transportation index was up 0.3%, comprising an increase of 0.5% in the private transportation index and a decrease of 0.7% in the public transportation index. Within private transportation, a 2.7% increase for insurance premiums was the largest contributor, while a 1.4% decrease for the air transportation index largely accounted for the decline in public transportation prices. The 0.9% increase for the health and personal care index largely reflected higher prices for prescribed and non-prescribed medicines, toilet preparations and cosmetics and hair grooming services. The recreation, reading and education index was up 0.4% and the tobacco products and alcoholic beverages index rose 0.3%. Between August 1984 and August 1985, the all-items excluding food index rose 4.3%, up from the 4.1% recorded in the previous 12-month period.

Consumer Price Index for Canada (CPI)

(1981=100)



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

Canada Year Book

The *Canada Year Book*, now available, offers a comprehensive statistical portrait of Canada's social, cultural, economic and institutional environment over 894 pages of analytical text, tables and graphs.

In 23 chapters and 10 appendices, the 1985 edition statistically explores Canada's geography, her wealth of natural resources and the lives of her people: what jobs they hold and how much they earn, where they live and what they live in, their health, education and cultural and leisure activities. Its comprehensive text and tabular material also provides information on Canadian manufacturing, foreign trade, the transportation network, the health of the science and technology industry, and the financial situation of its governments.

The *Canada Year Book* rounds out its portrait of Canada with an examination of the recent recession, a look at the results of the last two federal elections and descriptions of the various federal government departments, their functions and mandates.

Order the 1985 edition of the *Canada Year Book* (11-402E, Canada: \$54; other countries \$70), or contact Publication Sales and Services (613-993-5978/9).

On a seasonally adjusted basis, the all-items index increased by 0.3% between July and August, as did both the food and all-items excluding food indexes. During the three-month period May to August, the seasonally adjusted all-items index rose at a compounded annual rate of 3.9%.

City Highlights

Between July and August, consumer price changes in cities for which CPI's are published ranged from -0.7% in Regina to 0.4% in Saint John. Excluding Regina, all cities had changes in the range of -0.2% to 0.4%.

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

Department Store Sales and Stocks

Unadjusted Sales

Department stores in Canada reported unadjusted sales totalling \$875.7 million in July 1985, up 8.6% from the July 1984 level. Sales were higher in 32 of the 40 departments with the largest increases reported in hardware, paints, and wallpaper (+32.1%), floor coverings (+23.1%) and men's and boys' footwear (+21.8%). The most notable decreases were recorded for departments carrying television sets, radios and music (-5.0%), gasoline, oil, auto accessories, repairs and supplies (-4.8%), food and kindred products (-3.3%) and piece goods (-3.3%).

At the provincial level, when compared to last year, department store sales were higher in all provinces. Gains ranged from 2.3% in New Brunswick to 15.3% in Nova Scotia.

Seasonally Adjusted Sales

Adjusted for seasonal fluctuations, holidays and the number of trading days, total department store sales in July 1985 increased by 1.3% to \$997.0 million from the revised June 1985 level of \$984.5 million. Among the 25 departments recording higher sales, the most notable increases were reported in plumbing, heating and building materials (+18.3%), girls' and teenage girls' wear (+16.1%), and lingerie and women's sleepwear (+15.3%). The largest decreases were recorded for women's and misses' coats and suits (-7.5%), furs (-7.0%), television, radio and music (-7.0%) and food and kindred products (-6.5%).

Stocks

The unadjusted selling value of inventories held by department stores in July 1985 was \$3,393.3 million, up 2.6% from July 1984. Seasonally adjusted department store stocks totalled \$3,438.9 million, down 1.4% from the June 1985 revised value of \$3,488.8 million.

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



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Canada Year Book, 1985	11-402E	\$54	\$70
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Advance Statistics of Education, 1985-86	81-220	\$15	\$16
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The Labour Force, August 1985	71-001	\$20/\$200	\$21.50/\$215
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