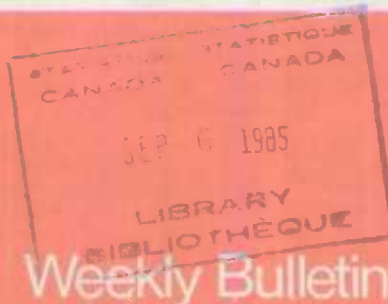




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Weekly Bulletin

September 6, 1985

Gross National Product

Preliminary estimates indicate that nominal Gross National Product, seasonally adjusted at annual rates, rose to a level of \$449.3 billion in the second quarter of 1985, an increase of 1.9% over the first quarter. After allowing for a moderate price change of 0.9%, this represents an increase of 1.0% in real GNP.

The 1.0% gain in real GNP is a continuation of similar growth rates in the previous two quarters of 0.9% and 1.0% respectively. Final domestic demand has strengthened over this period, and was up 1.7% in the second quarter, the largest quarterly increase since 1980. The improvement in final domestic demand, however, was partly offset by a slackening of external demand and lower rates of non-farm business stock accumulation.

Following two consecutive quarterly gains of similar magnitude, consumer demand again grew by 1.2% in the second quarter. Among expenditure components, consumer demand has contributed the most to the growth of real GNE over the past three quarters (slightly over 80%). Outlays for durable goods rose by 3.8%; the gain was widespread, with the largest increases for new motor vehicles as well as home appliances. Higher spending on consumer goods coincided with a softening of prices; the implicit price index for goods rose only 0.5%, compared to 1.1% in the first quarter.

Business investment in plant and equipment rose by 4.0% in volume, the largest quarterly gain since 1981. Most of the increase originated in outlays for non-residential construction, up 8.0%, with particularly large increases in investment in the manufacturing and energy sectors. On the other hand, expenditures on machinery and equipment rose only 0.7%. Residential construction jumped by 8.4% in volume in the second quarter, after seven quarters of declines or minimal growth. The gain originated in new housing construction as well as in continued growth in sales of existing homes. Together with gains in the non-residential sector, increases in investment accounted for about 50% of the growth in final domestic demand.

Real exports of goods and services declined by 2.3%. Merchandise exports recorded a decline of 1.7%. The softening of exports has been most pronounced in end products (notably automotive shipments to the United States) and in shipments of crude materials. Total import demand declined by

(continued on page 2, col. 1)

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)	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)	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	% Change
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)	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

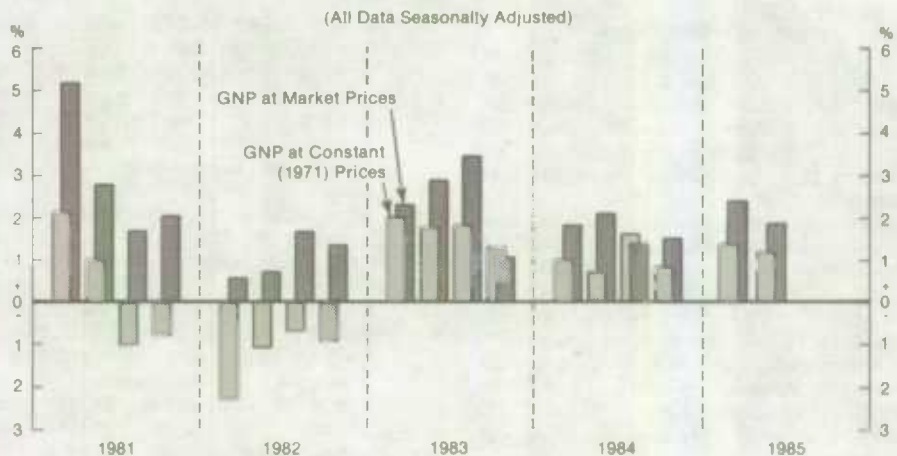
Department Store Sales (\$ million)	June	928.2	5,008.4	3.7
Manufacturers' Shipments (\$ million)	June	21,227.2	119,433.7	6.0
New Motor Vehicle Sales (\$ million)	June	2,058.6	10,193.2	22.1
Retail Sales (\$ million)	June	11,059.4	60,079.7	9.4

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Canada's Gross National Product (GNP)

Quarter-to-Quarter Change



Source: Statistics Canada, National Income and Expenditure Accounts (13-001)

Canada

... Gross National Product

2.5% in the second quarter. The decrease was most evident in service imports, reflecting a very large decline in dividend payments.

In terms of factor incomes, wages, salaries, and supplementary labour income grew by 1.6%, in line with the gains recorded in the previous three quarters. Corporate profits before taxes edged down by 3.6% in the quarter, notably in the manufacturing and finance industries, and are up marginally from a year ago.

Personal income rose by 2.0% in the quarter, about the same rate as in the first quarter. With personal expenditure rising at a somewhat lower rate and personal income taxes increasing by 1.7% after the sharp first quarter decline, the personal savings rate remained virtually unchanged at about 14%.

Order the second quarter 1985 issue of *National Income and Expenditure Accounts* (13-001, \$15/\$60), or contact Barbara Clift (613-990-9158), *Gross National Product Division*.

Gross Domestic Product and Industrial Production

Gross Domestic Product in constant 1971 prices advanced 0.7% in June 1985. Most of the strength was attributable to a 1.3% jump in the output of goods-producing industries. Output of service-producing industries grew 0.4% in June. Industrial production increased by a strong 1.5%.

Among the goods-producing industries, manufacturing, mining, construction and utilities all increased significantly during the current month. Output gains in manufacturing were widespread. Motor vehicle manufacturing and miscellaneous machinery accounted for almost one half of the increase in manufacturing. Declines were recorded in motor vehicle parts manufacturing and metal stamping.

Increased output of wholesalers of machinery and equipment contributed to the first gain in wholesale trade in three months. Continued strength in housing sales was responsible for the gains in output by insurance and real estate agencies and lawyers and notaries. Decreases were recorded by retail trade industries, security dealers and brokers, and restaurants and taverns.

Second Quarter 1985

Gross Domestic Product in constant 1971 prices advanced 1.0% in the second quarter of 1985. The unbroken growth in the nine quarters previous to the current quarter was at an average rate of 1.3%. Industrial production rose 0.8% in the second quarter, a higher rate than was posted in the first quarter.

Both goods-producing and service-producing industries expanded 1.0% in the second quarter. Strength in domestic demand accounted for the increase in output in the current quarter. The volume of exports declined 1.7% during the second quarter.

Order the June 1985 issue of *Gross Domestic Product by Industry* (61-005, \$10/\$100), or contact Richard Martel (613-990-9145), *Industry Measures and Analysis Division*.

Balance of International Payments

The current account surplus, on a seasonally adjusted basis, showed a significant decline from the first quarter. This was attributable to a reduction in the merchandise trade surplus, as imports increased while exports remained practically unchanged. The deficit on non-merchandise transactions was reduced, the first quarterly decline since the third quarter of 1984.

Among capital account transactions, which are not seasonally adjusted, the major developments included a reduction in net outflows on Canadian direct investment abroad, and a substantial increase in sales of new Canadian securities. In short-term capital transactions, there was a shift to a net outflow, largely arising from the foreign currency transactions of the chartered banks.

Current Account, Seasonally Adjusted

The main quarterly features were:

- a current account surplus of \$353 million, down from \$765 million in the first quarter. This resulted from a drop of \$666 million in the merchandise trade surplus to \$4.7 billion, partly offset by a reduction of \$255 million in the deficit on non-merchandise transactions to \$4.4 billion;
- an increase of 3% to \$25.1 billion in merchandise imports, while exports at \$29.8 billion were virtually unchanged;
- in service transactions, a decline of \$326 million in the deficit to \$4.7 billion; lower net payments on investment income arising from a pronounced drop in dividend payments;
- a decrease of \$71 million in the surplus from unilateral transfers to \$303 million, resulting from declines in immigrants' funds and withholding tax receipts.

Current and Capital Accounts, Not Seasonally Adjusted

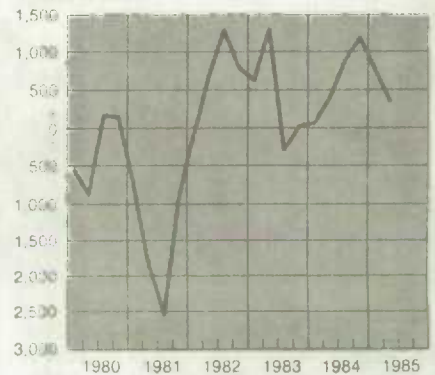
The main quarterly features were:

- a current account surplus of \$61 million, down from the surplus of \$400 million in the second quarter of 1984. The decline of \$564 million in the merchandise trade surplus to \$4.6 billion was partially offset by a decrease of \$224 million in the non-merchandise deficit;
- a halving of the net outflow on Canadian direct investment abroad to \$600 million;
- a net inflow of \$225 million from foreign direct investment in Canada;
- an \$820 million increase to \$3.8 billion in sales of new Canadian securities to non-residents. The net inflow from foreign purchases of outstanding Canadian bonds remained high at \$871 million;
- a net inflow of \$309 million from foreign investment in outstanding Canadian equities, largely from the United States;
- among short-term capital transactions a shift to a net outflow of \$2.7 billion from the foreign currency operations of the chartered banks, compared to a net inflow of \$2.3 billion in the first quarter;
- a net inflow of \$825 million arising

Canadian Balance of International Payments

Current Account — Seasonally Adjusted

Millions of Dollars



Source: Statistics Canada, Quarterly Estimates of the Canadian Balance of International Payments (67-001)

Building Permits

The seasonally adjusted value of building permits issued by Canadian municipalities in June reached \$1,653.0 million, almost unchanged from the \$1,653.4 million recorded in May. The levelling-off in June was a result of offsetting tendencies recorded in the residential (increase) and non-residential (decrease) sectors.

The seasonally adjusted value of residential construction in June rose 4.7% from the previous month to \$936.2 million. Both single and multi-family building sectors contributed to this increase. On a seasonally adjusted basis, 14,912 units were approved in June compared to 13,881 units in May up 7.4%. Translated into annual terms, these approvals represented 178,900 in June and 166,600 units in May.

The seasonally adjusted value of non-residential projects in June slipped 5.5% to \$716.8 million. The industrial (+1.3%) and commercial (+1.4%) sectors increased slightly while the public (-22.4%) sector dropped significantly.

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

from a reduction in Canadian non-bank holdings of United States dollar deposits abroad, compared to a net investment of \$2.0 billion in the first quarter;

- a decline of \$130 million in net official monetary assets. International reserve assets were reduced by \$1,018 million, while official monetary liabilities declined by \$889 million. The latter reflected the net repayment of U.S. \$650 million of loans under standby credit facilities with banks;

Order the second quarter 1985 issue of *Quarterly Estimates of the Canadian Balance of International Payments* (67-001P, \$8/\$32), or contact J. Motala (613-990-9051) *International and Financial Economics Division*.

Labour Income

Labour income for June 1985 was estimated at \$21,176.8 million, an increase of \$1,212.8 million or 6.1% from June 1984.

Adjusted for seasonal variation, wages and salaries increased by \$2.8 million between May 1985 and June 1985 to \$18,521.9 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.

Family History Survey

Preliminary findings from the Family History Survey indicate that women 30 years of age and over were five times as likely to experience work interruptions (of one year or longer) as were men in the same age group. Younger women in the 18 to 29 age bracket experienced work interruptions only twice as frequently as men in the same age group.

The higher a woman's level of education, the more likely she experienced a work interruption to either have or raise children. Less educated women reported marriage as the main reason for work interruptions.

The report also indicated that the work experience of the mother in a family has no bearing on the age at which young adults leave the parental home. However, it was found that step-children tend to leave the parental home earlier than natural or adopted children.

At the time of the survey, just over 5% of surveyed adults were living in a common-law union and only 2% had ever been involved in two or more common-law relationships. The report also indicated that about half of those ever in a common-law union married their common-law partner.

Order the Family History Survey - Preliminary Findings (99-955, \$20), or contact Maureen Moore (613-990-9295), Housing, Family and Social Statistics Division.

Housing Starts

Housing starts in July were at a seasonally adjusted rate of 162,000 units for all areas, an increase of 12% over June. A major recovery in the multiple dwellings sector is responsible for this upswing.

Order the July 1985 issue of *Housing Starts and Completions* (64-002, \$15/\$150), or contact P. Pichette (613-990-9689), Science, Technology and Capital Stock Division.

Unemployment Insurance

Unemployment insurance benefits paid to claimants during June 1985 totalled \$714 million, down 20.7% from the previous month and 0.8% from June 1984. For the first six months of 1985, unemployment insurance payments amounted to \$5,790 million, increasing by 5.4% over the same period in 1984.

The number of claims received decreased 3.7% between May and June to 212,000. Comparing June 1985 with the same month a year earlier, a decline of 9.3% is observed. Between January and June 1985, Commission offices received 1.54 million claims for unemployment insurance benefits, 3.7% fewer than were received during the same period last year.

For the week ending June 15, 1985, the number of beneficiaries stood at 1.02 million, down 10.1% from May and 4.9% from June 1984.

Adjusted for seasonal variation, the number of beneficiaries receiving regular benefits has been decreasing since January 1985. In June, the number of beneficiaries declined 0.6% to 1.006 million.

Order the June 1985 issue of *Unemployment Insurance Statistics* (73-001, \$12/\$120), or contact H. Stiebert or J.-P. Maynard (613-990-9900), Labour Division.

Construction Building Material Price Indexes

Residential Construction

The price index for residential construction building materials rose to 120.7 in July, up 0.8% from its revised June level of 119.8. This index now stands 5.2% higher than its year-ago level of 114.7. This is the largest 12-month increase since April 1984.

Between June and July 1985, increases were noted in three of the four components. The largest increase was reported for architectural materials (0.9%), followed by structural materials (0.8%) and electrical materials (0.1%). Mechanical materials declined by 0.2%. Contributing to the increase in the total index were metal doors and windows, mineral wool, Douglas Fir plywood and lumber.

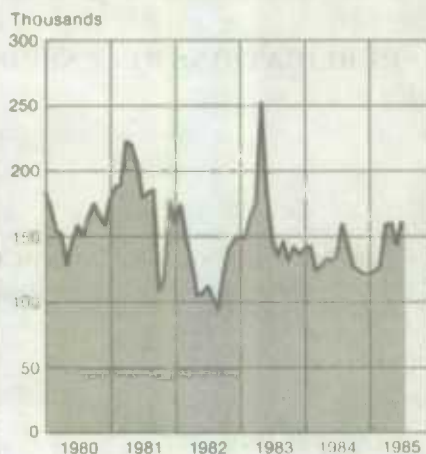
Non-residential Construction

The price index for non-residential construction building materials rose to 120.0 in July, up 0.6% from its revised June level of 119.3. This index now stands 4.3% higher than its year-ago level of 115.1. This is the largest 12-month increase since May 1984.

Between June and July 1985, increases were noted in three of the four components. The largest increase was reported for architectural and structural materials each

Housing Starts in Canada

Seasonally Adjusted at Annual Rates



Source: Statistics Canada, Housing Starts and Completions

New Housing Price Indexes

The New Housing Price Index (1981=100) for Canada stood at 95.9 in July, up 0.3% from its June level of 95.6. This index of Canadian housing contractors' selling prices now stands 0.7% higher than the year-earlier level of 95.2, the largest 12-month increase observed since June 1984. Between June 1985 and July 1985, the estimated house only index increased 0.4% to 98.4, while the estimated land only index increased 0.1% to 92.1.

Order the third quarter 1985 issue of *Construction Price Statistics* (62-007, \$15/\$60), or contact the Prices Division (613-990-9601).

Education Price Index

The Education Price Index (EPI) at the elementary and secondary levels rose 4.4% in 1984, reaching a level of 124.7 (1981=100). This was the lowest annual increase in the EPI since 1972.

Growth in the EPI has been slowing in recent years, from a high of 13.3% in 1982 to 5.4% in 1983 and 4.4% in 1984. The 1984 increase in the EPI paralleled that of the Consumer Price Index (CPI). Growth in the main component of the EPI - salaries and wages - also slowed significantly in 1984 to 4.0%, down from 5.2% in the previous year. At 3.9%, growth in the "teachers' salaries" sub-index in 1984 was the lowest among all EPI sub-indexes and the lowest in 14 years.

Order the Education Statistics Bulletin, Vol. 7, No. 4 (81-002, \$4/\$40), or contact Louis Pierre (613-991-1507), Education, Culture and Tourism Division.

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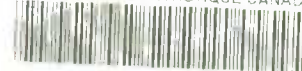
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Railway Operating Statistics, February 1985	52-003	\$9.50/\$95	\$10.50/\$105

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