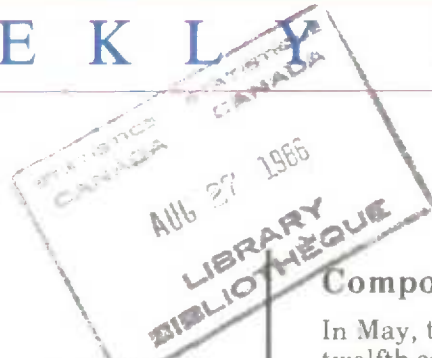


I·N·F·O·M·A·T

A W E E K L Y R E V I E W

Friday, August 15, 1986



OVERVIEW

■ Composite Leading Indicator Up 0.8%

In May, the filtered composite indicator rose 0.8%, its twelfth consecutive monthly increase.

■ Unemployment Rate Rises in July

The unemployment rate rose from 9.5% in June to 9.9%, the highest rate recorded this year.

■ Motor Vehicle Sales Down 10.4% in June

Sales of new motor vehicles totalled 143,805 units, down 10.4% from June 1985.

■ Housing Starts Decrease in June

Housing starts in urban centres were down 8.8% from the previous month, to total 157,000.

■ Merchandise Trade Surplus Declines

The seasonally adjusted trade surplus declined by \$543 million in June, the steepest drop in nine months.

■ New Housing Price Index Rises 0.6%

In June, this index was up 0.6% from May 1986, continuing the upward movement observed during the last 13 months.

- This issue also includes articles on the Construction Union Wage Rate Index, Financial Activity in Canada (first quarter of 1986), *Longevity and Historical Life Tables (1921-1981)* and on Department Store Sales by Province and Metropolitan Area.

Composite Leading Indicator Up 0.8%

In May, the filtered composite indicator rose 0.8%, its twelfth consecutive monthly increase. The prospect for continued growth was reflected by the steady rate of increase around 1.0% observed over the past eight months, although the sources of growth have narrowed. Only the Toronto Stock Exchange rose more quickly than the overall index, posting a 3.4% increase in May. The United States Composite Leading Index rose a moderate 0.6%; this increase corresponded to the average growth registered in the first four months of 1986.

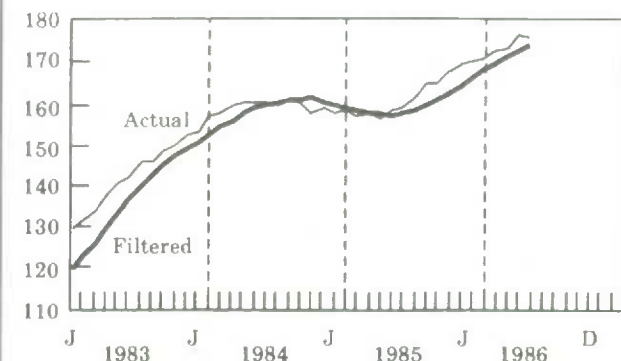
Consumer demand indicators continued to grow moderately, while manufacturing activity was weakened by sluggish investment and auto demand. Increases were recorded in the residential construction index (+0.7%) and furniture and appliance sales (+0.5%). New motor vehicle sales dropped 2.0%, while new orders for durable goods edged down for the fifth consecutive month.

The real money supply decreased for the fourth consecutive month; it fell 0.7% to stand at \$10.2 billion.

For further information, contact International and Financial Economics Division (613) 991-1789.

The Canadian Composite Leading Index

(1971 = 100)



Statistics Canada
Statistique Canada

Canada

Unemployment Rate Rises in July

The Labour Force Survey for July showed that seasonally adjusted employment was down substantially by 96,000; combined with an increase of 36,000 in unemployment, this resulted in an increase in the unemployment rate, that rose from 9.5% in June to 9.9%, the highest rate recorded this year.

Temporary employment associated with the 1986 Census contributed to both the increase in June and the decline in July. A decrease of 48,000 was reported in each of the levels of employment of males and females, that were estimated at 6,605,000 and 4,962,000 respectively.

July is a month in which there are usually large employment increases for persons aged 15 to 24. This year, the smaller than usual gains recorded resulted in a decline of 62,000 in the seasonally adjusted estimate of employment in this age group. There was also a decrease of 34,000 in the level of employment among those aged 25 years and over, the largest since June 1982.

The unemployment rate rose by 0.6 percentage points to 15.4% among persons aged 15 to 24, and by 0.3 percentage points to 8.3% among those aged 25 and over. The unemployment rate increased most significantly for females, reaching 10.1%, against 9.6% the previous month, while it went up by 0.2 percentage points to 9.7% for males.

Labour Force

	Mar.	Apr.	May	June	July
	Change, previous month				
Labour force ('000)	-26	53	-79	52	-60
Employment ('000)	-3	56	-68	49	-96
15-24 years ('000)	-4	52	-41	49	-62
25 years & over ('000)	1	2	-27	0	-34
Unemployment ('000)	-23	1	-11	3	36
Unemployment rate %	9.6	9.6	9.6	9.5	9.9

From May to September, data on students participating in the labour market are collected through the Labour Force Survey. The information is compiled for two categories: those students who plan to return to school in September; and those who do not plan to return, or are not certain what they will do.

In July 1986, the level of employment among returning students aged 15 to 24 was 1,105,000, an increase of 47,000 over the level recorded a year ago. Their rate of unemployment was 13.3%, a decrease of 1.1 percentage points from July 1985. For the other students, the rate was 18.5%, down substantially from last year. Their level of employment increased by 25,000 to 233,000.

For further information, contact Household Survey Division (613) 991-4720.

Motor Vehicle Sales Down 10.4% in June

Sales of new motor vehicles totalled 143,805 units in June, down 10.4% from the same month in 1985, their biggest drop in the recent expansion. The principal factor accounting for this year-over-year decline was a decrease of 11.7% in passenger car sales to 104,904 units. Sales of North American built passenger cars dropped 12.5% while those of imported cars fell 9.7%. Commercial vehicle sales decreased by 6.8% to 38,901 units, their first drop in seventeen months.

North American manufacturers held 70.6% of the Canadian passenger car market, down from the 71.3% share recorded in June 1985. Japanese manufacturers captured 17.4% of the market, up from the 15.2% share held a year earlier. Manufacturers from "other countries" (such as South Korea, Germany, France, etc.) held 12.0%, compared to 13.5% a year earlier.

Motor Vehicle Sales

	Feb.	Mar.	Apr.	May	June
	% change, previous year				
Passenger cars	10.6	-6.0	-0.3	-4.5	-11.7
North American	13.0	-12.4	-7.2	-2.9	-12.5
Overseas	4.4	12.2	26.3	-8.4	-9.7
Commercial vehicles	26.7	4.7	11.9	12.9	-6.8

For the first six months of 1986, new vehicle sales totalled 803,163 units, up slightly from the same period last year. Sales of imported passenger cars were up 5.1% to 167,285 units while domestic car sales declined by 5.3% to 417,817 units. Commercial vehicle sales were up 9.3% from the first half of 1985.

For further information, contact Industry Division (613) 990-9682.

Housing Starts Decrease In June

Seasonally adjusted at annual rates, housing starts in urban centres fell 8.8% to 157,000 in June. Multiple dwelling construction declined from an annual rate of 80,000 in May to 71,000 in June. Single dwelling starts were down 6.6% to 86,000. However, on a year-over-year basis, the number of starts was up 28.6% from June 1985.

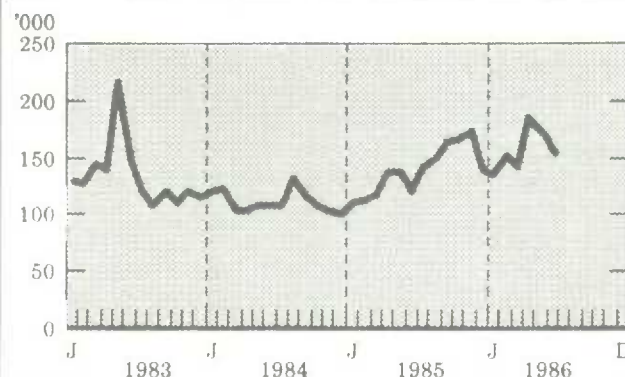
The Atlantic Provinces recorded a decline in June, down 31% from the previous month. While no changes were reported in Prince Edward Island, housing starts dropped 40% in Nova Scotia, 33.4% in Newfoundland, and 25% in New Brunswick. In the Prairies, decreases in Alberta and Saskatchewan were offset by an increase of 50% in Manitoba. A decline of 30% was recorded in Quebec, while housing starts rose 27% in British Columbia and 8% in Ontario.

Starts in Urban Centres

	Feb.	Mar.	Apr.	May	June
Newfoundland	32	16	132	298	169
Prince Edward Island	45	10	92	118	81
Nova Scotia	162	79	395	583	356
New Brunswick	44	91	158	406	373
Quebec	2,282	2,091	5,027	6,752	4,826
Ontario	3,111	3,831	6,830	7,179	8,030
Manitoba	512	453	680	385	688
Saskatchewan	219	169	465	376	362
Alberta	421	553	532	671	496
British Columbia	1,308	1,224	1,879	1,628	2,026

Housing Starts (Urban Centres)

(seasonally adjusted, annual rates)



In the second quarter of 1986, actual housing starts were up 30.7% over the same period in 1985. Single dwelling starts rose 30% while multiple dwelling construction increased 32% from the corresponding period a year earlier. Increases were reported in the Atlantic Provinces (+23%), Ontario (+40%), Quebec (+50%) and British Columbia (+17.6%). Housing starts dropped 11.7% however in the Prairies.

For further information, contact Science, Technology and Capital Stock Division (613) 990-9689.

Merchandise Trade Surplus Declines

The seasonally adjusted trade surplus declined by \$543 million in June, the steepest drop in absolute terms since October 1985. Totalling \$359 million, the surplus was the net effect of exports valued at \$9.3 billion and imports valued at \$9.0 billion. Imports and exports have both registered large month-over-month changes since January 1986.

Figures for the second quarter of 1986 showed a surplus of \$2.3 billion, down 52.1% from the same period last year. This reduced surplus stemmed from an increase of 6.9% in imports combined with a 1.4% decline in the value of exports.

On a year-to-date basis, exports were up 0.5% and imports rose 11.0% from the corresponding period in 1985.

In June, exports in all commodity groupings decreased, with the exception of forest products. The decline of \$374 million (-3.9%) in total exports came primarily from a drop of \$160 million in exports of

Merchandise Trade

	Feb.	Mar.	Apr.	May	June
% change, previous month					
Imports	1.0	-18.5	14.1	-4.7	1.9
Exports	-7.7	-6.0	9.1	-5.9	-3.9
change, previous month					
Balance (millions \$)	-930	1,239	-283	-171	-543

energy products, coal and crude petroleum in particular. Other major declines were reported in exports of automotive products, down 3.7% from May, and industrial goods and materials, down 5.5%.

While imports increased by \$169 million (+1.9%) in June, there were considerable offsetting movements in individual commodity groupings. The highest increases were reported in imports of

(continued on page 4)

...Merchandise Trade Surplus Declines

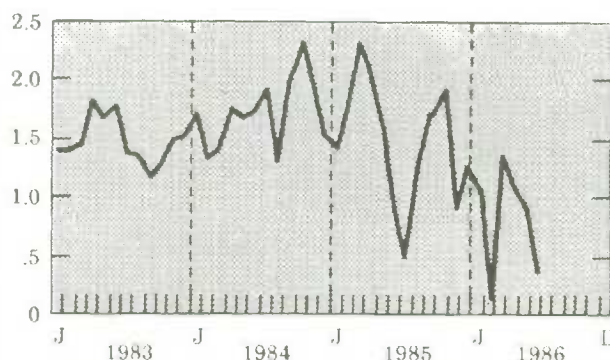
petroleum and oil products (+71%), precious metals (+48%) and passenger autos and chassis (+31%). These gains were partially offset by drops in imports of crude petroleum (-34%), office machines (-12%) and motor vehicle parts (-4.0%)

Exports to all countries declined in June, with the exception of the E.E.C. countries (exclusive of the United Kingdom). The highest drops were reported in exports to Japan (-16.2%) and to "other countries" (-10.1%). Exports to the United States, down 2.6%, decreased for the second month in a row. Imports from the U.S. rose 5.5%, after posting a decline of 4.7% in May. The highest increases were reported in imports from Japan, up 15.8%, and from the United Kingdom, up 20.6%, that more than offset a decline of 25.9% in imports coming from "other countries".

Canada's trade surplus with the United States was \$1.1 billion in June, down 32.5% from the surplus of \$1.6 billion recorded in May. This surplus was

Merchandise Trade Balance

(Billions \$, s.a.)



offset by deficits with all the other countries, as the trade deficit with Japan posted a record level of \$254 million.

For further information, contact International Trade Division (613) 990-9647.

New Housing Price Index Rises 0.6%

The New Housing Price Index measures changes in prices for particular models of new residential houses. It is based on the selling price agreed upon between the builder and the buyer. Contractors in 22 metropolitan areas supply information on the physical and non-physical characteristics and selling price of the house (divided into "house", "land", and "house and land").

In June, this index was up 0.6% from May 1986, continuing the upward movement observed during the last 13 months. This rise came mainly from a 0.7%

increase in the House Only index, while the Land Only index gained 0.3%. The largest month-over-month increases were reported in the Toronto (+1.4%) and Winnipeg (+0.8) areas. Large monthly and year-over-year gains have generally prevailed in Southwestern Ontario cities since the beginning of the year, due to a high demand for new houses. Declines were recorded in the Vancouver (-0.1%) and Victoria (-0.8%) areas.

For further information, contact Prices Division (613) 990-9601.

Construction Union Wage Rate Index Unchanged

Union wage rate indexes measure changes over time in the collective agreement rates for 16 trades engaged in building construction in 22 metropolitan areas. Two rates are indexed: basic rates, indicating the straight time hourly compensation, and basic rates including supplements such as vacation pay, statutory holiday pay, pension contribution, and employers' contributions to health and welfare plans. These wage rates are weighted following estimates of gross earnings for each trade in each metropolitan area.

For the month of June, the Construction Union Wage Rate Index remained unchanged from the previous month. This pattern of stability has been

observed since 1984: in 23 of the 30 previous months, there were effectively no changes in these rates. The year-over-year increase in the Index was 0.3%, among the lowest recorded since 1962, the first year for which this Index is available.

New collective agreements have been signed in British Columbia with no change in the wage rate for a period of two years, which expires April 30, 1988. New two-year contracts have also been signed in Ontario, which will be retroactive to May 1986 (these changes are not yet reflected in the indexes, but will be included before these are finalized). In Quebec, existing contracts have been extended to August 1, 1986.

For further information, contact Prices Division (613) 990-9606.

**CANADIAN CENTRE FOR JUSTICE
STATISTICS**

Legal Aid in Canada, 1985 Catalogue number 85-216 (Canada: \$35; Other Countries: \$36.50)

HOUSEHOLD SURVEYS

Income after Tax, Distributions by Size in Canada, 1984 Catalogue number 13-210 (Canada: \$20; Other Countries: \$21)

Labour Force Information, July 1986 Catalogue number 71-001P (Canada: \$5/\$50; Other Countries: \$6/\$60)

INDUSTRY

Electric Power Statistics, May 1986 Catalogue number 57-001 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Gypsum Products, June 1986 Catalogue number 44-003 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Rigid Insulating Board, June 1986 Catalogue number 36-002 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Tobacco Products Industries, 1984 Catalogue number 32-225 (Canada: \$20; Other Countries: \$21)

**INTERNATIONAL AND FINANCIAL
ECONOMICS**

Financial Flow Accounts, First Quarter 1986 Catalogue number 13-002P (Canada: \$10/\$40; Other Countries: \$11/\$44)

International Travel - Advance Information, June 1986 Catalogue number 66-001P (Canada: \$5/\$50; Other Countries: \$6/\$60)

Security Transactions with Non-residents, April 1986 Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$16/\$160)

INTERNATIONAL TRADE

Preliminary Statement of Canadian International Trade, June 1986 Catalogue number 65-001P (Canada: \$5/\$50; Other Countries: \$6/\$60)

LABOUR

Unemployment Insurance Statistics, May 1986 Catalogue number 73-001 (Canada: \$12/\$120; Other Countries: \$13/\$130)

Unemployment Insurance Statistics: Annual Supplement, 1986 Catalogue number 73-202S (Canada: \$36; Other Countries: \$37)

**SCIENCE, TECHNOLOGY AND CAPITAL
STOCK**

Science Statistics, Vol. 10, No. 6: Regional Distribution of Federal Expenditures on Science and Technology, 1984-85 Catalogue number 88-001 (Canada: \$6/\$60; Other Countries: \$7/\$70)

SOCIAL AND ECONOMIC STUDIES

Longevity and Historical Life Tables - (Abridged), Canada and the Provinces, 1921-1981 Catalogue number 89-506 (Canada: \$20; Other Countries: \$21.50)

TRANSPORTATION

Aviation Statistics Centre Service Bulletin, Vol. 18, No. 7 Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95)

Passenger Bus and Urban Transit Statistics, May 1986 Catalogue number 53-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75)

Railway Carloadings, 7-day Period Ending July 14, 1986 Catalogue number 52-005 (Canada: \$75; Other Countries: \$100)

Railway Carloadings, 7-day Period Ending July 21, 1986 Catalogue number 52-005 (Canada: \$75; Other Countries: \$100)

Financial Activity in Canada: First Quarter of 1986

Financing activity on conventional credit markets by non-financial domestic sectors totalled \$18.9 billion in the first quarter of 1986, down \$1.7 billion from the corresponding period in 1985.

This decrease stemmed from a reduction (-\$3.9 billion) in borrowing undertaken by general government, as the federal government's financing requirement was reduced considerably: the Government of Canada's deficit (not seasonally adjusted at quarterly rates) decreased substantially to \$7.6 billion, largely because of an increase in taxes on persons. One of the main features in government financing activities was also a sharp drop in bond borrowing (-\$4.0 billion). Some important transactions took place on foreign capital markets at a time when the Canadian dollar

value was under pressure. \$2.0 billion was raised from issues of bonds abroad, and \$1.0 billion from drawings on lines of credit with Canadian and foreign banks.

A strong increase was recorded however in the household sector, up \$3.4 billion from the first quarter of 1985. This gain came mostly from a substantial rise in mortgage financing, which increased from \$2.0 billion in the first three months of 1985 to \$3.6 billion during the same period in 1986, as the housing market improved. Another gain (\$1.6 billion) was recorded in the level of bank loans outstanding.

Non-financial private corporations accounted for one third of total financing activity by non-financial sectors, down from the share of 40% observed in the first quarter of 1985. Sharp increases in bank loans and bonds were more than offset by a large drop in "short-term paper" (which includes bankers' acceptances).

Financial activity by domestic financial institutions rose from \$1.7 billion in the first quarter of 1985 to \$10.0 billion during the first three months of 1986. Increases were reported mostly in loans and stocks (which includes mutual funds sales).

Financial activity with the rest of the world rose a moderate \$0.2 billion, due largely to an increase in the acquisition of stocks issued by non-resident companies.

For further information, contact International and Financial Economics Division (613) 990-9043.

Financial Activity: First Quarter of 1986

	Millions of dollars	Change, previous year, in millions of \$
Total borrowing by domestic non-financial sectors	18,927	-1,723
Rest of the world	1,317	222
Total borrowing, excl. domestic financial institutions	20,244	-1,501
Domestic financial institutions	9,980	8,315
Total financing	30,224	6,814

Longevity and Historical Life Tables: 1921-1981

Longevity and Historical Life Tables: 1921-1981 (catalogue number 89-506) examines the trends in longevity in Canada and the provinces over the last six decades. Some emphasis is put on life expectancy and its divergence among provinces, and infant and childhood mortality patterns that have affected longevity during this particular period.

For example, this Statistics Canada publication underlines the following trends:

- Although the Canadian population increased by almost 170% between 1921 and 1981 (from nearly 9 million in 1921 to more than 24 million in 1981), the annual number of deaths increased by only 64% during the same period.
- The crude death rate declined 40% over the six decades ending in 1981, dropping from 11.6 to 7.0 deaths per 1,000 persons. The crude death rate for males and females fell 33% and 46% respectively.

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...Longevity and Historical Life Tables: 1921-1981

Compared to 1921, Saskatchewan and Manitoba had higher crude death rates in 1981. These increases could be attributed to variations in the age structure of the population in these provinces.

- The significant reduction in infant mortality has contributed in large measure to the increase in the expectation of life at birth. Since 1921, the reduction in infant mortality has accounted for more than 40% of the increase in life expectancy at birth for males and more than 25% for females.

- Throughout the period under consideration, the life expectancy of females has almost been invariably higher than the corresponding life expectancy of males and this difference increased over time. In 1921-1922, life expectancy at birth was 1.8 years higher for females than for males. This difference has increased gradually to 7.2 years in 1980-1982.

For further information, contact Social and Economic Studies Division (613) 991-3755.

Department Store Sales by Province and Metropolitan Area

Department store sales in Canada totalled \$939 million in June, up 3.5% from the same month in 1985. Cumulative sales for the first six months of 1986 were 7.3% higher than their corresponding level a year earlier, reaching \$5,358 million.

At the provincial level, the highest increases were reported in British Columbia (+7.4%), Alberta (+5.2%) and Ontario (+5.0%). Some declines were recorded in the Atlantic Provinces, ranging from 3.5%

Department Store Sales By Province in June

Province	Millions of dollars	% change, previous year
Newfoundland	11.1	-3.5
Prince Edward Island	5.8	2.6
Nova Scotia	30.0	-2.2
New Brunswick	19.7	-1.2
Québec	172.4	-0.7
Ontario	349.2	5.0
Manitoba	46.8	0.7
Saskatchewan	29.0	2.0
Alberta	124.5	5.2
British Columbia	150.4	7.4

Department Store Sales By Metropolitan Area in June

Metropolitan Area	Millions of dollars	% change, previous year
Calgary	47.7	3.3
Edmonton	55.4	5.3
Halifax-Dartmouth	16.8	-1.5
Hamilton	25.6	5.2
Montréal	100.7	-0.7
Ottawa-Hull	40.7	2.0
Québec	24.6	-1.0
Toronto	142.0	6.7
Vancouver	91.6	8.4
Winnipeg	41.8	0.1

in Newfoundland to 1.2% in New Brunswick. Department store sales in Quebec were down slightly from the previous year.

Almost all metropolitan areas registered increases in June, except Halifax-Dartmouth (-1.5%), Quebec City (-1.0%) and Montreal (-0.7%). The highest gains were reported in the Vancouver (+8.4%), Toronto (+6.7%) and Edmonton (+5.3%) areas.

For further information, contact Industry Division (613) 991-3551.



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	May	429.34	428.23	2.9
Labour Income (\$ million)	May*	22,080.0	21,616.5	4.9
Persons with Jobs (million)	July*	12.06	12.00	1.9
Unemployed	July*	1,231,000	1,205,000	-3.2
INVENTORIES				
Department Store (\$ million)	May	4,373	4,506	24.3
Manufacturers' Owned (\$ million)	May	34,272.9	34,455.2	1.0
ORDERS				
Manufacturers' New Orders (\$ million)	May	21,788.9	21,640.4	0.2
Manufacturers' Unfilled Orders (\$ million)	May	24,856.2	24,796.4	2.6
PRICES				
Consumer Price Index (1981 = 100)	June	131.9	131.7	3.7
New House Price Index (1981 = 100)	June	103.2	102.6	7.9
Raw Materials Price Index (1981 = 100)	June	92.4	90.9	-21.0
Excl. coal, crude oil, natural gas	June	102.9	102.7	2.1
Industrial Product Price Index (1981 = 100)	June	118.9	119.0	0.3
CONSTRUCTION				
Building Permits (\$ million)	Apr.	2,105.2	6,184.1	28.2
Housing Starts - Urban Centres (units)	June*	17,470	77,981	28.5
ENERGY				
Coal Production (thousand tonnes)	May	4,440	24,770	-5.3
Electricity Generation (gigawatt hours)	May	34,727	197,599	2.7
Natural Gas Production (million cubic metres)	Mar.	9,258	30,132	-0.3
Petroleum Refining (thousand cubic metres)	May	5,977.2	32,882.5	-1.8
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	June*	10,172	60,601	0.1
Imports - Balance of Payments Basis (\$ million)	June*	9,563	56,409	11.0
SALES				
Department Store Sales (\$ million)	June*	939	5,358	7.3
Manufacturers' Shipments (\$ million)	May	21,729.2	104,630	5.7
New Motor Vehicle Sales (\$ million)	June*	2,045	11,272	10.6
Retail Sales (\$ million)	May	12,712.9	53,755	8.6

Statistics are in current dollars and are not seasonally adjusted.
* new this week.

Infomat

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