

I·N·F·O·M·A·T

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

Friday, October 24, 1986

OVERVIEW

■ Manufacturing Shipments Continue to Decline

The August decline continues the fluctuating but generally downward trend that has left the value of shipments 6.4% below the January peak.

■ Capacity Utilization Rate Down Slightly

The utilization rate continued its recent decline through the second quarter of 1986, but it remains high in comparison with the average rate of the last four and a half years.

■ Building Construction Activity Continues to Advance

The indicator of building construction activity advanced for the seventh consecutive month in June.

■ CPI Rise in Line with 1986 Trend

September's 4.1% year-to-year increase was down slightly from August's 4.3% rise but equal to the average increase for the first eight months of 1986.

■ Value of Building Permits Remains High

A sharp rise in the non-residential sector in July continued to push up the total value of building permits issued.

■ Retail Trade: Advance Continues Slowly Rising Trend

Despite monthly fluctuations, retail sales have been rising, at an increasing rate, through 1986.

■ This issue also includes information on Characteristics of Persons with Long Workweeks and Small Business in Canada.

Manufacturing Shipments Continue to Decline

In August, the seasonally adjusted value of shipments by Canadian manufacturers decreased for the fifth month since the start of the year. The value was down 3.2%, to \$20.1 billion.

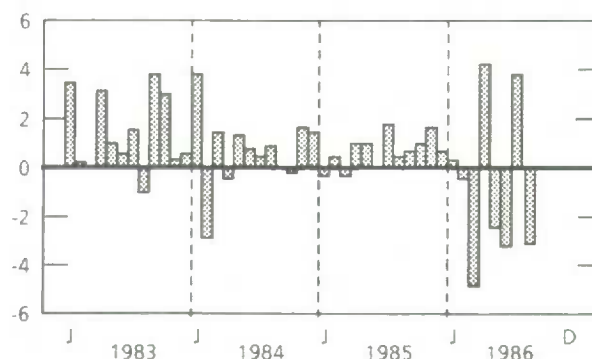
Not adjusted for seasonal variation, manufacturing shipments were \$19.3 billion, 3.8% lower than in August 1985. This was the first decrease on a year-over-year basis since March 1983. Cumulative shipments for the first eight months of 1986 were estimated at \$165.4 billion, up 3.6% over the same period of 1985.

Estimates (from the Labour Force Survey) indicate that employment in the manufacturing industries grew from September 1985 to April 1986 before falling back to 2,002,000 in May. The level of employment has changed very little since May.

(continued on page 2)

Shipments

(% change, previous month)



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... Manufacturing Shipments

The transportation equipment industries, which accounted for 18% of total shipments in 1985, have registered decreases in eight of the last nine months. Shipments by these industries grew consistently in the last three quarters of 1985, reaching a peak of \$4.1 billion in November. By August 1986, shipments were \$3.1 billion, their lowest level since October 1984.

Grouped according to economic use, manufacturing industries that produce consumer non-durable and semi-durable goods, and the export oriented industries have reported declining shipments since the last months of 1985.

For further information, contact Industry Division (613) 990-9832.

Manufacturing Activity

	Apr.	May	June	July	Aug.
	% change, previous month				
Shipments	4.3	-2.5	-3.3	3.8	-3.2
New orders	3.7	-1.8	-4.1	4.0	-5.1
Unfilled orders	-0.2	0.4	-0.3	-0.2	-1.7
Inventory to shipments ratio	1.59	1.64	1.70	1.64	1.69

The value of new orders received in August decreased 5.1%, to 19.7 billion. Aside from an increase in July, new orders have declined since April and reached their lowest level since February 1985.

Capacity Utilization Rate Down Slightly

In the second quarter of 1986, capacity utilization for the manufacturing industries edged down 1% from the first quarter, to 77.6%. This was the largest of three consecutive quarterly decreases. However, the utilization rate remained at a high level compared to the average rate over the last four and a half years of 74.4%.

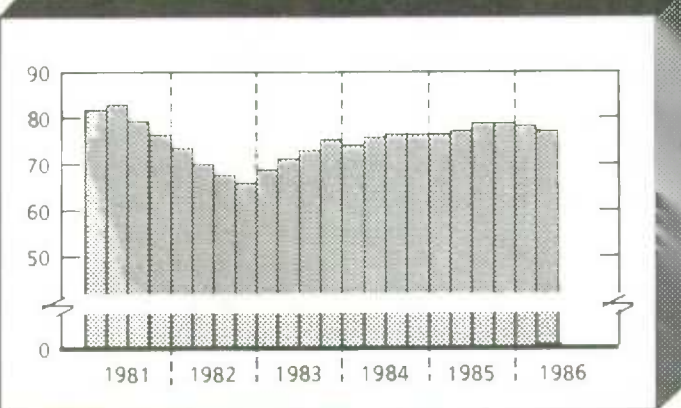
Utilization rates in durable-goods manufacturing industries were also down for the third consecutive quarter, dropping 1.5% to 73.6% in the second quarter of 1986. In the non-durable sector, capacity utilization rates dropped 0.4%, the first decline since the first quarter of 1985.

Slower economic growth in the United States has had an adverse effect on the level of some Canadian exports and therefore on levels of capacity utilization. In particular, the primary metals and transportation equipment industries posted decreases in their utilization rates as exported quantities of steel, non-ferrous metals, and automobile parts declined. The primary metals industries were also affected by a decrease in domestic consumption.

Capacity Utilization Rates

	2Q'85	3Q'85	4Q'85	1Q'86	2Q'86
	percentage				
Total Manufacturing	77.6	79.2	79.0	78.4	77.6
Durable Goods	75.3	76.9	76.0	74.7	73.6
Non-durable Goods	80.2	81.7	82.3	82.5	82.2

Capacity Utilization Rate
(percentage)



The machinery industries recorded decreases of 3.4% and 0.6% in their utilization rate in the first and second quarters of 1986. Two of their largest customers, the agricultural and mining sectors have lowered their levels of investment in machinery and equipment.

With this release, two major statistical changes have been incorporated into the capacity utilization rates. The estimates are now based on the 1980 Standard Industrial Classification and input data are valued in 1981 dollars.

For further information, contact Science, Technology and Capital Stock Division at (613) 990-9685.

Building Construction Activity Continues to Advance

In June, the filtered leading indicator of building construction activity in Canada (1981 = 100) rose 1.7%, its seventh consecutive monthly increase of 1.0% or greater. It reached its highest level since May 1981. The non-residential sector continued to out-perform the residential sector in June, but both contributed to the advance in the overall index.

The index of residential construction rose 1.2%, to attain a level similar to one of the best years for residential construction (1977). Both the single dwelling sector and the multi-family sector were responsible for the increase in the current month.

The index of non-residential construction (excluding engineering projects) recorded a monthly gain of 2.4% in June. The second monthly increase of more than 2% resulted from advances in all components of the non-residential index. The commercial and public components which have shown

strength since the start of the year rose 2.9% and 1.8% respectively. The industrial component was up 0.9%, its first substantial gain in more than a year.

Building Construction Activity

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Total index	1.3	1.4	1.3	1.0	1.7
Residential	0.9	1.0	1.0	0.0	1.2
Non-residential	1.6	1.8	1.9	2.3	2.4
Industrial	-0.4	-0.3	0.1	0.1	0.9
Commercial	1.7	1.9	1.8	3.0	2.9
Public	1.9	2.4	2.4	1.8	1.8

For further information, contact Science, Technology and Capital Stock Division (613) 991-2583.

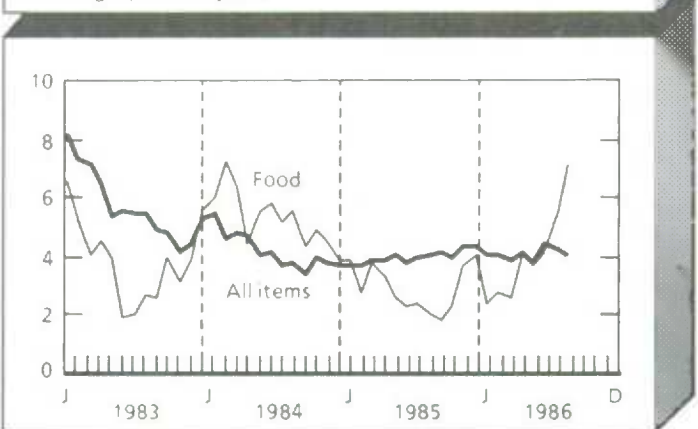
CPI Rise in Line with 1986 Trend

In September, the year-to-year increase in the Consumer Price Index (1981 = 100) was 4.1%, down slightly from the rise of 4.3% reported for the 12-month period ending in August. The increase in September was equal to the average year-to-year advance for the first eight months of the year.

The index was unchanged on a month-to-month basis in September. Six of the seven major component indexes rose but the influence of these increases was offset by a decline of 1.6% in the transportation index.

The decline in the transportation index was mainly due to seasonally lower air-fares. In addition, gasoline prices fell in continuing response to sporadic "price war" activities across the country. This decrease helped to reduce the all-items excluding food index (-0.1%) for the first time in five months.

Consumer Price Index (% change, previous year)



Higher prices for meat products continued to be the main source of upward pressure on the food index. Over the four-month period from May to September, prices have risen by 25.1% for pork, 24.3% for chicken and 41.3% for bacon. Since significant increases in the supplies of these products are not likely in the near future, analysts expect prices to remain high for some months.

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

Consumer Price Index

	May	June	July	Aug.	Sept.
	% change, previous month				
All-items	0.5	0.2	0.8	0.3	0.0
Food	0.8	0.2	1.3	0.4	0.5
All-items, excl. food	0.4	0.1	0.6	0.3	-0.1
Energy	-2.4	-0.4	-0.2	-0.4	-1.5
All-items, excl. energy	0.8	0.2	0.8	0.4	0.2
All-items, excl. food & energy	0.7	0.2	0.7	0.4	0.0

Value of Building Permits Remains High

The seasonally adjusted value of building permits issued by Canadian municipalities increased by 1.1% in July. Following an advance of 3.0% in June, the total value of permits issued in July was \$2.1 billion. This performance was entirely attributable to the non-residential sector which offset a decrease in the residential sector. Compared to July 1985, the value of building permits was up by 25.5%.

The value of residential permits dropped by 3.9%, to \$1.1 billion. The number of units approved was down from 16,976 in June, to 16,184 in July.

Non-residential projects were up 7.1%, to \$1.0 billion. The commercial (+11.9%) and industrial (+8.4%) components were responsible for this rise. The institutional and government component was down (-5.1%) in July.

For further information, contact Science, Technology and Capital Stock Division (613) 991-2583.

Characteristics of Persons With Long Workweeks

In 1985, one million employees across Canada habitually worked 50 or more hours per week. With the exception of a small decline experienced during the recession, there has been a gradual but steady increase in the number and proportion of paid workers who work long hours.

"Characteristics of Persons With Long Workweeks", featured in the September issue of *The Labour Force*, also shows that 10% of all paid workers usually worked at least 50 hours each week.

Other highlights from this report follow:

- Men are more likely than women to work long hours. In 1985, only 4% of female paid workers worked 50 hours or more per week, compared to 14% of male paid workers. However, women have accounted for one-third of the growth in the number of these workers during the decade ending in 1985.
- Nearly 16% of all employees who usually work long hours were multiple job holders.
- Among employees who were university graduates, 18% usually worked at least 50 hours per week, nearly double the overall average of 10%.
- The percentage of paid employees working long hours varies considerably by industry. For example, 36% of agricultural workers usually worked 50 or more hours per week, compared to 4% of utility and public administration employees.

For further information, contact Labour and Household Surveys Analysis Division at (613) 991-4616.

Small Business in Canada

This report provides a statistical profile of the 743,288 firms operating in Canada in 1983 with revenues of two million dollars or less. It contains data such as the numerical distribution of business by revenue size group and industrial classification, and aggregated balance sheet, income and expense items.

Highlights of the report include:

- In 1983, small business firms paid over \$23 billion in wages and salaries or over one-quarter of total wages in the business sector.
- The forestry industry was the most profitable for small business, having a 37.6% return of net income on revenue. Retail trade had the lowest rate of return (16%) for small business entrepreneurs.
- Average profits of individual small businesses were only \$9,400 in 1983.
- Sales in the services sector, which has a high concentration of small businesses, grew by approximately 10% over the 1981-83 period – the best performance of any sector. The number of small firms in this sector grew by 9.3% in the same period.
- The number of small mining and manufacturing firms decreased in both 1982 and 1983.
- In 1983, small business had \$2.60 of debt for every dollar of equity, compared to only \$1.90 for larger firms.
- The real estate operators and insurance agency industry had the highest debt/equity ratio in 1983 at 4.1:1, while the mining industry at 1.1:1 had the lowest.

For further information, contact Small Business Statistics at (613) 990-9046.

PUBLICATIONS RELEASED FROM OCTOBER 17 - 23

AGRICULTURAL AND NATURAL RESOURCES

The Dairy Review, August 1986 Catalogue number 23-001 (Canada: \$10/\$100; Other Countries: \$11/\$110)

Index of Farm Production, 1985 Catalogue number 21-203 (Canada: \$17; Other Countries: \$18)

EDUCATION, CULTURE AND TOURISM

Culture Communique, Vol. 9, No. 7: Book Publishing in Canada, 1984 Catalogue number 87-001 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Culture Statistics - Film Industry Preliminary Statistics, 1983 Catalogue number 87-204 (Canada: \$15; Other Countries: \$16)

Culture Statistics - Government Expenditures on Culture in Canada - Preliminary Statistics, 1984-85 Catalogue number 87-206 (Canada: \$10; Other Countries: \$11)

INDUSTRY

Cement, August 1986 Catalogue number 44-001 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Coal and Coke Statistics, July 1986 Catalogue number 45-002 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Corrugated Boxes and Wrappers, August 1986 Catalogue number 36-004 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Crude Petroleum and Natural Gas Production, June 1986 Catalogue number 26-006 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Department Store Monthly Sales, by Province and Metropolitan Area, August 1986 Catalogue number 63-004 (Canada: \$2/\$20; Other Countries: \$3/\$30)

Department Store Sales and Stocks, June 1986 Catalogue number 63-002 (Canada: \$13/\$130; Other Countries: \$14/\$140)

Electric Lamps (Light Bulbs and Tubes), August 1986 Catalogue number 43-009 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Fruit and Vegetable Processing Industries, 1984 Catalogue number 32-218 (Canada: \$20; Other Countries: \$21)

Gas Utilities, June 1986 Catalogue number 55-002 (Canada: \$10/\$100; Other Countries: \$11/\$110)

Industrial and Agricultural Chemical Products, 1984 Catalogue number 46-224 (Canada: \$20; Other Countries: \$21)

Inventories, Shipments and Orders in Manufacturing Industries, July 1986 Catalogue number 31-001 (Canada: \$15/\$150; Other Countries: \$16/\$160)

INDUSTRY - continued

Miscellaneous Electrical Industries, 1984 Catalogue number 43-213 (Canada: \$20; Other Countries: \$21)

Miscellaneous Food Processors, 1984 Catalogue number 32-224 (Canada: \$20; Other Countries: \$21)

Meat and Poultry Products Industries, 1984 Catalogue number 32-232 (Canada: \$20; Other Countries: \$21)

Merchandising Inventories, June 1986 Catalogue number 63-014 (Canada: \$12/\$120; Other Countries: \$13/\$130)

Non-metal Mines, 1984 Catalogue number 26-224 (Canada: \$20; Other Countries: \$21)

Oil Pipe Line Transport, July 1986 Catalogue number 55-001 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Other Metal Fabricating Industries, 1984 Catalogue number 41-228 (Canada: \$20; Other Countries: \$21)

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, August 1986 Catalogue number 47-004 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Refined Petroleum and Coal Products, 1984 Catalogue number 45-209 (Canada: \$20; Other Countries: \$21)

Soft Drink Industry, 1984 Catalogue number 32-208 (Canada: \$20; Other Countries: \$21)

Sporting Goods and Toy Industries, 1984 Catalogue number 47-204 (Canada: \$20; Other Countries: \$21)

The Sugar Situation, August 1986 Catalogue number 32-013 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Wholesale Trade, July 1986 Catalogue number 63-008 (Canada: \$5/\$50; Other Countries: \$6/\$60)

INTERNATIONAL AND FINANCIAL ECONOMICS

Current Economic Indicators, Vol. 2, No. 9: October 1986. Overview, July 1986 Catalogue number 13-005 (Canada: \$10/\$100; Other Countries: \$11/\$110)

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

Travel Between Canada and Other Countries, 1985 Catalogue number 66-201 (Canada: \$25; Other Countries: \$26)

Travel Between Canada and Other Countries, April-June 1986 Catalogue number 66-001 (Canada: \$35/\$140; Other Countries: \$36.50/\$146)

PUBLICATIONS RELEASED FROM OCTOBER 17 - 23 - continued

PRICES

Industry Price Indexes, August 1986 Catalogue number 62-011 (Canada: \$15/\$150; Other Countries: \$16/\$160)

PUBLIC INSTITUTION

The Control and Sale of Alcoholic Beverages in Canada, 1984 Catalogue number 63-202 (Canada: \$12; Other Countries: \$13)

PUBLICATIONS

Selected Publications, First Quarter 1986 Catalogue number 11-009E (Canada: \$4/\$16; Other Countries: \$5/\$20)

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Construction Statistics Service Bulletin, Vol. 9, No. 7: Activity of Single-family Housing Builders in Metropolitan Areas, 1985 Catalogue number 64-003 (Canada: \$5/\$30; Other Countries: \$6/\$36)

SERVICES

Restaurant, Caterer and Tavern Statistics, July 1986 Catalogue number 63-011 (Canada: \$5/\$50; Other Countries: \$6/\$60)

Telephone Statistics, July 1986 Catalogue number 56-002 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85)

SMALL BUSINESS

Small Business in Canada: A Statistical Profile, 1981-1983 Catalogue number 61-521 (Canada: \$30; Other Countries: \$31)

TRANSPORTATION

Aviation Statistics Centre Service Bulletin, Vol. 18, No. 9 Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95)

Railway Carloadings, August 1986 Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85)

Railway Carloadings, 9-day Period Ending September 30, 1986 Catalogue number 52-005 (Canada: \$75; Other Countries: \$100)

Retail Trade: Advance Continues Slowly Rising Trend

Adjusted for seasonal fluctuations and the number of trading days, retail sales in August were up 1.1% over July. This increase followed a gain of 2.3% in July. Prior to these two months, sales were weaker, only advancing an average of 0.5% a month from January to July. In the last half of 1985, the average monthly increase was 1.0%.

Retail Trade

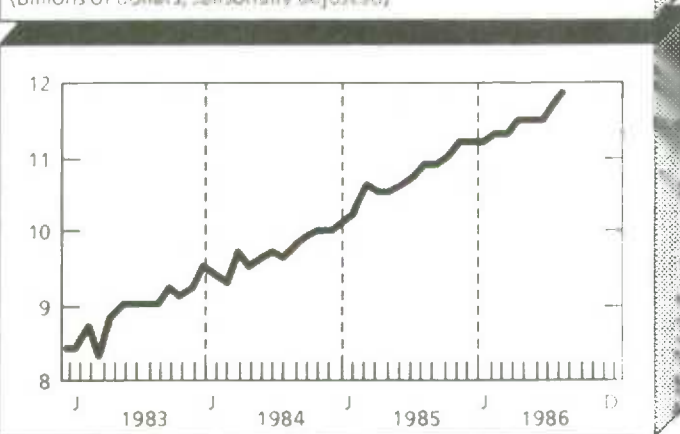
	Apr.	May	June	July	Aug.
	% change, previous month				
Grocery & meat stores	2.9	-0.4	-0.6	1.2	2.2
Department stores	-0.2	0.4	-1.6	0.8	-0.1
Motor vehicle dealers	3.8	0.8	-0.8	7.0	0.1
All stores	1.9	0.1	-0.5	2.3	1.1
All stores excl. motor	1.4	-0.1	-0.4	1.0	1.4

Grocery and meat stores, the second largest sales group within retail trade, reported an advance in sales of 2.2% in August. The food purchased from stores component of the Consumer Price Index rose 0.4% during the same month. Following the largest monthly increase since January 1985, motor vehicle

sales edged up 0.1% in August. Excluding new and used motor vehicle dealers, retail trade rose 1.4%, the second consecutive advance of 1.0% or greater.

Retail Trade

(billions of dollars, seasonally adjusted)



Unadjusted retail sales for the first eight months of 1986 totalled \$89.3 billion, up 8.0% over the corresponding period of 1985.

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 (\$)	July	432.17	431.50	2.9
Labour Income (\$ million)	July	22,653	22,801	4.7
Persons with Jobs (million)	Sept.	11.74	12.08	2.4
Unemployed	Sept.	1,127,000	1,201,000	-4.7
INVENTORIES				
Department Store (\$ million)	Aug.*	3,996	3,937	14.8
Manufacturers' Owned (\$ million)	Aug.*	33,863	33,828	-1.6
ORDERS				
Manufacturers' New Orders (\$ million)	Aug.*	19,116	19,555	-6.2
Manufacturers' Unfilled Orders (\$ million)	Aug.*	24,245	24,445	-1.2
PRICES				
Consumer Price Index (1981 = 100)	Sept.*	133.3	133.3	4.1
New House Price Index (1981 = 100)	Aug.	105.0	103.9	8.9
Raw Materials Price Index (1981 = 100)	Aug.	90.8	90.8	-20.7
Excl. coal, crude oil, natural gas	Aug.	105.2	104.5	6.8
Industrial Product Price Index (1981 = 100)	Aug.	119.1	118.9	0.6
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	July*	1,866	13,060	24.2
Housing Starts - Urban Centres (units)	Aug.	14,498	108,122	26.0
ENERGY				
Coal Production (thousand tonnes)	July	3,631	233,180	-8.1
Electricity Generation (gigawatt hours)	July*	33,618	263,942	2.3
Natural Gas Production (million cubic metres)	May	7,776	45,956	-4.3
Petroleum Refining (thousand cubic metres)	Aug.*	7,781	56,451	-0.2
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Aug.	8,577	78,657	0.7
Imports - Balance of Payments Basis (\$ million)	Aug.	8,565	74,774	10.5
SALES				
Department Store Sales (\$ million)	Aug.	976	7,261	6.0
Manufacturers' Shipments (\$ million)	Aug.*	19,317	165,369	3.6
New Motor Vehicle Sales (\$ million)	Aug.	1,732	14,973	11.7
Retail Sales (\$ million)	Aug.*	11,925	89,339	8.0

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

Infomat**A Weekly Review**

Published by the Communications Division, Statistics Canada.

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Editor: Linda McCormick (613) 991-1088

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, Statistics Canada, Ottawa, Ontario K1A 0T6.

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