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Friday, November 14, 1986

OVERVIEW

■ **Business Conditions Outlook Cloudy**

Manufacturers expect a slight deterioration in the levels of production, new orders and unfilled orders during the fourth quarter.

■ **Total New Motor Vehicle Sales Slightly Ahead in 1986**

Strong sales of commercial vehicles have more than offset slower passenger car sales.

■ **Tourism Boom Continues through Third Quarter**

The number of foreign travellers entering Canada for one or more nights reached a record level in September.

■ **Labour Income Growth Decelerating**

A strike by British Columbia woodworkers accounted for much of the weakness in the goods-producing industries.

■ **Help-wanted Index Resumes Upward Climb**

Rebounding in October, the index reached its highest level in five years.

■ **Pre-tax Profits Hit Record High in 1984**

Strong sales triggered a 40% jump in Canadian corporations' profits (before taxes).

■ **Labour Market Conditions Show Little Change**

A slight increase in employment helped the unemployment rate edge down to 9.4%, the lowest rate since March 1982.

Business Conditions

Manufacturers had mixed opinions about the conditions they expect in the fourth quarter of 1986. Compared to the third quarter, the seasonally adjusted results of the Business Conditions Survey indicated that they anticipate a slight deterioration in the levels of production, new orders and the backlog of unfilled orders.

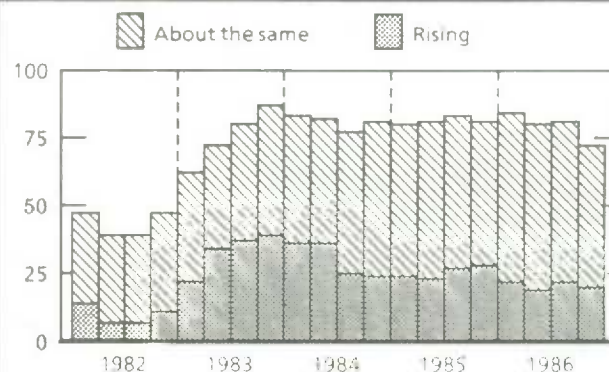
Although the proportion of manufacturers expecting production to remain the same has fallen slightly over the last three quarters, the proportion expecting higher levels of production is still slightly greater than those expecting lower levels.

The proportion of manufacturers expecting the level of new orders to stay the same was down 9 percentage points from the average response in the first three quarters of 1986. At 52% the proportion was

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Receipt of New Orders

(% of total response, seasonally adjusted)

Statistics
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Canada

Canada

... Business Conditions

similar to the fourth quarter of 1985. However, manufacturers expecting a decline in the level of new orders were up to 28%, the highest level since the second quarter of 1983.

Attitudes to the present backlog of unfilled orders changed significantly between the third and fourth quarters of 1986. The proportion of manufacturers who thought their level of unfilled orders was too low increased 11 percentage points to 29%, while those who thought their levels were about normal fell 16 percentage points to 57%.

Business Condition, Manufacturing

	Oct. '85	Jan. '86	Apr. '86	July '86	Oct. '86
% of response, seasonally adjusted					
Production					
Higher	31	26	29	29	29
Lower	20	30	24	26	27
New Orders					
Rising	28	22	19	22	20
Declining	19	16	20	18	28
Unfilled orders					
Higher	12	14	13	9	14
Lower	18	16	18	18	29

For further information, contact Industry Division at (613) 991-3554.

Motor Vehicle Sales

For the first nine months of 1986, total new vehicle sales were up slightly (1.7%) over the same period of last year, reaching 1.2 million units. Commercial vehicle sales were entirely responsible for this growth, as passenger cars sales were down 0.9% from 1985.

North American-built passenger car sales, which have been weak since January, registered a rise of 12.1% in September. This was the second year-over-year increase in three months and may signal a turnaround in car sales.

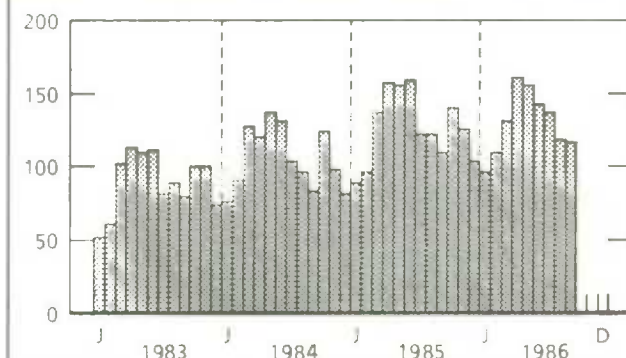
Despite strong sales of Japanese passenger cars, imported passenger car sales were down for the fifth month in a row on a year-over-year basis. This poor performance was attributable to a sharp decrease in the sales of South Korean-built passenger cars. In September, sales of South Korean-built passenger cars were down 50% from the same month of 1985.

Motor Vehicle Sales

	May	June	July	Aug.	Sept.
% change, previous year					
Passenger cars	-4.5	-11.7	8.5	-6.2	7.2
North American	-2.9	-12.5	17.3	-5.1	12.1
Overseas	-8.4	-9.7	-7.0	-8.5	-3.2
Commercial vehicles	12.9	-6.8	19.4	2.2	6.8

Motor Vehicle Sales

(thousands of units)



Manufacturers from countries other than Japan or North America held 10.5% of the passenger car market, their lowest market share since April 1985. South Korea (the largest component of the "other countries" category) held 5.2% of the market, compared to 11.1% a year earlier. North American manufacturers won 70.9%, up from 67.8% in September 1985, while the Japanese increased their share to 18.6% from 16.3%.

Sales of new motor vehicles totalled 118,233 units in September, an increase of 7.1% from September 1985. Passenger car sales were up 7.2%, while commercial vehicle sales advanced 6.8%.

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

International Travel

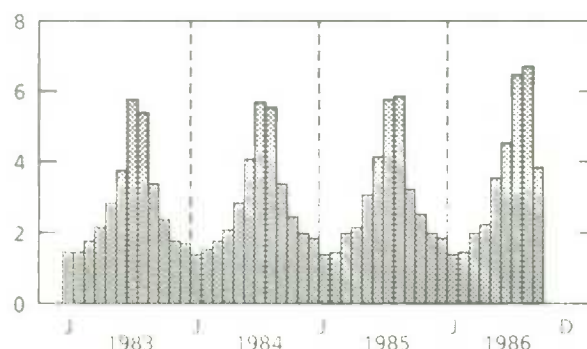
The number of visits by international travellers entering Canada reached the highest September level since 1972. Compared to last September, the number of foreign visitors was up 16.2%. Totalling 3.9 million for the month, the number of travellers was down from August as the peak Canadian tourist season ended.

Most beneficial to Canada has been the increase in long-term visits. In the first three quarter of 1986, the number of foreign travellers entering Canada for one or more nights was 19.0% greater than 1985, reaching a record level of 13.9 million. In September, the number of United States residents spending more than a day in Canada rose 31% over the previous September, while the number of visitors from countries other than the U.S. was up 32.6%.

Expo 86 has drawn a phenomenal number of foreign visitors to British Columbia and was responsible for much of the growth in the number of travellers. British Columbia usually attracts 11% of all foreign travellers to Canada. Since May, approximately one-fifth of all foreign tourists have entered the country via British Columbia.

Foreign Visitors

(millions)



The number of Canadians returning from visits to countries other than the U.S. declined on a year-over-year basis for the fifth consecutive month in September. This downturn follows a period of persistent growth that started in November 1984. The number of Canadians returning from the U.S. was down 4.2% in September.

For further information, contact International and Financial Economics Division at (613) 990-8933.

Labour Income

The preliminary estimate of labour income for August 1986 was up 4.5% over the previous year, compared to the average year-over-year growth in the first seven months of 5.7%. A significant decrease in the goods-producing sector reduced the month-to-month change in seasonally adjusted wages and salaries from an average increase of 0.3%, to a drop of 0.5% in the current month.

Forestry, mining and manufacturing all contributed to a 1.1% decline in wages and salaries in the goods-producing industries from July to August. A strike by woodworkers in British Columbia accounted for a large portion of the decline in forestry (-14.6) and manufacturing (-0.9). Prior to this labour dispute, month-over-month gains for these industries in 1986 averaged 0.3% and 0.2% respectively. The continued decline in income from mines, quarries and oil wells mainly stems from the reduced level of activity in oil and gas exploration.

Similar to the monthly changes observed throughout 1986, the seasonally adjusted estimates of wages and salaries in the service-producing industries increased slightly (+0.3%) from the previous month.

Labour Income

(% change, previous year)



Wages and salaries in the trade industries rose in August as they have since September 1985, while commercial services increased for the sixth consecutive month. The remaining industries in this group showed little change from July to August.

For further information, contact Labour Division at (613) 990-9900.

Help-wanted Index

- In October, the seasonally adjusted Help-wanted index for Canada (1981 = 100) advanced 10.3%, recovering from the decline registered in September.
- Standing at 96, the index reached its highest level since October 1981.
- Following two consecutive monthly decreases, the index for Ontario rose to 116 in October.
- The index for Québec increased to 102, continuing the upward trend evident since July 1986.
- The rate of increase in the Canada and regional trend cycles, with the exception of the Atlantic region, has been lower during the first ten months of the year than during the same period in 1985.

Help-wanted Index (1981 = 100)

	June	July	Aug.	Sept.	Oct.
	seasonally adjusted				
Canada	84	92	94	87	96
Atlantic Region	144	140	221	142	216
Québec	85	93	97	97	102
Ontario	111	129	120	109	116
Prairie Region	44	42	44	42	41
British Columbia	41	40	39	41	43

For further information, contact Labour Division (613) 990-9900.

PUBLICATIONS RELEASED FROM NOVEMBER 7 - 13

AGRICULTURE AND NATURAL RESOURCES

Livestock Report - Pigs, October 1, 1986. Catalogue number 23-008 (Canada: \$15/\$60; Other Countries: \$16/\$64)

INDUSTRIAL ORGANIZATION AND FINANCE

Financial Institutions: Financial Statistics, Second Quarter 1986. Catalogue number 61-006 (Canada: \$40/\$160; Other Countries: \$41.50/\$166)

INDUSTRY

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

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

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

Factory Sales of Electric Storage Batteries, August 1986. Catalogue number 43-005 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Footwear Statistics, August 1986. Catalogue number 33-002 (Canada: \$4/\$40; Other Countries: \$5/\$50)

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

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

Primary Iron and Steel, August 1986. Catalogue number 41-001 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Production and Inventories of Process Cheese and Instant Skim Milk Powder, September 1986. Catalogue number 32-024 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Production, Sales and Stocks of Major Appliances, August 1986. Catalogue number 43-010 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, August 1986. Catalogue number 35-003 (Canada: \$6/\$60; Other Countries: \$7/\$70)

Stocks of Fruit and Vegetables, October 1, 1986. Catalogue number 32-010 (Canada: \$8/\$80; Other Countries: \$9/\$90)

PUBLIC INSTITUTIONS

Local Government Finance, 1983. Catalogue number 68-204 (Canada: \$20; Other Countries: \$21)

SERVICES

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

TRANSPORTATION

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

Service Bulletin - Aviation Statistics Centre, Vol 18, No. 10. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95)

Corporation Financial Statistics, 1984

In 1984, Canadian corporations' profits (before taxes) exceeded their pre-recession peak of \$52 billion. Following a 26% increase in 1983, profits grew by an additional 40% in 1984. Underlying this large profit gain was a 12% increase in sales during the year.

The substantial advance in sales was primarily centred in non-financial corporations who accounted for 97% of the increase in gross revenue. Mining, manufacturing, trade, services, transportation, storage and utilities all advanced at rates between 13% and 15%. Construction was up 6%, less than half the overall growth rate for all industries. Growth in the

financial industries was somewhat slower. Revenue rose \$2.8 billion, to \$92.8 billion, reflecting in part lower interest rates.

Profits before taxes in the non-financial industries rose dramatically to \$46 billion, a gain of 36%. Manufacturing and mining accounted for almost three-quarters of this advance. In the financial industries, investment companies were responsible for more than three-quarters of the growth in 1984.

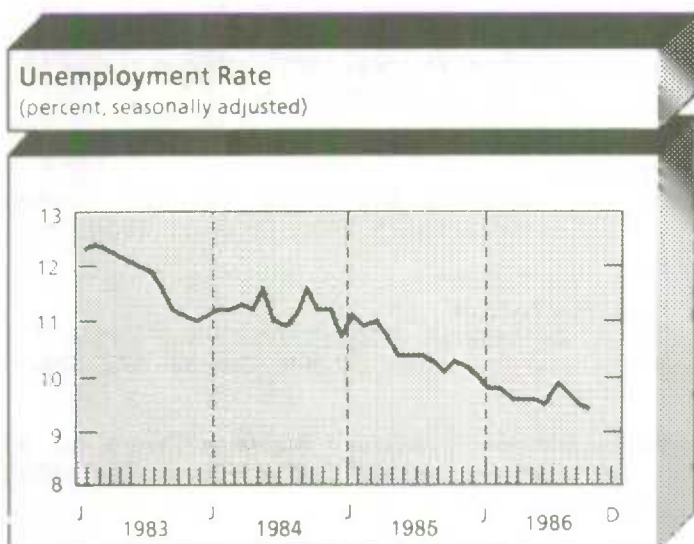
Assets of non-financial corporations rose by \$58 billion. Most of this advance was related to the increased level of operations.

For further information, contact Industrial Corporations and Finance Division at (613) 991-2649.

Labour Force Survey

The Labour Force Survey for October showed little change in labour market conditions since September. The seasonally adjusted level of employment rose slightly during the month, the third consecutive monthly increase. Unemployment was down for the third consecutive month. As a result the unemployment rate edged down to 9.4%, the lowest rate since March 1982.

These changes were noted mainly in Ontario, where the unemployment rate declined to 6.9%.



Labour Force

	June	July	Aug.	Sept.	Oct.
	Change, previous month				
Labour force ('000)	52	-60	31	3	4
Employment ('000)	49	-96	48	32	15
15-24 years ('000)	49	-62	8	-23	-15
25 years & over ('000)	0	-34	40	55	30
Unemployment ('000)	3	36	-17	-29	-11
Unemployment rate	9.5	9.9	9.7	9.5	9.4

The increase in employment of 15,000 was limited to persons 25 years of age and over. The overall gain in this age group was 30,000 with female employment advancing by 32,000. The level of employment declined by 15,000 among young people aged 15 to 24, with a decrease of 21,000 among females.

The seasonally adjusted level of unemployment declined by 11,000 from September. It fell by 7,000 among young people, with the majority of this decrease occurring in male unemployment (-6,000). A decrease of 10,000 among males 25 years of age and over offset a gain of 6,000 among females in this age group. Unemployment dropped in Ontario and British Columbia, rose in Alberta, and was virtually unchanged in the other provinces.

For further information, contact Labour Division at (613) 990-9448.



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Aug.	430.14	431.69	2.4
Labour Income (\$ million)	Aug.*	22,446	22,740	4.5
Persons with Jobs (million)	Oct.*	11.72	11.74	2.1
Unemployed	Oct.*	1,116,000	1,127,000	-7.0
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)	Sept.	107.2	105.0	10.6
Raw Materials Price Index (1981 = 100)	Sept.	93.9	90.8	-17.6
Excl. coal, crude oil, natural gas	Sept.	105.8	105.2	7.7
Industrial Product Price Index (1981 = 100)	Sept.	119.4	119.1	0.7
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	July	1,866	13,060	24.2
Housing Starts - Urban Centres (units)	Sept.*	17,106	125,228	26.4
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)	July	7,129	60,158	-4.1
Petroleum Refining (thousand cubic metres)	Aug.	7,781	56,451	-0.2
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Sept.	10,367	89,135	0.9
Imports - Balance of Payments Basis (\$ million)	Sept.	9,037	83,713	10.0
SALES				
Department Store Sales (\$ million)	Sept.*	1,021	8,282	6.0
Manufacturers' Shipments (\$ million)	Aug.	19,317	165,369	3.6
New Motor Vehicle Sales (\$ million)	Sept.*	1,710	16,684	12.3
Retail Sales (\$ million)	Aug.	11,925	89,339	8.0

Statistics are in current dollars and are not seasonally adjusted.

* new this week.

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