

I·N·F·O·M·A·T

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

Friday, December 19, 1986

OVERVIEW

■ Capacity Utilization Rates Slide Further

The four consecutive quarter-to-quarter decreases in the utilization rates have not been sizable, but they have been gaining in magnitude over the last year.

■ Composite Leading Indicator Registers Steady Advances

A moderate increase of 0.3% in September maintained the stable rate of increase observed since June 1986.

■ Recent Industry Employment Trends

Strong employment growth in community, business and personal services was recorded in all provinces between 1981 and 1985.

■ Demand for Labour Increases

The help-wanted index exceeded pre-recession levels for the first time in November.

■ Livestock Sales Continue to Support Farm Cash Receipts

Payments by federal and provincial programs combined with higher livestock and animal product receipts offset a 4.0% decline in field crop receipts.

■ Retail Sales Still Fluctuating

Following strong gains in the third quarter, retail sales declined slightly in October.

Capacity Utilization Rates Slide Further

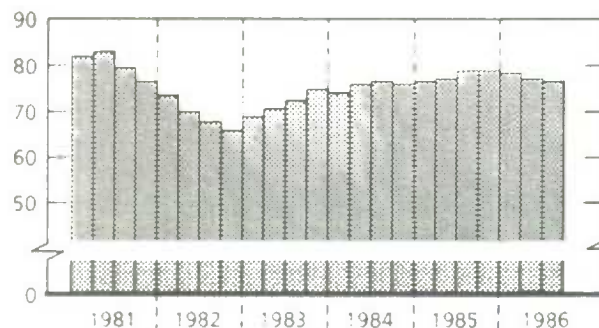
In the third quarter of 1986, capacity utilization in the manufacturing industries was down 1.3% from the second quarter, to 76.5%. This was the fourth quarter in a row in which the utilization rates for manufacturing as a whole have dropped. While the quarter-to-quarter decreases have not been sizable, they have been gaining in magnitude over the last year.

The decline in the current quarter was broadly based. Utilization rates in durable-goods manufacturing industries were down for the fourth consecutive quarter, dropping 2.0%, to 71.9% in the third quarter of 1986. In the non-durable sector, capacity utilization rates were down 0.5%, the second consecutive decline. Despite this trend, there were some hopeful signs.

Increasing consumer spending has had a beneficial effect on the capacity utilization rates for industries that manufacture consumer goods; furniture and fixture industries posted a 4.1% gain, other

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Capacity Utilization Rate
(percentage)



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... Capacity Utilization Rates

manufacturing industries increased 3.3% and clothing industries were up 1.8%. The electrical and electronic products industries were off 0.7%, but would have posted an even greater decrease had it not been for consumer spending.

Many industries, for example, primary textiles, textile products, beverages and rubber products, have been depleting their inventory levels in this quarter. Even though this has a negative effect on current production levels and therefore capacity utilization, production should pick up once their inventories have dropped sufficiently.

Strikes have affected some industries. A major strike by British Columbia woodworkers was reflected in a large decrease in the utilization rate of the wood industry. Strikes in the construction sector have reduced the demand for steel, one of the reasons for the lower utilization rate in the primary metals industries. Reduced production by the automotive equipment manufacturers also affected the primary metals industries.

Capacity Utilization Rates

	4Q'85	1Q'86	2Q'86	3Q'86
	rate			
Total manufacturing	78.9	78.3	77.5	76.5
Durable goods	76.0	74.7	73.4	71.9
Non-durable goods	82.0	82.2	82.1	81.7

The transportation equipment industries registered a decline of 6.2%, dropping for the third consecutive quarter. The decrease in the current quarter was largely attributable to the automotive sector.

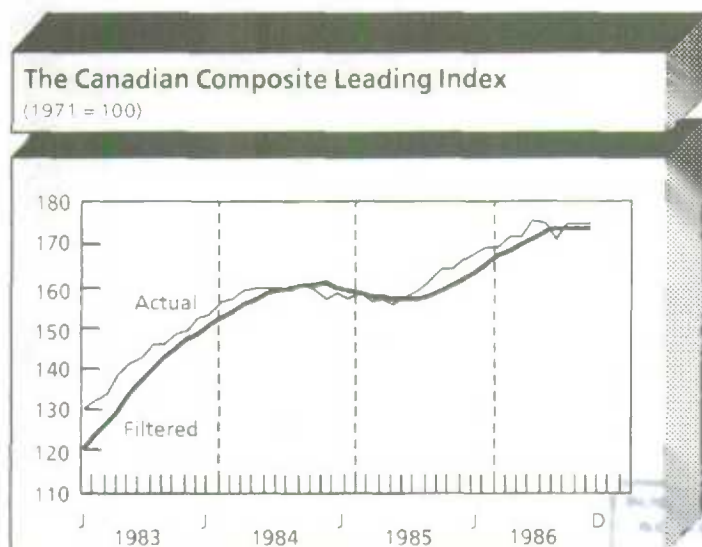
Notes to Users

This release incorporated some major statistical changes. The estimates of capacity utilization rates are now based on the 1980 Standard Industrial Classification. The input data, gross domestic product and fixed capital stocks, have both been revalued from 1971 prices to 1981 prices.

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

Composite Leading Indicator Registers Steady Advances

- The filtered composite leading indicator posted an increase of 0.3% in September, essentially the same rate as those recorded since June.



- Household demand indexes continued to lead the advance.
- Furniture and appliance sales have risen each month since March 1985, but in September the increase was 1% or over for the third consecutive month.
- The index for new motor vehicle sales rose (1.3%) for the first time in seven months.
- Growth in the Toronto Stock Exchange price index, which has slowed in recent months, halted in September.
- The money supply increased for the first time since January 1986.
- The United States composite leading indicator continued to register slower growth. Dropping from an average rise of 0.6% in the first half of the year, it was up 0.3% in September.

For further information, contact International and Financial Economics Division at (613) 990-9162.

Recent Industry Employment Trends

Employment trends during the 1980s have been influenced by many factors, but the most dominant event was undoubtedly the 1981-82 recession. This downturn in economic activity resulted in a total decline of 5.6% in real gross domestic product and a drop of 3.3% in the annual average employment level.

Not surprisingly, employment recovered very slowly from this downturn. The pre-recession peak in monthly seasonally adjusted employment, which occurred in June 1981, was not exceeded until July 1984.

Despite the pervasiveness of the recession and the strength of the subsequent recovery, trends in employment from 1981 to 1985 varied widely among industry groups. Most notably, declines were more severe and recovery was weaker in the goods-producing industries than in the service-producing industries. Over the same period of time, patterns of change in provincial employment also diverged considerably.

A feature article in the November issue of *The Labour Force* (catalogue number 71-001) examines Canadian industrial employment trends for Canada as a whole and each of the provinces between 1981 and 1985.

Highlights include:

- Nova Scotia appears to have fared the best in maintaining employment in the goods-producing industries.
- Strong employment growth in community, business and personal services was recorded in all provinces between 1981 and 1985.
- Employment changes in the construction industry varied widely among the provinces, ranging from a drop of 45% in Alberta to an increase of 12% in Nova Scotia.
- At the national level, agriculture was the only goods-producing industry which managed to recover from recessionary employment reductions by 1985.
- The manufacturing industry lost its historical lead over the trade industry in the distribution of total employment.

For further information, contact Household Surveys Division at (613) 991-4626.

Demand for Labour Increases

- In November, the seasonally adjusted Help-wanted index for Canada (1981=100) advanced 9.8%. Reaching 105, this was the first time it has exceeded pre-recession levels.
- The demand for labour in eastern and central Canada remained high or continued to strengthen.
- The index for the Atlantic region is subject to large month-to-month swings. However, the average monthly level for this region was 165 in the first 11 months of 1986, down slightly from the average level in 1985.
- In Quebec, the index rose to 118, rising for the fourth consecutive month and exceeding pre-recession levels for the second month in a row.
- The demand for labour in Ontario, as measured by this index, has been strong throughout 1986. In November, the index climbed to 128.

Help-wanted Index (1981 = 100)

	July	Aug.	Sept.	Oct.	Nov.
	seasonally adjusted				
Canada	92	94	87	96	105
Atlantic Region	140	221	142	216	161
Quebec	93	97	97	102	118
Ontario	129	120	109	116	128
Prairie Region	42	44	42	41	46
British Columbia	40	39	41	43	41

- The Prairie provinces and British Columbia registered minor changes in November, but their indexes continue to hover in the 40s.

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

PUBLICATIONS RELEASED FROM DECEMBER 12 TO DECEMBER 18

EDUCATION, CULTURE AND TOURISM

Universities: Enrolment and Degrees, 1984 Catalogue number 81-204 (Canada: \$20; Other Countries: \$21)

INDUSTRY

Asphalt Roofing, October 1986 Catalogue number 45-001 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Beverage and Tobacco Products Industries - Tobacco Products Industry, 1985 Census of Manufactures Catalogue number 32-251B1221 (Canada: \$4; Other Countries: \$5)

Clothing Industries - Foundation Garment Industry, 1985 Census of Manufactures Catalogue number 34-252B2496 (Canada: \$4; Other Countries: \$5)

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

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

Food Industries - Cereal Grain Flour Industry, 1985 Census of Manufactures Catalogue number 32-250B1051 (Canada: \$4; Other Countries: \$5)

Food Industries - Biscuit Industry, 1985 Census of Manufactures Catalogue number 32-250B1071 (Canada: \$4; Other Countries: \$5)

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

Operating Results - Retail Florists, 1983 Catalogue number 63-608 (Canada: \$15; Other Countries: \$16)

Paper and Allied Products - Building Board Industry, 1985 Census of Manufactures Catalogue number 36-250B2714 (Canada: \$4; Other Countries: \$5)

Pulp and Paper Industries, 1984 Catalogue number 36-204 (Canada: \$20; Other Countries: \$21)

Quarries and Sand Pits, 1984 Catalogue number 26-225 (Canada: \$20; Other Countries: \$21)

Retail Trade, September 1986 Catalogue number 63-005 (Canada: \$14/\$140; Other Countries: \$15/\$150)

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

Rubber and Plastic Products Industries - Rubber Hose and Belting Industry, 1985 Census of Manufactures Catalogue number 33-250B1521 (Canada: \$4; Other Countries: \$5)

Shipments of Solid Fuel Burning Heating Products, Quarter Ended September 1986 Catalogue number 25-002 (Canada: \$3/\$12; Other Countries: \$4/\$16)

Steel Wire and Specified Wire Products, September 1986 Catalogue number 41-006 (Canada: \$4/\$40; Other Countries: \$5/\$50)

INDUSTRY MEASURES AND ANALYSIS

Gross Domestic Product by Industry, June 1986 Catalogue number 61-005 (Canada: \$10/\$100; Other Countries: \$11/\$110)

INTERNATIONAL AND FINANCIAL ECONOMICS

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

INTERNATIONAL TRADE

Imports by Countries, January-September 1986 Catalogue number 65-006 (Canada: \$75/\$300; Other Countries: \$85/\$340)

LABOUR

Estimates of Labour Income, April-June 1986 Catalogue number 72-005 (Canada: \$15/\$60; Other Countries: \$16/\$64)

The Labour Force, November 1986 Catalogue number 71-001 (Canada: \$20/\$200; Other Countries: \$21.50/\$215)

Trusteed Pension Plans, Financial Statistics, 1984 Catalogue number 74-201 (Canada: \$35; Other Countries: \$36)

PRICES

Consumer Prices and Price Indexes, July-September 1986 Catalogue number 62-010 (Canada: \$15/\$60; Other Countries: \$16.50/\$66)

The Consumer Price Index, November 1986 Catalogue number 62-001 (Canada: \$8/\$80; Other Countries: \$9/\$90) Available December 19 at 7:00 a.m.

PUBLIC INSTITUTIONS

Provincial Government Finance - Assets, Liabilities, Source and Application of Funds, Fiscal Year Ended March 31, 1985 Catalogue number 68-209 (Canada: \$25; Other Countries: \$26)

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Housing Starts and Completions, September 1986 Catalogue number 64-002 (Canada: \$15/\$150; Other Countries: \$16/\$160)

SERVICES

Cable Television, 1985 Catalogue number 56-205 (Canada: \$22; Other Countries: \$23)

TRANSPORTATION

Aviation Statistics Centre Service Bulletin - Advance Information, Vol. 18, No. 11 Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95)

Fuel Consumption Survey - Passenger Cars, Light Trucks and Vans, October-December 1985 Catalogue number 53-007 Free

Farm Cash Receipts

For the first ten months of 1986, farm cash receipts were estimated at \$16.8 billion, up 1.9% from 1985. Direct payments to producers made under various federal and provincial programs combined with higher livestock and animal product receipts were responsible for this increase. Total crop receipts were down 4.0%.

- Although hog prices fell in October, they were still 29% higher than those received a year earlier and have contributed significantly to the 14% increase in hog receipts.
- Increased fluid milk marketing combined with higher overall dairy prices were responsible for the 3% rise in dairy receipts.

- Poultry receipts were up 3%, due to increased marketings of both chickens and turkeys.
- Marketings of barley were 71% higher from January to October 1986 than they were in the same period of 1985. However, barley receipts were only up 40% as prices have dropped by 18%.
- Wheat deliveries in October totalled 1.7 million tonnes, compared to the October 1985 level of 4.4 million tonnes. Deliveries were down because Canadian Wheat Board quotas have been much lower than last year. Lower deliveries combined with a drop in price produced a 10% reduction in wheat receipts.

For further information, contact Agriculture/Natural Resources Division at (613) 990-8707.

Retail Trade

During the first ten months of 1986, retail sales have fluctuated but generally they have been following an upward trend. Sales strengthened in the third quarter, advancing an average of 1.4% per month, but dropped slightly in October (-0.6%).

This decrease was mainly attributable to a 4.5% drop in sales by motor vehicle dealers. Excluding new and used motor vehicle dealers, retail trade actually increased by 0.4% in October, following a marginal decline in September and a rise of 1.3% in August.

Retail Trade

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Grocery & meat stores	-0.6	1.2	2.2	-0.6	0.0
Department stores	-1.6	0.8	-0.1	-0.8	2.2
Motor vehicle dealers	-0.8	7.0	0.1	6.2	-4.5
All stores	-0.5	2.3	1.1	1.3	-0.6
All stores excl. motor	-0.4	1.0	1.4	-0.1	0.4

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

NEW FROM STATISTICS CANADA



Aviation in Canada: Historical and Statistical Perspectives on Civil Aviation

In the nearly 80 years since Douglas McCurdy made the first "powered flight" in Canadian air, aviation in this country has evolved to a sophisticated industry.

Aviation in Canada: Historical and Statistical Perspectives on Civil Aviation is a comprehensive look at all aspects of the air transport industry in Canada. Beginning with the early history of aviation, it also presents an analysis of changes in the industry over the last few decades. It includes information on commercial and private flying, domestic and international passenger traffic, safety in Canadian skies, fleet changes, air regulations and international law.

This publication (catalogue number 51-501E) can be ordered from Publication Sales at (613) 993-7276.



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Sept.	432.32	429.97	1.9
Labour Income (\$ million)	Sept.	22,861	22,543	5.1
Persons with Jobs (million)	Nov.	11.61	11.72	1.6
Unemployed	Nov.	1,173,000	1,116,000	-5.9
INVENTORIES				
Department Store (\$ million)	Sept.	4,206	3,996	24.0
Manufacturers' Owned (\$ million)	Sept.	33,863	33,886	-1.5
ORDERS				
Manufacturers' New Orders (\$ million)	Sept.	21,202	19,159	0.7
Manufacturers' Unfilled Orders (\$ million)	Sept.	24,095	24,179	-0.6
PRICES				
Consumer Price Index (1981 = 100)	Oct.	134.0	133.3	4.4
New House Price Index (1981 = 100)	Oct.	108.2	107.2	11.2
Raw Materials Price Index (1981 = 100)	Oct.	94.8	93.9	-17.9
Excl. mineral fuels	Oct.	105.4	105.8	6.0
Industrial Product Price Index (1981 = 100)	Oct.	119.8	119.4	0.7
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	Aug.	1,897	15,487	23.8
Housing Starts - Urban Centres (units)	Sept.	17,106	125,228	26.4
ENERGY				
Coal Production (thousand tonnes)	Aug.	4,342	37,522	-7.8
Electricity Generation (gigawatt hours)	July	33,618	263,942	2.3
Natural Gas Production (million cubic metres)	Aug.	7,359	67,930	-3.4
Petroleum Refining (thousand cubic metres)	Aug.	7,781	56,451	-0.2
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Oct.	10,644	99,963	0.5
Imports - Balance of Payments Basis (\$ million)	Oct.	9,694	93,339	9.6
SALES				
Department Store Sales (\$ million)	Oct.	1,084	9,366	5.9
Manufacturers' Shipments (\$ million)	Sept.	21,286	186,764	3.2
New Motor Vehicle Sales (\$ million)	Oct.	1,924	18,609	11.2
Retail Sales (\$ million)	Oct. *	12,237	113,000	8.4

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

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