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Weekly Bulletin

March 14, 1986

Canadian International Trade

Seasonally Adjusted Balance of Payments Basis

Preliminary January estimates indicate continued improvement in Canada's export markets. Exports rose a further 6.9% or \$705 million to \$10.9 billion following a 2.3% rise in December. The drop of 8.8% in November from the record level in October has now been virtually fully recovered.

Imports reached a record \$9.7 billion in January, rising 9.0% or \$800 million, following a decline of 5.2% in December. The net effect on the merchandise trade balance in January was a slight decline of \$96 million to a surplus of \$1.2 billion.

Short-term Trend

Except for a slight dip at the end of 1985, the short-term trend rate of growth for exports has been rising steadily since mid-1985.

The movement primarily reflects the growth in the automotive sector which represents close to 30% of exports. Weaknesses in the current period are in machinery and equipment, energy, forest and agricultural and fish products. Industrial goods and materials show moderate strength in the current period.

The short-term trend rate of growth for imports has been increasing steadily since December 1984 at an average monthly rate of 1.4%. Imports of machinery and equipment have been growing at nearly 1.0% for the same period. Automotive products, which represent more than 30% of Canadian imports, have been increasing since May 1985 at an average monthly rate of 2.9%. Industrial goods and materials, consumer goods and energy products are also registering strength in the current period.

Commodity Highlights

Widespread growth among products at all stages of fabrication marked the rise of exports in January. Food recovered by 11.5% after a decline of 2.1% in December. Crude materials grew a further 10.6% following a similar increase in the preceding month; growth was concentrated in ores. Fabricated materials accelerated to a 10.7% growth after a gain of 3.0% in December. Aluminum, chemicals and precious metals were the major contributors; petroleum and coal products registered the only major decline in the group. After remaining virtually flat in December, end products posted greater strength in January, rising 2.6%. The main contributors were trucks and motor vehicle parts. Offsetting these increases were declines in automobiles, industrial machinery and aircraft.

(continued on page 2, col. 1)

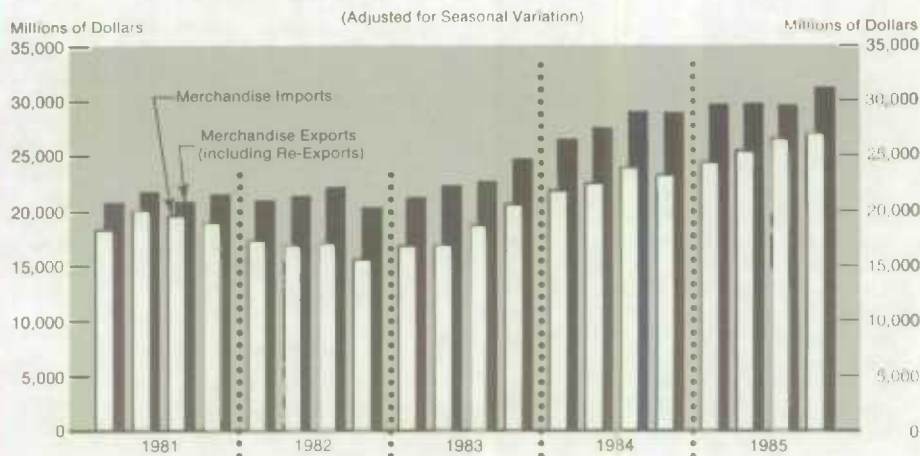
LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings(\$)	Dec.	425.55	425.33	4.3
Labour Income (\$ million)	Dec.*	21,130.4	21,281.8	6.9
Persons with Jobs (million)	Feb.*	11.25	11.20	4.4
Unemployed	Feb.*	1,341,000	1,347,000	-7.8
INVENTORIES				
Department Store (\$ million)	Dec.	3,536.6	4,332.8	12.7
Manufacturers' Owned (\$ million)	Dec.	33,786.6	33,983.2	2.1
ORDERS				
Manufacturers' New Orders (\$ million)	Dec.	19,867.3	21,180.9	12.2
Manufacturers' Unfilled Orders (\$ million)	Dec.	22,207.9	22,339.0	1.9
PRICES				
Consumer Price Index (1981 = 100)	Jan.	130.1	129.5	4.4
New House Price Index (1981 = 100)	Jan.*	99.4	98.2	4.6
Raw Materials Price Index (1981 = 100)	Jan.	115.7	118.0	-1.5
Excl. coal, crude oil, nat. gas	Jan.	103.3	101.6	3.0
Industrial Product Price Index (1981 = 100)	Jan.	120.5	119.7	2.6
CONSTRUCTION				
Building Permits (\$ million)	Nov.	1,466.6	18,022.8	26.2
Housing Starts - Urban Centres (units)	Jan.	9,335	9,335	21.8
ENERGY				
Coal Production (thousand tonnes)	Nov.	5 123	55 871	6.6
Electricity Generation (gigawatt hours)	Dec.	44 491	446 412	5.1
Natural Gas Production (million cubic metres)	Nov.	9 194	86 120	7.5
Petroleum Refining (thousand cubic metres)	Dec.	7 331	86 216	-1.7
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Jan.*	10,124	10,124	10.8
Imports - Balance of Payments Basis (\$ million)	Jan.*	8,973	8,973	16.4
PRODUCTION				
Railway Carloadings (million tonnes)	Dec.	19.7	251.5	-0.9
Steel (ingots - thousand tonnes)	Dec.	1 200	14 553	-0.1
SALES				
Department Store Sales (\$ million)	Dec.	1,835.4	12,056.7	5.9
Manufacturers' Shipments (\$ million)	Dec.	19,798.4	242,862.7	7.5
New Motor Vehicle Sales (\$ million)	Jan.*	1,339.9	1,339.9	17.5
Retail Sales (\$ million)	Dec.	13,210.3	128,424.5	10.6

Statistics are in current dollars and are not seasonally adjusted.

* - new this week.

Canadian Merchandise Exports and Imports*



* Balance of Payments Basis

Source: Statistics Canada. Summary of External Trade (65-001)

Canada

... Canadian International Trade

In contrast to widespread gains in exports, the increase in imports was heavily concentrated in end products and fabricated materials. Imports of motor vehicles accounted for nearly half of the gain at the total level. Close to one-quarter was attributable to precious metals. Significant increases were also noted in aircraft and petroleum and coal products.

Trading Partner Highlights

Exports to the United States increased 5.3% or \$422 million to a level of \$8.4 billion in January. Gains were most notable in exports of trucks, motor vehicle parts and aluminum. Exports to Japan remained almost flat at \$479 million. Exports to the United Kingdom recovered strongly, registering a 16.0% increase to \$207 million after a decline of 7.2% in December.

Nearly nine-tenths of the increase in imports was attributable to the United States, most notably in motor vehicles and precious metals. Imports from the U.S. increased 11.1% in January following a 7.7% decline in December. Imports from Japan fell 13.9% to a level of \$491 million. Recovering from a decline of 24.3% in December, imports from the United Kingdom increased 18.7% to \$370 million.

Order the January 1986 issue of Summary of Canadian International Trade (65-001, \$15/\$150).

New Housing Price Index

The New Housing Price Index (1981=100) for Canada stood at 99.4 in January 1986, up 1.2% from its December 1985 level of 98.2, continuing an upward movement which has been evident for the last seven months. This index of Canadian housing contractors' selling prices now stands 4.6% higher than the year-earlier level of 95.0. Between December 1985 and January 1986, the estimated house only index increased 1.4% to 102.5, while the estimated land only index increased 1.1% to 94.6.

Between December 1985 and January 1986 large increases were noted in Alberta - prices rose 2.9% in Calgary and 2.7% in Edmonton. In Southern Ontario, significant monthly increases were noted in London (2.8%), Toronto (2.5%) and in St. Catharines-Niagara (2.4%). Most other survey cities posted increases which ranged from 1.3% in Windsor to 0.4% in St. John's. Only three cities recorded price decreases; prices in Victoria fell a sharp 1.1%, followed by declines of 0.5% in Vancouver and 0.2% in Halifax.

Contractors' selling prices continued to exhibit large 12-month increases in some Southern Ontario cities, due largely to increased demand for new houses coupled with some shortages of both materials and skilled tradesmen: Kitchener (15.9%), St. Catharines-Niagara (14.6%), Windsor (11.1%), London (9.5%), Hamilton (8.0%) and Toronto (7.7%). Significant increases were also recorded in the prairie cities of Calgary (9.9%) and Winnipeg (5.3%). In Quebec, both Quebec City (5.6%) and Montreal (5.4%) posted increases.

Order the first quarter 1986 issue of Construction Price Statistics (62-007, \$15/\$60).

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Labour Income

Labour income for December 1985 was estimated at \$21,130.4 million, an increase of \$1,360.3 million or 6.9% from December 1984.

Adjusted for seasonal variation, wages and salaries increased by \$205.8 million between November 1985 and December 1985 to \$19,340.8 million.

Order the October-December 1985 issue of Estimates of Labour Income (72-005, \$15/\$60).

Housing Starts

In January, housing starts for all areas (seasonally adjusted at annual rates) fell to 165,000 units from a revised December level of 185,000 units. This level, however, was 36% higher than the revised 121,000 units registered in January 1985.

Order the January 1986 issue of Housing Starts and Completions (64-002, \$15/\$150), or contact P. Pichette (613-990-9689), Science, Technology and Capital Stock Division.

Major Appliances

Canadian major appliance firms produced 165,390 units in January 1986, a decrease of 6.5% from the 176,821 units produced the previous month.

Domestic sales of major appliances by these firms decreased to 128,877 units in January 1986, down 23.4% from December 1985.

Order the January 1986 issue of Production, Sales and Stocks of Major Appliances (43-010, \$4/\$40), or contact Roger Laplante (613-990-9837), Industry Division.

Steel Ingots

Steel ingot production for January 1986 totalled 1 158 208 tonnes, an increase of 0.9% from the 1 148 360 tonnes produced the previous year.

Order the January 1986 issue of Primary Iron and Steel (41-001, \$4/\$40).

Labour Force Survey

Results from Statistics Canada's Labour Force Survey for February 1986 show that the seasonally adjusted level of employment was virtually unchanged following the sharp increase recorded in January. The unemployment rate remained unchanged at 9.8%.

Employment

The seasonally adjusted estimate of employment for the week ended February 15, 1986 was 11,629,000. Employment declined by 23,000 among persons in the 15 to 24 age group. It rose by an estimated 21,000 for females aged 25 and over and was virtually unchanged for males in the same age group.

The seasonally adjusted estimate of full-time employment decreased to 9,806,000 (-16,000) as a result of a 21,000 decline among males. Part-time employment rose to 1,814,000 (+7,000).

By industry, seasonally adjusted employment increased by an estimated 19,000 in manufacturing and 26,000 in trade and fell by 27,000 in services. The remaining sectors showed little or no change.

The estimated level of employment increased by 30,000 in Ontario and by 7,000 in Alberta. Employment declined by 44,000 in Quebec while there was little or no change in the other provinces.

Unemployment

At 1,261,000, the seasonally adjusted estimate of unemployment for February 1986 remained virtually unchanged from the level of the previous month (1,262,000). Unemployment declined by an estimated 16,000 for persons in the 25 and over age group (786,000). For those aged 15 to 24, it rose to 475,000 (+15,000) as the result of an 18,000 increase among males in this age group.

The estimated level of unemployment increased by 9,000 in Quebec. There was little or no change in the remaining provinces.

Unemployment Rate

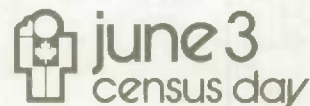
The seasonally adjusted unemployment rate for February 1986 remained unchanged at 9.8. For the 15 to 24 age group, it rose by 0.5 to 16.4, increasing 1.2 among males in the age group (17.9) and easing slightly for females. For persons aged 25 and over, the rate edged down 0.1 to 7.9.

The estimated seasonally adjusted unemployment rate declined by 0.6 to 19.2 in Newfoundland, by 0.4 to 14.9 in New Brunswick, by 0.1 to 7.2 in Ontario, by 0.2 to 7.9 in Manitoba, by 0.4 to 7.6 in Saskatchewan, by 0.1 to 8.4 in Alberta and by 0.1 to 12.8 in British Columbia. The rate increased by 0.2 to 13.7 in Prince Edward Island, by 0.2 to 13.3 in Nova Scotia and by 0.4 to 11.9 in Quebec.

Participation Rate

The seasonally adjusted participation rate declined by 0.1 to 66.1 in February 1986. The estimates by age group remained unchanged at 69.1 for persons aged 15 to 24 and 65.3 for those aged 25 and over.

Order the February 1986 issue of The Labour Force (71-001, \$20/\$200).



Financial Market Activity

Demand for funds on conventional financial markets by domestic non-financial sectors of the Canadian economy amounted to \$24.1 billion in the fourth quarter of 1985. This compares with \$23.8 billion in the fourth quarter of 1984.

With household demand for consumer durables and housing remaining strong, consumer credit and mortgage borrowing paced the pickup. Consumer credit - reflecting sales of autos and attractive financing rates - rose \$2.3 billion, almost matching the record increase in the second quarter. Strong housing markets - both for new housing and resales - prompted a second consecutive quarter of households' net mortgage borrowing exceeding \$4.0 billion (the impact that the elimination of tax benefits of Registered Home Ownership Plans had on housing and mortgage financing is unclear). Mortgage rates fell to their lowest levels in over six years.

Non-financial private corporations raised \$2.3 billion on conventional financial markets, accounting for somewhat less than 10% of the total. Bank loans rose \$1.2 billion, largely reversing the decline of \$1.6 billion recorded in the previous quarter. On the other hand, short-term paper outstanding fell \$2.1 billion, a net swing of \$7.7 billion from the third quarter. (The movements between these instruments reflected the change in their yield differential.) Net share issues produced \$2.0 billion, with common shares outselling preferred by more than a 2:1 margin.

Governments borrowed 55% of the funds raised by non-financial domestic sectors on these markets, virtually unchanged from their share in the equivalent period in 1984. Borrowings by the Government of Canada amounted to \$11.5 billion, of which net issues of Canada Savings Bonds were \$9.8 billion. The receipts from the latter enabled the federal government to reduce treasury bills outstanding by \$2.6 billion. The federal government also raised \$1.8 billion on foreign currency markets to support Canada's international reserves.

The Year 1985

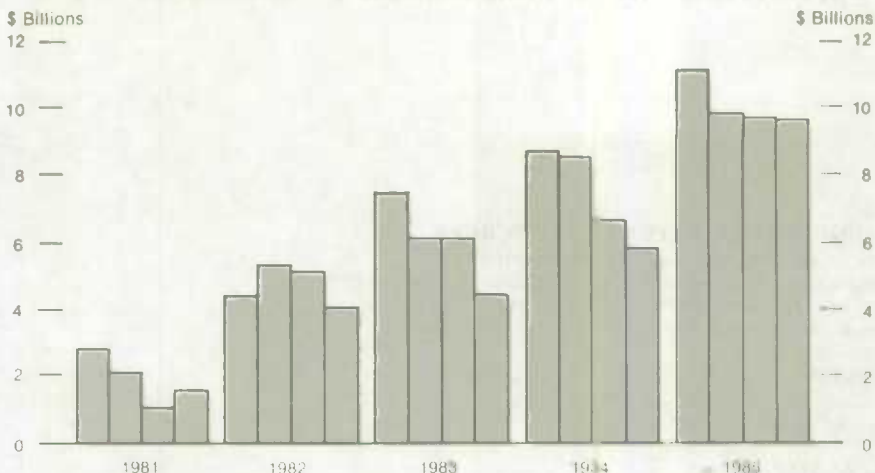
Funds raised on conventional credit markets by domestic non-financial sectors amounted to \$86.9 billion. The comparable figure for 1984 was \$69.1 billion. The rate of growth of debt instruments (i.e. excluding equities) was 10%; nominal GNE rose 7.8%.

The private sector accounted for almost exactly half of the funds raised. Consumer credit outstanding rose 14%, mirroring the strength in expenditure on durables. Housing had its strongest year since 1981 and household mortgage debt outstanding was up 10%.

General government borrowings amounted to \$39.8 billion, raising the level of these instruments outstanding by 14%. The federal government's outstanding debt through these instruments rose 20%; of the principal borrowing vehicles, marketable bonds rose 22%, treasury bills 20% and Canada Savings Bonds 14%. Most of provincial government financing was through bond issues.

Order the Fourth Quarter 1985 issue of *Financial Flow Accounts* (13-002P, \$10), or contact John Joice, (613-990-9043).

Federal Government Borrowings



Source: Statistics Canada, Financial Flow Accounts (13-002)

New Motor Vehicle Sales

Sales of all new motor vehicles totalled 96,732 units in January 1986, up 7.2% from January 1985. Sales of vehicles manufactured in North America increased to 72,744 units, 3.0% higher than in the same month a year earlier, while sales of imported vehicles totalled 23,988 units, a record level for January and 22.2% higher than in January 1985.

Sales of passenger cars totalled 68,855 units, up 3.9% from the January 1985 level of 66,242 units. Passenger cars manufactured in North America decreased by 2.0% to a level of 48,084 units, while imported passenger cars increased by 21.0% to 20,771 units.

Seven provinces registered higher unit sales of motor vehicles in January 1986 compared to January 1985. The gains ranged from 22.8% for British Columbia to 5.9% for Ontario. Three provinces had lower sales: Prince Edward Island (-13.3%), Quebec (-1.4%) and Saskatchewan (-1.1%).

Order the January 1986 issue of *New Motor Vehicle Sales* (63-007, \$8/\$80).

International Travel

During January 1986, preliminary statistics indicate an estimated 1.6 million visits to Canada by United States residents, an increase of 17.8% from the same month in 1985 and the highest January level since 1981.

Visits by residents of other countries advanced by 7.9% to 61,200 in January. The number of Canadian re-entries following visits to the United States totalled 2.5 million, about the same level as in January 1985. Visits by Canadian residents returning from all other countries increased by 10.0% to 256,100.

Preliminary data show that long-term tourist entries (by auto and bus for one night or longer and all entries by boat, plane and train) from the United States increased by 18.3% to 365,300 in January 1986, a record level for the first month of the year.

Order the January 1986 issue of *International Travel* - Advance Information (66-001P, \$5/\$50).

Farm Cash Receipts

Farm cash receipts for January 1986 were estimated at \$2,453.5 million, a decrease of 18.4% from the January 1985 level of \$3,007.5 million.

In the latest period, receipts from the sale of field crops totalled \$1,614.5 million, a 26.0% decline from the 1985 level of \$2,182.5 million. Lower Canadian Wheat Board participation payments for wheat and barley and lower liquidations of deferred grain receipts were the main reasons for the drop. Of the major field crops, wheat, rye, flaxseed, rapeseed and soybean receipts increased in spite of lower prices. Receipts for oats, barley, corn and potatoes declined, mainly because of lower prices. Tobacco receipts declined significantly because of delays in beginning the flue-cured tobacco auction in Ontario.

Total livestock receipts for January increased by 0.6% to \$776.3 million in 1986 from \$771.8 million in 1985. Increased receipts for cattle and dairy products more than compensated for lower receipts for calves, hogs, poultry and eggs. Other cash receipts increased to \$62.8 million in 1986 from \$53.2 million in 1985, an 18.1% increase.

Order the January 1986 issue of *Farm Cash Receipts* (21-001, \$7/\$70).

Farm Prices

The index of farm prices of agricultural products for Canada for January 1986 at 285.8 (1971=100) was 0.5% less than the December 1985 level of 287.1 and 6.8% less than the January 1985 index of 306.8.

The 0.5% decrease in the overall index from December 1985 to January 1986 was due to small decreases in both the total crops and the livestock and livestock products sub-indices.

The total crops sub-index decreased 0.3% despite marginal increases for potatoes and oilseeds. On average, flaxseed and soybean prices were higher in January than in December.

Order the January issue of *Index Numbers of Farm Prices of Agricultural Products* (62-003, \$6/\$60).



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PUBLICATIONS RELEASED MARCH 7 - MARCH 13

	Cata- logue No.	In Canada: Price per issue/year	Elsewhere: Price per issue/year
AGRICULTURE/NATURAL RESOURCES			
Farm Cash Receipts, January-December 1985	21-001	\$7/\$70	\$8/\$80
Production and Stocks of Eggs and Poultry, December 1985	23-003	\$10/\$100	\$11/\$110
Stocks of Frozen Meat Products, February 1986	32-012	\$10/\$100	\$11/\$110
Stocks of Fruit and Vegetables, February 1, 1986	32-010	\$8/\$80	\$9/\$90
EDUCATION, CULTURE AND TOURISM			
Travel-log, Vol. 4, No. 4: Domestic and International Travel Variations Across Canada, 1984	87-003	\$8/\$32	\$9/\$36
HEALTH			
Annual Return of Hospitals - Hospital Indicators, 1982-83	83-233	\$35	\$45
Births and Deaths - Vital Statistics, Vol. 1, 1984	84-204	\$20	\$21
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Corporation Taxation Statistics, 1983	61-208	\$60	\$61.50
Corporation Taxation, Preliminary Data for Income Taxes and Provincial Allocation of Taxable Income, 1984	61-208P	\$10	\$11
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Cement, January 1986	44-001	\$4/\$40	\$5/\$50
Crude Petroleum and Natural Gas Production, October 1985	26-006	\$8/\$80	\$9/\$90
Department Store Sales and Stocks, December 1985	63-002	\$13/\$130	\$14/\$140
Fruit and Vegetable Preservation, Vol. 14, No. 17: Pack of Processed Broccoli, 1985	32-023	\$6/\$100	\$7/\$110
Fruit and Vegetable Preservation, Vol. 14, No. 18: Pack of Processed Brussels Sprouts, 1985	32-023	\$6/\$100	\$7/\$110
Gypsum Products, January 1986	44-003	\$4/\$40	\$5/\$50
Inventories, Shipments and Orders in Manufacturing Industries, December 1985	31-001	\$15/\$150	\$16/\$160
Mineral Wool Including Fibrous Glass Insulation, January 1986	44-004	\$4/\$40	\$5/\$50
Monthly Production of Soft Drinks, January 1986	32-001	\$2/\$20	\$3/\$30
Primary Iron and Steel, December 1985	41-001	\$4/\$40	\$5/\$50
Refined Petroleum Products, November 1985	45-004	\$15/\$150	\$16/\$160
Retail Trade, December 1985	63-005	\$14/\$140	\$15/\$150
The Sugar Situation, January 1986	32-013	\$4/\$40	\$5/\$50
INTERNATIONAL TRADE			
Exports by Commodities, December 1985	65-004	\$50/\$500	\$60/\$600
Imports by Commodities, December 1985	65-007	\$50/\$500	\$60/\$600
Preliminary Statement of Canadian International Trade, January 1986	65-001P	\$5/\$50	\$6/\$60
Summary of Canadian International Trade, December 1985	65-001	\$15/\$150	\$16/\$160
LABOUR			
Labour Force Information, February 1986	71-001P	\$5/\$50	\$6/\$60
PRICES			
Construction Price Statistics, Fourth Quarter 1985	62-007	\$15/\$60	\$16/\$64
SCIENCE, TECHNOLOGY AND CAPITAL STOCK			
Building Permits, November 1985	64-001	\$20/\$200	\$21/\$210
Housing Starts and Completions, December 1985	64-002	\$15/\$150	\$16/\$160
Science Statistics, Vol. 10, No. 2: The Additional Allowance for Scientific Research, 1979 to 1983	88-001	\$6/\$60	\$7/\$70
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Railway Carloadings, 7-Day Period Ending February 21, 1986	52-005	\$75	\$100
Road Motor Vehicles - Registrations, 1984	53-219	\$10	\$11
Service Bulletin, Vol. 2, No. 3: Federal, Provincial and Territorial Roads and Highways - Length and Expenditure, 1982-83 and 1983-84	50-002	\$7.50/\$75	\$8.50/\$85

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