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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, May 15, 1987

OVERVIEW

- **Exports Off Slightly in March as Auto Exports Fall**
  During the first quarter of 1987, the elimination of certain tax shelters in the United States and the temporary closing of some Canadian plants have caused large monthly fluctuations in exports of passenger autos.

- **Growth in the Composite Leading Indicator Accelerates**
  The indicator gained 0.6% in February, the largest advance since May 1986. The upturn in recent months accompanied solid gains in output and employment.

- **Labour Markets Reflect Economic Growth**
  Employment has been rising steadily. The increase in April coupled with minimal growth in the labour force resulted in a large drop in unemployment. The unemployment rate reached its lowest level in five years.

- **Labour Income Keeps Pace With Gains in Output and Employment**
  The year-over-year increase in total labour income continued to rise in February as wages and salaries in service-producing industries grew at a steady pace and in the goods-producing industries improved for the third consecutive month.

- **New Housing Prices Accelerate in March**
  Favourable interest rates appear to be stimulating sales. The new housing price indexes for nine cities (four of them outside Ontario) showed monthly increases greater than 1%.

- **This issue also includes** articles on Manufacturing Business Conditions, the Help-wanted Index, Farm Product Prices and Enrolment at Community Colleges.

Exports Off Slightly in March as Auto Exports Fall

In March 1987, the seasonally adjusted value of total exports decreased by $91 million from the level a month before, falling to $10.4 billion. This slight decrease (-0.9%) contrasts with the rise of more than 6% reported in February, following sharp increases in exports of automotive products.

The decrease in total exports in March from the level in February was mainly attributable to the decline of $351 million in exports of passenger autos. During the latest three months, the elimination of certain tax shelters in the United States and the temporary closing of some Canadian plants caused large fluctuations in exports of passenger autos.

Other notable decreases were recorded for exports of motor vehicle parts (-$60 million), woodpulp (-$58 million) and lumber (-$33 million). However, there were sizable increases in exports of wheat (+$91 million) and crude materials (+$90 million). Wheat exports, at $358 million, were at their highest level in 14 months.

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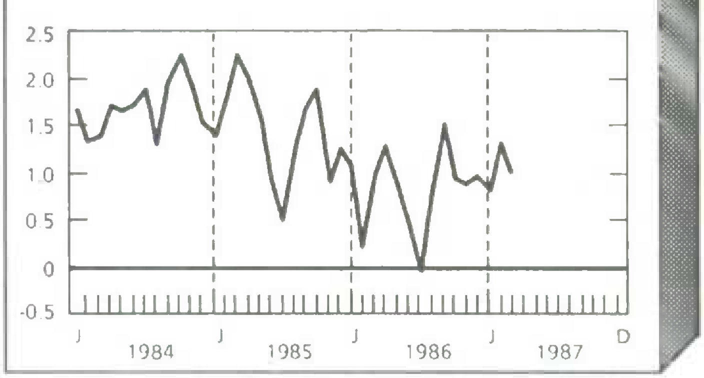
Merchandise Trade Balance
(billions of dollars, seasonally adjusted)



... Merchandise Trade

Exports to most of Canada's major trading partners, including Britain and Japan, increased in March. The only decrease was in exports to the United States (-$289 million).

Imports increased for a second straight month, rising $243 million from the February level to $9.4 billion. The rise of 2.7% was primarily the result of an increase of $182 million for motor vehicle parts. Imports of fabricated materials and crude petroleum posted increases of $85 million and $34 million respectively. Unlike imports of motor vehicle parts, imports of passenger autos declined by $133 million, falling to $976 million in March 1987.

Merchandise Trade

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
Imports	-1.5	0.4	-3.9	1.2	2.7
Exports	-1.9	1.3	-5.0	6.4	-0.9
	change, previous month				
Balance (millions $)	-55	92	-151	521	-335

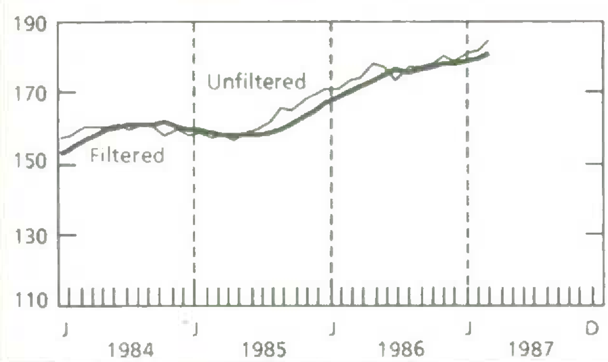
The opposing movements in exports and imports resulted in a drop of $335 million in the merchandise trade surplus, which fell to $1.0 billion.

For further information, contact International Trade Division at (613) 990-9787 or order the Preliminary Statement of Canadian International Trade (catalogue number 65-001P) for summary data.

Growth in the Composite Leading Indicator Accelerates

- The filtered composite leading indicator posted an increase of 0.6% in February, the strongest gain since May 1986.
- Residential construction, the financial market and the demand for manufactured goods, particularly transportation equipment, continued to be the main contributors to this acceleration.
- Growth was widespread in February with eight of the ten component indexes contributing to the advance for the second consecutive month.

Canadian Composite Leading Indicator
(1971 = 100)



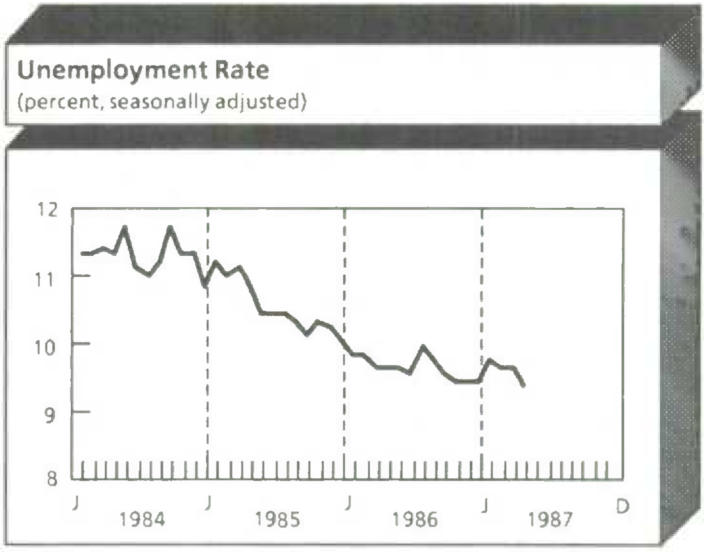
- The index for residential construction rose 2.9%, the second solid advance after three months of moderating growth.
- Following a downturn from May to November 1986, manufacturers' new orders for durable goods improved for a third consecutive month. Shipments of motor vehicle products to the U.S. and sales in Canada rebounded in the month. The average workweek in manufacturing also rose, in line with increased production.
- Continuing the upturn which began in January, the Toronto Stock Exchange stock price index rose 2.0% in February.
- Furniture and appliance sales continued to advance in tandem with increasing demand for housing, gaining 0.7% during the month.
- The real money supply (M1) increased for the sixth consecutive month (1.0%), after declining from January to August.
- Following gains of 0.7% in both January and December, the United States composite leading indicator rose 0.8% in February.

For further information, contact International and Financial Economics Division at (613) 990-9162 or order Current Economic Indicators (catalogue number 13-005).

Labour Market Reflects Economic Growth

In April, the unemployment rate fell to 9.3%, its lowest level in five years. The unemployment rate hovered around 9.6% in each month of the first quarter of 1987 as increases in the size of the labour force offset increases in employment.

Employment has been rising steadily since August 1986, but an increase of 50,000 in April was coupled with minimal growth in the labour force and resulted in a drop of 43,000 in unemployment. Full-time employment registered strong growth for the third consecutive month, while part-time employment rose after declining in the two previous months.



Labour Force

	Dec.	Jan.	Feb.	Mar.	Apr.
	Change, previous month				
Labour force ('000)	44	72	27	25	7
Employment ('000)	44	31	30	23	50
15-24 years ('000)	-7	28	13	-13	12
25 years & over ('000)	51	3	17	36	38
Unemployment ('000)	0	41	-3	2	-43
Unemployment rate	9.4	9.7	9.6	9.6	9.3

Reflecting an upswing in manufacturing activity, employment in this sector increased by 29,000 in April, its third consecutive rise. Employment in finance, insurance and real estate, and primary industries other than agriculture also rose, but there was little or no change in the remaining industries.

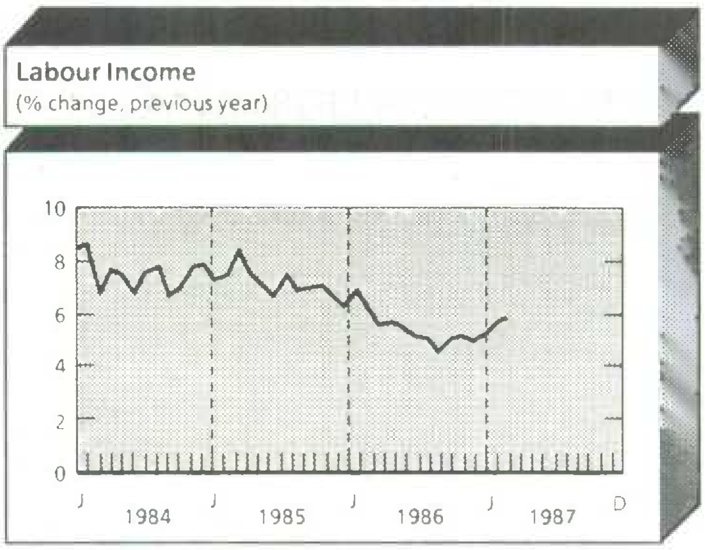
The seasonally adjusted estimate of unemployment declined by 43,000 in April, the first significant decrease since September 1986. Most of this decrease occurred in Ontario (27,000) and British Columbia (13,000).

For further information, contact Household Surveys Division at (613) 991-4720 or order Labour Force Information (catalogue number 71-001P) for summary data.

Labour Income Keeps Pace With Gains in Output and Employment

The preliminary estimate of total labour income in February 1987 was $22.5 billion, up 5.9% from the same month a year earlier. Despite some fluctuations, year-over-year increases in total labour income have been rising since August 1986 when the growth rate was 4.9%. Labour income from the service-producing industries continued to expand at a steady pace, while the growth rate in the goods-producing industries improved for the third consecutive month.

The year-over-year growth rate of wages and salaries in the goods-producing industries rose for the third consecutive month in February, increasing to 4.7%. From January to November 1986, these industries registered progressively smaller increases in wages and salaries. In February though, increases in wages and salaries were noted in all industries except mines, quarries and oil wells which declined for the tenth consecutive month.



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. . . Labour Income Keeps Pace With Gains in Output and Employment

Two industries were particularly important to the turnaround in labour income from the goods-producing industries. Following a five-month downturn that was associated with a strike by British Columbia woodworkers, wages and salaries in the forestry industry were up on a year-over-year basis (9.2%) for a second month. The strike settlement has also effected manufacturing industry wages and salaries: in January and February 1987, the growth of wages and salaries in manufacturing was greater than in the last six months of 1986. In addition, there was a sharp upturn in output by the transportation equipment industries in February.

Overall, the growth rate of wages and salaries in the service-producing industries, which account for approximately 60% of total labour income, was relatively stable throughout 1986. The year-over-year increase in February was 6.4%, similar to those recorded in the last 12 months. Other than commercial and personal services where wages and salaries were up 7.3%, the industries within this group experienced only marginal changes in growth rates in February.

For further information, contact Labour Division at (613) 991-4051 or order Estimates of Labour Income (catalogue number 72-005).

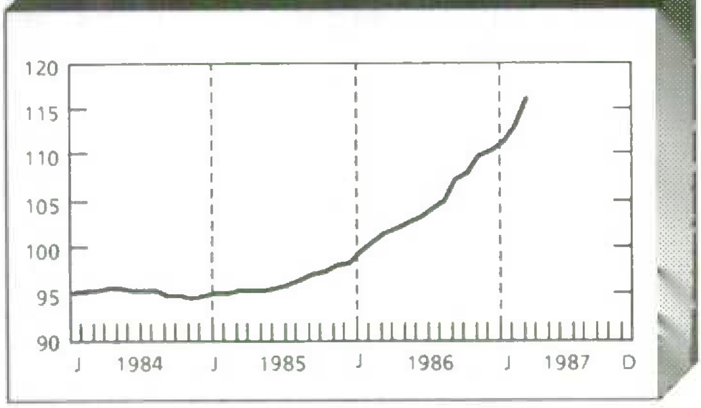
New Housing Prices Accelerate in March

In March, the New Housing Price Index was up 3.0% over February, continuing a trend which became evident in mid-1985. This was the largest monthly increase since the inception of this index in 1981. Cities located near the western end of Lake Ontario registered advances ranging between 3.5% and 6.3% during the month. Both the land only and house only portions of the index jumped by more than 3%.

Housing Price Indexes

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
New Housing	1.4	0.5	0.9	1.7	3.0
land only	0.9	0.0	0.3	0.5	3.3
house only	1.7	0.7	1.1	2.2	3.1

New Housing Price Index
1981 = 100



Favourable interest rates, making monthly repayments more manageable, appear to be stimulating sales.

Across Canada, of the 19 cities for which new housing price indexes are published, 9 showed monthly increases larger than 1.0%. The largest monthly increase in new housing prices was recorded for Toronto where the rise of 6.3% was the third consecutive advance this year.

Toronto also had the largest year-over-year increase in new house prices. Prices were up 31.7% from March 1986. Southwestern Ontario cities and Montreal continued to record yearly gains in excess of 10%.

For further information, contact Prices Division at (613) 990-9601 or order Construction Price Statistics (catalogue number 62-007).

Business Conditions

A higher level of concern amongst Canadian manufacturers about the level of finished product inventory in April 1987 was reflected in a downward swing in opinion on prospects for production over the next three months.

Highlights

- Manufacturers' opinions about the level of finished product inventory were more pessimistic in April 1987 and have reverted back to the level of the negative balances recorded in the latter half of 1986. The balance of opinion is the difference between the proportion associated with a positive response (e.g. inventory levels too low) and the proportion related to the negative type response (e.g. inventory levels too high).

- The balance of opinion concerning expectations for the volume of production for the next three months shifted to -8 from +1 in January, the first time in more than a year that the balance has been negative.

Business Condition, Manufacturing

	Apr. '86	July '86	Oct. '86	Jan. '87	Apr. '87
	% of response, seasonally adjusted				
Production levels expected to be					
Higher	29	29	29	27	21
Lower	24	26	27	26	29
New Orders are					
Rising	19	22	21	22	23
Declining	20	18	27	24	25
Unfilled orders are					
Higher than normal	13	9	13	10	17
Lower than normal	18	18	28	24	24

- The proportion of manufacturers reporting that the present backlog of unfilled orders was higher than normal, increased from 10 in January, to 17 in April, the highest value since the July 1984 survey.

- The situation for orders received was effectively unchanged from January, with a balance of -2 for both periods. The April 1987 result was at about the same level as last year.

For further information, contact Industry Division at (613) 991-3508.

Help-wanted Index for British Columbia Registers Strong Advance

- In April, the seasonally adjusted Help-wanted Index registered its first decline since December 1986, falling 3 points from March to 106.

- The index for British Columbia advanced 5 points, reaching its highest level since March 1982.

Help-wanted Index (1981 = 100)

	Dec.	Jan.	Feb	Mar.	Apr.
	seasonally adjusted				
Canada	**93**	**104**	**108**	**109**	**106**
Atlantic Region	108	138	142	129	130
Quebec	97	105	118	128	119
Ontario	130	145	144	140	141
Prairie Region	44	48	47	47	46
British Columbia	37	39	40	39	44

- The demand for labour in Quebec, as measured by this index, fell to 119 following three consecutive monthly advances.

- The index for Ontario stood at 141, slightly higher than last month.

- In the first quarter of 1987, the index for the Prairie provinces has hovered around 47.

- The index for the Atlantic provinces stood at 130, only slightly higher than March 1987.

For further information, contact Labour Division at (613) 991-4045 or order the Help-wanted Index (catalogue number 71-204) for detailed data.

Farm Product Prices Unchanged in March

In March, the Farm Product Price Index (1981 = 100) experienced its smallest decline in four months. It stood at 88.0, down only 0.1% from the revised February level. The crops and livestock components of the index moved in opposite directions, largely offsetting one another at the Canada level.

The crops index increased 0.5% and stood at 64.3. This index has been relatively steady since August of last year.

- Slightly higher wheat prices, caused by the larger than usual proportion of high quality wheat delivered to the Canadian Wheat Board, led to a 0.9% increase in the cereals index.
- The oilseeds index continued its 12-month decline, falling 1.2% in March to a level of 67.2. It is now about the same as the record low levels experienced in April 1976. Canola and soybean prices also declined.

The total livestock and animal products index decreased 0.5% from February's level. Hog prices were down, cattle prices rose, and prices for poultry, eggs and milk showed little change.

- Hog prices fell 5.4%. The hog index was 29.6% below the record level set in August 1986.
- The cattle index increased 1.0% due to generally higher prices in most provinces for slaughter and feeder cattle. Feeder cattle and calf prices have increased steadily since June 1986 and by March 1987 were 21.1% above year-earlier levels.

For further information, contact Agriculture and Natural Resources Division at (613) 991-2437 or order the Farm Product Price Index (catalogue number 62-003).

Full-time Postsecondary Enrolment of Community Colleges

Preliminary data for the fall of 1986 indicate that full-time enrolment in postsecondary programs at community colleges and related institutions has declined slightly (0.5%) from the previous academic year. This is the first decline in enrolment ever recorded for these institutions.

Consecutive increases in postsecondary enrolments at community colleges over the previous 15 years have produced an overall gain of 85.0% since the fall of 1971. Most of this growth occurred before 1983. Between 1983 and 1986, total enrolment has only increased by 2.0%.

Highlights from fall 1986 preliminary data include:

- The slight decline in enrolment in the fall of 1986 was the net effect of a decrease in university transfer enrolments of 3.0% and an increase of 0.5% in career/technical programs.
- Saskatchewan recorded the largest increase in full-time postsecondary enrolment (10%). This was due, in large part, to the addition of a new institution, The Northern Institute of Technology, which opened in the fall of 1986.
- Enrolment in university transfer programs in Quebec decreased by 4.0% from the preliminary count in the fall of 1985. This had a major impact on the decline of total university transfer enrolments since Quebec has the largest absolute number of students in this category.
- Career/technical enrolments in the Northwest Territories increased by 63.0%. Although this represented the largest percentage increase in enrolment, the actual increase in the number of students was relatively small compared to other jurisdictions.

For further information, contact Education, Culture and Tourism Division at (613) 991-1526.

PUBLICATIONS RELEASED FROM MAY 8 - 14

AGRICULTURE AND NATURAL RESOURCES

The Dairy Review, February 1987. Catalogue number 23-001 (Canada: $10/$100; Other Countries: $11/$110).

Production and Stocks of Eggs and Poultry, February 1987. Catalogue number 23-003 (Canada: $10/$100; Other Countries: $11/$110).

EDUCATION, CULTURE AND TOURISM

Culture Communiqué Service Bulletin Vol. 10, No. 3, Motion Picture Theatres in Canada, 1984. Catalogue number 87-001 (Canada: $4/$40; Other Countries: $5/$50).

Culture Statistics - Film Industry: Tables, 1984. Catalogue number 87-204 (Canada: $15; Other Countries: $16).

GENERAL

Selected Publications, Spring 1987. Catalogue number 11-009E (Canada: $4; Other Countries: $5).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations - Financial Statistics, Fourth Quarter 1986. Catalogue number 61-003 (Canada: $50/$200; Other Countries: $60/$240).

INDUSTRY

Chemical and Chemical Products Industries - Soap and Cleaning Compounds Industry, 1985 Census of Manufactures. Catalogue number 46-250B 3761 (Canada: $4; Other Countries: $5).

Clothing Industries - Glove Industry, 1985 Census of Manufactures. Catalogue number 34-252B 2493 (Canada: $4; Other Countries: $5).

Department Store Sales and Stocks, January 1987. Catalogue number 63-002 (Canada: $13/$130; Other Countries: $14/$140).

Fabricated Metal Products Industries - Hand Tool and Implement Industry, 1985 Census of Manufactures. Catalogue number 41-251B 3063 (Canada: $4; Other Countries: $5).

Fabricated Metal Products Industries - Wire and Wire Rope Industry, 1985 Census of Manufactures. Catalogue number 41-251B 3052 (Canada: $4; Other Countries: $5).

Factory Shipments of High Pressure Decorative Laminate Sheet, Quarter Ended March 1987. Catalogue number 47-005 (Canada: $3/$12; Other Countries: $4/$16).

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

Leather and Allied Products Industries - Leather Tanneries, 1985 Census of Manufactures. Catalogue number 33-251B 1711 (Canada: $4; Other Countries: $5).

Monthly Production of Soft Drinks, March 1987. Catalogue number 32-001 (Canada: $2/$20; Other Countries: $3/$30).

Other Manufacturing Industries - Indicating, Recording and Controlling Instruments Industry, 1985 Census of Manufactures. Catalogue number 47-250B 3911 (Canada: $4; Other Countries: $5).

Other Manufacturing Industries - Sign and Display Industry, 1985 Census of Manufactures. Catalogue number 47-250B 3971 (Canada: $4; Other Countries: $5).

Primary Iron and Steel, February 1987. Catalogue number 41-001 (Canada: $4/$40; Other Countries: $5/$50).

Quarterly Report on Energy Supply-demand in Canada, 1986-III. Catalogue number 57-003 (Canada: $25/$100; Other Countries: $26.50/$106).

Rubber and Plastic Products Industries - Plastic Film and Sheeting Industry, 1985 Census of Manufactures. Catalogue number 33-250B 1631 (Canada: $4; Other Countries: $5).

Steel Wire and Specified Wire Products, February 1987. Catalogue number 41- 006 (Canada: $4/$40; Other Countries: $5/$50).

Transportation Equipment Industries - Motor Vehicle Fabric Accessories Industry, 1985 Census of Manufactures. Catalogue number 42-251B 3257 (Canada: $4; Other Countries: $5).

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, December 1986. Catalogue Number 67-002. (Canada: $15/$150.00; Other Countries: $16/$160.00)

PRICES

Consumer Price Index, April 1987. Catalogue number 62-001 (Canada: $8/$80; Other Countries: $9/$90). Available May 15 at 7:00 a.m.

PUBLIC INSTITUTIONS

Provincial and Territorial Government Employment, October-December 1986. Catalogue number 72-007 (Canada: $15/$60; Other Countries: $16/$64).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Building Construction Activity in Metropolitan Areas, Vol. 10, No. 3, Construction Statistics Service Bulletin, 1985-86. Catalogue number 64-003 (Canada: $5/$30; Other Countries: $6/$36).

Capital and Repair Expenditures - Manufacturing Sub-industries, Intentions 1987. Catalogue number 61-214 (Canada: $10; Other Countries: $11).

TRADE

Imports by Commodity, February 1987. Catalogue number 65-007 (Canada: $50/$500; Other Countries: $60/$600).

Preliminary Statement of Canadian International Trade, March 1987. Catalogue number 65-001P (Canada: $5/$50; Other Countries: $6/$60). Available May 12th at 7:00 a.m.

TRANSPORTATION

Air Carrier Traffic at Canadian Airports, Fourth Quarter/Annual 1985. Catalogue number 51-005 (Canada: $38/$152; Other Countries: $39/$156).

Railway Carloadings, 7-day Period Ending April 21, 1987. Catalogue number 52-005 (Canada: $75; Other Countries: $100).

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings ($)	Feb.	439.16	438.01	2.5
Labour Income ($ million)	Feb.*	22,466	22,466	5.9
Persons with Jobs (million)	Apr.*	11.64	11.51	1.1
Unemployed (million)	Apr.*	1.3	1.4	-2.5
INVENTORIES				
Department Store ($ million)	Feb.	3,907	3,641	4.9
Manufacturers' Owned ($ million)	Feb.	34,103	33,848	-2.3
ORDERS				
Manufacturers' New Orders ($ million)	Feb.	20,710	19,545	0.9
Manufacturers' Unfilled Orders ($ million)	Feb.	23,998	23,588	-2.7
PRICES				
Consumer Price Index (1981 = 100)	Mar.	136.4	135.8	4.2
New House Price Index (1981 = 100)	Feb.	113.2	111.3	12.5
Raw Materials Price Index (1981 = 100)	Mar.	98.4	99.4	-0.1
Excl. mineral fuels	Mar.	104.0	104.1	0.7
Industrial Product Price Index (1981 = 100)	Mar.	120.4	119.8	0.2
CONSTRUCTION			**Year-to-date**	
Building Permits ($ million)	Feb.	1,615	**2,037**	**89.3**
Housing Starts – Urban Centres (units)	Feb.	9,850	**24,151**	**38.2**
ENERGY				
Coal Production (thousand tonnes)	Jan.	4,875	**4,875**	**-12.9**
Electricity Generation (gigawatt hours)	Feb.	43,447	**90,424**	**4.2**
Natural Gas Production (million cubic metres)	Jan.	10,752	**10,752**	**-2.5**
FOREIGN TRADE				
Exports – Balance of Payments Basis ($ million)	Mar.*	10,729	**30,003**	1.7
Imports – Balance of Payments Basis ($ million)	Mar.*	9,943	**27,455**	-1.3
SALES				
Department Store Sales ($ million)	Feb.	718	**1,486**	**1.9**
Manufacturers' Shipments ($ million)	Feb.	20,301	**39,813**	**-0.8**
New Motor Vehicle Sales ($ million)	Feb.	1,553	**2,836**	**-1.6**
Refined Petroleum Products (thousand cubic metres)	Feb.	6,453	**12,706**	**0.0**
Retail Sales ($ million)	Feb.	9,936	**20,256**	**7.1**

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

Infomat

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