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A WEEKLY REVIEW

Friday, August 21, 1987

OVERVIEW

Manufacturers Optimistic About Third Quarter

A dramatic upswing in optimism was shown by Canadian manufacturers responding to the July 1987 Business Conditions Survey. Strong upward swings were recorded in the balance of opinion for all manufacturing indicators.

Retail Trade Regains Momentum

Following a slight decline in May, retail sales advanced 2.3% in June. The average monthly growth in sales from January to June was 1.1%.

A Mid-year Look at Labour Market Developments in 1987

Full-time jobs have accounted for all of the employment growth; indeed, part-time employment decreased slightly in the first half of 1987.

Farm Cash Receipts Down Slightly from 1986

In the first six months of 1987, increases in direct program payments and livestock and animal product receipts almost offset the decline in crop receipts.

Consumer Price Index Rises 0.7% in July

The transportation index had the largest impact on the CPI in July. Peak season rates for air fares came into effect, causing the public transportation component to rise sharply.

Help-wanted Index Continues to Climb

A substantial rise in the index for Ontario between June and July was the main factor in the increase at the national level.

This issue **also** includes articles on **Department Store Sales** and **Income Estimates for Subprovincial Areas**.

Manufacturers Optimistic About Third Quarter

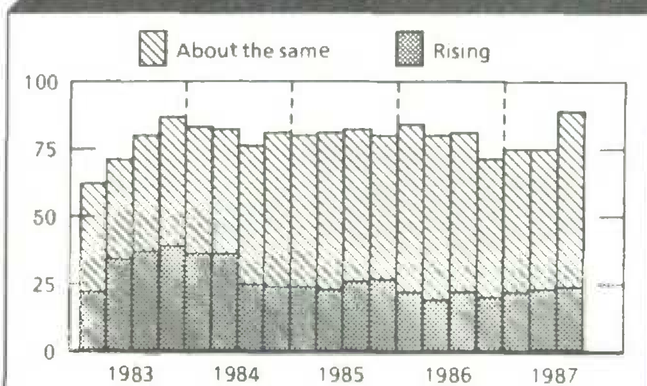
A dramatic upswing in optimism was shown by Canadian manufacturers responding to the July 1987 Business Conditions Survey. Strong upward swings were recorded in the balance of opinion for all manufacturing indicators, but particularly for production over the next three months and the level of new orders received. (These results correspond with the optimism shown in the recent survey of intended capital expenditures: revised 1987 capital expenditure estimates for manufacturers showed a 14.6% jump from the 1986 total.)

Highlights
(seasonally adjusted data)

- The balance of opinion concerning expectations for the volume of production rose dramatically between the April and July 1987 surveys, with a jump from -8 to +20. The proportion of manufacturers expecting higher production reached the highest level recorded since the second quarter of 1984.

(continued on page 2)

Receipt of New Orders
(% of total response, seasonally adjusted)



... Manufacturers Optimistic About Third Quarter

- This surge of optimism was also reflected in manufacturers' opinions regarding orders received. The balance of +13 is significantly higher than any balances for the previous four quarters.

- The balance of +1 for the present backlog of unfilled orders was the first positive balance in more than a year. Most of the improvement was attributable to the proportion of manufacturers reporting a lower than normal backlog (13); this was the lowest proportion recorded in the last eight years.

- There was also a substantial improvement in manufacturers' opinions concerning the level of finished product inventory on hand. The negative balance dropped from -18 to -7, the lowest level in several years.

- For the first time in over a year, the proportion of manufacturers indicating no production difficulties dropped considerably. Most of the increase in production difficulties was noted in the "other" category; explanations included changeover to new product lines and the lead time required to incorporate new technology.

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

Retail Trade Regains Momentum

- Adjusted for seasonal fluctuations and the number of trading days, preliminary estimates indicate that retail sales totalled $12.8 billion in June, up 2.3% over the previous month.

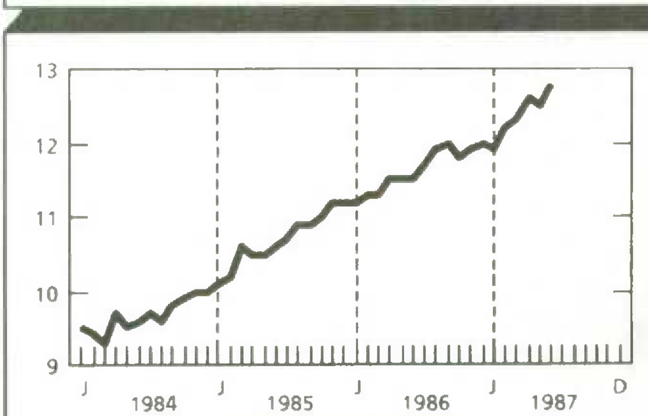
- Regaining momentum with this 2.3% increase, retail sales continue to exhibit a rising trend. From January to June, retail sales grew an average of 1.1% a month.

- The overall rise in June was primarily attributable to increases reported by the three largest sales groups: motor vehicle dealers (6.2%); department stores (3.3%), and combination stores (1.5%).

- Two of these groups, motor vehicle dealers and department stores reported a drop in sales of approximately 3% in May.

Retail Trade

(billions of dollars, seasonally adjusted)



Retail Trade

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Grocery & meat stores	0.4	0.8	0.8	1.5	1.5
Department stores	3.4	-0.3	1.3	-2.8	3.3
Motor vehicle dealers	6.9	1.6	3.5	-2.7	6.2
All stores	2.6	0.7	1.9	-0.1	2.3
All stores excl. motor vehicle dealers	1.5	0.5	1.5	0.5	1.3

- Excluding new and used motor vehicle dealers, retail trade rose by 1.3% in June, following an increase of 0.5% in May.

- Actual sales for the first six months of the year totalled $71.6 billion, an increase of 8.8% over the corresponding period of 1986.

For further information, contact Industry Division at (613) 991-3549 or order Retail Trade (catalogue number 63-005).

A Mid-Year Look at Labour Market Developments in 1987

A Mid-Year Look at Labour Market Developments in 1987 examines recent changes in employment and unemployment estimates and relates these to the underlying economic factors.

Highlights include:

- Full-time jobs have accounted for all of the employment growth so far this year (226,000); indeed, part-time employment decreased slightly in the first six months of 1987. This not only differs substantially from the pattern in the same period last year when part-time employment grew one and a half times as fast as full-time employment, but it is also a sharp reversal of the trend set over the past decade.

- Employment growth in the goods-producing industries in the first half of 1987 (1.8%, seasonally adjusted), was just as robust as growth in the service sector, contrary to recent trends. Within the goods-producing sector, growth was particularly strong in manufacturing and construction.

- Among the provinces, employment has grown more evenly this year than last; increases were registered in all provinces except Manitoba and Saskatchewan in the first half of 1987. One-third of the employment growth during the first six months occurred in Quebec, compared to only 9% in the first half of 1986. In relative terms, British Columbia headed the provinces with an employment growth rate of 3.2%.

- Compared with the United States, Canadian labour force and employment growth rates have been higher during the first half of 1987.

- Among the provinces, Ontario had the lowest unemployment rate in the second quarter of 1987 (6.3%, seasonally adjusted). It is also the only province where the rate has returned to its pre-recession level. The gap between Ontario's unemployment rate and that of the other provinces has widened. For example, British Columbia had the same pre-recession unemployment rate as Ontario (6.3%, second quarter of 1981), but its unemployment rate in the second quarter of 1987 (12.1%) was nearly double that of Ontario.

- The movement of women 25 years and over into the labour force has remained quite strong, keeping their unemployment rate from falling much despite employment increases. Their participation rate (that is, the number in the labour force expressed as a percentage of their total age/sex group) was at a historical high (53.9%, seasonally adjusted) in June 1987.

- Discouraged workers (people who have recently stopped looking for work because they believe none is available) averaged 49,000 (unadjusted) over the first six months of this year, more than 20% lower than in the first half of 1986 and 60% lower than in the corresponding period in 1983 (121,000).

For further information, contact Labour and Household Surveys Analysis Division at (613) 991-4624 or order the July 1987 issue of The Labour Force (catalogue number 71-001)

Farm Cash Receipts Down Slightly from 1986

Farm cash receipts for the first six months of 1987 were down slightly from the same period of 1986. Increases in direct program payments and livestock and animal product receipts almost offset the decline in crop receipts caused by low commodity prices.

Crop receipts were $3.9 billion, down 19% from the first six months of 1986. The Canadian Wheat Board (CWB) payments for wheat, oats and barley reflect current world prices for grains. CWB payments totalled $48.3 million in the first six months of 1987, compared to $394.8 million a year earlier.

Cereal and oilseed receipts, including net advances, net deferments and CWB payments, fell to $2.3 billion from the 1986 level of $3.1 billion. This decrease largely resulted from price declines averaging 22%. Marketings during this period were 17% higher than in 1986.

Livestock and animal product receipts increased 6%, to $5.1 billion. Cattle receipts rose 7% to $1.7 billion, despite a decrease in marketings. Prices have been rising for the last five months and were up 11% from 1986. Hog prices were also 10% higher. Higher prices combined with higher marketings resulted in an 11% gain in hog receipts.

For further information, contact Agriculture Division at (613) 990-8706 or order Farm Cash Receipts (catalogue number 21-001).

Consumer Price Index Rises 0.7% in July

The Consumer Price Index was up 0.7% in July, the largest monthly advance since the start of the year. Six of the seven major component indexes rose, with the largest impact coming from the transportation index. The food and energy indexes registered moderate gains after increasing 1.1% in June.

The transportation index rose 3.1% in July, following an advance of 0.4% in June. A sharp rise in the public transportation index was entirely due to a 23.5% increase in the price of air fares as peak season rates came into effect. Other sources of upward pressure included a 2.3% rise in the price of new cars as some rebates were withdrawn, and a 1.3% increase in the price of gasoline.

The 0.2% advance in the food index was the result of price gains for processed items such as cooked meats, cured meats, and bakery and cereal products. Fresh meat prices remained relatively stable, while seasonal factors were responsible for the decreases in fresh fruit and vegetable prices.

The energy index gained 0.4% over the month, similar to the advance registered in May. A 1.1% advance in June reflected the implementation of provincial increases in taxes on gasoline. Large monthly increases in this component were observed from January to April.

The annual rates of price change for the all-items CPI gave mixed signals in July. The year-over-year change was 4.7%, down very slightly from the rate posted in June. On the other hand, the compound annual rate of change based on seasonally adjusted levels over the latest three-month period (April to July) was 6.6%, up sharply from 5.1% recorded for the period ending in June.

For further information, contact Prices Division at (613) 990-9606 or order The Consumer Price Index (62-001).

Consumer Price Index

	Mar.	Apr.	May	June	July
	% change, previous month				
All-items	0.4	0.4	0.6	0.3	0.7
Food	-0.1	0.0	0.9	1.1	0.2
All-items, excl. food	0.6	0.5	0.5	0.1	0.9
Energy	2.0	0.7	0.1	1.1	0.4
All-items, excl. energy	0.3	0.4	0.6	0.3	0.8
All-items, excl. food & energy	0.4	0.5	0.5	0.1	0.9

Help-wanted Index

- In July, the seasonally adjusted Help-wanted Index for Canada (1981 = 100) advanced to 122, continuing the general upward trend evident since December 1986.
- A substantial 17-point advance in the index for Ontario between June and July was the main factor in the increase at the national level.
- The index for the Atlantic provinces rose to 146.
- The index for the Prairie provinces slid down to 50 in July. Prior to May the index for the Prairie provinces has not been over 50 in 5 years.
- Following three consecutive increases, the index for British Columbia held steady at 49.

Help-wanted Index (1981 = 100)

	Mar.	Apr.	May	June	July
	seasonally adjusted				
Canada	**109**	**106**	**111**	**116**	**122**
Atlantic Region	129	130	140	134	146
Quebec	128	119	119	135	138
Ontario	140	141	151	149	166
Prairie Region	47	46	51	54	50
British Columbia	39	44	47	49	49

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

Department Store Sales Rise

- Department store sales totalled $1,017 million in June, up 7.7% from June 1986. Cumulative sales for the first six months of 1987 were 1.4% higher then they were in the same period of 1986.
- Except for Alberta and British Columbia which recorded year-over-year decreases, all other provinces recorded increased department store sales in June 1987.
- Department stores in Prince Edward Island recorded the largest increase; sales rose 20.4% from June 1986.
- Toronto recorded the largest increase of any metropolitan area; sales were up 17%.

For further information, contact Industry Division at (613) 991-3548 or order Department Store Monthly Sales (catalogue number 63-004).

Department Store Sales By Province in June

Province	Millions of dollars	% change, previous year
Newfoundland	11.8	6.1
Prince Edward Island	7.0	20.4
Nova Scotia	34.4	13.6
New Brunswick	22.6	14.0
Québec	197.8	14.1
Ontario	413.9	17.8
Manitoba	50.1	6.5
Saskatchewan	31.9	9.4
Alberta	113.7	-9.3
British Columbia	133.6	-11.6

Department Store Sales By Metropolitan Area in June

Metropolitan Area	Millions of dollars	% change, previous year
Calgary	44.6	-6.6
Edmonton	49.2	-11.1
Halifax-Dartmouth	19.0	13.1
Hamilton	29.6	15.9
Montréal	114.4	13.6
Ottawa-Hull	46.8	15.2
Québec	28.5	16.1
Toronto	166.2	17.0
Vancouver	77.6	-15.2
Winnipeg	44.8	6.7

Income Estimates for Subprovincial Areas

Income Estimates for Subprovincial Areas, 1984 presents money income and personal income data on an aggregate and per capita basis for 260 counties or census divisions, and for 61 subprovincial regions. Also included are data for Canada's 25 census metropolitan areas.

Highlights include:

- Among counties or census subdivisions, wages and salaries accounted for a little as 31% or as much as 84% of money income in 1984. In most CMAs, wages and salaries made up 66-71% of money income. Money income encompasses such items as employment income, investment income and government transfer payments.
- In 1984, the relative importance of government transfer payments was highest in the Atlantic provinces. Transfer payments accounted for over 30% of money income in nine Atlantic census divisions. Nationally, the proportion was 14%.
- The impact of self-employment was greatest in the Prairie provinces. All census divisions where income from self-employment contributed 20% or more to money income were located in the Prairies, reflecting the impact of farming on self-employment income.
- Among CMAs, money income ranged from $10,866 in Chicoutimi- Jonquiere, to $17,106 in Ottawa. Money income in CMAs was higher than the national average but so was the average income tax contribution. Almost three-quarters of the CMAs contributed more than the Canadian per capita average ($1,983).

For further information, contact Labour and Household Surveys Analysis Division at (613) 991-6900 or order Income Estimates for Subprovincial Areas (catalogue number 13-216).

PUBLICATIONS RELEASED FROM AUGUST 14 - 20

EDUCATION, CULTURE AND TOURISM

Elementary-Secondary School Enrolment, 1985-86. Catalogue number 81-210 (Canada: $20; Other Countries: $21).
International Travel - Advance Information, June 1987. Catalogue number 66-001P (Canada: $5/$50; Other Countries: $6/$60).
Travel-log, Vol. 6, No. 2. Catalogue number 87-003 (Canada: $8/$32; Other Countries: $9/$36).

INDUSTRIAL ORGANIZATION AND FINANCE

Financial Institutions - Financial Statistics, First Quarter 1987. Catalogue number 61-006 (Canada: $40/$160; Other Countries: $41.50/$166).

INDUSTRY

Asphalt Roofing, June 1987. Catalogue number 45-001 (Canada: $4/$40; Other Countries: $5/$50).
Cement, June 1987. Catalogue number 44-001 (Canada: $4/$40; Other Countries: $5/$50).
Crude Petroleum and Natural Gas Production, April 1987. Catalogue number 26-006 (Canada: $8/$80; Other Countries: $9/$90).
Fabricated Metal Products Industries - Other Wire Products, Upholstery and Coil Spring Industries, 1985 Census of Manufactures. Catalogue number 41-251B 3058 (Canada: $4; Other Countries: $5).
Food Industries, Canned and Preserved Fruit and Vegetable Industry, 1985 Census of Manufactures. Catalogue number 32-250B 1031 (Canada: $4; Other Countries: $5).
Food Industries, Feed Industry, 1985 Census of Manufactures. Catalogue number 32-250B 1053 (Canada: $4; Other Countries: $5).
Food Industries, Fish Products Industry, 1985 Census of Manufactures. Catalogue number 32-250B 1021 (Canada: $4; Other Countries: $5).
Food Industries, Meat and Meat Products Industry (Except Poultry), 1985 Census of Manufactures. Catalogue number 32-250B 1011 (Canada: $4; Other Countries: $5).
Footwear Statistics, June 1987. Catalogue number 33-002 (Canada: $4/$40; Other Countries: $5/$50).
Gas Utilities, April 1987. Catalogue number 55-002 (Canada: $10/$100; Other Countries: $11/$110).
Gypsum Products, June 1987. Catalogue number 44-003 (Canada: $4/$40; Other Countries: $5/$50).
Industrial Chemicals and Synthetic Resins, June 1987. Catalogue number 46-002 (Canada: $5/$50; Other Countries: $6/$60).
Inventories, Shipments and Orders in Manufacturing Industries, April 1987. Catalogue number 31-001 (Canada: $15/$150; Other Countries: $16/$160).
Oils and Fats, May 1987. Catalogue number 32-006 (Canada: $4/$40; Other Countries: $5/$50).
Oils and Fats, June 1987. Catalogue number 32-006 (Canada: $4/$40; Other Countries: $5/$50).
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, May 1987. Catalogue number 35-002 (Canada: $8/$80; Other Countries: $9/$90).

INDUSTRY - Concluded

Pulpwood and Wood Residue Statistics, June 1987. Catalogue number 25-001 (Canada: $5/$50; Other Countries: $6/$60).
Rigid Insulating Board, June 1987. Catalogue number 36-002 (Canada: $4/$40; Other Countries: $5/$50).
Shipments of Solid Fuel Burning Heating Products, Quarter Ended June 1987. Catalogue number 25-002 (Canada: $3/$12; Other Countries: $4/$16).
Specified Domestic Electrical Appliances, June 1987. Catalogue number 43-003 (Canada: $4/$40; Other Countries: $5/$50).

INDUSTRY MEASURES AND ANALYSIS

Gross Domestic Product by Industry, May 1987. Catalogue number 15-001 (Canada: $10/$100; Other Countries: $11/$110).

INTERNATIONAL AND FINANCIAL ECONOMICS

Quarterly Economic Summary, July 1987. Catalogue number 13-006 (Canada: $25/$100; Other Countries: $26/$104).
Security Transactions with Non-Residents, May 1987. Catalogue number 67-002 (Canada: $15/$150; Other Countries: $16/$160).

INTERNATIONAL TRADE

Preliminary Statement of Canadian International Trade, June 1987. Catalogue number 65-001P (Canada: $5/$50; Other Countries: $6/$60).

LABOUR

The Labour Force, July 1987. Catalogue number 71-001 (Canada: $20/$200; Other Countries: $21/$210).
Unemployment Insurance Statistics, May 1987. Catalogue number 73-001 (Canada: $12/$120; Other Countries: $13/$130).

PRICES

The Consumer Price Index, July 1987. Catalogue number 62-001 (Canada: $8/$80; Other Countries: $9/$90).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Construction Statistics Service Bulletin, Vol. 10, No. 6, Regional Profile. Catalogue number 64-003 (Canada: $5/$30; Other Countries: $6/$36).

TRANSPORT

Passenger Bus and Urban Transit Statistics, 1985. Catalogue number 53-215 (Canada: $32; Other Countries: $33).
Road Motor Vehicles - Fuel Sales, 1986. Catalogue number 53-218 (Canada: $10; Other Countries: $11).

Regional Reference Centres

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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings ($)	May	440.24	437.90	3.5
Labour Income ($ million)	May	24,027	23,330	6.1
Persons with Jobs (million)	July	12.42	12.32	3.0
Unemployed (million)	July	1.2	1.1	-5.9
INVENTORIES				
Department Store ($ million)	May	4,540	4,678	7.1
Manufacturers' Owned ($ million)	May	33,811	33,767	0.3
ORDERS				
Manufacturers' New Orders ($ million)	May	22,147	21,484	1.8
Manufacturers' Unfilled Orders ($ million)	May	24,319	23,957	-1.8
PRICES				
Consumer Price Index (1981 = 100)	July*	139.2	138.2	4.7
New House Price Index (1981 = 100)	June	119.6	119.0	15.9
Raw Materials Price Index (1981 = 100)	June	103.9	101.8	13.2
Excl. mineral fuels	June	110.7	110.0	7.2
Industrial Product Price Index (1981 = 100)	June	122.3	121.7	3.1
CONSTRUCTION			Year-to-date	
Building Permits ($ million)	May	2,907	**12,143**	**38.0**
Housing Starts – Urban Centres (units)	June*	23,637	**106,371**	**36.4**
ENERGY				
Coal Production (thousand tonnes)	May	4,694	**23,606**	**-2.9**
Electricity Generation (gigawatt hours)	May	36,839	**209,948**	**6.2**
Natural Gas Production (million cubic metres)	May	8,912	**39,035**	**2.0**
FOREIGN TRADE				
Exports – Balance of Payments Basis ($ million)	June	10,732	**61,746**	**1.7**
Imports – Balance of Payments Basis ($ million)	June	10,631	**56,847**	**1.6**
SALES				
Department Store Sales ($ million)	June*	1,017	**5,455**	**1.4**
Manufacturers' Shipments ($ million)	May	21,786	**105,142**	**0.4**
New Motor Vehicle Sales ($ million)	June	2,568	**12,480**	**10.6**
Refined Petroleum Products (thousand cubic metres)	June*	6,987	**37,405**	**3.0**
Retail Sales ($ million)	June*	13,477	**71,564**	**8.8**

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

INFOMAT

A WEEKLY REVIEW

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