

# I·N·F·O·M·A·T

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

 STATISTICS STATISTIQUE  
CANADA CANADA

Friday, December 11, 1987

DEC 11 1987

### OVERVIEW

#### ■ Borrowing by Non-financial Sector Remains High

In the third quarter of 1987, the non-financial sector of the Canadian economy raised \$22 billion on credit markets. Representing an increase of 26% in nominal value from the third quarter of 1986, this was the fourth consecutive quarter of large gains.

#### ■ Unemployment Rate Reduced to 8.2%

The growth in employment noted since July 1986, continued in November. The level of employment rose by 23,000 and unemployment dropped by 30,000.

#### ■ Foreign Tourists Small but Important Part of Canadian Tourism

Foreign visitors to Canada totalled 1.1 million in October. Traditionally foreign visitors account for approximately 17% of the total tourist trips made in Canada. The majority of tourists travelling in this country are Canadians.

#### ■ Leading Indicator Continues To Post Large Increases

The composite leading indicator registered its fourth consecutive increase of 0.8% in September. Manufacturing indicators continued to improve but residential construction was down significantly for the first time since 1984.

#### ■ Motor Vehicle Sales Register Solid Advance

In October, motor vehicle sales were up 4.7%, continuing the trend of fluctuating sales witnessed in recent months.

#### ■ Growth of Labour Income Accelerates

In September, labour income was up 7.0% from the level a year earlier. Except for a deceleration in July, year-over-year increases have grown since January.

This issue also includes an article on the Industrial Product Price Index.

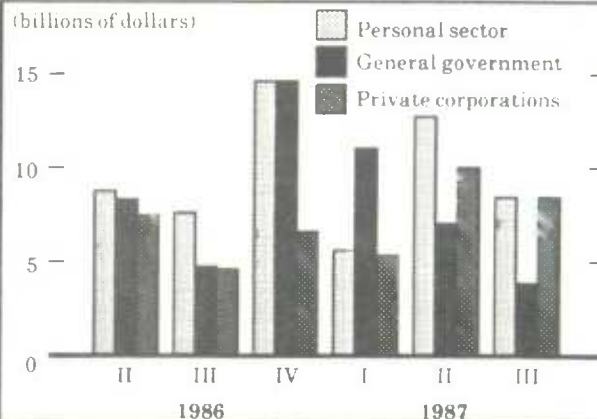
### Borrowing by Non-financial Sector Remains High

Borrowing by non-financial sectors of the Canadian economy during the third quarter of 1987 totalled \$22 billion – an increase of 26% in nominal value from the same quarter a year earlier and the fourth consecutive quarter of such gains. The continued strength was due to demand for funds by the private sector; government borrowing declined by more than 18% from the third quarter of 1986.

Non-financial private corporations raised about \$8.5 billion, up by more than 60% over a year earlier, reflecting strong growth in investment in plant and equipment and some inventory accumulation. Most of the change in borrowing was in shorter-term debt instruments. Net new issues of bonds, at about \$2 billion, were relatively large given the increases in bond yields during the quarter. Net new issues of stocks amounted to \$3.5 billion, with about 40% of the funds raised concentrated in the metal mines and mineral fuels industries. Some of these issues reflected an ongoing requirement to pay down debt.

(continued on page 2)

### Domestic Non-financial Borrowings


 Statistics  
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### ... Non-financial Sector

The persons and unincorporated business sector accounted for about 38% of the total funds raised by non-financial sectors. Household borrowing in the form of consumer credit and mortgages remained at a very high level although the annual rate of growth, especially for mortgages, slowed when compared to the previous quarter. These declines were in line with deceleration in demand for consumer durables and for housing.

Governments' financing requirements were reduced as expenditure rose less than revenue. The federal government borrowed a net \$5.1 billion in bonds and

short-term instruments on credit markets. This was an increase in borrowing of \$1.9 billion in these instruments compared to the third quarter of 1986 as cash balances were accumulated. In contrast, net issues of bonds by provincial governments were down sharply from \$2.1 billion a year ago to \$112 million, the smallest quarterly net issue since 1973. Provincial governments' net issue of treasury bills and short-term paper was a net redemption of \$0.6 billion, again a sharp drop from the \$1 billion net issue of a year earlier.

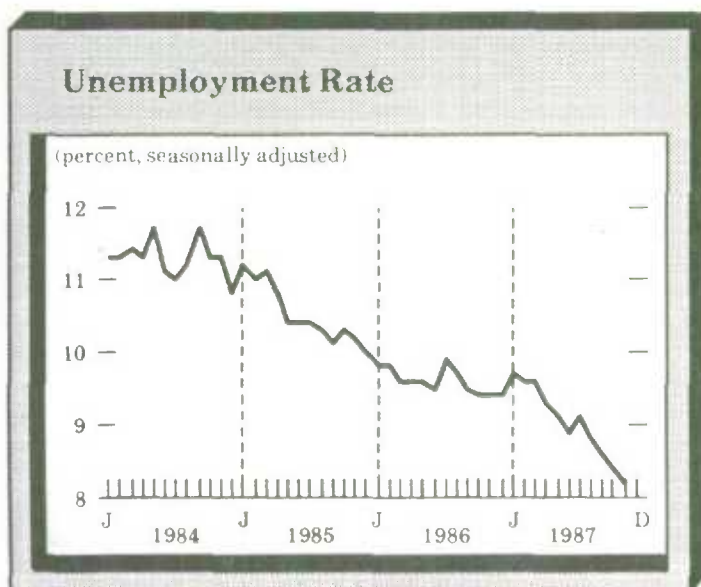
For further information, *International and Financial Economics Division* (613) 951-9043 or order *Financial Flow Accounts* (catalogue number 13-002P).

## Unemployment Rate Reduced to 8.2%

Estimates from the November labour force survey show that the unemployment rate fell to 8.2%, the lowest rate recorded since October 1981. The growth in employment noted since July 1986 continued in November, as the level rose an estimated 23,000 over the previous month. Unemployment declined by 30,000, its fourth consecutive decrease.

### Labour Force

	July	Aug.	Sept.	Oct.	Nov.
	Change, previous month				
Labour force ('000)	-10	3	31	41	7
Employment ('000)	-25	42	52	60	23
15-24 years ('000)	-26	2	7	14	-16
25 years & over ('000)	1	40	45	46	39
Unemployment ('000)	15	-39	-21	-19	-30
Unemployment rate	9.1	8.8	8.6	8.4	8.2



The increase in employment was concentrated among persons aged 25 years and over, who accounted for all of the rise in total employment. This age group has recorded higher employment levels for 17 consecutive months. This increase of 37,000 was offset by a decrease of 16,000 among 15 to 24 year-olds.

Contrary to the trend from October 1986 to October 1987, most of the November gain in employment was in part-time employment. The advance was 17,000 and females accounted for almost all of the new part-time jobs.

The industries registering higher employment were manufacturing, and community, business and personal services. New Brunswick and Manitoba reported higher levels of employment in November. Moderate increases were noted in all other provinces except Quebec where a decline of 31,000 was recorded.

For further information, contact *Household Survey Division* at (613) 951-4720 or order *Labour Force Information* (71-001P) for summary data.



## Foreign Tourists Small but Important Part of Canadian Tourism

In October, the number of overnight trips by United States residents decreased by 2%, to 878,200. The volume was down compared to the levels set last year during Expo 86, but it was much higher than the volumes recorded since 1973. Trips of one or more nights by residents of countries other than the U.S. numbered 159,000, up 15.1% from the level recorded in 1986.

While much attention is focused on the travel and tourism trends at the international level, foreign visitors accounted for only slightly more than 17% of total tourist trips in Canada. Canadian residents took 75.3 million overnight trips within the country. So provincial and regional variations in domestic travel are also important for a complete understanding of tourist travel in Canada.

One way to demonstrate the provincial/regional variations is to calculate a per capita participation rate. The number of trips originating from a particular province is divided by the province's population and multiplied by 1,000 to give the number of trips per 1,000 population. A participation rate clearly demonstrates provincial/regional travel variations.

In 1986, for example, participation rates show that for each 1,000 Canadian residents 2,978 trips were taken within the country. Over four-fifths of these trips were within the traveller's own province of residence.

The highest intraprovincial rates were recorded by residents of the three Prairie provinces, due to the long distances between population centres and the low level of population concentration. The lowest intraprovincial rate was for residents of Prince Edward Island where overnight travel of 80 km or more is unlikely. Most trips of one or more nights originating in P.E.I. were taken on the mainland, which accounts for its interprovincial participation rate being among the highest in Canada. Higher rates were recorded for Saskatchewan and Alberta in 1986, due to their proximity to Expo 86. In contrast, P.E.I. had the highest interprovincial participation rate in 1984.

### Participation Rate by Province of Origin in 1986

	Intra-provincial	Inter-provincial	Total
	average number of trips per thousand persons		
Canada	2,420	558	2,978
Newfoundland	1,619	218	1,837
Prince Edward Island	371	1,058	1,429
Nova Scotia	2,030	602	2,632
New Brunswick	1,658	942	2,600
Quebec	2,275	408	2,683
Ontario	2,532	418	2,950
Manitoba	2,670	994	3,664
Saskatchewan	3,262	1,168	4,430
Alberta	3,101	1,106	4,207
British Columbia	1,997	384	2,381

The lowest interprovincial rates occurred in Newfoundland, Quebec, Ontario, and British Columbia. The geographical isolation of Newfoundland from the mainland is a predominant factor in the low number of trips that residents take to other provinces. Cultural and linguistic factors may play a role in Quebec residents' preference for travel within their own province. In Ontario, the size of the province may be a factor: approximately 1,600 km from east to west, it is possible for an Ontario resident to take a four-hour drive and still be within the province. British Columbia has the lowest interprovincial participation rate of the western provinces. The geographical barrier of the mountain ranges between B.C. and its nearest provincial neighbour is a major impediment to travel, particularly during the winter months.

The next release on international travel will include a discussion of the provincial participation rates for travel outside Canada.

*For further information, contact Education, Culture and Tourism Division at (613) 951-8933 or order International Travel - Advance Information (catalogue number 66-001P).*

## Leading Indicator Continues To Post Large Increases

In September, the composite leading indicator (1971=100) posted its fourth consecutive monthly increase of 0.8% and rose to a level of 189.4. Manufacturing indicators accelerated during the month,

boosted by a sharp increase in auto exports. Generally, manufacturing has strengthened since the beginning of the year.

The term "leading indicator" is used to identify economic variables whose behavior generally foreshadows, consistently and accurately, the behavior of the economy as a whole.

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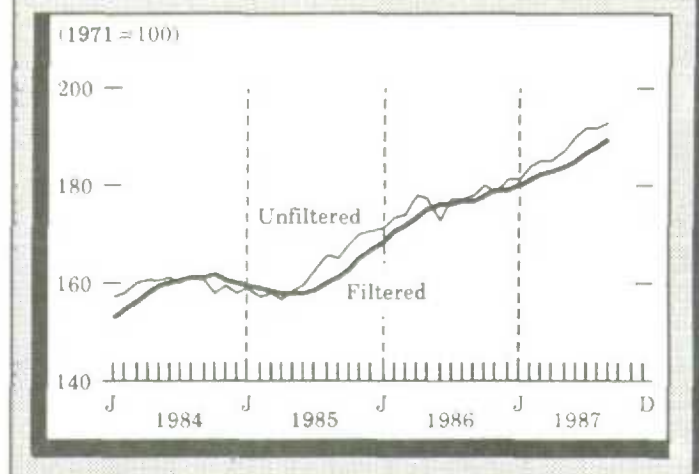
### ... Leading Indicator

By studying these variables, which describe what is happening in sensitive sectors of the economy, it is possible to discern trends in the business cycle and determine, in broad terms, what the economy is likely to do in the short term.

Eight out of ten components were up in September, one fewer than in August. The residential construction component posted its first significant monthly decline since the end of 1984. Growth in the Toronto Stock Exchange price index slowed in September.

These results mirror the changes in real gross domestic product. GDP grew 0.6% in September, following almost uninterrupted growth since the start of the year. The goods-producing industries continued to lead the advance as increasing production of investment goods continued, accompanied by a rise in automotive production. Construction registered its first monthly decrease this year.

### Composite Leading Indicator



*For further information, contact International and Financial Economics Division at (613) 951-9162 or order Current Economic Indicators (catalogue number 13-005).*

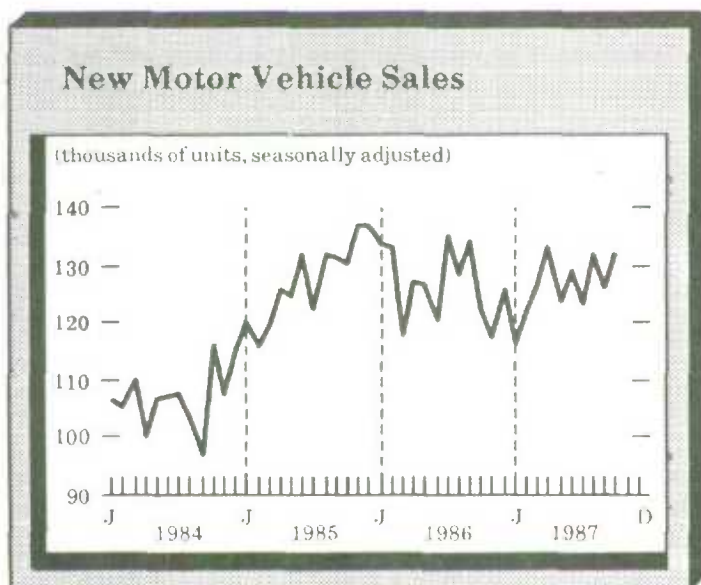
## Motor Vehicle Sales Register Solid Advance

Adjusted for seasonal fluctuations and the number of trading days, unit sales of new motor vehicles totalled 131,923 in October, up 4.7% from the level posted in September. Higher sales were posted for both passenger cars and commercial vehicles. Motor vehicle sales had grown substantially in the first two quarters of the year, but remained flat in the third quarter.

### Motor Vehicle Sales

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Passenger cars	5.0	-5.2	6.1	-3.1	2.2
North American	8.3	-8.7	9.2	-7.0	5.9
Imported	-1.2	2.0	0.7	4.6	-4.3
Commercial vehicles	2.8	-3.0	7.7	-6.9	10.6

### New Motor Vehicle Sales



Seasonally adjusted sales of North American-built passenger cars rose 5.9% in October, following a decrease in September. On the other hand, sales of imported cars declined 4.3% to 30,714 units, following three consecutive increases. Commercial vehicle sales continued to fluctuate, increasing 10.6% in October after falling 7.0% in September.

Based on actual unit sales, North American manufacturers held 65.2% of the Canadian passenger car market in October, down from the 69.8% share held a year earlier. The Japanese market share rose to 24.1% from 20.2% in October 1986. Manufacturers from other countries also increased their share slightly, to 10.7%.

*For further information, contact Industry Division at (613) 951-3549 or order New Motor Vehicle Sales (catalogue number 63-007).*



## Growth of Labour Income Accelerates

The preliminary estimate of total labour income in September 1987 was \$24.8 billion, up 7.0% from the same month a year earlier. The year-over-year changes have resumed the pattern of steady acceleration evident from January to June, after a slight deceleration in July. Labour income represents approximately 50% of Gross Domestic Product and is therefore an important indicator of demand.

In September, the seasonally adjusted estimate of wages and salaries rose 0.6%, following two months of little or no change. For the first eight months of the year, month-to-month changes ranged between 0.3% and 0.8%.

Seasonally adjusted wages and salaries in the goods-producing industries increased 1.1% from the previous month. Salaries and wages in these industries had decreased in July and August, after growing steadily in the first two quarters. All industries within this group showed increases in the current month, except forestry which decreased by 5.2%.

In the service-producing industries, wages and salaries were virtually unchanged, continuing the trend noted since June. The termination of the railway workers' strike produced a 1.6% increase in wages and salaries in the transportation, communication, and

### Labour Income

(% change, previous year)



other utilities sector. Estimates show that wages and salaries paid in trade, and the finance, insurance and real estate industry dropped below the level in August, while all other industries within the service-producing sector reported little or no change.

For further information, contact Labour Division at (613) 951-4051 or order *Estimates of Labour Income* (catalogue number 72-005).

## Industrial Product Price Index

In October, the Industrial Product Price Index (IPPI, 1981 = 100), which measures the price movements of the commodities sold by Canadian industries, rose 0.2%, continuing the rising trend evident throughout 1987.

Primary metal prices have advanced for eight months on the strength of rising aluminum and copper prices. Internationally, prices for both of these commodities have benefitted from low inventories and high demand throughout 1987. In conjunction with rising

### Industrial Product Price Index

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Total	0.3	0.5	0.5	0.2	0.2
Petroleum and coal products	0.9	1.1	1.8	1.6	-1.0
Excluding coal and petroleum products	0.2	0.5	0.3	0.1	0.4

aluminum and copper prices, ferrous and non-ferrous scrap prices have also increased sharply since the start of the year. Precious metal prices, which were strong from February to May, have fluctuated in recent months and have shown no clear trend.

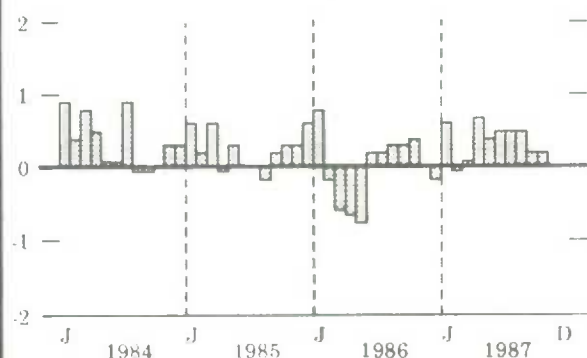
Preliminary estimates indicate that prices for petroleum and coal products dropped 1.0% in October, halting the upward movement evident in this component since the start of the year. This decline was mainly the result of decreasing motor gasoline prices.

Prices for lumber and sawmill products decreased (1.0%), following four consecutive monthly advances. Prices for softwood lumber were down, particularly in Quebec and Ontario where prices for spruce continued to drop sharply.

For further information, contact Prices Division at (613) 951-9607 or order *Industry Price Indexes* (catalogue number 62-011).

### Industrial Product Price Index

(% change, previous month)



## PUBLICATIONS RELEASED FROM DECEMBER 4 - 10

### AGRICULTURE

**Cereals and Oilseeds Review**, September 1987. Catalogue number 22-007 (Canada: \$10/\$100; Other Countries: \$11/\$110).

**Farm Cash Receipts**, January-September 1987. Catalogue number 21-001 (Canada: \$10/\$36; Other Countries: \$11/\$44).

**Stocks of Frozen Meat Products**, November 1987. Catalogue number 32-012 (Canada: \$10/\$100; Other Countries: \$11/\$110).

### EDUCATION, CULTURE AND TOURISM

**Teachers in Universities**, 1985-86. Catalogue number 81-241 (Canada: \$20; Other Countries: \$21).

**Universities: Enrolment and Degrees**, 1985. Catalogue number 81-204 (Canada: \$20; Other Countries: \$21).

### GEOGRAPHY

**Geographic Reference - Enumeration Area Reference Lists - Provincial Census Tracts, Western Provinces and the Territories**, 1986 Census. Catalogue number 99-125 (Canada: \$31; Other Countries: \$32.50).

### HOUSING, FAMILY AND SOCIAL STATISTICS

**Guide to Statistics Canada Data on Women**. Catalogue number 11-523E (Canada: \$20; Other Countries: \$21).

### INDUSTRY

**Canned and Frozen Fruits and Vegetables**, September 1987. Catalogue number 32-011 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Corrugated Boxes and Wrappers**, October 1987. Catalogue number 36-004 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Electric Power Statistics**, Vol. 1, Annual Electric Power Survey of Capability and Load, 1986 actual and 1987-1996 forecast. Catalogue number 57-204 (Canada: \$20; Other Countries: \$21).

**Footwear Statistics**, September 1987. Catalogue number 33-002 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Fruit and Vegetable Preservation Service Bulletin**, Vol. 16, No. 11, **Pack of Processed Peaches**, 1987. Catalogue number 32-023 (Canada: \$6/\$100; Other Countries: \$7/\$110).

**Merchandising Inventories**, July 1987. Catalogue number 63-014 (Canada: \$12/\$120; Other Countries: \$13/\$130).

**Mineral Wool Including Fibrous Glass Insulation**, October 1987. Catalogue number 44-004 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Oil Pipe Line Transport**, 1986. Catalogue number 55-201 (Canada: \$20; Other Countries: \$21).

**Particleboard, Waferboard and Hardboard**, September 1987. Catalogue number 36-003 (Canada: \$4/\$40; Other Countries: \$5/\$50).

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

**Production and Inventories of Process Cheese and Instant Skim Milk Powder**, October 1987. Catalogue number 32-024 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada**, September 1987. Catalogue number 47-004 (Canada: \$4/\$40; Other Countries: \$5/\$50).

**Production and Stocks of Tea, Coffee and Cocoa**, Quarter Ended September 1987. Catalogue number 32-025 (Canada: \$5/\$20; Other Countries: \$6/\$24).

**Shipments of Plastic Film and Bags Manufactured from Resin**, Quarter Ended September 30, 1987. Catalogue number 47-007 (Canada: \$5/\$20; Other Countries: \$6/\$24).

**The Sugar Situation**, October 1987. Catalogue number 32-013 (Canada: \$4/\$40; Other Countries: \$5/\$50).

### INTERNATIONAL TRADE

**Exports by Country**, January-September 1987. Catalogue number 65-003 (Canada: \$75/\$300; Other Countries: \$85/\$340).

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

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

### SCIENCE, TECHNOLOGY AND CAPITAL STOCK

**Housing Starts and Completions**, August 1987. Catalogue number 64-002 (Canada: \$15/\$150; Other Countries: \$16/\$160).

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Each centre has facilities to retrieve information from Statistics Canada's computerized data retrieval systems CANSIM and Telichart. A telephone inquiry service is also available with toll free numbers for regional clients outside local calling areas. Many other valuable services – from seminars to consultations – are offered. Call or write your regional reference centre for information.

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**LATEST MONTHLY STATISTICS**

			Previous Month	% Change From Year Ago
<b>EMPLOYMENT, INCOME</b>				
Average Weekly Earnings (\$)	Aug.	439.13	442.17	2.7
Labour Income (\$ million)	Sept.*	24,825	24,497	7.0
Persons with Jobs (million)	Nov.*	12.05	12.16	3.8
Unemployed (million)	Nov.*	1.0	1.0	-12.7
<b>INVENTORIES</b>				
Department Store (\$ million)	Sept.	4,764	4,445	5.5
Manufacturers' Owned (\$ million)	Sept.	33,887	33,804	1.9
<b>ORDERS</b>				
Manufacturers' New Orders (\$ million)	Sept.	23,329	21,090	9.6
Manufacturers' Unfilled Orders (\$ million)	Sept.	23,212	20,871	8.5
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	Oct.	139.8	139.3	4.3
New House Price Index (1981 = 100)	Sept.	122.0	120.8	13.8
Raw Materials Price Index (1981 = 100)	Oct.	104.4	106.0	11.3
Excl. minerals fuels	Oct.	111.8	111.6	6.8
Industrial Product Price Index (1981 = 100)	Oct.	124.3	124.0	3.7
<b>CONSTRUCTION</b>				
			<b>Year-to-date</b>	
Building Permits (\$ million)	Aug.	2,040	19,949	25.0
Housing Starts - Urban Centres (units)	Sept.	17,875	166,353	32.8
<b>ENERGY</b>				
Coal Production (thousand tonnes)	Sept.*	5,479	43,673	5.9
Electricity Generation (gigawatt hours)	Sept.*	34,846	355,129	6.7
Natural Gas Production (million cubic metres)	Aug.*	8,593	71,242	4.3
<b>FOREIGN TRADE</b>				
Exports - Balance of Payments Basis (\$ million)	Sept.	10,534	91,084	2.0
Imports - Balance of Payments Basis (\$ million)	Sept.	9,083	83,799	1.3
<b>SALES</b>				
Department Store Sales (\$ million)	Sept.	1,029	8,412	1.0
Manufacturers' Shipments (\$ million)	Sept.	23,212	192,915	3.1
New Motor Vehicle Sales (\$ million)	Oct.*	2,222	20,344	9.2
Refined Petroleum Products (thousand cubic metres)	Sept.*	7,124	59,516	3.7
Retail Sales (\$ million)	Sept.	11,540	12,778	9.0

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

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