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STATISTICS CANADA
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Friday, March 11, 1988

OVERVIEW

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■ Planned Capital Investment to Rise Sharply in 1988

Capital expenditures on new fixed assets are expected to total \$119.5 billion in 1988, a rise of 10.1% over 1987. Data on investment plans for the upcoming year are collected from November to January each year.

■ Strong Demand for Credit Continues

Non-financial private corporations sharply increased their demand for credit in the fourth quarter of 1987. Personal sector borrowing declined slightly, while government demand for credit dropped steeply.

■ Census Provides Insights into Socio-economic Trends

Results from the 1986 Census offer new insights into socio-economic conditions in Canada. For example, falling international oil prices brought an end to the resource boom and halted the westward shift of Canada's population.

■ Composite Indicator Indicates Slower Growth

The composite leading indicator rose 0.4% in December, weaker growth than that recorded in the late summer and early fall.

■ Modest Advance in Motor Vehicle Sales

In January, new motor vehicle sales were up 1.0%, following a decline in December. Both car and commercial vehicle sales improved.

■ Help-wanted Index Regains Momentum

The help-wanted index registered a notable advance in February, following a period of slower growth from October to December and a decline in January.

This issue also includes articles on the New Housing Price Index and Labour Income.

Planned Capital Investment to Rise Sharply in 1988

Total capital expenditures on new fixed assets in Canada are expected to reach \$119.5 billion in 1988, a current dollar increase of 10.1% over 1987. With this advance, capital spending will have increased each year since 1984. Expenditures on machinery and equipment will grow at a faster rate than spending on construction in 1988, a reversal from 1987 when construction expenditures grew at a faster rate. These data are based on a survey conducted between the beginning of November and the end of January which asks respondents about capital expenditures they expect to make in the upcoming year.

Except for public institutions and housing, all sectors and industries expect to increase spending in 1988.

The mining industry expects to increase its capital spending by 28%, with most of the intended increase coming from expenditures on petroleum and gas wells. This was a sharp turnaround for the petroleum industry, which recorded a drop of 20.1% in 1987.

(continued on page 2)

Capital Expenditures

(billions of dollars)



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Canada

... Planned Capital Investment

Manufacturers intend to increase their spending by 22.8%, a substantial improvement over last year's modest growth of 4.9%. Increases in paper products, transportation equipment, primary metals, wood, and the food and beverage industries were the main sources of this advance.

Higher spending by air transport, electric power and the communications group resulted in a 22.6% rise in spending by utilities. Planned expenditures by this sector will amount to \$17.9 billion this year, up from \$14.6 billion in 1987.

The expected gain in the trade, finance and commercial industries (8.6%) was concentrated in real estate development and in the commercial services group of industries.

The federal government departments and municipal governments accounted for almost all of the expected increase in the government sector. On the other hand, the institutions group intends to reduce its expenditures in 1988. Within the group, hospitals are planning on increasing their expenditures, but that gain will be offset by a decrease for schools and other institutions.

Investment in residential construction is expected to decrease slightly (-1.4%) to \$32.4 billion in 1988. The estimate is based on projected housing starts of 199,850 in 1988, compared to 246,000 in 1987.

For further information, contact Science, Technology and Capital Stock Division at (613) 951-2209 or order Private and Public Investment in Canada, Intentions 1988 (catalogue number 61-205).

Strong Demand for Credit Continues

Non-financial sectors of the Canadian economy borrowed \$28.5 billion on credit markets during the fourth quarter of 1987. This was below the record \$33.4 billion borrowed in the same quarter of the previous year. The decrease was attributable mainly to a sharp reduction in government borrowing. Borrowing by households registered a moderate decline, while non-financial corporations increased their demand for funds.

Reduced demand for funds by both federal and provincial governments reflected continuing deficit reduction. Total borrowing by the federal government fell to \$6.9 billion from \$10.4 billion a year earlier. There was, however, a large increase in net sales of Canada Savings Bonds which offered a risk-free investment at a time of instability in financial markets. The \$12.9 billion raised by this instrument exceeded the government's financing requirements, allowing the reduction of outstanding treasury bills by over \$7 billion. In comparison, the \$3.7 billion raised a year earlier had been supplemented by net new issues of treasury bills. Provincial governments' borrowing also showed a pronounced decline, a total of only \$1.4 billion compared to \$4.2 billion in the fourth quarter of the previous year. Treasury bills and short-term paper accounted for most of the funds raised, with net new issues of marketable bonds at a very low \$155 million.

Personal sector mortgage borrowing declined slightly from a year earlier but remained strong, in line with a continued high level of activity in residential construction. While most other forms of borrowing by

Financial Market Summary

	1986		1987		
	Q4	Q1	Q2	Q3	Q4
	millions of dollars				
Non-financial sectors					
Personal Sector	13,836	5,602	12,514	7,573	11,969
Private Corporations	4,179	5,322	10,061	6,741	7,572
Government Enterprises	707	649	-336	1,159	660
General Government	10,428	9,172	2,381	4,910	6,907
Total Domestic	33,375	22,394	29,001	19,729	28,485

the sector also showed slight decreases from the previous year, demand for consumer credit increased significantly as consumer expenditure rose. A notable reduction in deposits at chartered banks provided the sector with an additional source of funds, partly used to purchase Canada Savings Bonds.

Borrowing by non-financial private corporations during the quarter increased strongly from a year earlier, despite a sharp drop in share issues. Demand for bank and other loans and issues of bankers' acceptances increased markedly, corresponding to increased investment in inventory and fixed capital. After the October decline on stock markets, share issues were confined to flow-through shares, which allow expenses of the issuer to flow through to the purchaser, providing tax relief. Redemptions of preferred shares and buy-backs of common shares were larger than new issues.

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

Census Provides Insights into Socio-economic Trends

The first half of the 1980s was a volatile period for the Canadian economy. Shortly after the June 1981 Census, the economy entered a recession from which some regions and industries had not fully recovered at the time of the 1986 Census.

In 1986, just under a million people lived in a different province than they had five years earlier. Both the level and direction of interprovincial migration tends to relate to regional economic conditions. This was most apparent in the period 1976 to 1981 when – as a direct consequence of the Alberta resource boom – all provinces east of Alberta experienced net outflows of population to the benefit of Alberta and, to a lesser extent, British Columbia. Falling international oil prices in the early 1980s brought an abrupt end to the resource boom and with it, this westward shift of population.

Both Alberta and British Columbia experienced large inflows and outflows of population to and from other provinces between 1981 and 1986. These resulted in a net loss for Alberta of almost 30,000 people through interprovincial movements. British Columbia posted a small gain, just under 10,000.

However, despite these trends in interprovincial migration, the total population of both British Columbia and Alberta increased between 1981 and 1986. Alberta experienced the largest (6.1%) and British Columbia the

third largest (5.3%) percentage increases in population in the period, with the second largest increase recorded in Ontario. Alberta's rapid growth in population can be attributed to the province's consistently high birth rates and low death rates during the five-year period. This natural population increase more than offset the impact of net population losses through interprovincial migration.

British Columbia's rate of natural increase was closer to the national average. Although it was the second-fastest growing province between 1976 and 1981, the reduced net inflows of population through interprovincial migration experienced by British Columbia in the following five years allowed Ontario to displace it in second position.

Among the provinces, Quebec incurred the largest absolute net outflow of population through interprovincial migration (63,300) and Newfoundland the largest net outflow (2.9%) as a percentage of its 1981 provincial population. In the North, the Yukon recorded a net outflow of 11.5% of its 1981 population.

Ontario, where the provincial economy remained relatively strong throughout the recession of the early 1980s, was the principal beneficiary of interprovincial movements of population from 1981 to 1986, with a net gain of almost 100,000 people. The largest relative net gain through interprovincial migration occurred in Prince Edward Island (1.4% of its 1981 population).

For further information, contact Demography Division at (613) 951-2349 or the nearest regional office.

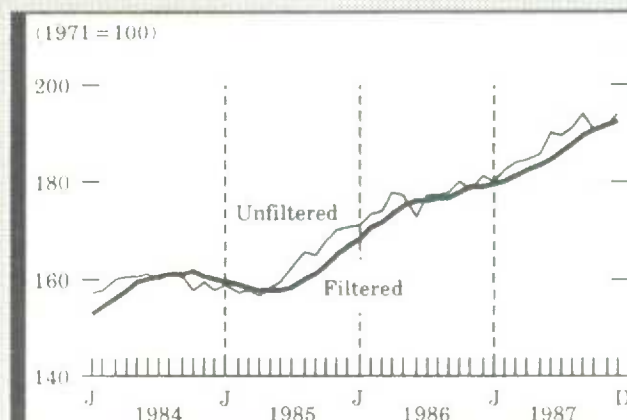
Composite Indicator Indicates Slower Growth

The filtered composite leading indicator (1971=100) climbed to 192.2 in December, rising at the same rate as in November (0.4%). This growth, weaker than that recorded in the late summer and early fall, continues to reflect the October stock market collapse. However, all the manufacturing indicators continued to post strong growth.

The indicators of household demand were mixed in December. Sales of new cars and household appliances continued to rise, but the residential construction index posted its fourth consecutive decrease. This decrease was the result of declining starts on multiple-family dwelling units. Starts of single-family units remained above the 100,000 unit level in urban centres.

All the major industry groups continued to record strong increases in new orders for durable goods. Investment and export demand led the gain in new and unfilled orders, while shipments continued to increase. Together with steady growth in employment, the length of the average work week grew strongly in December, rising to 38.9 hours. (The U.S. manufacturing sector was also a source of strength in the United States.)

Composite Leading Indicator



The Toronto Stock Exchange index dropped 4.0% in December, following an equivalent decline in November and a decrease of 2.2% in October.

For further information, contact International and Financial Economics Division at (613) 951-9162.

Modest Advance in Motor Vehicle Sales

Adjusted for seasonal fluctuations and the number of trading days, unit sales of new motor vehicles totalled 128,000 in January, an increase of 1.0% from December. This modest advance further extends the trend of fluctuating but gently rising sales observed since the beginning of 1987. Higher sales were posted for both passenger cars and commercial vehicles during the month.

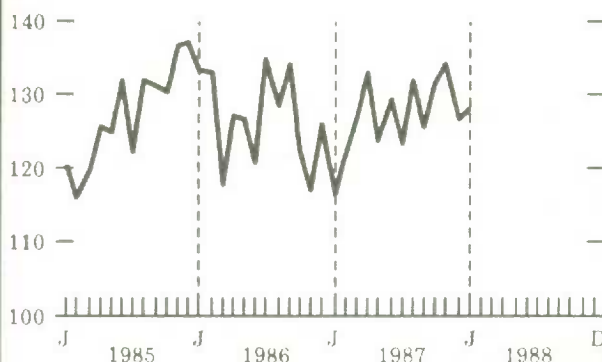
Sales of passenger cars rose 1.0% with the increase originating in sales of imported passenger cars. Import sales were up 5.4% for the month after posting a decline in December. North American car sales were down (-1.1%) for the second consecutive month. Commercial vehicle sales advanced in January, following a decline of 6.5% in December. Excluding December, sales of these vehicles have improved steadily.

Motor Vehicle Sales

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
Passenger cars	-3.6	2.3	1.9	-4.8	1.0
North American	-7.4	6.4	1.5	-3.3	-1.1
Imported	3.9	-4.7	2.6	-7.7	5.4
Commercial vehicles	-6.8	10.4	1.5	-6.5	1.0

New Motor Vehicle Sales

(thousands of units, seasonally adjusted)



Based on actual unit sales, the Japanese share of the passenger car market rose to 23.4% in January, from 19.4% a year earlier. This gain was mainly at the expense of manufacturers from other overseas countries, as their market share declined to 10.6% from 14.2% in January 1987.

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

Help-wanted Index Regains Momentum

The seasonally adjusted help-wanted index (1981 = 100) rose to a record level of 146 in February, following a period of slower growth from October to December and a decrease in January.

Help-wanted Index (1981 = 100)

	Oct.	Nov.	Dec.	Jan.	Feb.
	seasonally adjusted				
Canada	136	139	140	138	146
Atlantic Region	170	173	164	181	154
Quebec	148	154	150	144	163
Ontario	185	184	189	190	197
Prairie Region	55	59	58	62	58
British Columbia	55	57	55	58	58

The help-wanted index monitors the space devoted to help-wanted ads published in 18 major metropolitan area newspapers and serves as an indicator of the demand for labour.

The increase in the current month was the result of advances in the Quebec and Ontario indexes. The advance in Quebec follows two consecutive decreases, while the index for Ontario rose for the third month in a row.

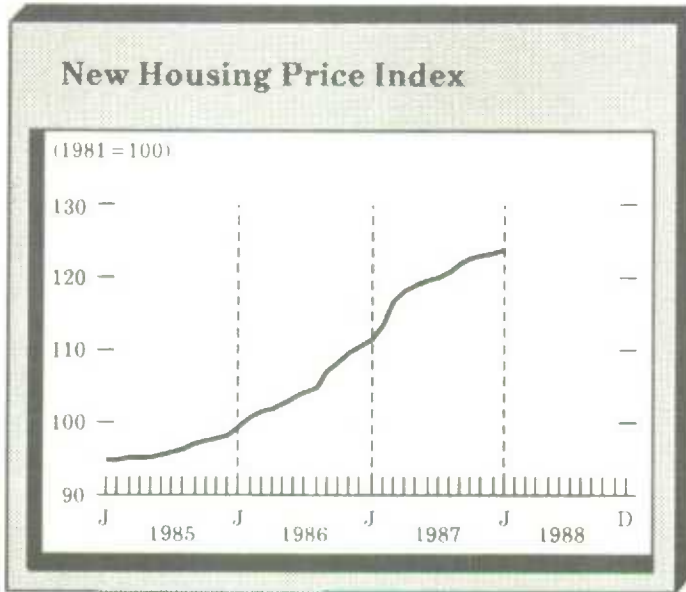
The February decline in the Atlantic and Prairie regions continued the fluctuating trend noted for these provinces in recent months.

In British Columbia, the index was unchanged from the level recorded in January.

For further information, contact Labour Division at (613) 951-4045.

New Housing Price Index

The new housing price index, which measures changes in prices for particular models of new residential houses, rose 0.3% in January, a continuation of the moderate growth noted since October. The house only index increased 0.2%, while the land only index rose 0.7%.



Housing Price Indexes

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
New Housing	1.0	0.4	0.3	0.2	0.3
land only	2.7	0.5	0.5	0.4	0.7
house only	0.3	0.3	0.2	0.2	0.2

Among the cities surveyed, Calgary showed the largest monthly increase (2.7%), followed by Victoria with an increase of 2.4%. Victoria has reported several large advances in recent months, whereas prices in Calgary have been following a stronger rising trend since March. Price indexes for most cities in the Toronto area, the Maritimes and Prairies were unchanged in January.

Southwestern Ontario cities and Montreal maintained yearly gains that were significantly higher than those recorded by other Canadian cities, with the exception of Calgary and Victoria.

For further information, contact Prices Division at (613) 951-9601 or order Construction Price Statistics (catalogue number 62-007).

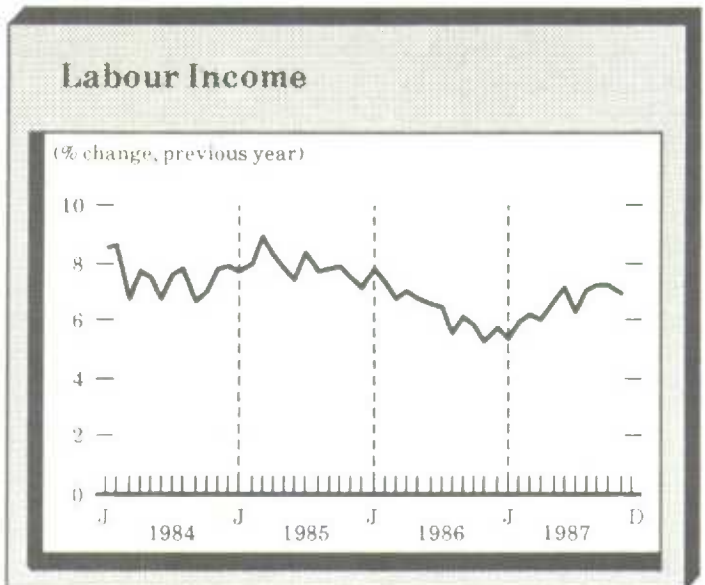
Labour Income

The preliminary estimate of total labour income in December 1987 was \$24.4 billion, up 6.7% from the same month a year earlier. Since January when the growth rate was 5.4%, the year-over-year increases in labour income have generally been rising.

Compared to December 1986, wages and salaries in the goods-producing industries were up by 7.8%. This increase was mainly due to strong growth rates in manufacturing (7.7%) and construction (9.4%) which reflected higher levels of production in these industries.

In the service-producing industries, the year-over-year growth rate in wages and salaries was 6.1%. Education and related services had the largest increase (8.2%) for the second consecutive month.

Except for New Brunswick which increased and British Columbia which declined, the year-over-year changes in wages and salaries at the provincial levels were marginal.



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

PUBLICATIONS RELEASED FROM MARCH 4 TO 10

AGRICULTURE

Farm Cash Receipts, January-December 1987. Catalogue number 21-001 (Canada: \$10/\$40; Other Countries: \$11/\$44).

Farm Input Price Index, Fourth Quarter 1987. Catalogue number 62-004 (Canada: \$11.25/\$45; Other Countries: \$12.25/\$49).

Livestock Report, January 1988. Catalogue number 23-008 (Canada: \$15/\$60; Other Countries: \$16/\$64).

CENSUS

Profiles - Census Tracts, Chicoutimi-Jonquière: Part 1, 1986 Census. Catalogue number 95-105 (Canada: \$20; Other Countries: \$21).

Profiles - Census Tracts, Kingston: Part 1, 1986 Census. Catalogue number 95-119 (Canada: \$20; Other Countries: \$21).

Profiles - Census Tracts, Regina: Part 1, 1986 Census. Catalogue number 95-143 (Canada: \$21; Other Countries: \$22).

GENERAL

Urban FSA and Rural Postal Code Summary Data, 1986. Catalogue number 17-602

This publication is available in five versions: **Canada** (issue no. 88-000, \$300 in Canada and \$325 in Other Countries). The remaining versions are each available for \$110 in Canada and \$125 in Other Countries: **Atlantic provinces** (issue 88-001); **Quebec** (issue 88-002); **Ontario** (issue 88-003) and the **Western provinces and territories** (issue 88-004).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations: Financial Statistics, Third Quarter 1987. Catalogue number 61-003 (Canada: \$50/\$200; Other Countries: \$60/\$240).

INDUSTRY

Department Store Monthly Sales, by Province and Metropolitan Area, December 1987. Catalogue number 63-004 (Canada: \$2.50/\$25; Other Countries: \$3.50/\$35).

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

Footwear Statistics, December 1987. Catalogue number 33-002 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Refined Petroleum Products, November 1987. Catalogue number 45-004 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

Retail Trade, November 1987. Catalogue number 63-005 (Canada: \$16/\$160; Other Countries: \$17/\$170).

Stocks of Frozen Meat Products, February 1988. Catalogue number 32-012 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

The Sugar Situation, December 1987. Catalogue number 32-013 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

INTERNATIONAL AND FINANCIAL ECONOMICS

Financial Flow Accounts: Preliminary Data, Fourth Quarter of 1987. Catalogue number 13-002P (Canada: \$11.50/\$46; Other Countries: \$12.50/\$50).

INTERNATIONAL TRADE

Summary of Canadian International Trade, December 1987. Catalogue number 65-001 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

LABOUR

Employment, Earnings and Hours, November 1987. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$40.50/\$405).

Labour Force Information, February 1988. Catalogue number 71-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

PUBLIC INSTITUTIONS

Quarterly Hospital Information System - Hospital Indicators, April 1987 - June 1987. Catalogue number 83-002 (Canada: \$15/\$60; Other Countries: \$16/\$64).

TRANSPORTATION

Railway Operating Statistics, October 1987. Catalogue number 52-003 (Canada: \$9.50/\$95; Other Countries: \$10.50/\$105).

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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Dec.	451.69	451.05	4.3
Labour Income (\$ million)	Dec.*	24,433	24,663	6.7
Persons with Jobs (million)	Jan.	11.82	12.03	4.3
Unemployed (thousand)	Jan.	1,161	1,025	-13.5
INVENTORIES				
Department Store (\$ million)	Dec.	4,031	5,133	-5.0
Manufacturers' Owned (\$ million)	Dec.	34,374	34,278	4.4
ORDERS				
Manufacturers' New Orders (\$ million)	Dec.	21,644	23,039	9.2
Manufacturers' Unfilled Orders (\$ million)	Dec.	24,221	24,573	2.9
PRICES				
Consumer Price Index (1981=100)	Jan.	140.8	140.5	4.1
New House Price Index (1981=100)	Jan.*	123.6	123.2	11.1
Raw Materials Price Index (1981=100)	Jan.	101.7	104.5	5.0
Excl. minerals fuels	Jan.	113.9	114.2	8.5
Industrial Product Price Index (1981=100)	Jan.	126.4	125.4	5.0
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	Nov.*	1,992	28,047	22.6
Housing Starts - Urban Centres (units)	Dec.	14,089	215,814	26.3
ENERGY				
Coal Production (thousand tonnes)	Nov.	5,976	55,472	7.7
Electricity Generation (gigawatt hours)	Nov.	41,974	436,223	6.1
Natural Gas Production (million cubic metres)	Nov.	10,862	100,916	6.2
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Dec.	11,263	125,765	4.3
Imports - Balance of Payments Basis (\$ million)	Dec.	10,301	115,424	4.7
SALES				
Department Store Sales (\$ million)	Dec.	2,031	12,753	3.8
Manufacturers' Shipments (\$ million)	Dec.	21,996	261,700	4.7
New Motor Vehicle Sales (\$ million)	Jan.*	1,494	1,494	16.9
Refined Petroleum Products (thousand cubic metres)	Jan.*	6,579	6,579	8.7
Retail Sales (\$ million)	Dec.	16,212	153,700	12.0

Statistics are in current dollars and are not seasonally adjusted.

* new this week.

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