

# I·N·F·O·M·A·T

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

Friday, March 18, 1988

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### OVERVIEW

#### ■ Business Spending and Exports Push Up Capacity Utilization Rates

In the fourth quarter of 1987, capacity utilization rates for the manufacturers of durable goods rose 3.5%, while rates for manufacturers of non-durable goods registered minimal growth.

#### ■ Merchandise Trade Surplus Rebounds

In January, the value of exports and imports both decreased, but the drop in imports was much larger and resulted in an increase in the trade surplus of \$425 million.

#### ■ Employment Continues to Rise

The level of employment continued to rise sharply in February, maintaining the upward trend it has been following.

#### ■ Growing Numbers of Canadians Make Short-term Trips to the United States

Canadians travelling to the U.S. for less than 24 hours totalled 2.4 million in January, up 26% from a year earlier. This increase was a continuation of a rising trend noted since 1984.

#### ■ Value of Building Permits Continues to Slide

In December, the value of building permits fell by a further 3.2%. The value of permits has generally been declining since April.

### Business Spending and Exports Push Up Capacity Utilization Rates

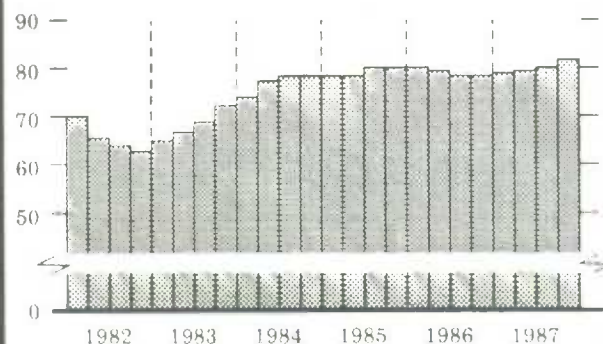
Capacity utilization in the manufacturing industries rose 1.9% in the fourth quarter of 1987. A comparison of the utilization rates posted since the first quarter of 1982 shows that the rate recorded in this quarter was a new peak for the series. Also, the rate for durable goods manufacturers rose significantly, while the non-durable goods manufacturers registered minimal change, reflecting the increase in business spending and the slowdown in consumer spending.

Utilization rates in the durable-goods manufacturing industries increased 3.5% in the fourth quarter of 1987, the fifth consecutive advance. Furthermore, the capacity utilization rate for each industry in this sector showed an increase over the third quarter. Capital spending by businesses and rising exports were the main source of this advance.

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### Capacity Utilization Rate

(percentage)



Statistics Canada  
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## ... Business Spending and Exports Push Up Capacity Utilization Rates

Reflecting the continued strength in the construction industry, major building materials industries showed gains in their utilization rates and posted new five-year peaks. For example, non-metallic mineral products increased 2.9%, fabricated metals products rose 1.8% and wood industries gained 1.2%.

Manufacturers of most types of machinery and equipment also posted higher rates. Machinery industries increased 5.5% and electrical and electronic products industries rose 3.6% to a new peak of 100%. Imports of electrical and electronics equipment also rose significantly during the quarter to help meet business demand.

Of the industries that produce fabricated materials for further processing or inclusion in end products, the results were mixed. In the primary metals industries, the utilization rate rose 5.3% to meet higher levels of domestic and export demand. The rubber products industries cut back on production in order to sell off some of their inventory of finished goods.

## Capacity Utilization Rates

	4Q'86	1Q'87	2Q'87	3Q'87	4Q'87
	percentage				
Total manufacturing	78.2	79.4	79.7	80.2	81.7
Durable goods	73.9	74.0	74.9	76.4	79.1
Non-durable goods	83.5	85.4	85.1	84.3	84.5

The clothing industries also lowered their production, following decreases in shipments and new orders and a build-up of finished goods inventories. The results for other manufacturers of miscellaneous end products were mixed. The printing and furniture industries registered higher rates of capacity utilization, while the food and beverage industries showed little or no change.

For further information, contact Science, Technology and Capital Stock Division at (613)951-9685.

## Merchandise Trade Surplus Rebounds

In January, the seasonally adjusted merchandise trade balance rose to a surplus of \$633 million. The trade surplus had dropped in the two preceding months and reached its lowest level for the year in December. Exports continued to advance during this period, but the gains were not strong enough to offset the increases in imports and prevent the balance of trade from dropping. The situation was reversed in January. Exports and imports both decreased, but the decline in the value of imports was sharper.

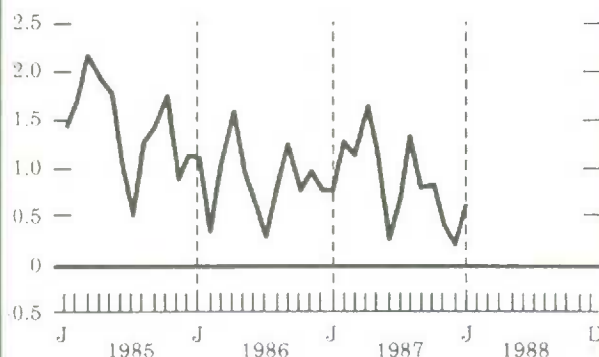
Imports fell 10.0% below their level in December, the first decline in five months. Of the \$1.1 billion reduction in imports, \$1.0 billion was the result of lower imports from the United States. The main source of the drop was a reduction in imports of cars and motor vehicle parts. The value of imported cars registered one of its lowest levels in three years (\$778 million). Imports of motor vehicle parts decreased by \$313 million.

## Merchandise Trade

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
Imports	6.5	1.7	7.2	5.7	-10.0
Exports	0.6	2.1	2.7	3.7	-6.1
	change, previous month				
Balance (millions \$)	-532	47	-429	-193	425

## Merchandise Trade Balance

(billions of dollars, seasonally adjusted)



Exports totalled \$10.7 billion in January, down 6.1% from December. This was the first decline in the value of exports in six months. It was mainly due to a reduction in exports of motor vehicle parts, forest products and trucks. Overall, end products accounted for nearly half of the total decline. Exports of cars, coal and "other equipment and tools" posted the most notable increases.

For further information, contact International Trade Division at (613) 951-1711 or order the Preliminary Statement of Canadian International Trade (catalogue number 65-001P).

## Employment Continues to Rise

Estimates from the Labour Force Survey show that employment continued its upward trend in February, rising by 57,000. During the month, the labour force increased by 31,000 and unemployment dropped by 26,000. The unemployment rate declined to 7.8%, its lowest level in more than six years.

The growth in employment was concentrated in the 25 and over age group. Females, in particular, showed a significant gain as their level of employment rose by 44,000. Among younger workers (age 15 to 24) employment was virtually unchanged from January. In addition, most of the new jobs were full-time. The majority of the growth was centred in Ontario and Alberta.

### Labour Force

	Oct.	Nov.	Dec.	Jan.	Feb.
	Change, previous month				
Labour force ('000)	44	-3	56	40	31
Employment ('000)	58	24	66	38	57
15-24 years ('000)	9	-11	20	7	-2
25 years & over ('000)	49	35	46	31	59
Unemployment ('000)	-14	-27	-10	2	-26
Unemployment rate	8.4	8.2	8.1	8.1	7.8

## Unemployment Rate

(percent, seasonally adjusted)



In February, the drop in the seasonally adjusted level of unemployment was most beneficial to young workers whose level of unemployment fell by 22,000. There was a slight decrease among those aged 25 and older.

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

## Growing Numbers of Canadians Make Short-term Trips to the U.S.

Preliminary estimates show that Canadian residents took over 336,100 trips of one or more nights to countries other than the United States during January 1988. This volume represents an increase of over 12% from the same month last year and was the fifteenth consecutive month of record volumes.

Overnight trips to the United States by Canadian residents numbered 784,400, up 8% from January 1987. Trips to the U.S. accounted for 70% of overnight travel outside the country. This percentage traditionally falls to its lowest point in January and climbs to its highest point (almost 90%) in July.

Canadians travelling to the U.S. for less than 24 hours totalled 2.4 million in January, up 26% from a year earlier. This advance is a continuation of the rising trend noted since 1984. However, the increases registered throughout 1987 were substantially higher than those recorded in earlier years.

Travel to the U.S. for less than 24 hours (same-day travel) rose sharply (32%) in 1987. Automobile traffic accounted for over 95% of this total and was primarily

### Price Differential and Travel

	1982	1983	1984	1985	1986	1987
	% change, previous year					
gasoline price differential (cents per litre)	5.2	8.6	11.0	11.3	13.3	16.7
same day auto travel (millions)	10.0	12.0	11.7	12.3	12.8	15.5

responsible for the increase. British Columbia represented nearly 60% of the growth in same-day auto travel, while Ontario was responsible for slightly less than a quarter of the growth in short-term trips. Although the differential has existed since 1982, it grew sharply in 1987. After adjusting for exchange rates, gasoline was selling in the U.S. for approximately 17 cents a litre less than in Canada<sup>1</sup>.

Reports from Canada Customs suggests that the significant increase in Canadian same-day automobile travel was due to a differential in gasoline prices.

(continued on page 5)



## PUBLICATIONS RELEASED FROM MARCH 11 TO 17

### AGRICULTURE

**Cereals and Oilseeds Review**, December 1987. Catalogue number 22-007 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

**The Dairy Review**, December 1987. Catalogue number 23-001 (Canada: \$11; Other Countries: \$12).

**Production and Stocks of Eggs and Poultry**, December 1987. Catalogue number 23-003 (Canada: \$11/\$110; Other Countries: \$12/\$120).

### EDUCATION, CULTURE AND TOURISM

**Touriscope - International Travel**, Advance Information, January 1988. Catalogue number 66-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

### INDUSTRY

**Gas Utilities**, November 1987. Catalogue number 55-002 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

**Merchandising Inventories**, October 1987. Catalogue number 63-014 (Canada: \$13/\$130; Other Countries: \$14/\$140).

**Monthly Production of Soft Drinks**, January 1988. Catalogue number 32-001 (Canada: \$2.50/\$25; Other Countries: \$3.50/\$35).

### INPUT-OUTPUT

**Provincial Gross Domestic Product by Industry**, 1971-1984. Catalogue number 15-203 (Canada: \$28; Other Countries: \$29).

### INTERNATIONAL TRADE

**Exports by Commodity**, December 1987. Catalogue number 65-004 (Canada: \$50/\$500; Other Countries: \$60/\$600).

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

**Preliminary Statement of Canadian International Trade**, January 1988. Catalogue number 65-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

### PRICES

**The Consumer Price Index**, February 1988. Catalogue number 62-001 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

### TRANSPORTATION

**Aviation Statistics Centre Service Bulletin Vol. 20, No.3**, March 1988. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

**Surface and Marine Transport Service Bulletin Vol. 4, No. 2**. Catalogue number 50-002 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

**Surface and Marine Transport Service Bulletin, Vol. 4, No. 3**. Catalogue number 50-002 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

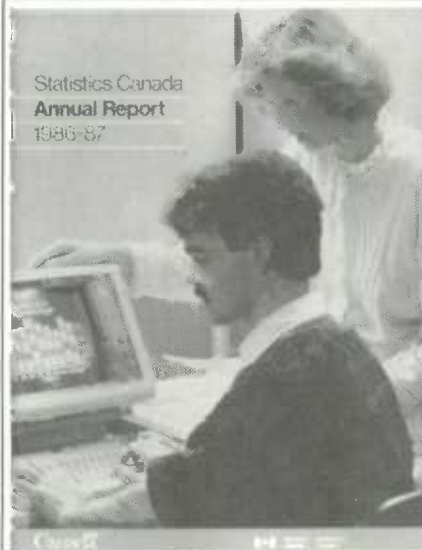
## NEW FROM STATISTICS CANADA

### The 1986-87 Annual Report

The 1986-87 Annual Report of Statistics Canada has been tabled in the House of Commons by the Minister and is now available to the public.

The Annual Report surveys major accomplishments of the Agency in fiscal year 1986-87: the 1986 Census; the rebasing of the System of National Accounts; the development of new programs such as the world trade and small business databases; technology-assisted improvements in efficiency; co-operative ventures at the international level. It also includes a financial statement and bibliography of research papers published in 1986-87.

*The 1986-87 Annual Report* (Catalogue number 11-201) is available free of charge from Private Sector Relations (613-951-4636), Communications Division.



## ... Growing Number of Canadians Make Short-term Trips to the U.S.

Given the proximity of the British Columbia population to the Canada/U.S. border, the price differential was likely a significant factor in the increase in same-day auto travel to the United States. The accompanying table illustrates the relationship between the price differential and the number of Canadians returning from visits to the U.S. In 1980 and

1981, the price differential favoured Canada and there was a marked increase in the number of short-term automobile trips made to Canada by U.S. residents.

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

<sup>1</sup> Data from Energy Mines and Resources.

## Value of Building Permits Continues to Slide

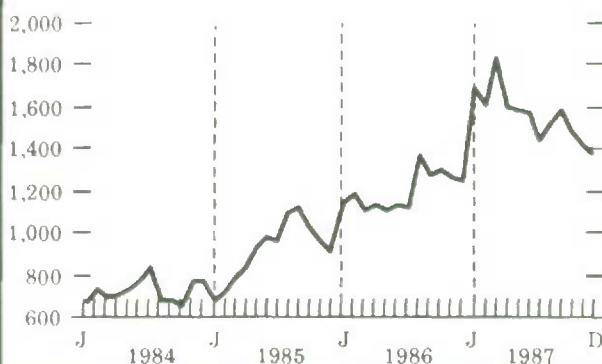
- In December, the seasonally adjusted value of building permits issued by Canadian municipalities was \$2.4 billion, down 3.2% from October.
- Except for month-over-month increases in August and September, the value of building permits has generally been declining since April. Both residential and non-residential building permits have followed this trend.
- The estimated value of residential building permits dropped 1.9% in December, to \$1.4 billion.
- The continued slowing in residential construction activity was entirely the result of a decrease in permits issued for multi-family dwellings.
- The value of multi-family dwelling permits dropped 11.2%, while permits issued for single-family dwellings rose 2.4% over the previous month.

### Building Permits

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Residential	1.7	6.7	-4.7	0.1	-3.2
Non-residential	5.5	4.1	-6.0	-5.2	-1.9
Total	-4.2	11.0	-2.5	8.3	-4.8

### Residential Construction

(millions of dollars, seasonally adjusted)



- The number of dwelling units authorized was down 8.6% in December. The annual rate was 190,600.
- The estimated value of non-residential permits was down a further 4.8%, continuing the downturn in construction intentions.
- Gains were recorded in both the governmental and commercial components, but the industrial component dropped sharply.

For further information, contact Science, Technology and Capital Stock Division at (613) 951-2583 or order Building Permits (catalogue number 64-001).

## How to Order Publications

Statistics Canada publications may be purchased by mail order from Publication Sales, Room 1710, Main Building, Statistics Canada, Ottawa K1A 0T6 or phone 613-951-7276.

Please enclose cheque or money order payable to the Receiver General for Canada/Publications and provide full information on publications required (catalogue number, title, issue).

Publications may also be ordered through Statistics Canada's offices in St. John's, Halifax, Montreal, Ottawa, Sturgeon Falls, Toronto, Winnipeg, Regina, Edmonton, Calgary and Vancouver, or from authorized bookstore agents or other booksellers.

A national toll-free telephone order service is now in operation at Statistics Canada. The toll-free line (1-800-267-6677) can be used by Canadian customers for the ordering of Statistics Canada products and services.



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**LATEST MONTHLY STATISTICS**

			Previous Month	% Change From Year Ago
<b>EMPLOYMENT, INCOME</b>				
Average Weekly Earnings (\$)	Dec.	451.69	451.05	4.3
Labour Income (\$ million)	Dec.	24,433	24,663	6.7
Persons with Jobs (million)	Feb.*	11.94	11.82	4.5
Unemployed (thousand)	Feb.*	1,126	1,161	-15.7
<b>INVENTORIES</b>				
Department Store (\$ million)	Dec.	4,031	5,133	-5.0
Manufacturers' Owned (\$ million)	Dec.	34,374	34,278	4.4
<b>ORDERS</b>				
Manufacturers' New Orders (\$ million)	Dec.	21,644	23,039	9.2
Manufacturers' Unfilled Orders (\$ million)	Dec.	24,221	24,573	2.9
<b>PRICES</b>				
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
<b>CONSTRUCTION</b>				
			<b>Year-to-date</b>	
Building Permits (\$ million)	Nov.	1,992	28,047	22.6
Housing Starts - Urban Centres (units)	Dec.	14,089	215,814	26.3
<b>ENERGY</b>				
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
<b>FOREIGN TRADE</b>				
Exports - Balance of Payments Basis (\$ million)	Jan.*	10,005	10,005	9.2
Imports - Balance of Payments Basis (\$ million)	Jan.*	11,899	11,899	35.3
<b>SALES</b>				
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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