

I·N·F·O·M·A·T

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

Friday, April 8, 1988

OVERVIEW

■ Sustained Growth in the Composite Leading Indicator

The composite leading indicator rose 0.4% in January, similar to the growth rates recorded in the two preceding months.

■ GDP Registers Modest Growth

Gross domestic product increased by 0.1% in January. The service-producing industries provided the main support for this advance.

■ Average Weekly Earnings Rise 4.2%

The year-over-year increase in January represents the fourth consecutive month of increases above 4%.

■ Non-residents Increase Investment in Canadian Bonds

In January, net foreign investment in outstanding Canadian bonds amounted to \$580 million, similar to net investments recorded in the previous two months.

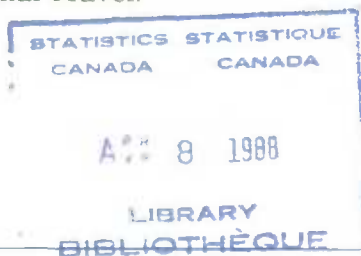
■ Downward Trend in Raw Materials Prices

The raw materials price index decreased 2.8% in February. In the past six months the index has declined five times, mirroring the activity of its most heavily weighted component, mineral fuels.

■ Industrial Product Prices Decline

For the first time in 11 months, the IPPI decreased (-0.6%). Sharp drops were recorded for prices of petroleum and coal products and primary metal products.

■ This issue also includes articles on Unemployment Insurance Statistics and International Travel.



Sustained Growth in the Composite Leading Indicator

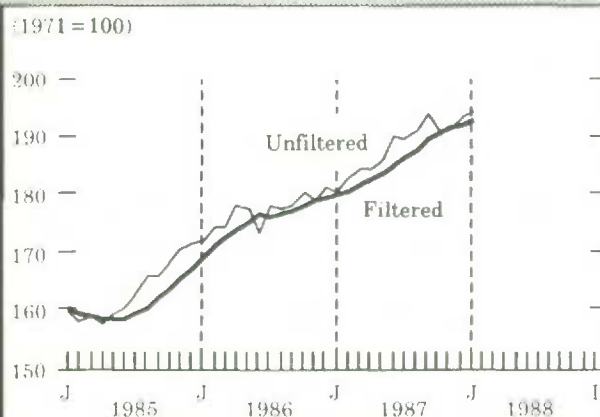
The composite leading indicator rose 0.4% in January, similar to the growth rates recorded in the two preceding months. The increases were largely attributable to the manufacturing indicators, which all showed strong growth, supplemented by higher motor vehicle sales.

The household demand indicators remained mixed in the current month. Sales of durable goods continued to rise, while residential construction decreased for the sixth month in a row. The annual rate of housing starts in urban centres dropped to 169,000 units in January from 185,000 in December. (The average annual level of starts in the current expansion is 154,000 units for urban centres.)

New orders for durable goods rose 1.2% in January, the sixth consecutive month of strong growth. The January increase was mainly attributable to the transportation equipment industries. Canadian and American automotive production recovered, as car sales posted steady growth in 1987. The increase in the length of the average work week continued.

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Composite Leading Indicator



Statistics Canada
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Canada

... Sustained Growth in the Composite Leading Indicator

After slowing throughout the fall, the smoothed leading indicator for the United States decreased (-0.3%) in January, its first decline in several months. This

decrease was mainly a result of a larger decline in the U.S. stock market than was recorded in Canada. In February, however, renewed strength in most of the components resulted in a rise of 0.9% in the non-smoothed version of the U.S. indicator.

For further information, contact International and Financial Economics Division at (613) 951-3627 or order the Canadian Economic Observer (catalogue number 11-010).

GDP Registers Modest Growth

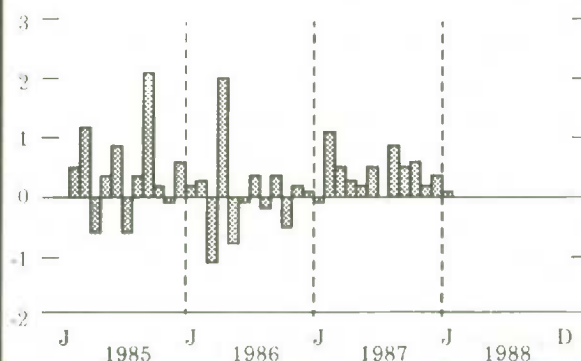
Gross domestic product at factor cost in 1981 prices rose 0.1% in January, following an increase of 0.4% in December. From January to October last year, growth averaged about 0.5% per month. Since October, growth has averaged about 0.2%.

The service-producing industries increased by 0.2% in January, resulting mostly from output gains in transportation, wholesale trade, and community, business and personal services. Retail trade declined 0.5% in January, following the 1.1% advance recorded in December.

Output of the goods-producing industries declined 0.1% in January, the first monthly decrease since July. Most of the January weakness occurred in two primary industries: logging and forestry, and mining. A 6.8% decline in lumber production reflected declining housing starts in both Canada and the U.S. in recent months. The construction industry reported a 0.6% decline in January with both residential and non-residential building construction recording decreased output. Mining output fell 1.0% as decreases in production were widespread. Manufacturing industries reported a 0.2% output gain in January, following 0.7% growth in December. Significant production increases by manufacturers of motor vehicles were reflected in strong

Gross Domestic Product at Factor Cost

(% change, previous month)



automobile exports in January. The wood products industries were a source of weakness, declining by 4.7%, the fourth consecutive monthly decline. Utilities increased a substantial 2.3% during the month.

For further information, contact Industry Measures and Analysis Division at (613) 951-3673 or order Gross Domestic Product by Industry (catalogue number 15-001).

Average Weekly Earnings Rise 4.2%

Preliminary data for January 1988 estimated average weekly earnings for all employees at \$453.76, an increase of 4.2% from the January 1987 level. This represents the fourth consecutive month when the year-over-year increases were greater than 4%. The data also showed an estimated 9,810,000 employees at the Canada industrial aggregate level, an increase of 134,000 (1.4%) from January 1987. The industrial aggregate is the sum of all industries with the exception of agriculture, fishing and trapping, religious organizations, private households and military personnel.

Compared to January 1987, average weekly earnings at the Canada industrial aggregate level increased by \$18.40 (4.2%). Both goods and service-producing industries exhibited similar percentage increases. The year-over-year growth in earnings has increased noticeably over the last five months in the finance, insurance and real estate industry and the community, business and personal services industry where January's year-over-year growth was the highest since the beginning of the survey in 1983.

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... Average Weekly Earnings Rise 4.2%

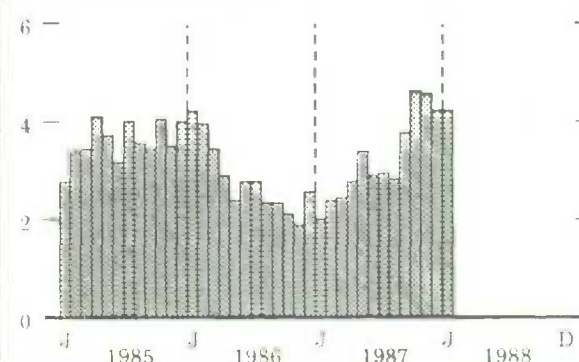
Employment growth has eased on a year-over-year basis from 3.0% in August to 1.4% in January. Employment growth within the goods-producing industries weakened from December to January, particularly in the forestry and manufacturing industries. The construction industry has also been a source of weakness over the last three months. The service-producing industries, a major contributor to employment growth until the middle of 1987, have recorded slower growth, particularly over the last three months. Increases in transportation, communication and other utilities as well as finance, insurance and real estate have been offset by declines in community, business and personal services.

Average weekly hours were estimated at 38.7 in the goods-producing industries and 27.9 in the service-producing industries. A slight increase was recorded for hourly paid workers relative to January 1987, while for salaried workers average hours worked remained unchanged.

For further information, contact Labour Division at (613) 951-4090 or order Employment, Earnings and Hours (catalogue 72-002).

Average Weekly Earnings (Industrial Aggregate)

(% change, previous year)



Non-residents Increase Their Investment in Canadian Bonds

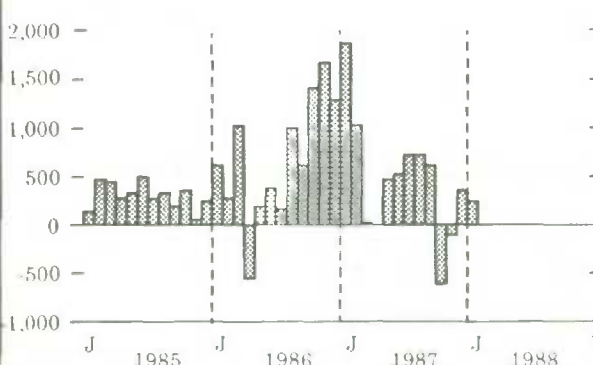
In January, there was substantial net foreign investment (\$580 million) recorded from trading in outstanding Canadian bonds. The investment in January was similar to the net investments recorded in the two previous months. The United Kingdom and the United States were the main buyers of Canadian bonds, while Japan continued to reduce its holdings. The gross value of bonds traded rose by over 40% from the low level registered a month earlier.

Non-residents reduced their holdings of outstanding Canadian stocks by \$309 million in January. This was the fourth consecutive monthly decrease and brought the net decline since last September to \$1.6 billion. The gross value of stocks traded (sales and purchases) with non-residents dropped by more than a quarter, to its lowest monthly value in over a year.

Canadian residents reduced their holdings of foreign securities by over \$1 billion in January. Most of this decrease originated in bond trading. The net reduction in holdings of foreign bonds (\$971 million) more than

Net Sales of Canadian Securities

(millions of dollars)



offset the net investment recorded for all of 1987. Almost all of this disinvestment stemmed from a reduction in holdings of U.S. bonds.

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...Non-residents Increase Their Investment

A small disinvestment was also recorded from trading in outstanding foreign stocks, in contrast to a large net investment in the previous month. A net investment in U.S. stocks was offset by a decrease in Canadian holdings of overseas stocks.

For further information, contact International and Financial Economics Division at (613) 951-9052 or order Security Transactions with Non-residents (catalogue number 67-002).

Security Transactions

	Sept.	Oct.	Nov.	Dec.	Jan.
Net sales	millions of dollars				
Canadian Securities					
Bonds	121	-250	547	630	580
Stocks	511	-379	-666	-263	-309
Total	632	-628	-119	367	271
Foreign Securities					
Bonds	-26	-485	126	-159	971
Stocks	-197	-388	195	-363	65
Total	-223	-873	321	-522	1,036

Downward Trend in Raw Material Prices

The raw materials price index (1981=100) decreased 2.8% in February, its third consecutive monthly decline. In the past six months the index has declined five times, mirroring the activity of its most heavily weighted component, mineral fuels.

The mineral fuels component was down 4.6% in February, mainly due to decreases in crude oil prices. This was the third consecutive drop of this magnitude for the mineral fuels component and the fifth decrease in six months.

The non-ferrous metals component dropped sharply (-10.1%) in February after registering a slight decrease in the preceding month. These two declines followed a ten-month period when the component registered large monthly advances.

Raw Materials Price Index

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Total	-0.9	0.2	-0.9	-1.9	-2.8
Animal products	-2.0	-3.3	-0.4	-1.0	1.6
Non-ferrous metals	2.4	6.6	7.2	-0.7	-10.1
Mineral fuels	-2.4	0.2	-4.7	-4.6	-4.6
Excluding mineral fuels	0.2	0.3	1.7	0.0	-1.7

Animal and animal product prices rose 1.6% in February, primarily in response to higher prices for hogs, unprocessed milk and for furs, hides and skins. This was the first increase in this component since August 1987.

For further information, contact Prices Division at (613) 951-9606 or order Industry Price Indexes (catalogue number 62-011).

Industrial Product Prices Decline

In February, the Industrial Product Price Index (IPPI, 1981=100), which measures the price movements of the commodities sold by Canadian industries, dropped 0.6%. This was the first decline in the index in 11 months. The year-over-year change also showed a deceleration, to 4.3% in February from nearly 5% in December and January.

The price index for petroleum and coal products dropped 3.9% in February, mainly as a result of lower prices for gasoline and fuel oil products. This component has declined each month since October.

After registering increases for 11 consecutive months, the primary metal products component declined by 2.7%. This decrease was primarily the result of a drop of 14.8% in prices for copper and copper alloy products. Significant declines were also recorded in prices for primary lead forms, refined gold bullion and silver.

Industrial Product Price Index

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Total	0.3	0.5	0.2	0.7	-0.6
Primary metal	2.0	2.9	2.9	1.3	-2.7
Petroleum and coal products	-0.5	-0.3	-1.2	-0.5	-3.9
Excluding coal and petroleum products	0.5	0.6	0.4	0.9	-0.3

For the first time since September 1987, the meat products component registered an increase (0.4%). Higher prices for pork, beef and chicken were the main source of this advance.

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

Number of UIC Beneficiaries Edges Up In January

For the week ending January 16, 1988, preliminary estimates show that the number of beneficiaries receiving regular unemployment insurance benefits totalled 879,000, up 1.0% on a seasonally adjusted basis from the preceding month. The number of beneficiaries has generally been declining since 1983.

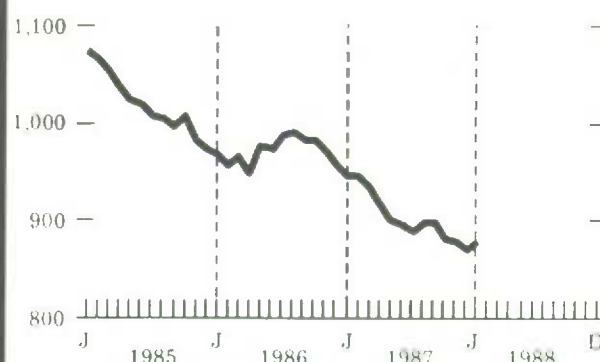
Between December 1987 and January 1988, the number of beneficiaries receiving regular payments increased in most provinces; a decrease was recorded in the Yukon while Nova Scotia, Ontario and Alberta were little changed.

Benefits paid during January 1988 totalled \$1,053 million, up slightly (0.3%) from January 1987. Over the same period, average weekly payments increased 6.0% to \$202.09, while the number of weeks paid decreased by 5.4% to 5.2 million.

For 1988, Employment and Immigration Canada has raised the maximum weekly benefit level to \$339 from \$318 in 1987.

Beneficiaries – Regular Benefits

(thousands, seasonally adjusted)



For further information, contact Labour Division at (613) 951-4045 or order *Unemployment Insurance Statistics* (catalogue 73-001).

Olympics Boost International Travel Results

Preliminary estimates show that the number of non-residents visiting Canada for one or more nights was up 12% in February over the same month a year earlier. This increase was significantly higher than those recorded in recent months. The Calgary Olympic Games played a major role in this increase.

The effect of the Olympics on tourism was most clearly seen in the number of visitors to Alberta during February. In total, 54,445 non-residents entered Alberta directly during the month, approximately three times higher than the previous record for this time period. In addition, the number of foreign tourists entering British Columbia was also up sharply for the month.

Conversely, one million Canadian residents left the country for one or more nights in February. This represents an 11% increase over February 1987 and was a continuation of the trend to higher levels of international travel. Overnight trips to the United States were up 9.9% and tourist trips to overseas countries surpassed last year's volume by 15.6%.

International Travel

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Foreign visitors from					
United States	-2.6	0.2	5.6	7.2	7.8
Other countries	15.1	16.9	9.9	15.3	46.5
All countries	-0.2	2.5	6.3	8.5	12.5
Canadian visitors to					
United States	7.1	15.7	13.3	7.6	9.9
Other countries	25.1	8.0	9.3	12.2	15.6
All countries	18.3	14.3	12.5	8.9	11.4

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

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.

PUBLICATIONS RELEASED FROM MARCH 25 TO 7 APRIL

AGRICULTURE

Farm Product Price Index, January 1988. Catalogue number 62-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

INDUSTRY

Fruit and Vegetable Preservation, Vol. 16, No. 11, Pack of Processed Peaches, 1987. Catalogue number 32-023 (Canada: \$7/\$115; Other Countries: \$8/\$125).

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, December 1987. Catalogue number 47-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

The Sugar Situation, January 1988. Catalogue number 32-013 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

INDUSTRY MEASURES AND ANALYSIS

Gross Domestic Product by Industry, December 1987. Catalogue number 15-001 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, December 1987. Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$16/\$160).

LABOUR

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

SERVICES

Communications Service Bulletin, Vol. 18, No. 1, Telecommunication Statistics, Fourth Quarter 1987. Catalogue number 56-001 (Canada: \$7.50/\$45; Other Countries: \$8.50/\$51).

Restaurant, Caterer and Tavern Statistics, December 1987. Catalogue number 63-011 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

Telephone Statistics, December 1987. Catalogue number 56-002 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

TRANSPORT

Railway Carloadings, December 1987. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

NEW FROM STATISTICS CANADA

Developing a Longitudinal Database on Businesses in the Canadian Economy: An Approach to the Study of Employment

The role of small business in the creation of new jobs has generated considerable public interest in the 1980s. In particular, there is a widespread perception that small business accounts for most of the jobs created in recent years. These assertions often cite a recently created Statistics Canada database on employment by size of firm. **Developing a Longitudinal Database on Businesses in the Canadian Economy: An Approach to the Study of Employment** outlines how this database was created and analyses the pitfalls in using it to make assertions about our current knowledge of the role of small business in the dynamics of job creation.

Developing a Longitudinal Database on Businesses in the Canadian Economy (catalogue number 18-501) will be available later this month. In addition, it will be discussed in the feature article in the April issue of the Canadian Economic Observer (catalogue number 11-010). For information contact J. McMechan (613) 951-1854 or J. McVey at (613) 951-3610.

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Jan.*	453.76	451.46	4.2
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
INVENTORIES				
Department Store (\$ million)	Jan.	3,749	4,031	-0.2
Manufacturers' Owned (\$ million)	Jan.	34,845	34,252	4.4
ORDERS				
Manufacturers' New Orders (\$ million)	Jan.	21,620	21,706	10.1
Manufacturers' Unfilled Orders (\$ million)	Jan.	24,687	24,348	4.7
PRICES				
Consumer Price Index (1981 = 100)	Feb.	141.3	140.8	4.0
New House Price Index (1981 = 100)	Jan.	123.6	123.2	11.1
Raw Materials Price Index (1981 = 100)	Feb.*	98.9	101.7	0.5
Excl. minerals fuels	Feb.*	112.1	114.1	7.2
Industrial Product Price Index (1981 = 100)	Feb.*	125.5	126.3	4.3
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	Nov.	1,992	28,047	22.6
Housing Starts - Urban Centres (units)	Jan.*	11,687	11,687	-18.3
ENERGY				
Coal Production (thousand tonnes)	Jan.*	6,192	6,192	27.0
Electricity Generation (gigawatt hours)	Jan.*	48,949	48,949	4.2
Natural Gas Production (million cubic metres)	Dec.*	12,083	113,087	6.9
FOREIGN TRADE				
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
SALES				
Department Store Sales (\$ million)	Jan.	730	730	-0.5
Manufacturers' Shipments (\$ million)	Jan.	21,279	21,279	8.7
New Motor Vehicle Sales (\$ million)	Jan.	1,494	1,494	16.9
Refined Petroleum Products (thousand cubic metres)	Feb.*	6,638	13,217	6.2
Retail Sales (\$ million)	Jan.	11,313	11,313	9.6

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



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KEY RELEASE CALENDAR: April 1988*

Monday	Tuesday	Wednesday	Thursday	Friday
				1
4	5 International Travel, February	6	7 Composite Leading Indicator, January	8 Labour Force Survey, March Labour Income, January
11 New Housing Price Index, February Farm Product Price Index, February	12 Housing Starts, February Building Permits, January	13 Department Store Sales, February	14 New Motor Vehicle Sales, February Help-wanted Index, March	15 Consumer Price Index, March
18	19 International Trade, February	20 Language, Income and Housing Data from 1986 Census	21 Retail Trade, February	22 Department Store Sales and Stocks, February Wholesale Trade, February
25 Shipments, Inventories and Orders, February Crude Oil and Natural Gas, January	26 Security Transactions, February	27 Employment, Earnings and Hours, February Unemployment Insurance Statistics, February	28 Gross Domestic Product, February	29 Industrial Product Price Index, March Raw Materials Price Index, March

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may vary slightly.

I.N.F.O.M.A.T**A Weekly Review**

Published by the Communications Division
Statistics Canada.

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R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2/\$100; other countries, \$3/\$150. To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6 or telephone Publication Sales at 1-800-267-6677.

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