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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, April 29, 1988

OVERVIEW

Gross Domestic Product Edges Down

GDP decreased 0.2% on a month-over-month basis in February, following no growth in January.

Productivity Grows 1.4%

In 1987, output per person-hour for the business sector showed an increase of 1.4%. The growth rate of productivity has stabilized over the last three years.

Large Foreign Investment in Canadian Bonds

In February, net foreign investment in outstanding Canadian bonds increased sharply to $1 billion, compared to a monthly average of $600 million in the previous three months.

Department Store Sales Remain Weak

Department store sales rose a modest 0.2% in February, following a notable decrease in January.

Value of Farm Capital Continues to Fall

Farm capital was down 5% in 1987, dropping for the fifth consecutive year. Since peaking in 1982, the value of farm capital has dropped 21%.

Wholesale Trade Still Strong

In February, wholesale merchants' sales were up 14% over the same month of 1987 and their year-to-date sales were 12.7% higher.

This issue **also** includes articles on **Canadian Cancer Statistics, Industrial Employment** and **Unemployment Insurance Statistics.**

Gross Domestic Product Edges Down

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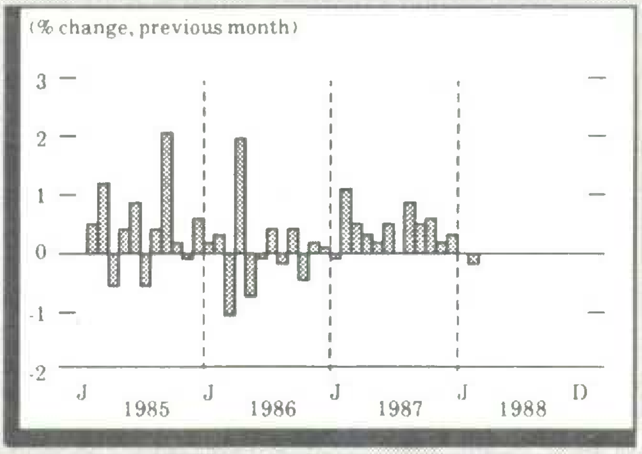
Gross domestic product at factor cost (1981 prices) decreased 0.2% on a month-over-month basis in February, following no growth in January. In 1987, the average monthly growth rate was 0.4%. Output from the goods-producing industries fell 0.5% in February, while output from the services-producing industries was unchanged from January.

Most of the decline among the goods-producing industries occurred in manufacturing, where output decreased 1.3%. This was the sharpest monthly decline since August 1986. Prior to declines in the two most recent months, output from the manufacturing industries rose for five consecutive months.

Lower production levels were widespread in February, as 18 of the 21 major manufacturing groups recorded output decreases. Individual manufacturing industries which reported particularly large production declines included manufacturers of motor vehicles, smelting and refining operations, primary steel, power boiler and structural metal, and office, store and business machines.

(continued on page 2)

Gross Domestic Product at Factor Cost



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... Gross Domestic Product Edges Down

The construction industry posted its third consecutive monthly decline, falling 1.1% in February. This decrease was primarily due to a drop in residential construction. Slight output reductions were also recorded in both the utilities and agriculture industries.

The most significant increase in the month originated in the mining, quarrying and oil well industry, where a strong surge in production of crude petroleum accounted for about 85% of the overall gain in mining. Domestic refinery demand and export demand for crude petroleum were at relatively high levels throughout January and February.

The services-producing industries recorded no growth in both January and February, following a 0.3% gain in December. Output increases in finance, insurance and real estate, community, business and personal services, and communication industries were offset by declines in transportation and retail trade in the current month.

Increased activity among real estate agencies and the stock exchanges accounted for most of the growth in the finance, insurance and real estate industry. The community, business and personal services industry advanced 0.5% in February. Most of this growth originated in amusement and recreation services, which recorded higher output levels as a result of the 1988 Calgary Winter Olympics.

The output decline in the transportation industry was due almost entirely to a sharp decrease in truck transport. The retail trade industry fell 1.0% in February, following a similar decrease in January. Most of the February weakness was due to a sharp drop in sales by new motor vehicle dealers. In January, the declines in retail trade were widespread.

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

Real Gross Domestic Product

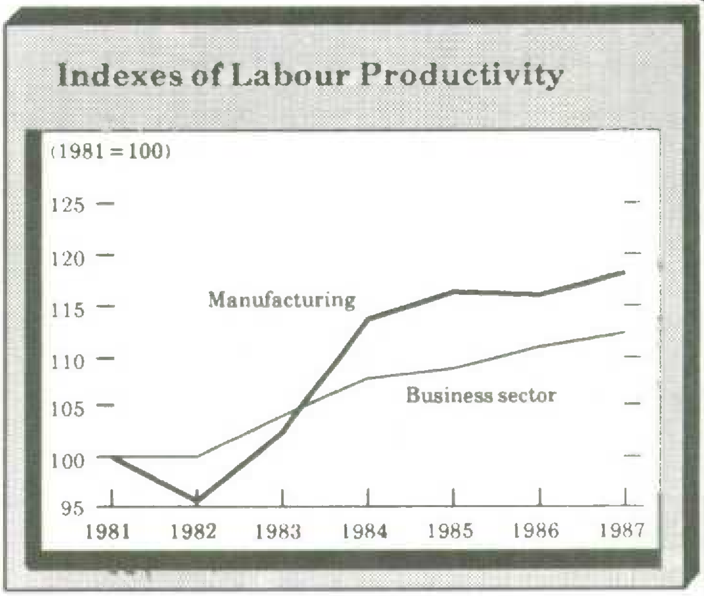
	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Real Gross Domestic Product	0.6	0.1	0.3	0.0	-0.2
Goods industries	0.6	0.6	0.3	-0.1	-0.5
Service industries	0.6	-0.2	0.3	0.0	0.0

Productivity Grows 1.4%

Preliminary estimates of output per person-hour for the business sector showed an increase of 1.4% in 1987. The growth rate of productivity has stabilized over the last three years. Considerably larger gains, particularly in manufacturing, followed the 1982 recession.

Over the last five years, increases in labour compensation per person-hour moderated considerably, and finally stabilized around 4% per year in the business sector. Given the performance for productivity and labour compensation, unit labour costs have grown an average 1.9% annually over the last five years. This represents a significant decline from increases averaging 9.8% during the 1973 to 1982 period. In 1987, unit labour costs increased 2.6%.

Manufacturing industries registered productivity growth of 1.7% during 1987, an improvement over the slight decline observed in 1986. Unit labour costs in manufacturing increased 2.7% in 1987 and have averaged 0.5% per year from 1982 to 1987.



For further information, contact the Input-Output Division at (613) 951-3658.

Large Foreign Investment in Canadian Bonds

In February, net foreign investment in outstanding Canadian bonds increased sharply to $1 billion, compared to a monthly average of $600 million in the previous three months. Foreign investment from most geographical areas was strong with the exception of Japan. Despite slight reductions in recent months, Japanese total investment in Canadian bonds has been stable since the massive investments in late 1986 and early 1987. Gross trading activity (sales and purchases) also increased sharply in February. It reached $7.4 billion, its highest level since October 1986.

However, non-residents reduced their holdings of Canadian stocks by $274 million, the fifth consecutive monthly decrease. The net decline since last September was $1.9 billion. Several sizeable transactions involving the repurchase by Canadian corporations of their own shares in the United States market were major factors in the February decrease.

Residents invested nearly $500 million in outstanding foreign bonds in February, contrasting with a net disinvestment of $1 billion a month earlier. This investment was channelled into U.S. Government securities. A small net disinvestment resulted from trading in foreign stocks ($78 million), similar to that recorded in January.

Security Transactions with Non-Residents

Net sales	Oct.	Nov.	Dec.	Jan.	Feb.
	millions of dollars				
Canadian Securities					
Bonds	-250	547	630	586	1,013
Common and preferred stocks	-379	-666	-263	-312	-274
Total	**-628**	**-119**	**367**	**274**	**740**
Foreign Securities					
Bonds	-485	126	-159	971	-455
Common and preferred stocks	-388	195	-363	67	78
Total	**-873**	**321**	**-522**	**1,038**	**-377**

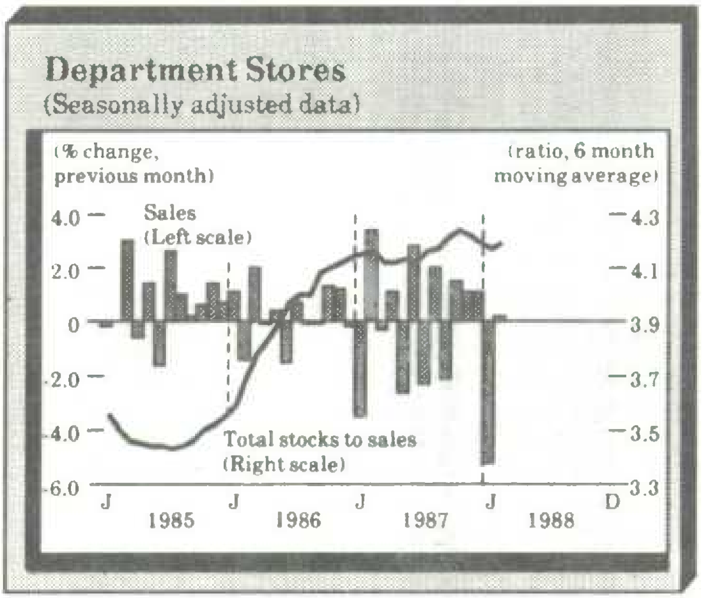
For further information, contact International and Financial Economics Division at (613) 951-9052 or order Security Transactions with Non-residents (catalogue number 67-002).

Department Store Sales Remain Weak

Compared to the previous month, seasonally adjusted department store sales rose a modest 0.2% in February, to a level of $1,045 million. While month-to-month growth rates continued to fluctuate, average monthly sales for 1988 were 4.3% below the monthly average in the fourth quarter of 1987.

Clothing and footwear sales, which represent almost 40% of total department store sales, declined in both January and February. Sales of housewares and appliances also recorded declines, while furniture and hardware sales increased.

Department store stocks rose sharply in February, up 5.4% following four consecutive monthly declines. Despite this increase stocks were only 3.0% higher than levels reported for February 1987. The stock to sales ratio, however, stood at 4.32:1 in February, up from the average ratio of 4.04:1 registered in the three previous months.



For further information, contact Industry Division at (613) 951- 3552 or order Department Store Sales and Stocks (catalogue number 63-002).

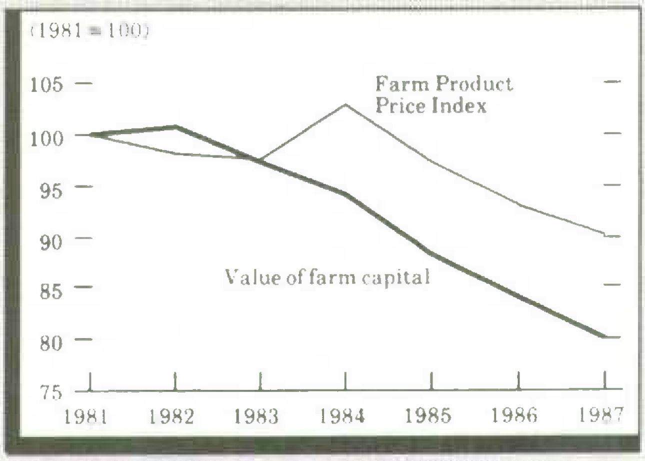
Value of Farm Capital Continues To Fall

The value of farm capital on July 1, 1987 was $104.3 billion, down 5% from the value a year earlier. This was the fifth consecutive annual decrease in farm capital, which has fallen 21% since it peaked in 1982.

The value of land and buildings, representing 71% of farm capital, fell 7% in 1987 and is now near 1979 levels. Farm values are partially influenced by current and expected prices of agricultural products. These prices, as measured by the Farm Product Price Index, have fallen in five of the the last six years. Provinces where the production of livestock and animal products are relatively more important than crops, experience more stability in land values.

Among the other capital components, the value of farm implements and machinery decreased 2% in 1987, despite an increase of 5% in the value of cars and trucks. The value of livestock and poultry increased 12% in 1987, partly due to higher inventories.

Indexes of Farm Capital and Prices



For further information, contact Agriculture Division at (613) 951-2442 or order Supplement 1 of Agriculture Economic Statistics (catalogue number 21-603, series 88-001).

Canadian Cancer Statistics

Estimates of new cancer cases and deaths, produced by applying regression methodology to actual figures for previous years, indicate that 96,300 new cases of cancer will be registered in 1988 (excluding non-melanoma skin cancer). Using the same methodology, deaths are expected to total 50,800 in 1988. Lung cancer is expected to account for 16% of new registered cancers and 26% of all cancer deaths.

Cancer is the second leading cause of death in both females and males, accounting for about one-quarter of all deaths for both sexes. Based on actual incidence rates for 1983, just over one in three Canadians can expect to develop some form of cancer (excluding non-melanoma skin cancer) during their lifetime. Circulatory disease is the leading cause of death. For children aged 1 to 14, motor vehicle accidents are the leading cause of death, followed by cancer.

Continuing the trend established since 1970, the rate of new cancer cases occurring per 100,000 population increased for both sexes in 1983. At least part of this increase was due to increases in incidence rates for cancers of the breast, lung and melanoma of the skin for females, and cancer of the lung, prostate and bladder in males. However, improvements in cancer registration and diagnostic procedures were responsible for most of the increase since 1970.

Mortality rates, on the other hand, have risen only slightly for males and remained constant for females. Trends in overall mortality are strongly influenced by changes in trends for lung cancer. When lung cancer is excluded, the overall cancer mortality rate for males decreased slightly, while the rate for females dropped about 10%.

The increase in per capita consumption of smoking tobacco since 1920 shows a close correlation with increases in lung cancer mortality rates since 1940. This correlation, while not proving cause and effect, supports other studies and suggests a latent period of about twenty years between starting smoking and development of cancer. The recent leveling off of lung cancer in males, observed for 1985 and 1986, parallels a drop in tobacco consumption which occurred in the mid-1960s. It will be interesting to see if the lung cancer mortality curve will track the consumption curve downwards over the next twenty years.

For further information, contact Health Division at (613) 951-1740 or order Canadian Cancer Statistics from the Canadian Cancer Society.

Average Weekly Earnings Increase 4.4%

Average weekly earnings for all employees were estimated at $455.73 for February, little changed from January and 4.4% higher than February 1987. Industrial aggregate employment was 9,830,000, representing an increase of 2.2% from a year earlier.

The 4.4% growth in aggregate average weekly earnings was led by mines, quarries and oil wells, where the 6.7% year-over-year increase in February was the highest recorded since 1984. Continued weakness in earnings growth was observed for both construction and forestry. Forestry recorded its second consecutive year-over-year decrease. Service-producing industries, led by community, business and personal services, continued to register advances in average weekly earnings. The finance, insurance and real estate industry exhibited a deceleration in February, after twelve months of strong growth. Saskatchewan, Alberta and British Columbia registered the highest earnings growth rates.

The total number of employees at the Canada industrial aggregate level was up an estimated 213,000 from February 1987. The goods-producing industries (forestry and construction in particular) continued the weak year-over-year employment growth observed in January. Within the service-producing industries, transportation, communication and other utilities increased year-over-year for the second consecutive month, following twenty months of year-over-year decreases. Community, business and personal services, representing over one-third of total industrial employment, showed improvement in February after a series of month-to-month declines. Employment growth weakened in Newfoundland and Saskatchewan, while advances were recorded in Central Canada. Year-over-year growth rates in Manitoba and Alberta were the highest recorded in 12 months.

Average weekly hours for hourly paid employees, estimated at 31.4 in February, decreased slightly from January. Average hourly earnings were estimated at $13.37 in the goods-producing industries and $9.99 in the service-producing industries, little changed from January.

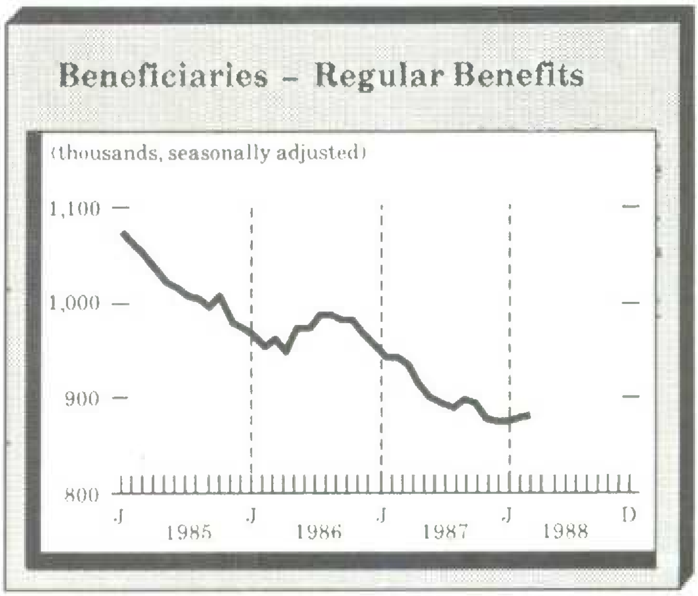
For further information, contact Labour Division at (613) 951-4090 or order Employment,Earnings and Hours (catalogue number 72-002).

Unemployment Insurance

For the week ending February 20,1988, preliminary estimates show that the number of beneficiaries receiving regular unemployment insurance benefits totalled 882,000, virtually unchanged on a seasonally adjusted basis from the preceding month. The number of beneficiaries has generally been decreasing since August 1986, when the total stood at 985,000.

While the number of beneficiaries increased 1.8% in Newfoundland, it decreased 3.3% in the Yukon, 1.3% in Alberta, and 1.2% in the Northwest Territories. Other provinces showed little or no change.

For the first two months of 1988, unemployment insurance benefit payments increased 3.6% from last year, to $2.1 billion. Over the same two-month period, the average weekly payment increased 6.3%, while the number of benefit weeks decreased 2.5%.



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

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings ($)	Feb.*	455.73	454.50	4.4
Labour Income ($ million)	Jan.	24,221	24,433	6.8
Persons with Jobs (million)	Mar.	12.00	11.94	4.3
Unemployed (thousand)	Mar.	1,181	1,126	-15.5
INVENTORIES				
Department Store ($ million)	Feb.*	4,208	3,749	4.8
Manufacturers' Owned ($ million)	Feb.	35,371	34,911	5.2
ORDERS				
Manufacturers' New Orders ($ million)	Feb.	22,408	21,518	9.2
Manufacturers' Unfilled Orders ($ million)	Feb.	25,013	24,747	4.7
PRICES				
Consumer Price Index (1981=100)	Mar.	142.0	141.3	4.1
New House Price Index (1981=100)	Feb.	124.9	123.6	10.3
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)	Dec.	2,409	**30,437**	**23.3**
Housing Starts – Urban Centres (units)	Feb.*	9,173	**20,860**	**-13.6**
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)	Jan.*	12,462	**12,462**	**2.9**
FOREIGN TRADE				
Exports – Balance of Payments Basis ($ million)	Feb.	10,951	**21,260**	**9.4**
Imports – Balance of Payments Basis ($ million)	Feb.	10,140	**19,844**	**12.9**
SALES				
Department Store Sales ($ million)	Feb.*	715	**1,445**	**2.1**
Manufacturers' Shipments ($ million)	Feb.	22,143	**43,300**	**8.5**
New Motor Vehicle Sales ($ million)	Feb.	1,730	**3,223**	**13.9**
Refined Petroleum Products (thousand cubic metres)	Feb.	6,638	**13,217**	**6.2**
Retail Sales ($ million)	Feb.	11,100	**22,300**	**9.9**

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

Wholesale Trade Still Strong

Preliminary estimates for February indicate that wholesale merchants' sales were up 14.0% over the same month a year earlier.

All of the major trade groups registered increases over February 1987, except for apparel, dry goods, furniture and general merchandise. These wholesalers reported a drop of 7.3%, the first year-over-year decrease since November 1986.

Wholesalers of electrical and non-electrical machinery, equipment and supplies reported an increase of 24.6%. This group has registered very strong advances since February 1987, consistent with higher levels of capital investment by the business sector.

All regions posted year-over-year gains in wholesale trade in February. In the Atlantic region, the size of increases in the first two months of the year was similar to the average increase registered in the fourth quarter of 1987. In Quebec, wholesale trade has been slightly stronger than in the last quarter of 1987. Ontario wholesalers reported an increase of 11.1% in February, continuing the trend towards more moderate advances noted since November. The Prairie region continued to register large increases, rising 25.3% in February over a year earlier. Gains in wholesale trade in British Columbia and the Territories appear to be moderating.

For further information, contact Industry Division at (613) 951- 3541 or order Wholesale Trade (catalogue number 63-008).

PUBLICATIONS RELEASED FROM APRIL 22 – 28

AGRICULTURE

The Dairy Review, January 1988. Catalogue number 23-001 (Canada: $11/$110; Other Countries: $12/$120).
Farm Product Price Index, February 1988. Catalogue Number 62-003 (Canada: $6.50/$65; Other Countries: $7.50/$75).
Field Crop Reporting Series, No. 3, Stocks of Canadian Grain, March 31, 1988. Catalogue number 22-002 (Canada: $7.50/$52; autres pays: $8.50/$58).
Fur Production, 1986-87. Catalogue number 23-207 (Canada: $30; Other Countries: $31).

DEMOGRAPHY

Quarterly Demographic Statistics, October-December 1987. Catalogue number 91-002 (Canada: $7/$28; Other Countries: $8/$32).

ECONOMIC AND SOCIAL ANALYSIS

Developing a Longitudinal Database on Businesses in the Canadian Economy, 1978-1984. Catalogue number 18-501E (Canada: $41; Other Countries: $43).

HEALTH

Cancer in Canada, 1983. Catalogue number 82-207 (Canada: $35; Other Countries: $36.50).
Nursing in Canada, 1986. Catalogue number 83-226 (Canada: $10; Other Countries: $11).

HOUSEHOLD

Income After Tax, Distributions by Size in Canada, 1986. Catalogue number 13-210 (Canada: $25; Other Countries: $26).

INDUSTRIAL ORGANIZATION AND FINANCE

Corporation Financial Statistics, 1985. Catalogue number 61-207 (Canada: $50; Other Countries: $51.50).

INDUSTRY

Asphalt Roofing, February 1988. Catalogue number 45-001 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Canada's Mineral Production, 1987. Catalogue number 26-202 (Canada: $20; Other Countries: $21).
Canned and Frozen Fruits and Vegetables, November 1987. Catalogue number 32-011 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Coal and Coke Statistics, January 1988. Catalogue number 45-002 (Canada: $9/$90; Other Countries: $10/$100).
Crude Petroleum and Natural Gas Production, December 1987. Catalogue number 26-006 (Canada: $9/$90; Other Countries: $10/$100).
Footwear Statistics, January 1988. Catalogue number 33-002 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Fruit and Vegetable Preservation Service Bulletin, Vol. 16, No. 4, Pack of Processed Peas, 1987. Catalogue number 32-023 (Canada: $7/$115; Other Countries: $8/$125).
Fruit and Vegetable Preservation Service Bulletin, Vol. 16, No. 22, Pack of Processed Mushrooms, 1987. Catalogue number 32-023 (Canada: $7/$115; Other Countries: $8/$125).
Gas Utilities, December 1987. Catalogue number 55-002 (Canada: $11.50/$115; Other Countries: $12.50/$125).
New Motor Vehicle Sales, December 1987. Catalogue number 63-007 (Canada: $9/$90; Other Countries: $10/$100).
Production, Sales and Stocks of Major Appliances, January 1988. Catalogue number 43-010 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Production of Selected Biscuits, Quarter Ended December 1987. Catalogue number 32-026 (Canada: $6.25/$25; Other Countries: $7.25/$29).

INDUSTRY – Concluded

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, December 1987. Catalogue number 35-003 (Canada: $6.50/$65; Other Countries: $7.50/$75).
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, January 1988. Catalogue number 35-002 (Canada: $9/$90; Other Countries: $10/$100).
Quarterly Report on Energy Supply-demand in Canada, Third Quarter 1987. Catalogue number 57-003 (Canada: $28.75/$115; Other Countries: $30.75/$123).
Retail Trade, January 1988. Catalogue number 63-005 (Canada: $16/160; Other Countries: $17/$170).
The Sugar Situation, February 1988. Catalogue number 32-013 (Canada: $4.50/$45; Other Countries: $5.50/$55).

INTERNATIONAL AND FINANCIAL ECONOMICS

Financial Flow Accounts, Third Quarter 1987. Catalogue number 13-002 (Canada: $35/$140; Other Countries: $36/$144).
National Income and Expenditure Accounts, Fourth Quarter 1987. Catalogue number 13-001 (Canada: $17.25/$69; Other Countries: $18.25/$73).
Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1987. Catalogue number 67-001 (Canada: $25/$100; Other Countries: $26/$104).

LABOUR

Employment, Earnings and Hours, January 1988. Catalogue Number 72-002 (Canada: $38.50/$385; Other Countries: $40.50/$405).
Labour Market Activity of Disabled Persons in Canada, 1983-1984. Catalogue Number 71-535 (Canada: $24; Other Countries: $25).
Quarterly Estimates of Trusteed Pension Funds, Third Quarter 1987. Catalogue number 74-001 (Canada: $10/$40; Other Countries: $11/$44).

PRICES

Construction Price Statistics, Fourth Quarter 1987. Catalogue number 62-007 (Canada: $16.50/$66; Other Countries: $17.50/$70).

PUBLIC INSTITUTIONS

Federal Government Employment in Metropolitan Areas, September 1987. Catalogue number 72-205 (Canada: $24; Other Countries: $25).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Capacity Utilization Rates in Canadian Manufacturing, Fourth Quarter 1987. Catalogue number 31-003 (Canada: $22/$88; Other Countries: $23/$92).
Housing Starts and Completions, December 1987. Catalogue number 64-002 (Canada: $16.50/$165; Other Countries: $17.50/$175).

SERVICE

Cable Television, 1986. Catalogue number 56-205 (Canada: $24; Other Countries: $25).

TRANSPORT

Air Passenger Origin and Destination, Canada – United States Report, 1986. Catalogue number 51-205 (Canada: $35; Other Countries: $36).
Passenger Bus and Urban Transit Statistics, 1986. Catalogue number 53-215 (Canada: $32; Other Countries: $33).
Railway Transport in Canada, 1986. Catalogue number 52-215 (Canada: $32; Other Countries: $33).

KEY RELEASE CALENDAR: May 1988*

Monday	Tuesday	Wednesday	Thursday	Friday
2 Industrial Product Price Index, March Raw Materials Price Index, March	**3** International Travel, March	**4** Business Conditions, Second quarter	**5** Composite Leading Indicator, February	**6** Labour Force Survey, April Labour Income, February Farm Input Price Index, First quarter
9 New Housing Price Index, March	**10** Farm Product Price Index, March	**11**	**12** Help-wanted Index, April	**13** Housing Starts, March
16	**17** International Trade, March New Motor Vehicle Sales, March	**18** Department Store Sales, March	**19**	**20** Consumer Price Index, April Travel Account, First quarter
23	**24** Wholesale Trade, March Inventories, Shipments and Orders, March	**25** Unemployment Insurance Statistics, March	**26** Farm Cash Receipts, March Net Farm Income, 1987 Crude Oil and Natural Gas, February	**27** Employment, Earnings and Hours, March Gross Domestic Product, March
30 Industrial Product Price Index, April Raw Materials Price Index, April	**31** Balance of Payments, First quarter Security Transactions, March	**1**	**2** Retail Trade, March Department Store Sales and Stocks, March	**3**

* 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

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