

I·N·F·O·M·A·T

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

Friday, July 15, 1988

OVERVIEW

■ Modest Increase in Merchandise Trade Surplus

In May, the merchandise trade surplus rose to \$728 million, up \$99 million from April. The surplus, however, has eased slightly from the average noted for the first four months of 1988.

■ Unemployment Rate Declines To 7.6%

The Labour Force Survey for June showed the lowest unemployment rate recorded since August 1981. Employment also declined in June, following a strong increase in May.

■ Motor Vehicle Sales Up in May

New motor vehicle unit sales increased 6.5% after a decrease in April. Sales have been following a rising trend since the beginning of 1988.

■ Continuing Growth in Labour Income

Labour income rose 0.5% in April, similar to the average monthly increase recorded for the previous six months.

■ Higher Growth in Fixed Assets

The annual growth rate in fixed assets is expected to be 3.8% for 1988, up from the average growth of 3.2% in the previous five years, but still below the average growth of 4.8% recorded in the years 1970 to 1982.

■ New House Prices Register Strong Advance

In May, the new housing price index rose 1.3%, the fourth strong monthly increase after four months of slower growth.

Modest Increase in Merchandise Trade Surplus

In May, the seasonally adjusted merchandise trade surplus rose to \$728 million, an increase of \$99 million from the previous month. However, these results represent a slight decline from the average surplus of \$813 million recorded for the first four months of 1988. The surplus had decreased in April, as exports dropped sharply. Exports rose in May, while imports were down slightly.

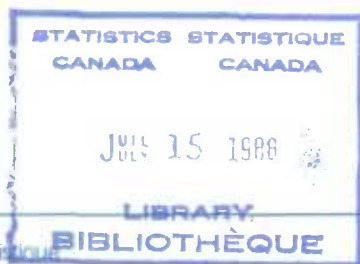
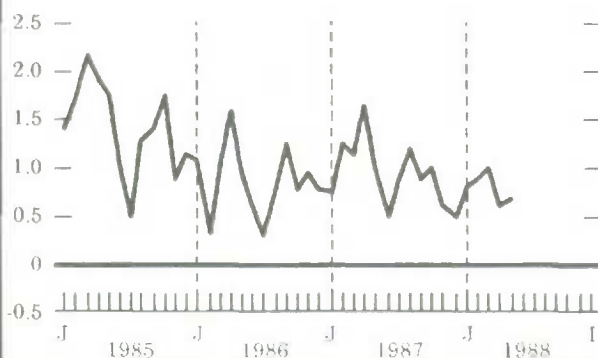
Seasonally adjusted exports totalled \$11.2 billion in May, an increase of \$78 million. This 0.7% rise contrasts with the 3.5% decrease recorded in April. The recovery in the value of exports was primarily attributable to fabricated materials. The largest monthly increase was posted for exports of precious metals, followed by organic chemicals and newsprint.

Imports edged down slightly in May, sliding 0.2% from April to \$10.4 billion. This was the second consecutive drop and the fourth decline since the start of the year. Despite this downturn, cumulative imports for 1988 were 13.4% higher than the level recorded in the first five months of 1987.

(continued on page 2)

Merchandise Trade Balance

(billions of dollars, seasonally adjusted)



Statistics
Canada

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Canada

... Merchandise Trade

Crude materials and energy products were major contributors to the decline in imports in May. Imports of crude petroleum alone fell \$91 million to \$206 million, the lowest level recorded since December 1986. Car imports were also down, dropping \$88 million to \$1.0 billion. The largest gains were posted for imports of aircraft, apparel and beverages.

The short-term trend for imports was down for a second consecutive month in April. However, the declines were marginal. The short-term trend for exports fell slightly in April, the first decrease in almost two years. The short-term trend is the result of a weighted moving average and does not include the

Merchandise Trade

	Jan.	Feb.	Mar.	Apr.	May
% change, previous month					
Imports	-4.5	-1.9	3.6	-0.8	-0.2
Exports	-2.1	-0.6	3.8	-3.5	0.7
change, previous month					
Balance (millions \$)	256	125	55	-322	99

latest month of data. It is therefore possible that seasonally adjusted data and the corresponding trend may not point in the same direction.

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

Unemployment Rate Declines to 7.6%

Labour Force Survey estimates for June showed declines in both employment and unemployment compared to the previous month. Employment decreased by 24,000, following an increase of 68,000 in May. The number of unemployed was down by 31,000 persons in June, resulting in a 7.6% unemployment rate, 0.2% lower than in May and the lowest value recorded since August 1981.

The decline in employment in June was concentrated among young persons, particularly men, aged 15 to 24, the third decline in four months for this group. Continued increases in employment were registered for those aged 25 years and over, with the June gain centred among women.

Full-time employment declined 73,000 in June, after the record 123,000 gain posted in May. Part-time employment rose following two consecutive monthly declines. From January to June, full-time employment increased by 83,000 persons, compared to an increase in part-time employment of 22,000.

The 20,000 drop in agricultural employment in June, which was mainly concentrated in Ontario, brought the year-to-date decline to 40,000. With respect to the non-agricultural industries, the marginal decrease in June followed 19 consecutive monthly gains. The declines among non-agricultural industries in June were concentrated among primary industries, trade and community, business and personal services. Partially offsetting these declines were continued increases in construction and in transportation, communication and other utilities. Employment has rebounded in these two industries in May and June.

Unemployment Rate and Employment (Labour Force Survey)



The level of employment declined in Newfoundland, Ontario and Saskatchewan in June, while increasing in Alberta. Ontario has led all provinces in employment gains so far this year with 43,000 persons. Increases of 33,000 were recorded in both Alberta and Quebec. British Columbia registered no employment growth in the January to June period, while in Saskatchewan employment declined by 8,000. The other provinces all recorded small increases.

The number of unemployed fell by 42,000 among young people (aged 15 to 24) in June, lowering the unemployment rate for this age group to 11.2%, the lowest rate observed since March 1975. Notable declines in the level of unemployment were recorded in New Brunswick, Quebec and Ontario.

For further information, order *The Labour Force* (catalogue number 71-001) or contact *Household Surveys Division* at (613) 951-4720.

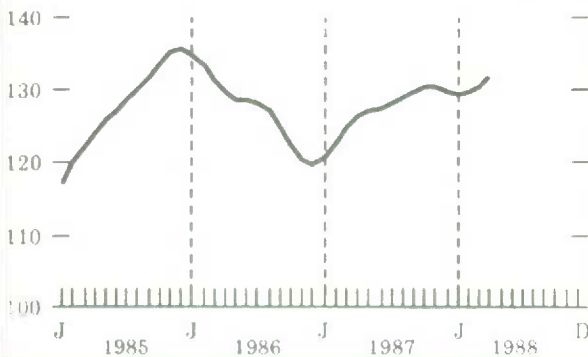
Motor Vehicle Sales Up in May

New motor vehicle sales in May, adjusted for seasonal fluctuations and the number of trading days, totalled 138,000 units, an increase of 6.5% over the previous month. Higher sales were posted for both passenger cars (6.7%) and commercial vehicles (6.1%).

Commercial vehicle sales have generally outpaced the growth in passenger car sales since early 1985. This strength reflects increased business spending on motor vehicles and the continuing popularity of small trucks and vans among household consumers.

New Motor Vehicle Sales

(thousands of units, short-term trend)



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

Motor Vehicle Sales

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
Passenger cars	0.6	-2.5	4.3	-2.4	6.7
North American	-1.3	-1.7	7.2	-6.7	11.3
Other countries	4.6	-4.1	-1.4	6.8	-2.1
Commercial vehicles	-1.1	-5.0	15.0	-4.3	6.1

For the first five months of 1988, total new motor vehicle sales increased 5.5% from the same period last year. Sales of domestic passenger cars were up 3.2%, while imported passenger car sales dropped 2.4%. Commercial vehicle sales continued to show strength with the year-to-date total 15.2% higher than in 1987.

The share of North American manufactured units within the Canadian passenger car market has been slowly increasing from a low of 66% recorded in mid-1987. The current level is, however, lower than the recent peak of 71% noted in October 1986. The higher share in recent months is partially the result of cash rebates and other incentives offered by North American manufacturers.

Motor vehicle sales have fluctuated markedly in recent months. The accompanying chart shows that the short-term trend of new motor vehicle sales has risen in recent months, after being relatively flat since September 1987.

Continuing Growth in Labour Income

In April, the seasonally adjusted estimate of wages and salaries was 0.5% over March. Since April 1987, month-to-month increases have ranged between 0.3% and 0.9%. Growth has been moderate since February, reflecting the growth rate of wages and salaries in the service-producing industries.

In the service-producing industries, the estimate of wages and salaries increased marginally in April (0.3%). However, the average growth rate for these industries in the first four months of the year was higher than in the closing months of 1987. In April, increases were noted in health and welfare services, and in commercial and personal services. Transportation,

communication and other utilities, and federal administration and other government offices showed declines, while the remaining industries showed little change.

In the goods-producing industries on the other hand, the estimates of wages and salaries rose 1.0% in April, continuing the gentle acceleration in growth rates noted since January. Forestry showed the largest increase in April, followed by manufacturing and construction. Wages and salaries in the remaining industries of the goods-producing sector were little changed from the previous month.

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

PUBLICATIONS RELEASED FROM JULY 8 to 14

AGRICULTURE

The Dairy Review, April 1988. Catalogue number 23-001 (Canada: \$11/\$110; Other Countries: \$12/\$120).

Farming Facts, 1988. Catalogue number 21-522 (Canada: \$3; Other Countries: \$4).

Livestock and Animal Products Statistics, Fourth Quarter 1987. Catalogue number 23-203 (Canada: \$30; Other Countries: \$31).

EDUCATION, CULTURE AND TOURISM

Culture Statistics, Sound Recording Preliminary Statistics, 1986-87. Catalogue number 87-202 (Canada: \$20; Other Countries: \$21).

Touriscope, Vol 4, No. 5, International Travel - Advance Information, May 1988. Catalogue number 66-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

HEALTH

Principal Vital Statistics by Local Areas, 1986. Catalogue number 84-542 (Canada: \$36; Other Countries: \$37).

Hospital Statistics - Preliminary Annual Report, 1986-87. Catalogue number 83-217 (Canada: \$25; Other Countries: \$26).

INCOME AND EXPENDITURE

National Income and Expenditure Accounts, 1926-1986. Catalogue number 13-531 (Canada: \$50; Other Countries: \$52).

Provincial Economic Accounts, 1961-1986. Catalogue number 13-213S (Canada: \$70; Other Countries: \$80).

INDUSTRY

Cement, May 1988. Catalogue number 44-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Crude Petroleum and Natural Gas Production, March 1988. Catalogue number 26-006 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Department Store Monthly Sales by Province and Metropolitan Area, April 1988. Catalogue number 63-004 (Canada: \$2.50/\$25; Other Countries: \$3.50/\$35).

Electric Power Statistics, 1986. Catalogue number 57-202 (Canada: \$25; Other Countries: \$26).

Factory Sales of Electric Storage Batteries, May 1988. Catalogue number 43-005 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Gas Utilities, March 1988. Catalogue number 55-002 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

Gypsum Products, May 1988. Catalogue number 44-003 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Oils and Fats, May 1988. Catalogue number 32-006 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Quarterly Report on Energy Supply-demand in Canada, Fourth Quarter 1987. Catalogue number 57-003 (Canada: \$28.75/\$115; Other Countries: \$30.75/\$123).

INDUSTRY - Concluded

Rigid Insulating Board, May 1988. Catalogue number 36-002 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Specified Domestic Electrical Appliances, May 1988. Catalogue number 43-003 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Steel Wire and Specified Wire Products, April 1988. Catalogue number 41-006 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Wholesale Trade, April 1988. Catalogue number 63-008 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

INPUT-OUTPUT

The Input-Output Structure of the Canadian Economy, 1981-1984. Catalogue number 15-201 (Canada: \$40; Other Countries: \$42).

The Input-output Structure of the Canadian Economy in Constant Prices, 1981-1984. Catalogue number 15-202 (Canada: \$40; Other Countries: \$42).

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), March 1988. Catalogue number 65-004 (Canada: \$50/\$500; Other Countries: \$60/\$600).

Exports by Country (H.S. Based), January-March 1988. Catalogue number 65-003 (Canada: \$75/\$300; Other Countries: \$85/\$340).

Imports by Country (H.S. Based), January-March 1988. Catalogue number 65-006 (Canada: \$75/\$300; Other Countries: \$85/\$340).

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

PRICES

Industry Price Indexes, April 1988. Catalogue number 62-011 (Canada: \$16.50/\$165; Other Countries: \$18.50/\$185).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Construction in Canada, 1986-1988. Catalogue number 64-201 (Canada: \$35; Other Countries: \$36).

TRANSPORT

Passenger Bus and Urban Transit Statistics, April 1988. Catalogue number 53-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

Railway Carloadings, May 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

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

Higher Growth in Fixed Assets

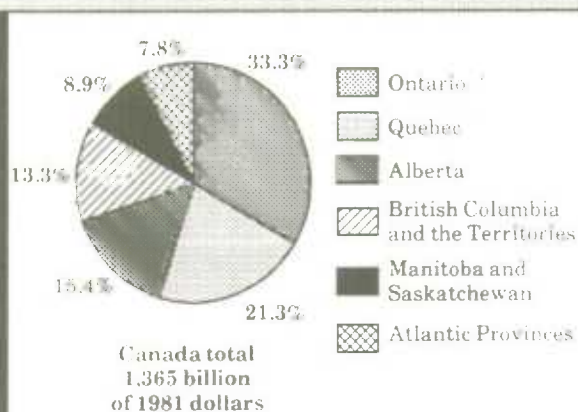
Total yearly growth in fixed assets for Canada is expected to be 3.8% in 1988, up from the average 3.2% growth in the previous five years, but still below the average growth of 4.8% recorded in the years 1970 to 1982.

In 1988, every province recorded rates of increase in capital stock higher than in the previous two years. Ontario and Alberta fared best this year with yearly growth rates of 4.6% and 3.8% respectively.

Over the period 1970-1988, the value of non-residential buildings and engineering structures, and the value of machinery and equipment (in constant 1981 dollars) increased 112%. In the non-manufacturing sector, holdings of fixed assets increased 118%, while in the manufacturing sector, the stock of fixed assets increased 89%. The year 1970 was picked for comparison because it marked the beginning of the decade that saw the energy crisis, an event which significantly affected many industries.

As shown in the accompanying chart, the provinces that account for most of the fixed assets in Canada are Ontario, Quebec, Alberta and British Columbia. In the period 1970-1988, there has been notable growth in fixed assets in the Yukon and Northwest Territories (747%). Most of this growth occurred prior to 1982 as

Total Non-residential Fixed Assets, Provinces and Territories - 1988



yearly rates of increase in capital stock have declined steadily since that time (they are now lower than in most provinces). Despite this sizeable growth, the value of fixed assets in the Territories account for only 1.4% of the Canadian total.

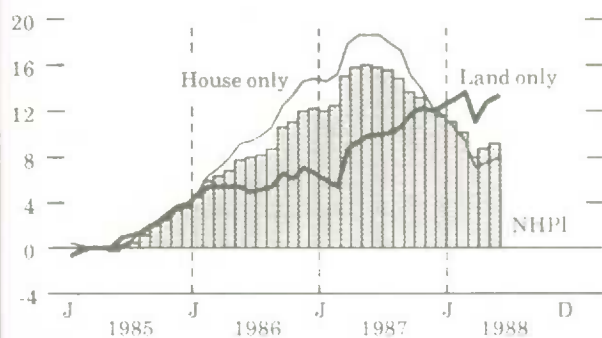
For further information, contact the Science, Technology and Capital Stock Division at (613) 951-2579.

New House Prices Register Strong Advance

In May, the new housing price index stood at 130.0 (1981=100), up 1.3% from April, the fourth strong monthly increase after four months of slower growth. Among the cities surveyed, Toronto recorded the largest monthly increase (2.7%), followed by London with an increase of 1.8%.

New Housing Price Indexes

(% change, previous year)



The new housing price index, representing Canadian housing contractors' selling prices, was 9.2% higher than the level noted a year earlier. The yearly growth rates registered in Hamilton (14.1%), Toronto (13.0%), Montreal (10.7%) and Quebec City (9.9%) were above the yearly increase at the national level. House prices in Toronto have boosted the new housing price index since the end of 1984, while price increases in Montreal and Hamilton have had a similar impact since June 1987. Increases in new house prices in Quebec City have recently exceeded the national average. Despite recent increases, price levels in Alberta and British Columbia were below the 1981 reference level (100) except in Calgary, where the index stood at 101.7.

The new housing price index is disaggregated into a "house only" and a "land only" component. The house only component has the larger weight. In the accompanying chart, the year-over-year price increases for each of these two components are compared to the overall increase in the aggregate new housing price index. "House only" prices had been decelerating since mid-1987 but their rate of increase has edged up in the last two months. "Land only" price increases, however, have trended upward over this period, exceeding the yearly price increases of the house only component since December 1987.

For further information, order *Construction Price Statistics* (catalogue number 62-007) or contact Prices Division at (613) 951-9607.



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Apr.	461.06	458.74	5.3
Labour Income (\$ million)	Apr.*	25,350	24,956	7.5
Persons with Jobs (million)	June*	12.69	12.48	3.1
Unemployed (thousand)	June*	973	1,035	-14.8
INVENTORIES				
Department Store (\$ million)	Apr.	4,613	4,549	0.3
Manufacturers' Owned (\$ million)	Apr.	37,402	36,805	4.7
ORDERS				
Manufacturers' New Orders (\$ million)	Apr.	23,791	28,017	6.7
Manufacturers' Unfilled Orders (\$ million)	Apr.	26,746	26,508	17.4
PRICES				
Consumer Price Index (1981 = 100)	May	143.4	142.5	4.1
New House Price Index (1981 = 100)	May*	130.0	128.3	9.2
Raw Materials Price Index (1981 = 100)	May	99.5	97.3	-2.7
Excl. minerals fuels	May	114.6	113.3	4.2
Industrial Product Price Index (1981 = 100)	May	126.9	126.7	3.9
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	Feb.	1,915	3,335	15.9
Housing Starts - Urban Centres (units)	May	21,996	72,273	-12.6
ENERGY				
Coal Production (thousand tonnes)	Apr	5,779	23,995	26.7
Electricity Generation (gigawatt hours)	Apr	38,964	179,438	3.6
Natural Gas Production (million cubic metres)	Mar.	11,184	35,009	15.8
FOREIGN TRADE				
Exports - Customs Basis (\$ million)	May*	11,872	56,995	12.6
Imports - Customs Basis (\$ million)	May*	11,148	56,273	20.6
SALES				
Department Store Sales (\$ million)	Apr.	1,003	3,379	-0.4
Manufacturers' Shipments (\$ million)	Apr.	23,553	93,504	9.3
New Motor Vehicle Sales (\$ million)	May*	2,864	11,547	15.1
Refined Petroleum Products (thousand cubic metres)	May	6,777	32,631	3.7
Retail Sales (\$ million)	Apr.	13,710	48,981	9.9

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

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