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

Friday, August 12, 1988

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OVERVIEW

■ Steady Advance in Leading Indicator

The composite leading indicator continued to record steady growth in May, as it rose 0.7% for the third consecutive month.

■ Growing Labour Force Bumps Up Unemployment Rate

Despite a gain in employment, the unemployment rate rose to 7.9% in July. This increase was due to a large jump in the size of the labour force.

■ Growth in Labour Income Eases

Wages and salaries registered a marginal advance of 0.2% in May, somewhat lower than the increases in recent months.

■ New Motor Vehicle Sales Flat in 1988

New motor vehicle sales were down sharply in June, continuing the trend of wide monthly fluctuations but no overall growth evident so far in 1988.

■ New Housing Prices Continue to Climb

The new housing price index rose 0.9% in June, continuing the acceleration noted in the three preceding months.

■ Downward Trend in Tourism

The number of foreign visitors to Canada continued to follow a downward trend in June.

This issue also includes articles on the **Help-wanted Index** and **Pensions and Incomes of the Elderly**.

Steady Advance in Leading Indicator

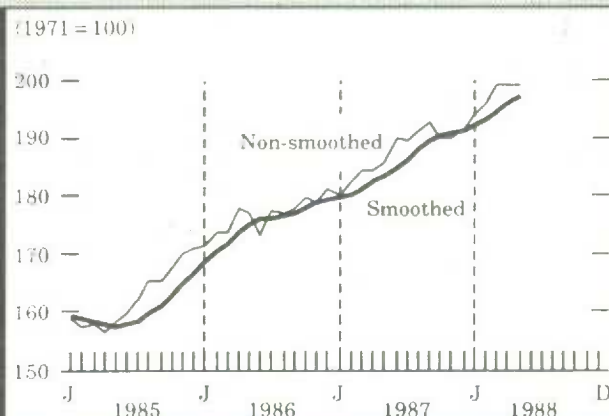
The composite leading indicator continued to record steady growth in May, as it rose 0.7% for the third consecutive month. The leading indicator is designed to track emerging trends in the Canadian economy. The manufacturing components were the main contributors to the May increase, along with some firming of consumer demand.

New orders rose sharply in May, with increases becoming more widespread among industries. The industries related to business investment and exports continued to be the main source of strength. Some of the consumer related components also turned up, most notably motor vehicle sales. The demand for investment goods continued to increase in accordance with the investment intentions reported on the 1988 Private and Public Investment Survey.

Manufacturing shipments firmed with increases in investment, export and consumer related industries. Car sales and housing starts were strong during the

(continued on page 2)

Composite Leading Indicator



... Steady Advance in Leading Indicator

month, while exports have been rising throughout the year. The ratio of shipments to stocks of finished goods dropped slightly from a record 1.82 in April.

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

Growing Labour Force Bumps Up Unemployment Rate

Labour Force Survey estimates for July showed a rise in both employment and unemployment following the declines noted in June. Employment increases have moderated from an average of 40,000 a month registered throughout 1987 to 25,000 a month in 1988. The unemployment rate rose to 7.9% in July from 7.6% in June because of a significant increase in the number of persons in the labour force, particularly students.

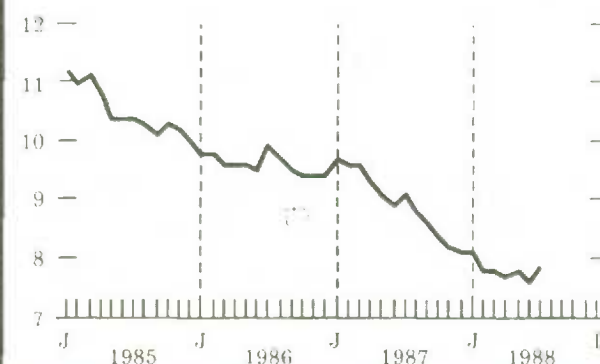
Most of the July gain in employment was among those aged 15 to 24, offsetting declines earlier in 1988 for this group. Full-time employment continued to record increases, while declines were observed in part-time employment.

Manufacturing led the goods-producing industries in employment growth in July. Employment in the service-producing industries declined for the second consecutive month, with the decreases concentrated in transportation, communication and other utilities and public administration.

Nova Scotia, Ontario and British Columbia accounted for virtually all of the employment increase in July. A decline was reported in Alberta following five

Unemployment Rate

(percent, seasonally adjusted)



consecutive monthly gains. Nova Scotia and Alberta have outpaced all provinces in employment growth so far this year.

Canada's unemployment rate, although rising to 7.9% in July, was still well below that of a year ago when it stood at 8.9%. For persons aged 15 to 24, the rate advanced to 12.0%, the same as the rate observed in March. For those aged 25 and over, the rate was up slightly for the third consecutive month, to 6.8%.

The number of unemployed increased in Quebec, Ontario and Alberta in July, offsetting, in the case of the central provinces, the decreases noted in June. Quebec and Manitoba were the only provinces to have more unemployed persons in July than at the beginning of the year.

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

Labour Force

	Mar.	Apr.	May	June	July
	Change, previous month				
Labour force ('000)	5	-16	85	-55	71
Employment ('000)	15	-5	68	-24	25
15-24 years ('000)	-9	-10	34	-49	17
25 years & over ('000)	24	5	34	25	8
Unemployment ('000)	-10	-11	17	-31	46
Unemployment rate	7.8	7.7	7.8	7.6	7.9

Growth in Labour Income Eases

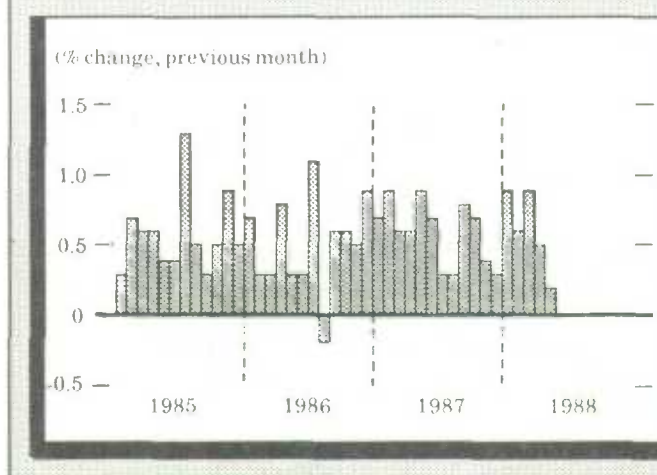
The seasonally adjusted estimate of labour income rose a marginal 0.2% in May, after an increase of 0.5% in April and 0.9% in March. Slower growth in wages and salaries, which account for 90% of labour income, was noted in both the goods- and services-producing industries in May.

Wages and salaries in mines, quarries and oil wells outpaced other goods-producing industries, growing 1.1% in May, following marginal growth in March and April. Due primarily to work stoppages in the province of Ontario, construction wages and salaries declined 0.7% in May, after strong gains in March and April.

Within the service-producing industries, increases in wages and salaries were noted in transportation, communications and other utilities (0.7%), commercial and personal services (0.7%) and federal administration (1.3%). Declines were recorded in education and related services, health and welfare services and local administration.

On a provincial basis, notable increases in wages and salaries were registered in Prince Edward Island (1.9%) and Nova Scotia (1.2%). A 1.6% decrease was recorded in the Yukon, Northwest Territories and Abroad.

Labour Income



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

Motor Vehicle Sales Flat in 1988

Following a sharp jump in May, seasonally adjusted unit sales of new motor vehicles were down 9.6% in June. While sales have fluctuated markedly in the first six months of 1988, they show no overall growth.

Car sales were down 9.2% from the previous month, continuing the trend of fluctuating sales noted in recent months. Sales of North American-built cars were down 11.3% in June, following a large advance in May. Year-to-date North-American car sales were roughly the same level as in the first six months of 1987.

Imported car sales were down for the second consecutive month, dropping 4.7% in June. Cumulative sales of imports were down 3% from the same period in 1987. Japanese car sales held up well, but sales of cars imported from countries other than Japan declined.

Commercial vehicle sales were also off, dropping 10.4% in June, the second decline in three months. However, year-to-date sales were still 11.1% higher than in the first six months of 1987. Increases in commercial vehicle sales have generally outpaced the growth in car sales since early 1985.

Motor Vehicle Sales

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Passenger cars	-2.5	3.7	-2.8	5.8	-9.2
North American	-1.7	6.4	-6.8	9.7	-11.3
Imported	-4.1	-1.7	5.7	-1.5	-4.7
Commercial vehicles	-5.0	14.1	-4.6	5.7	-10.4

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

New House Prices Continue to Climb

In June, the new housing price index for Canada stood at 131.2 (1981=100), up 0.9% from May. The index which measures housing contractors' selling prices was 9.7% higher than a year earlier. New house prices have accelerated in the last four months, after several months of slower growth.

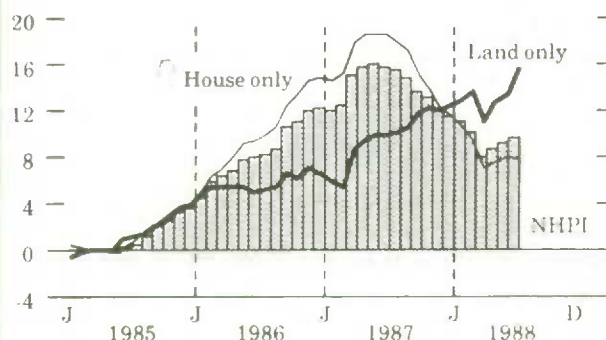
Prices are made up of a "land" and "house" portion. In recent months, the former accelerated at a much more rapid pace than the latter. Land shortages and increased lot levies have been cited by builders as reasons for the large increases. In June, the land component rose 2.2%, compared to 0.5% for the house component.

New housing prices continued to rise faster in southwestern Ontario cities, Montreal and Quebec City relative to other Canadian cities. In Edmonton, Victoria and Vancouver, prices remained below their 1981 level in spite of recent price increases.

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

New Housing Price Indexes

(% change, previous year)



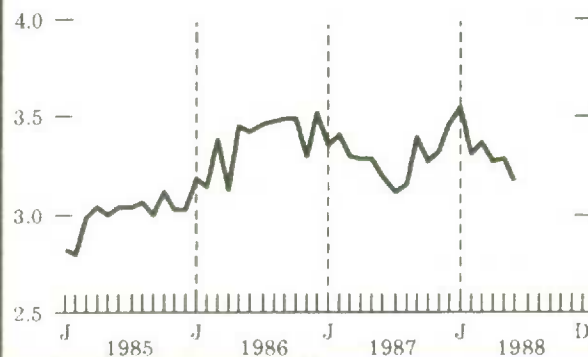
Downward Trend in Tourism Continues

The seasonally adjusted volume of foreign travellers to Canada has been following a downward trend in 1988. In June, travel to Canada was 10.3% below the level recorded in January. This decline stems from a reduction in the volumes of U.S. residents visiting Canada, which were down 11.1% from January to June. On the other hand, the number of visitors from overseas countries continued to follow the upward trend evident since March 1987.

The number of residents returning to Canada from abroad was still following a gently rising trend. The main support for this trend was the level of travel by Canadians to the United States, as the number of residents returning from overseas had registered a moderate decrease since January (-6.2%).

Foreign Visitors

(millions, seasonally adjusted)



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

Help-wanted Index

The seasonally adjusted help-wanted index, which measures the space devoted to help-wanted ads published in Canada's major newspapers, decreased 4 points in July. Since the beginning of the year, the index has fluctuated around the current level of 146. Contrasting with the steady increases recorded in 1987, the slower growth in the help-wanted index was consistent with smaller gains in employment.

In Ontario, the index was down for the third consecutive month, dropping back to the January level of 190.

The Prairie region also registered its third consecutive decline, falling back to 61 from a high of 70 in April.

Help-wanted Index (1981 = 100)

	Mar.	Apr.	May	June	July
	seasonally adjusted				
Canada	143	149	144	150	146
Atlantic Region	172	209	189	183	191
Quebec	160	155	153	172	173
Ontario	194	201	198	196	190
Prairie Region	60	70	66	64	61
British Columbia	56	60	56	60	59

The index for Quebec edged up slightly in July, following a significant jump in June.

In the Atlantic region, the index rose during the month, but remained below the level recorded in April.

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

Pensions and Incomes of the Elderly in Canada

Between 1971 and 1985, the average income of Canada's elderly population increased at a more rapid rate than for the total population. In 1985, persons aged 65 years and over received on average \$12,829.

The analytical report, "Pensions and Incomes of the Elderly in Canada, 1971-1985", examines changes in the income sources of Canada's elderly population. Based on data from the Survey of Consumer Finances, the report focuses on private pension and investment income and the resulting trends in income that have taken place since 1971. Also featured is a demographic profile of the elderly according to these income sources.

Other highlights include:

- More of the elderly received income from private pensions and investment income in 1985 than in 1971. The proportion receiving income from private pensions increased to 32% from 21% and from investments rose to 57% from 44%.

- The elderly with the highest average income in 1985 were those who received both a private pension and investment income. The benefits from the private pensions provided almost a third of the income for this group.
- The elderly who received neither private pension nor investment income were least well off. However, this group accounted for a declining proportion of the elderly: between 1971 and 1985, its proportion dropped from almost half to just over a third.
- In 1985, 57% of all persons aged 65 years and over reported having investment income.
- In 1985, there were fewer elderly persons who fell below Statistics Canada's low income cut-offs than in 1971. However, 47% of all elderly unattached individuals were below the line compared to only 9% of elderly couples.

For further information, order Pensions and Incomes of the Elderly in Canada, 1971-1985 (catalogue number 13-548) or contact Labour and Household Surveys Analysis Division at (613) 951-6898.

PUBLICATIONS RELEASED FROM AUGUST 5 - 11

AGRICULTURE

Production and Stocks of Eggs and Poultry, May 1988. Catalogue number 23-003 (Canada: \$11/\$110; Other Countries: \$12/\$120).

DEMOGRAPHY

Population and Dwelling Counts, Unincorporated Places, 1986 Census. Catalogue number 92-105 (Canada: \$57; Other Countries: \$67).

EDUCATION, CULTURE AND TOURISM

Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, 1987-88. Catalogue number 81-258S (Canada: \$20; Other Countries: \$21).

HEALTH

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

INDUSTRY

Canned and Frozen Fruits and Vegetables, March 1988. Catalogue number 32-011 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Chemical and Chemical Products Industries, Industrial Inorganic Chemical Industries, 1986 Census of Manufactures. Catalogue number 46-250B 3711 (Canada: \$4; Other Countries: \$5).

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

Electricity Bills, For Domestic Commercial and Small Power Service, 1988. Catalogue number 57-203 (Canada: \$20; Other Countries: \$21).

Electric Lamps, June 1988. Catalogue number 43-009 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

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

Merchandising Inventories, February 1988. Catalogue number 63-014 (Canada: \$13/\$130; Other Countries: \$14/\$140).

Oil Pipe Line Transport, April 1988. Catalogue number 55-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Primary Metal Industries, Iron Foundries, 1986 Census of Manufactures. Catalogue number 41-250B 2941 (Canada: \$4; Other Countries: \$5).

Production and Inventories of Process Cheese and Instant Skim Milk Powder, June 1988. Catalogue number 32-024 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, June 1988. Catalogue number 47-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Production of Selected Biscuits, Quarter Ended June 1988. Catalogue number 32-026 (Canada: \$6.25/\$25; Other Countries: \$7.25/\$29).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, May 1988. Catalogue number 35-002 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, May 1988. Catalogue number 35-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

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

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

Transportation Equipment Industries, Commercial Trailer Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3242 (Canada: \$4; Other Countries: \$5).

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

INTERNATIONAL AND FINANCIAL ECONOMICS

Canadian Economic Observer, Historical Statistical Supplement, 1987. Catalogue number 11-210 (Canada: \$25; Other Countries: \$26).

INTERNATIONAL TRADE

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

Summary of Canadian International Trade (H.S. Based), May 1988. Catalogue number 65-001 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

LABOUR

Pensions and Incomes of the Elderly in Canada, 1971-1985. Catalogue number 13-548 (Canada: \$24; Other Countries: \$25).

Quarterly Estimates of Trusteed Pension Funds, Fourth Quarter 1987. Catalogue number 74-001 (Canada: \$10/\$40; Other Countries: \$11/\$44).

Unemployment Insurance Statistics, 1943-1987. Catalogue number 73-202S (Canada: \$36; Other Countries: \$37).

PRICES

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

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Building Permits, January 1988. Catalogue number 64-001 (Canada: \$20/\$200; Other Countries: \$21/\$210).

Capacity Utilization Rates in Canadian Manufacturing, First Quarter 1988. Catalogue number 31-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

SERVICES

Telephone Statistics, May 1988. Catalogue number 56-002 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

TRANSPORT

Air Charter Statistics, 1987. Catalogue number 51-207 (Canada: \$32; Other Countries: \$33).

Air Passenger Origin and Destination, 1987. Catalogue number 51-204 (Canada: \$31; Other Countries: \$32).

Railway Operating Statistics, February 1988. Catalogue number 52-003 (Canada: \$9.50/\$95; Other Countries: \$10.50/\$105).

TRAVEL

Touriscope, International Travel, January-March 1988. Catalogue number 66-001 (Canada: \$35/\$140; Other Countries: \$36.50/\$146).

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Toll free service: 1-800-361-2831

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Local calls: 973-6586
Toll free service: 1-800-268-1151

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Toll free service: 1-800-542-3404

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Toll free service: 1-800-667-7164

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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	May	462.29	461.50	5.1
Labour Income (\$ million)	May*	26,058	25,395	6.6
Persons with Jobs (million)	July*	13.87	13.67	2.2
Unemployed (thousand)	July*	1,052	973	-9.2
INVENTORIES				
Department Store (\$ million)	May	4,529	4,612	1.1
Manufacturers' Owned (\$ million)	May	37,772	37,541	6.4
ORDERS				
Manufacturers' New Orders (\$ million)	May	26,321	23,851	15.4
Manufacturers' Unfilled Orders (\$ million)	May	27,785	26,803	21.3
PRICES				
Consumer Price Index (1981=100)	June	143.6	143.4	3.9
New House Price Index (1981=100)	June*	131.2	130.0	9.7
Raw Materials Price Index (1981=100)	June	100.2	99.8	-3.6
Excl. minerals fuels	June	115.7	115.0	4.2
Industrial Product Price Index (1981=100)	June	127.1	127.2	3.8
CONSTRUCTION				
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)	May	5,553	29,548	25.2
Electricity Generation (gigawatt hours)	May	36,668	216,106	2.9
Natural Gas Production (million cubic metres)	Apr.	10,025	45,034	15.1
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)	June*	1,066	5,461	0.2
Manufacturers' Shipments (\$ million)	May	25,339	119,045	10.0
New Motor Vehicle Sales (units, thousands)	June*	151	836	2.7
Refined Petroleum Products (thousand cubic metres)	June	6,964	39,397	2.3
Retail Sales (\$ million)	May	14,303	63,241	8.9

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

I.N.F.O.M.A.T

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