

I·N·F·O·M·A·T

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

Friday, October 7, 1988

OVERVIEW

Deceleration in Leading Indicator Growth Rate

In July, the composite leading indicator continued to grow, but the rate of increase (0.6%) was slightly lower than a month earlier.

Growth in Industrial Corporations' Assets Quickens

Total assets of industrial corporations were up \$11.8 billion in the second quarter, a substantial advance over the growth recorded in the previous quarter.

Selling to the Public Sector

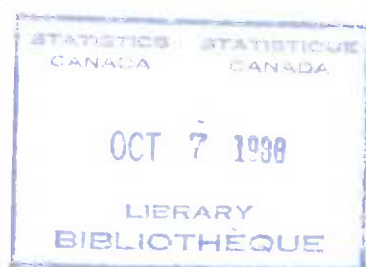
Business people who want to know more about selling to government at all levels can find answers to many of their questions in a new report, *The Canadian Public Sector Market*.

Lotteries - Who Plays?

In 1986, 70% of Canadian households reported buying tickets for government-run lotteries and the average family expenditure was \$146.

Industrial Product Prices Continue Moderate Advance

The industrial product price index edged up 0.1% in August, continuing the slowly rising trend evident since the start of the year.



Deceleration in Leading Indicator Growth Rate

The composite leading indicator continued to register steady growth in July. However, the growth rate decelerated slightly to 0.6%. Seven of the ten components included in the indicator rose, but the main source of strength shifted from export-related sectors to domestic spending on housing and durable goods.

The residential construction index registered a fourth consecutive increase in July, rising 0.7% over the previous month. This advance was slightly lower than those recorded in the three preceding months.

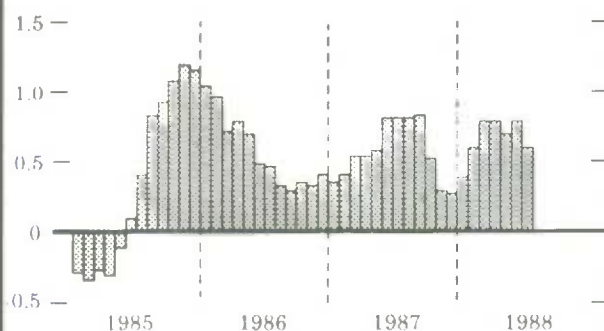
Furniture and appliance sales were up, after showing weakness for the previous six months. A rebound in domestic car sales also contributed to the sharp increase in sales of durable goods.

New orders for durable goods declined slightly in July as exports to the United States dropped steeply. New orders had risen by close to 1% in each of the three preceding months. Lower orders for export autos accounted for all of the drop in manufacturing as non-automotive orders were essentially unchanged in July.

(continued on page 2)

Composite Leading Indicator

(% change, previous month)



... Deceleration in Leading Indicator Growth Rate

Both the financial market indicators increased. The stock market rose for the second consecutive month following a eight-month downturn. The real money supply (M1) registered its first increase in nine months.

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

Growth in Industrial Corporations' Assets Quickens

In the second quarter, total assets of industrial corporations were up \$11.8 billion. The increase in the first quarter was \$9.3 billion, in line with the average quarterly growth in 1987. In the current quarter, long-term investments and fixed assets were the main contributors to the overall rise in assets.

Long-term investments grew by \$4.6 billion, registering the strongest advance noted since the fourth quarter of 1986. Fixed assets also continued to grow, recording a strong gain of \$5.0 billion in the quarter.

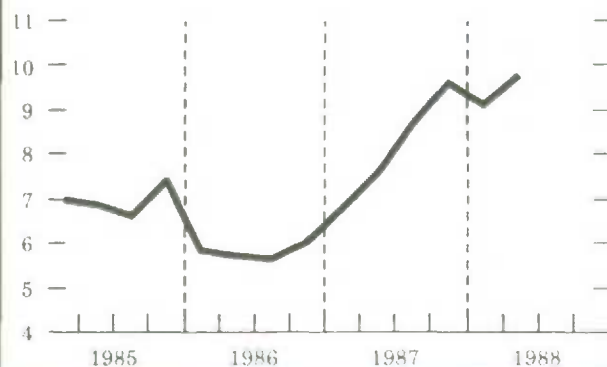
Short-term commercial paper was the main contributor to the increase in liabilities for the second consecutive quarter. The increase of \$2.3 billion in the second quarter followed an advance of \$3.5 billion in the first quarter. In 1987, the average quarterly change in this type of liability was only \$430 million.

Share capital grew by \$1.5 billion, following advances of \$0.7 billion in the first quarter and \$1.1 billion in the fourth quarter of 1987. These increases are moderate when compared to the \$3.9 billion increase registered in the third quarter of 1987.

In the second quarter, operating profits of industrial corporations were 7.2% higher than in the previous quarter. Profits had slipped in the first quarter (-4.4%), after growing an average of 10.8% in each quarter of

Operating Profits

(billions, seasonally adjusted)



1987. Sales also accelerated in the second quarter, registering a growth rate of 2.0% compared to 0.7% in the first quarter. In 1987, the average quarterly increase in sales was 3%.

Pre-tax profits (which unlike operating profits include investment income and other gains) were unchanged from the level of \$13.8 billion recorded in the first quarter. Following strong growth in 1987, pre-tax profits dropped 2.1% in the first quarter of 1988.

For further information, order *Industrial Corporations: Financial Statistics* (catalogue number 61-003P) or contact Industrial Organization and Finance Division at (613) 951-9843.

Selling to the Public Sector

Business people who want to know more about selling to government at all levels can find answers to many of their questions in a new report *The Canadian Public Sector Market*. It was prepared by Supply and Services Canada, using data gathered by the Input-Output Division of Statistics Canada. The report breaks down public sector purchasing by level of government, region of consumption, industry sector and source of supply. Highlights of the study were published in the December 1987 issue of the *Canadian Statistical Review*.

There are some practical lessons to be drawn from the report. For example, provincial and territorial government expenditures exceeded those of the federal government. In 1983, they spent \$33.5 billion compared to federal purchases of \$24.7 billion. Local government procurement was smaller but still impressive at \$12.9 billion.

The report also underlines the potential for Canadians to boost sales of office supplies and store and business machines. In 1983 direct imports accounted for 85.5% of public sector purchases in this category.

For further information, contact Input-Output Division at (613) 951-3685 or Supply and Services at (819) 956-0808.

Lotteries – Who Plays?

Playing lotteries has become commonplace in Canada since their legalization in 1969. Surveys indicate that almost every Canadian has bought tickets at least once. Opportunities to make such purchases have multiplied. By 1985, five government-sponsored lottery corporations were offering three nationwide games and a variety of regional lotteries. Thousands of retailers across the country sell tickets in outlets ranging from booths in malls to large chain stores. But while the annual amount spent on government-run lotteries now adds up to billions of dollars, as a proportion of individual family expenditures, lotteries are minimal, representing less than half of one percent.

In 1986, 70% of Canadian households reported buying tickets for government-run lotteries, up from 65% in 1982. The average family expenditure was \$146 (including the value of free tickets). In 1982, ticket purchases averaged \$108 per family in constant 1986 dollars. Quebec residents were the most likely to buy government lottery tickets: almost eight out of ten families reported such purchases. They also spent the largest amount of money (\$187) on tickets.

Both the proportion of families reporting expenditures on government lotteries and the amount they spend tends to rise with family income. Low-income families, however, spend a higher percentage of their total income on lotteries than do higher income families.

Surveys of major winners in Ontario and the Western provinces showed that most of them handled their winnings conservatively. Nearly three-quarters reported banking some of the money, 15% paid off their mortgage, 7% invested in bonds and 6% invested in real estate. In addition, four out of ten winners shared their prize with family members. Only a minority reported problems with solicitations for money.

Almost half of the total revenue from lottery sales (\$2.7 billion in 1985) is returned to players. A third is returned to regional corporations which support a variety of activities including sports and recreation, cultural events, heritage and citizenship.

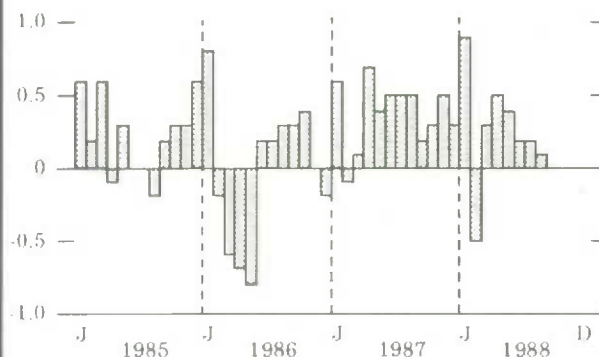
For further information, order Canadian Social Trends (catalogue number 11-008E) or contact Labour and Household Surveys Analysis Division at (613) 951-2560.

Industrial Product Prices Continue Moderate Advance

- The industrial product price index (IPPI, 1981 = 100) edged up 0.1% in August, continuing the slowly rising trend evident since the start of the year.
- An increase in the United States-Canada exchange rate (1.0%) affected the price of many commodities, particularly paper and wood products and transportation equipment. Paper and paper product prices rose 0.8% over the month, as did pulp prices. Transportation equipment prices advanced 0.5%.
- Prices for primary metal products were up 0.8% in August after two consecutive declines. A marked jump in aluminum prices more than offset declines in copper and nickel prices.
- Despite the increase in the exchange rate, prices for lumber, sawmill and other wood product prices decreased 1.7% as softwood lumber prices dropped sharply.
- The petroleum and coal products component resumed its downward trend (-2.6%) after increasing slightly in July.

Industrial Product Price Index

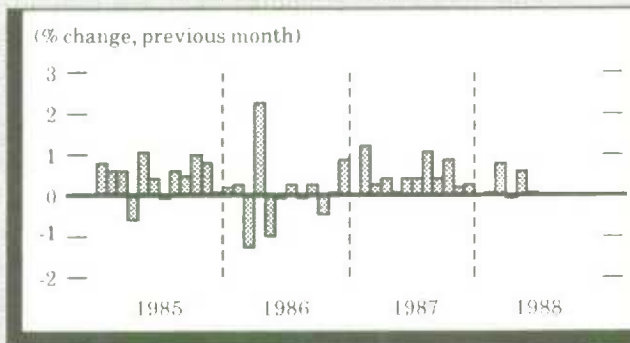
(% change, previous month)



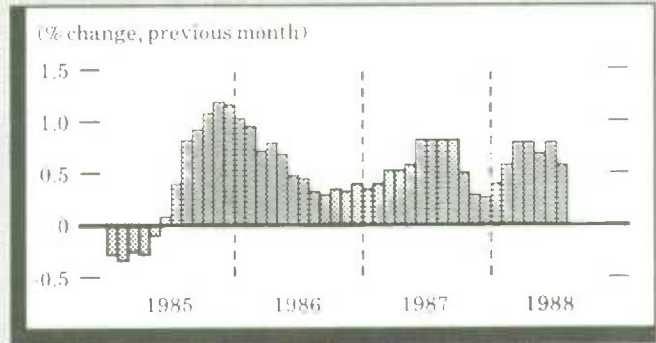
For further information, order Industry Price Indexes (catalogue number 62-011) or contact Prices Division at (613) 951-9607.

CURRENT TRENDS

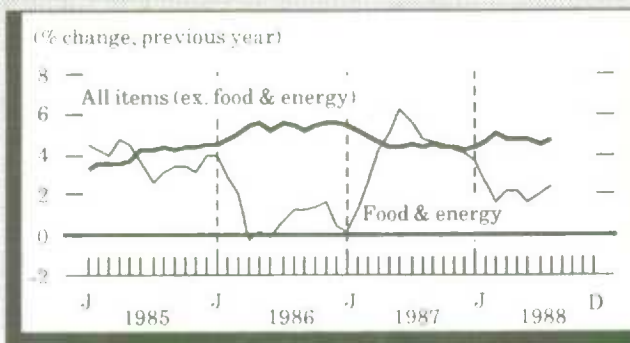
Gross Domestic Product



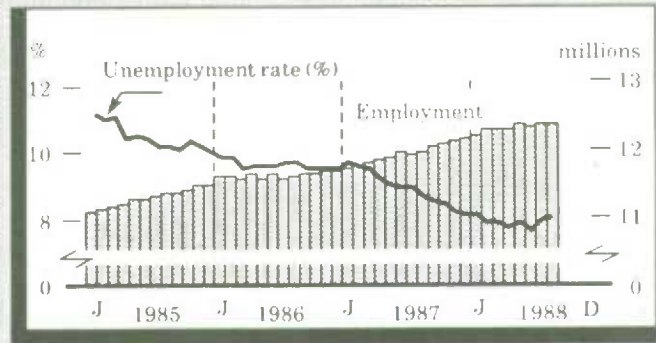
Composite Leading Indicator



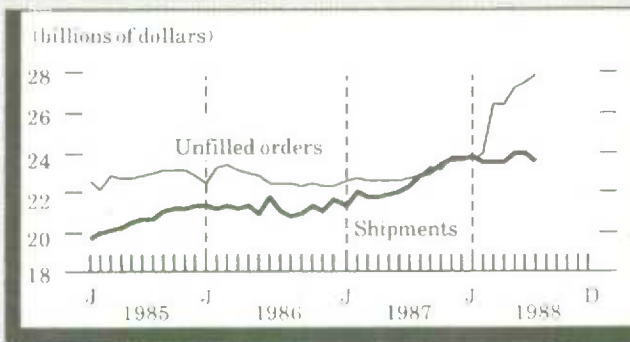
Consumer Price Index



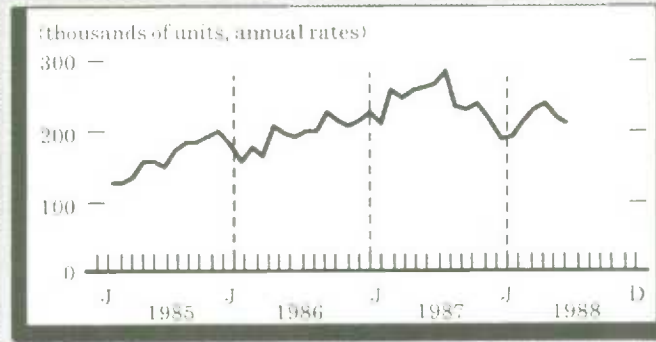
Unemployment Rate and Employment



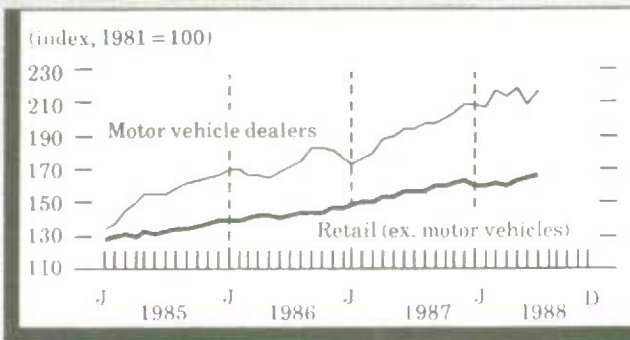
Manufacturing



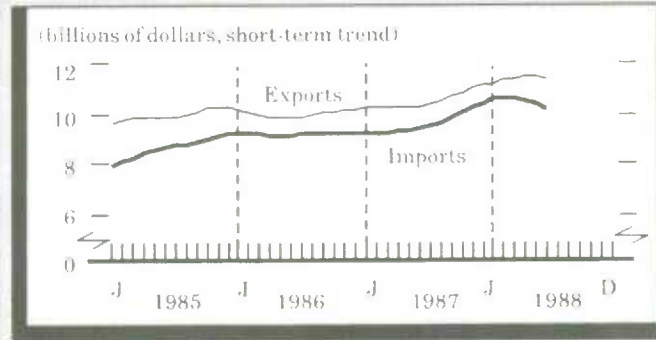
Housing Starts



Retail Sales



Merchandise Trade



PUBLICATIONS RELEASED FROM SEPTEMBER 30 TO OCTOBER 6

AGRICULTURE

September Estimate of Production of Principal Field Crops, Canada - Field Crop Reporting Series n° 7, 1988. Catalogue number 22-002 (Canada: \$7.50/\$52; Other Countries: \$8.50/\$58).

DEMOGRAPHY

Profiles, Census Divisions and Subdivisions, Manitoba: Part 2, 1986 Census. Catalogue number 94-114 (Canada: \$50; Other Countries: \$60).

Profiles, Census Divisions and Subdivisions, New Brunswick: Part 2, 1986 Census. Catalogue number 94-108 (Canada: \$50; Other Countries: \$60).

Profiles, Census Divisions and Subdivisions, Newfoundland: Part 2, 1986 Census. Catalogue number 94-102 (Canada: \$60; Other Countries: \$70).

Profiles, Census Divisions and Subdivisions, Ontario: Part 2, 1986 Census. Catalogue number 94-112 (Canada: \$110; Other Countries: \$126).

INDUSTRY

Asphalt Roofing, August 1988. Catalogue number 45-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Chemical and Chemical Products Industries - Industrial Organic Chemical Industries n.e.c., 1986 Census of Manufactures. Catalogue number 46-250B 3712 (Canada: \$4; Other Countries: \$5).

Chemical and Chemical Products Industries - Pharmaceutical and Medicine Industry, 1986 Census of Manufactures. Catalogue number 46-250B 3741 (Canada: \$4; Other Countries: \$5).

Chemical and Chemical Products Industries, Printing Ink Industry, 1986 Census of Manufactures. Catalogue number 46-250B 3791 (Canada: \$4; Other Countries: \$5).

Chemical and Chemical Products Industries, Toilet Preparations Industry, 1986 Census of Manufactures. Catalogue number 46-250B 3771 (Canada: \$4; Other Countries: \$5).

Construction Type Plywood, July 1988. Catalogue number 35-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Direct Selling in Canada, 1986. Catalogue number 63-218 (Canada: \$20; Other Countries: \$21).

Fabricated Metal Products Industries - Hand Tool and Implement Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3063 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Metal Plumbing Fixtures and Fittings Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3091 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Metal Tanks (Heavy Gauge) Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3021 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Plate Work Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3022 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Pre-engineered Metal Buildings Industry (Except Portable), 1986 Census of Manufactures. Catalogue number 41-251B 3023 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Wire and Wire Rope Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3052 (Canada: \$4; Other Countries: \$5).

Food Industries, Biscuit Industry, 1986 Census of Manufactures. Catalogue number 32-250B 1071 (Canada: \$4; Other Countries: \$5).

Food Industries, Sugar and Chocolate Confectionery Industry, 1986 Census of Manufactures. Catalogue number 32-250B 1083 (Canada: \$4; Other Countries: \$5).

Food Industries - Frozen Fruit and Vegetable Industry, 1986 Census of Manufactures. Catalogue number 32-250B 1032 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Bed Spring and Mattress Industry, 1986 Census of Manufactures. Catalogue number 35-251B 2691 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Hotel, Restaurant and Institutional Furniture and Fixture Industry, 1986 Census of Manufactures. Catalogue number 35-251B 2692 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Metal Office Furniture Industry, 1986 Census of Manufactures. Catalogue number 35-251B 2641 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Other Furniture and Fixture Industries n.e.c., 1986 Census of Manufactures. Catalogue number 35-251B 2699 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Other Household Furniture Industries, 1986 Census of Manufactures. Catalogue number 35-251B 2619 (Canada: \$4; Other Countries: \$5).

Furniture and Fixture Industries, Other Office Furniture Industries, 1986 Census of Manufactures. Catalogue number 35-251B 2649 (Canada: \$4; Other Countries: \$5).

PUBLICATIONS - Cont'd

INDUSTRY (Cont'd)

Furniture and Fixture Industries, Upholstered Household Furniture Industry, 1986 Census of Manufactures. Catalogue number 35-251B 2612 (Canada: \$4; Other Countries: \$5).

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

Other Manufacturing Industries - Sporting Goods Industry, 1986 Census of Manufactures. Catalogue number 47-250B 3931 (Canada: \$4; Other Countries: \$5).

Paper and Allied Products Industries - Paper Bag Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2733 (Canada: \$4; Other Countries: \$5).

Printing, Publishing and Allied Industries, Book Publishing Industry, 1986 Census of Manufactures. Catalogue number 36-251B 2831 (Canada: \$4; Other Countries: \$5).

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

Production, Sales and Stocks of Major Appliances, August 1988. Catalogue number 43-010 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

Transportation Equipment Industries, Motor Vehicle Engine and Engine Parts Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3251 (Canada: \$4; Other Countries: \$5).

Transportation Equipment Industries, Non-commercial Trailer Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3243 (Canada: \$4; Other Countries: \$5).

Transportation Equipment Industries, Truck and Bus Body Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3241 (Canada: \$4; Other Countries: \$5).

Wood Industries, Other Wood Industries n.e.c., 1986 Census of Manufactures. Catalogue number 35-250B 2599 (Canada: \$4; Other Countries: \$5).

Wood Industries, Wooden Door and Window Industry, 1986 Census of Manufactures. Catalogue number 35-250B 2543 (Canada: \$4; Other Countries: \$5).

Wood Industries - Wooden Kitchen Cabinet and Bathroom Vanity Industry, 1986 Census of Manufactures. Catalogue number 35-250B 2542 (Canada: \$4; Other Countries: \$5).

INDUSTRY MEASURES AND ANALYSIS

Gross Domestic Product by Industry, June 1988. Catalogue number 15-001 (Canada: \$10/\$115; Other Countries: \$11/\$125).

INTERNATIONAL AND FINANCIAL ECONOMICS

Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1988. Catalogue number 67-001 (Canada: \$25/\$100; Other Countries: \$26/\$104).

Security Transactions with Non-residents, June 1988. Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$16/\$160).

INTERNATIONAL TRADE

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

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

JUSTICE

Canadian Crime Statistics, 1987. Catalogue number 85-205 (Canada: \$30; Other Countries: \$31.50).

Homicide in Canada: A Statistical Perspective, 1987. Catalogue number 85-209 (Canada: \$30; Other Countries: \$31).

LABOUR

Employment, Earnings and Hours, June 1988. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$40.50/\$405).

Labour Force Information, September 1988. Catalogue number 71-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65). Available October 7th at 7:00 A.M.

Pension Plans in Canada, 1986. Catalogue number 74-401 (Canada: \$33; Other Countries: \$34).

LABOUR AND HOUSEHOLD SURVEYS ANALYSIS

Canadian Social Trends, Autumn 1988. Catalogue number 11-008E (Canada: \$8/\$32; Other Countries: \$9/\$36).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Housing Starts and Completions, March 1988. Catalogue number 64-002 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

Housing Starts and Completions, April 1988. Catalogue number 64-002 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	July	395	0.0%	4.5%
Composite Leading Indicator (1971 = 100)	July*	200.2	0.6%	7.8%
Profits of Industrial Corporations (\$ billion)	2nd Q	9.80	7.2%	20.2%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	July	13.8	-1.2%	7.4%
New Motor Vehicle Sales ('000 units)	July	131	5.9%	5.2%
Housing Starts ('000, annual rates)	July	211	-3.2%	-21.0%
LABOUR				
Employment (millions)	Aug.	12.4	0.0%	3.1%
Unemployment Rate (%)	Aug.	8.0	0.1	-0.7
Participation Rate (%)	Aug.*	66.8	0.0	0.6
Labour Income (\$ billion)	June	26.0	0.3%	6.7%
Average Weekly Earnings (\$)	July	463.67	-0.3%	4.7%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	July	10.5	-12.4%	1.7%
Merchandise Imports (\$ billion)	July	9.0	-14.8%	-4.6%
Merchandise Trade Balance (\$ billion)	July	1.5	0.1	0.6
MANUFACTURING				
Shipments (\$ billion)	July	23.5	-2.1%	5.3%
New Orders (\$ billion)	July	23.8	-2.2%	5.3%
Unfilled Orders (\$ billion)	July	27.8	1.2%	22.0%
Inventory/Shipments Ratio	July	1.59	0.05	0.01
Capacity Utilization (%)	2nd Q	81.5	0.2	2.8
PRICES				
Consumer Price Index (1981 = 100)	Aug.	144.9	0.3%	4.0%
Industrial Product Price Index (1981 = 100)	Aug.	128.1	0.1%	3.5%
Raw Materials Price Index (1981 = 100)	Aug.	96.1	-2.3%	-9.6%
New Housing Price Index (1981 = 100)	July	131.6	0.3%	9.6%

Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.

* New this week.

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

A Weekly Review

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