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Friday, October 14, 1988

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OVERVIEW

Labour Market Conditions Relatively Stable

Estimates from the September labour force survey show that there has been little overall change in labour market conditions since May.

New Motor Vehicle Sales Advance for a Second Consecutive Month

Following a large gain in July, sales rose 0.4% in August. These advances represent the first consecutive monthly increases in new motor vehicle sales in six months.

Slower Growth in Wages and Salaries

In July, wages and salaries registered a marginal advance (0.1%) for the third consecutive month. Growth in the first four months of 1988 was significantly higher.

Help-wanted Index Registers Decline

The help-wanted index dropped to 153 in September from 163 in August, reflecting a major decline in the index for Quebec.

New Housing Prices Continue to Advance

The new housing price index rose 0.9% in August, returning to the pattern of strong advances noted since February.

Crop Prices Strengthening

Rising prices for crops, particularly cereals, have been instrumental in the current increase in the farm product price index. In August the index was up on a year-over-year basis for the first time in more than a year.

This issue also includes an article on **Local Government Finance in 1988**.

Labour Market Conditions Relatively Stable

Estimates from the Labour Force Survey show that there has been little overall change in labour market conditions since May. In September, employment was essentially unchanged while unemployment declined, reflecting a slight decrease in labour force participation. The unemployment rate fell to 7.8% after two successive increases.

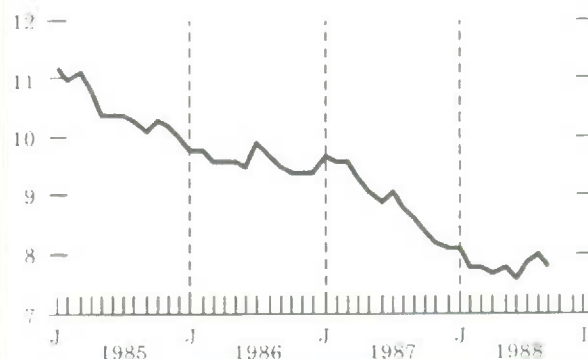
The slight gain in employment was concentrated among females, particularly those aged 15 to 24. Male employment declined slightly during the month. Employment for persons 25 or older declined marginally, after rising for 21 consecutive months.

Construction led employment growth in the goods-producing industries in September, continuing the trend evident in recent months. Employment in the service-producing industries rose for the first time in four months. The increase was concentrated in community, business and personal services where employment grew by 62,000, while decreases were reported in trade and transportation, communication and other utilities.

(continued on page 2)

Unemployment Rate

(percent, seasonally adjusted)



... Labour Market

Canada's unemployment rate fell to 7.8% in September, after edging up to 8.0% in August. For persons 15 to 24 years old the rate was stable at 12.2%. For those 25 and older, the rate was down slightly, following four consecutive increases.

For further information, order Labour Force Information (71-001P) for summary data or contact Household Surveys Division at (613) 951-4720.

Labour Force

	May	June	July	Aug.	Sept.
	Change, previous month				
Labour force ('000)	85	-55	71	115	-13
Employment ('000)	68	-24	25	3	8
15-24 years ('000)	34	-49	17	-38	10
25 years & over ('000)	34	25	8	41	-2
Unemployment ('000)	17	-31	46	12	-21
Unemployment rate	7.8	7.6	7.9	8.0	7.8

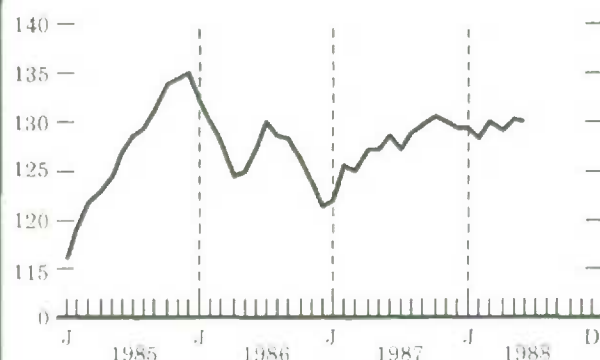
New Motor Vehicle Sales Advance for a Second Consecutive Month

Adjusted for seasonal fluctuations and the number of trading days, unit sales of new motor vehicles totalled 130,968 in August, edging up 0.4% over the previous month. Sales also rose in July. These two advances represent the first consecutive monthly increases in new motor vehicle sales in six months. Higher sales posted for passenger cars (2.1%) just offset a decline in commercial vehicle sales (-3.1%).

Sales of North American manufactured passenger cars were down marginally in August (-0.6%), after jumping sharply in July. North American-built cars account for 46% of the new motor vehicle sales in Canada and therefore have a large impact on the overall trend in automotive sales. Imported car sales were up in

New Motor Vehicle Sales

(thousands of units, short-term trend)



Motor Vehicle Sales

	Apr.	May	June	July	Aug.
	% change, previous month				
Passenger cars	-3.0	6.4	-8.0	2.7	2.1
North American	-6.7	10.3	-9.6	6.6	-0.6
Imported	5.0	-1.2	-4.7	-5.1	8.2
Commercial vehicles	-4.4	5.8	-10.5	10.3	-3.1

August, following three consecutive monthly declines. For the year as a whole imported sales were down 4.4%, while North American sales were slightly higher (1.3%) than in the first eight months of 1987.

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

Local Government Finance

- Total revenue of local governments will amount to \$48.2 billion in 1988, up 5.2% from 1987. This increase is similar to the average annual increase in total revenue from 1983 to 1987 (5.3%).
- Total expenditure, on the other hand, will expand at a slightly faster rate than the average recorded for the five preceding years. Expenditures will be 6.1% higher than in 1987 and will total \$49.8 billion.

- The overall deficit of \$1.6 billion will mainly be due to the capital deficit of local governments in Quebec.
- Transfers to local governments from other levels of government will continue to provide a decreasing portion of total revenue, dropping to 47% in 1988. The proportion of local revenues contributed by the federal and provincial governments has been decreasing since the early 1980s.

For further information, contact Public Institutions Division at (613) 951-1824.

Slower Growth in Wages and Salaries

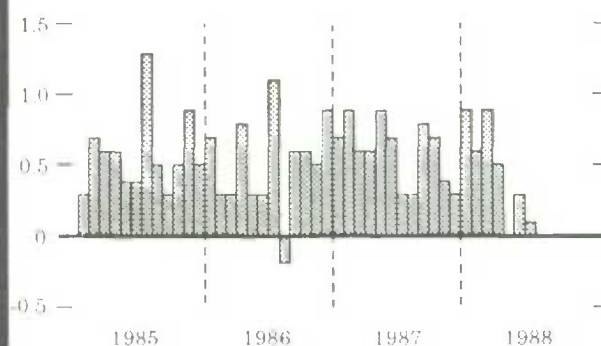
In July, the seasonally adjusted estimate of wages and salaries registered a marginal increase of 0.1%. Increases recorded in the last three months were smaller than those registered from January to April when gains were 0.6% or greater. This slowdown reflects major labour disputes.

Strong increases in wages and salaries were noted in construction (for the fourth consecutive month), commercial and personal services, and education and related services. Wages and salaries declined 1.9% in transportation, communication and other utilities mainly due to the labour dispute at Bell Canada. Manufacturing wages were down (-0.4%) for the first time in eight months.

Compared to July 1987, labour income was 6.4% higher, virtually unchanged from the year-over-year change a month earlier but lower than the average increase in the first six months of 1988.

Labour Income

(% change, previous month)



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

Help-wanted Index Registers Decline

- After reaching a record level last month, the seasonally adjusted help-wanted index decreased to 153 in September. However, the index remained above the previous peak of 150 observed in June 1988.
- The change between the August and September level was mainly attributable to a 31-point decline in the index for Quebec.
- After reaching a peak in August, the index for Quebec dropped to a level similar to the one recorded in February 1988.
- In the Prairie region, the index increased for the second consecutive month.
- In British Columbia, the index advanced to 70, the highest level registered since February 1982 when the index was 71.

Help-wanted Index (1981 = 100)

	May	June	July	Aug.	Sept.
	seasonally adjusted				
Canada	144	150	146	163	153
Atlantic Region	189	183	191	195	194
Quebec	153	172	173	196	165
Ontario	198	196	190	209	207
Prairie Region	66	64	61	66	69
British Columbia	56	60	59	68	70

- The indexes for the Atlantic region and Ontario were essentially unchanged from the levels recorded in August.

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

New Housing Prices Continue to Advance

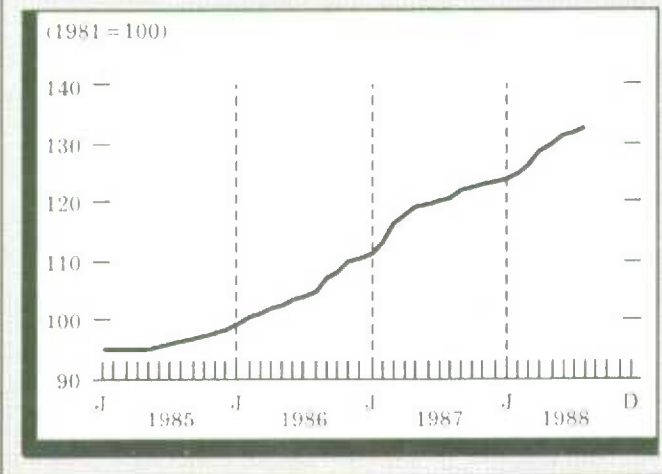
The new housing price index, which measures changes in prices for particular models of new residential houses, rose 0.9% in August, returning to the pattern of strong advances noted since February. On a year-over-year basis, the index was up 9.9%.

Hamilton, Toronto, London and St. John's registered monthly advances higher than the national average in August. In St. John's, the prospect of offshore oil activity influenced the price of new houses, producing the first monthly advance greater than 1% since February 1987.

On a year-over-year basis, Toronto continued to show the largest price increase of all cities surveyed (16.2%), while Hamilton followed at 12.1%. House prices in this area continue to be influenced by strong economic conditions and higher construction costs. Quebec City and Montreal exhibited annual increases of 9.1% and 7.9%. In Alberta and British Columbia, new house prices continued to rally but remained below the record levels reached in 1981 (the price reference year).

For further information, order *Construction Price Statistics* (catalogue number 62-007) or contact *Prices Division* at (613) 951-9601.

New Housing Price Index



Housing Price Indexes

	Apr.	May	June	July	Aug.
	% change, previous month				
New Housing	1.8	1.3	0.9	0.3	0.9
land only	2.2	2.0	2.2	0.6	0.6
house only	1.8	1.1	0.5	0.3	1.1

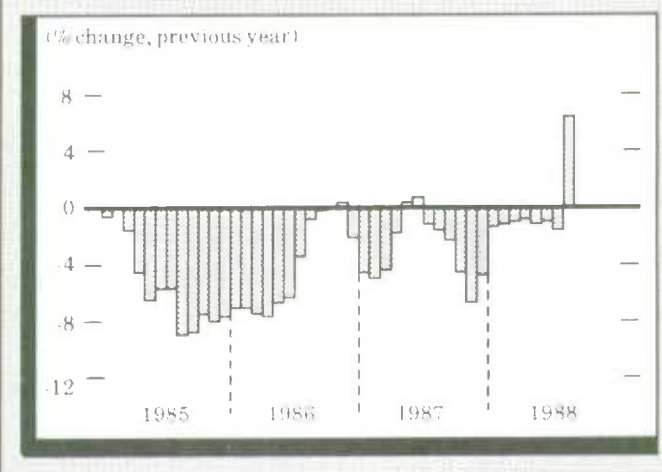
Crop Prices Strengthening

The farm product price index, which measures changes in prices received by producers when ownership of commodities first changes, was up 4.8% in August. This was the largest month-over-month increase since 1980. A large increase in crop prices was partially offset by a decrease in livestock prices. Compared to August 1987, the index was up 6.6%, the first year-over-year increase in thirteen months.

The crops index rose 13.9% in August, its fifth consecutive monthly advance. The index has risen 35.8% since March to reach its highest level since July 1985. The main cause of the advance in August was an increase in Canadian Wheat Board initial prices which took effect August 1. In the four preceding months, rising prices for cereals and strengthening prices for oilseeds combined to push up the overall crops index.

The livestock and animal products index decreased 1.1% in the current month, continuing the downturn first noted in June. Lower prices for cattle and calves and hogs offset higher prices for poultry and eggs. The cattle index has dropped for four consecutive months but the size of the decrease moderated in August.

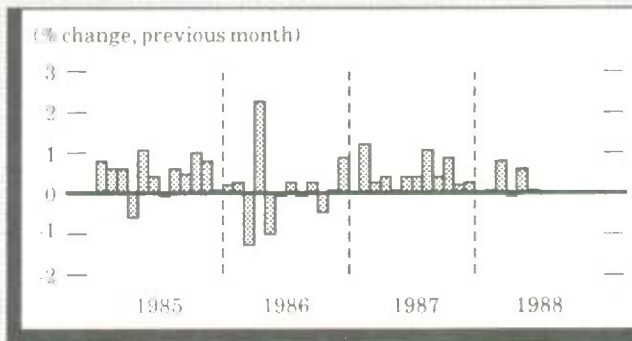
Farm Product Price Index



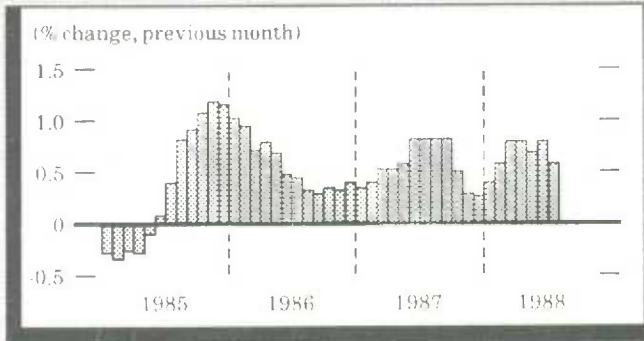
For further information, order *Farm Product Price Index* (catalogue number 62-003) or contact *Agriculture Division* at (613) 951-2442.

CURRENT TRENDS

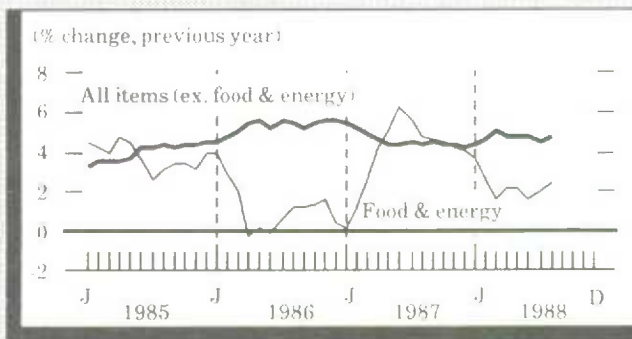
Gross Domestic Product



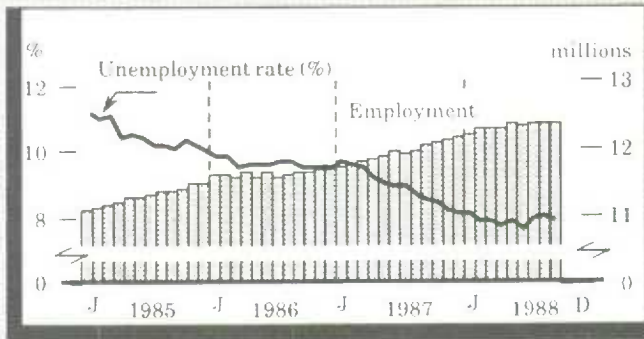
Composite Leading Indicator



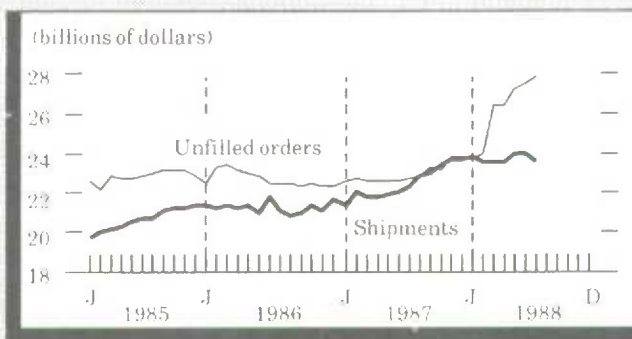
Consumer Price Index



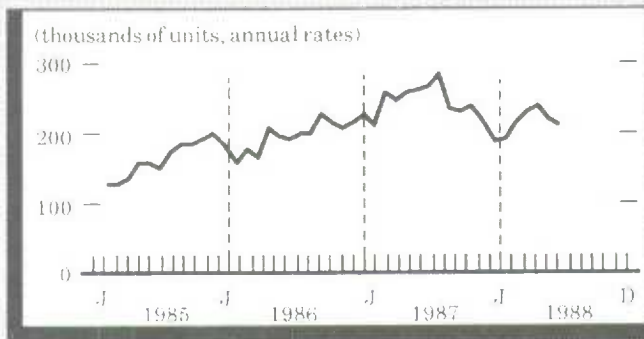
Unemployment Rate and Employment



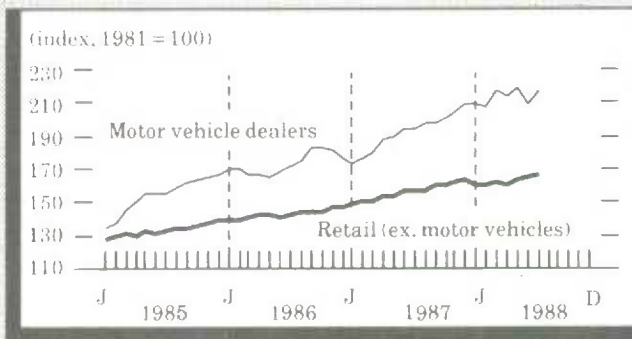
Manufacturing



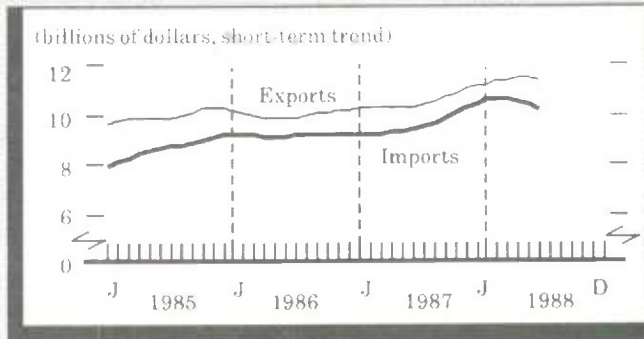
Housing Starts



Retail Sales



Merchandise Trade



PUBLICATIONS RELEASED FROM OCTOBER 7 TO 13

AGRICULTURE

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

Report on Fur Farms, 1987. Catalogue number 23-208 (Canada: \$30; Other Countries: \$31).

DEMOGRAPHY

Profiles, Census Divisions and Subdivisions, Saskatchewan: Part 2, 1986 Census. Catalogue number 94-110 (Canada: \$170; Other Countries: \$198).

EDUCATION, CULTURE AND TOURISM

Education Statistics Bulletin, Vol. 10, No. 7, **Financial Statistics of Canadian Universities**, 1986-87. Catalogue number 81-002 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

INCOME AND EXPENDITURE

National Income and Expenditure Accounts, Second Quarter 1988. Catalogue number 13-001 (Canada: \$17.25/\$69; Other Countries: \$18.25/\$73).

INDUSTRY

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

Electrical and Electronic Products Industries, Communications and Energy Wire and Cable Industry, 1986 Census of Manufactures. Catalogue number 43-250B 3381 (Canada: \$4; Other Countries: \$5).

Electrical and Electronic Products Industries, Small Electrical Appliance Industry, 1986 Census of Manufactures. Catalogue number 43-250B 3311 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Industrial Fastener Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3053 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Metal Dies, Moulds and Patterns Industry, 1986 Census of Manufactures. Catalogue number 41-251B 3062 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Other Ornamental and Architectural Metal Products Industries, 1986 Census of Manufactures. Catalogue number 41-251B 3039 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries, Other Wire Products, Upholstery and Coil Spring Industries, 1986 Census of Manufactures. Catalogue number 41-251B 3058 (Canada: \$4; Other Countries: \$5).

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

New Motor Vehicle Sales, April 1988. Catalogue number 63-007 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Paper and Allied Products Industries, Coated and Treated Paper Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2791 (Canada: \$4; Other Countries: \$5).

Paper and Allied Products Industries, Folding Carton and Set-up Box Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2731 (Canada: \$4; Other Countries: \$5).

Refined Petroleum Products, June 1988. Catalogue number 45-004 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

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

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

Wood Industries, Veneer and Plywood Industries, 1986 Census of Manufactures. Catalogue number 35-250B 2520 (Canada: \$4; Other Countries: \$5).

INTERNATIONAL TRADE

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

LABOUR

Estimates of Labour Income, January-March 1988. Catalogue number 72-005 (Canada: \$17.25/\$69; Other Countries: \$18.25/\$73).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Federal Scientific Activities, 1988-89. Catalogue number 88-204 (Canada: \$40; Other Countries: \$41.50).

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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)	Aug.*	131	0.4%	-0.3%
Housing Starts ('000, annual rates)	July	211	-3.2%	-21.0%
LABOUR				
Employment (millions)	Sept.*	12.4	0.1%	2.8%
Unemployment Rate (%)	Sept.*	7.8	-0.2	-0.7%
Participation Rate (%)	Sept.*	66.7	-0.1	0.5
Labour Income (\$ billion)	July*	26.0	0.1%	6.3%
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)	Aug.*	132.8	0.9%	9.9%

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

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