

I·N·F·O·M·A·T

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

Friday, November 4, 1988

OVERVIEW

■ Gross Domestic Product Registers Sizeable Gain

Following two months of minimal growth, gross domestic product rose 0.6% in August, the largest monthly advance registered since March.

■ Slower Growth in Composite Leading Indicator

The deceleration in the growth rate of the leading indicator in August was the result of declines in the manufacturing industry indicators.

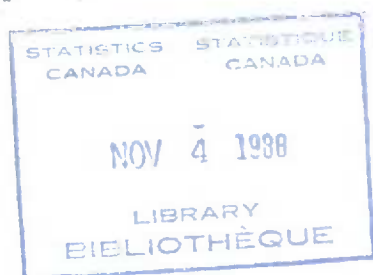
■ Industrial Prices Maintain Slowly Rising Trend

Edging up 0.1% in September, the industrial product price index extended the trend of marginal increases observed in the last four months.

■ Higher Raw Material Prices

Following two consecutive declines, the raw materials price index was up 0.5% in September.

This issue also includes information on **Dimensions - Industry Trends and Touriscope.**



Gross Domestic Product Registers Sizeable Gain

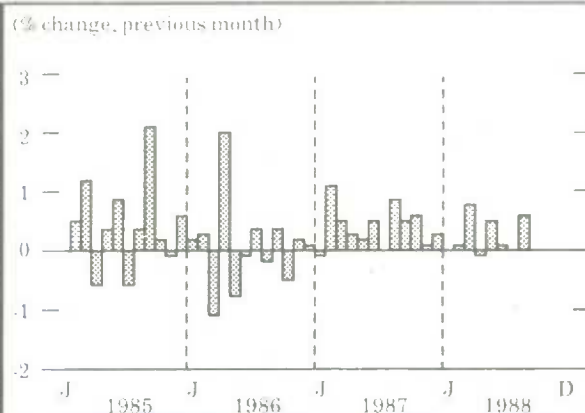
Gross domestic product (in 1981 prices) rose 0.6% in August, the largest monthly advance registered since March. This increase follows two months of minimal growth in GDP. Output of the goods-producing industries grew 1.0% following decreases in June and July, while the service-producing industries rose 0.4%, maintaining a pattern of steady growth.

Output from the goods-producing industries has oscillated since the start of the year and only shows marginal growth. The increase in August was the second advance of this magnitude registered in 1988. Most of the growth originated in the manufacturing and construction industries.

Manufacturing output rebounded by 1.5% in August, following a decline of similar size in the previous month. Most of the increase was due to higher production levels of durable goods, particularly transportation equipment, primary metals and wood products.

(continued on page 2)

Gross Domestic Product at Factor Cost



... Gross Domestic Product

Output from the construction industry advanced 1.8%, the largest monthly increase since October 1987. The gain was due in large part to a 5.1% increase in residential building construction, which has generally been declining in 1988.

The service-producing industries have registered moderate gains for four consecutive months and been the main support of growth in total GDP in 1988. The gains were widespread in August, with the finance, insurance and real estate services posting the largest increase. This group has registered moderate to strong growth throughout 1988.

Transportation and storage services advanced 0.7% in the current month, the second consecutive advance following a three-month downturn. The growth in

Real Gross Domestic Product

	Apr.	May	June	July	Aug.
	% change, previous month				
Real Gross Domestic Product	-0.1	0.5	0.1	0.0	0.6
Goods-producing industries	0.0	1.0	-0.4	-0.4	1.0
Service-producing industries	-0.1	0.2	0.4	0.2	0.4

August reflected gains in railway, water and pipeline transport.

Output of wholesalers grew 0.5%, following a decline of 1.1% in July and continuing the pattern of fitful growth observed in 1988.

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

Dimensions - Industry Trends

In response to increasing demands for historical economic data, this publication presents industry tables generated from five separate censuses on the experienced labour force in Canada. The data have been adjusted, wherever possible, to account for differences in concepts and classification to ensure that meaningful analysis of Canadian industry trends can be accomplished. Highlights from this publication include:

- Two-thirds of the total growth in the labour force between 1981 and 1986 occurred in the community, business and personal service industries. The

growth continued a trend which spans several decades and occurred despite a recession in the Canadian economy in the early 1980s.

- After continuous increases since 1951, the mining industry showed a net decrease of 10% in the size of its labour force during the 1981 to 1986 period.
- The manufacturing and construction industries also showed a decline (-3%), the first since 1951.

For further information, order Dimensions: Industry Trends (catalogue number 93-152) or contact the nearest Regional Reference Centre.

Slower Growth in Composite Leading Indicator

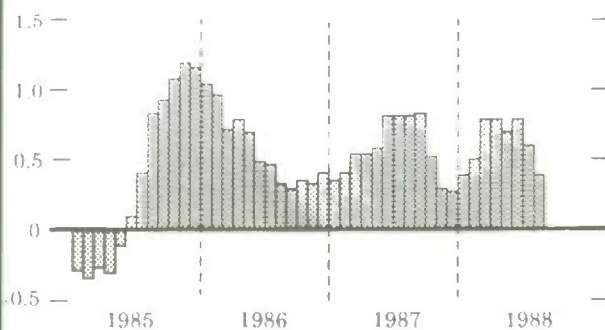
After posting a growth rate of 0.6% in July, the composite leading indicator rose 0.4% in August. This compares to an average increase of 0.8% in the three previous months. The deceleration was restricted to the manufacturing industries at a time when the main sources of strength shifted from the export-related sectors to domestic spending.

The indicators of household demand were all up in August. The residential construction index registered an increase for the fifth consecutive month, while sales of durable goods firmed after showing some weakness earlier this year. House sales also turned up, despite a hike in mortgage rates.

With manufacturing production levelling off and thus pushing up unit labour costs, the proxy for profit margins decelerated for the third consecutive month. New orders and the shipments to inventory ratio have

Composite Leading Indicator

(% change, previous month)



(continued on page 3)

... Composite Leading Indicator

both slowed for two months in a row. The decreases were in response to declining exports of motor vehicles in July and petroleum products in August. Unfilled orders, however, reached new highs, particularly in industries related to business investment.

In August, the United States leading indicator grew for the fifth month in a row. Industrial production

accelerated in July, most noticeably within the materials and intermediary products categories. Motor vehicle production was down sharply in July, but turned up in August.

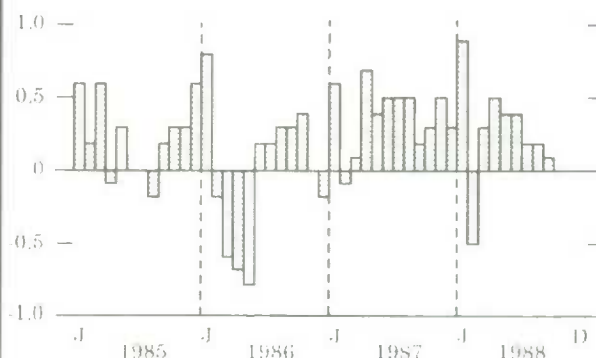
For further information, order the Canadian Economic Observer (catalogue number 11-010) or contact International and Financial Economics Division at (613) 951-3627.

Industrial Prices Maintain Slowly Rising Trend

- The industrial product price index (IPPI, 1981 = 100) edged up 0.1% in September, continuing the slowly rising trend evident since the start of the year.
- Prices for primary metal products were up 0.7% in September, the second consecutive increase and a continuation of the rising trend noted since March 1987. A large increase in copper prices was partially offset by a decline in nickel prices.
- Paper and paper products prices were up 0.4% over August. Prices for these commodities have risen for three consecutive months but the rate of increase has slowed.
- The petroleum and coal products component declined 0.3%. Prices for these products have followed a downward trend since October 1987.

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.

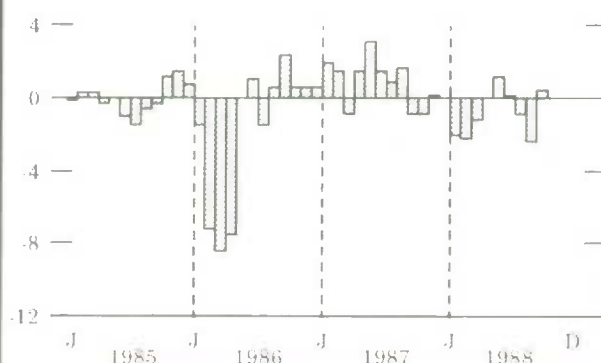
Higher Raw Material Prices

- Following two consecutive declines, the raw materials price index (1981 = 100) was up 0.5% in September.
- The upward trend in prices for non-ferrous metals continued. The 3.5% increase was primarily due to higher prices for copper, zinc and lead.
- Animal and animal product prices were up (0.7%) in September, while the vegetable products component, which had dropped sharply in August, resumed its rising trend in September by edging up slightly (0.1%).
- The mineral fuels component was unchanged in September, following three consecutive monthly declines.

For further information, order Industry Price Indexes (catalogue number 62-011) or contact Prices Division at (613) 951-9606.

Raw Materials Price Index

(% change, previous month)



PUBLICATIONS RELEASED FROM OCTOBER 28 TO NOVEMBER 3

AGRICULTURE

Cereals and Oilseeds Review, July 1988. Catalogue number 22-007 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

CENSUS

Dimensions - Industry Trends, 1951-1986. Catalogue number 93-152 (Canada: \$29; Other Countries: \$31).

EDUCATION, CULTURE AND TOURISM

Touriscope - Tourism in Canada, 1988. Catalogue number 87-401 (Canada: \$40; Other Countries: \$42).

INDUSTRY

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

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

Corrugated Boxes and Wrappers, September 1988. Catalogue number 36-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

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

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

Quarterly Report on Energy Supply-demand in Canada, First Quarter 1988. Catalogue number 57-003 (Canada: \$28.75/\$115; Other Countries: \$30.75/\$123).

The Sugar Situation, September 1988. Catalogue number 32-013 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

INTERNATIONAL TRADE

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

LABOUR

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

Labour Force Information, October 1988. Catalogue number 71-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65). Available November 4th at 7:00 a.m.

PRICES

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

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

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

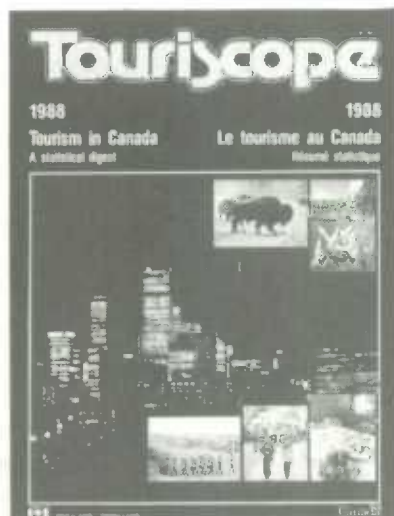
Housing Starts and Completions, July 1988. Catalogue number 64-002 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

TRANSPORT

Aviation Statistics Centre Service Bulletin, July 1988. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

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

NEW FROM STATISTICS CANADA



Tourism in Canada

The tenth edition of the Tourism Digest presents statistics on consumption and production, suppliers and users, and the significance of tourism in Canada. It features the years 1980-87.

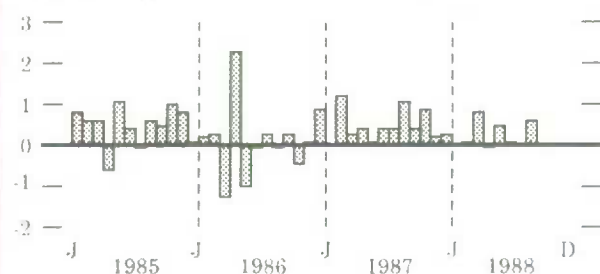
Nine chapters each contain a statistical section and an article prepared by a expert. The articles include new developments in air passenger transportation, tourism-related employment data from the 1986 Census, the significance of the automobile in tourism, implications of aging populations, tourism research at the regional level, some less-documented tourism industries, international perceptions of Canada and indicators of travel intentions.

For further information, order *Tourism in Canada, A Statistical Digest* (catalogue number 87-401) or contact Education, Culture and Tourism Division at (613) 951-1673.

CURRENT TRENDS

Gross Domestic Product

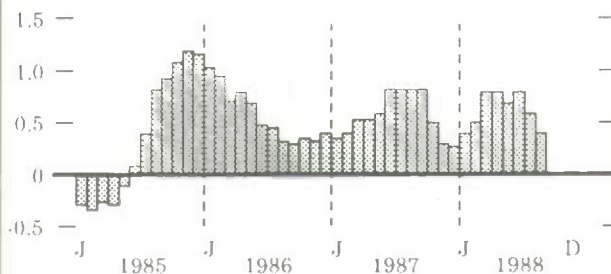
(% change, previous month)



Following two months of minimal growth, gross domestic product rose 0.6% in August.

Composite Leading Indicator

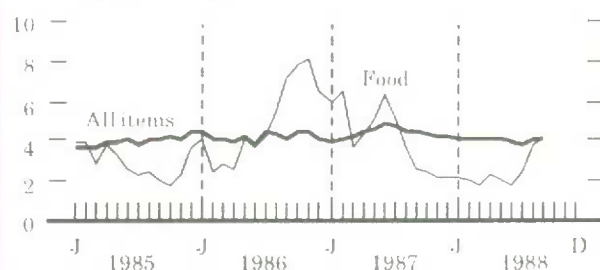
(% change, previous month)



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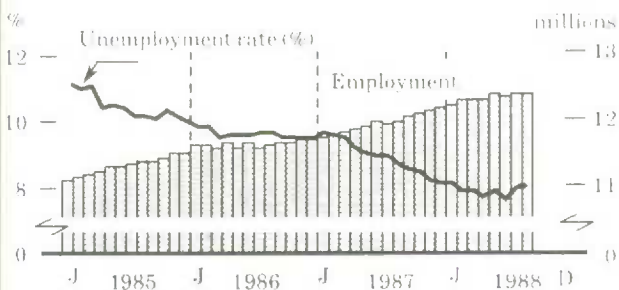
Consumer Price Index

(% change, previous year)



The CPI edged up in September for a second month of slower growth.

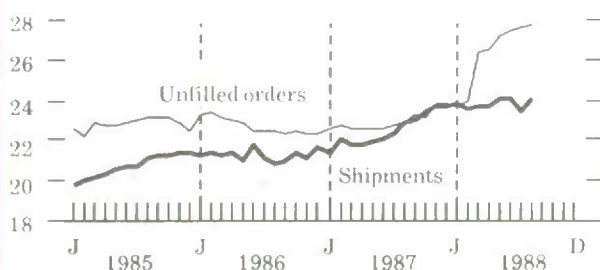
Unemployment Rate and Employment



There has been little overall change in labour market conditions between May and September.

Manufacturing

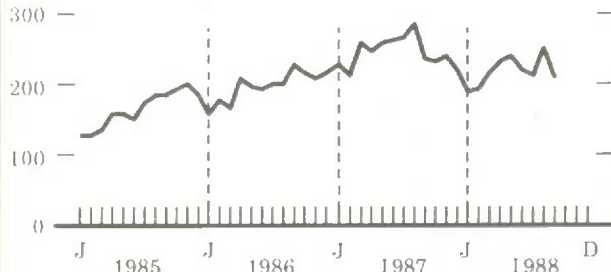
(billions of dollars)



The value of shipments rose 2.8% in August, recovering most of the decrease recorded in July.

Housing Starts

(thousands of units, annual rates)



Housing starts were down in July, reflecting a slowdown in the multiple housing sector.



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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Aug.*	398	0.6%	3.9%
Composite Leading Indicator (1971 = 100)	Aug.*	201.3	0.4%	7.2%
Profits of Industrial Corporations (\$ billion)	2nd Q	9.80	7.2%	20.2%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Aug.	13.8	0.3%	6.5%
New Motor Vehicle Sales ('000 units)	Aug.	131	0.4%	-0.3%
Housing Starts ('000, annual rates)	Aug.	249	18.0%	-12.0%
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)	Aug.	12.1	12.5%	14.8%
Merchandise Imports (\$ billion)	Aug.	11.3	26.9%	20.5%
Merchandise Trade Balance (\$ billion)	Aug.	0.8	-1.0	-0.3
MANUFACTURING				
Shipments (\$ billion)	Aug.	24.0	2.8%	5.4%
New Orders (\$ billion)	Aug.	24.2	2.7%	5.7%
Unfilled Orders (\$ billion)	Aug.	27.7	0.5%	21.1%
Inventory/ Shipments Ratio	Aug.	1.56	-0.03	-0.02
Capacity Utilization (%)	2nd Q	81.5	0.2	2.8
PRICES				
Consumer Price Index (1981 = 100)	Sept.	145.0	0.1%	4.1%
Industrial Product Price Index (1981 = 100)	Sept.*	128.5	0.1%	3.5%
Raw Materials Price Index (1981 = 100)	Sept.*	96.6	0.5%	-8.3%
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.

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