

I·N·F·O·M·A·T

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

Friday, November 11, 1988

OVERVIEW

■ Manufacturers More Optimistic

Canadian manufacturers were more optimistic about the business conditions they expect in the fourth quarter of 1988.

■ Labour Market Conditions Relatively Stable

In October, employment was essentially unchanged while unemployment and the unemployment rate rose slightly.

■ Growth of Wages and Salaries Accelerates

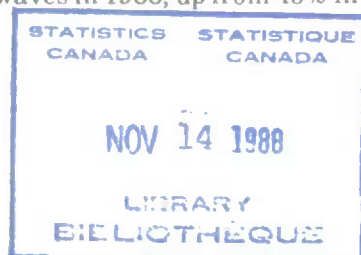
Wages and salaries rose 0.8% in August, a larger gain than those recorded in the three preceding months when labour disputes reduced the growth rates.

■ Foreign Students at Canadian Universities Decrease

Since reaching a peak in 1982, the number of foreign students enrolled at Canadian universities had declined 17% by 1987.

■ Labour-saving and Leisure-time Products More Popular

More than half of Canadian households owned VCRs and microwaves in 1988, up from 45% in 1987.



Manufacturers More Optimistic

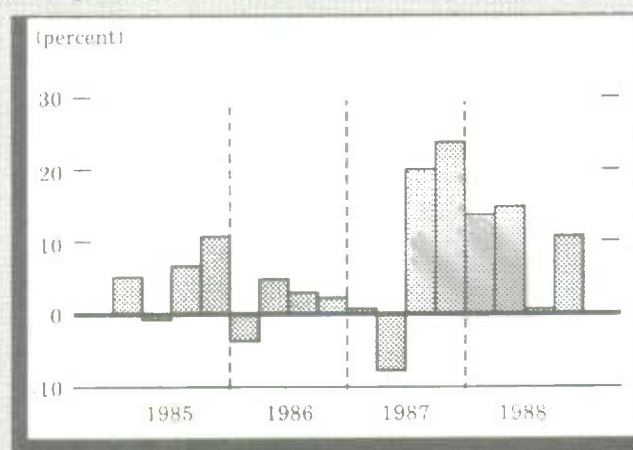
Canadian manufacturers were more optimistic about the business conditions they expect in the fourth quarter of 1988 than in the third quarter. There was a sharp decline in pessimism about production prospects and declining concern about the level of finished product inventory. Shortages of skilled labour and other difficulties were cited as the main sources of production difficulties.

Following a significant rise in the third quarter, the proportion of manufacturers expecting lower production returned to the levels evident since the start of the fourth quarter of 1987. The proportion expecting higher production levels was unchanged from the third quarter, while the proportion expecting production to remain about the same rose to 57%.

The accompanying chart represents the balance of opinion for expected volume of production during the next three months compared with the last three months. The balance of opinion is the difference between the proportion of manufacturers anticipating higher production and those expecting lower production.

(continued on page 2)

Balance of Opinion on Expected Production



... Manufacturers More Optimistic

Manufacturers showed renewed optimism concerning their levels of finished product inventory following four quarters of declines. More than three-quarters thought their inventory levels were about right, the highest proportion registered in more than a year, while the proportion believing their inventory levels were too low continued the slow decline observed throughout 1988.

Shortage of skilled labour was identified by 14% of manufacturers as the most significant source of production difficulties, an historical record. The pro-

portion of manufacturers expressing other production difficulties jumped sharply to 16%, reinforcing the slight advance noted in the third quarter.

The proportion of manufacturers stating that the level of unfilled orders is about normal jumped to 73% after declining slowly in the first three quarters of 1988. The proportion quoting higher than normal backlogs of orders dropped to 16%, after hovering around 23% in the first three quarters.

For further information, contact Industry Division at (613) 951-3507.

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 October, employment was essentially unchanged while unemployment rose slightly, reflecting a slight increase in labour force participation.

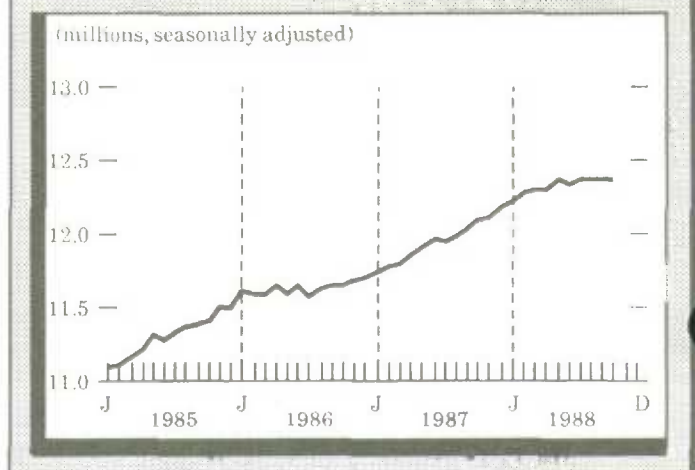
The size of the labour force has changed very little in recent months. After a sharp jump in July, growth has flattened out. Employment growth has also slowed, with the last major increase being recorded in May. Employment in the 15 to 24 year old age group has dropped off significantly since May; however, in the 25 year and older age group, employment has continued to grow.

The level of unemployment had followed a downward trend throughout 1987 and into the early months of 1988. Since April it has not established a clearly defined trend although it has risen slightly. This pattern reflects the changes in unemployment for

Labour Force

	June	July	Aug.	Sept.	Oct.
	Change, previous month				
Labour force ('000)	-55	71	15	-13	17
Employment ('000)	-24	25	3	8	4
15-24 years ('000)	-49	17	-38	10	-27
25 years & over ('000)	25	8	41	-2	31
Unemployment ('000)	31	46	12	-21	13
Unemployment rate	7.6	7.9	8.0	7.8	7.9

Employment



individuals 25 years of age and over. For the 15 to 24 year old age group the decline in unemployment has only flattened out in the last four months.

The steady decline demonstrated by the unemployment rate ended in June when it dropped to a low of 7.6%. Since then the unemployment rate has ranged between 7.8% and 8.0%. The rate for 15 to 24 year olds has been rising since June, while the rate for more mature workers rose slightly before remaining at 6.7% for two consecutive months.

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

Growth of Wages and Salaries Accelerates

In August, the seasonally adjusted estimates of wages and salaries registered an increase of 0.8%, the largest advance recorded since March. Major labour disputes reduced the growth of wages and salaries in the three preceding months.

Strong increases in wages and salaries were noted in a number of industries, led by forestry and commercial and personal services. The construction industry posted a gain for the fifth consecutive month and manufacturing wages and salaries continued to follow

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... Growth of Wages and Salaries Accelerates

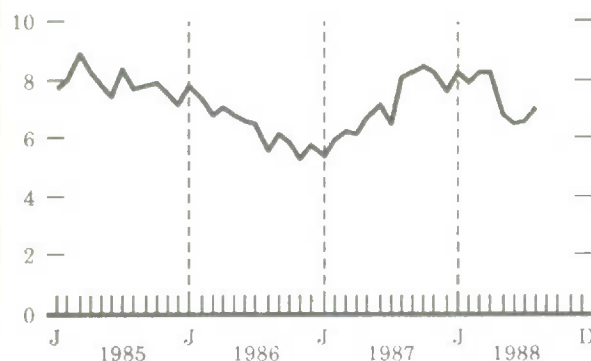
the rising trend evident since December 1987. Wages and salaries continued to decline in transportation, communication and other utilities mainly due to the labour dispute at Bell Canada.

Compared to August 1987, labour income was up 7%, greater than the year-over-year change experienced in the three preceding months but lower than the average increase in the first six months of 1988.

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

Labour Income

(% change, previous year)



PUBLICATIONS RELEASED FROM NOVEMBER 4 TO 10

AGRICULTURE

Farm Product Price Index, August 1988. Catalogue number 62-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

Livestock Report - Pigs, October 1, 1988. Catalogue number 23-008 (Canada: \$15/\$60; Other Countries: \$16/\$64).

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

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

CENSUS

Dimensions - Occupational Trends, 1961-1986. Catalogue number 93-151 (Canada \$36; Other Countries: \$38).

Intercensal Estimates of Families, Canada and Provinces - First Issue, 1981-1986. Catalogue number 91-529 (Canada: \$36; Other Countries: \$37).

EDUCATION, CULTURE AND TOURISM

International Student Participation in Canadian Education, 1987. Catalogue number 81-261 (Canada: \$18; Other Countries: \$19).

HOUSEHOLD SURVEYS

Household Facilities and Equipment, May 1988. Catalogue number 64-202 (Canada: \$25; Other Countries: \$26).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations - Financial Statistics, Second Quarter 1988. Catalogue number 61-003 (Canada: \$50/\$200; Other Countries: \$60/\$240).

INDUSTRY

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

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

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

Factory Shipments of High Pressure Decorative Laminate Sheet, Quarter Ended September 1988. Catalogue number 47-005 (Canada: \$4.25/\$17; Other Countries: \$5.25/\$21).

Footwear Statistics, September 1988. Catalogue number 33-002 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

INDUSTRY - Concluded

Mineral Wool Including Fibrous Glass Insulation, September 1988. Catalogue number 44-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

Pack of Processed Cherries, 1988. Catalogue number 32-023 (Canada: \$7/\$115; Other Countries: \$8/\$125).

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

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

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

Retail Trade, August 1988. Catalogue number 63-005 (Canada: \$16/\$160; Other Countries: \$17/\$170).

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

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

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

INTERNATIONAL AND FINANCIAL ECONOMICS

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

INTERNATIONAL TRADE

Imports by Commodity (H.S. Based), August 1988. Catalogue number 65-007 (Canada: \$50/\$500; Other Countries: \$60/\$600).

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

SERVICES

Communications Service Bulletin, Vol. 18, No. 5, Telephone Statistics, 1987. Catalogue number 56-001 (Canada: \$7.50/\$45; Other Countries: \$8.50/\$51).

Restaurant, Caterer and Tavern Statistics, August 1988. Catalogue number 63-011 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

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

CURRENT TRENDS

Gross Domestic Product

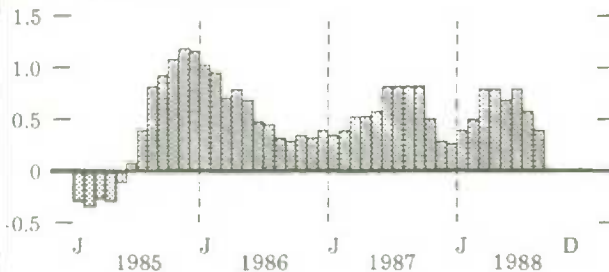
(% change, previous month)



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

Composite Leading Indicator

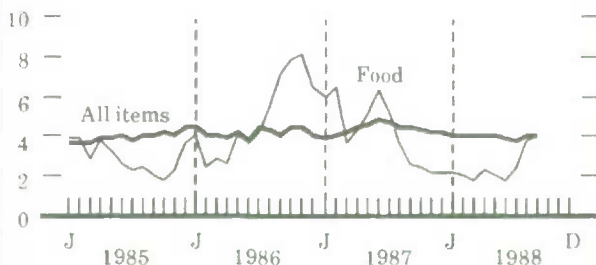
(% change, previous month)



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

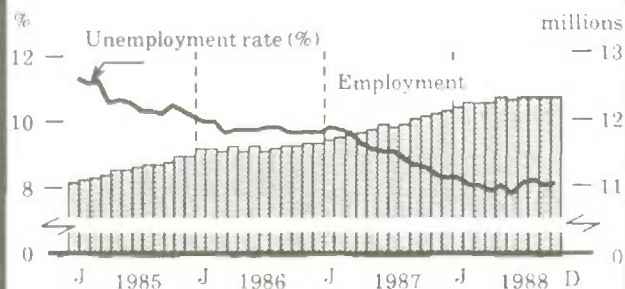
Consumer Price Index

(% change, previous year)



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

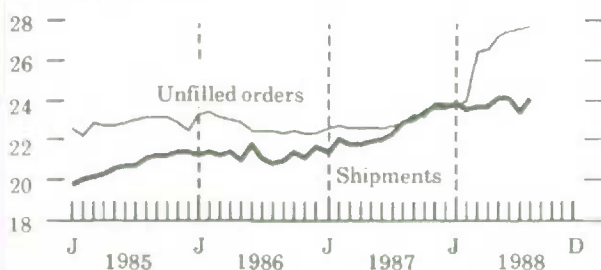
Unemployment Rate and Employment



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

Manufacturing

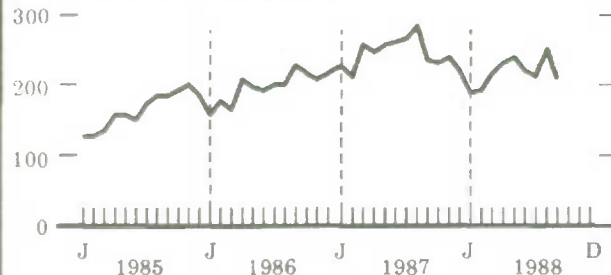
(billions of dollars)



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.*	219	21.0%	-12.4%
LABOUR				
Employment (millions)	Oct.*	12.4	0.0%	2.3%
Unemployment Rate (%)	Oct.*	7.9	0.1	-0.5
Participation Rate (%)	Oct.*	66.7	0.0	0.3
Labour Income (\$ billion)	Aug.*	26.6	0.8%	7.0%
Average Weekly Earnings (\$)	Aug.*	465.84	0.4%	5.9%
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)	Sept.*	135.2	1.8%	10.8%

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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