

I·N·F·O·M·A·T

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

Friday, January 13, 1989

OVERVIEW

■ Leading Indicator of Canadian Economy Slows

The growth rate of the composite leading indicator decelerated for the fourth consecutive month in October.

■ New Housing Prices Post Large Advances

The new housing price index rose 1.4% in November, returning to the pattern of strong gains noted since February.

■ Steady Gains in Wages and Salaries

In October, wages and salaries rose 0.6%. This increase was in line with those recorded in the two preceding months and the first four months of 1988.

■ Renewed Growth in Employment

Following a period of relatively little change from June to October, employment has increased in each of the last two months and the unemployment rate has declined to 7.6%.

■ Farm Product Prices Continue to Rise

In November, the farm product price index increased for the seventh time in twelve months as strengthening crop prices offset declines in livestock prices.

■ Motor Vehicle Sales Off Slightly

New motor vehicle sales fell for the second consecutive month in November, but the decrease (-0.1%) was marginal.

This issue **also** includes an article on the **Help-wanted Index**.

Leading Indicator of Canadian Economy Slows

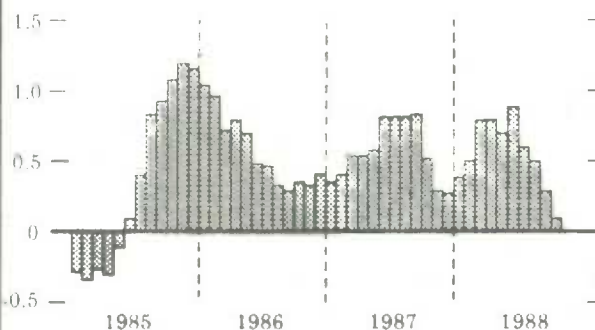
The growth rate of the composite leading indicator decelerated for the fourth consecutive month in October. A gain of only 0.1% was the smallest recorded since late 1987. Most of the recent slowdown originated in the manufacturing industry, which had led growth earlier in the year.

New orders for durable goods manufactured in Canada dropped for the fourth month in a row (-0.3%). The shipments to inventories ratio also continued to decline in October. The weakening was most pronounced in the export-oriented industries, notably the automotive. A slowdown in the United States economy is occurring against a backdrop of rising Canada - U.S. exchange rates, both of which serve to slow our exports.

(continued on page 2)

Composite Leading Indicator

(% change, previous month)



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... Leading Indicator of Canadian Economy Slows

The indicators of Canadian domestic demand were mixed. The residential construction index posted its first decrease in seven months, as building permits fell sharply. However, housing starts continued their rise into November. Consumer demand for cars and furniture posted small gains. Furniture and appliance sales

were up for the fourth month in a row, following a six-month downturn. New motor vehicle sales were also up for the fourth month, advancing 0.4% over September.

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

New Housing Prices Post Large Advances

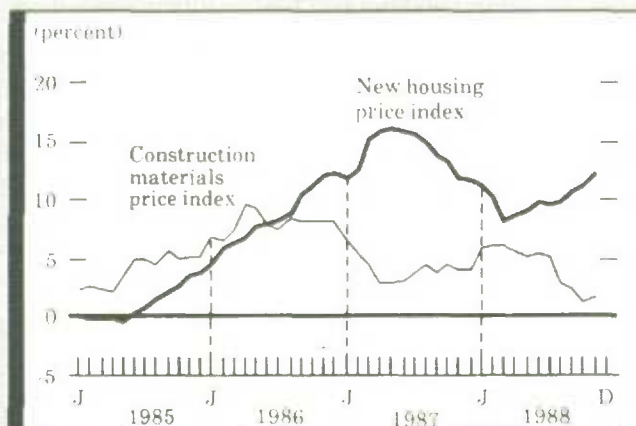
The new housing price index, which measures changes in prices for particular models of new residential houses, rose 1.4% in November, returning to the pattern of strong advances noted since February. On a year-over-year basis, the index was up 12.3%.

The index of residential construction building material prices continued to show only marginal growth in November, rising 0.1% over October. On a year-over-year basis, this index was up 1.8% in November.

Of all the cities surveyed, Toronto registered the largest monthly increase (2.6%). The strong growth in Toronto housing prices since September was primarily attributable to higher land costs. Over the last 12 months, the rate of increase in the land only component for Toronto has been approximately double the growth in the house only portion. Compared to November 1987, new housing prices were up 23.2%.

Growth rates of new housing prices for the rest of Canada were under 10%. In other cities in Ontario and in Quebec increases ranged between 4.9% and 8.5%. In the Western provinces, Calgary recorded the highest year-over-year increase (7.5%) and has finally surpassed

New Housing and Building Material Price Indexes



the 1981 reference level for housing prices. In Manitoba and Saskatchewan, new housing prices were essentially unchanged from November 1987.

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

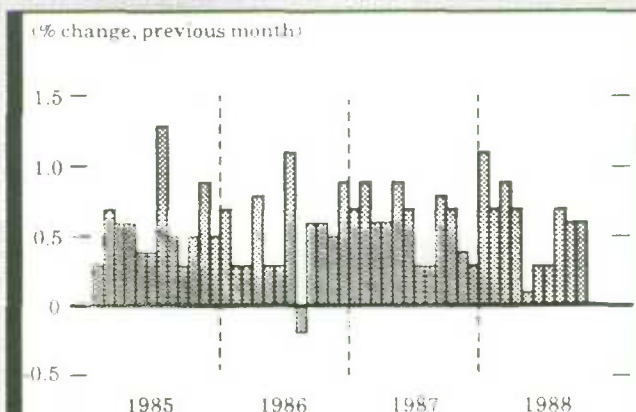
Steady Gains in Wages and Salaries

In October, the seasonally adjusted estimates of wages and salaries rose 0.6%, in line with the advances registered in the two preceding months. The rate of growth had slowed from May to July, but the recent increases are similar to the advances reported in the first four months of 1988.

In the manufacturing industries, wages and salaries increased 1.0%, the second month of fairly strong growth and the fourth advance in a row. Wages and salaries in the construction industries rose 0.9% in October, the third consecutive month of slower growth.

The most significant provincial changes in wages and salaries occurred in Newfoundland, New Brunswick and British Columbia. Wages and salaries rose 1.7% in Newfoundland, following three consecutive declines. In New Brunswick, growth continued to accelerate as wages rose for the ninth consecutive month. British Columbia registered the largest advance since February.

Wages and Salaries



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

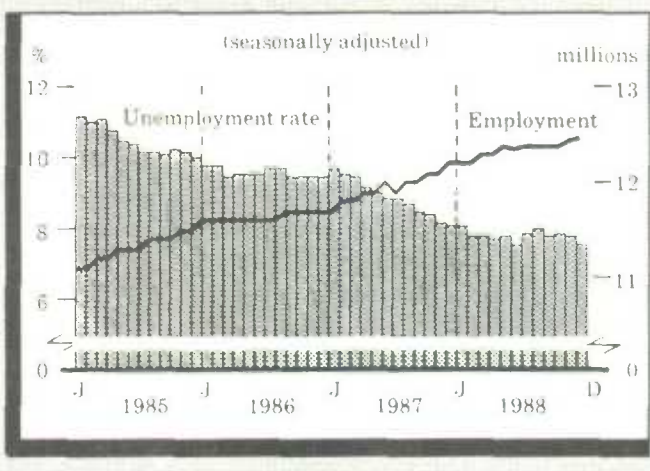
Renewed Growth in Employment

Estimates from the Labour Force Survey show that the level of employment increased by an additional 23,000 in December, following a sharp jump a month earlier. Employment had grown at a moderate rate from June to October.

In December, the growth in employment was concentrated among males and persons 25 years of age and over, a contrast with the rest of the year when female employment generally grew at a faster rate than male employment. However, the concentration among older workers continues the trend noted in previous months.

Generally, employment for workers 20 to 24 years of age declined in 1988. This downturn coincides with a reduction in the population and therefore the labour force for this age group. Employment levels for 15 to 19 year olds rose marginally from the end of 1987.

Unemployment Rate and Employment (Labour Force Survey)



The level of unemployment was down 24,000 from November, extending the string of marginal monthly changes to eight months. Most of this decline was concentrated among those 25 years or older.

The unemployment rate dropped to 7.6% in December, equalling the rate posted in July 1988. Since then the unemployment rate has ranged between 7.8% and 8.0%.

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

Labour Force

	Aug.	Sept.	Oct.	Nov.	Dec.
	Change, previous month				
Labour force ('000)	115	-13	17	61	-1
Employment ('000)	3	8	4	66	23
15-24 years ('000)	-38	10	27	30	-1
25 years & over ('000)	41	-2	31	36	24
Unemployment ('000)	12	-21	13	-5	-24
Unemployment rate	8.0	7.8	7.9	7.8	7.6

Farm Product Prices Continue to Rise

The farm product price index (1981=100) stood at 99.2 in November, up 0.6% over October. The index has risen in seven of the last twelve months. Crop prices advanced in November more than offsetting a decrease in livestock prices. The FPPI was 11.0% higher than in the same month last year.

The crops index gained 2.8%, continuing the general rising trend evident over the last 12 months. Cereal prices have been particularly vigorous, registering large increases since June as drought-induced shortages

pushed up prices. The oilseeds index, on the other hand, has dropped for two consecutive months. These declines correspond with the release of the United States Department of Agriculture estimate of 1988 soybean production, which was higher than expected.

The livestock and animal products index decreased 1% in November. The index has shown little change over the last 12 months and in November it stood 2.8% below year-earlier levels.

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

Motor Vehicle Sales Off Slightly

Adjusted for seasonal fluctuations and the number of trading days, unit sales of new motor vehicles totalled 128,000 in November, a marginal decline (-0.1%) from the previous month. Decreases in the last two months contrast with a rising trend observed in the three previous months, when sales advanced an average of 2.8% a month. Slightly lower sales were posted for passenger cars (-0.2%), while commercial vehicle sales were unchanged.

Passenger car sales were off slightly, following a sizeable drop in October. Sales of North American-built cars were down (-1.5%) for the first time in three months. However, North American-built cars accounted for 70% of the cars sold in November, one of the largest market shares recorded since September 1986.

Imported car sales rose 3.3%, following a significant drop in October. In the first 11 months of 1988, import sales were down from 1987; Japanese-built cars have posted marginal growth, while sales of cars imported from other countries are down substantially (28%).

Motor Vehicle Sales

	July	Aug.	Sept.	Oct.	Nov.
	% change, previous month				
Passenger cars	3.3	1.7	3.3	-5.7	-0.2
North American	7.9	-0.8	2.7	1.8	-1.5
Imported	-5.9	7.2	4.6	-21.3	3.3
Commercial vehicles	10.2	-3.2	2.0	-1.7	0.0

Commercial vehicle sales were unchanged in November from the level a month earlier. Sales of these vehicles have fluctuated throughout 1988, but the size of the fluctuations has moderated in the last four months. Despite a seemingly erratic pattern, total sales were 9.1% higher than in the first 11 months of 1987.

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

Help-wanted Index Unchanged in November

- The seasonally adjusted help-wanted index was unchanged in December, after rising for two consecutive months.
- Indexes for four of the regions increased in December, but an eight-point drop in Ontario offset these movements at the Canada level.
- After reaching a record level in October, the Ontario index has decreased for two consecutive months.
- Following a decrease in November, the index for the Atlantic region resumed the upward trend noted since June.
- The index for Quebec rose for the second consecutive month in December and almost reached the peak recorded in August.

Help-wanted Index (1981 = 100)

	Aug.	Sept.	Oct.	Nov.	Dec.
	seasonally adjusted				
Canada	163	153	162	167	167
Atlantic Region	195	194	207	187	195
Quebec	196	165	162	189	195
Ontario	209	207	227	225	217
Prairie Region	66	69	78	63	67
British Columbia	68	70	68	64	80

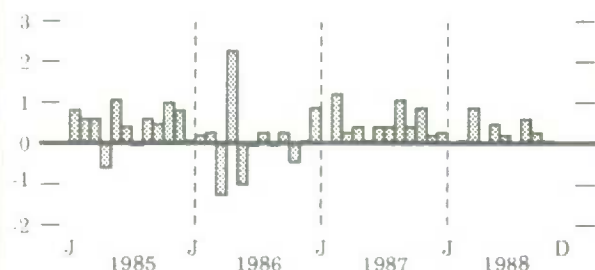
- The Prairie region index increased to 67, still below the high observed in October.
- In British Columbia, the index jumped to 80, its highest level since November 1981.

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

CURRENT TRENDS

Gross Domestic Product

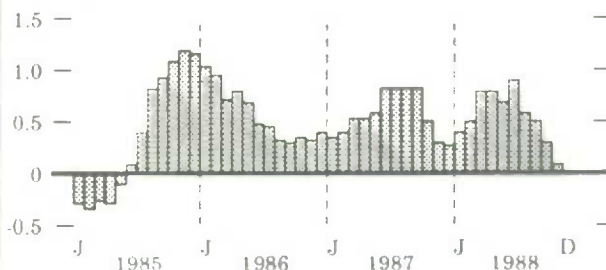
(% change, previous month)



GDP rose by only 0.1% in October, continuing the deceleration in output growth noted in September.

Composite Leading Indicator

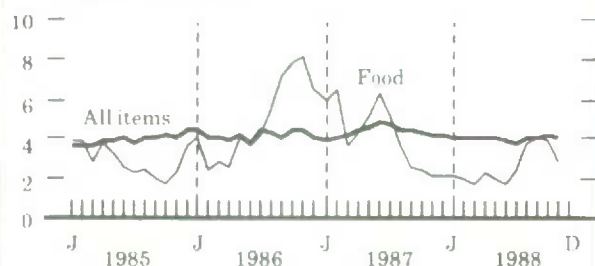
(% change, previous month)



The growth rate of the composite leading indicator decelerated for the fourth consecutive month in October.

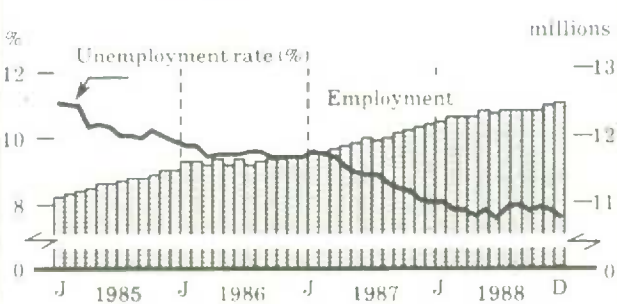
Consumer Price Index

(% change, previous year)



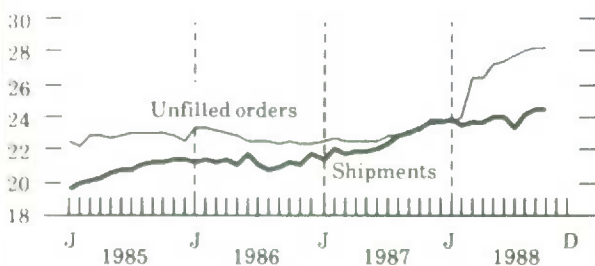
The CPI was up 4.1% on a year-over-year basis in November, marginally lower than the increase recorded in October.

Unemployment Rate and Employment



Following a period of relatively little change from June to October, employment has increased in each of the last two months.

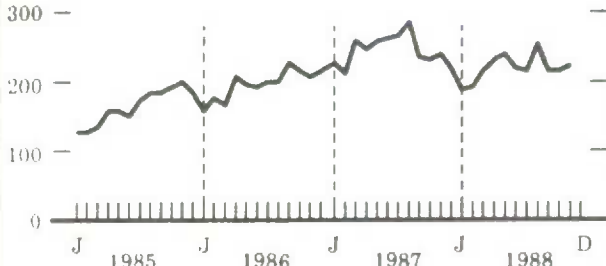
Manufacturing



Following two months of notable growth, manufacturing shipments were down slightly in October.

Housing Starts

(thousands of units, annual rates)



In November, housing starts were virtually unchanged. Starts have been close to 220,000 for three consecutive months.

PUBLICATIONS RELEASED FROM JANUARY 6 TO JANUARY 12

AGRICULTURE

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

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

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

CENSUS

Profiles - Census Tracts - Lethbridge: Part 2, 1986 Census. Catalogue number 95-124 (Canada: \$25; Other Countries: \$26).

Profiles - Census Tracts - London: Part 2, 1986 Census. Catalogue number 95-126 (Canada: \$29; Other Countries: \$31).

Profiles - Census Tracts - Saskatoon: Part 2, 1986 Census. Catalogue number 95-154 (Canada: \$25; Other Countries: \$26).

Profiles - Census Tracts - Sudbury: Part 2, 1986 Census. Catalogue number 95-160 (Canada: \$25; Other Countries: \$26).

Profiles - Census Tracts - Trois-Rivières: Part 2, 1986 Census. Catalogue number 95-166 (Canada: \$25; Other Countries: \$26).

DEMOGRAPHY

Postcensal Annual Estimates of Population by Marital Status, Age, Sex and Components of Growth for Canada, Provinces and Territories, June 1, 1988. Catalogue number 91-210 (Canada: \$27; Other Countries: \$28).

EDUCATION, CULTURE AND TOURISM

University Finance Trend Analysis, 1977-78 to 1986-87. Catalogue number 81-260 (Canada: \$35; Other Countries: \$36).

INDUSTRIAL ORGANIZATION AND FINANCE

Financial Institutions - Financial Statistics, Second Quarter 1988. Catalogue number 61-006 (Canada: \$40/\$160; Other Countries: \$41.50/\$166).

INDUSTRY

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

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

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

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

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

INDUSTRY - Concluded

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

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

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

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

Transportation Equipment Industries - Plastic Parts and Accessories for Motor Vehicles Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3256 (Canada: \$4; Other Countries: \$5).

INTERNATIONAL AND FINANCIAL ECONOMICS

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

INTERNATIONAL TRADE

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

PRICES

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

SERVICES

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

TRANSPORT

Air Carrier Traffic at Canadian Airports, Fourth Quarter/Annual 1987. Catalogue number 51-005 (Canada: \$27.50/\$110; Other Countries: \$28.50/\$114).

Air Passenger Origin and Destination - Canada-United States Report, 1987. Catalogue number 51-205 (Canada: \$35; Other Countries: \$36).

Fuel Consumption Survey - Passenger Cars, Light Trucks and Vans, January-March 1987. Catalogue number 53-007.

Railway Carloadings, November 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Railway Transport in Canada, 1987. Catalogue number 52-211 (Canada: \$42.50; Other Countries: \$44).

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

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Holland Avenue
Ottawa, Ontario
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Local calls: 951-8116
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Nipissing Region

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Local calls: 753-3200
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please dial the toll free number given
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Local calls: 780-5405
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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Oct.	400	0.1%	3.1%
Composite Leading Indicator (1971 = 100)	Oct.*	202.4	0.1%	6.3%
Profits of Industrial Corporations (\$ billion)	3rd Q	9.30	-4.3%	10.5%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Oct.	14.0	0.6%	5.7%
New Motor Vehicle Sales ('000 units)	Nov.*	128	-0.1%	-4.1%
Housing Starts ('000, annual rates)	Nov.	224	3.2%	-6.7%
LABOUR				
Employment (millions)	Dec.*	12.5	0.2%	2.3%
Unemployment Rate (%)	Dec.*	7.6	-0.2	-0.5
Participation Rate (%)	Dec.*	66.9	0.0	0.4
Labour Income (\$ billion)	Oct.*	26.6	0.6%	6.8%
Average Weekly Earnings (\$)	Oct.	470.09	0.2%	4.0%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Oct.	11.5	0.7%	6.3%
Merchandise Imports (\$ billion)	Oct.	11.1	1.7%	12.4%
Merchandise Trade Balance (\$ billion)	Oct.	0.5	-0.1	-0.5
MANUFACTURING				
Shipments (\$ billion)	Oct.	24.4	-0.1%	4.5%
New Orders (\$ billion)	Oct.	24.3	-1.5%	4.5%
Unfilled Orders (\$ billion)	Oct.	28.2	-0.4%	21.8%
Inventory/ Shipments Ratio	Oct.	1.55	0.0	0.3
Capacity Utilization (%)	3rd Q	81.6	0.0	1.3
PRICES				
Consumer Price Index (1981 = 100)	Nov.	146.1	0.3%	4.1%
Industrial Product Price Index (1981 = 100)	Nov.	129.3	0.4%	3.4%
Raw Materials Price Index (1981 = 100)	Nov.	93.4	-0.6%	-10.7%
New Housing Price Index (1981 = 100)	Nov.*	138.0	1.4%	12.3%

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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