

I·N·F·O·M·A·T

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

Friday, February 17, 1989

OVERVIEW

■ Manufacturers' Expectations for the First Quarter Unchanged

Canadian manufacturers remained optimistic about the business conditions they expect in the first quarter of 1989.

■ Motor Vehicle Sales Strengthening

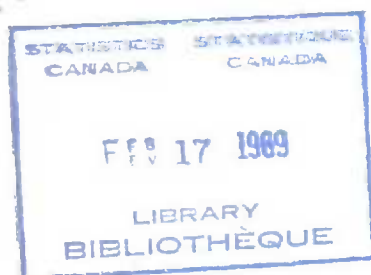
Motor vehicle sales rose 6% in December, the second consecutive month of growth.

■ Farm Product Prices Register Large Gain Once Again

The farm product price index was up 1.1% on a month-over-month basis in December, increasing for the ninth time in the last 12 months.

■ Employment Growth Continues

Employment increased by 89,000 in January, the third consecutive month of stronger growth.



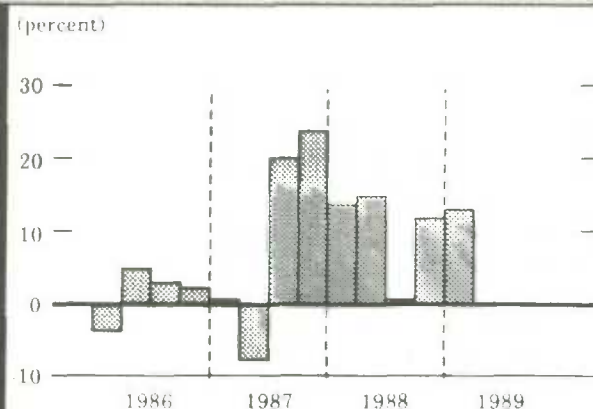
Manufacturers' Expectations for the First Quarter Unchanged

Canadian manufacturers remained optimistic about the conditions they expect in the first quarter of 1989, changing very little from the expectations for the fourth quarter of 1988. A larger proportion expected a higher volume of production and reported a rising level of new orders, but these improvements were offset by the proportion expecting lower production and falling orders. This polarization of attitudes was combined with declining concern about the level of finished product inventories. A shortage of skilled labour was cited as the main source of production difficulties.

The accompanying chart represents the balance of opinion for expected volume of production during a three month period compared with the preceding 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 Expectations for the First Quarter Unchanged

The proportion of manufacturers expecting production levels to remain unchanged in the first quarter fell sharply to levels similar to those recorded in the second and third quarters of 1988. After declining for three quarters, the proportion expecting higher production increased, but those expecting lower production rose by the same amount. This polarization was also evident in attitudes towards new orders, unfilled orders and inventory levels.

Manufacturers' attitudes about new orders have been relatively stable for the last three quarters, although there have been small increases in the proportion expecting rising orders and that expecting declining orders.

The proportion of manufacturers stating that the level of unfilled orders was about normal dropped to 68% after posting a notable gain in the fourth quarter of 1988. The proportion quoting higher than normal backlogs of orders rose, but remained below the levels recorded in the first three quarters of 1988.

Manufacturers showed less concern about their levels of finished product inventory for the second consecutive quarter, following four quarters of increasing concern. Just under three-quarters thought their inventory levels were about right.

A shortage of skilled labour was identified by 14% of manufacturers as the most significant source of production difficulties, an historical record. The proportion of manufacturers expressing other production difficulties returned to the levels noted prior to a sharp jump in the fourth quarter.

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

Motor Vehicle Sales Strengthening

Seasonally adjusted sales of new motor vehicles totalled 137,000 in December, 6.0% higher than in the previous month. Increases in the last two months have re-established the rising trend observed from July to September, when sales advanced an average of 2.8% a month. Car sales jumped significantly (7.8%), while commercial vehicle sales rose moderately (2.4%).

The increase in car sales was the second consecutive. Sales of North American-built cars were up sharply in December, rising 8.5% over November. This was the third increase in four months. The 67,512 North American-built units sold accounted for 72% of the passenger car market, one of the largest shares recorded since September 1986.

Imported car sales rose 5.9% in December, increasing for the second consecutive month. However, import sales were down in 1988. Sales of Japanese-built cars were essentially unchanged from 1987, while sales of cars imported from other countries dropped substantially (27%).

Motor Vehicle Sales

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Passenger cars	1.7	3.7	-5.7	0.2	7.8
North American	-0.8	3.2	2.0	-1.4	8.5
Imported	7.2	4.7	-21.9	4.3	5.9
Commercial vehicles	-3.2	2.2	-1.7	0.1	2.4

Commercial vehicle sales were up 2.4% in December. Sales of these vehicles have fluctuated throughout 1988, but the size of the fluctuations has moderated in the last five months. Overall, commercial vehicle sales grew 8.7% in 1988.

For further information, order New Motor Vehicle Sales (catalogue number 63-007) or contact Industry Division at (613) 951-3552.

Farm Product Prices Register Large Gain Once Again

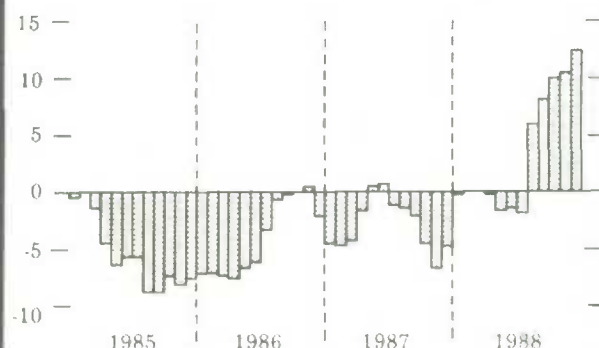
The farm product price index (1981 = 100) stood at 100.1 in December, up 1.1% over November. The index has risen in nine of the last twelve months. Crop prices and livestock prices both advanced in December. The FPPI was 12.6% higher than in the same month last year. Saskatchewan and Alberta registered the largest monthly advances.

The crops index gained 2.5%, continuing the general rising trend evident over the last 12 months. This index has increased in nine of the last 12 months and was almost 40% higher than it was in December 1987. Cereal prices have been particularly strong, registering large increases since June as a drought in North America reduced global grain surpluses.

The livestock and animal products index edged up slightly. The index has shown little change over the last 12 months, as rising prices for poultry, eggs and dairy products have offset falling hog and cattle prices. In December, it stood 1.6% below year-earlier levels.

Farm Product Price Index

(% change from previous year)



For further information, order Farm Product Price Index (catalogue number 62-003) or contact Agriculture Division at (613) 951-2441.

Employment Growth Continues

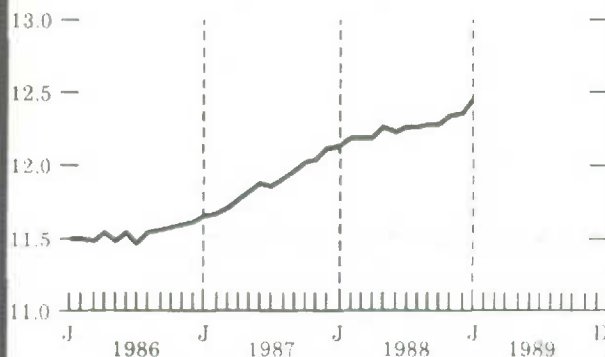
Estimates from the Labour Force Survey show that the level of employment increased by 89,000 in January, the third consecutive month of relatively strong growth. Employment had grown at a moderate rate from June to October. The growth in employment was matched by the number of new entrants to the labour force in January, resulting in little overall change in the level of unemployment and no change in the unemployment rate.

Ontario continued to register strong labour market conditions; employment rose by 47,000 and unemployment fell slightly. British Columbia also recorded a gain in employment.

In January, the growth in employment was concentrated among females, continuing the trend noted in 1988 when female employment generally grew faster than male employment. The growth in January was evenly distributed among youths and adult workers, contrasting with the slower growth in youth employment registered throughout 1988.

Employment

(millions, seasonally adjusted)



The overall level of unemployment was virtually unchanged from December, extending the string of marginal monthly changes to nine. However, unemployment increased (8,000) for those 25 years or older, while it dropped for those aged 15 to 24.

The unemployment rate remained at 7.6%, equalling the rate posted in July 1988.

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

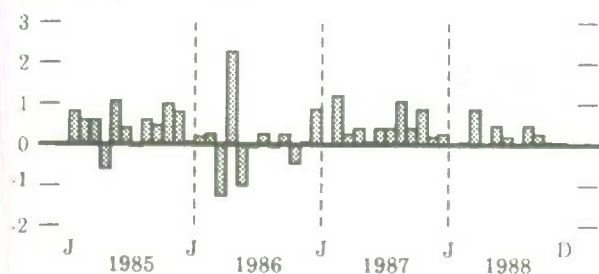
Labour Force

	Sept.	Oct.	Nov.	Dec.	Jan.
	Change, previous month				
Labour force ('000)	-14	19	48	-2	90
Employment ('000)	8	3	64	16	89
15-24 years ('000)	8	-27	31	-3	42
25 years & over ('000)	0	30	33	19	47
Unemployment ('000)	-22	16	-16	-18	1
Unemployment rate	7.8	7.9	7.7	7.6	7.6

CURRENT TRENDS*

Gross Domestic Product

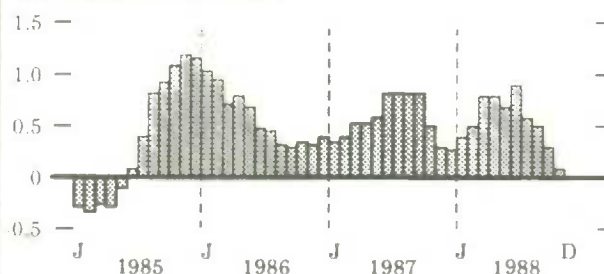
(% change, previous month)



Real GDP edged up 0.1% in November, continuing the trend to moderate output gains evident since June.

Composite Leading Indicator

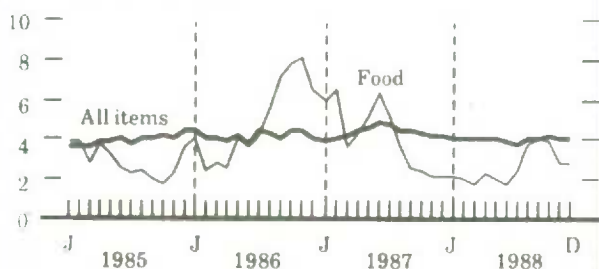
(% change, previous month)



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

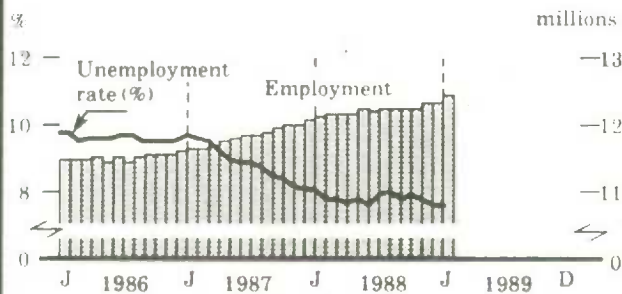
Consumer Price Index

(% change, previous year)



The CPI was up 4.0% on a year-over-year basis in December, marginally lower than the increase recorded in November.

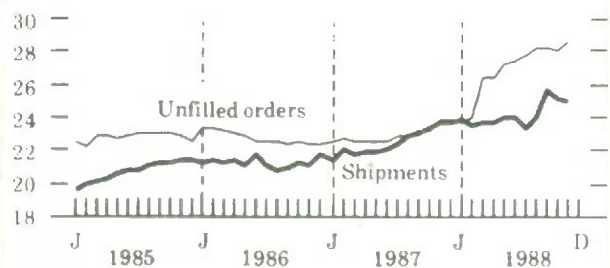
Unemployment Rate and Employment



Employment increased by 89,000 in January, the third consecutive month of stronger growth.

Manufacturing

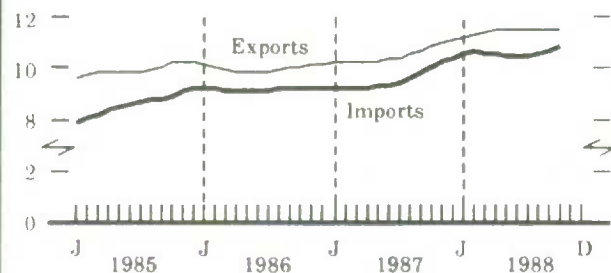
(billions of dollars)



Manufacturers' shipments were down for the second consecutive month in November, but unfilled orders rose.

Merchandise Trade

(billions of dollars, short-term trend)



Both exports and imports have stabilized in recent months.

* All series are seasonally adjusted except the consumer price index.

PUBLICATIONS RELEASED FROM FEBRUARY 10 TO FEBRUARY 16

AGRICULTURE

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

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

CENSUS

Focus on Canada - Canada's Population from Ocean to Ocean, 1986 Census. Catalogue number 98-120 (Canada: \$10; Other Countries: \$11).

Focus on Canada - Canada's Seniors, 1986 Census. Catalogue number 98-121 (Canada: \$10; Other Countries: \$11).

Profiles - Census Tracts - Sarnia: Part 2, Census 1986. Catalogue number 95-152 (Canada: \$25; Other Countries: \$26).

DEMOGRAPHY

Postcensal Estimates of Families, Canada, Provinces and Territories, June 1, 1987 and 1988. Catalogue number 91-204 (Canada: \$20; Other Countries: \$21).

INDUSTRY

Coal and Coke Statistics, November 1988. Catalogue number 45-002 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Clothing Industries, Men's and Boys' Shirt and Underwear Industry, 1986 Census of Manufactures. Catalogue number 34-252B 2434 (Canada: \$4; Other Countries: \$5).

Clothing Industries, Women's Blouse and Shirt Industry, 1986 Census of Manufactures. Catalogue number 34-252B 2444 (Canada: \$4; Other Countries: \$5).

Crude Petroleum and Natural Gas Production, September 1988. Catalogue number 26-006 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Electric Power Statistics, October 1988. Catalogue number 57-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

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

Food Industries, Feed Industry, 1986 Census of Manufactures. Catalogue number 32-250B 1053 (Canada: \$4; Other Countries: \$5).

Food Industries, Other Food Products Industries Including Malt and Malt Flour Industry, 1986 Census of Manufactures. Catalogue number 32-250B 1098 (Canada: \$4; Other Countries: \$5).

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

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

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

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

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

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

Oil Pipe Line Transport, October 1988. Catalogue number 55-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, December 1988. Catalogue number 47-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

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

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

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

Shipments of Solid Fuel Burning Heating Products, Quarter Ended December 1988. Catalogue number 25-002 (Canada: \$4.25/\$17; Other Countries: \$5.25/\$21).

Textile Product Industries, Hygiene Products of Textile Materials Industry, 1986 Census of Manufactures. Catalogue number 34-251B 1994 (Canada: \$4; Other Countries: \$5).

Wood Industries - Sawmill and Planing Mill Products Industry (Except Shingles and Shakes), 1986 Census of Manufactures. Catalogue number 35-250B 2512 (Canada: \$4; Other Countries: \$5).

INTERNATIONAL TRADE

Preliminary Statement of Canadian International Trade, December 1988. Catalogue number 65-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

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

LABOUR

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

PRICES

Consumer Price Index, January 1989. Catalogue number 62-001 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

PUBLIC INSTITUTIONS

Provincial and Territorial Government Employment, January-March 1988. Catalogue number 72-007 (Canada: \$16.50/\$66; Other Countries: \$17.50/\$70).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Housing Starts and Completions, November 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)	Nov.	400	0.1%	3.0%
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)	Nov.	14.0	0.1%	5.5%
New Motor Vehicle Sales ('000 units)	Dec.*	137	6.0%	6.5%
Housing Starts ('000, annual rates)	Dec.	220	-7.2%	0.5%
LABOUR				
Employment (millions)	Jan.*	12.4	0.7%	2.5%
Unemployment Rate (%)	Jan.*	7.6	0.0	-0.4
Participation Rate (%)	Jan.*	67.2	0.3	0.6
Labour Income (\$ billion)	Nov.	26.9	0.9%	7.4%
Average Weekly Earnings (\$)	Nov.	469.90	0.2%	4.2%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Nov.	11.4	0.1%	3.8%
Merchandise Imports (\$ billion)	Nov.	11.0	1.1%	5.3%
Merchandise Trade Balance (\$ billion)	Nov.	0.4	-0.1	-0.1
MANUFACTURING				
Shipments (\$ billion)	Nov.	24.2	-1.1%	2.0%
New Orders (\$ billion)	Nov.	24.8	2.3%	2.0%
Unfilled Orders (\$ billion)	Nov.	28.8	2.3%	21.1%
Inventory/ Shipments Ratio	Nov.	1.58	0.2	0.6
Capacity Utilization (%)	3rd Q	81.6	0.0	1.3
PRICES				
Consumer Price Index (1981 = 100)	Dec.	146.1	0.0%	4.0%
Industrial Product Price Index (1981 = 100)	Dec.	129.5	0.0%	3.2%
Raw Materials Price Index (1981 = 100)	Dec.	93.6	0.5%	-9.7%
New Housing Price Index (1981 = 100)	Dec.	139.9	1.4%	13.6%

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

* New this week.

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