

I·N·F·O·M·A·T

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

Friday, May 5, 1989

OVERVIEW

■ Composite Leading Indicator Posts Steady Growth

In February, the composite leading indicator rose 0.5%, similar to the monthly increases posted since September.

■ Large Increases in Debt

The ratio of credit market debt to GDP for domestic non-financial sectors rose to 1.77 in 1988, from 1.73 in 1987.

■ Help-wanted Index Edging Up

The help-wanted index was up for the third consecutive month in April as a decline in Ontario was offset by steady advances in the other regions.

■ Economic Growth More Evenly Spread

Canada's gross domestic product (at market prices) grew 9.2% in 1988. Growth still varied among the provinces and territories, but generally it was more evenly spread.

■ Industrial Product Prices Register Marginal Gains

The industrial product price index rose 0.3% in March.

This issue also includes information on **Unemployment Insurance Statistics and Raw Materials Prices.**



Composite Leading Indicator Posts Steady Growth

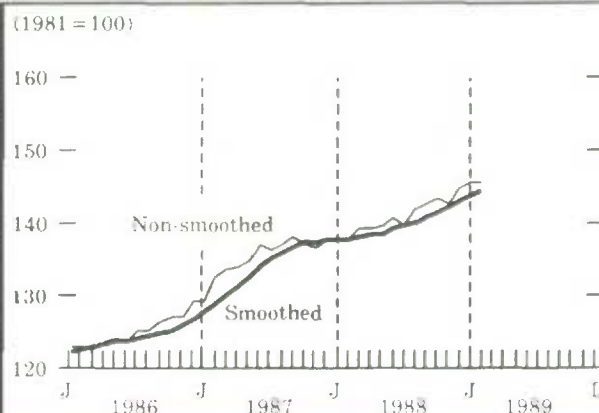
In February, the composite leading indicator rose 0.5%, an increase similar to the monthly increases posted since September. All ten of the components that make up the leading indicator either rose or were unchanged in February, suggesting a marked slowdown in the economy is not imminent. The indicators of final demand for business investment and housing continued to rise at a relatively fast pace.

The indexes related to household demand were mixed. Durable goods sales were flat, as lower auto sales offset higher sales for other goods. However, housing demand continued to post steady gains in February.

Manufacturing indicators continued to pick up in February. The ratio of shipments to stocks increased as some auto plants re-opened at the start of the year. The trend for new orders of durable goods, particularly capital goods, grew at a slower pace in February, following several months of vigorous growth.

(continued on page 2)

Composite Leading Indicator



... Composite Leading Indicator Posts Steady Growth

However, imports of machinery and equipment continued to post steady gains.

Employment in business and personal services rose 0.4%, expanding at a slightly slower rate than those posted in preceding months. The stock market registered

a strong advance of 1.5% in February, the second consecutive increase of this magnitude. The United States leading indicator increased 0.2% for the second consecutive month.

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

Large Increases in Debt

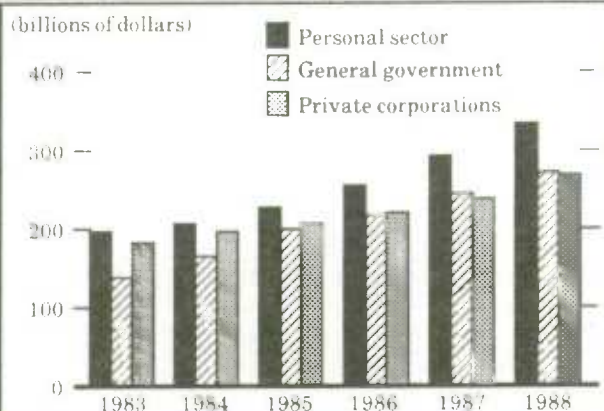
Credit market debt of domestic non-financial sectors totalled \$1,092 billion at the end of 1988. The ratio of this aggregate to gross domestic product (GDP) rose to 1.77, up from 1.73 at the end of 1987. This advance extends the period of strong increases that began in 1975. An acceleration of overall indebtedness in 1988 was attributable to non-financial private corporations as the growth rate of their debt reached the double-digit levels of the federal government and the personal sector.

Non-financial corporations' credit market debt rose to \$346 billion, with strong growth in short-term paper. Debt grew at a faster pace than total assets. Their debt-to-equity ratio edged up in 1988, after declining steadily over the previous five years. The shift in debt/equity was consistent with the growth in liabilities and a lower level of share issues in the year.

Credit market debt of the federal government reached \$274 billion in 1988; this represented an increase of 11%, similar to the growth posted in 1987. Short-term paper was also favoured by the federal government as a borrowing instrument in 1988. Outstanding treasury bills rose 27%, while federal bonds only rose by 5%. Changes in the liabilities of this sector were in line with interest rate movements and borrowing requirements for the year.

The personal sector accounted for \$337 billion of credit market debt at the end of 1988. Consumer credit

Domestic Non-financial Borrowings



and mortgage debt reached 75% of personal disposable income, compared to 72% at the beginning of the year. This increase was accompanied by a rise in the value of tangible assets which grew at a slightly faster pace than financial assets.

For further information, contact International Economics and Finance Division at (613) 951-9043.

Help-wanted Index Edging Up

- The seasonally adjusted help-wanted index reached 159 in April, registering an increase for the third consecutive month. Slow but steady growth in Eastern and Western Canada continues to offset a minor downturn in the index for Ontario.
- Prior to the recent upturn, the help-wanted index was unchanged from October to January.
- The index for the Atlantic region has risen each month in the past year.
- In Quebec, the volume of help-wanted advertising has been increasing since the start of the year.

Help-wanted Index (1981 = 100) - Revised

	Dec.	Jan.	Feb.	Mar.	Apr.
seasonally adjusted					
Canada	152	152	153	156	159
Atlantic Region	190	191	193	195	196
Quebec	175	176	177	180	182
Ontario	180	180	178	177	175
Prairie Region	85	86	88	90	91
British Columbia	109	114	118	123	127

(continued on page 3)

... Help-wanted Index Edging Up

- After hovering at 180 for most of 1988, the index for Ontario has retreated slightly since the beginning of 1989.
- The index for the Prairies rose once again in March, continuing the gentle rising trend observed over the last 12 months.

- The index for British Columbia continued to show a trend similar to that of the Prairie region - a steadily increasing demand for labour - although the advance in B.C. has been slightly faster.

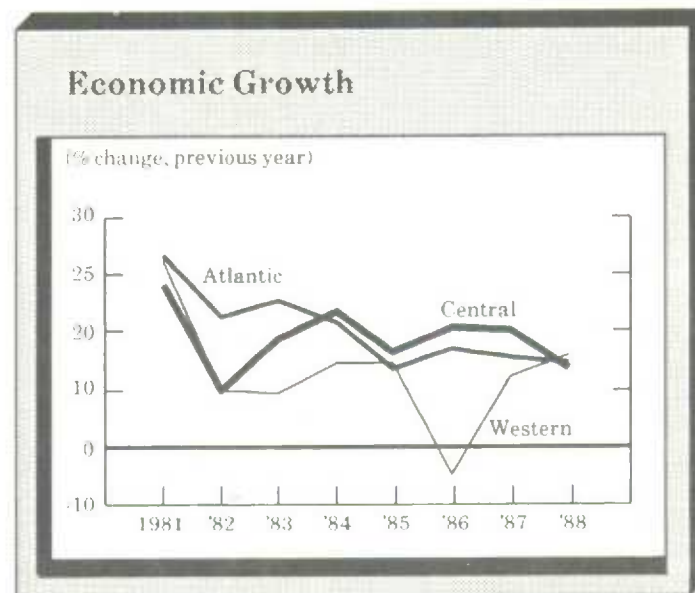
For further information, contact Labour Division at (613) 951-4045.

Economic Growth More Evenly Spread

Canada's gross domestic product (at market prices) grew 9.2% in 1988, the fastest growth rate registered since 1984. Economic growth varied among the provinces and territories, but was more evenly spread across the country than in 1987. The increase in GDP was above average in Quebec, Ontario and the Yukon. Saskatchewan registered the slowest growth (5.9%), which stemmed from an increase of only 4.1% in labour income and a drop in accrued net farm income caused by the severe drought last year.

Central Canada's share of domestic production continued to increase with a corresponding decline in the share produced by Western Canada. While the gap in growth rates between Central and Western Canada was much narrower than in the preceding two years, the gap between growth rates for Central and Atlantic Canada continued to widen in 1988.

Gross domestic product estimates for the provinces and territories are only available in current dollars. Accordingly, real growth rates may differ from those at current prices, depending on the combined affect of domestic, import and export prices. In fact, the trend in



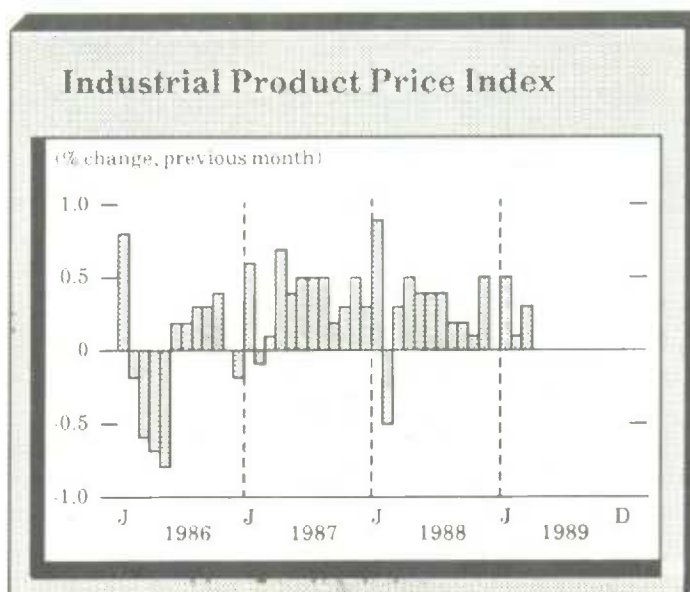
paid worker employment, which gives an indication of real economic activity, was noticeably different from the current dollar estimates for Newfoundland, Nova Scotia, Manitoba and British Columbia.

For further information, contact Income and Expenditure Accounts Division at (613) 951-3835.

Industrial Product Prices Register Marginal Gains

- The industrial product price index (IPPI, 1981 = 100) rose 0.3% in March.
- Moderate price increases were widespread as 17 of 20 commodity groups showed advances.
- Prices for petroleum and coal products rose for the fourth consecutive month (0.9%), a reversal of the downward trend evident since late 1987.
- Transportation equipment prices were up (0.6%) following three consecutive declines.
- Primary metal prices rose 0.3% after posting the first decline in six months in February.

For further information, order *Industry Price Indexes* (catalogue number 62-011) or contact Prices Division at (613) 951-9607.



Number of UIC Beneficiaries Relatively Stable

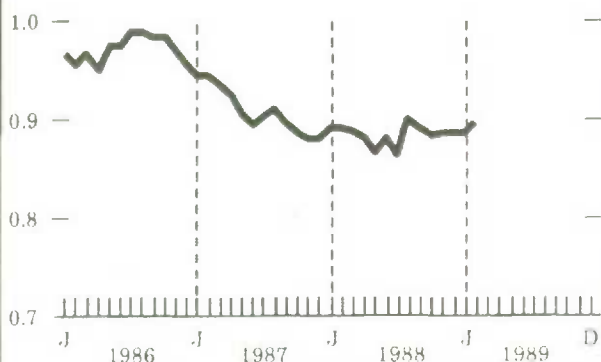
The number of beneficiaries receiving regular unemployment insurance benefits totalled 897,000 in February, up 1.4% from the level recorded in January. All provinces and territories registered higher numbers of beneficiaries. Generally, the number of beneficiaries has been relatively stable for the last 12 months.

Seasonally adjusted benefit payments decreased for the second consecutive month, following a sharp increase in December. Benefits were down 0.4%.

For further information, order *Unemployment Insurance Statistics* (catalogue number 73-001) or contact Labour Division at (613) 951-4045.

U.I. Beneficiaries Receiving Regular Benefits

(millions, seasonally adjusted)



Energy Prices Continue to Inflate the Raw Materials Price Index

- The raw materials price index (RMPI) rose for the fourth consecutive month in March. These increases followed a six-month downturn.
- Strengthening crude oil prices (1.5%) were a major factor in the March rise in the RMPI.
- The vegetable products component was up 2.4%, posting a large advance after two decreases.
- Non-ferrous metal prices gained 3.6%. This advance followed two decreases and may signal a return to the rising trend noted from July to December.

Raw Materials Price Index

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
Total	-0.6	1.3	3.0	1.5	1.4
Mineral fuels	-2.6	2.9	7.6	6.1	1.3
Non-ferrous metals	4.0	3.2	-0.1	-5.5	3.6
Vegetable products	0.9	1.1	-1.0	-1.4	2.4
Total excluding mineral fuels	0.3	0.4	0.8	-0.8	1.4

Further information, order *Industry Price Indexes* (catalogue number 62-011) or contact Prices Division at (613) 951-9607.

NEW FROM STATISTICS CANADA

Canadian Economic Observer

The April issue of the *Canadian Economic Observer* contains a monthly summary of the economy, major economic and statistical events in March and a feature article by Catherine Harris of the *Financial Post* on "Seasonal Adjustment: What it Does and Doesn't Do". A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

For further information, order *The Canadian Economic Observer* (catalogue number 11-010) or contact International and Financial Economics Division at (613) 951-9162.



CURRENT TRENDS*

Gross Domestic Product

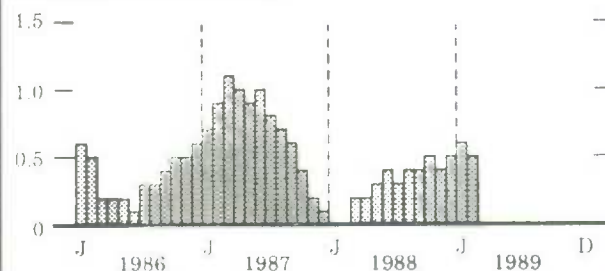
(% change, previous month)



Gross domestic product was up 0.2% in February, one of the smallest of four consecutive increases.

Composite Leading Indicator

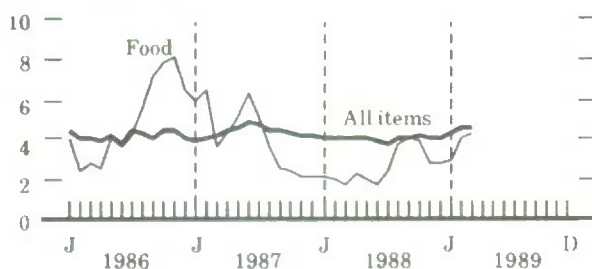
(% change, previous month)



In February, the composite leading indicator rose 0.5%, similar to the monthly increases posted since September.

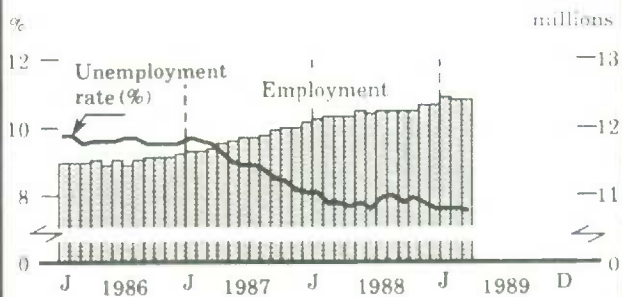
Consumer Price Index

(% change, previous year)



Increases in consumer prices slowed somewhat in March, after accelerating in each of the previous three months.

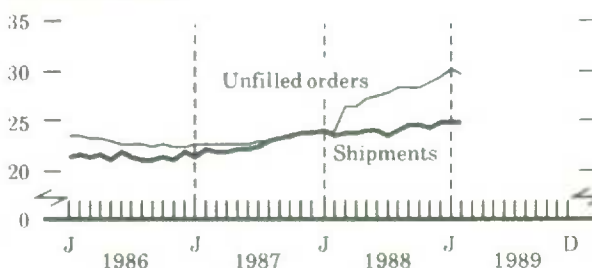
Unemployment Rate and Employment



Despite some slight changes in March, labour market conditions have been relatively stable in 1989.

Manufacturing

(billions of dollars)



Manufacturing shipments rose in February, but both new and unfilled orders fell, while the level of inventories rose.

Merchandise Trade

(billions of dollars, short-term trend)



Exports dropped 5.1% in February, continuing the fluctuating but slightly rising trend noted since January 1988.

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

PUBLICATIONS RELEASED FROM APRIL 28 TO MAY 4

AGRICULTURE

Farm Product Price Index, February 1989. Catalogue number 62-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

INDUSTRY

Asphalt Roofing, March 1989. Catalogue Number 45-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Canned and Frozen Fruits and Vegetables, February 1989. Catalogue Number 32-011 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Coal and Coke Statistics, January 1989. Catalogue number 45-002 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Crude Petroleum and Natural Gas Production, December 1988. Catalogue Number 26-006 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Department Store Monthly Sales, by Province and Metropolitan Area, February 1989. Catalogue number 63-004 (Canada: \$2.60/\$26; Other Countries: \$3.10/\$31).

Electric Lamps (Light Bulbs and Tubes), March 1989. Catalogue number 43-009 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Gypsum Products, March 1989. Catalogue Number 44-003 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Logging Industry, 1986. Catalogue Number 25-201 (Canada: \$29; Other Countries: \$35).

Merchandising Inventories, November 1988. Catalogue number 63-014 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

Production and Inventories of Process Cheese and Instant Skim Milk Powder, March 1989. Catalogue Number 32-024 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Production of Selected Biscuits, Quarter Ended March 1989. Catalogue Number 32-026 (Canada: \$6.50/\$26; Other Countries: \$7.75/\$31).

Production, Sales and Stocks of Major Appliances, March 1989. Catalogue number 43-010 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

INDUSTRY - Concluded

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, February 1989. Catalogue number 35-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

The Sugar Situation, March 1989. Catalogue number 32-013 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

LABOUR

Employment, Earnings and Hours, January 1989 and Annual Averages 1988. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$46.20/\$462).

Labour Force Information, April 1989. Catalogue number 71-001P (Canada: \$6/\$60; Other Countries: \$7.20/\$72).

Trusteed Pension Funds, 1987. Catalogue Number 74-201 (Canada: \$37; Other Countries: \$44).

PRICES

Industry Price Indexes, February 1989. Catalogue Number 62-011 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Capacity Utilization Rates in Canadian Manufacturing, Fourth Quarter 1988. Catalogue number 31-003 (Canada: \$10.50/\$42; Other Countries: \$12.50/\$50).

Exploration, Development and Capital Expenditures for Mining and Petroleum and Natural Gas Wells, Intentions 1989. Catalogue number 61-216 (Canada: \$16; Other Countries: \$19).

SERVICES

Telephone Statistics, February 1989. Catalogue number 56-002 (Canada: \$7.90/\$79; Other Countries: \$9.50/\$95).

TRANSPORT

Shipping in Canada, 1987. Catalogue number 54-205 (Canada: \$34; Other Countries: \$41).

Regional Reference Centres

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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Feb.	404	0.2%	3.7%
Composite Leading Indicator (1981 = 100)	Feb.*	144.2	0.5%	4.8%
Profits of Industrial Corporations (\$ billion)	4th Q	9.4	1.2%	-2.1%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Feb.	14.2	0.2%	8.0%
New Motor Vehicle Sales ('000 units)	Feb.	123	0.5%	-0.6%
Housing Starts ('000, annual rates)	Feb.	228	-4.6%	12.3%
LABOUR				
Employment (millions)	Mar.	12.4	0.2%	2.0%
Unemployment Rate (%)	Mar.	7.5	-0.1	-0.2
Participation Rate (%)	Mar.	67.0	-0.1	0.3
Labour Income (\$ billion)	Jan.	27.3	0.2%	7.2%
Average Weekly Earnings (\$)	Feb.	474.44	0.0%	4.0%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Feb.	11.5	-5.1%	3.1%
Merchandise Imports (\$ billion)	Feb.	11.0	-0.9%	8.4%
Merchandise Trade Balance (\$ billion)	Feb.	0.4	-0.4	-0.5
MANUFACTURING				
Shipments (\$ billion)	Feb.	24.8	0.5%	5.9%
New Orders (\$ billion)	Feb.	24.5	-3.2%	3.5%
Unfilled Orders (\$ billion)	Feb.	29.7	-1.1%	23.9%
Inventory/ Shipments Ratio	Feb.	1.56	0.00	0.01
Capacity Utilization (%)	4th Q	83.0	-0.7	-1.1
PRICES				
Consumer Price Index (1981 = 100)	Mar.	148.5	0.5%	4.6%
Industrial Product Price Index (1981 = 100)	Mar.*	130.9	0.3%	3.6%
Raw Materials Price Index (1981 = 100)	Mar.*	100.2	1.4%	2.3%
New Housing Price Index (1981 = 100)	Feb.	144.7	2.5%	15.9%

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**A Weekly Review**

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