

I·N·F·O·M·A·T

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

Friday, May 12, 1989

OVERVIEW

■ Manufacturers Less Optimistic About Second Quarter

More manufacturers are expecting declining orders and lower production levels in the second quarter.

■ Employment Declines in April

The employment level fell by 54,000 in April, the largest decline in six months.

■ Growth in Wages and Salaries Accelerates

In February, wages and salaries rose 1.2%, the highest growth rate in recent months.

■ New Housing Price Index Continues Advance

Strong economic growth in Southwestern Ontario continued to fuel housing price increases in March, and push up the national housing price index.

■ Potato and Oilseed Prices Strengthen

A significant rise in oilseed and potato prices offset a decline in livestock prices as the farm product price index posted a marginal increase in March.

■ Moderate Advance in Number of Canadians Travelling Overseas

Although the number of Canadian residents travelling abroad continued to grow in March, the moderate advance was in line with a slowdown apparent in recent months.

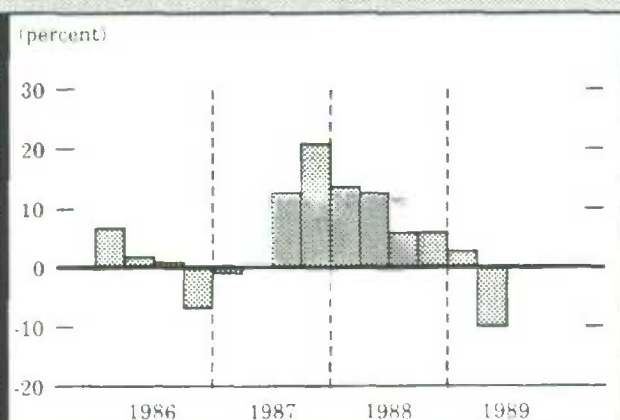
Manufacturers Less Optimistic About Second Quarter

Canadian manufacturers were less optimistic about the business conditions they expect in the second quarter of 1989, expressing more concern about the level of new orders, production, unfilled orders and inventory on hand. More manufacturers are expecting declining orders and lower production levels in the second quarter.

The balance of opinion, which subtracts the proportion of manufacturers giving a negative reply from those giving a positive one, dropped to -10 from 3 for new orders received. This was the first negative balance recorded since the first quarter of 1987 and was spread across nearly all major industry groups. Although a larger proportion of manufacturers reported declining orders, the proportion expecting no change in order levels rose slightly.

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Balance of Opinion
on Orders Received



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... Manufacturers Less Optimistic About Second Quarter

A similar pattern was evident for expected volume of production in the second quarter. The proportion expecting reduced production continued to grow, while the proportion expecting higher production decreased. Those expecting production levels to be similar to the first quarter rose.

The balance of opinion on unfilled orders dropped to -6 from 3 in the first quarter, continuing a downward trend. However, the proportion quoting a normal backlog of unfilled orders was essentially unchanged.

Skilled labour shortages continued to be a source of production difficulties, but was replaced by "other difficulties" as the most often cited cause.

For further information, contact Industry Division at (613) 951-9833.

Employment Declines in April

Estimates from the Labour Force Survey show that employment fell considerably in April, more than offsetting the gains posted in March. The unemployment rate increased sharply to 7.8%, and the participation rate in the labour force edged down to 66.9%.

The employment level fell by 54,000 in April, the largest decline in six months. The fall was split evenly between youths (ages 15-24) and adults (age 25 and over). Whereas the level of youth employment in 1989 has been erratic, the decrease in adult employment represents the first decline in almost three years. Consistent with a year-long pattern which has benefited female employment, most of this decline occurred among men (-36,000). Full-time employment fell by 15,000, the first decline of the year. Part-time employment fell by 22,000, more than offsetting the increase recorded in March. The fall in employment was accompanied by an increase in the unemployment level (36,000).

Labour Force

	Dec.	Jan.	Feb.	Mar.	Apr.
	Change, previous month				
Labour force ('000)	-2	90	-23	13	-18
Employment ('000)	16	89	-28	25	-54
15-24 years ('000)	-3	42	-35	25	-29
25 years & over ('000)	19	47	7	0	-25
Unemployment ('000)	-18	1	5	-12	36
Unemployment rate	7.6	7.6	7.6	7.5	7.8

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

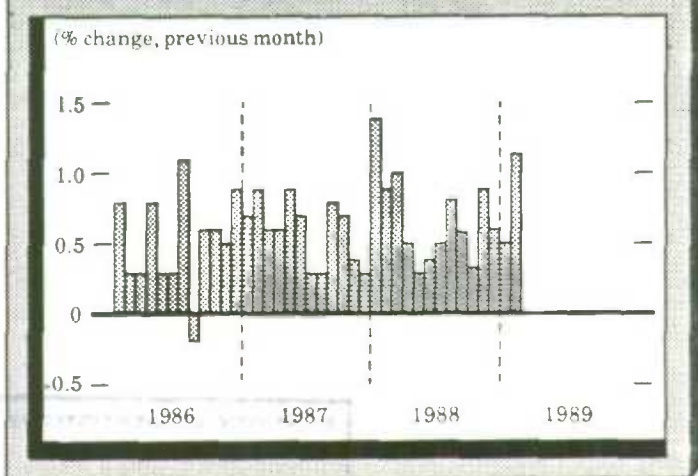
Growth in Wages and Salaries Accelerates

In February, wages and salaries rose 1.2% on a seasonally adjusted basis, the highest growth in recent months. The year-over-year increases also showed a slight acceleration, rising to 7.6% in February from 7.3% in January.

Wages and salaries combined with supplementary labour income account for approximately 50% of the gross domestic product in the national income and expenditure accounts and are an indicator of consumer demand.

Wage and salary increases were generally widespread, occurring in most industries. Transportation, communications and other utilities rose 2.2%. Gains were also recorded in trade (1.4%) and the manufacturing industries, which increased for the eighth straight month (1.3%). The only declines were registered in the primary industries: forestry, agriculture, fishing and trapping.

Wages and Salaries



(continued on page 3)

... Growth in Wages and Salaries Accelerates

At the provincial level, strong growth in wages and salaries was recorded for Ontario (1.9%) and Quebec (1.0%). Newfoundland was the only province to show a decline (-2.2%).

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

New Housing Price Index Continues Advance

Economic growth in Ontario continued to fuel housing price increases in Central Canada. The new housing price index was up 1.7% over February and 16.7% over March 1988. Strong monthly increases in Toronto (2.8%), Hamilton (2.7%), and St. Catharines-Niagara (2.7%) had a significant impact on the Canada Total Index, which now stands at 147.1 (1981 = 100).

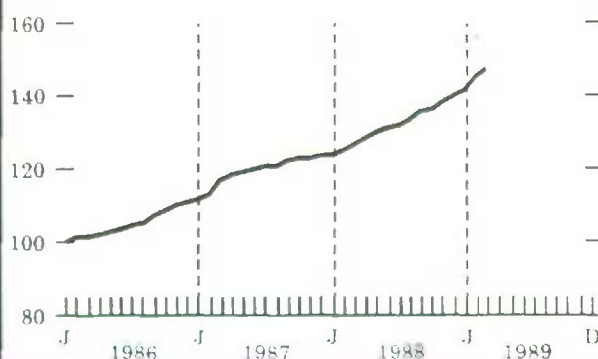
In March 1989, the house only index increased by 0.9%, while the land only index increased by 3.6%, reflecting the faster growth rate of land prices.

Despite increases in Vancouver and Victoria, index levels in British Columbia still remained well below their 1981 price reference level of 100.

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

New Housing Price Index

(1981 = 100)



Potato and Oilseed Prices Strengthen

The farm product price index (1981 = 100) stood at 101.7 in March, up slightly (0.1%) from February. Overall, the index was 10.8% above year-earlier levels. An increase in the crops index was countered by price declines in livestock.

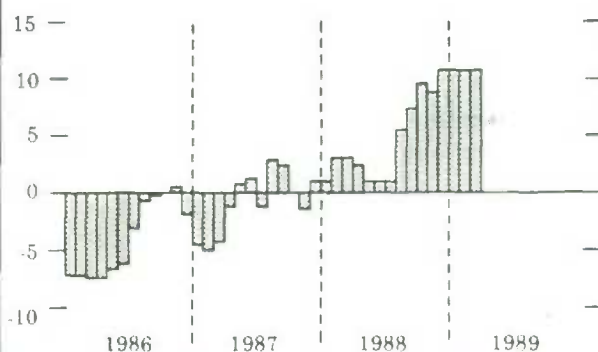
Increases in the prices of potatoes and oilseeds contributed to a 1.2% rise in the crops component. Tight supplies led to a sharp advance in the potato index of 13.3%. Oilseed prices continued to display wide month-to-month changes, rising 3.3% in March.

The livestock and animal products index declined 0.8% from February as prices for hog and poultry were lower while those for cattle and eggs moved up. The livestock and animal products index continues to show little change over the last 12 months.

At the provincial level, the index was up 12.5% in Prince Edward Island and 3.7% in New Brunswick, led largely by the increase in potato prices. In Quebec, weaker livestock prices contributed to a 1.1% decline in the index.

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) 951-2437.

Moderate Advance in Number of Canadians Travelling Overseas

The seasonally adjusted volume of international trips by Canadian residents posted an increase of 0.4% in March, further extending the rising trend evident over the last two years. However, the marginal advance in the current month was in line with a slowdown apparent in recent months. Travel to the United States was up over the previous month, while the number of Canadians returning from abroad declined.

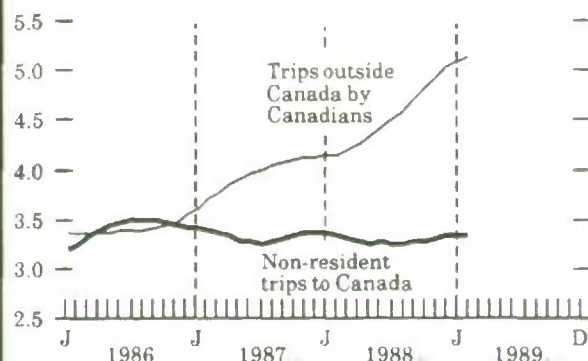
While tourist trips (overnight visits) by Canadians have risen sharply, the number of travellers returning to Canada after less than 24 hours has registered phenomenal growth. This trend has been particularly noticeable in British Columbia, Ontario and New Brunswick.

The volume of foreign travellers to Canada rose 2.0% in March. Despite this advance, the upward trend in international travellers evident since mid-1988 still appeared to be slowing. Trips by United States residents were the primary source of the increase in March.

For further information, order International Travel – Advance Information (catalogue number 66-001P) or contact Education, Culture and Tourism Division at (613) 951-8933.

International Travel

(millions of trips, short-term trend)



PUBLICATIONS RELEASED FROM MAY 5 TO MAY 11

EDUCATION, CULTURE AND TOURISM

Financial Statistics of Education, 1985-86. Catalogue Number 81-208 (Canada: \$37; Other Countries: \$44).

INCOME AND EXPENDITURE

National Income and Expenditure Accounts, Fourth Quarter 1988. Catalogue Number 13-001 (Canada: \$18/\$72; Other Countries: \$21.50/\$86).

INDUSTRY

Department Store Sales and Stocks, November 1988. Catalogue Number 63-002 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

Mineral Wool Including Fibrous Glass Insulation, March 1989. Catalogue Number 44-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Paper and Allied Products Industries, 1986. Catalogue Number 36-250 (Canada: \$32; Other Countries: \$38).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, February 1989. Catalogue Number 35-002 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Restaurant, Caterer and Tavern Statistics, February 1989. Catalogue Number 63-011 (Canada: \$5.80/\$58; Other Countries: \$7/\$70).

Rigid Insulating Board, March 1989. Catalogue Number 36-002 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Shipments of Solid Fuel Burning Heating Products, Quarter Ended March 1989. Catalogue Number 25-002 (Canada: \$4.50/\$18; Other Countries: \$5.50/\$22).

Wood Industries, 1986. Catalogue Number 35-250 (Canada: \$47; Other Countries: \$56).

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, February 1989. Catalogue Number 67-002 (Canada: \$15/\$150; Other Countries: \$18/\$180).

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), February 1989. Catalogue Number 65-004 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

Summary of Canadian International Trade, February 1989. Catalogue Number 65-001 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

Imports by Commodity, February 1989. Catalogue Number 65-007 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

PRICES

Construction Price Statistics, Fourth Quarter 1988. Catalogue Number 62-007 (Canada: \$17.25/\$69; Other Countries: \$20.75/\$83).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Capital and Repair Expenditures-Manufacturing Sub-Industries, Intentions 1989. Catalogue Number 61-214 (Canada: \$16; Other Countries: \$19).

Building Permits, December 1988. Catalogue Number 64-001 (Canada: \$21/\$210; Other Countries: \$25.20/\$252).

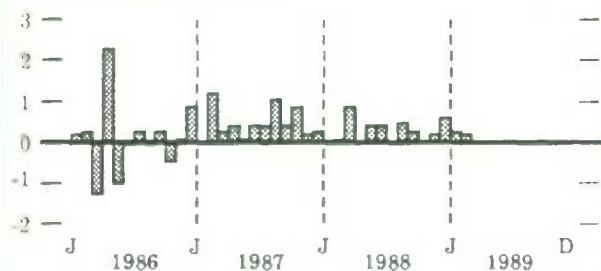
SMALL BUSINESS

Small Business in Canada: A Statistical Profile, 1984-86. Catalogue Number 61-231 (Canada: \$24; Other Countries: \$25).

CURRENT TRENDS*

Gross Domestic Product

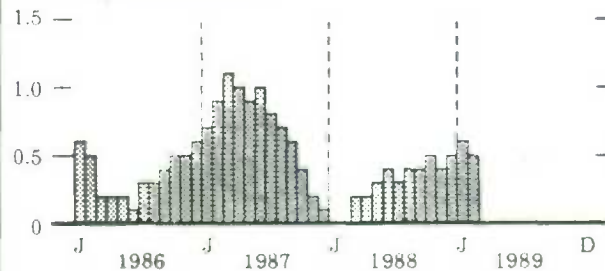
(% change, previous month)



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

Composite Leading Indicator

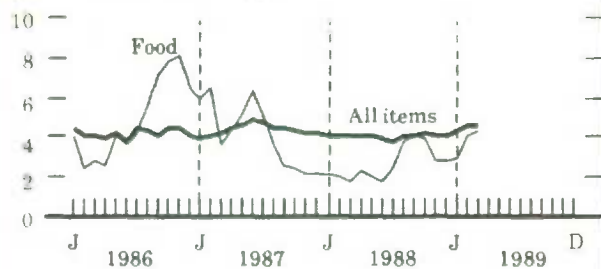
(% change, previous month)



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

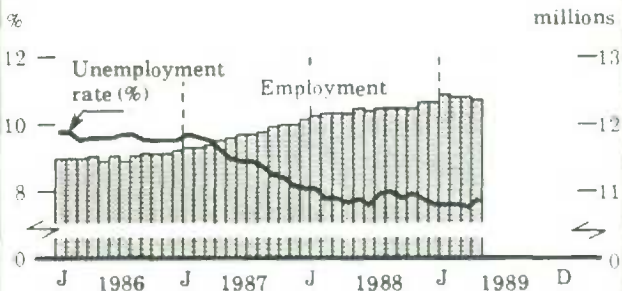
Consumer Price Index

(% change, previous year)



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

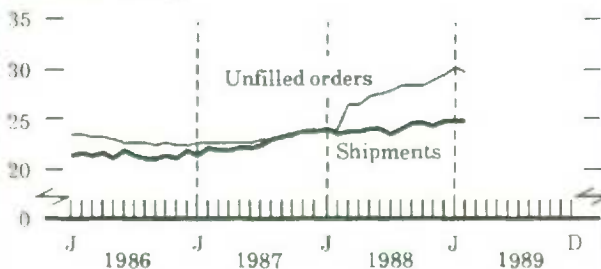
Unemployment Rate and Employment



The employment level fell by 54,000 in April, the largest decline in six months.

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.



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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)	Apr. *	12.4	-0.4%	1.6%
Unemployment Rate (%)	Apr. *	7.8	0.3	0.1
Participation Rate (%)	Apr. *	66.9	-0.1	0.3
Labour Income (\$ billion)	Feb. *	27.6	1.1%	7.5%
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)	Mar. *	147.1	1.7%	16.7%

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

** New this week.*

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