C3
logue 11-002E (Français 11-002F) ISSN 0380-0547
Price: Canada, $2/$100 a year/Other Countries, $3/$150 a year

I•N•F•O•M•A•T

A WEEKLY REVIEW

Friday, July 7, 1989

OVERVIEW

- **Moderate Economic Growth**

  Following a decline in March, real gross domestic product rose 0.5% in April. The average growth rate of 0.1% for these two months was in line with the moderate advances posted in the first two months of 1989.

- **Deceleration in the Composite Leading Indicator**

  The composite leading indicator continued to slow in April, dropping to a monthly increase of 0.1% from the 0.3% advance registered in March

- **Constant Demand For Labour**

  There was no change in the help-wanted index at the national level in June, but the regions continued to show variations in labour market activity.

- **Marginal Gains in Wages**

  Wages and salaries rose 0.2% in April, sharply lower than the average monthly increase of 1% recorded for 1989.

- **Industrial Product Prices Unchanged in May**

  The industrial product price index was unchanged, continuing the trend of minor or no growth noted since the start of the year.

- **Energy Prices Continue to Boost Raw Materials Prices**

  The raw materials price index rose for the sixth consecutive month in May. Excluding the mineral fuels component the index would have dropped 1.0%.

This issue also includes information on **Housing Starts**.

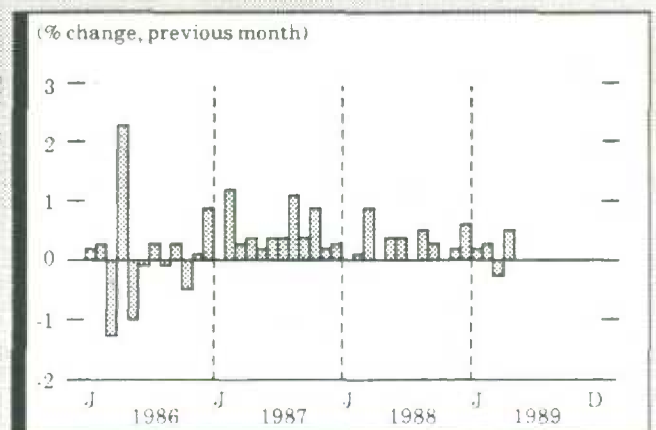
Moderate Economic Growth

Following a decline in March, real gross domestic product rose 0.5% in April. The March and April changes in GDP should be interpreted with caution as Easter occurred in March for the second time in nine years, which may have resulted in a less accurate seasonal adjustment of the data. The average growth rate of 0.1% for these two months is probably a better indication of the monthly economic growth and is in line with the moderate advances posted in the first two months of the year.

Nearly three-quarters of the growth in April originated among the goods-producing industries. Goods output increased 1.0% and stemmed from substantial gains in both mining and manufacturing, and, to a lesser extent, in construction. Mining output rose 3.2% in April, following declines in the two previous quarters. The increase was mostly due to higher production of crude petroleum, natural gas and

(continued on page 2)

Gross Domestic Product



STATISTICS CANADA STATISTIQUE CANADA
JUIL JULY 7 1989
LIBRARY BIBLIOTHÈQUE

Statistics Canada Statistique Canada
Canada

... Moderate Economic Growth

iron ore, as well as to increased exploration and development activity. Manufacturing production rose 0.8%, partially recovering from four declines in the previous six months. Production increases were widespread across both non-durable and durable goods industries. Output in the construction industry was up slightly as both residential and non-residential activity increased.

Following a 0.2% decline in March, the services-producing industries posted a gain of 0.2% in April, resuming the trend of moderate growth noted in January and February. Most of the improvement occurred in retail trade and the communications industries.

After declining in the first three months of the year, retail trade rose 1.9% in April. The growth was led by output gains by new motor vehicle dealers. The gain in communications was mostly the result of increased output by the telecommunications carriers

Real Gross Domestic Product

	Dec.	Jan.	Feb.	Mar.	Apr.
	% change, previous month				
Real Gross Domestic Product	**0.6**	**0.2**	**0.3**	**-0.3**	**0.5**
Goods-producing industries	0.8	0.3	0.7	-0.4	1.0
Service-producing industries	0.5	0.2	0.0	-0.2	0.2

Output of the finance, insurance and real estate industry declined for the third consecutive month. The continuation of this downturn was largely accounted for by the reduced activity of real estate agents in the resale housing market

For further information, order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-3673.

Deceleration in the Composite Leading Indicator

In April, the composite leading indicator rose 0.1% over the previous month. This advance was one of the smallest and least widespread since October 1987. Four components increased, four declined and two were unchanged.

Consumer demand continued to be mixed. While sales of new homes remained stable, the house spending index declined 1.8% in April due to a slump in existing home sales. The drop is the first in over a year. Gains in disposable incomes contributed to higher furniture and appliance sales, while other durable sales remained flat.

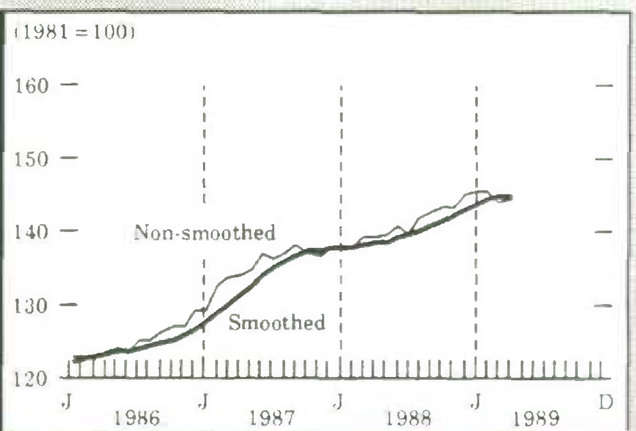
Signals on manufacturing activity were mixed. New orders for durable goods posted a second straight decline, reflecting the weakening of household and export demand in recent months. However, for the third straight month, there was a rise in the ratio of shipments to inventories of finished goods.

Employment in business and personal services was virtually unchanged from March.

The U.S. leading indicator moved slightly higher, largely due to final demand.

The stock market continued to rise, while the real money supply was virtually unchanged.

Composite Leading Indicator



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

Constant Demand For Labour

In June, the trend cycle of the help-wanted index for Canada (1981 = 100) was unchanged at 156. There has been no movement in the index over the past three months despite continued changes in regional components.

The help-wanted index serves as an early indicator of the demand for labour by monitoring changes in the number of help-wanted advertisements published in 20 metropolitan newspapers. The use of trend cycle estimates removes irregular influences from seasonally adjusted data which can mask short-term trends.

(continued on page 3)

... Constant Demand For Labour

Strong growth continued in the Atlantic region as the index rose to 206, an increase of 15 points in the past six months.

In Quebec, the index remained flat, continuing a trend established over the past nine months

In Ontario, the index declined, for the fifth consecutive month, to 168. This is down from 180 recorded throughout 1988.

After increasing in early 1989, the index for the Prairies was down slightly from the previous month.

The number of help-wanted advertisements continued to climb in British Columbia. In June the index reached 130. It has risen without interruption since February 1988.

Help-wanted Index (1981 = 100) - Revised

	Feb.	Mar.	Apr.	May	June
	seasonally adjusted				
Canada	153	154	156	156	156
Atlantic Region	192	195	198	202	206
Quebec	176	177	177	177	178
Ontario	176	174	171	169	168
Prairie Region	88	89	89	87	86
British Columbia	118	123	126	129	130

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

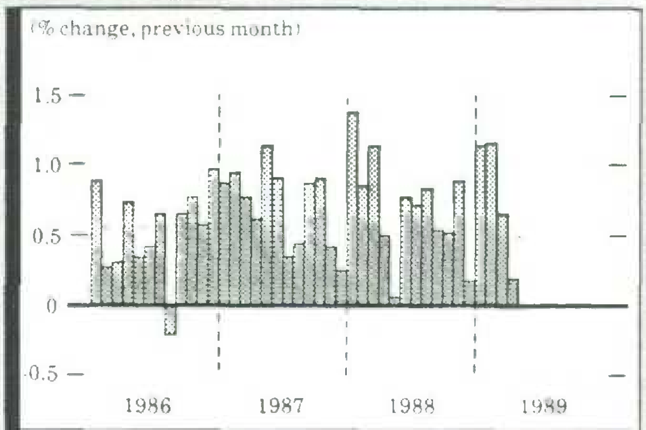
Marginal Gains in Wages

In April, wages and salaries rose 0.2% on a seasonally adjusted basis, down from the 1989 average increase of 1%. The year-over-year increase in labour income of 7.9% is the smallest recorded this year

Wage and salary movements by industry were mixed. Most of the increases were limited to under 1.0%. The exception was mines, quarries and oil wells which rose 2.5%. Declines were noted in trade (-0.2%), commercial and personal services (-0 3%) and health and welfare services (-0.2%).

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

Wages and Salaries

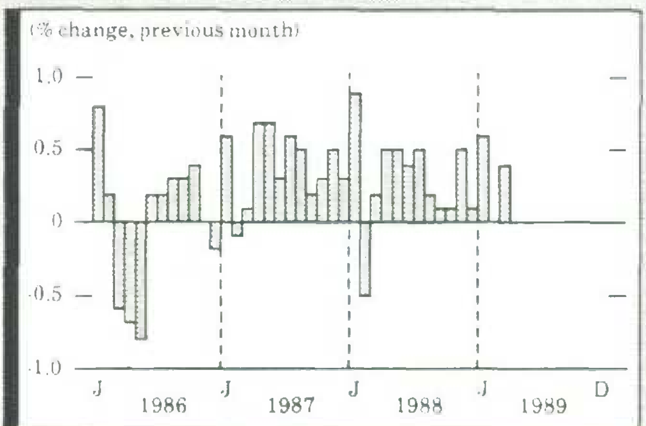


Industrial Product Prices Unchanged in May

- The industrial product price index (IPPI, 1981 = 100) was unchanged in May, continuing the trend of little or no change on a month-to-month basis noted since the start of the year. The index was only 2.8% higher than it was in May 1988.
- Prices for petroleum and coal products increased 2.8%, extending the rising trend evident since November 1988 and offsetting price decreases for other commodities.
- Primary metal prices fell (-2.5%) for the second consecutive month, while chemical product prices were down 0.5%.

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

Industrial Product Price Index



Energy Prices Continue to Boost Raw Materials Prices

- The raw materials price index rose for the sixth consecutive month in May. The increase was 1.4%.
- Strengthening crude oil prices (6.8%) continued to be a major factor in the monthly advance in the RMPI. Excluding the mineral fuels component, the RMPI would have declined 1.0% in May.
- Non-ferrous metal prices registered a significant decline for the third time in four months. Prices dropped for most base and precious metals.
- Prices for animals and animal products strengthened, resuming the rising trend evident in the first three months of 1989

Raw Materials Price Index

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
Total	3.1	0.9	2.8	0.5	1.4
Mineral fuels	7.8	4.3	5.2	3.2	5.5
Non-ferrous metals	-0.1	-5.5	3.5	-3.2	-7.1
Animal products	2.7	1.6	0.3	-1.4	1.1
Total, excluding mineral fuels	0.8	-0.8	1.6	-1.1	-1.0

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

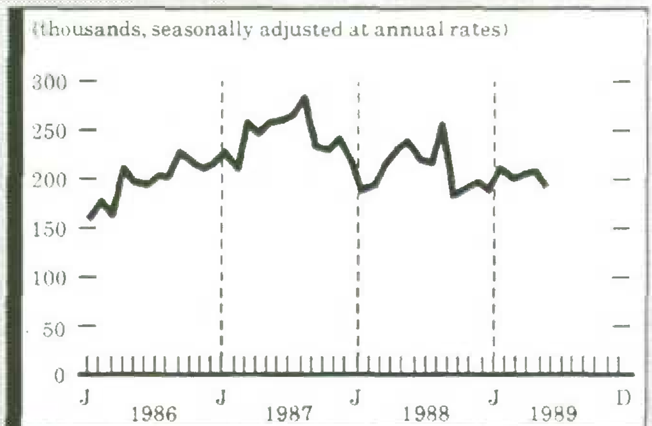
Housing Starts Dip Below 200,000

In May, housing starts declined 8.2% from a month earlier to 190,000 units, seasonally adjusted at annual rates. This was the first time since December 1988 that starts have fallen below 200,000. Construction activity decreased in both the single- and multiple-dwelling sectors.

Following a strong first quarter, single-dwelling starts in urban centres declined in April and were down 4.8% in May. Starts on multiple dwellings were 15.4% lower, continuing a downward trend evident since January.

For further information, order Housing Starts and Completions (catalogue number 64-002) or contact Science, Technology and Capital Stock Divsion at (613) 951-1664.

Housing Starts



PUBLICATIONS RELEASED FROM JUNE 30 TO JULY 6

CENSUS

The Nation: Population and Dwelling Characteristics - Ethnicity, Immigration and Citizenship, 1986 Census. Catalogue number 93-109 (Canada: $59; Other Countries: $69).

EDUCATION, CULTURE AND TOURISM

The Sound Recording Industry 1982-83 to 1986-87 - Vol. 12, No. 4: Service Bulletin, June 1989. Catalogue number 87-001 (Canada: $4.70/$47; Other Countries: $5.60/$56).

INDUSTRY

Crude Petroleum and Natural Gas Production, March 1989. Catalogue number 26-006 (Canada: $9.50/$95; Other Countries: $11.40/$114).

Non-Metal Mines, 1987. Catalogue number 26-224 (Canada: $21; Other Countries: $25).

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

Refined Petroleum Products, March 1989. Catalogue number 45-004 (Canada: $17.30/$173; Other Countries: $20.80/$208).

PRICES

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

SERVICES

Cable Television, 1987. Catalogue number 56-205 (Canada: $25; Other Countries: $30).

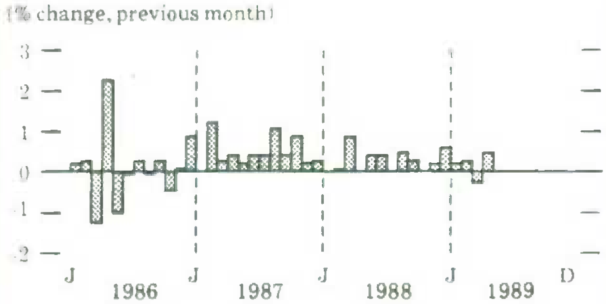
Telephone Statistics, April 1989. Catalogue number 56-002 (Canada: $7.90/$79; Other Countries: $9.50/$95).

SOCIAL AND ECONOMIC STUDIES

Canadian Social Trends, Summer 1989. Catalogue number 11-008E (Canada: $8/$32; Other Countries: $9/$36).

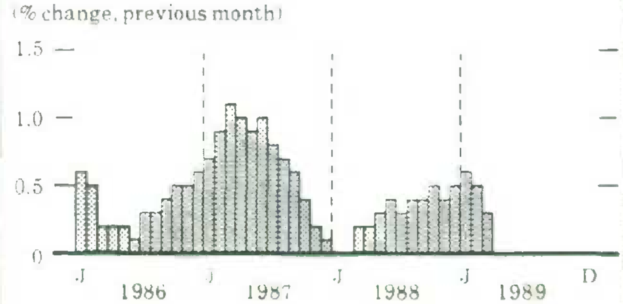
CURRENT TRENDS*

Gross Domestic Product



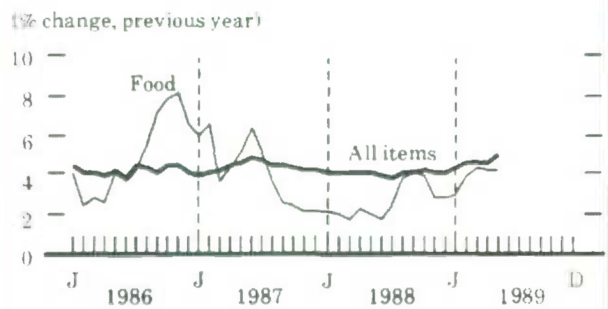
The average growth rate for March and April was 0.1%, in line with the moderate growth at the start of 1989.

Composite Leading Indicator



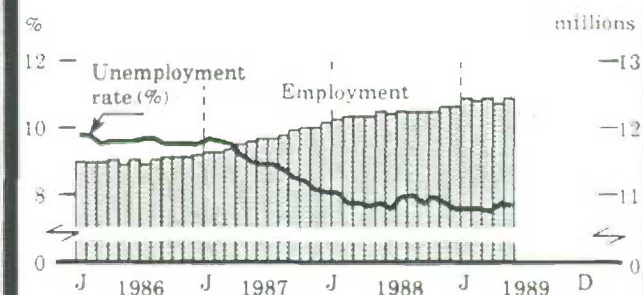
Growth in the composite leading indicator continued to slow in April, dropping to 0.1%.

Consumer Price Index



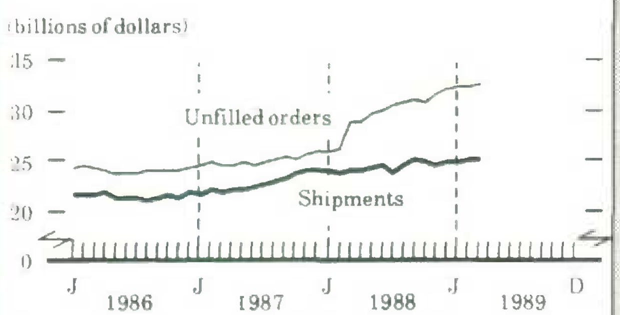
The CPI was 1.0% higher in May, the highest monthly rise since June of 1983.

Unemployment Rate and Employment



The employment level rose by 62,000 in May, offsetting a decline of similar magnitude in April.

Manufacturing



The value of shipments fell 0.7% in March, following six months of fluctuating but moderate growth.

Merchandise Trade

In April, merchandise exports were down 1.7%, the third consecutive monthly decrease.

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

STATISTICS CANADA LIBRARY
BIBLIOTHEQUE STATISTIQUE CANADA
1010717892

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product ($ billion, 1981)	Apr.*	405	0.5%	3.1%
Composite Leading Indicator (1981 = 100)	Apr.*	145.0	0.1%	4.9%
Profits of Industrial Corporations ($ billion)	1st Q	9.5	2.7%	3.3%
DOMESTIC DEMAND				
Retail Trade ($ billion)	Apr.	14.4	2.3%	5.7%
New Motor Vehicle Sales ('000 units)	Apr.	134	8.6%	3.3%
Housing Starts ('000, annual rates)	May*	190	-8.2%	-17.4%
LABOUR				
Employment (millions)	May	12.4	0.0%	1.6%
Unemployment Rate (%)	May	7.7	-0.1	-1.3
Participation Rate (%)	May	67.1	0.2	0.3
Labour Income ($ billion)	Apr.*	28.6	0.2%	7.9%
Average Weekly Earnings ($)	Apr.	480.84	0.6%	4.2%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	Apr.	11.4	-1.7%	4.4%
Merchandise Imports ($ billion)	Apr.	11.3	0.8%	6.4%
Merchandise Trade Balance ($ billion)	Apr.	0.1	-288	–
MANUFACTURING				
Shipments ($ billion)	Apr.	24.8	1.1%	4.7%
New Orders ($ billion)	Apr.	23.9	-3.9%	0.7%
Unfilled Orders ($ billion)	Apr.	31.4	-2.8%	23.9%
Inventory/ Shipments Ratio	Apr.	1.54	-0.03	0.02
Capacity Utilization (%)	1st Q	83.7	-0.4	-1.6
PRICES				
Consumer Price Index (1981 = 100)	May	150.5	1.0%	5.0%
Industrial Product Price Index (1981 = 100)	May*	131.1	0.0%	2.8%
Raw Materials Price Index (1981 = 100)	May*	103.0	1.4%	3.7%
New Housing Price Index (1981 = 100)	Apr.	148.4	0.9%	15.7%

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

Published by the Communications Division
Statistics Canada.

Senior Editor: Greg Thomson (613) 951-1116
Editor: Linda McCormick (613) 951-1197

R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, $2/$100; other countries, $3/$150. To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6. To order by telephone dial; 1-800-267-6677 within Canada or 613-951-9276 from all other countries.

Published under the authority of the Minister of Supply and Services Canada. Statistics Canada should be credited when reproducing or quoting any part of this document.