

I·N·F·O·M·A·T

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

Friday, July 28, 1989

OVERVIEW

■ Moderate Economic Growth Continues

Real gross domestic product rose 0.1% in May, in line with the average monthly growth rate for 1989.

■ Manufacturing Activity Strengthens

The value of manufacturing shipments rose for the second consecutive month in May and new orders partially recovered from a substantial drop in April.

■ Non-residents Continue to Reduce Holdings of Canadian Bonds

Non-residents reduced their holdings of outstanding Canadian bonds by \$338 million in May, following a disinvestment of nearly \$1 billion in April.

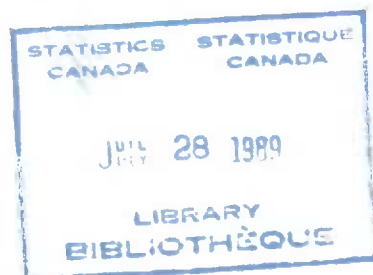
■ Upward Trend in UIC Beneficiaries Interrupted

In May, the number of beneficiaries was down 1.9%, contrasting with the upward trend evident since January.

■ Average Weekly Earnings Post Slightly Faster Growth

Average weekly earnings were up 4.2% in May, slightly higher than the advances registered in recent months.

Also included in this issue is an article on Trusteed Pension Plans.



Moderate Economic Growth Continues

Real gross domestic product rose 0.1% in May. This advance was in line with the average monthly growth rate for 1989. At 0.1%, this growth rate was down from the 0.3% registered in 1988 and the 0.5% posted in 1987. Output from both the goods- and service-producing industries rose in May.

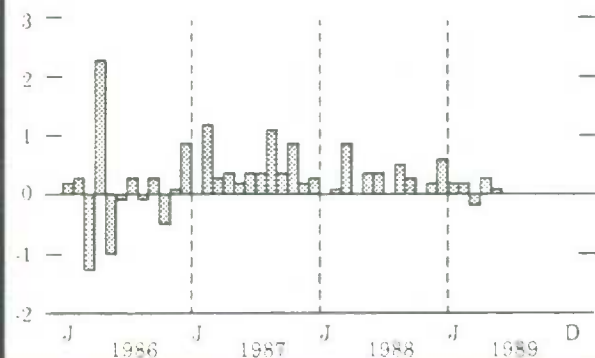
A modest increase of 0.1% in output of the goods-producing industries was somewhat lower than the average monthly growth so far this year. The gain in the current month stemmed mostly from the manufacturing industries.

Output among the manufacturing industries rose for the second consecutive month, following two months of declining production. Construction output was down for a third month as residential and highway construction slowed.

(continued on page 2)

Gross Domestic Product

(% change, previous month)



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... Moderate Economic Growth Continues

Output of the service-producing industries posted a 0.1% gain in May. The services industries have only registered marginal growth since the start of the year. Most of the advance in the current month occurred in finance, insurance and real estate services (0.3%), the first increase in these industries since January. Wholesale trade has declined for two months in a row, while retail trade resumed a downward trend after rising in April.

For further information, order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-9145.

Real Gross Domestic Product

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
Real Gross Domestic	0.2	0.2	-0.2	0.3	0.1
Goods-producing	0.3	0.6	-0.3	0.7	0.1
Service-producing	0.2	0.0	-0.1	0.1	0.1

Manufacturing Activity Strengthens

The seasonally adjusted value of manufacturing shipments was up for the second consecutive month in May, rising 0.5% over the value reported in April. Although the value of shipments has fluctuated from one month to the next, the short-term trend has shown moderate growth (0.3% a month) since December 1988. This is slightly higher than the rate registered from September to November. In the current month, the transportation, wood and food industries accounted for most of the gain.

The level of inventories continued its upward movement, following a decline in April. A 0.5% advance in May brought inventories up to the levels registered prior to a drawdown a month earlier.

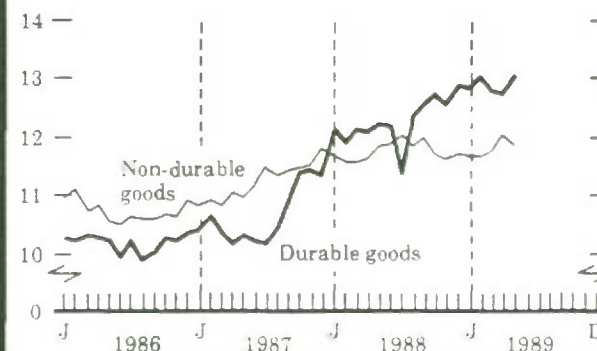
Manufacturing Activity

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
Shipments	-0.4	0.9	-0.6	0.9	0.5
New orders	-1.2	0.2	0.9	-4.6	2.0
Unfilled orders	0.7	0.2	1.2	-3.0	-2.0
Inventory to shipments ratio	1.56	1.55	1.57	1.55	1.55

For further information, order Monthly Survey of Manufacturing (catalogue number 31-001) or contact Industry Division at (613) 951-9832.

Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



New orders were up 2.0% in May, partially making up for a substantial drop recorded in April. Except for declines in January and April, new orders have been rising since November.

With a drop of 2.0%, unfilled orders were down for the second month in a row. While unfilled orders increased from November to March, their growth rate has slowed each month.

Non-residents Continue to Reduce Holdings of Canadian Bonds

In May, non-residents reduced their holdings of outstanding Canadian bonds for the second consecutive month. The net disinvestment amounted to \$338 million, substantially lower than the disinvestment

recorded in April. Residents of the United Kingdom and Japan accounted for the reduction in May. These declines contrast with large net investments in the first three months of the year totalling \$2.8 billion.

Non-residents continued to be net buyers of outstanding Canadian stocks during the month. The acquisition of an additional \$136 million brought

non-resident net investment to nearly \$800 million for the first five months of 1988. In the current month, net sales to the United States and Japan were partly offset by a net disinvestment from Europe.

Canadian residents reduced their holdings of foreign bonds by nearly \$300 million in May, following a net investment a month earlier. However, residents increased their holdings of foreign stocks.

For further information, order *Security Transactions with Non-residents* (catalogue number 67-002) or contact *International and Financial Economics Division* at (613) 951-9052.

Security Transactions

	Jan.	Feb.	Mar.	Apr.	May
Net sales	millions of dollars				
Canadian Securities					
Bonds	1,245	450	1,096	-983	-338
Stocks	85	103	265	211	136
Total	1,330	553	1,362	-772	-202
Foreign Securities					
Bonds	-384	-344	196	242	-146
Stocks	-36	446	33	-146	248
Total	-420	102	230	97	138

Upward Trend in UIC Beneficiaries Interrupted

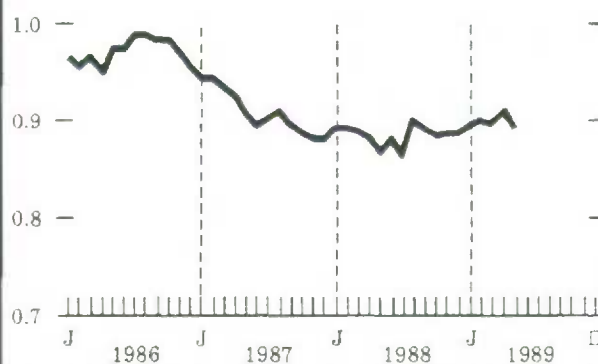
In May, the seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits was down 1.9% from the level recorded in April. This decrease contrasts with an upward trend observed since January. The downturn was evident in almost all provinces and territories. New Brunswick, registering a slight increase (0.8%), was the only exception.

Seasonally adjusted benefit payments rose sharply for the second consecutive month, following a three-month downturn that culminated in a substantial decrease in March.

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)



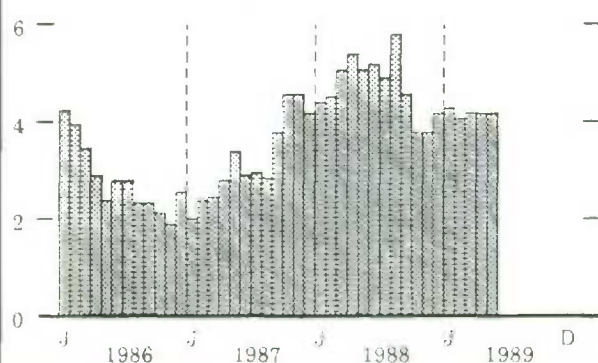
Average Weekly Earnings Post Slightly Faster Growth

In May, average weekly earnings were up 4.2% over the same month a year earlier. Year-over-year growth in earnings has been close to 4.2% since November. The growth of average weekly earnings in the goods-producing industries maintained the rate registered in April (5.3%), after a four-month slowdown. Growth in the services sector continued to fluctuate, but the year-over-year increase remained below 4.0%.

For further information, order *Employment, Earnings and Hours* (catalogue number 72-002) or contact *Labour Division* at (613) 951-4090.

Average Weekly Earnings

(% change, previous year)



LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1981)	May*	405	0.1%	2.6%
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)	May	14.5	0.4%	6.3%
New Motor Vehicle Sales ('000 units)	May	132	1.8%	-1.9%
Housing Starts ('000, annual rates)	May	190	-8.2%	-17.4%
LABOUR				
Employment (millions)	June	12.5	0.5%	2.2%
Unemployment Rate (%)	June	7.3	-0.4	-2.7%
Participation Rate (%)	June	67.0	-0.1	0.8%
Labour Income (\$ billion)	Apr.	28.6	0.2%	7.9%
Average Weekly Earnings (\$)	May*	481.70	0.2%	4.2%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	May	12.1	6.2%	5.2%
Merchandise Imports (\$ billion)	May	11.7	3.1%	6.7%
Merchandise Trade Balance (\$ billion)	May	0.4	0.4	-0.1
MANUFACTURING				
Shipments (\$ billion)	May*	24.9	0.5%	4.0%
New Orders (\$ billion)	May*	24.3	2.0%	-1.6%
Unfilled Orders (\$ billion)	May*	30.8	-2.0%	5.0%
Inventory/Shipments Ratio	May*	1.55	0.0%	0.01
Capacity Utilization (%)	1st Q	83.7	-0.4	-1.6
PRICES				
Consumer Price Index (1981 = 100)	June	151.3	0.5%	5.4%
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)	May	148.8	0.3%	14.5%

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

** New this week.*

Slower Growth in Pension Plan Assets

The book value of assets held in trustee pension funds at the end of the first quarter of 1989 was up 9.6% from the amount held a year earlier. Year-to-year growth of assets peaked in 1980 and has been decelerating since then.

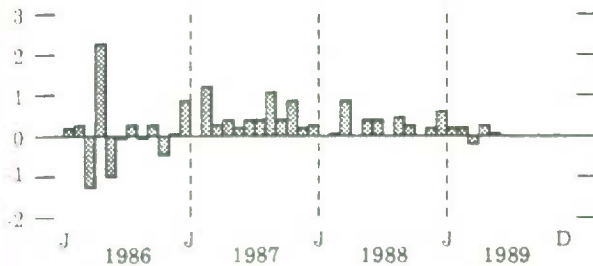
The total income of trustee pension funds rose 10.8%, while expenditures were 5.4% higher than in the first quarter of 1988. Investment income posted a sizeable advance of 12.4%, following moderate growth in the first quarters of 1987 and 1988.

For further information, contact Labour Division at (613) 951-4034 or order Quarterly Estimates of Trustee Pension Funds (catalogue number 74-001).

CURRENT TRENDS*

Gross Domestic Product

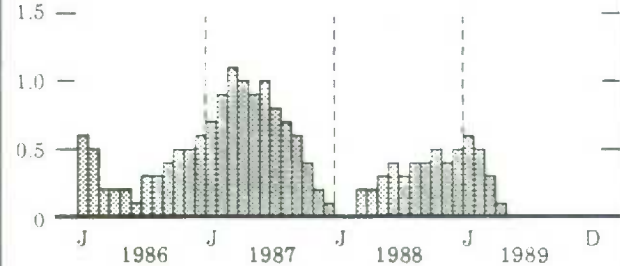
(% change, previous month)



Real gross domestic product rose 0.1% in May, in line with the average monthly growth rate for 1989.

Composite Leading Indicator

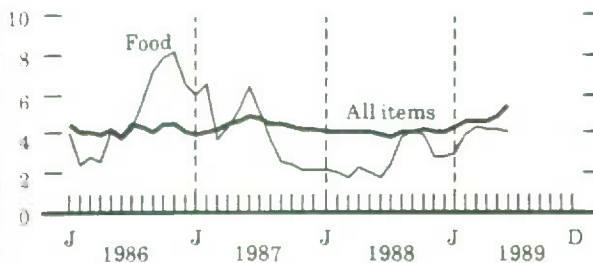
(% change, previous month)



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

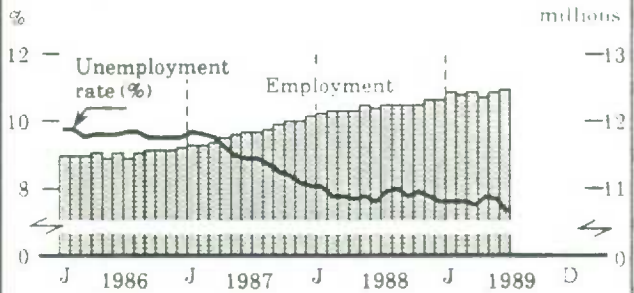
Consumer Price Index

(% change, previous year)



The consumer price index rose 0.5% in June, down from the substantial increase posted in May.

Unemployment Rate and Employment



The employment level rose by 58,000 in June, an increase of similar magnitude to May.

Manufacturing

(billions of dollars)



The value of manufacturing shipments rose for the second consecutive month in May.

Merchandise Trade

(billions of dollars, short-term trend)



Growth in merchandise exports outpaced imports in May, leading to an improved trade balance.

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

PUBLICATIONS RELEASED FROM JULY 21 TO JULY 27

AGRICULTURE

Agriculture Economic Statistics, 1988. Catalogue number 21-603E (Canada: \$20; Other Countries: \$25).

Cereals and Oilseeds Review, April 1989. Catalogue number 22-007 (Canada: \$13.10/\$131; Other Countries: \$15.70/\$157).

Farm Product Price Index (1981=100), May 1989. Catalogue number 62-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

Livestock and Animal Products Statistics, 1988. Catalogue number 23-203 (Canada: \$53; Other Countries: \$64).

EDUCATION, CULTURE AND TOURISM

Education Statistics, Vol. 11, No. 2: Full-Time Enrolment in Trade and Vocational Programs in Canada, 1985-1986 and 1986-1987. Catalogue number 81-002 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Touriscope - Travel-log, Summer, 1989. Catalogue number 87-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

INDUSTRY

Corrugated Boxes and Wrappers, June 1989. Catalogue number 36-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

Factory Shipments of High Pressure Decorative Laminate Sheet, First Quarter 1989. Catalogue number 47-005 (Canada: \$4.50/\$18; Other Countries: \$5.50/\$22).

Factory Shipments of High Pressure Decorative Laminate Sheet, Second Quarter 1989. Catalogue number 47-005 (Canada: \$4.50/\$18; Other Countries: \$5.50/\$22).

Gas Utilities, April 1989. Catalogue Number 55-002 (Canada: \$12.10/\$121; Other Countries: \$14.50/\$145).

Monthly Survey of Manufacturing, May 1989. Catalogue number 31-001 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

New Motor Vehicle Sales, March 1989. Catalogue number 63-007 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

Production and Disposition of Tobacco Products, June 1989. Catalogue number 32-022 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

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

Steel Wire and Specified Wire Products, May 1989. Catalogue number 41-006 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Textile Products Industry, 1986 Census of Manufactures Catalogue number 34-251 (Canada: \$32; Other Countries: \$38).

Wholesale Trade, April 1989. Catalogue number 63-008 (Canada: 5.80/\$58; Other Countries: \$7/\$70).

INDUSTRY MEASURES AND ANALYSIS

System of National Accounts - Gross Domestic Product by Industry, April 1989. Catalogue number 15-001 (Canada: \$12.10/\$121; Other Countries: \$14.50/\$145).

INTERNATIONAL AND FINANCIAL ECONOMICS

Canadian Economic Observer, July 1989. Catalogue number 11-010 (Canada: \$21/\$210; Other Countries: \$25.20/\$252).

Canadian Economic Observer - Historical Statistical Supplement, 1988/89. Catalogue number 11-210 (Canada: \$26; Other Countries: \$31).

LABOUR

Labour Force Survey, June 1989. Catalogue number 71-001 (Canada: \$17.25/\$69; Other Countries: \$20.70/\$83).

Unemployment Insurance Statistics, April 1989. Catalogue number 73-001 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Housing Starts and Completions, May 1989. Catalogue number 64-002 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

Indicators of Science and Technology, 1989. Catalogue number 88-002 (Canada: \$17.25/\$69; Other Countries: \$20.70/\$83).

Science Statistics, Vol. 13, No. 3, Industrial Research and Development Expenditures, 1980 to 1989. Catalogue number 88-001 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

Science Statistics, Vol. 13, No. 4, Industrial R&D and Key Technologies, 1989. Catalogue number 88-001 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

Science Statistics, Vol. 13, No. 5: Federal Government Expenditures on Scientific Activities, 1989-1990. Catalogue number 88-001 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

TRANSPORT

Passenger Bus and Urban Transit Statistics, May 1989. Catalogue number 53-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

Regional Reference Centres

Statistics Canada's regional reference centres provide a full range of the bureau's products and services. Each reference centre is equipped with a library and a sales counter where users can consult or purchase our publications, microcomputer diskettes, microfiche, maps and more.

Each centre has facilities to retrieve information from Statistics Canada's computerized data retrieval systems CANSIM and Telichart. A telephone inquiry service is also available with toll free numbers for regional clients outside local calling areas. Many other valuable services – from seminars to consultations – are offered. Call or write your regional reference centre for information.

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KEY RELEASE CALENDAR: AUGUST 1989*

Monday	Tuesday	Wednesday	Thursday	Friday
	1	2 Business Conditions, 3rd Quarter Help-wanted Index, July	3	4 Labour Force Survey, July
7 Leading Indicator, May	8 Housing Starts, June Labour Income, June	9 New Housing Price Index, June New Motor Vehicle Sales, June	10 Department Store Sales, June	11 International Travel, June Farm Product Price Index, June
14	15	16	17 International Trade, June Foreign Trade in Auto- motive Products, 1st Quarter	18 Consumer Price Index, July
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* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

I·N·F·O·M·A·T**A Weekly Review**

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