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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, August 11, 1989

OVERVIEW

- **Composite Leading Indicator Flat**

  The leading indicator was unchanged in May, after posting marginal growth in March and April.

- **Employment Down Slightly**

  Employment declined slightly in July, continuing the pattern of fluctuating growth evident since January.

- **Motor Vehicle Sales Drop Sharply**

  Sales of new motor vehicles were down 7% in June, the second consecutive monthly decline.

- **New Housing Prices Accelerate**

  The new housing price index rose 0.5% in June, posting faster growth for the first time in five months.

- **Upturn in School Enrolment**

  Following 15 years of declining enrolment, the number of elementary-secondary students rose for the second consecutive year in 1987-88.

This issue **also** includes **information on life expectancy**.

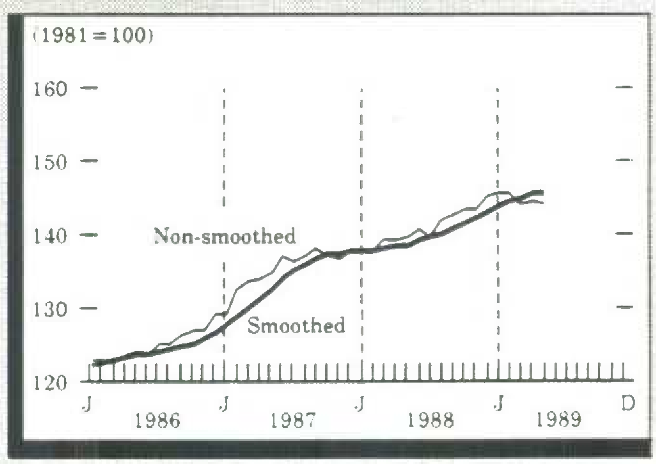
Composite Leading Indicator Flat

The composite leading indicator was unchanged in May, after gains of 0.3% in March and 0.1% in April. Housing demand remained the major source of weakness, while consumer demand for durable goods continued to strengthen at a time of rising incomes. As in April, the number of components declining and rising were the same, five out of ten.

The indicators of household demand remained mixed. The house spending index registered a sharp decline for the second consecutive month (-2.9%), driven by housing starts. However, with mortgage interest rates declining, house sales firmed, while sales of furniture and appliances remained strong. Subsequently, housing starts rose in June. Other durable goods sales increased slightly in May.

(continued on page 2)

Composite Leading Indicator



... Composite Leading Indicator Flat

The ratio of shipments to finished goods inventories continued to increase markedly, as demand for investment goods remained strong while exports rebounded during the month. New orders for durable goods declined slightly, while the average workweek remained weak.

The smoothed version of the U.S. leading indicator was unchanged in May, after a 0.2% gain in April. In June, the index eased fractionally, as consumer expectations registered their first increase since February, while contracts and orders for plants and equipment recovered.

The Toronto stock market index continued to rise rapidly (1.4%), while the real money supply declined slightly (-0.1%).

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

Employment Down Slightly

Estimates from the labour force survey show that the pattern of fluctuating employment levels evident since January continued in July as employment declined slightly from the previous month.

Following two months of strong growth, employment declined by 16,000. The July decrease stemmed largely from changes in adult (age 25 and over) and part-time employment which continued to exhibit variability.

The number of unemployed rose by 20,000 during July and resulted in the unemployment rate edging up to 7.5, similar to rates noted earlier in the year.

Employment rose in agriculture (11,000) and public administration (13,000) to maintain upward trends established in recent months. Declines were recorded in manufacturing (-17,000) and transportation, communications and other utilities (-11,000), where gains were made in two of the past four months.

Labour Force

	Mar.	Apr.	May	June	July
	Change, previous month				
Labour force ('000)	13	-18	53	8	4
Employment ('000)	25	-54	62	58	-16
15-24 years ('000)	25	-29	10	-20	-6
25 years & over ('000)	0	-25	52	78	-10
Unemployment ('000)	-12	36	-9	-50	20
Unemployment rate	7.5	7.8	7.7	7.3	7.5

For further information order The Labour Force (catalogue number 71-001) or contact Household Survey Division at (613) 951-9448.

Motor Vehicle Sales Drop Sharply

In June, seasonally adjusted sales of new motor vehicles were down sharply, declining for the second consecutive month. Sales have fluctuated in 1989 and shown no overall growth as advances in February and April failed to offset declines in the other four months.

Passenger car sales fell 7.2% as both North American and imported car sales declined. North American-built cars have posted decreases in five of the last six months and sales were 3.5% lower than they were in the first six months of 1988. Imported car sales also weakened for the second consecutive month in June. The 2.0% drop was the third monthly decline this year.

Commercial vehicle sales were down for the first time in three months. Commercial vehicle sales reached a plateau in mid-1988 and have generally ranged between 41,000 and 43,000 units a month since then.

Motor Vehicle Sales

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Passenger cars	1.8	-2.0	11.4	-3.7	-7.2
North American	-1.3	-1.2	15.4	-3.7	-9.5
Imported	8.3	-3.5	3.4	-3.7	-2.0
Commercial vehicles	1.4	-1.6	5.7	0.3	-6.6

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

New Housing Prices Accelerate

The new housing price index rose 0.5% in June, posting faster growth for the first time in five months. Ottawa-Hull, Calgary and Vancouver registered the largest monthly rises, but Toronto continued to post the largest year-over-year advance.

The substantial price increase in Ottawa-Hull (1.7%) was inconsistent with the moderate price advances posted in that region for the preceding 12 months. The main source of the rise was higher lot levies. The 1.1% gain in Calgary was in line with those registered in previous months.

In Vancouver, new housing prices have also been rising consistently. On a year-over-year basis, the growth in new housing prices in Vancouver (15.4%) was second only to Toronto (24.4%). Housing prices continue to advance in Toronto, but the growth rate has slowed in recent months.

Housing Price Indexes

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
New Housing	2.5	1.7	0.9	0.3	0.5
land only	4.7	3.6	1.5	0.3	0.5
house only	1.6	1.0	0.5	0.2	0.7

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

Upturn in School Enrolment

During the 1987-88 school year, the number of elementary-secondary students was up for the second straight year following 15 years of declining enrolment. There were nearly 5 million students in school, almost 36,000 higher than the previous year; however, this was 14.8% below the high recorded in 1970-71. The number of teachers rose to 276,600, up 2% over a year earlier.

Full-time post-secondary enrolment rose 1% to 805,200 in 1987-88, while full-time university teachers numbered 35,800.

For further information order Education in Canada (catalogue number 81-229) or contact Education, Culture and Tourism Division (613) 951-9167.

Life Expectancy Still Rising

Life tables for the 1985-87 period indicate life expectancy at birth has reached 73 years for men and almost 80 years for women.

Over the five-year period ending in 1985-87, life expectancy for males rose 1.16 years, while for females it increased by 0.75 years. A greater relative decline in death rates was a leading factor in the convergence of life expectancy rates for males and females. Death rates for males declined 6.6%, almost twice the 3.5% decline recorded for women. While death rates for several causes declined for both men and women during this period, the death rate from lung cancer increased by 34.2% for women and by 7.7% for men.

Life Expectancy at Birth

	1975-77	1980-82	1985-87
		(years)	
Canada			
males	70.19	71.88	73.04
females	77.48	78.98	79.73

At the provincial level, longevity for males was greatest in British Columbia (74.05 years) while for females it was greatest in Saskatchewan (80.47 years).

For further information order Health Reports (catalogue number 82-003) or contact Health Division at (613) 951-1631.

PUBLICATIONS RELEASED FROM AUGUST 4 TO 10

AGRICULTURE

Greenhouse Industry, 1986-87. Catalogue number 22-202 (Canada: $25; Other Countries: $30).

CENSUS

Focus on Canada - Family Income, 1986 Census. Catalogue number 98-128 (Canada: $10; Other Countries: $11).

EDUCATION, CULTURE AND TOURISM

Education in Canada, 1987-88. Catalogue number 87-229 (Canada: $48; Other Countries: $58).

INDUSTRY

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

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

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

INTERNATIONAL AND FINANCIAL ECONOMICS

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

LABOUR

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

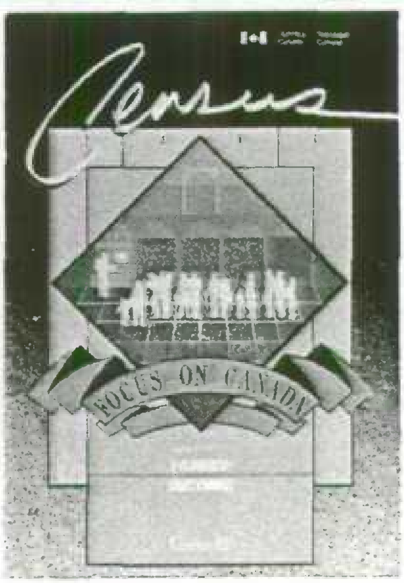
SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Building Permits, January 1989. Catalogue number 64-001 (Canada: $21/$210; Other Countries: $25.20/$252).

TRANSPORTATION

Railway Carloadings, June 1989. Catalogue number 52-001 (Canada: $7.90/$79; Other Countries: $9.50/$95).

NEW FROM STATISTICS CANADA



Focus on Canada Series – Family Income

1986 Census

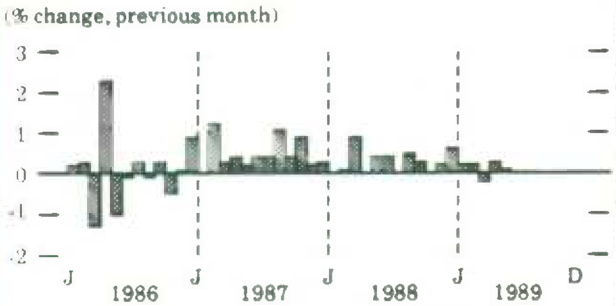
Income data have long been used to measure the economic well-being of families and individuals. When analysed and explained in the context of major social and demographic trends, income data highlight an important dimension of Canadian lifestyles and living conditions.

Focus on Canada – Family Income (98-128, $10) explores the links between family income and changing family composition. The shares of employment income, government transfer payments and other sources of income in the total income of families are examined. The publication also looks briefly at provincial variations in family incomes between 1970 and 1985.

Family Income (98-128, $10), one of the studies in the *Focus on Canada Series*, is now available.

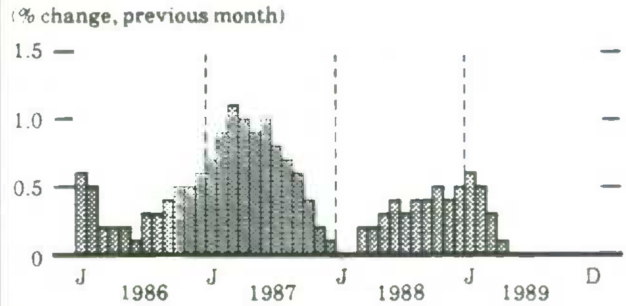
CURRENT TRENDS*

Gross Domestic Product



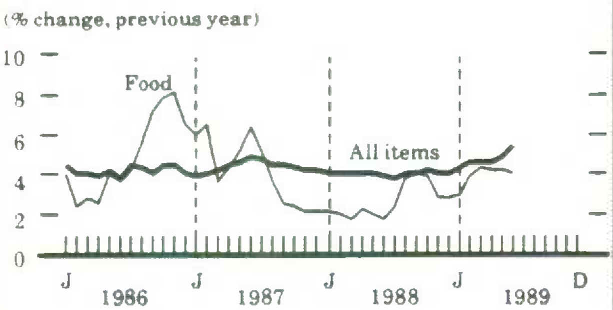
Real gross domestic product rose 0.1% in May, in line with the average monthly growth rate for 1989.

Composite Leading Indicator



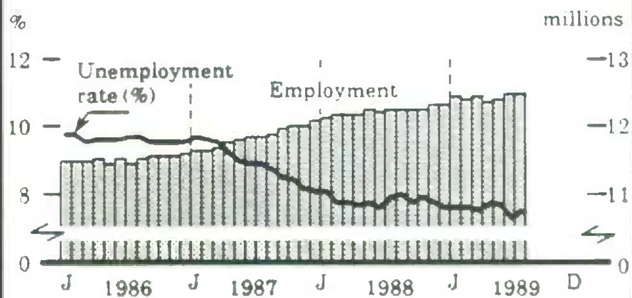
The leading indicator was unchanged in May, after posting marginal growth in March and April.

Consumer Price Index



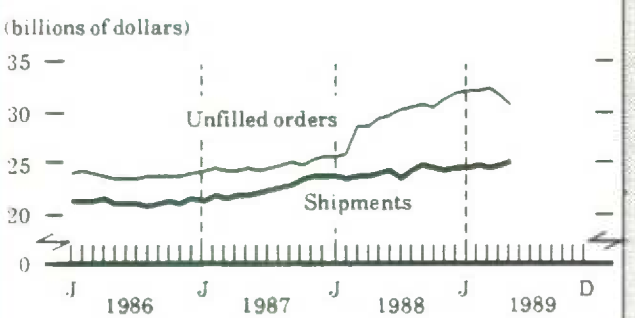
The consumer price index rose 0.5% in June, down from the substantial increase posted in May.

Unemployment Rate and Employment



Employment declined slightly in July, continuing the pattern of fluctuating growth evident since January.

Manufacturing



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

Merchandise Trade

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

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

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)	May*	145.3	0.0%	4.8%
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)	June*	122	-7.0%	0.0%
Housing Starts ('000, annual rates)	June	206	-2.0%	-5.5%
LABOUR				
Employment (millions)	July*	12.5	-0.1%	1.9%
Unemployment Rate (%)	July*	7.5	0.2	-0.3
Participation Rate (%)	July*	67.0	0.0	0.2
Labour Income ($ billion)	May*	28.9	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)	June	131.1	0.0%	2.3%
Raw Materials Price Index (1981 = 100)	June	101.4	-1.6%	2.4%
New Housing Price Index (1981 = 100)	June*	150.0	0.5%	13.9%

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

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