

I·N·F·O·M·A·T

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

Friday, August 25, 1989

OVERVIEW

■ Manufacturing Shipments Fall

The value of shipments fell 0.6% to \$24.8 billion in June, following two consecutive increases.

■ Consumer Prices Post Sharp Increase

The consumer price index was up 0.7% in July, after gains in May and June.

■ Building Permits Show Slight Decline

In May, the value of building permits fell 3.9% to \$2.99 billion; this represents the fourth consecutive monthly decrease.

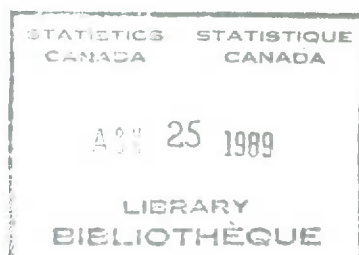
■ Retail Sales Flat in June

Retail sales totalled \$14.5 billion in June, virtually unchanged from May after two consecutive increases.

■ Sharp Reduction in Payments to Farmers

A \$766 million reduction in direct program payments offset a 17% increase in crop receipts, as farm cash receipts dropped to \$10.8 billion this year.

■ This issue also contains information on sales of natural gas.



Manufacturing Shipments Fall

The seasonally adjusted value of shipments fell 0.6% to \$24.8 billion in June, following two consecutive increases. Durable goods industries, notably transportation equipment and electrical and electronic products industries, accounted for most of the decline.

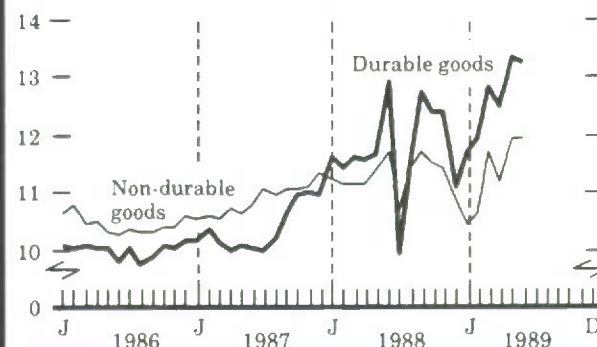
Inventories in June rose to \$38.6 billion, up 0.5%. The refined petroleum as well as the tobacco industries were the major contributors to the increase. The ratio of inventories to shipments was up, from 1.54 in May to 1.55 in June, reflecting the increase in inventories and the decrease in shipments.

Unfilled orders fell for the third month in a row to \$30.3 billion, down 1.8%. The last period observed with a similar decline was between March and June 1986. Decreases in the transportation equipment and primary metals industries accounted for the decline in June 1989.

(continued on page 2)

Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



Statistics Canada
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Canada

... Manufacturing Shipments Fall

New orders declined by 0.3% to \$24.3 billion, continuing several months of increases followed by decreases.

For further information, order *Monthly Survey of Manufacturing* (catalogue number 31-001) or contact the Industry Division at (613) 951-9497.

Manufacturing Activity

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Shipments	0.9	-0.6	0.9	0.5	-0.6
New orders	0.2	0.7	-4.6	2.0	-0.3
Unfilled orders	0.2	1.2	-3.0	-2.0	-1.8

Consumer Prices Post Sharp Increase

The consumer price index (CPI, 1981 = 100) was up 0.7% in July after gains in May and June. All seven major component indexes posted increases, with the greatest upward pressure coming from transportation, food and housing. The CPI stood 5.4% higher than in July 1988, unchanged from the year-over-year rate reported in June; this was the highest increase since February 1984.

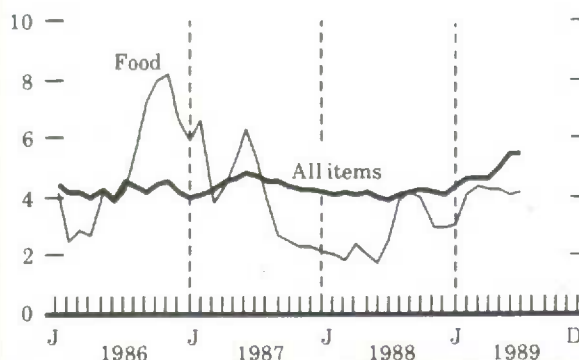
The transportation index rose 1.2%, less than the June advance of 1.5%. The termination of gasoline "price wars" in some cities, greater provincial taxes, and higher summer season air fares contributed to the increase.

The food index rose 0.9%, the greatest advance since January. Price increases for meat products, fresh fruit, bakery and cereal products, concentrated fruit juices, sugar and fats and oils were partially offset by the decline of fresh vegetables prices.

The housing index advanced 0.5%, the largest rise in three months, largely as a result of increased mortgage interest costs and new housing prices, as well as higher summer rates for traveller accommodation.

Consumer Price Index

(% change, previous year)



For further information, order the *Consumer Price Index* (catalogue number 62-001) or contact the Prices Division at (613) 951-9606.

Building Permits Show Slight Decline

In May, the value of building permits fell by 3.9%, the fourth consecutive monthly decrease. The residential sector was responsible for the decline in May.

The value of residential building permits fell 9.2% to \$1.7 billion, continuing the fluctuations noted for several months. The decrease was entirely attributable to the single-family dwelling sector which dropped 13.6%, while the multi-family sector gained 4.0%.

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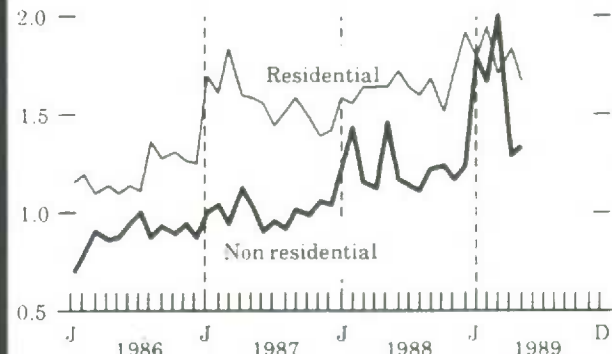
... Building Permits Post Slight Decline

The value of non-residential building permits was up 3.6% to \$1.3 billion. This sector has also fluctuated for several months. The institutional component registered very strong growth (91.5%), the highest rate since January 1980. The industrial sector gained 15.8%. The commercial component decreased by 17.3%. The value of projects in the non-residential sector tend to be higher than in the residential sector, so large month-to-month swings in total value are common.

For further information, order *Building Permits* (catalogue number 64-001) or contact the Science, Technology and Capital Stock Division at (613) 951-1664.

Building Permits

(billions of dollars, seasonally adjusted)



Retail Sales Flat in June

Retail sales totalled \$14.5 billion in June, virtually unchanged from May after two consecutive increases. Excluding new and used motor vehicle dealers, sales were up 0.6%. Sales rose at a modest rate in the first half of 1989, advancing an average of 0.2% a month. This is in contrast to an average monthly increase of 0.8% in the last six months of 1988.

The most significant increases in June, in order of dollar impact, were reported by women's clothing stores (5.2%), the largest rise since August 1986; combination stores (0.5%); and drug stores (1.0%). Offsetting these increases were declines reported by motor vehicle dealers (-2.2%) and sporting goods and accessories stores (-4.6%).

Retail Trade

	Feb.	Mar.	Apr.	May	June
	% change, previous month				
Grocery & meat stores	-0.9	0.5	0.6	1.2	-1.3
Department stores	0.3	0.2	1.0	2.5	-0.3
Motor vehicle dealers	0.1	-1.7	4.7	-1.3	-2.2
All stores	-0.2	-0.6	2.3	0.4	0.0

For further information, order *Retail Trade* (catalogue number 63-005) or contact the Industry Division at (613) 951-3552.

Sharp Reduction in Payments to Farmers

Farm cash receipts for the first six months of 1989 dropped to \$10.8 billion, a decrease of 2.0% from the same period in 1988. A \$766 million reduction in direct program payments offset a 17% increase in crop receipts. Livestock receipts were virtually unchanged at \$5.2 billion.

Government program payments dropped \$766 million to \$1.4 billion. The termination of payments under the Special Canadian Grains Program and lower payments under the Western Grain Stabilization Act were responsible for the decline. Higher crop insurance, tripartite and provincial stabilization payments did not offset the decrease. Over the last five years, direct program payments have averaged \$1.6 billion in the first six months of the year.

(continued on page 4.)

... Farm Cash Receipts Drop

Crop receipts rose 17% to reach \$4.1 billion. Higher Canadian Wheat Board payments and liquidations of deferred grain receipts were mainly responsible for the increase; cereal and oilseeds receipts remained virtually unchanged at \$2.0 billion. The Wheat Board payments totalled \$473 million, up from the previous year's level of \$232 million. The rise in final payments reflected higher export prices for grain marketed during the 1987-88 crop year.

Year-to-date livestock and animal product receipts totalled \$5.2 billion, unchanged from the same period in 1988. Receipts for poultry and dairy products continued their upward trend, while receipts for cattle and hogs declined.

For further information, order Farm Cash Receipts (catalogue number 21-001) or contact the Agriculture Division at (613) 951-8706.

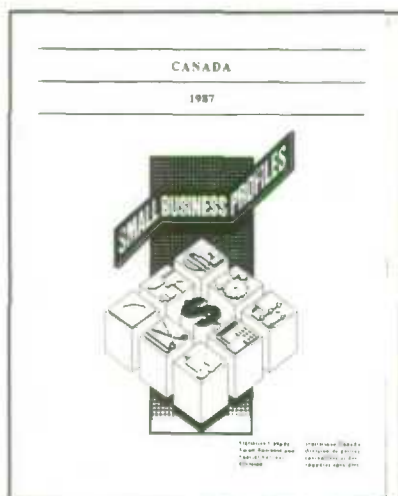
Natural Gas Sales Still Strong

Sales of natural gas in June totalled 3.2 billion cubic metres, a 13.8% increase over the level recorded the previous year. The increase was attributed mainly to the rise in the industrial sales sector, which was up 17.6%. Residential sales rose by 4.0% and commercial sales gained 1.3%.

Figures for the first six months of 1989 indicate that sales of natural gas amounted to 31.9 billion cubic metres, a 9.5% increase over the level recorded during the same period in 1988. The industrial sector (9.8%), the residential sector (10.2%), and the commercial sector (8.2%) showed similar growth rates.

For further information, order Gas Utilities (catalogue number 55-002) or contact the Industry Division at (613) 951-3567.

NEW FROM STATISTICS CANADA



Small Business Profiles 1987

Small Business Profiles is a collection of key operating results and financial ratios for selected small businesses in Canada. It is one of a number of products produced as a result of a joint undertaking by Statistics Canada, the Department of Industry, Science and Technology Canada and all provincial and territorial departments responsible for small business.

The 1987 profiles have been expanded to 108 industries. For each industry, there are six tables: selected operating ratios, balance sheet profiles, financial ratios, statement of changes in financial position and selected operating characteristics of small businesses organized by sales quartile and employment changes by size of business.

Small Business Profiles enables users to compare such business results as profits, expenses, sources of capital, etc. by kind, size and province of business. These comparisons are valuable tools in the preparation of well-conceived business plans and in analysing common business problems.

Special tabulations (pre-packaged or customized) can be purchased through your local regional reference centre.

For more information, contact the Small Business and Special Surveys Division at (613) 951-3746.

PUBLICATIONS RELEASED FROM AUGUST 18 TO 24

AGRICULTURE

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

Field Crop Reporting Series - No. 5, Stocks of Canadian Grain, July 31, 1989. Catalogue number 22-002 (Canada: \$11/\$76; Other Countries: \$13/\$91).

INCOME AND EXPENDITURE ACCOUNTS

System of National Accounts - National Income and Expenditure Accounts, First Quarter 1989. Catalogue number 13-001 (Canada: \$18/\$72; Other Countries: \$21.50/\$86).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations, Financial Statistics, First Quarter 1989. Catalogue number 61-003 (Canada: \$52.50/\$210; Other Countries: \$63/\$252).

INDUSTRY

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

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

Oils and Fats, June 1989. Catalogue number 32-006 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Particleboard, Waferboard and Hardboard, June 1989. Catalogue number 36-003 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

INDUSTRY - Concluded

Primary Iron and Steel, June 1989. Catalogue number 41-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

INDUSTRY MEASURES AND ANALYSIS

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

INTERNATIONAL AND FINANCIAL ECONOMICS

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

LABOUR

Estimates of Labour Income, January-March 1989. Catalogue number 72-005 (Canada: \$18/\$72; Other Countries: \$21.50/\$86).

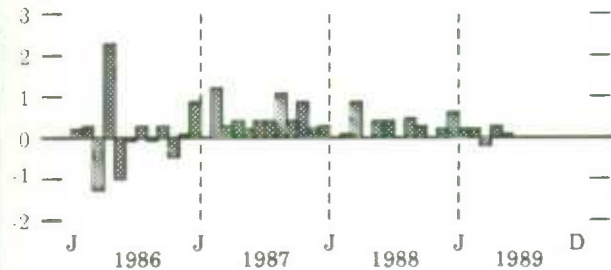
SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Science Statistics Service Bulletin, Vol. 13, No. 6, **Total Spending on Research and Development in Canada**, August 1989. Catalogue number 88-001 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

CURRENT TRENDS*

Gross Domestic Product

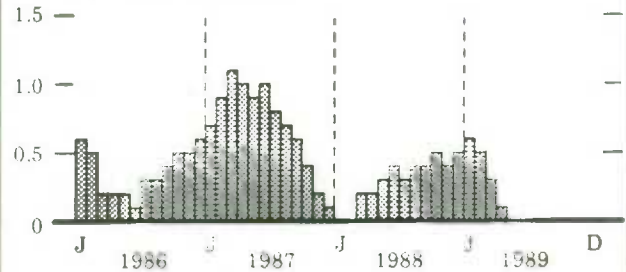
(% change, previous month)



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

Composite Leading Indicator

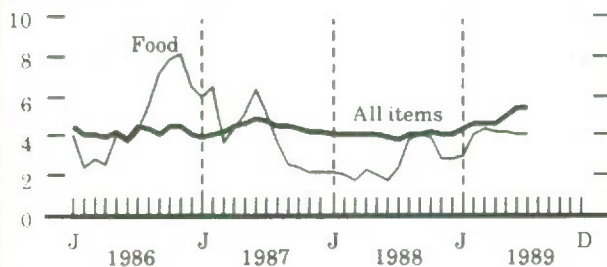
(% change, previous month)



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

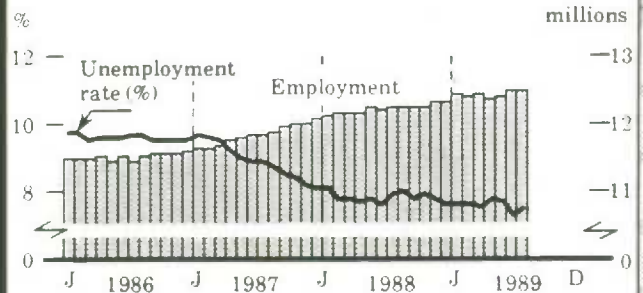
Consumer Price Index

(% change, previous year)



The consumer price index rose 0.7% in July, up from 0.5% in June.

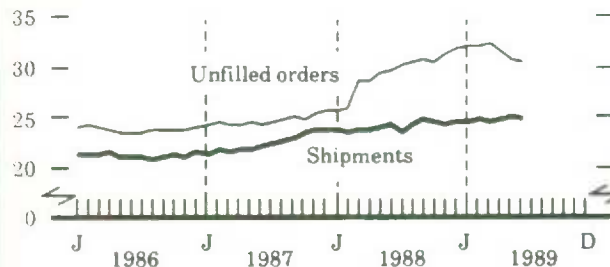
Unemployment Rate and Employment



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

Manufacturing

(billions of dollars)



In June, the value of manufacturing shipments fell for the first time in three months.

Merchandise Trade

(billions of dollars, short-term trend)



A greater decline in merchandise exports than in imports reduced the trade balance in June.

* 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)	June*	14.5	0.0%	8.1%
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)	June	11.1	11.0%	-0.1%
Merchandise Imports (\$ billion)	June	11.0	8.0%	0.1%
Merchandise Trade Balance (\$ billion)	June	0.1	0.4	-1.3
MANUFACTURING				
Shipments (\$ billion)	June*	24.8	-0.6%	2.5%
New Orders (\$ billion)	June*	24.3	-0.3%	-0.3%
Unfilled Orders (\$ billion)	June*	30.3	-1.8%	2.6%
Inventory/ Shipments Ratio	June*	1.55	0.0%	0.03
Capacity Utilization (%)	1st Q	83.7	-0.4	-1.6
PRICES				
Consumer Price Index (1981 = 100)	July	152.3	0.7%	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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A Weekly Review

Published by the Communications Division
Statistics Canada.

Senior Editor: Greg Thomson (613) 951-1116

Editor: Arun S. Maini (613) 951-0434

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.

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