

I·N·F·O·M·A·T

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

Friday, December 15, 1989

OVERVIEW

■ Merchandise Trade Deficit Recorded

Strong growth pushed the value of imports above exports and resulted in a merchandise trade deficit of \$421 million in October.

■ Capacity Utilization Rates Continue to Slip

Manufacturing industries operated at 81.7% of capacity in the third quarter, down slightly for the fourth consecutive quarter.

■ Motor Vehicle Sales Post Sharp Decline

Sales of motor vehicles dropped 11.8% in October, offsetting a similar-sized advance in September and returning to the general downward trend evident in 1989.

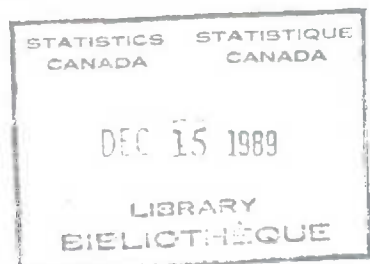
■ New Housing Prices Still Rising

The new housing price index was up 0.3% in October, but the major source of growth has shifted away from Toronto.

■ Moderate Growth in Employment and Unemployment

Labour market conditions altered slightly in November. Employment levels registered a moderate increase, while unemployment and the unemployment rate moved up.

This issue also includes information on **Farm Product Prices**.



Merchandise Trade Deficit Recorded

The value of merchandise exports amounted to \$11.4 billion in October, up 0.6% from September. The level of exports has fluctuated since the start of the year but has generally followed a downward trend.

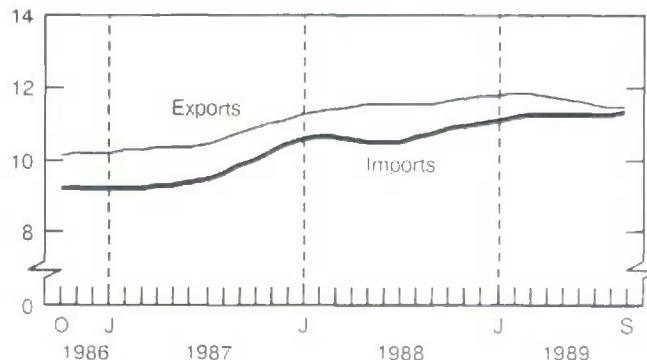
Imports jumped sharply (5.5%) following three declines in the preceding four months. Imports of machinery and equipment, which were particularly strong during the first half of the year, rallied in October after declining in September.

As a result of the more significant growth in imports, the merchandise trade balance slipped to a deficit of \$421 million, down from a surplus of \$134 million in September. The trade balance declined in the first five months of the year and was relatively stable during the summer before it resumed its downturn in the current month.

(continued on page 2)

Merchandise Trade

Billions of dollars, short-term trend



Statistics Canada
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Canada

... Merchandise Trade Deficit Recorded

On a cumulative basis, the trade surplus amounted to \$4.0 billion for the first ten months of the year, less than half the surplus registered for the same period of 1988.

For further information, order the *Preliminary Statement of Canadian International Trade* (catalogue number 65-001P) or contact International Trade Division at (613) 951-1711.

Merchandise Trade

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Imports	-5.8	-3.5	7.3	-1.9	5.5
Exports	-10.3	0.1	4.6	-0.3	0.6
Balance (millions \$)	186	579	319	134	-421

Capacity Utilization Rates Continue to Slip

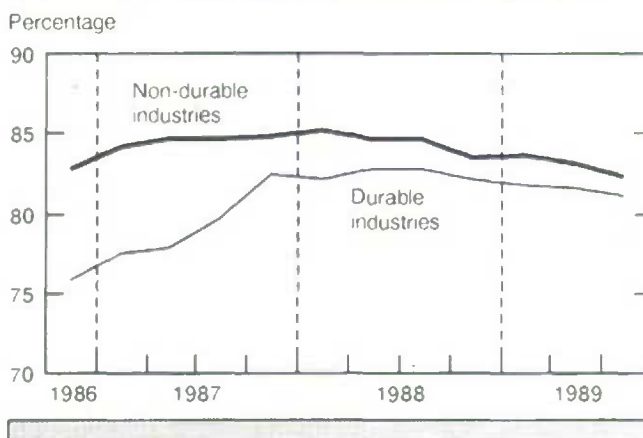
Canada's manufacturing industries operated at 81.7% of capacity during the third quarter of 1989. The drop of 0.7% from the second quarter was the fourth consecutive quarterly decline in capacity utilization rates. Although the drop in the third quarter was small, it represents an acceleration in the rate of decline.

Capacity utilization rates for durable goods manufacturers dropped (-0.6%) for the fourth consecutive quarter. Following strong growth in 1987, capacity utilization rates for this sector stabilized early in 1988, before turning down in the fourth quarter.

Utilization rates for manufacturers of non-durable goods also decreased (-1.0%) in the third quarter, following a drop of 0.7% in the second quarter and marginal growth in the first quarter of 1989.

For further information, order *Capacity Utilization Rates* (catalogue number 31-003) or contact Science, Technology and Capital Stock Division at (613) 951-9685.

Capacity Utilization Rates in Manufacturing



Motor Vehicle Sales Post Sharp Decline

Sales of new motor vehicles registered a sharp decrease of 11.8% in October. This decline contrasts with a significant surge in sales a month earlier. The advance in September coincided with incentive programs offered by manufacturers and contrasted with a general downward trend in motor vehicle sales in 1989. Lower sales were registered in October for both passenger cars and commercial vehicles.

Passenger car sales dropped 12.7% in October, after rising for two months. The decrease was based on a decline of 19% in North American-built car sales. Imported car sales were up following a drop in September. Imported car sales had been showing signs of weakness, but have risen twice in the last three months. Commercial vehicle sales were down 9.9%, resuming the trend of softer sales noted since the start of the year.

Motor Vehicle Sales

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Passenger cars	7.8	-2.0	3.3	10.2	-12.7
North American	-10.4	-0.6	1.0	17.4	-19.0
Imported	-2.1	-4.8	8.3	-3.9	2.4
Commercial vehicles	-6.8	-0.3	-2.4	15.6	-9.9
Total	-7.5	-1.4	1.4	12.0	-11.8

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

New Housing Prices Still Rising

The new housing price index rose 0.3% in October, continuing the rising trend that was interrupted by a minor decline in August. The house only component increased 0.3% during the month, while the land only portion advanced 0.4%. Higher land prices have been a major factor in price increases all across Canada throughout the year.

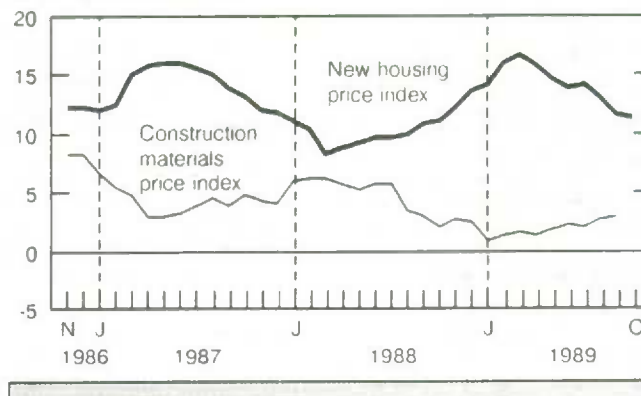
This index of Canadian housing contractors' selling prices stands 11.2% higher than a year earlier. The residential building materials price index continued to register moderate growth, rising 2.8% on a year-over-year basis.

St. Catharines-Niagara posted a large monthly increase in October, but over the year its growth rate has been similar to those registered in other Southern Ontario cities. Growth in the index for Toronto has slowed markedly since March and has been relatively stable for the last four months.

In Calgary and Edmonton, new housing prices were up by more than 1% during October, in line with increases posted in recent months. The housing market in both cities has strengthened in 1989.

New Housing and Building Material Price Indexes

% change, previous year



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

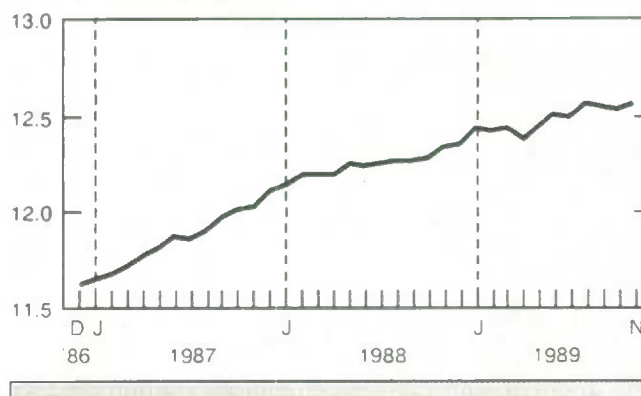
Moderate Growth in Employment and Unemployment

The results of the labour force survey show moderate employment growth in November, continuing the period of marginal change noted for the last three months. Employment gains were concentrated among women, accompanied by a large increase in their labour force participation.

The rise in employment was entirely due to increased female employment. The number of employed women aged 25 and over rose by 44,000, while male employment registered a marginal decline. Part-time employment was also a major contributor to the overall advance. It rose by 25,000.

Employment

Millions, seasonally adjusted



Labour Force

	July	Aug.	Sept.	Oct.	Nov.
	Change, previous month				
Labour force ('000)	4	67	-34	10	62
Employment ('000)	-16	73	-20	-5	32
15-24 years ('000)	-6	31	-30	-10	0
25 years & over ('000)	-10	42	10	5	32
Unemployment ('000)	20	-6	-14	15	30
Unemployment rate	7.5	7.4	7.3	7.4	7.6

Unemployment rose 30,000, with the increase concentrated in Ontario. The unemployment rate rose 0.2 percentage points to 7.6%, the average rate recorded during the first two quarters of the year.

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

Farm Product Prices Advance Slightly

In October, the farm product price index (1981=100) was up 0.2% from the previous month, following two consecutive decreases.

The crops component was unchanged as higher cereal prices offset a continuation of declines for both oilseeds and potatoes. Improved market conditions for

barley and some grades of wheat have resulted in higher initial prices offered by the Canadian Wheat Board.

The livestock and animal products component was up 0.4% in October. Generally, the livestock index has moved in a relatively narrow range since November 1987 despite substantial fluctuations in the prices of some of its component parts.

For further information, order Farm Product Price Index (catalogue number 62-003) or contact Agriculture Division at (613) 951-2441.

PUBLICATIONS RELEASED FROM DECEMBER 8 TO 14

CENSUS

Postcensal Annual Estimates of Population for Census Divisions and Census Metropolitan Areas, June 1, 1987 and 1988 (Regression Method), Volume 4 Fourth Issue. Catalogue number 91-211 (Canada: \$16; Other Countries: \$19).

Postcensal Annual Estimates of Population for Census Divisions and Census Metropolitan Areas, June 1, 1987 (Component Method), Volume 3 Third Issue. Catalogue number 91-212 (Canada: \$21; Other Countries: \$25).

INDUSTRY

Asphalt Roofing, October 1989. Catalogue number 45-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Cement, October 1989. Catalogue number 44-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Construction Type Plywood, October 1989. Catalogue number 35-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

Electric Power Statistics, September 1989. Catalogue number 57-001 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Factory Sales of Electric Storage Batteries, October 1989. Catalogue number 43-005 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

Production and Shipments of Steel Pipe and Tubing, October 1989. Catalogue number 41-011 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Pulpwood and Wood Residue Statistics, October 1989. Catalogue number 25-001 (Canada: \$5.80/\$58; Other Countries: \$7/\$70).

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

INDUSTRY MEASURES AND ANALYSIS

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

INTERNATIONAL AND FINANCIAL ECONOMICS

Financial Flow Accounts, Third Quarter, 1989. Catalogue number 13-014 (Canada: \$12/\$48; Other Countries: \$14.50/\$58).

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

INTERNATIONAL TRADE

Exports by Country (H.S. Based), January-September 1989. Catalogue number 65-003 (Canada: \$78.85/\$315; Other Countries: \$94.50/\$378).

Imports by Commodity (H.S. Based), September 1989. Catalogue number 65-007 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

Imports by Country (H.S. Based), January-September 1989. Catalogue number 65-006 (Canada: \$78.85/\$315; Other Countries: \$94.50/\$378).

Preliminary Statement of Canadian International Trade, October 1989. Catalogue number 65-001P (Canada: \$5.80/\$58; Other Countries: \$7/\$70).

JUSTICE

Adult Correctional Services in Canada, 1988-89. Catalogue number 85-211 (Canada: \$37; Other Countries: \$44).

LABOUR

Perspectives on Labour and Income, Winter 1989. Catalogue number 75-001E (Canada: \$12.50/\$50; Other Countries: \$15/\$60).

Quarterly Estimates of Trusteed Pension Funds, Second Quarter 1989. Catalogue number 74-001 (Canada: \$10.50/\$42; Other Countries: \$12.50/\$50).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

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

The Individual Canadian Inventor, 1978-1983. Catalogue number 85-510 (Canada: \$43; Other Countries: \$52).

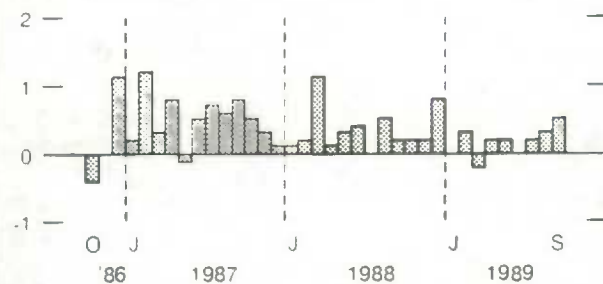
TRANSPORT

Aviation - Air Charter Statistics, 1988. Catalogue number 51-207 (Canada: \$34; Other Countries: \$41).

CURRENT TRENDS*

Gross Domestic Product

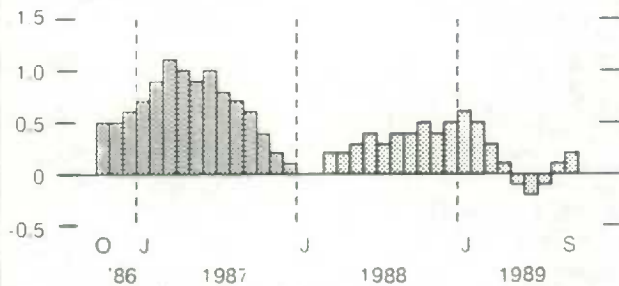
% change, previous month



Gross domestic product by industry rose 0.5% in September, the largest monthly increase recorded in 1989.

Composite Leading Indicator

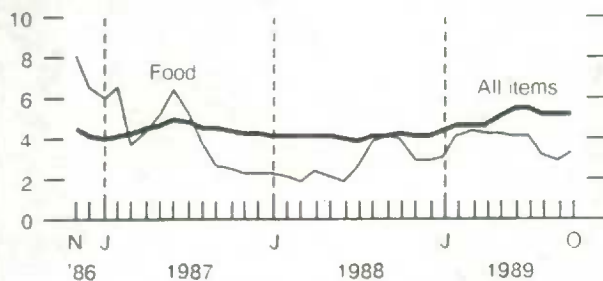
% change, previous month



The composite leading indicator posted a small gain (0.2%) for the second consecutive month in September.

Consumer Price Index

% change, previous year



The year-over-year change in the CPI was 5.1% in October, down slightly from September.

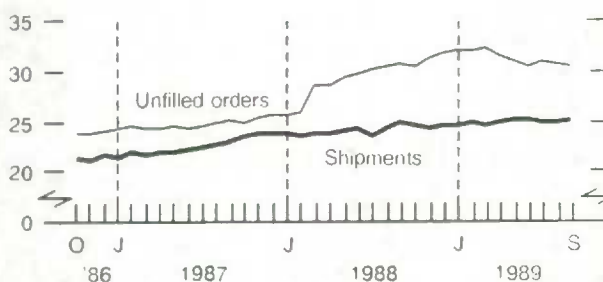
Unemployment Rate and Employment



Labour market conditions altered slightly in November.

Manufacturing

Billions of dollars



Manufacturing shipments rose 1.0% in September, posting a significant increase for the second month in a row.

Merchandise Trade

Billions of dollars, short-term trend



Strong growth pushed the value of imports above exports and resulted in a merchandise trade deficit in October.



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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1981)	Sept.	414	0.5%	2.6%
Composite Leading Indicator (1981 = 100)	Sept.	145.1	0.2%	3.2%
Profits of Industrial Corporations (\$ billion)	3rd Q	7.5	-9.8%	-20.2%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Sept.	14.7	1.7%	5.2%
New Motor Vehicle Sales ('000 units)	Oct. *	119	-11.8%	-7.5%
Housing Starts ('000, annual rates)	Sept.	226	10.2%	-4.6%
LABOUR				
Employment (millions)	Nov. *	12.6	0.3%	1.9%
Unemployment Rate (%)	Nov. *	7.6	0.2	-0.1
Participation Rate (%)	Nov. *	67.2	0.3	0.3
Labour Income (\$ billion)	Sept.	29.5	0.2%	8.1%
Average Weekly Earnings (\$)	Sept.	494.42	1.0%	5.6%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Oct. *	11.4	0.6%	-1.3%
Merchandise Imports (\$ billion)	Oct. *	11.8	5.5%	-7.1%
Merchandise Trade Balance (\$ billion)	Oct. *	-0.4	-0.5	-1.3
MANUFACTURING				
Shipments (\$ billion)	Sept.	25.1	1.0%	2.1%
New Orders (\$ billion)	Sept.	24.8	0.6%	0.0%
Unfilled Orders (\$ billion)	Sept.	30.3	-1.2%	-1.0%
Inventory/ Shipments Ratio	Sept.	1.54	-0.01	0.01
Capacity Utilization (%)	3rd Q*	81.7	-0.7	-2.0
PRICES				
Consumer Price Index (1981 = 100)	Oct.	153.2	0.4%	5.1%
Industrial Product Price Index (1981 = 100)	Oct.	130.8	-0.1%	1.3%
Raw Materials Price Index (1981 = 100)	Oct.	100.4	1.2%	6.9%
New Housing Price Index (1981 = 100)	Oct. *	151.3	0.3%	11.2%

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

* New this week.

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