

I·N·F·O·M·A·T

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

Friday, January 12, 1990

OVERVIEW

■ Help-wanted Index Plunging

In December, the help-wanted index dropped for the fourth consecutive month, falling to 135 from 153 in August.

■ Canadian Leading Indicator Shows Continued Slow Growth

The composite leading indicator rose marginally (0.3%) in October, indicating continued slow growth for the economy in the near-term.

■ Sales of New Motor Vehicles Edge Ahead in November

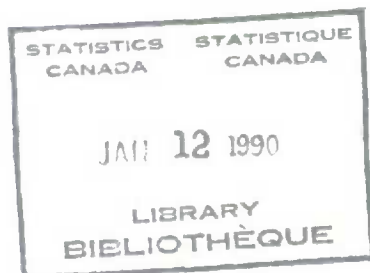
The 2.2% increase in November follows a sharp 11.9% decline in October. Sales have experienced a generally downward trend throughout 1989.

■ New Housing Prices Still Rising

Price increases posted in British Columbia, Alberta and for most cities in Southwestern Ontario contributed to the 0.6% rise at the national level in November.

■ Profits of Industrial Corporations Sag Again in Third Quarter

Seasonally adjusted operating profits fell 11.1%, the second straight sharp quarterly drop.

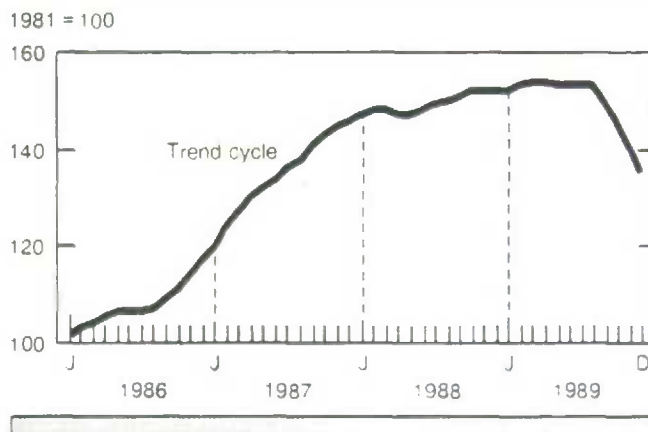


Help-wanted Index Plunging

- The preliminary Help-wanted Index for Canada (1981=100) declined for the fourth consecutive month, falling from 153 in August to 135 in December 1989. While all regions contributed to the decline, the decreases were most pronounced in Quebec and in the Atlantic provinces.
- The Help-wanted Index serves as an early indicator of the demand for labour by monitoring changes in the number of help-wanted ads published in 20 major metropolitan areas.
- After reaching 206 in July, the Help-wanted Index for the Atlantic provinces started to decrease in August, falling to 178 in December 1989.
- The Quebec index remained virtually stable at 176 for the first half of 1989. It started to decrease in July, reaching 140 in December.

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Help-wanted Index, Canada



... Help-wanted Index Plunging

- The Ontario Help-wanted Index remained unchanged at 180 between February 1988 and January 1989. Since February 1989 the index has been declining, to 148 in December.
- After reaching 92 in September 1989, the preliminary Help-wanted Index for the Prairie provinces declined for the third consecutive month, to 83 in December.

- The Help-wanted Index for British Columbia was revised significantly when data for December became available. After showing strong increases during the first half of 1989 (from 114 in January to 130 in June), the index started to decline in September. In December a level of 124 was recorded.

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

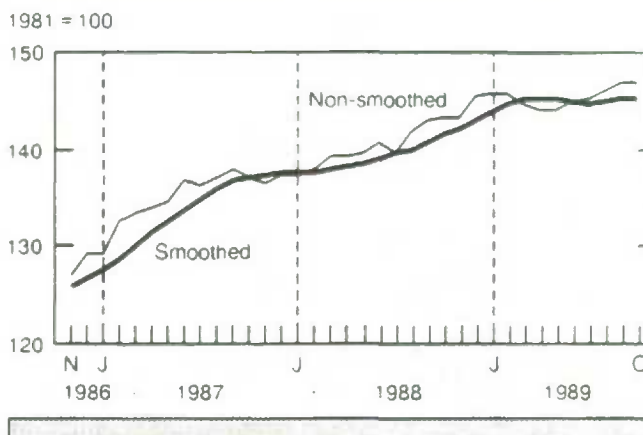
Canadian Leading Indicator Shows Continued Slow Growth

The composite leading indicator continued to rise slowly in October, up 0.3%, after a 0.1% gain in September and three decreases in the summer. Seven of the 10 components increased, with auto demand the major source of weakness in both domestic and export demand. In particular, the indicators of manufacturing activity picked up as a result of rising new orders for business investment. Housing demand also continued to be vigorous. These gains are consistent with continued slow growth in the short-term.

Most of the indicators of household demand firmed, with the exception of auto sales. The housing index was particularly strong, up 1.5%, due largely to gains in sales of existing homes in Western Canada. Furniture and appliance sales continued to grow steadily, while employment in personal services turned up. Sales of durable goods posted an eighth straight decline, as auto sales weakened again.

New orders for durable goods registered their largest gain in over a year, despite the slowdown in the auto industry which had led growth in August and September. Other transportation equipment rebounded strongly, while non-automotive consumer goods industries also posted increases.

Composite Leading Indicator



The ratio of shipments to finished goods stocks remained at high levels, as lower stocks accompanied stable shipments.

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

Sales of New Motor Vehicles Edge Ahead in November

- Adjusted for seasonal fluctuations and the number of trading days, sales of all new motor vehicles totalled 121,000 units in November 1989, an increase of 2.2% over the revised October 1989 level. In November, higher sales were posted for both commercial vehicles (+4.4%) and passenger cars (+1.1%).
- The increase in November followed a sharp decline of 11.9% in October. New motor vehicles

have experienced a generally downward trend in sales since the beginning of the year.

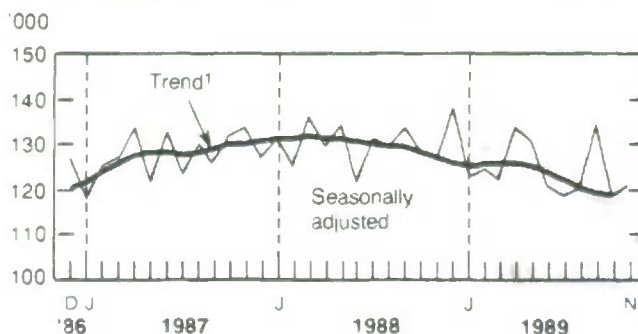
- The Japanese share of the Canadian passenger car market rose to 25.4% in November 1989, from 21.9% a year earlier. The Japanese share grew mainly at the expense of North American manufacturers, as their market share declined to 66.4% from 70.2% in November 1988.

(continued on page 3)

- For the first 11 months of 1989, total new motor vehicle sales decreased 4.4% from the same period last year, to 1,394,000 units. Sales of domestic passenger cars were down 6.3% to 634,000 units, while imported passenger car sales dropped 3.2% to 302,000 units. Commercial vehicle sales totalled 459,000 units during this period, down 2.6% from a year earlier.

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

Sales of New Motor Vehicles, Seasonally Adjusted, in Units



¹ The short-term trend represents a weighted average of the data.

New Housing Prices Still Rising

Price increases for most cities in Southwestern Ontario, Alberta and British Columbia contributed to a 0.6% increase in the Canada Total New Housing Price Index in November 1989. The estimated House Only Index increased by 0.3%, while the estimated Land Only Index increased by 1.2%.

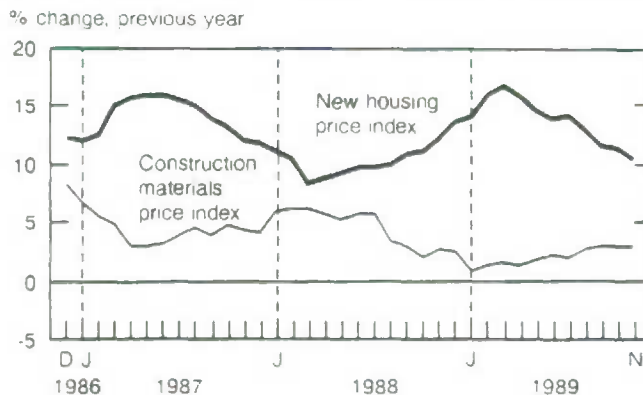
Price gains in Vancouver (2.8%), Calgary (1.8%), Hamilton (1.5%), St. Catharines-Niagara (1.4%), Edmonton (1.2%) and Kitchener-Waterloo (1.0%) contributed to the monthly increase.

This index of Canadian housing contractors' selling prices now stands 10.3% higher than the year-earlier level.

On a yearly basis, Vancouver (17.8%) and Toronto (13.5%) showed the largest price increases of all cities surveyed.

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

New Housing and Building Material Price Indexes



Industrial Corporation Profits Sag in Third Quarter

Revised estimates for the third quarter of 1989 showed that operating profits of Canadian industrial corporations declined 11.1% (\$0.9 billion) from the previous quarter, to \$7.4 billion. This decline was similar to the 12.1% fall registered in the second quarter, which had reversed a 3.1% profit increase in the first quarter. The current level of profits is the lowest since the first quarter of 1987.

Sales rose 1.6% to \$240.6 billion in the third quarter, an acceleration from the modest advances

of less than 1% in the two earlier quarters of 1989. Nonetheless, the current change in sales was slightly less than the average quarterly change recorded in 1988.

The profit decline was widespread as 31 of the 47 industries were down. Fifteen industries posted increases and one remained unchanged. Profits fell in the mining industries by \$190 million (28%), and in the manufacturing industries by \$850 million (18%), while the other industries (including wholesale, retail and services) registered a \$117 million (4%) increase in operating profits.

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... Profits of Industrial Corporations Sag in Third Quarter

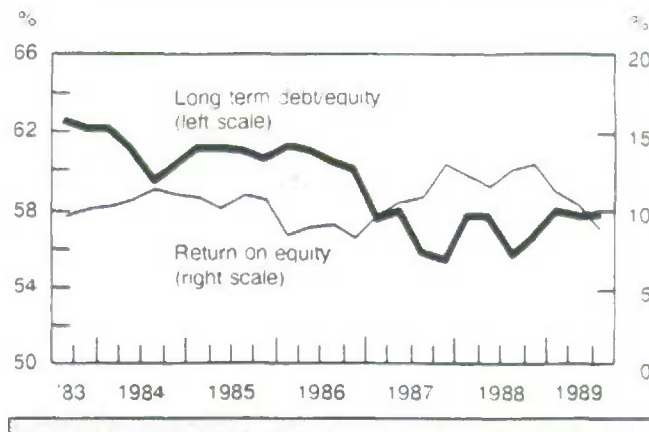
The most significant profit declines were in primary metals (\$202 million), petroleum and coal (\$147 million) and metal mining (\$134 million). The largest operating profit increase was in the transportation industry (\$109 million).

Profitability, as measured by the rate of return on shareholders' equity, fell to 8.5% in the third quarter from 10.1% in the second quarter and 10.9% in the first quarter of 1989. The current ratio is the lowest since the 7.9% registered in the final quarter of 1986 and is a result of the recent weakening in profits.

The long-term debt-to-equity ratio remained virtually flat at 57.7% in the third quarter, following the 57.6% registered in the second quarter and 57.9% in the first quarter of 1989. Throughout 1988 the ratio averaged 56.9%.

For further information order *Industrial Corporations: Financial Statistics* (catalogue number 61-003) or contact Industrial Organization and Finance Division at (613) 951-9843.

Industrial Corporations - Financial Ratios



PUBLICATIONS RELEASED FROM JANUARY 5 TO 11

AGRICULTURE

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

CENSUS

Focus on Canada - Employment Income, Census 1986. Catalogue number 98-129 (Canada: \$10; Other Countries: \$11).

Focus on Canada - The Inner City in Transition, Census 1986. Catalogue number 98-123 (Canada: \$10; Other Countries: \$11).

EDUCATION, CULTURE AND TOURISM

Book Publishing in Canada, 1987-88. Catalogue number 87-210 (Canada: \$16; Other Countries: 19).

Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, 1989-90 Preliminary. Catalogue number 81-258P (Canada: \$21; Other Countries: \$25).

Touriscope - International Travel: National and Provincial Counts, July-September 1989. Catalogue number 66-001 (Canada: \$36.75/\$147; Other Countries: \$40.50/\$162).

INDUSTRY

Food Industries, 1986. Catalogue number 32-250 (Canada: \$41; Other Countries: \$49).

INTERNATIONAL AND FINANCIAL ECONOMICS

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

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), October 1989. Catalogue number 65-004 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

JUSTICE

Juristat Service Bulletin, Vol. 10 No.1: Sentencing in Youth Courts, 1984-85 to 1988-89. Catalogue number 85-002 (Canada: \$3.70/\$37; Other Countries: \$4.40/\$44).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

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

TRANSPORT

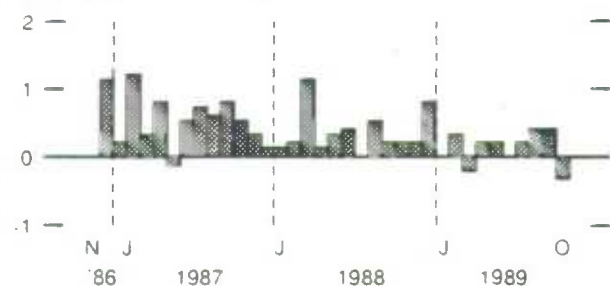
Air Carrier Operations in Canada, July-September 1988. Catalogue number 51-002 (Canada: \$23/\$92; Other Countries: \$27.50/\$110).

Air Passenger Origin and Destination - Domestic Report, 1988. Catalogue number 51-204 (Canada: \$36; Other Countries: \$43).

CURRENT TRENDS*

Gross Domestic Product

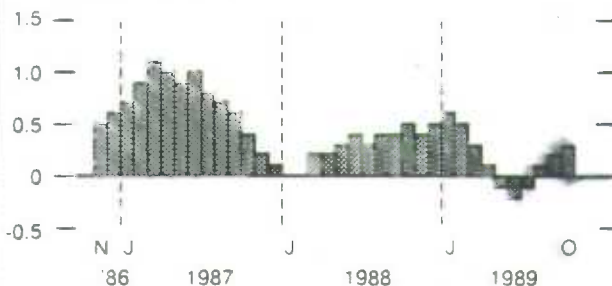
% change, previous month



Real gross domestic product eased by 0.3% in October, the first month-to-month decline recorded since March.

Composite Leading Indicator

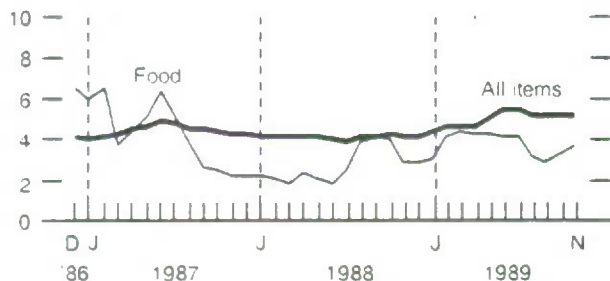
% change, previous month



The composite leading indicator in October indicated continued slow growth in the short-term.

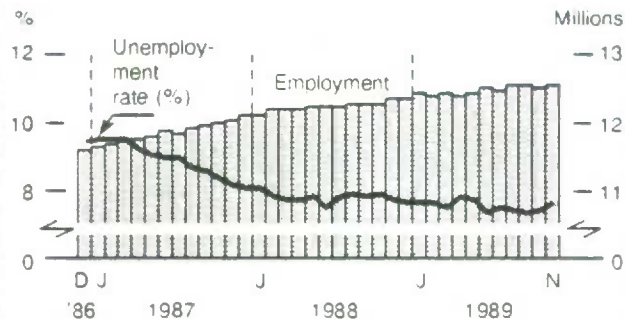
Consumer Price Index

% change, previous year



The year-over-year increase in the CPI was 5.2% in November, up slightly from the advance registered in October.

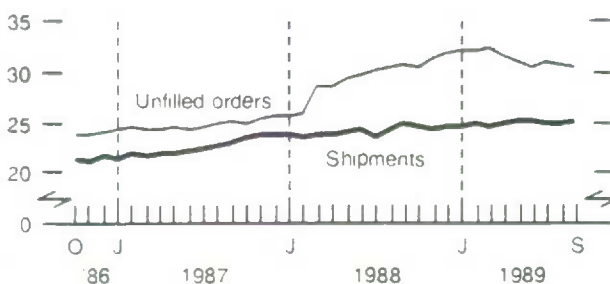
Unemployment Rate and Employment



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.

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



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LATEST MONTHLY STATISTICS.

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1981)	Oct.	412	-0.3%	2.0%
Composite Leading Indicator (1981 = 100)	Oct. *	145.1	0.3%	2.6%
Profits of Industrial Corporations (\$ billion)	3rd Q	7.4	-11.1%	-21.4%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Oct.	14.5	-1.3%	3.5%
New Motor Vehicle Sales ('000 units)	Nov. *	121	-2.2%	-4.9%
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 (\$)	Oct.	497.90	0.5%	6.2%
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)	Oct.	24.7	-1.6%	1.0%
New Orders (\$ billion)	Oct.	25.5	3.4%	4.7%
Unfilled Orders (\$ billion)	Oct.	31.1	2.7%	1.9%
Inventory/ Shipments Ratio	Oct.	1.56	0.02	0.02
Capacity Utilization (%)	3rd Q	81.7	-0.7	-2.0
PRICES				
Consumer Price Index (1981 = 100)	Nov.	153.7	0.3%	5.2%
Industrial Product Price Index (1981 = 100)	Nov.	130.4	-0.2%	0.5%
Raw Materials Price Index (1981 = 100)	Nov.	100.0	-0.2%	7.2%
New Housing Price Index (1981 = 100)	Nov. *	152.2	0.6%	10.3%

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

* *New this week.*

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