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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, February 9, 1990

OVERVIEW

Help-wanted Index Still Dropping

The help-wanted index fell for the fifth consecutive month in January, decreasing to 132 from 153 in August.

Manufacturers' Optimism Fades in January

The balance of opinion concerning orders, inventories and expected production became substantiantially more negative in the latest business conditions survey.

Canadian Leading Indicator Shows Continued Slow Growth

The composite leading indicator rose marginally (0.2 %) in November, indicating continued slow growth for the economy in the near-term.

Labour Income Registers Smaller Rise

Wages, salaries and supplementary labour income rose 7.8 % on a year-over-year basis in November. This was less than the 8.3 % gain posted for the first 11 months of 1989.

Housing Starts Slightly Lower in 1989

Some 215,000 dwelling units were started in 1989, down only 3.2 % from the 1988 level.

Provincial Economic Accounts Released

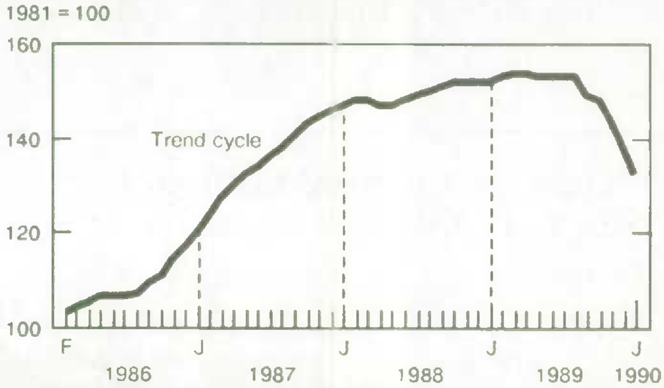
The 1988 preliminary estimates show that all regions of Canada posted strong growth during the year.

Help-wanted Index Still Dropping

- After stabilizing at 153 during the first eight months of 1989, the preliminary Help-wanted Index for Canada (1981 = 100) started to decline in September, dropping to 132 in January 1990. Except for British Columbia, the Index decreased in all regions.
- 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.
- The preliminary Help-wanted Index for the Atlantic provinces decreased to 181 between December 1989 and January 1990. The two-point fall continues the trend which started in August 1989, after the index reached a peak of 206 in July.

(continued on page 2)

Help-wanted Index, Canada



... Help-wanted Index Still Dropping

- The Quebec index declined two points to 157 in January 1990. This is a continuation of a trend which started seven months ago.
- The Ontario Help-wanted Index fell two points to 148 in January 1990. The index has decreased almost 18% over the past 12 months.
- The preliminary index for the Prairie provinces registered its fourth consecutive decline, to 82 in January 1990. The index had reached a peak of 92 in September 1989, the highest level since October 1981 when it stood at 94.
- The Help-wanted Index for British Columbia has been revised significantly with the inclusion of the January data. After increasing strongly during the first half of 1989 (from 114 in January to 130 in June), the index fluctuated around 130 during the latter part of the year. In January 1990 the index increased by one point to 131.

For further information, contact Labour Division at (613) 951-4044.

Manufacturers' Optimism Fades in January

Canadian manufacturers' balance of opinion concerning the backlog of unfilled orders, orders received, finished product inventories and expected production dropped significantly in the January 1990 business conditions survey. Most of the decrease was accounted for by the transportation equipment industry.

Results are close to those recorded in the October 1981 survey, but are still well above the lowest levels experienced during 1982.

- The balance of opinion concerning the **backlog of unfilled orders** decreased from -18 in October 1989 to -27 in the January 1990 survey. The transportation equipment industry accounted for most of the decrease. The balance has been declining for the last nine surveys.
- The balance of opinion concerning **orders received** dropped from -10 to -23. This is the fourth negative balance recorded since the January 1989 survey. All provinces showed a decline in the balance of opinion, with Ontario showing the sharpest decline.

Manufacturing Attitudes

	Q1	Q2	Q3	Q4	Q1
	1989				1990
Balance of opinion* on:					
Production	15	4	0	4	-15
New orders	3	-10	-5	-10	-23
Unfilled orders	3	-8	-15	-18	-27
Inventories	-7	-19	-23	-16	-27

* *The balance between the proportion of positive responses, such as higher volumes of production, and negative responses, such as fewer orders received.*

- The balance for **expected production** over the next three months dropped 19 points, from a level of +4 in October 1989 to -15 in January 1990. This is the largest single drop since a 24-point fall in January 1982.
- Following an improvement in the October 1989 survey, the **finished products inventories** balance was down from -16 to -27 in the January 1990 survey.

For further information, contact Industry Division at (613) 951-3507.

Canadian Leading Indicator Shows Continued Slow Growth

The Canadian Leading Indicator continued to grow slowly in November, posting a second consecutive 0.2% increase. These gains followed a 0.1% increase in September and three marginal monthly declines in the summer. Housing demand continued to grow rapidly, with spillover effects on furniture and appliance sales and manufacturing activity. In total, five of the 10 components were up and four were unchanged. The unsmoothed version of the index also posted a small gain, consistent with continued slow economic growth in the short-term.

The housing index continued to accelerate, largely reflecting further rapid gains in house sales. Sales surpassed their peak level registered early in 1989, due to strength in Western Canada. Meanwhile, housing starts in December were at their highest level since the spring. Furniture and appliance sales also continued to increase, while employment in business and personal services accelerated. The rate of decline of auto sales moderated slightly, which accounted for the levelling-off of durable goods sales after eight monthly drops. Large gains in labour income in recent months supported the increase in household demand.

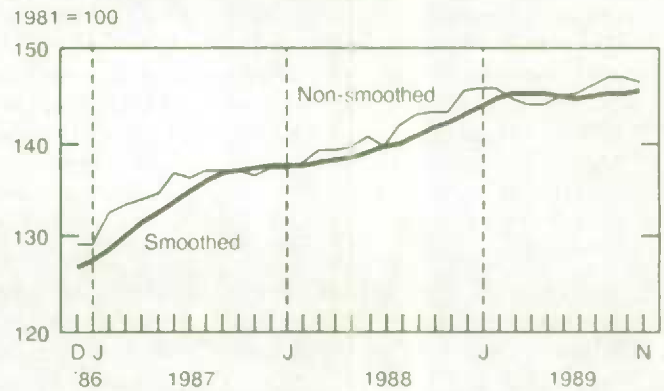
(Continued on page 3)

...Composite Leading Indicator

New orders for durable goods continued to record their largest gains of the year, partly due to the positive influence that strengthening housing demand had on several industries. Export demand for autos turned up slightly. An increase in shipments led to a levelling-off of the ratio of shipments-to-finished goods inventories, after several months of weakness. The average workweek has been unchanged since June, after slight decreases early in 1989.

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

Composite Leading Indicator



Labour Income Registers Smaller Rise

The November 1989 preliminary estimate of labour income, which is approximately 50% of Gross Domestic Product (GDP) in the National Income and Expenditure Accounts, was $29.9 billion, an increase of 7.8% over November 1988. Cumulative labour income for the first 11 months of 1989 was 8.3% higher than in the corresponding period in 1988.

- The seasonally adjusted estimate of wages and salaries – which account for 90% of labour income – for November 1989 increased 0.6% over October, similar to the average monthly change of 0.7% recorded in the preceding 10 months.
- Increases in wages and salaries were noted in forestry (1.3%), finance, insurance and real estate (1.4%), commercial and personal service (1.2%), and education and related services (1.1%).
- Wages and salaries decreased in provincial administration (-1.4%) and local administration (-0.9%), while mines, quarries and oil wells recorded their third consecutive monthly decline.

Labour Income

- In November, all provinces and territories recorded changes of less than 1.0% in wages and salaries, with the exception of British Columbia which showed an increase of 2.0%.

For further information, order Estimates of Labour Income (catalogue number 72-005) or contact Labour Division at (613) 951-4051.

Housing Starts Slightly Lower in 1989

Seasonally adjusted at an annual rate, December housing starts were up 8.6% to 226,000 units, compared to a revised level of 208,000 in November.

Activity increased in both the single- and multi-family dwelling sectors.

On an annual basis, 215,382 dwelling units were started in 1989, a 3.2% drop from the 1988 level.

Housing starts in urban centres increased 10.3% in December, to 193,000 units.

On a regional basis, only the Prairies registered a decrease, while other regions reported increases or remained unchanged.

For further information, order Housing Starts and Completions (catalogue number 64-002) or contact Investment and Capital Stock Division at (613) 951-2585.

Provincial Economic Accounts

Economic growth varied among provinces and territories in 1988, but was more evenly spread across the country than in 1987. The increase in GDP was highest in Prince Edward Island (11.4%), reflecting the good potato crop, and above the national average as well in Quebec (9.9%), Ontario (10.9%), Manitoba (10.1%) and British Columbia (9.5%). Higher grain prices and increased investment in Alberta were major factors in the resurgence of the Saskatchewan and Alberta economies.

Although the GDP growth rates for the provinces and territories varied in a narrow range, Ontario's share of domestic production increased from 40.8% to 41.1% in 1988, with a corresponding decline in Alberta's share.

Final domestic demand rose 6.2% in volume terms during 1988. Real business outlays for plant and equipment, which rose 18.9%, explain in large part the disparities in the provincial and territorial growth rates of real final domestic demand. Alberta (8.2%), British Columbia (7.5%) and the Northwest Territories (11.6%), which recorded strength in that demand component, registered the largest annual increases in real final domestic demand. The more moderate expansion in Manitoba (2.6%) and Saskatchewan (2.5%) reflects weakness in business investment and in personal expenditure on goods and services.

For further information, order Provincial Economic Accounts (catalogue number 13-213) or contact Income and Expenditure Accounts Division at (613) 951-0438.

PUBLICATIONS RELEASED FROM FEBRUARY 2 TO 8

DEMOGRAPHY

Quarterly Demographic Statistics, July-September 1989. Catalogue number 91-002 (Canada: $7.25/$29; Other Countries: $8.75/$35).

EDUCATION, CULTURE AND TOURISM

Sound Recording, 1987-88. Catalogue number 87-202 (Canada: $21; Other Countries: $25).

Teachers in Universities, 1986-87. Catalogue number 81-241 (Canada: $26; Other Countries: $31).

INDUSTRIAL ORGANIZATION AND FINANCE

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

INDUSTRY

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

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

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

Gypsum Products, December 1989. Catalogue number 44-003 (Canada: $4.70/$47; Other Countries: $5.60/$56).

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

Production of Selected Biscuits, Quarter Ended December 1989. Catalogue number 32-026 (Canada: $6.50/$26; Other Countries: $7.75/$31).

Production, Sales and Stocks of Major Appliances, December 1989. Catalogue number 43-010 (Canada: $4.70/$47; Other Countries: $5.60/$56).

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

LABOUR

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

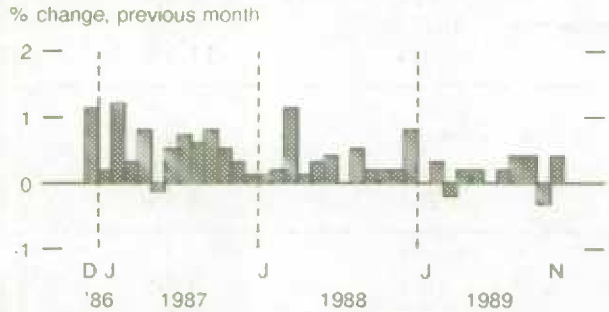
PRICES

Construction Price Statistics, Third Quarter 1989. Catalogue number 62-007 (Canada: $17.25/$69; Other Countries: $20.75/$83).

Industry Price Indexes, November 1989. Catalogue number 62-011 (Canada: $17.30/$173; Other Countries: $20.80/$208).

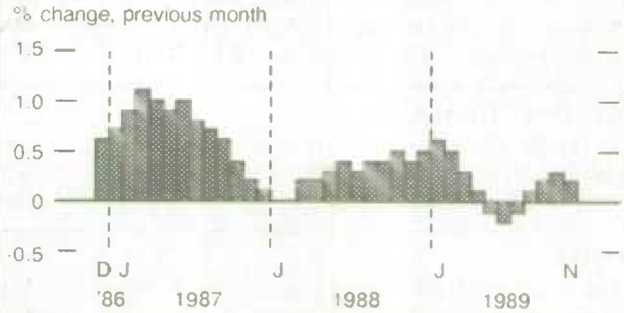
CURRENT TRENDS*

Gross Domestic Product



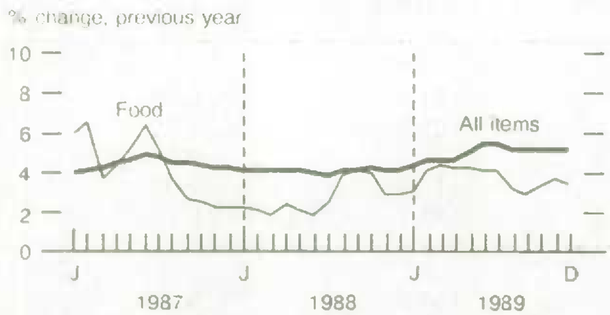
Real gross domestic product increased 0.4% in November, following a 0.3% decline in October and a 0.4% gain in September.

Composite Leading Indicator



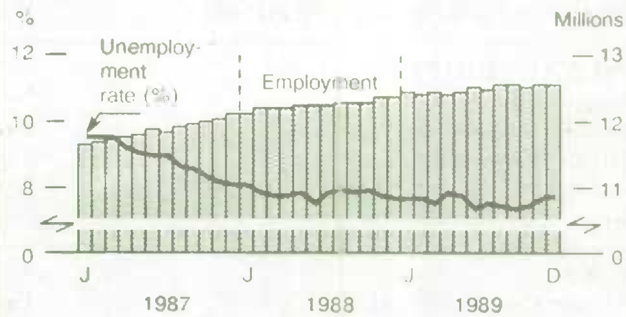
The composite leading indicator in November indicated continued slow growth in the short-term.

Consumer Price Index



The year-over-year increase in the CPI was 5.1% in December, down slightly from the advance registered in November.

Unemployment Rate and Employment



The unemployment rate posted a slight increase for the third consecutive month in December.

Manufacturing

Following a decline in October, manufacturing shipments were up 0.5% in November, the third increase in four months.

Merchandise Trade

As a result of a marked drop in imports and a slight increase in exports, the trade balance showed a surplus of $679 million in November.

* 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)	Nov.	414	0.4%	2.3%
Composite Leading Indicator (1981 = 100)	Nov.*	145.4	0.2%	2.3%
Profits of Industrial Corporations ($ billion)	3rd Q	7.4	-11.1%	-21.4%
DOMESTIC DEMAND				
Retail Trade ($ billion)	Nov.	14.6	0.8%	4.2%
New Motor Vehicle Sales ('000 units)	Nov.	121	-2.2%	-4.9%
Housing Starts ('000, annual rates)	Dec.*	226	8.6%	1.3%
LABOUR				
Employment (millions)	Dec.	12.5	-0.2%	1.6%
Unemployment Rate (%)	Dec.	7.7	0.1	0.1
Participation Rate (%)	Dec.	67.1	-0.1	0.2
Labour Income ($ billion)	Nov.*	29.9	0.6%	7.8%
Average Weekly Earnings ($)	Nov.	496.58	-0.1%	5.7%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	Nov.	11.5	0.5%	-2.2%
Merchandise Imports ($ billion)	Nov.	10.8	-8.3%	-0.8%
Merchandise Trade Balance ($ billion)	Nov.	0.7	1.0	-0.1
MANUFACTURING				
Shipments ($ billion)	Nov.	24.9	0.5%	3.0%
New Orders ($ billion)	Nov.	25.0	-2.2%	0.7%
Unfilled Orders ($ billion)	Nov.	31.3	0.5%	0.2%
Inventory/ Shipments Ratio	Nov.	1.54	-0.02	-0.03
Capacity Utilization (%)	3rd Q	81.7	-0.7	-2.0
PRICES				
Consumer Price Index (1981 = 100)	Dec.	153.6	-0.1%	5.1%
Industrial Product Price Index (1981 = 100)	Dec.	130.2	-0.3%	0.2%
Raw Materials Price Index (1981 = 100)	Dec.	99.1	-0.9%	4.9%
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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