



I·N·F·O·M·A·T

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

Friday, May 4, 1990

OVERVIEW

■ Economic Activity Continues to Slow

Real gross domestic product posted a marginal decrease in February for the second consecutive month.

■ British Columbia Led Provincial Economic Growth in 1989

Among all the provinces and territories, British Columbia registered the strongest growth in gross domestic product in 1989.

■ Slower Growth in Average Weekly Earnings

The year-over-year increase in average weekly earnings continued to moderate in February, dropping to 5.1%.

■ Building Permits Tail Off

Following two monthly advances, the value of building permits decreased 9.9% in February.

■ Stronger Advance in Wholesale Trade

Wholesale trade rose 1.2% in January, continuing the acceleration noted in the two previous months.

■ Downturn in Industrial Product Prices

The industrial product price index was down slightly (-0.1%) in March, following two consecutive increases.

This issue also includes information on Labour Productivity.

Economic Activity Continues to Slow

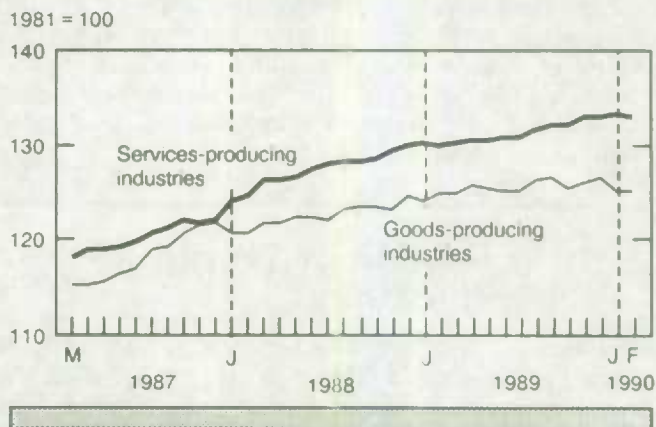
Real gross domestic product posted a marginal decline of 0.1% in February. This decrease follows a deceleration in the growth of production in the last three months of 1989 and a decline of 0.3% in January.

A drop of 0.1% in output of the service-producing industries was the first monthly decline in almost a year. Wholesale trade was the only major service industry to record significant strength in February. Its increase of 1.2% followed a decline in January and further extended a trend marked by fluctuations.

Production from the financial industries continued to decrease as real estate agencies and brokers posted a sharp drop. Activity in the resale housing market, which has been sliding since last November, fell substantially in February.

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Output by Sector



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... Economic Activity Continues to Slow

Output from the goods-producing industries was down for the second consecutive month in February. The largest declines occurred in mining and public utilities. Production of crude oil and natural gas fell in February, as did distribution of electricity and natural gas. These declines, along with the cutback in pipeline transport, reflect lower energy demand.

Construction was the only industry to record a substantial gain. It advanced 1.2% after posting an advance of 1.0% in January. Production for the industry is based on actual starts and work put in place during the month. Manufacturing output, which had declined since the spring of 1989, rose marginally in February (0.1%).

British Columbia Led Provincial Economic Growth in 1989

Among all the provinces and territories, British Columbia registered the strongest growth in gross domestic product in 1989. The provincial economy in B.C. has risen by more than 9% in each of the last three years. The 1989 increase was attributable to the strength of investment in fixed capital and a large increase in population. The Territories, Nova Scotia and Newfoundland also registered larger growth rates in 1989 than in 1988.

Ontario posted its weakest growth rate (8.9%) in four years, but its share of domestic production increased to 41.5% from 41.1%. In Quebec, economic growth slowed for the second year in a row, dropping to 6.7%. Quebec's share of domestic production also declined slightly to 23.6%.

Final domestic demand rose 4.5% in volume terms during 1989 at the Canada level. Capital spending, which led the national economy for a fifth consecutive year, explains in large part the disparities in the provincial and territorial growth rates of real domestic demand. New Brunswick, British Columbia and the Northwest Territories recorded strong investment growth and the largest annual increases in final domestic demand.

Slower Growth in Average Weekly Earnings

In February, average weekly earnings were up 5.1% from February 1989. This was still higher than the average year-over-year growth rate recorded in 1989 (5.0%), but moderating compared to January's year-over-year increase of 5.4%.

Average weekly earnings in mines, quarries and oil wells have been accelerating for the last three months. The increase in February (7.7%) was higher than that of the industrial average and has

Real Gross Domestic Product

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Gross domestic product	-0.3	0.5	0.2	-0.3	-0.1
Good-producing industries	-0.8	0.4	0.2	-1.0	-0.1
Service-producing industries	0.0	0.5	0.1	0.3	-0.1

For further information, order *Gross Domestic Product by Industry* (catalogue number 15-001) or contact *Industry Measures and Analysis Division* at (613) 951-3673.

Gross Domestic Product at Market Prices

	1985	1986	1987	1988	1989
	% change, previous year				
Newfoundland	7.1	6.1	9.8	6.1	7.3
Prince Edward Island	1.8	13.0	6.1	11.4	5.8
Nova Scotia	11.5	8.5	7.3	6.7	7.8
New Brunswick	7.5	10.9	9.5	7.2	7.0
Atlantic Canada	8.8	8.9	8.5	6.9	7.3
Quebec	6.9	8.6	11.8	9.9	6.7
Ontario	7.0	9.6	11.2	10.9	8.9
Central Canada	7.0	9.2	11.4	10.5	8.1
Manitoba	6.9	4.4	5.8	10.1	7.2
Saskatchewan	6.4	-1.7	-0.2	8.6	7.8
Alberta	10.9	-11.1	1.9	7.2	6.4
British Columbia	6.6	4.7	9.2	9.5	9.9
Yukon	6.3	19.8	26.0	7.7	8.8
Northwest Territories	22.6	-0.2	4.3	1.8	9.3
Western Canada	8.5	-2.6	5.0	8.6	8.0
Canada	7.5	5.6	9.1	9.3	7.8

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

generally been such since the beginning of 1988. In February, the increase in average hourly earnings followed the increase in weekly earnings closely in that sector.

In February, it was estimated that those employees paid by the hour in the goods-producing industries worked on average 38.1 hours and earned on average \$14.88 per hour, while those in the service-producing industries worked an average of 27.3 hours per week and earned on average \$11.12 per hour.

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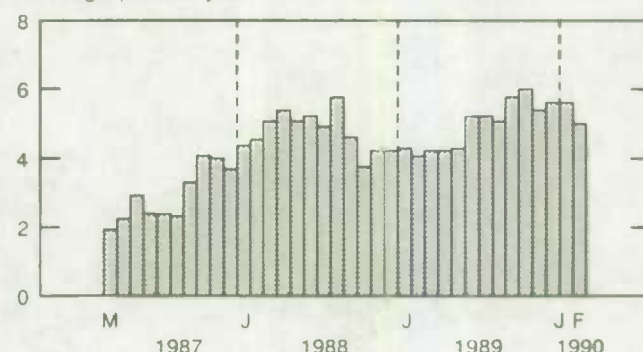
... Average Weekly Earnings Increase

Employees paid by the hour account for nearly half of the industrial aggregate. Although the number of people paid by the hour in the industrial aggregate shows a lot of seasonal variation, since the start of the survey it has generally increased faster than the number of salaried employees. In 1987, the number of hourly paid employees became higher than the number of salaried employees. Since the start of the survey, the proportion of salaried employees has been larger in the service-producing industries than in the goods-producing industries.

For further information, order *Employment, Earnings and Hours* (catalogue number 72-002) or contact Labour Division at (613) 951-4090.

Average Weekly Earnings

% change, previous year



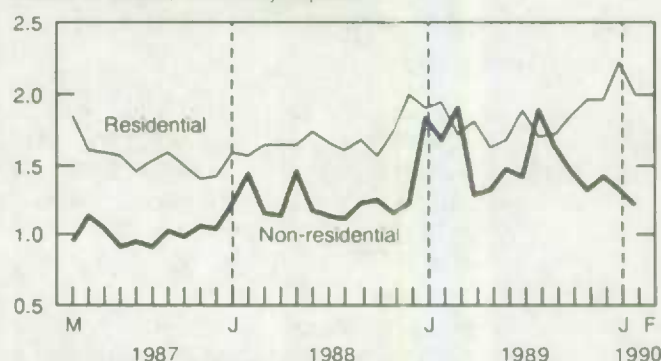
Building Permits Tail Off

The value of building permits issued by municipalities decreased 9.9% on a month-over-month basis in February. This decline followed two consecutive advances and it may mark a resumption of the slowdown evident from September to December. Building permits grant permission for the construction of a particular type of building on a designated parcel of land. They are a useful indicator of future economic activity, since such figures give an indication of the demand for construction labour, building materials and some consumer durables such as furniture and appliances.

Residential permits dropped sharply (9.9%), interrupting a rising trend that ran through the fall and into January. The decline occurred in both single-family and multi-family permits at the national level and in all areas except Quebec and the Atlantic region. The value of non-residential building permits dropped 9.7%, continuing the downturn evident since September. The Atlantic region and British Columbia were the only regions to report higher levels of non-residential building permits.

Building Permits

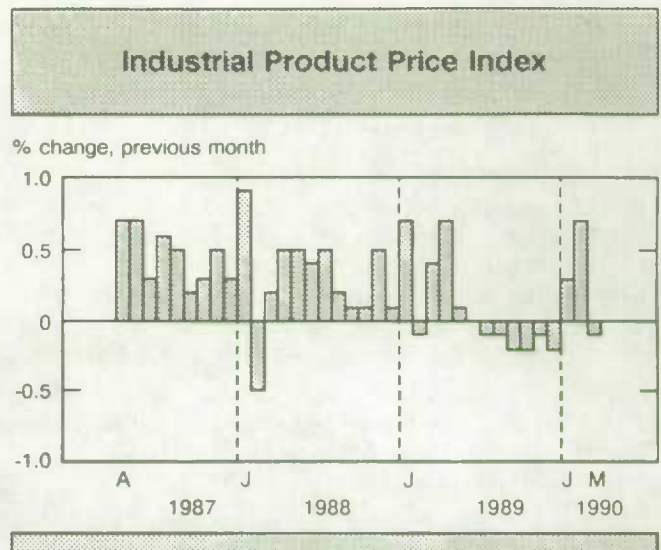
Billions of dollars, seasonally adjusted



Downturn in Industrial Product Prices

- The industrial product price index (IPPI=100) was down slightly (-0.1%) in March, following two consecutive increases. This decrease may indicate a resumption of the downturn noted from July to December.
- Price hikes in export-orientated commodities corresponded with an increase in the value of the Canadian dollar. Particularly noticeable were transportation equipment and paper products.
- After an almost steady decline since the beginning of 1989, primary metal product prices jumped 2.6% in March.
- Petroleum and coal prices post a moderate advance of 0.3%, after rising strongly for three months in a row.

For further information, order *Industry Price Indexes* (catalogue number 62-011) or contact *Prices Division* at (613) 951-9607.



Growth in Labour Productivity Accelerates

Despite a slowdown in economic activity, business sector labour productivity, as measured by output per person-hour, continued to grow in 1989. The advance of 1.7% was the largest registered since 1986 and reflected a reduction in the average hours worked which was not offset by a corresponding reduction in output.

The favourable trend in productivity was particularly pronounced in the manufacturing industries where output per person-hour increased 2.2%. Output for the manufacturing industries continued to grow, but at a more moderate rate than in the two preceding years. Person-hours worked in the manufacturing industries declined in 1989.

The reduction in hours worked also affected compensation per person-hour worked. It was up 8.2% in the business sector as a whole and 8.5% in the manufacturing industries. In both cases, this was the highest advance recorded to date in this

Measures of Labour Productivity

	1985	1986	1987	1988	1989
% change, previous year					
Business Sector					
Output	5.5	3.7	5.5	5.5	3.1
Output per person-hour	0.4	1.8	1.3	1.5	1.7
Unit labour cost	3.3	3.1	4.1	4.4	6.4
Manufacturing					
Output	5.6	1.2	5.8	6.1	1.9
Output per person-hour	2.9	-1.1	0.7	1.7	2.2
Unit labour cost	2.2	5.1	3.3	3.2	6.2

expansion. Unit labour costs also increased, continuing the acceleration in growth noted in the two preceding years.

For further information, contact *Input-Output Division* at (613) 951-3658.

PUBLICATIONS RELEASED FROM APRIL 27 TO MAY 3

AGRICULTURE

The Dairy Review, February 1990. Catalogue number 23-001 (Canada: \$12.20/\$122; United States: \$14.60/\$146; Other Countries: \$17.10/\$171).

Field Crop Reporting Series: No. 3 - Stocks of Canadian Grain at March 31, 1990. Catalogue Number 22-002 (Canada: \$76; Other Countries: \$91).

CENSUS

Postcensal Annual Estimates of Population for Census Divisions and Census Metropolitan Areas, June 1, 1988 (Component Method) Catalogue number 91-212 (Canada: \$21; Other Countries: \$25).

DEMOGRAPHY

Demographic and Income Statistics For Postal Areas - Canada, 1988. Catalogue number 17-202 (Canada: \$331; U.S.: \$397; Other Countries: \$465).

Demographic and Income Statistics For Postal Areas - Atlantic Provinces, 1988. Catalogue number 17-203 (Canada: \$122; U.S.: \$146; Other Countries: \$171).

Demographic and Income Statistics For Postal Areas - Quebec, 1988. Catalogue number 17-204 (Canada: \$122; U.S.: \$146; Other Countries: \$171).

Demographic and Income Statistics For Postal Areas - Ontario, 1988. Catalogue number 17-205 (Canada: \$122; U.S.: \$146; Other Countries: \$171).

Demographic and Income Statistics For Postal Areas - Western Canada and Territories, 1988. Catalogue number 17-206 (Canada: \$122; U.S.: \$146; Other Countries: \$171).

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

INDUSTRY

Coal and Coke Statistics, February 1990. Catalogue number 45-002 (Canada: \$10/100; Other Countries: \$14/\$140).

Corrugated Boxes and Wrappers, March 1990. Catalogue number 36-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Electric Power Statistics, Vol. 11, 1988. Catalogue number 57-202 (Canada: \$27; United States: \$32; Other Countries: \$38).

Factory Shipments of High Pressure Decorative Laminate Sheet, Quarter Ended March 1990. Catalogue number 47-005 (Canada: \$4.50/\$18; Other Countries: \$5.50/\$22).

Fruit and Vegetable Preservation, Vol. 18, No. 13: Pack of Processed Pumpkin and Squash, 1989. Catalogue number 32-023 (Canada: \$7.40/\$121; Other Countries: \$8.90/\$145).

Fruit and Vegetable Preservation Service Bulletin, Vol. 18, No. 17: Pack of Processed Broccoli, 1989. Catalogue number 32-023 (Canada: \$7.40/\$121; Other Countries: \$8.90/\$145).

Mineral Wool Including Fibrous Glass Insulation, March 1990. Catalogue number 44-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Oil Pipe Line Transport, January 1990. Catalogue number 55-001 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Production, Sales and Stocks of Major Appliances, March 1990. Catalogue number 43-010 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, February 1990. Catalogue number 35-002 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, February 1990. Catalogue number 35-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

Refined Petroleum Products, January 1990. Catalogue number 45-004 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, February 1990. Catalogue number 67-002 (Canada: \$15.80/\$158; United States: \$19/\$190; Other Countries: \$22.10/\$221).

INTERNATIONAL TRADE

Imports, Merchandise Trade (H.S. Based), 1989. Catalogue number 65-203 (Canada: \$166; Other Countries: \$232).

Imports by Commodity (H.S. Based), February 1990. Catalogue number 65-007 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

Summary of Canadian International Trade (H.S. Based), February 1990. Catalogue number 65-001 (Canada: \$18.20/\$182; Other Countries: \$25.50/\$255).

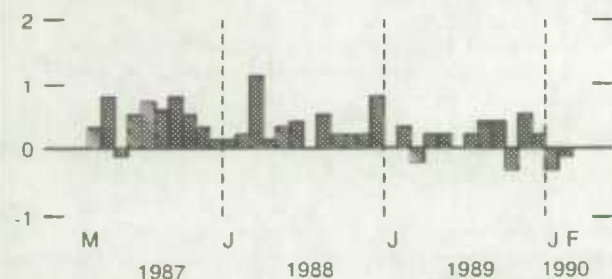
SERVICES

Telephone Statistics, February 1990. Catalogue number 56-002 (Canada: \$7.90/\$79; Other Countries: \$9.50/\$95).

CURRENT TRENDS*

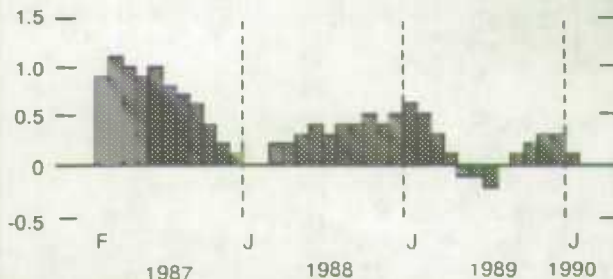
Gross Domestic Product

% change, previous month



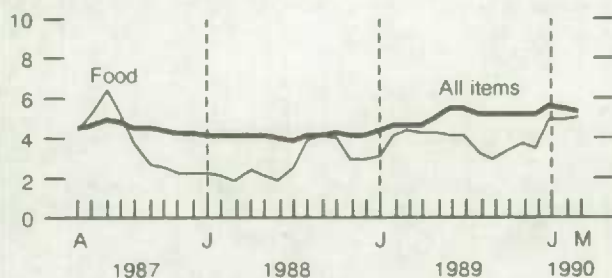
Composite Leading Indicator

% change, previous month

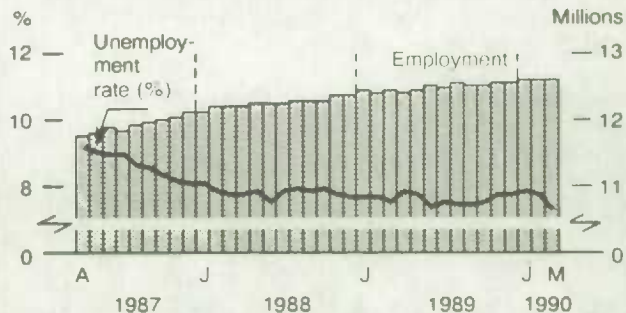


Consumer Price Index

% change, previous year

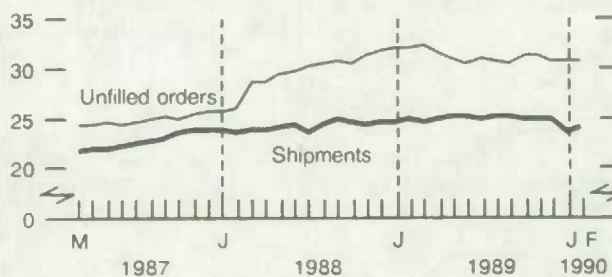


Unemployment Rate and Employment



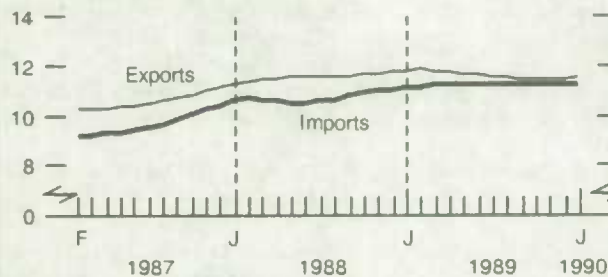
Manufacturing

Billions of dollars



Merchandise Trade

Billions of dollars, short-term trend



* 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)	Feb.*	415	-0.1%	1.4%
Composite Leading Indicator (1981 = 100)	Jan.	146.3	0.1%	1.7%
Profits of Industrial Corporations (\$ billion)	4th Q	6.8	-7.0%	-25.3%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Feb.*	16.3	-1.1%	3.8%
New Motor Vehicle Sales ('000 units)	Feb.	114	-10.4%	-8.5%
LABOUR				
Employment (millions)	Mar.	12.6	-0.1%	1.3%
Unemployment Rate (%)	Mar.	7.2	-0.5	-0.3
Participation Rate (%)	Mar.	66.7	-0.5	-0.3
Labour Income (\$ billion)	Jan.	30.7	0.9%	9.1%
Average Weekly Earnings (\$)	Feb.*	498.81	-0.4%	5.1%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Feb.	11.7	0.7%	-1.1%
Merchandise Imports (\$ billion)	Feb.	11.4	4.5%	4.0%
Merchandise Trade Balance (\$ billion)	Feb.	0.3	-0.4	-0.6
MANUFACTURING				
Shipments (\$ billion)	Feb.	24.0	1.9%	-2.9%
New Orders (\$ billion)	Feb.	23.8	0.0%	-4.0%
Unfilled Orders (\$ billion)	Feb.	30.6	-0.7%	-4.3%
Inventory/ Shipments Ratio	Feb.	1.61	-0.02	0.06
Capacity Utilization (%)	4th Q	80.3	-1.3	-2.4
PRICES				
Consumer Price Index (1981 = 100)	Mar.	156.3	0.3%	5.3%
Industrial Product Price Index (1981 = 100)	Mar.*	131.6	-0.1%	0.2%
Raw Materials Price Index (1981 = 100)	Mar.*	105.0	1.3%	3.7%
New Housing Price Index (1981 = 100)	Feb.	153.7	0.1%	6.2%

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

* New this week.

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A Weekly Review

Published by the Communications Division
Statistics Canada.

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R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2.50/\$125; other countries, \$3.00/\$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 613-951-7277 from all other countries.

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