



IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, June 8, 1990

OVERVIEW

Earnings Decelerate Steadily

Average weekly earnings were up 4.9% in March, continuing a pattern of decelerating growth rates noted since last October.

Shipments Continue to Recover

Manufacturers' shipments increased 1.1% in March. This increase, together with the one in February, regained 70% of the drop experienced in January.

Net Farm Income Reaches Record Level in 1989

Total Canadian net farm income reached a record level in 1989 as grain stocks were rebuilt, but realized net income fell 12% as a result of higher expenses.

Farm Cash Receipts Down

Farm cash receipts dropped 3% in the first quarter from the year-earlier level.

Farm Capital Value Up for First Time Since 1982

Canadian farm capital value increased 7% in 1989 to \$111 billion, after 6 years of declining values.

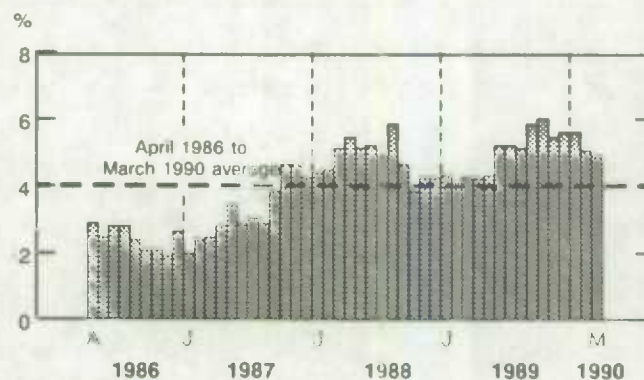
Earnings Decelerate Steadily

In March, average weekly earnings were up 4.9% from a year earlier. Twelve-month growth rates in average weekly earnings have been generally decelerating since last October. The annual growth rate averaged 5.4% in the last six months.

An increase in manufacturing (6.3%) followed two months of growth matching the industrial average. The growth in construction earnings was 7.3%; it was higher than the industrial aggregate throughout 1989 except in December. Growth in earnings in community, business and personal services (6.0%) decelerated for the second consecutive month, but was still above the industrial aggregate, maintaining the trend of the last six months.

(continued on page 2)

Year over-year percent change in Average Weekly Earnings
Industrial Aggregate - Canada



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... Earnings Decelerate Steadily

Growth of earnings in virtually all commercial services (amusement and recreation, business management, accommodation and food, etc.) was 8.8%, also well above that for the industrial aggregate. In contrast, growth in non-commercial services, which include education and health and welfare services, has been lower than the industrial aggregate increase since May 1989.

Year-over-year growth in earnings in transportation, communication and other utilities was 1.1% in March. It has been lower than the industrial

aggregate since July 1989. While trade posted an increase of 4.4% in March, it had been running generally above the industrial aggregate for over one year.

In March, employees paid by the hour in the goods-producing industries worked on average 38.6 hours and earned on average \$14.97 per hour while those in the service-producing industries worked an average of 27.6 hours per week and earned on average \$11.08 per hour.

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

Shipments Continue to Recover

Canadian manufacturers' shipments increased 1.1% in March. This increase, together with an increase in February, offset 70% of the drop experienced in January. Excluding the transportation equipment sector, however, manufacturing shipments increased by only 0.1% and this followed five consecutive monthly declines. Cumulative shipments for the first three months of 1990 were estimated at \$73.1 billion, 2.8% lower than the value for the corresponding period in 1989.

Inventory levels decreased by 0.4% in March, the first decline since October 1989. This decline cancelled the increase in February, and left inventory levels slightly higher than the average in the previous six months.

The inventory to shipments ratio continued to decrease from a three-year high of 1.60:1 in January to 1.55:1 in March. But it was still higher than the average in the last year.

Unfilled orders decreased 2.7% to \$28.0 billion in March 1990. This was the fifth consecutive decline.

Net Farm Income Reaches Record Level in 1989

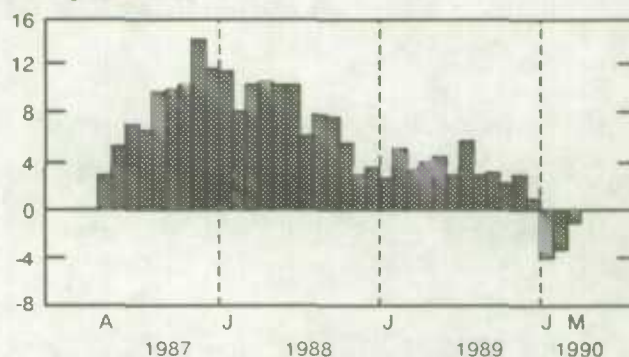
Higher grain inventories and, consequently, a large increase in the value of inventory change pushed total net income to a record \$4.8 billion in 1989. On-farm grain stocks returned to normal levels following the 1988 drought, permitting Saskatchewan's net income to increase six-fold, Manitoba's to triple and Ontario's to edge up 13%.

Realized net income (which does not take into account the value of inventory change) fell 12% from the 1988 record, to \$4.1 billion in 1989. Increased expenses (+6%) were not offset by an increase in cash receipts (+2%).

Farm cash receipts rose to \$22.5 billion. Crop receipts, at their highest level since 1984, and a slight increase (+1%) in livestock operations made

Manufacturing Shipments

% change, previous year



New orders continued their irregular pattern of change with a drop of 0.2% to a level of \$24.0 billion. This was the third decline in five months.

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

this possible in spite of a drop in direct program payments of 2% to \$3.3 billion.

Farm operating expenses (less rebates) and depreciation charges, fuelled by large increases in machinery expenses, crop and hail insurance, interest expenses, wages, and a drop of \$58 million to \$373 million in direct rebates to farmers, were up 6% over 1988 to \$18.6 billion, a second consecutive increase.

The value of inventory change was \$696 million in 1989, up from the year-earlier variation of (-)\$1.1 billion, as producer-owned crop inventories were brought up to more normal levels after having been severely depleted by the 1988 drought. Livestock and poultry inventory change was \$69 million as cattle and calf inventories increased and hog inventories decreased for the first time since 1985.

(Continued on page 3)

... Net Farm Income Reaches Record Level in 1989

This 1989 increase in net farm income comes after two years of declines, many due to the 1988 drought.

For further information, order Agricultural Economic Statistics - Supplement 1 (catalogue number 21-603E) or contact Agriculture Division at (613) 951-8707.

Farm Cash Receipts Down in First Quarter

In the first quarter of 1990, farm cash receipts dropped 3% to \$5.8 billion. Higher crop and livestock receipts did not offset a 50% drop in direct program payments. Lower payments under crop insurance and the Western Grain Stabilization Act accounted for over two-thirds of the \$414 million decline in program payments.

In the first quarter of 1990, crop receipts were up 5% over the same period of the previous year. Wheat receipts doubled in this quarter, the increase representing a 96% gain over the first quarter of 1989. In that quarter, wheat receipts had been the lowest in 9 years.

The livestock and animal products component rose 4% to \$2.7 billion for this period, mostly on the strength of higher cattle and hog receipts. Other major livestock items remained fairly stable with the exception of turkey receipts, which rose 11%, and egg receipts, which dropped 7%.

The downward changes this quarter contrast with the trend observed since 1986.

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

Farm Capital Value Up for First Time Since 1982

Canadian farm capital value increased 7% in 1989 to \$111 billion, putting an end to a downward trend that had been observed throughout most of the 1980s. The reversal in trend coincides with a 3% decline in the level of agricultural debt, and resulted in an overall reduction in the financial stress of farmers.

Rising land values in Ontario contributed to a 9% increase in the value of land and buildings from 1988 levels. Current levels of real farm capital are comparable to values recorded in the mid-1970s, once the effects of inflation are eliminated.

Implements and machinery saw a 1% rise due to an increase in the value of autos and trucks. The value of all other machinery, which represents 78% of the value of implements and machinery, remained basically unchanged. The capital value of livestock and cattle rose 4% while the value of hogs remained unchanged.

For further information, order Agriculture Economic Statistics - Supplement 1 (catalogue number 21-603E) or contact Agriculture Division at (613) 951-2445.

PUBLICATIONS RELEASED FROM JUNE 1 TO 7

AGRICULTURE

Farm Input Price Index, First Quarter 1990. Catalogue number 62-004 (Canada: \$12.25/\$49.00; United States: US \$14.75/US \$59.00; Other Countries: US \$17.25/US \$69.00).

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

INDUSTRY

Annual Retail Trade, 1987. Catalogue number 63-223 (Canada: \$22; United States: US\$26; Other Countries: US\$31).

Asphalt Roofing, April 1990. Catalogue number 45-001 (Canada: \$5.00/\$50.00; United States: US \$6.00/US \$60.00; Other Countries: US \$7.00/US \$70.00).

Cement, April 1990. Catalogue number 44-001 (Canada: \$5/\$50; United States: US\$6/US\$60; Other Countries: US\$7/US\$70).

Crude Petroleum and Natural Gas Production, February 1990. Catalogue number 26-006 (Canada: \$10/\$100; United States: US\$12/US\$120; Other Countries: US\$14/US\$140).

Gypsum Products, April 1990. Catalogue number 44-003 (Canada: \$5/\$50; United States: US\$6/US\$60; Other Countries: US\$7/US\$70).

Monthly Survey of Manufacturing, March 1990. Catalogue number 31-001 (Canada: \$17.30/\$173; United States: US\$20.80/US\$208; Other Countries: US\$24.20/\$242).

Production and Inventories of Process Cheese and Instant Skim Milk Powder, April 1990. Catalogue number 32-024 (Canada: \$5/\$50; United States: US\$6/US\$60; Other Countries: US\$7/US\$70).

Production and Shipments of Blow-moulded Plastic Bottles, Quarter Ended March 31, 1990. Catalogue number 47-006 (Canada: \$6.75/\$27; United States: US\$8/US\$32; Other Countries: US\$9.50/US\$38).

Production, Sales and Stocks of Major Appliances, April 1990. Catalogue number 43-010 (Canada: \$5.00/\$50.00; United States: US \$6.00/US \$60.00; Other Countries: US \$7.00/US \$70.00).

Quarterly Shipments of Office Furniture Products, Quarter Ended March 31, 1990. Catalogue number 35-006 (Canada: \$6.75/\$27; United States: US\$8/US\$80; Other Countries: US\$9.50/US\$95).

Rigid Insulating Board (Wood Fibre Products), April 1990. Catalogue number 36-002 (Canada: \$5/\$50; United States: US\$6/US\$60; Other Countries: US\$7/US\$70).

Specified Domestic Electrical Appliances, April 1990. Catalogue number 43-003 (Canada: \$5/\$50; United States: US\$6/US\$60; Other Countries: US\$7/US\$70).

Stocks of Food Commodities in Cold Storage and Other Warehouses, 1989. Catalogue number 32-217 (Canada: \$34; United States: \$41; Other Countries: \$48).

INDUSTRY MEASURES AND ANALYSIS

System of National Accounts - Gross Domestic Product by Industry, March 1990. Catalogue number 15-001 (Canada: \$12.70/127; United States: US\$15.20/US\$152; Other Countries: US\$17.80/US\$178).

INTERNATIONAL TRADE

Summary of Canadian International Trade (H.S. Based), March 1990. Catalogue number 65-001 (Canada: \$18.20/\$182; United States: US\$21.80/218; Other Countries: US\$25.50/US\$255).

JUSTICE

Recidivists in Youth Court: An Examination of Repeat Young Offenders Convicted, 1988-1989. Catalogue number 85-002 (Canada: \$3.90/\$78; United States: US\$4.70/US\$94; Other Countries: US\$5.45/US\$109).

PRICES

Industry Price Indexes, March 1990. Catalogue number 62-011 (Canada: \$18.20/\$182.00; United States: US \$21.80/US \$218.00; Other Countries: US \$25.50/US \$255.00).

SERVICES

Communications Service Bulletin - Telecommunication Statistics, First Quarter 1990. Catalogue number 56-001 (Canada: \$8.20/\$49; United States: US\$9.85/US\$59; Other Countries: US\$11.50/US\$69).

TRANSPORTATION

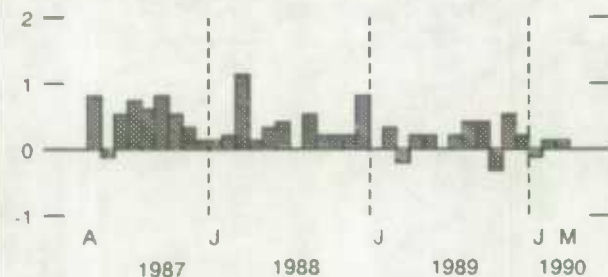
Canadian Civil Aviation, 1988. Catalogue number 51-206 (Canada: \$36; United States: US\$43; Other Countries: US\$50).

Railway Carloadings, April 1990. Catalogue number 52-001 (Canada: \$8.30/\$83.00; United States: US \$10.00/US \$100.00; Other Countries: US \$11.60/US \$116.00).

CURRENT TRENDS*

Gross Domestic Product

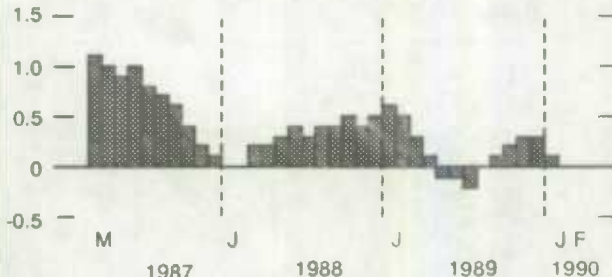
% change, previous month



In March, real gross domestic product registered a slight increase for the second consecutive month.

Composite Leading Indicator

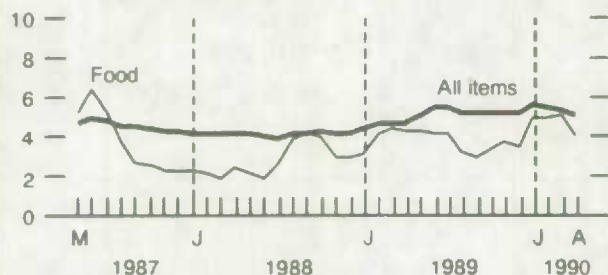
% change, previous month



The indicator was unchanged in February, consistent with the slowdown noted in recent months.

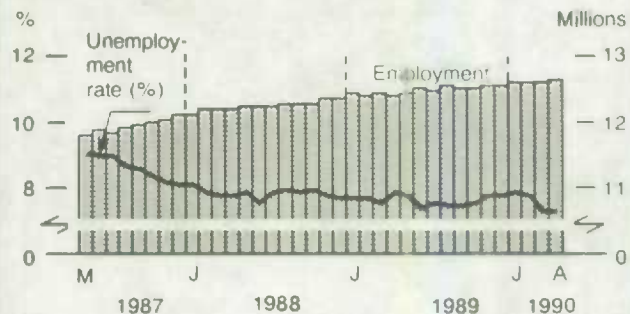
Consumer Price Index

% change, previous year



The year-over-year increase in the consumer price index was 5.0% in April, down significantly from 5.3% in March.

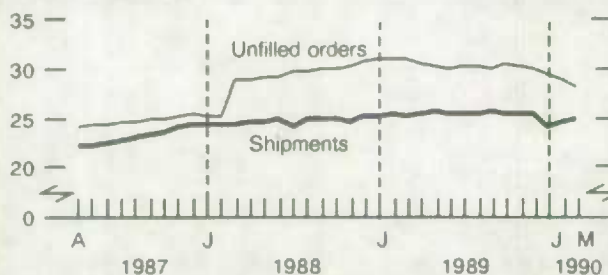
Unemployment Rate and Employment



Employment continued to grow in April, while unemployment posted a modest increase and the unemployment rate was unchanged.

Manufacturing

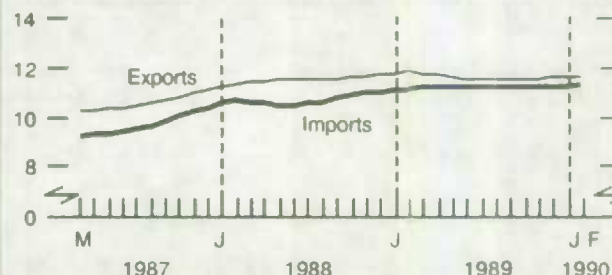
Billions of dollars



Manufacturers' shipments were up 1.1% in March, continuing to recover from the decline in January.

Merchandise Trade

Billions of dollars, short-term trend



Exports rose for the fifth consecutive month in February, while the gain in imports followed two months of no change.

* 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)	Mar.	416	0.1%	2.0%
Composite Leading Indicator (1981 = 100)	Feb.	146.3	0.0%	1.7%
Profits of Industrial Corporations (\$ billion)	1st Q	6.3	0.0%	-34.7%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Mar.	16.5	0.4%	4.5%
New Motor Vehicle Sales ('000 units)	Mar.	121	6.3%	8.5%
LABOUR				
Employment (millions)	Apr.	12.6	0.1%	1.3%
Unemployment Rate (%)	Apr.	7.2	0.0	-0.5
Participation Rate (%)	Apr.	67.0	0.3	0.1
Labour Income (\$ billion)	Feb.	30.9	0.7%	8.7%
Average Weekly Earnings (\$)	Mar.*	501.23	0.5%	4.9%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Mar.	11.9	1.9%	2.9%
Merchandise Imports (\$ billion)	Mar.	11.4	-1.7%	2.2%
Merchandise Trade Balance (\$ billion)	Mar.	0.5	0.5	0.1
MANUFACTURING				
Shipments (\$ billion)	Mar.*	24.8	1.1%	-1.1%
New Orders (\$ billion)	Mar.*	24.0	-0.2%	-3.4%
Unfilled Orders (\$ billion)	Mar.*	28.0	-2.7%	-9.3%
Inventory/ Shipments Ratio	Mar.*	1.55	-0.02	0.02
Capacity Utilization (%)	4th Q	80.3	-1.3	-2.4
PRICES				
Consumer Price Index (1981 = 100)	Apr.	156.4	0.1%	5.0%
Industrial Product Price Index (1981 = 100)	Apr.	131.4	-0.1%	0.1%
Raw Materials Price Index (1981 = 100)	Apr.	101.6	-3.3%	-0.8%
New Housing Price Index (1981 = 100)	Mar.	154.0	0.2%	4.7%

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

* New this week.

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