



# I·N·F·O·M·A·T

## A WEEKLY REVIEW

Friday, July 6, 1990

### OVERVIEW

#### ■ Gross Domestic Product Unchanged

Real Gross Domestic Product was unchanged in April, following gains of 0.2% in March and 0.1% in February.

#### ■ Leading Indicator Decreases Further

The composite leading index fell by 0.4% in April, after drops of 0.1% in February and 0.2% in March.

#### ■ Stable Growth of Average Weekly Earnings

In April, average weekly earnings rose 5.2% from a year earlier, unchanged from the year-over-year growth posted in March.

#### ■ Second Consecutive Decline in Raw Material Prices

The Raw Materials Price Index was down 2.0% in May, a second consecutive decline.

#### ■ Marginal Increase in Industrial Product Prices

The Industrial Product Price Index was up 0.3% in May, after no change in April and a decrease in March.

#### ■ Help-wanted Index Continues to Decline

The Help-wanted Index decreased in June, continuing a downward trend evident since mid-1989.

#### ■ Insurers Report Lower Profits

In the first quarter, property and casualty insurers reported a profit before taxes of \$120 million. This was a third consecutive yearly decline for first quarter profits.

### Gross Domestic Product Unchanged

Real Gross Domestic Product at factor cost was unchanged in April, following gains of 0.2% in March and 0.1% in February. Services production was unchanged in April, following a decline of 0.1% in February and a gain of 0.1% in March. Wholesale trade fell 1.3% in April, following a decline of 0.7% in March. Retail trade fell 0.6% in April, to a level 1.3% below January. These declines were offset by moderate gains in most other services producing industries.

Finance, insurance and real estate services advanced 0.2%, following four consecutive monthly declines when activity fell in both the resale housing market and stock exchanges. Moderate gains were widespread in community, business and personal services, where output rose 0.2% following an increase of 0.4% in March and a slight decline in February.

(continued on page 2)

#### Output by Sector



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### ... Gross Domestic Product Unchanged

Output by the communication industry advanced 0.7%, mainly due to increased long distance calling. This increase followed a smaller rise in March and no change in February. Higher air transport and increased piping of natural gas led a 0.2% increase in output by the transportation industry which had posted much wider fluctuations in the last four months.

Goods production declined 0.1% in April, following gains of 0.3% in each of February and March, and a 0.6% drop in January. Manufacturing output fell 0.9%, to stand 2.5% below April 1989, continuing a downward trend that has been evident since last summer. Production of electrical products dropped 2.0%, its third consecutive decline, and transportation equipment fell 1.8%, maintaining

the trend evident since January 1989. Output of construction materials dropped 4.8%. Primary metal products fell 1.9%. Production of non-durables was unchanged in the month.

Construction advanced 0.8%, its fourth consecutive increase, mainly due to higher residential construction activity. Increased production of crude oil and natural gas led mining output to a 1.4% gain. Higher output of gold and coal also contributed to the gain, along with an increase in drilling activity related to oil and gas exploration and development.

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

## Leading Indicator Decreases Further

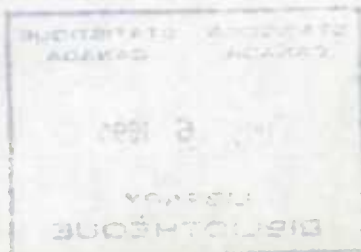
The composite leading indicator fell by 0.4% in April, after drops of 0.1% in February and 0.2% in March. A decline of this magnitude typically has preceded a marked slowing of the economy in the past. Eight of the ten components declined in April. There was weakness in most of the indicators of final demand, and manufacturing continued to contract. The drop in the financial market indicators also deepened.

The components related to household demand all declined in April. The housing index fell 3%, its second consecutive drop. Lower house sales continued, while housing starts fell for the first time after several months of growth. The number of unsold houses rose sharply in March and April. Furniture and appliance sales, which usually lag behind house sales, slackened for the first time in more than four years. Sales of other durable goods declined for the first time since September, partly because of the waning stimulus of rebates on autos. A drop in paid employment so far in the second quarter suggests there will be little reversal of these trends in the short-term.

The manufacturing indicators continued to decline in April. The trend of new orders for durable goods fell 1.5%, continuing the particularly rapid rate of decrease of the previous three months, as the auto industry contracted further and the situation in the capital goods industry remained mixed. The ratio of shipments to stocks remained on a downward trend due to declining shipments, while the average workweek continued to shorten.

The financial market indicators both continued to post marked declines in April. The Toronto stock exchange index fell by 2.7%, despite a rally in the United States markets. This decrease in the stock exchange index was faster than the declines posted in the previous three months. The real money supply continued to decline at rates comparable to the 1986 slowdown.

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



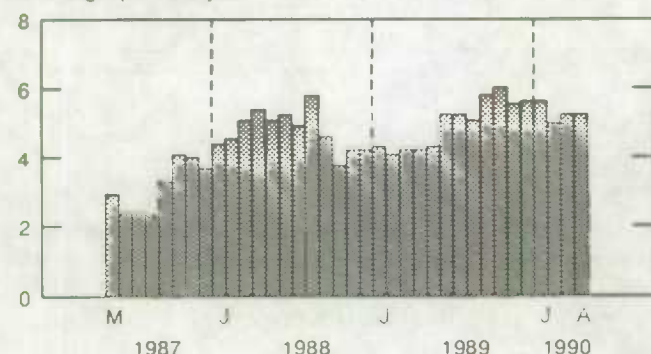


## Stable Growth of Average Weekly Earnings

In April, average weekly earnings rose 5.2% from a year earlier, unchanged from the year-over-year growth posted in March and up slightly from February. In the last year, twelve-month growth rates in average weekly earnings have ranged from 4.2% in April 1989 to 6.0% in October 1989.

### Average Weekly Earnings

% change, previous year



Earnings increased 5.5% in manufacturing, faster than the industrial average for the second consecutive month. The growth in construction earnings was 6.6%, in line with the average of the previous three months and still higher than the industrial aggregate. Earnings in public administration grew by 7.5% compared to April 1989, faster than the average for the third consecutive month.

Growth of earnings in virtually all commercial services (amusement and recreation, business management, accommodation and food, etc.) was 9.6%, also well above the industrial aggregate.

Year-over-year growth in finance, insurance and real estate was 1.6%, decelerating for the fourth consecutive month.

In April, employees paid by the hour in the goods-producing industries worked on average 38.4 hours and earned on average \$15.08 per hour while those in the service-producing industries worked an average of 27.7 hours per week and earned on average \$11.21 per hour. In both sectors, the average workweek in April was practically unchanged from the average for 1989.

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

## Second Consecutive Decline in Raw Material Prices

- The Raw Materials Price Index (1981 = 100) was down 2.0% in May, to a preliminary level of 99.6. This was a second consecutive decline that was attributable mostly to lower crude oil prices.
- The mineral fuels index was down 7.5%, mainly as a result of an estimated 9.3% decrease in crude mineral oil prices. This was a second consecutive drop, interrupting a rising trend that had persisted from October 1989 through March 1990.
- The animal and animal products index was up 3.3%, mainly as a result of higher prices for hogs (+20.2%). This was the highest monthly increase for the animal and animal products price index since May 1987.

### Raw Materials Price Index

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
<b>Total</b>	<b>0.6</b>	<b>3.4</b>	<b>1.3</b>	<b>-3.3</b>	<b>-2.0</b>
Mineral fuels	2.6	6.0	0.3	-7.6	-7.5
Animal products	-1.4	2.1	0.5	0.2	3.3
Vegetable products	1.8	2.3	2.2	0.0	0.0

- The vegetable products index did not change as increases and decreases balanced out. This was a second consecutive month of no change.

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

## Marginal Increase in Industrial Product Prices

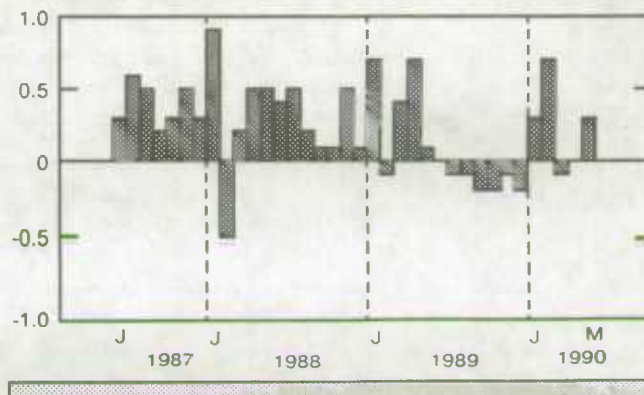
In May, the Industrial Product Price Index (1981=100) was up 0.3% from April to 131.8. This increase follows a month of no change in April after a decrease in March.

An increase of 1.1% for the primary metal products index, along with increases in the indexes for autos, trucks and other transport equipment (0.8%), meat, fish and dairy products (0.8%) and paper and paper products (0.7%) were partially offset by a decrease of 0.7% for the petroleum and coal products index. This was a second consecutive monthly decrease for the petroleum and coal products index, largely as a result of lower prices for fuel oils and other fuel. It was only the second increase since August 1989 for the primary metal products index and the first increase in three months for both of the autos, trucks and other transport equipment and the paper and paper products indexes.

Price increases in export-oriented commodities this month were the result of the 1.5% increase in May of the U.S. dollar versus its Canadian counterpart. This affected mainly the autos, trucks and other transportation equipment index and the paper and paper products index.

### Industrial Product Price Index

% change, previous month



Since May 1989, the IPPI has risen 0.3%. From 3.9% in March 1989, the year-over-year rate has been declining and has remained under 1.1% for the last seven months. Excluding petroleum and coal products, the 12-month change was -0.2%.

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

## Help-wanted Index Continues to Decline

The seasonally adjusted Help-wanted Index for Canada (1981=100) continued to decrease in June, falling four percentage points to 120. This decrease was in line with a downward trend evident since mid-1989. The indexes for the regions indicated increases on both coasts, but continued weakness in the interior regions.

The Prairies posted the largest decrease at 8.0%. It was their second consecutive decrease. In Ontario the index decreased 6.7%, the eighth consecutive drop, and Quebec's index was down 3.4%, continuing a pattern of fluctuations.

The Atlantic region posted a gain of 6.3%, the first in three months, while British Columbia's index was up 3.4%, after falling sharply in May.

### Help-wanted Index (1981 = 100) - Revised

	Feb.	Mar.	Apr.	May	June
	seasonally adjusted				
<b>Canada</b>	<b>130</b>	<b>134</b>	<b>131</b>	<b>124</b>	<b>120</b>
Atlantic Region	173	186	181	158	168
Quebec	143	149	145	148	143
Ontario	139	135	128	120	112
Prairie Region	89	89	91	87	80
British Columbia	121	129	138	117	121

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



## Insurers Report Lower Profits

In the first quarter of 1990, property and casualty insurers reported a profit before income taxes and extraordinary items of \$120 million, compared to \$206 million in 1989 and \$297 million in 1988. The decline was mainly attributable to higher underwriting losses, which grew to \$419 million. Underwriting losses had been \$296 million in 1989, \$166 million in 1988 and \$6 million in 1987. Net investment income rose 7.3%, somewhat slower than the previous three-year average rate of 12.7%.

Sales of investment funds increased to \$4.4 billion in the first quarter of 1990, compared to \$3.4 billion a year earlier. Redemptions were almost unchanged at \$3.5 billion. Consequently, the first quarter of 1990 posted net sales of \$868 million whereas the first quarter in 1989 had shown net redemptions of \$194 million. Total assets of funds at market value were \$35.3 billion in the first quarter of 1990, compared to \$31.8 billion in 1989 and \$30.9 billion in 1988.

For further information, order *Financial Institutions* (catalogue 61-006) or contact *Industrial Organization and Finance Division* at (613) 951-2637.

## PUBLICATIONS RELEASED FROM JUNE 29 TO JULY 5

### AGRICULTURE

**Livestock and Animal Products Statistics, 1989.** Catalogue number 23-203 (Canada: \$56.00; United States: US\$67.00; Other Countries: US\$78.00).

**Preliminary Estimates of Principal Field Crop Areas, Canada, June 1990.** Catalogue number 22-002 (Canada: \$12.00/\$80.00; United States: US\$14.00/US\$96.00; Other Countries: US\$16.00/US\$112.00).

**The Dairy Review, April 1990.** Catalogue number 23-001 (Canada: \$12.20/\$122.00; United States: US\$14.60/US\$146.00; Other Countries: US\$17.10/US\$171.00).

### BALANCE OF PAYMENTS

**Security Transactions with Non-residents, April 1990.** Catalogue number 67-002 (Canada: \$15.80/\$158.00; United States: US\$19/US\$190.00; Other Countries: US\$22.10/US\$221.00).

### INDUSTRY

**Crude Petroleum and Natural Gas Production, March 1990.** Catalogue number 26-006 (Canada: \$10.00/\$100.00; United States: US\$12.00/US\$120.00; Other Countries: US\$14.00/US\$140.00).

**Production and Inventories of Process Cheese and Instant Skim Milk Powder, May 1990.** Catalogue number 32-024 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

**Production, Sales and Stocks of Major Appliances, May 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).

**Rigid Insulating Board (Wood Fibre Products), May 1990.** Catalogue number 36-002 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

**Wholesale Trade, April 1990.** Catalogue number 63-008 (Canada: \$14.40/\$144.00; United States: US\$17.30/US\$173.00; Other Countries: US\$20.20/US\$202.00).

### INDUSTRY MEASURES AND ANALYSIS

**System of National Accounts - Gross Domestic Product by Industry, April 1990.** Catalogue number 15-001 (Canada: \$12.70/\$127.00; United States: US\$15.20/US\$152.00; Other Countries: US\$17.80/US\$178.00).

### INTERNATIONAL TRADE

**Imports by Commodity (H.S. Based), April 1990.** Catalogue number 65-007 (Canada: \$55.10/\$551.00; United States: US\$66.10/US\$661.00; Other Countries: US\$77.10/US\$771.00).

**Summary of Canadian International Trade (H.S. Based), April 1990.** Catalogue number 65-001 (Canada: \$18.20/\$182.00; United States: US\$21.80/US\$218.00; Other Countries: US\$25.50/US\$255.00).

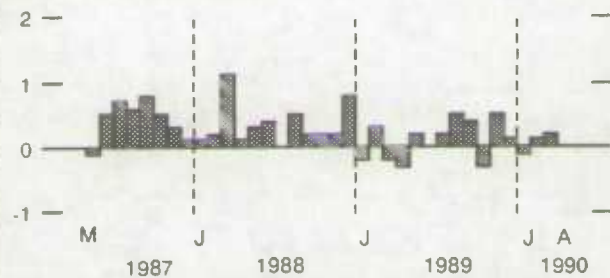
### SERVICE, SCIENCE AND TECHNOLOGY

**Science Statistics - Industrial Research and Development Expenditures, 1981 to 1990.** Catalogue number 88-001 (Canada: \$7.10/\$71.00; United States: US\$8.50/US\$85.00; Other Countries: US\$9.90/US\$99.00).

## CURRENT TRENDS\*

### Gross Domestic Product

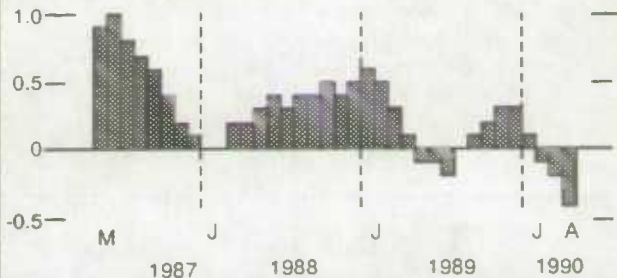
% change, previous month



Real Gross Domestic Product was unchanged in April, following gains of 0.2% in March and 0.1% in February.

### Composite Leading Indicator

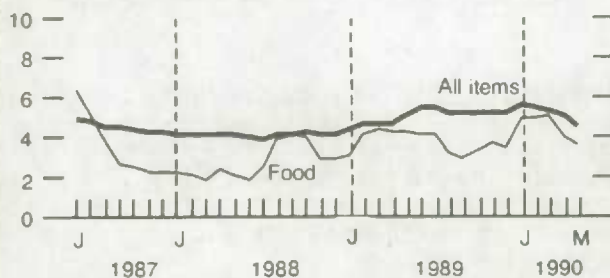
% change, previous month



The composite leading index fell by 0.4% in April, after drops of 0.1% in February and 0.2% in March.

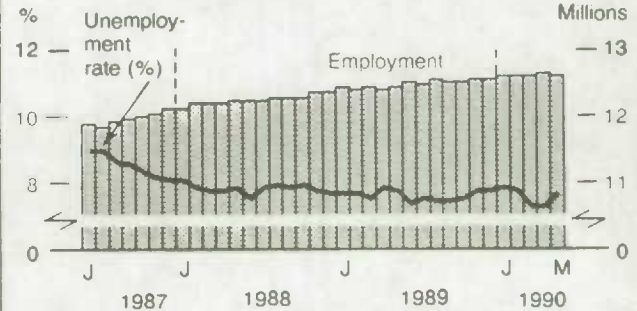
### Consumer Price Index

% change, previous year



The year-over-year increase in the consumer price index was 4.5% in May.

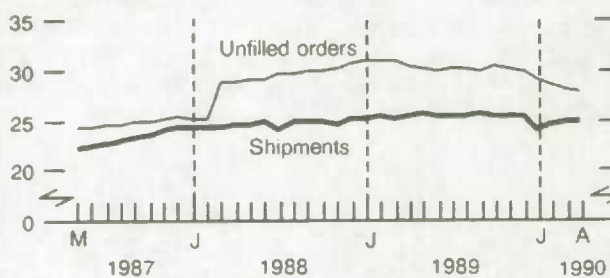
### Unemployment Rate and Employment



Employment was at a level of 12,604,000 in May, down 45,000 from April after generally increasing during the preceding six months.

### Manufacturing

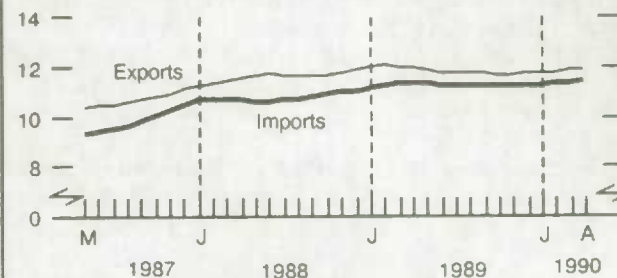
Billions of dollars



Manufacturers' shipments decreased 0.7% in April after two consecutive increases.

### Merchandise Trade

Billions of dollars, short-term trend



Exports were down in April, after three consecutive increases.

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



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## BEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
Gross Domestic Product (\$ billion, 1981)	April	416	0.0%	1.6%
Composite Leading Indicator (1981 = 100)	April*	144.9	-0.4%	-0.1%
Profits of Industrial Corporations (\$ billion)	1st Q	6.2	-1.5%	-51.6%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	April	16.3	-1.0%	1.9%
New Motor Vehicle Sales ('000 units)	April	112	-6.8%	-15.9%
<b>LABOUR</b>				
Employment (millions)	May	12.6	-0.3%	1.2%
Unemployment Rate (%)	May	7.6	0.4	0.0
Participation Rate (%)	May	66.9	-0.1	-0.1
Labour Income (\$ billion)	Feb.	30.9	0.7%	8.7%
Average Weekly Earnings (\$)	April*	506.02	0.6%	5.2%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	April	11.6	-5.9%	0.0%
Merchandise Imports (\$ billion)	April	11.5	2.1%	1.3%
Merchandise Trade Balance (\$ billion)	April	0.1	-1.0	0.0
<b>MANUFACTURING</b>				
Shipments (\$ billion)	April	24.6	-0.7%	-2.85%
New Orders (\$ billion)	April	24.3	0.8%	-2.44%
Unfilled Orders (\$ billion)	April	27.7	-1.1%	-9.16%
Inventory/ Shipments Ratio	April	1.55	0.0	-0.22
Capacity Utilization (%)	1st Q	80.4	-1.6	-4.1
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	May	157.2	0.5%	4.5%
Industrial Product Price Index (1981 = 100)	May*	131.8	0.3%	0.3%
Raw Materials Price Index (1981 = 100)	May*	99.6	-2.0%	-3.5%
New Housing Price Index (1981 = 100)	April	146.1	-0.4%	4.0%

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

\* New this week.

## I·N·F·O·M·A·T

### A Weekly Review

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