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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, November 9, 1990

OVERVIEW

Composite Leading Indicator Continues to Drop

The leading indicator declined by 0.3% in August, the seventh straight drop.

A Gloomy Outlook Pervades Canadian Manufacturing Industries

The October Business Conditions Survey revealed an increasingly gloomy outlook among manufacturers concerning orders and production.

Wages and Salaries Register Steady Growth

In August, the seasonally adjusted estimate of wages and salaries grew by 0.4%, in line with the average monthly change in the preceding seven months.

Help-wanted Index Maintains Downward Trend

The Help-wanted index decreased 12.1% in October, continuing the generally declining trend evident since early 1989.

This issue **also** includes information on **health statistics**, **industrial research and development**, and **capital expenditures of large corporations.**

Composite Leading Indicator Continues to Drop

The leading indicator recorded a seventh straight drop in August. After easing early in the summer, the rate of decline in the leading indicator accelerated to 0.3%. Only two of the ten components posted increases in August, compared to three in June and July.

All of the components related to household demand posted sharp declines, partly reflecting unfavourable labour market conditions. The housing index continued to fall sharply, led by lower housing starts in all regions as unoccupied new dwellings continued to rise. Spending declined for all types of durable goods – cars, furniture and appliances and recreation equipment. Finally, employment in business and personal services eased, while labour income was reduced further by strikes.

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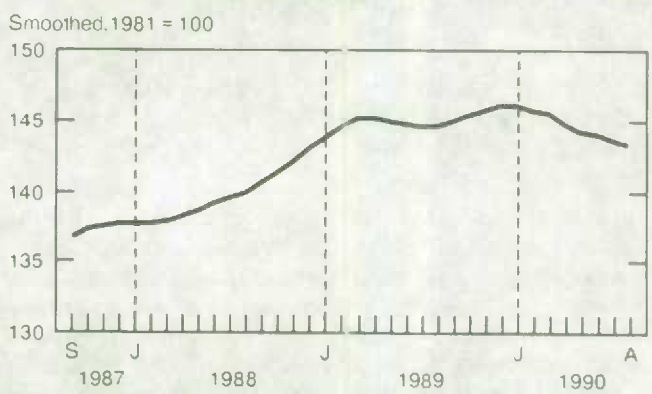
Composite Leading Indicator



... Composite Leading Indicator Continues to Drop

The drop in the Toronto Stock Exchange index deepened following the Persian Gulf crisis. Since December, the TSE index has fallen about 16%. The real money supply (M1) posted a 1.2% drop, after a 1.4% decline in July.

New orders for durable goods continued to advance, but at a slower rate than in July. The gain was confined to the automobile industry and occurred in anticipation of strikes, which materialized in September. Excluding cars , the trend was flat as orders slowed for construction materials. The ratio of shipments to stocks of finished goods posted a second straight increase, as stocks continued to fall rapidly. The average workweek remained unchanged.

Following marginal increases since March, the U.S. leading indicator was essentially unchanged in August.

For further information, order the Canadian Economic Observer (catalogue number 11-010) or contact Current Analysis Section at (613) 951-3627.

A Gloomy Outlook Pervades Canadian Manufacturing Industries

Gloom deepened in the October 1990 Business Conditions Survey. The balance of opinion concerning expected volume of production over the next three months (calculated by subtracting the fraction of pessimists from the percentage of optimistic responses) dropped 15 points, from a level of -12 in July to -27 in October 1990. This balance has been negative throughout 1990. The balance for orders received decreased eight points from July to a level of -41 in October. The decrease was caused mainly by the primary metal and the transportation equipment industries. The balances concerning expected volume of production and orders received were at their lowest levels, similar to those recorded in the January 1982 survey.

The comparable balance of opinion concerning finished product inventories improved slightly in the October 1990 survey, but remained sharply negative, although less so than the record levels registered in the April and July 1982 surveys.

The balance of opinion concerning the backlog of unfilled orders decreased from -39 in July to -42 in the October 1990 survey, continuing the declining trend started in January 1988. The primary metals industry accounted for most of the October decline.

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

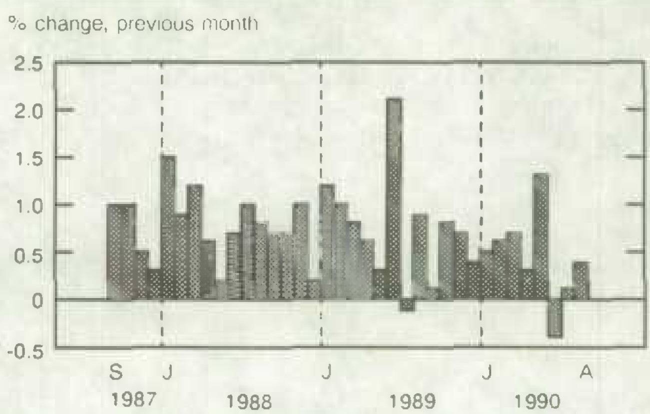
Wages and Salaries Register Steady Growth

In August, the seasonally adjusted estimate of wages and salaries grew by 0.4%, in line with the average monthly change in the preceding seven months.

Wages and salaries advanced by 1.2% in construction, the second consecutive increase after two sharp drops. The increase in finance, insurance and real estate (1.2%) was greater than the average monthly increase of the previous eight months. Gains were also noted in commercial and personal service (0.8%), health and welfare services (1.6%), federal administration (0.9%) and local administration (1.3%).

Wages and salaries declined by 0.5% in manufacturing, the fifth consecutive monthly decline and the largest decrease since January 1990.

Wages and Salaries



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...Wages and Salaties Register Steady Growth

The August estimate was affected by greater than usual work stoppage activities. Wages and salaries also declined in education and related services (-0.4%), and posted small changes in the remaining industries.

New Brunswick, Saskatchewan, Alberta and British Columbia posted gains in wages and salaries of greater than 0.5%. The remaining provinces and territories were little changed from the July estimate.

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

Help-wanted Index Maintains Downward Trend

In October, the Help-wanted Index (1981 = 100) decreased 12.1% to 94. This continues the generally declining trend evident since early 1989.

The index declined in all five regions. It dropped 8.9% in the Prairies, after a series of minor fluctuations in the previous three months. In the Atlantic region the index declined 17.1%, the third sharp drop in the last six months. In Ontario, the index declined by 13.7%, contributing to a cumulative drop of 50% since October 1989. The index fell slightly in Quebec and somewhat more in British Columbia. For both provinces, this was the second consecutive decline.

For further information, order Help-wanted Index, or contact Labour Division at (613) 951-4044.

NEW FROM STATISTICS CANADA

Health Reports

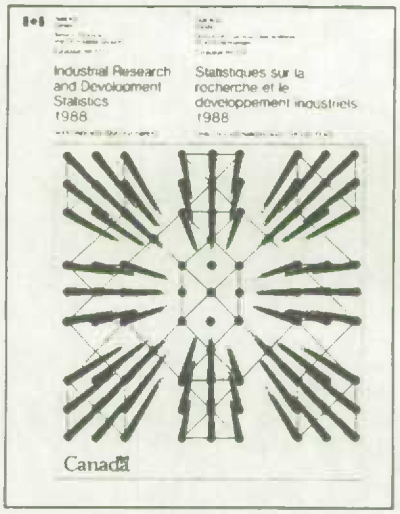
The latest issue of *Health Reports*, offering convenient access to essential data addressing many topical areas of the health field in Canada, is now available.

This issue features analytical articles on 1990 cancer statistics, a new database of 40 key health indicators, a study of the mortality patterns of farm operators and a standard method of identifying data for follow-up medical studies, as well as an addendum on coronary artery bypass surgery in Canada. Here are a few of its highlights:

- More than 50,000 deaths and over 100,000 new diagnoses will be attributed to cancer this year.
- Cancer will also take its toll as the fourth leading cause of death in children.
- A new database, accessible through CANSIM or through a package for personal computers, comprises 40 key health indicators grouped into four categories: determinants of health, health status, resources available in health care delivery and utilization of health care services.
- The farm operator survey, results of which will be available soon, examines the mortality patterns of farmers in relation to farm practices, specifically pesticide use, and a variety of socio-demographic variables.
- A new data collection package developed by Statistics Canada will make it easier to track populations exposed to potentially hazardous agents through lifestyle, work, environmental factors, ecological disasters or medical treatment.

For further information, order Health Reports (catalogue number 82-003) or contact Canadian Centre for Health Information, at (613) 951-1746.

NEW FROM STATISTICS CANADA



Industrial Research and Development

A new publication entitled *Industrial Research and Development Statistics* is now available. It contains statistical information for the years 1963 to 1988 and estimates for 1989 and 1990. Among the topics covered are current and capital expenditures on research and development, energy R&D expenditures by area of technology, R&D expenditure as a percent of company sales, sources of funds for intramural R&D, personnel engaged in R&D and foreign payments and receipts made for technological services. Here are a few of the publication's highlights:

- At 0.8% of GDP in 1988, Canada's industrial R&D spending was similar to that of the middle rank of the OECD countries, but much less than that of the U.S.A. (2.1%), Germany (2.1%), Japan (2.0% and Sweden (2.0%).
- In 1990, Canadian firms plan to perform about $5.1 billion on research and development (R&D). This represents 56% of all R&D performed in Canada.
- Out of 3,560 companies which reported performing R&D in 1988, 25 companies (less than 1% of these firms) accounted for half of the research performed.

For further information, order Industrial Research and Development Statistics (catalogue number 88-202) or contact Services, Science and Technology Division, at (613) 951-7683).

Large Company Capital Expenditures Survey

This annual survey of capital expenditure of large corporations conducted for the first time by Statistics Canada in September replaces a survey conducted in the past by the Department of Industry, Science and Technology. By including close to 250 corporations which account for approximately 40% of total business capital expenditures, it provides an early indication of future investment in Canada and abroad. Here are a few of its findings:

- Capital spending is expected to advance by 12.7% to $40.7 billion in current dollars in 1991, but to decline by about 1.1% in 1992.
- For 1991, the largest contribution is expected to come from energy industries. Substantial growth is also reported for transportation services, finance and insurance, and machinery and equipment manufacturers. These increases are only partly offset by decreases in metallic minerals and metal products industries and wood and paper industries.
- On average, firms in the survey anticipated an inflation factor of 4.4% in 1991 and 4.5% in 1992. After adjusting for these factors, real growth in investment is expected to be about 8.0% in 1991 while the real decline projected for 1992 would be about 5.4%.
- Firms which reported net investment outside Canada indicate that their planned level of spending abroad will be $3.9 billion in 1990, $3.6 billion in 1991 and $4.0 billion in 1992.

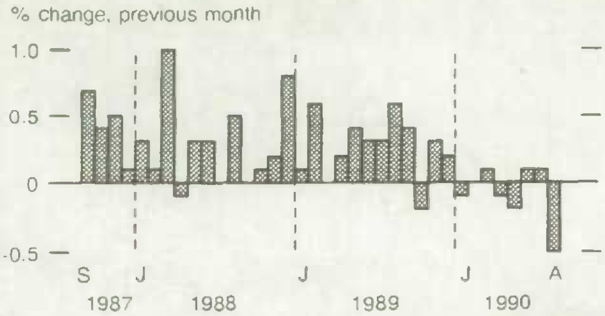
For more detailed information on this release, contact Investment and Capital Stock Division at (613) 951-0655 or the regional reference centre nearest to you.

PUBLICATIONS RELEASED FROM NOVEMBER 2 TO 8

Division/Publication title	Period	Catalogue Number	Price/Subscription Canada ($CAN)	United States ($US)	Other Countries ($US)
Agriculture					
Livestock Report	October 1, 1990	23-008	16.50/66.00	19.75/79.00	23.00/92.00
Balance of Payments					
Security Transactions with Non-Residents	August 1990	67-002	15.80/158.00	19.00/190.00	22.10/221.00
Health					
Health Reports, Vol. 2, No 2	1990	82-003	26.00/104.00	31.25/125.00	36.50/146.00
Industry					
Asphalt Roofing	September 1990	45-001	5.00/50.00	6.00/60.00	7.00/70.00
Cement	September 1990	44-001	5.00/50.00	6.00/60.00	7.00/70.00
Electric Power Statistics	August 1990	57-001	10.00/100.00	12.00/120.00	14.00/140.00
Production and Inventories of Process Cheese and Instant Skim Milk Powder	September 1990	32-024	5.00/50.00	6.00/60.00	7.00/70.00
Production, Sales and Stocks of Major Appliances	September 1990	43-010	5.00/50.00	6.00/60.00	7.00/70.00
Retail Trade	July 1990	63-005	14.40/144.00	17.30/173.00	20.20/202.00
Rigid Insulating Board	September 1990	36-002	5.00/50.00	6.00/60.00	7.00/70.00
Shipments of Solid Fuel Burning Heating Products	Quarter Ended September 1990	25-002	4.75/19.00	5.75/23.00	6.75/27.00
Specified Domestic Electrical Appliances	September 1990	43-003	5.00/50.00	6.00/60.00	7.00/70.00
Wholesale Trade	August 1990	63-008	14.40/144.00	17.30/173.00	20.20/202.00
Industry Measures and Analysis					
Gross Domestic Product by Industry	August 1990	15-001	12.70/127.00	15.20/152.00	17.80/178.00
International Trade					
Imports by Commodity	August 1990	65-007	55.10/551.00	66.10/661.00	77.10/771.00
Investment and Capital Stock					
Building Permits	August 1990	64-001	22.10/221.00	26.50/265.00	30.90/309.00
Justice					
Juristat – Police Personnel and Expenditures in Canada, Vol. 10 No 18	1989	85-002	3.90/78.00	4.70/94.00	5.45/109.00
Services, Science and Technology					
Industrial Research and Development Statistics	1988	88-202	44.00	53.00	62.00
Restaurant, Caterer and Tavern Statistics	April 1990	63-011	6.10/61.00	7.30/73.00	8.50/85.00

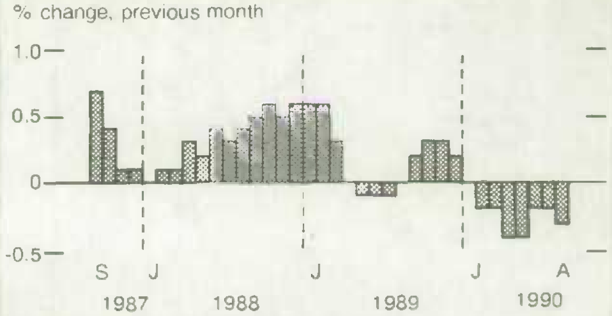
CURRENT TRENDS*

Gross Domestic Product



Real Gross Domestic Product at factor cost fell 0.5% in August, the largest monthly decline since March 1986.

Composite Leading Indicator

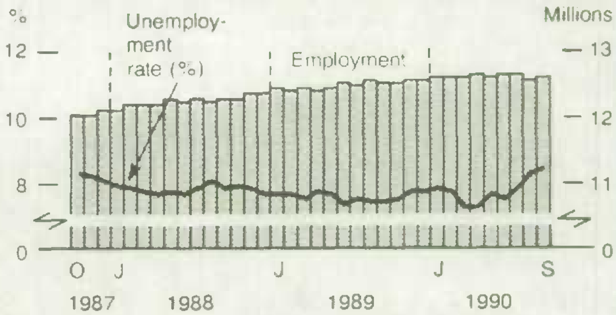


The leading indicator declined by 0.3% in August, the seventh straight drop.

Consumer Price Index

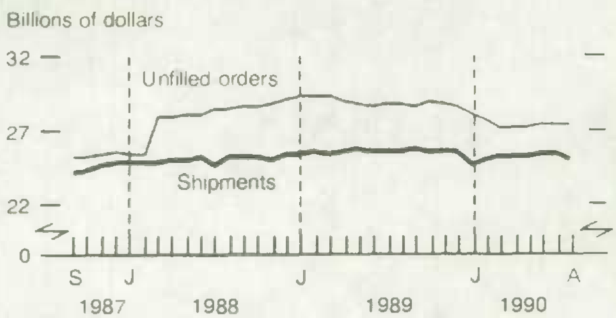
In September, the year-over-year change in the Consumer Price Index was 4.2%, the same as observed in July and August.

Unemployment Rate and Employment



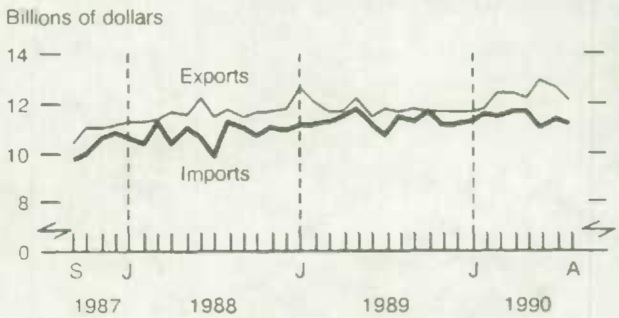
In September, employment rose by 0.2% after a drop in August. The unemployment rate increased slightly.

Manufacturing



Manufacturers' shipments fell 1.4% in August, more than offsetting increases in the previous two months.

Merchandise Trade



In August, merchandise exports fell 4.2% from July. Imports fell 2.2%.

*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, 1986)	August	509	-0.5%	0.2%
Composite Leading Indicator (1981 = 100)	August*	143.2	-0.3%	-1.0%
Profits of Industrial Corporations ($ billion)	2nd Q	4.6	-24%	-53%
DOMESTIC DEMAND				
Retail Trade ($ billion)	August	16.3	-0.2%	0.3%
New Motor Vehicle Sales ('000 units)	August	113	-3.0%	-6.3%
LABOUR				
Employment (millions)	Sept.	12.6	0.2%	0.6%
Unemployment Rate (%)	Sept.	8.4	0.1	1.0
Participation Rate (%)	Sept.	67.1	0.1	-0.1
Labour Income ($ billion)	August*	31.9	0.2%	6.4%
Average Weekly Earnings ($)	August	519.03	0.8%	6.0%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	August	12.0	-4.2%	3.6%
Merchandise Imports ($ billion)	August	11.1	-2.2%	-2.4%
Merchandise Trade Balance ($ billion)	August	1.0	-0.3	0.7
MANUFACTURING				
Shipments ($ billion)	August	24.6	-1.4%	-3.1%
New Orders ($ billion)	August	24.7	-1.1%	-2.4%
Unfilled Orders ($ billion)	August	28.0	0.4%	-6.8%
Inventory/ Shipments Ratio	August	1.51	0.01	0.00
Capacity Utilization (%)	2nd Q	79.7	-0.5	-5.3
PRICES				
Consumer Price Index (1986 = 100)	Sept.	120.2	0.3%	4.2%
Industrial Product Price Index (1986 = 100)	Sept.	109.9	0.7%	0.6%
Raw Materials Price Index (1986 = 100)	Sept.	118.5	10.3%	11.8%
New Housing Price Index (1986 = 100)	August	141.2	-1.1%	-0.6%

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

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