



# I·N·F·O·M·A·T

## A WEEKLY REVIEW

Friday, February 1, 1991

### OVERVIEW

#### ■ GDP Drop Accelerates

Gross Domestic Product at factor cost declined by 0.8% in November, the fourth consecutive decline.

#### ■ Building Permits : Lowest Level in Four Years

In November, the value of building permits decreased 13.4% to \$2.2 billion, the lowest level since September 1986.

#### ■ IPPI Edges Down

The Industrial Product Price Index edged down 0.2% in December, following four consecutive monthly increases.

#### ■ RMPI Reflects Decline in Crude Oil Price

In December, the Raw Materials Price Index decreased by 7.2%, largely reflecting, as in previous months, the movement of crude mineral oil prices.

#### ■ Earnings Growth Stable

In November, average weekly earnings registered a year-over-year increase of 5.6%, slightly higher than the average of the previous three months.

#### ■ Foreigners Shift Holdings from Stocks to Bonds

Non-residents purchased a net \$2.5 billion in Canadian bonds in November, but they reduced their holdings of Canadian stocks, continuing the pattern of investment of the previous five months.

#### ■ Number of Unemployment Insurance Beneficiaries Up

The seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits rose by 2.1% in November, continuing the generally rising trend evident since March.

### GDP Drop Accelerates

Gross Domestic Product at factor cost declined by 0.8% in November, to a level 2.1% below its March 1990 peak. The November decline was double the average of the previous two months, when strikes accentuated September's decline and settlements muted October's.

Goods production fell by 1.6%, a cumulative drop of 4.6% from the July level. In manufacturing, a 2.0% decline reduced output to its lowest level since February 1987 and 8.0% below the May 1989 peak. Declines in transportation (-4.9%), petroleum refining (-9.5%), and wood product industries (-4.0%) accounted for more than half of the drop in manufacturing, but 18 of the 21 manufacturing industries posted lower output for November.

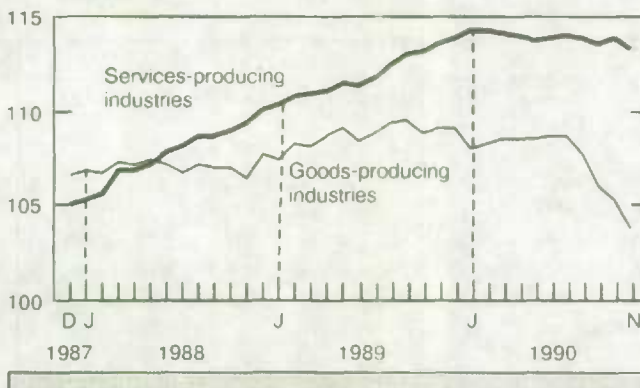
Construction output fell 2.2%, the fifth decline in a row, and was at its lowest level since March 1988. Although manufacturing and construction accounted for most of the drop in goods production, forestry, mining, fishing and utilities also recorded lower output. Agriculture posted a marginal gain.

(continued on page 2)

(see also chart on page 6)

#### Output by Sector

January 1987 = 100



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### ... GDP Drop Accelerates

Services output dropped 0.5%, the third decline in four months and the largest decline since March 1986. With the exception of communications where output was flat, other business service industries recorded lower output, an occurrence not observed in

over five years. A 0.2% increase in non-business services partly offset these declines.

For further information, order *Gross Domestic Product by Industry* (catalogue number 15-001) or contact *Industry Measures and Analysis Division* at (613) 951-9164.

### Building Permits: Lowest Level in Four Years

Continuing a year-long trend, the value of building permits issued in Canada decreased 13.4% to \$2.2 billion in November. This was the lowest level since September 1986.

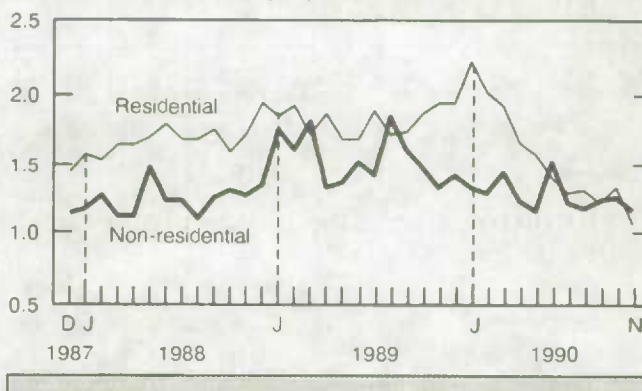
The value of residential permits decreased 19.8%, contributing to a cumulative decline of 52.6% from the January level. The number of dwelling units authorized dropped 14.5% to 132,972 (expressed at an annual rate) in November, the lowest level since January 1985.

The value of non-residential permits fell by 6.6%. Since January, fluctuations in the value of non-residential permits have shown no marked trend.

For further information, order *Building Permits* (catalogue number 64-001) or contact *Investment and Capital Stock Division* (613) 951-2585.

#### Building Permits

Billions of dollars, seasonally adjusted



### IPPI Edges Down

The Industrial Product Price Index edged down 0.2% in December, following four consecutive monthly increases.

The petroleum and coal index rose by 1.3%, somewhat less than the average increase of 4.2% in the previous four months. The index for non-metallic mineral products (cement, clay, glass etc.) rose 0.4%, continuing the series of slight fluctuations started in August. The chemicals and chemical products index increased by 0.3%, its

fourth consecutive increase, due mainly to a price hike for synthetic resins.

The primary metal products index fell for a third consecutive month, this time by 2.6%. The decline was led by lower prices for aluminum, nickel, copper and copper alloy products. The paper and paper products index decreased by 0.5%, due mainly to a sharp drop in pulp prices.

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

### RMPI Reflects Decline in Crude Oil Price

In December, the Raw Materials Price Index decreased by 7.2%. As in previous months the movement of the RMPI was dominated by changes in the price for crude mineral oil, which declined by 15.5% in December after four months of increases averaging 22.3%.

The wood index was up 0.6% in November, the second increase after three large declines. The increase was led by higher prices for logs and bolts.

The non-ferrous metals index was down by 4.1%. This third sharp drop was largely attributable to declines for concentrates of copper, lead and nickel, as well as for aluminum materials. The animal and animal products index fell 0.6%, the fifth decline in six months. A large decrease for hog prices was partially offset by an increase in prices of cattle for slaughter and a sharp hike in prices for furs, hides and skins.

For further information, order *Industry Price Indexes* (catalogue number 62-011) or contact *Prices Division*, (613) 951-0697.



## Earnings Growth Stable

In November, average weekly earnings for all employees in the industrial aggregate posted a year-over-year increase of 5.6%, slightly higher than the average of the previous three months.

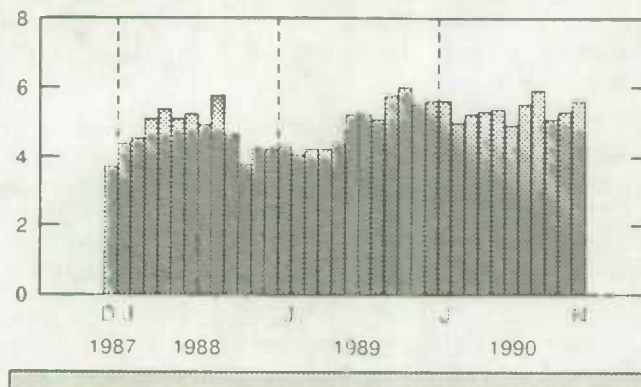
In the goods-producing industries, the year-over-year growth in earnings was 6.0%, higher than the average for the previous three months (5.6%). The growth rates recorded in construction (7.0%) and in forestry (8.0%) were the highest of all goods-producing industries.

In the services-producing industries, the year-over-year increase in earnings was 6.2% in November, accelerating compared to the 1989 annual average of 4.8%. The year-to-date earnings growth in non-commercial services (5.7%) indicated a strong acceleration relative to last year's annual average (3.6%). This contrasts with the strong deceleration in earnings in commercial services observed since the beginning of the year.

In the goods-producing industries, employees paid by the hour worked an average of 38.6 hours per week, in line with the average for last year and earned on average \$15.62 per hour. In service-producing industries, hourly-paid employees

## Average Weekly Earnings

% change, previous year



worked on average 27.9 hours, slightly lower than the average workweek last year (28.0 hours) and earned \$11.57 per hour.

For further information, order *Employment, Earnings and Hours* (catalogue number 72-002) or contact Labour Division by phone at (613) 951-4090 or by FAX, at (613) 951-4087.

## Foreigners Shift Holdings from Stocks to Bonds

In November, non-residents purchased a net \$2.5 billion in Canadian bonds, bringing their net investment so far this year to \$13 billion. As in October, net investment was primarily in new issues. In each of the previous three months, non-residents favoured the secondary market.

New bond sales to non-residents remained strong at \$2.4 billion. A record \$1.6 billion was placed in the U.S. market. Retirements dropped sharply, reflecting the absence of maturing domestic issues of the Government of Canada. Strong new bond sales and low retirements resulted in \$1.8 billion in net new issues of bonds.

In November, net purchases of bonds in the secondary market totalled nearly \$653 million, an amount similar to that of the previous three months. Net investment from the United Kingdom, Japan and other Asian countries was partially offset by net disinvestment from the United States and continental Europe.

For the fifth consecutive month, foreigners reduced their holdings of Canadian stocks, bringing the total net disinvestment in stocks from January to November 1990 to \$1.5 billion. Three-quarters of the net selling in November was by U.S. residents. Canadian stock prices, as measured by the TSE 300 Composite Index, rose 2.2% in November, after generally falling since January.

## Security Transactions

Net sales to non-residents +/net purchases from non-residents -)	July	Aug.	Sept.	Oct.	Nov.
	millions of dollars				
<b>Canadian Securities</b>					
Bonds	1,965	881	835	2,291	2,497
Stocks	-24	-240	-261	-646	-409
<b>Total</b>	<b>1,941</b>	<b>642</b>	<b>574</b>	<b>1,645</b>	<b>2,088</b>
<b>Foreign Securities</b>					
Bonds	-200	-65	654	396	267
Stocks	-95	-539	192	12	-136
<b>Total</b>	<b>-295</b>	<b>-604</b>	<b>846</b>	<b>408</b>	<b>131</b>

Residents sold \$267 million of foreign bonds on a net basis. As in October, residents were net buyers of U.S. stocks and net sellers of overseas stocks. In November, however, the contrary movements resulted in a net investment of \$136 million in foreign stocks, partly offsetting the net disinvestments in the previous two months.

For further information, order *Security Transactions with Non-residents* (catalogue number 67-002) or contact Balance of Payments Division at (613) 951-1864.

## Number of Unemployment Insurance Beneficiaries Up

In November, the seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits rose by 2.1% to 1.03 million persons, a level 38.4% higher than the one for February.

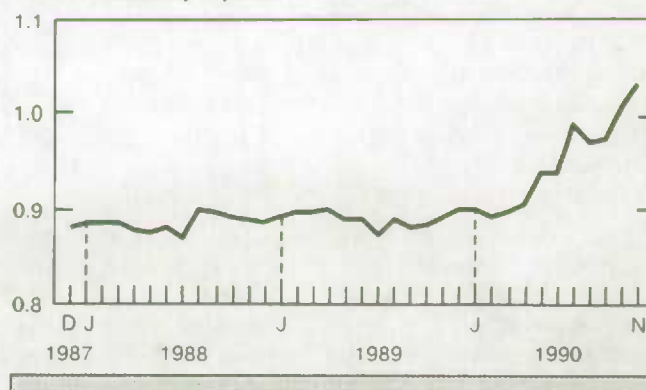
The number of beneficiaries continued to decline in the Yukon and in the Northwest Territories. Ontario registered its ninth consecutive increase (7.1%). The number of beneficiaries rose by 3.9% in Prince Edward Island and by 2.9% in Newfoundland. There was little or no change in the other provinces.

Total benefit payments increased 3.4% to \$1.2 billion, and the number of benefit weeks advanced 3.2% to 5.1 million.

For further information, order *Unemployment Insurance Statistics* (catalogue number 73-001) or contact Labour Division, (613) 951-4044 (FAX at 613-951-4087).

### U.I. Beneficiaries Receiving Regular Benefits

Millions, seasonally adjusted



## PUBLICATIONS RELEASED FROM JANUARY 25 TO 31, 1991

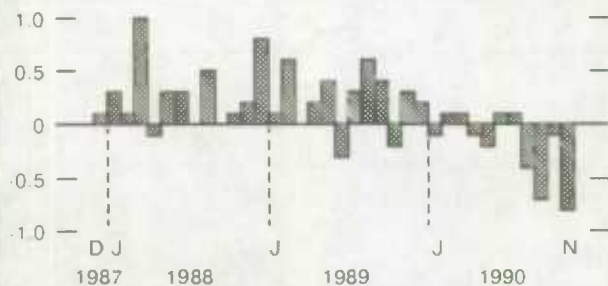
Division/Publication title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
EDUCATION, CULTURE, AND TOURISM					
Heritage Institutions	1987-88	87-207	30	36	42
INDUSTRY					
Canned and Frozen Fruits and Vegetables - Monthly	November 1990	32-011	5/50	6/60	7/70
Construction Type Plywood	November 1990	35-001	5/50	6/60	7/70
Corrugated Boxes and Wrappers	December 1990	36-004	5/50	6/60	7/70
Factory Shipments of High Pressure Decorative Laminate Sheet	Quarter Ended December 1990	47-005	4.75/19	5.75/23	6.75/27
Mineral Wool Including Fibrous Glass Insulation	December 1990	44-004	5/50	6/60	7/70
Production and Disposition of Tobacco Products	December 1990	32-022	5/50	6/60	7/70
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	November 1990	35-003	7.10/71	8.50/85	9.90/99
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies	November 1990	35-002	10/100	12/120	14/140
The Sugar Situation	December 1990	32-013	5/50	6/60	7/70
JUSTICE					
Juristat - Vol. 11 No 1, Public Perception of Crime and the Criminal Justice System	1988	85-002	3.90/78	4.70/94	5.45/109
PRICES					
Construction Price Statistics	Third Quarter 1990	62-007	18/72	21.50/86	25.25/101
Farm Input Price Index	Third Quarter 1990	62-004	12.25/49	14.75/59	17.25/69
TRANSPORTATION					
Oil Pipe Line Transport	October 1990	55-001	10/100	12/120	14/140



## CURRENT TRENDS\*

### Gross Domestic Product

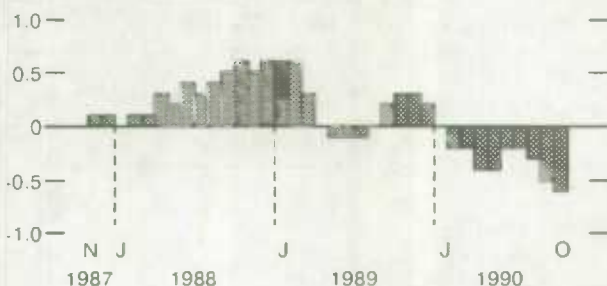
% change, previous month



Gross Domestic Product at factor cost declined by 0.8% in November, the fourth consecutive decline.

### Composite Leading Indicator

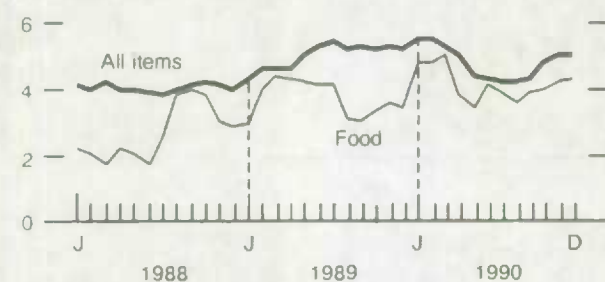
% change, previous month



In October, the composite leading indicator fell by 0.6%, the ninth consecutive drop.

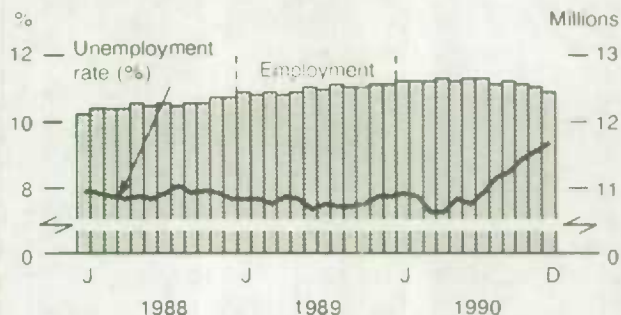
### Consumer Price Index

% change, previous year



In December as in November, the Consumer Price Index registered a year-over-year increase of 5.0%.

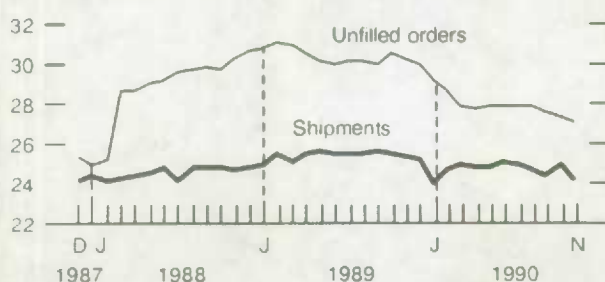
### Unemployment Rate and Employment



The December unemployment rate (9.3%) was the highest in three years. Employment continued to decline.

### Manufacturing

Billions of dollars



In November manufacturing shipments fell 3.0% to \$24.1 billion. Unfilled orders maintained their downward trend.

### Merchandise Trade

Billions of dollars



In November, exports declined by 6.7% and imports dropped 9.3%.

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

## LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
Gross Domestic Product (\$ billion, 1986)	November*	502	-0.8%	-1.9%
Composite Leading Indicator (1981 = 100)	October	141.7	-0.6%	-2.5%
Profits of Industrial Corporations (\$ billion)	3rd Q	5.2	13.6%	-29.5%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	November	16.1	-0.3%	-1.0%
New Motor Vehicle Sales ('000 units)	November	99	-1.9%	-18.1%
<b>LABOUR</b>				
Employment (millions)	December	12.4	-0.5%	-0.9%
Unemployment Rate (%)	December	9.3	0.2	1.6
Participation Rate (%)	December	66.7	-0.2	-0.4
Labour Income (\$ billion)	October	32.3	0.7%	6.7%
Average Weekly Earnings (\$)	November*	523.03	-0.1%	5.6%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	November	12.0	-6.7%	2.8%
Merchandise Imports (\$ billion)	November	10.7	-9.3%	-3.3%
Merchandise Trade Balance (\$ billion)	November	1.3	0.2	0.7
<b>MANUFACTURING</b>				
Shipments (\$ billion)	November	24.1	-3.0%	-4.5%
New Orders (\$ billion)	November	23.8	-2.8%	-4.3%
Unfilled Orders (\$ billion)	November	27.0	-0.9%	-10.6%
Inventory/ Shipments Ratio	November	1.55	0.05	0.04
Capacity Utilization (%)	3rd Quarter	78.0	-1.1	-5.5
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	December	121.8	-0.1%	5.0%
Industrial Product Price Index (1986 = 100)	December*	110.5	-0.2%	1.8%
Raw Materials Price Index (1986 = 100)	December*	121.9	-7.2%	15.9%
New Housing Price Index (1986 = 100)	November	136.5	-1.2%	-5.5%

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

\* New this week.

# KEY RELEASE CALENDAR: FEBRUARY 1991\*

Monday	Tuesday	Wednesday	Thursday	Friday
<b>4</b> Composite Leading Indicator, November	<b>5</b>	<b>6</b> Business Conditions Survey, January  Help-wanted Index, January	<b>7</b>	<b>8</b> Labour Force Survey, January  Labour Income, November
<b>11</b> New Motor Vehicle Sales, December  Farm Product Price Index, December	<b>12</b> New Housing Price Index, December  Farm Input Price Index, 4th Quarter	<b>13</b> International Travel, December	<b>14</b>	<b>15</b> International Merchandise Trade, December  Survey of Manufacturing, December
<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b> Retail Trade, December  Farm Cash Receipts, 1990	<b>22</b> The Consumer Price Index, January  Wholesale Trade, December  International Travel Account, 4th Quarter
<b>25</b> Security Transactions with Non-residents, December  Department Store Sales and Stocks, December	<b>26</b> Industrial Product Price Index, January  Raw Materials Price Index, January  Homicide Statistics, 1990 (Preliminary)	<b>27</b> Private and Public Investment, Intentions, 1991  Employment, Earnings and Hours, December  Unemployment Insurance Statistics, December	<b>28</b> Income and Expenditure Accounts, 4th Quarter  Balance of Payments, 4th Quarter  Financial Flow Accounts, 4th Quarter  Gross Domestic Product at Factor Cost by Industry, December	

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### A Weekly Review

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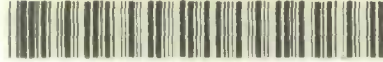
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