



I·N·F·O·M·A·T

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

Friday, March 8, 1991

OVERVIEW

■ GDP : Third Quarterly Decline

In the fourth quarter, GDP at 1986 prices fell 1.0%, following declines of 0.2% in the second quarter and 0.3% in the third.

■ Composite Leading Indicator : Eleventh Straight Drop

The leading indicator maintained its downward trend in December, dropping by 0.6%, slightly less than the 0.7% drop in November.

■ Wages and Salaries Fall

The seasonally adjusted estimate of wages and salaries fell 0.3% in December, after recording no change in the previous two months.

■ Help-wanted Index Maintains Downward Trend

The Help-wanted Index for Canada decreased 5.1% in February. From December to February, the average monthly rate of decline was significantly lower than for the previous three months.

■ Building Permits Continue to Decline

In December, the value of building permits issued in Canada decreased 15.6% to \$1.9 billion, the lowest level since January 1986.

GDP : Third Quarterly Decline

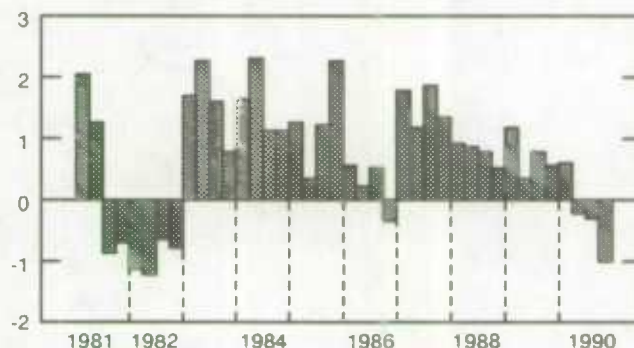
In the fourth quarter of 1990, GDP at 1986 prices fell 1.0%, following declines of 0.2% in the second quarter and 0.3% in the third.

Real consumer spending dropped 0.2%, with the decline confined to the spending on goods, although real spending on consumer services has decelerated in the last few quarters. Residential investment activity fell sharply for the third consecutive quarter and was down 15.6% from the start of the year. Business plant and equipment investment spending fell for the third consecutive quarter, this time by 1.0%. It was probably delayed in anticipation of the GST, because most business equipment outlays are effectively exempt under the new system. Non-farm inventories dropped substantially. The liquidation was most pronounced in the trade industries, particularly wholesale trade. The volume of exports of goods and services decreased by 3.4% and imports fell 2.2%.

(continued on page 2)

GDP at 1986 Prices

% change, previous quarter



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... GDP: Third Quarterly Decline

On the income side of the accounts, wages, salaries and supplementary labour income grew 0.6%, due to higher compensation per employee, as paid employment continued to decline. Corporation profits before taxes fell 8.1%, and were down almost one-third from their peak level reached in mid-1988. Interest and miscellaneous investment income rose 3.7% in the quarter, reflecting higher government investment income. Farm income, which was inflated by large subsidy payments in the third quarter, fell sharply in the fourth, while net income

of non-farm unincorporated business remained essentially unchanged.

Personal income rose 0.7% in the quarter, mainly due to a jump in government transfers (GST tax credits and rising unemployment insurance benefits). Disposable (after-tax) income increased by 0.4%.

For further information, order National Income and Expenditure Accounts (catalogue number 13-001) or contact Income and Expenditure Accounts Division at (613) 951-9155.

Composite Leading Indicator: Eleventh Straight Drop

The leading indicator dropped by 0.6% in December. This eleventh consecutive decline was slightly less than the 0.7% drop posted in November. Continuing weakness in manufacturing demand and an accentuated drop in services suggest that the economic outlook remains unfavourable in the short-term.

Household demand in December was bolstered by gains in starts of multiple housing units and growth of furniture and appliance sales, which rose for the first time in over a year. This gain may have been linked to expectations of higher prices for these commodities, due to the application of the Quebec sales tax as well as the GST to goods that had been tax exempt. Sales of other goods remained weak, as car sales continued to decelerate, particularly in

Ontario which has been hardest hit by the recession. Employment in services fell by 0.5%, similar to the largest drops posted in the 1981-1982 recession.

New orders for durable goods declined by 2.3% in December, the fourth drop in a row. Weakness was especially evident in industries related to construction and investment. Shipments fell, led by non-durable goods, and the ratio of shipments to stocks of finished goods posted a second consecutive drop. The average workweek was down slightly.

The Toronto stock exchange index continued to post marked declines, while the real money supply edged up for the first time in 20 months.

The U.S. leading indicator continued to fall, at a rate slightly less than at the trough of the 1981-1982 recession.

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

Wages and Salaries Fall

The seasonally adjusted estimate of wages and salaries fell 0.3% in December, after recording no change in the previous two months.

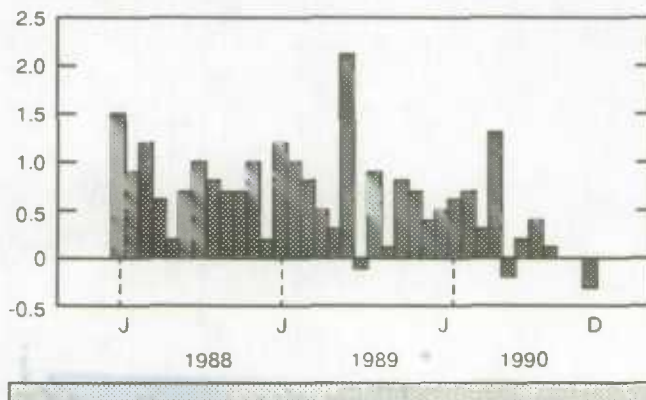
Wages and salaries declined by 2.6% in federal administration and other government offices, almost offsetting the November increase. They decreased in local administration (-2.0%) after a similar increase in November. Wages and salaries for provincial administration fell for a second consecutive month (-0.9%), while in trade, they fell 0.6%, the second consecutive decline. A sharp drop in forestry (-1.7%) was the fifth decline in six months.

Education and related services (0.9%) and finance, insurance and real estate (0.8%) continued to post strong gains. Commercial and personal services registered an increase of 0.5%, in line with those of the previous four months.

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

Wages and Salaries

% change, previous month

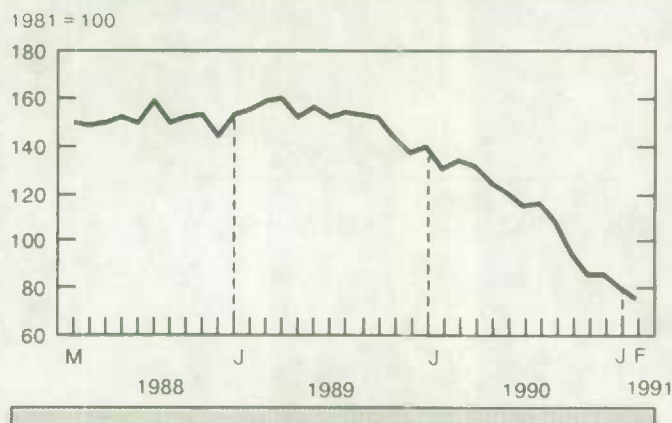


Help-wanted Index Maintains Downward Trend

The Help-wanted Index for Canada, which monitors changes in the number of help-wanted ads in major metropolitan areas, decreased 5.1% in February. From December to February, the average monthly rate of decline was significantly lower than for the previous three months. The index was 53.1% below its peak of April 1989.

Four of the five regional indexes declined. In Quebec, the index declined by 1.1%, after a much sharper drop in January. The index for Ontario fell 4.2%, following a sharper drop in January. The index for the Prairie region posted a second sharp drop (9.4%) after three months of marginal change. A 7.0% decline for British Columbia was in line with the average monthly decreases of the previous five months. The index for the Atlantic region rose 5.1%, after a sharp drop in January.

Help-wanted Index, Canada



For further information, contact Labour Division at (613) 951-4039 (FAX: 951-4087).

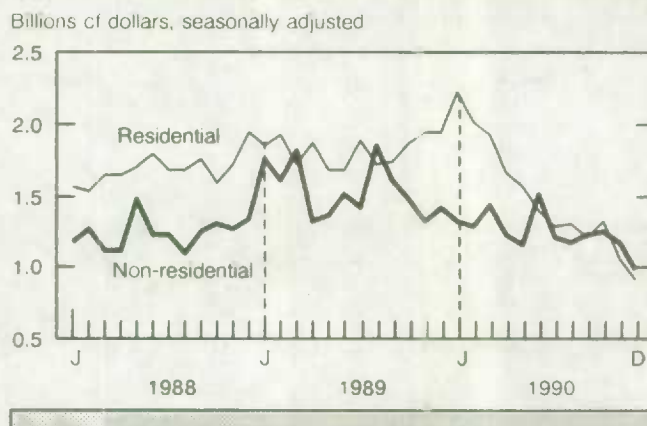
Building Permits Continue to Decline

The value of building permits issued in Canada decreased 15.6% to \$1.9 billion in December. This was the lowest level since January 1986.

The value of residential permits decreased 15.4% to \$0.9 billion, a cumulative decline of 59.6% from the level in January. A decrease in the value of permits for single-family dwellings accounted for most of the December drop in building permits. The number of dwelling units authorized in December dropped 14.7% from November to 115,000 (expressed at an annual rate), the lowest level since July 1982.

The value of non-residential permits fell by 15.8% to 1.0 billion, a second consecutive decline after fluctuating with no apparent trend since January. Industrial permits decreased by 23.5%, institutional permits dropped 25.6%, and commercial permits fell by 7.2%.

Building Permits



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

PUBLICATIONS RELEASED FROM MARCH 1 TO 7, 1991

Division/title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
EDUCATION, CULTURE AND TOURISM					
Periodical Publishing	1988-89	87-203	17	20	24
HOUSEHOLD SURVEYS					
Perspectives on Labour and Income	Spring 1991	75-001E	13.25/53	16/64	18.50/74
INDUSTRY					
Mineral Wool Including Fibrous Glass Insulation	January 1991	44-004	5/50	6/60	7/70
Production and Stocks of Tea, Coffee and Cocoa	Quarter ended December 1990	32-025	6.75/27	8/32	9.50/38
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	December 1990	35-003	7.10/71	8.50/85	9.90/99
JUSTICE					
Juristat – Service Bulletin – Processing Time in Youth Courts	1986-87 to 1989-90	85-002	3.90/78	4.70/94	5.45/109
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS					
Income Estimates for Subprovincial Areas	1988	13-216	27	32	38
TRANSPORTATION					
Passenger Bus and Urban Transit Statistics	August 1990	53-003	7.10/71	8.50/85	9.90/99
Railway Operating Statistics	November 1990	52-003	10.50/105	12.60/126	14.70/147

NEW FROM STATISTICS CANADA



Perspectives on Labour and Income Spring 1991

The Spring 1991 issue of *Perspectives on Labour and Income* addresses the following topics: a study of apprenticeship programs in Canada, based on a survey of apprentices conducted in 1989 and 1990, a review of the key indicators of the labour market in 1990, an interview with a human resource management specialist, an effort to track down discretionary income and the changing face of unemployment.

Here are key findings from some articles in the Spring issue:

- During 1986 and 1987, about 50,000 apprentices left their training, either as graduates or dropouts. Approximately 4 in 10 dropped out before meeting graduation requirements.
- Among those who completed their apprenticeship requirements, 88% were employed in their trades two to three years later. Among those who dropped out, less than one-third were working in their trades.
- In 1986, the amount of spendable discretionary income in the economy was estimated to be \$28.9 billion in the hands of one-quarter of the households in Canada. These 2.1 million families, with an average before-tax income of \$63,000, had approximately \$13,500 in "extra cash".
- Between 1980 and 1989, unemployment declined among 15 to 24 year-olds, largely due to rising school attendance and increased part-time employment. In addition, the decline also reflected the shrinking youth population – from 4.6 million in 1980 to 3.8 million in 1989.

For further information, order *Perspectives on Labour and Income* (catalogue number 75-001E) or contact Household Surveys Division at (613) 951-9456.

Canada – 1986 Census Profiles on CD-ROM

Statistics Canada's latest CD-ROM product, Canada – 1986 Census Profiles, incorporates more than 300 cultural, demographic, housing, family and economic characteristics for thousands of standard sub-provincial areas on a single compact disc. Easy-to-use retrieval software, featuring detailed help screens, allows users to display and manipulate data, or to transfer them to user-owned, commercial software packages.

The Canada – 1986 Census Profiles CD-ROM contains three types of files: the popular profile series 2A (data collected from 100% of the population), 2B (data collected from a 20% sample) and a series of special-interest tables created specifically for this disc. Data files are available at a number of geographic levels, including census subdivisions, urban forward sortation areas, census tracts and enumeration areas.

The Geography Information File enables users to identify the relationships between a number of standard political and statistical areas used in the Census. Descriptive files provide information on the content of pre-defined Census tabulations and the public-use microdata files.

Prices of the Canada 1986 Census Profiles CD-ROM vary between \$750 and \$5,000, depending on the level of geography subscribed to.

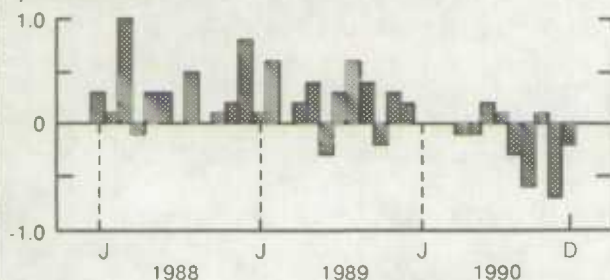
For more information, contact Mike Musca (613-951-8200), Census Unit, Electronic Data Dissemination Division.



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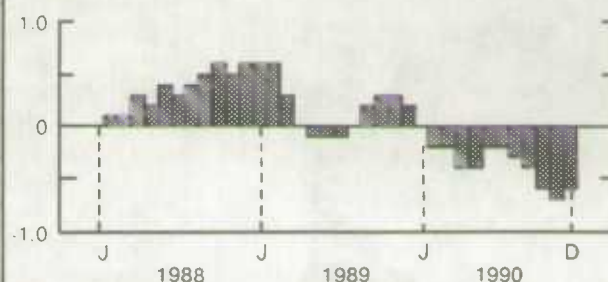
CURRENT TRENDS

Gross Domestic Product

% change,
previous month

After a monthly decline of 0.7% in November, gross domestic product at factor cost fell 0.2% in December.

Composite Leading Indicator

% change,
previous month

The leading indicator maintained its downward trend in December, dropping by 0.6%, slightly less than the 0.7% drop in November.

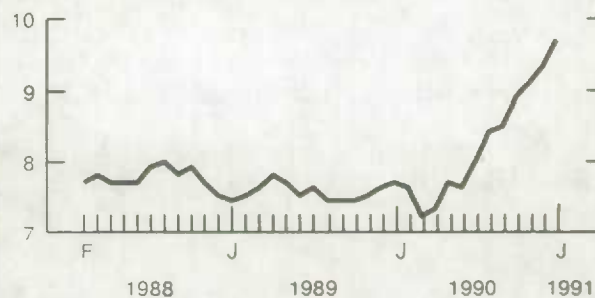
Consumer Price Index

% change,
previous year

The Consumer Price Index registered a year-over-year increase of 6.8% in January, the highest in over seven years.

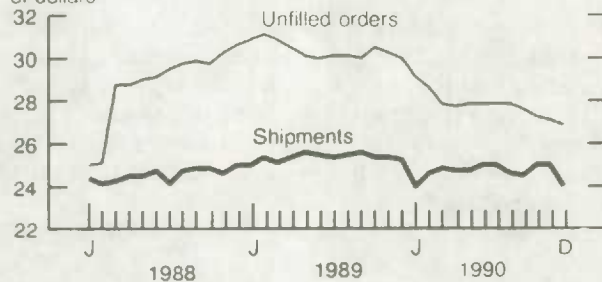
Unemployment Rate

%



In January, unemployment rate rose to 9.7%, the highest rate in five years.

Manufacturing

Billions
of dollars

Shipments were down 0.3% in December, following a sharp decrease in November. Unfilled orders maintained their downward trend.

Merchandise Trade

Billions
of dollars

In the aggregate, the value of exports and imports did not vary greatly from November to December.

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1986)	December	503	-0.2%	-1.7%
Composite Leading Indicator (1981 = 100)	December*	139.9	-0.6%	-4.2%
Profits of Industrial Corporations (\$ billion)	3rd Q	5.2	13.6%	-29.5%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	December	16.2	0.8%	-0.1%
New Motor Vehicle Sales ('000 units)	December	94	-3.5%	-19.2%
LABOUR				
Employment (millions)	January	12.4	-0.7%	-2.0%
Unemployment Rate (%)	January	9.7	0.4	2.0
Participation Rate (%)	January	66.4	-0.3	-0.9
Labour Income (\$ billion)	December*	31.9	-0.3%	4.3%
Average Weekly Earnings (\$)	December	523.41	0.1%	5.4%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	December	12.0	-0.4%	2.6%
Merchandise Imports (\$ billion)	December	10.8	0.2%	-2.0%
Merchandise Trade Balance (\$ billion)	December	1.1	-0.1	0.5
MANUFACTURING				
Shipments (\$ billion)	December	23.9	-0.3%	-5.1%
New Orders (\$ billion)	December	23.7	-0.6%	-5.0%
Unfilled Orders (\$ billion)	December	26.9	-0.8%	-10.2%
Inventory/ Shipments Ratio	December	1.57	0.01	0.05
Capacity Utilization (%)	3rd Quarter	78.0	-1.1	-5.5
PRICES				
Consumer Price Index (1986 = 100)	January	125.0	2.6%	6.8%
Industrial Product Price Index (1986 = 100)	January	110.7	0.0%	1.8%
Raw Materials Price Index (1986 = 100)	January	114.4	-6.4%	8.0%
New Housing Price Index (1986 = 100)	December	136.1	-0.3%	-6.3%

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 per issue, \$125.00 per year; United States: US\$3.00 per issue, US\$150.00 per year; Other Countries: US\$3.50 per issue, US\$175.00. 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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