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A WEEKLY REVIEW

Friday, July 12, 1991

OVERVIEW

■ **Motor Vehicle Sales Continue to Advance**

Seasonally adjusted sales of new motor vehicles rose 2.5% in May, the second consecutive monthly increase. Passenger car sales were up while commercial vehicle sales declined.

■ **New Housing Prices Climb**

In May, the New Housing Price Index for Canada rose 0.8%, the largest monthly increase since April 1989.

■ **Unemployment Rate Continues to Edge Up**

In June, the unemployment rate rose 0.2 percentage points to 10.5, the second consecutive monthly increase following a 0.3 percentage point drop in April.

■ **Anticipated Rise in Expenditures on New Construction**

Intended capital expenditures on new construction in Canada are $87.7 billion in 1991, an increase of 1.6% over last year.

■ **Federal Government Expenditure Expected to Increase**

Total federal government expenditure is expected to increase 5.5% in 1991/92 to a level of $168.1 billion.

■ **Strong Gain in Farm Product Prices**

In May, the Farm Product Price Index for Canada (1986 = 100) stood at 102.5, up 1.0% from the revised April level. Both the crops and the livestock and animal products indexes posted increases.

Motor Vehicle Sales Continue to Advance

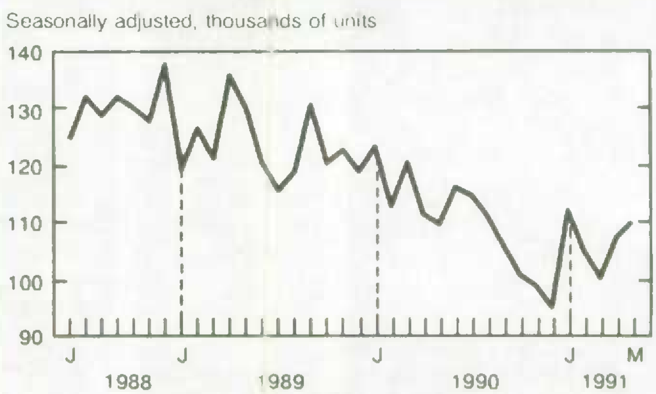
Seasonally adjusted sales of all new motor vehicles totalled 110,000 units in May, a 2.5% increase that represented the second straight monthly gain. With the exception of January, in which sales were up due to the GST lowering prices, these are the first monthly increases in nine months.

Passenger car sales rose 4.7% in May to a level of 75,000 units. This represents the second increase in a row and only the third advance since June 1990. Following an 8.6% jump in April and a 2.3% gain in March, commercial vehicle sales fell 1.8% from April's peak to 35,000 units.

Sales of North American-built cars were up 6.9% to a level of 49,000 units, the second increase following two straight monthly drops. Sales of imported passenger cars also registered their second consecutive monthly gain, rising 0.7% in May to reach 26,000 units.

For further information, order New Motor Vehicle Sales (catalogue number 63-007) or contact Industry Division at (613) 951-3552.

Sales of New Motor Vehicles



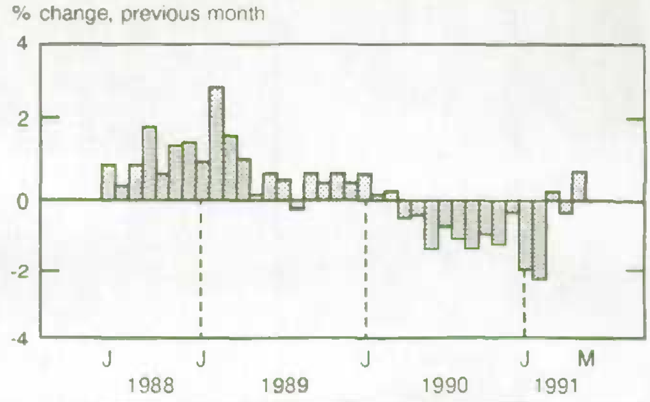
New Housing Prices Climb

In May, the New Housing Price Index (1986 = 100) for Canada rose 0.8% to 131.2. This increase follows a 0.3% drop in April and a slight gain in March that was preceded by 11 straight monthly decreases. More than half of the cities represented in the Canada composite index showed increases.

The Victoria index posted the largest advance, rising 2.4% in May, the fourth consecutive increase following nine straight declines. The Toronto index was up 1.2%, the first monthly gain since November 1989. The London index registered a 1.2% increase, its largest since January 1990. After declining steadily from August 1990 to February 1991, the Vancouver index increased for a third consecutive month. Despite the 1.1% gain in May, the index remained 10.9% below its year-earlier level.

The Windsor index posted a 0.7% drop following a slight rise in April and a 0.9% decline in March. Prior to March, the Windsor index had not registered a decrease since April 1988. The St. Catharines-Niagara, Regina, Ottawa-Hull and St. John's indexes all edged down 0.2% in May.

New Housing Price Index



After falling 0.3% in April, the estimated house-only index rose 1.7% in May, reversing a declining trend apparent since April 1990. Estimated land-only prices fell slightly (-0.1%), the tenth drop in 11 months.

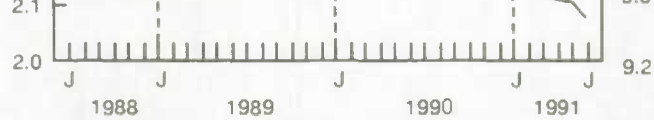
For further information, order Construction Price Statistics (catalogue number 62-007) or contact Prices Division at (613) 951-3552.

Unemployment Rate Continues to Edge Up

In June, the unemployment rate rose 0.2 percentage points to 10.5, the second straight monthly increase following a 0.3 drop in April. For persons aged 15 to 24, the unemployment rate climbed 0.7 percentage points to 17.3, while for those above the age of 25, the rate rose 0.2 to a level of 9.0. The unemployment rate for men increased 0.2 to 11.0, and the rate for women advanced 0.4 to reach 9.9. Provincially, the rate went up in six of the 10 provinces with the largest increase registered in Quebec and Ontario (0.5), followed by Newfoundland (0.4). New Brunswick posted the most significant drop in the unemployment rate, falling 1.0 percentage point in June to a level of 11.8.

The seasonally adjusted level of employment fell slightly (-0.1%) in June, reversing the upward trend apparent in the previous two months. Prior to April, employment had been declining continuously since September 1990. Employment among youth continued to decline for the ninth month in a row, falling 1.4% in June. Employment rose 0.2% for both adult men and adult women but fell for young men (-1.0%) and young women (-1.8%). While the number of part-time employees increased in June, there were fewer full-time employees, offsetting the gain in full-time employment registered in May.

Employment



Women accounted for most of the full-time loss and just over half of the part-time increase. Employment declined in Newfoundland and Quebec, edged up in Alberta and showed little change in the remaining provinces.

For further information, order The Labour Force (catalogue number 71-001) or contact Household Surveys Division at (613) 951-4720.

PROVINCIAL PERSPECTIVES

Labour Force Survey Results for June 1991

	Labour Force		Employment		Unemployment	
	'000	% change previous month	'000	% change, previous month	'000	Rate (%)
Canada	**13,804**	**0.2**	**12,351**	**-0.1**	**1,453**	**10.5**
Newfoundland	232	-3.7	185	-4.1	47	20.3
Prince Edward Island	64	0.0	53	0.0	11	17.3
Nova Scotia	420	-0.7	370	-0.5	50	11.9
New Brunswick	322	-1.5	284	-0.4	38	11.8
Quebec	3,388	-0.2	2,983	-0.7	405	12.0
Ontario	5,310	0.5	4,766	-0.1	544	10.2
Manitoba	542	0.7	496	0.4	46	8.5
Saskatchewan	487	0.2	452	0.2	35	7.2
Alberta	1,366	0.1	1,253	0.4	113	8.3
British Columbia	1,658	0.3	1,492	0.1	166	10.0

Anticipated Rise in Expenditures on New Construction

Intended capital expenditures on new construction in Canada are $87.7 billion in 1991, an increase of 1.6% over last year. This is composed of offsetting trends in new building construction, expected to decline, and new engineering construction, anticipated to rise sharply.

Total expenditures on new building construction are expected to decrease 5.3% in 1991 to $56.9 billion, the second annual decline following seven years of growth. Residential construction is expected to fall 6.2% reflecting declines in the construction of single-detached homes and apartment and row housing. These decreases are to be partly offset by increases in estimates for alterations and improvements to existing housing. Drops in commercial building and industrial building are also anticipated, contrasting an expected 10.6% increase in institutional building. Expenditures on new building construction are expected to fall in all provinces excepting Newfoundland and Saskatchewan, with the largest declines projected for British Columbia (-10.8%) and Ontario (-5.4%).

Expenditures on new engineering construction are expected to climb 17.8% in 1991 to reach $30.9 billion, the fourth straight annual increase. New construction for gas and oil facilities is expected to increase 27.0% due largely to gains in oil and gas wells and in gas pipelines. The expected 26.9% increase in electric power construction is mainly attributable to rises in transmission and distribution lines and in electric power generating plants. Increases in new construction of roads, highways and airport runways and of waterworks and sewage systems are also projected to contribute to the overall increase in engineering structures. All provinces and territories with the exception of the Northwest Territories are expected to post advances.

For further information, order Construction in Canada (catalogue number 64-201) or contact Investment and Capital Stock Division at (613) 951-9331.

Federal Government Expenditure Expected to Increase

Total federal government expenditure (on a Financial Management System basis) is expected to be $168.1 billion in 1991/92. The 5.5% increase from 1990/91 is well below the 7.2% average year-over-year growth rate for total expenditure from 1986/87 to 1990/91. Social services expenditures are expected to total $54.5 billion, accounting for 32.4% of total expenditure. This represents an increase of 11.3% over 1990/91 compared to an average annual increase of 7.9% for the previous four-year period. Debt charges are expected to grow 1.1% from 1990/91 compared to the average annual increase of 12.5% for the period 1986/87 to 1990/91 and are expected to constitute 25.7% of total federal expenditures.

Total government revenue is expected to be $137.7 billion, 6.8% above the 1990/91 level but lower than the 9.4% average annual growth rate for the previous four years.

Note:
The Financial Management System (FMS) provides a standardized presentation of government accounting for the federal, provincial and local governments in Canada. The individual governments' accounting systems are not directly comparable because the policies and structure of governments differ. The FMS adjusts data from government budgets, estimates, Public Accounts and other records to provide detailed, inter-governmentally comparable data as well as compatible national aggregates that are consistent over time.

Hence, FMS data may not accord precisely with figures published in government financial statements.

For further information, contact Public Institutions Division at (613) 951-8561.

Federal Government Expenditure
Financial Management System basis

Expenditure Function	Expenditure		% of Total Expenditure	
	1990/91	1991/92	1986/87	1991/92
	($ millions)			
Protection of Persons & Property	14,985	15,729	9.9	9.4
Transportation & Communication	3,640	3,730	2.9	2.2
Health	7,444	7,123	6.2	4.2
Social Services	48,976	54,504	29.9	32.4
Education	3,874	4,123	3.5	2.4
Resource Conservation & Industrial Development	6,130	5,690	5.9	3.4
Debt Charges	42,630	43,114	22.0	25.7
All Other Expenditures	31,606	34,049	19.7	20.3
Total Expenditure	159,285	168,062	100.0	100.0
Surplus/(Deficit)	(30,391)	(30,408)	--	--

Strong Gain in Farm Product Prices

In May, the Farm Product Price Index for Canada (1986=100) stood at 102.5, up 1.0% from the revised April level. Both the crops and the livestock and animal products indexes posted increases.

The crops index rose 0.1% to 98.7, reflecting an increase in potato prices that more than offset drops in the prices of cereals and oilseeds. Higher table, processing and seed potato prices pushed up the potatoes index 10.1%, the fifth increase in the last six months. The cereals index decreased 0.4%, largely due to lower prices for off-board wheat and barley, and oats and corn in most provinces. Over the first four months of 1991, cereal prices trended slightly upwards. Drops in the prices of flaxseed and canola were mainly responsible for the 1.1% fall in the oilseeds index that followed slight increases in April and March.

(Continued on page 5)

The Farm Product Price Index
May 1991

	Crops		Livestock and Animal Products	
	% change from		% change from	
	April 1991	May 1990	April 1991	May 1990
Canada	**0.1**	**-19.5**	**1.5**	**0.3**
Newfoundland	1.6	-7.6	0.7	-5.7
Prince Edward Island	27.8	-2.6	1.6	0.6
Nova Scotia	0.0	-8.9	1.7	0.0
New Brunswick	11.5	-13.6	1.2	-1.1
Quebec	-2.0	-12.0	1.3	-2.4
Ontario	-1.2	-7.3	2.4	0.4
Manitoba	0.0	-25.9	1.6	-1.2
Saskatchewan	-0.1	-25.5	-0.4	3.7
Alberta	0.8	-22.0	1.2	3.0
British Columbia	1.4	-11.8	1.7	0.6

... Strong Advance in Farm Product Prices

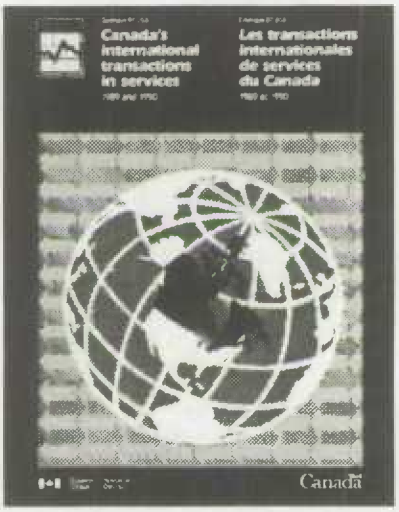
The livestock and animal products index rose 1.5% in May to a level of 104.9, as increses in cattle and hog prices more than offset decreases in poultry and egg prices. The cattle index was up 2.0%, the fourth increase in the past five months. The hogs index rose 6.0%, following declines in April and March. Despite the increase, prices stood 16.7% below the June 1990 peak when the index was at its highest level in almost four years.

For further information, order Farm Product Price Index (catalogue number 62-003) or contact Agriculture Division at (613) 951-2441.

PUBLICATIONS RELEASED FROM JULY 5 TO 11, 1991

Division/title	Period	Catalogue Number	Price: Issue/Subscription Canada ($Cdn.)	United States ($US)	Other Countries ($US)
DEMOGRAPHY					
Quarterly Demographic Statistics	First Quarter 1991	91-002	7.50/30	9/36	10.50/42
EDUCATION, CULTURE AND TOURISM					
Education Statistics Bulletin – Financial Statistics of Community Colleges, Vocational Schools and Paramedical Training in Hospitals	1988-1989	81-002	4.90/49	5.90/59	6.90/69
HOUSEHOLD SURVEYS					
Labour Force Information	For the Week Ended June 15, 1991	71-001P	6.30/63	7.60/76	8.80/88
INDUSTRY					
Cement	May 1991	44-001	5/50	6/60	7/70
Coal and Coke Statistics	April 1991	45-002	10/100	12/120	14/140
Crude Petroleum and Natural Gas Production	March 1991	26-006	10/100	12/120	14/140
Electric Lamps (Light Bulbs and Tubes)	May 1991	43-009	5/50	6/60	7/70
Electric Power Statistics	April 1991	57-001	10/100	12/120	14/140
Footwear Statistics	May 1991	33-002	5/50	6/60	7/70
Gas Utilities	March 1991	55-002	12.70/127	15.20/152	17.80/178
Gypsum Products	May 1991	44-003	5/50	6/60	7/70
Production and Inventories of Process Cheese and Instant Skim Milk Powder	May 1991	32-024	5/50	6/60	7/70
Production, Sales and Stocks of Major Appliances	May 1991	43-010	5/50	6/60	7/70
Quarterly Report on Energy Supply-Demand in Canada	1990-IV	57-003	31.75/127	38/152	44.50/178
Wholesale Trade	April 1991	63-008	14.40/144	17.30/173	20.20/202
INDUSTRY MEASURES AND ANALYSIS					
Gross Domestic Product by Industry	April 1991	15-001	12.70/127	15.20/152	17.80/178
INVESTMENT AND CAPITAL STOCK					
Capacity Utilization Rates in Canadian Manufacturing Industries	First Quarter 1991	31-003	11/44	13.25/53	15.50/62
LABOUR AND HOUSEHOLDS SURVEYS ANALYSIS					
Income Estimates for Subprovincial Areas	1989	13-216	27	32	38
PRICES					
Industry Price Indexes	May 1991	62-011	18.20/182	21.80/218	25.50/255

NEW FROM STATISTICS CANADA



Canada's International Transactions in Services
1989 and 1990

Latest details on Canada's international services transactions are now available in this annual publication.

Included are 16 categories of business services, cross-classified by affiliation, broad geographic area, country of control and industry sector. Details on travel, freight and shipping, government and other services are also shown, together with analytical text, definitions and sources.

A provincial summary of business services estimated according to province of activity appears for the first time, accompanied by an update of total business services by over 20 countries and world regions.

Highlights

- International service transactions produced a record deficit of $8.9 billion during 1990, $1.9 billion higher than in 1989.
- The largest contributing factor to the services deficit was travel, as Canadian spending abroad substantially outplaced spending by travellers coming to Canada. The travel deficit increased by $1.7 billion to $5.2 billion in 1990. The major part of the increase, some $1.6 billion, was with the United States.
- Business services transactions also gave rise to a large deficit, which at $3.2 billion was not far below that of $3.5 billion recorded in 1989.

For further information, order Canada's International Transactions in Services (catalogue number 67-203) or contact Balance of Payments Division at (613) 951-0702.

Income Estimates for Subprovincial Areas

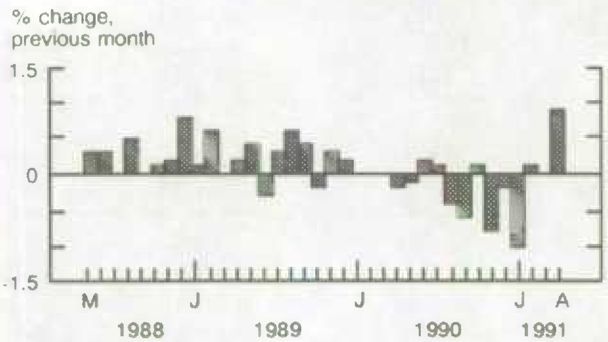
In 1989, 14 out of 25 Census metropolitan areas (CMA's) were above the Canadian average per-capita money income before tax of $18,649. Chicoutimi-Jonquière registered the lowest per-capita money income before tax at $15,622, slightly lower than St. John's at $15,701 and Toronto posted the highest at $23,986. Out of 25 CMA's, 15 provided more than average per-capita income tax, beginning with Toronto followed by Ottawa then Calgary.

The Canadian average of employment income as a share of money income was 71.3% and the corresponding median for counties or census divisions (CD's) was 67.8%. Dependence on government transfer payments remained heavy in the Atlantic provinces where the proportion of transfers relative to money income was 30% or more in 11 CD's. In the rest of Canada, there were 10 CD's with government transfers in excess of 30%. The Canadian proportion was 13.1%.

For further information order Income Estimates for Subprovincial Areas (catalogue number 13-216), or contact Labour and Household Surveys Analysis Division at (613) 951-6900.

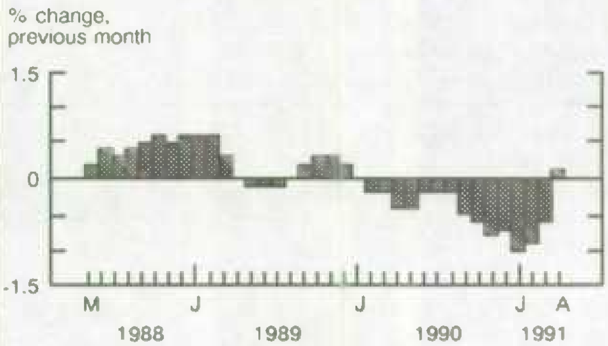
CURRENT TRENDS

Gross Domestic Product



Real GDP at factor cost climbed 0.9% in April, the largest increase since March 1988.

Composite Leading Indicator

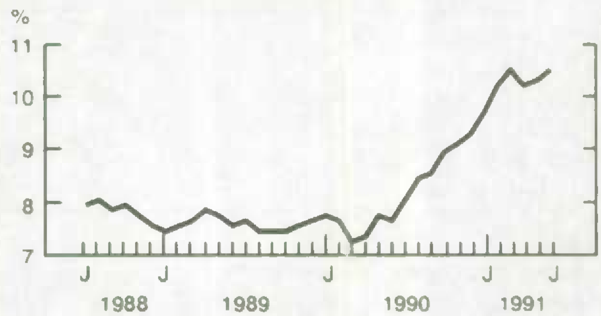


The Composite Leading Indicator rose 0.1% in April, the first advance in 15 months.

Consumer Price Index

In May, the Consumer Price Index year-over-year increase was down 0.1 percentage points to 6.2%.

Unemployment Rate



In June, the seasonally adjusted unemployment rate rose 0.2 percentage points to the March level of 10.5%.

Manufacturing

Shipments rose 2.2% in April and unfilled orders increased 1.4%, the first gain since August 1990.

Merchandise Trade

Total merchandise exports advanced 4.5% in April. Imports registered a 6.5% increase, following declines in March and February.

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

ST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product ($ billion, 1986)	April	502	0.9%	-1.8%
Composite Leading Indicator (1981 = 100)	April	136.5	0.1%	-5.7%
Profits of Industrial Corporations ($ billion)	1st Quarter	12.3	-15.9%	-28.9%
DOMESTIC DEMAND				
Retail Trade ($ billion)	April	14.9	0.4%	-6.4%
New Motor Vehicle Sales ('000 units)	May*	109.8	2.5%	0.4%
LABOUR				
Employment (millions)	June*	12.4	-0.1%	-2.0%
Unemployment Rate (%)	June*	10.5	0.2	2.9
Participation Rate (%)	June*	66.6	0.1	-0.3
Labour Income ($ billion)	April	31.1	0.1%	2.3%
Average Weekly Earnings ($)	April	535.06	0.5%	5.7%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	March	11.2	-0.2%	-9.9%
Merchandise Imports ($ billion)	March	10.0	-4.6%	-11.9%
Merchandise Trade Balance ($ billion)	March	1.2	0.5	0.1
MANUFACTURING				
Shipments ($ billion)	April	23.2	2.2%	-5.9%
New Orders ($ billion)	April	23.5	5.0%	-3.5%
Unfilled Orders ($ billion)	April	25.2	1.4%	-8.8%
Inventory/ Shipments Ratio	April	1.58	-0.06	0.01
Capacity Utilization (%)	1st Quarter	70.5	-4.3	-11.8
PRICES				
Consumer Price Index (1986 = 100)	May	126.1	0.5%	6.2%
Industrial Product Price Index (1986 = 100)	May	108.9	-0.3%	-0.6%
Raw Materials Price Index (1986 = 100)	May	104.4	-1.1%	-1.1%
New Housing Price Index (1986 = 100)	May*	131.2	0.8%	-9.9%

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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