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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, August 2, 1991

OVERVIEW

- **A Second Straight Strong Rise in Gross Domestic Product**

  Real Gross Domestic Product at factor cost registered a 0.6% advance in May following a 0.9% jump in April and a flat March.

- **Building Permits Continue to Advance**

  The value of building permits rose 1.1% in May; the increase was entirely attributable to the residential sector.

- **Growth in Average Weekly Earnings Still Strong**

  In May, average weekly earnings were estimated at $536.88, up 5.7% from the same period last year.

- **Improvement in Business Conditions Outlook**

  Canadian manufacturers' opinions concerning business conditions improved between the April and July 1991 surveys. However, the level of concern about the backlog of unfilled orders remained high.

- **IPPI Down for the Fifth Straight Month**

  The Industrial Product Price Index declined 0.2% in June, the fifth consecutive monthly drop. Of the 21 major groups of products, prices decreased in 12, increased in six and remained unchanged in three.

- **RMPI Continues Downward Trend**

  The Raw Materials Price Index fell 0.2% in June, the seventh straight monthly decrease. The decline was the result of lower prices for non-ferrous metals.

- **Farm Input Prices Decline**

  Following five consecutive increases, the Farm Input Price Index fell 1.5% in the second quarter. Of the seven major groups, four declined, while three rose.

A Second Straight Strong Rise in Gross Domestic Product

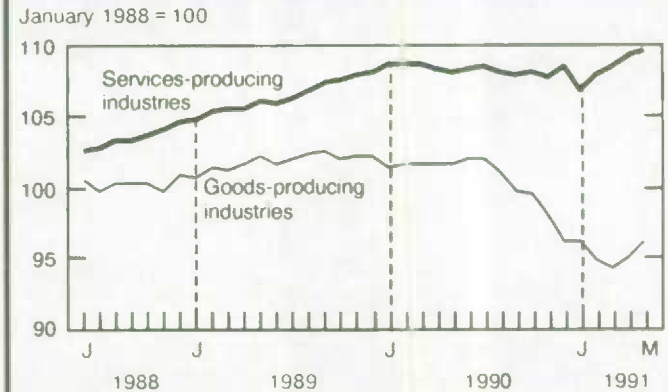
Real Gross Domestic product at factor cost recorded a 0.6% advance in May, after registering in April the largest increase since March 1988 (0.9%). Previously, real GDP had been declining since October 1990. Gains were recorded in both goods-producing and services-producing industries.

Goods production increased for the second straight month following nine consecutive monthly declines. But in spite of the 1.1% advance, output remained 5.6% below its year-earlier level. Manufacturing and construction accounted for over 80% of the gain by goods producers.

Growth in manufacturing output slowed to 1.1% in May from the 2.2% jump in April that followed eight straight monthly decreases. Gains were again widespread as 17 of the 21 major groups increased production. Following six consecutive monthly declines, construction output surged 1.8%, the largest increase since January 1990. Residential construction posted a 5.5% gain reflecting a renewed interest in housing markets.

(continued on page 2)

Output by Sector



... A Second Straight Strong Rise in Gross Domestic Product

In contrast, reduced activity on industrial and commercial projects accounted for most of a 3.7% decline in non-residential construction.

Services industries continued to recover; output was up 0.3% in May, the fourth consecutive monthly gain. Higher output in wholesale and retail trade and transportation and storage industries accounted for most of the increase.

Following gains in the three previous months, wholesale trade advanced a further 1.3% in May. Retail trade registered a 1.2% increase, but remained below its December 1990 level. After remaining unchanged in March and rising in April, output in the transportation and storage industry rose a further 1.3% in May. An increase posted in community, business and personal services contrasted with a decrease in the finance, insurance and real estate industry.

For further information, order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-9164. (See also "Current Trends" chart on page 6.)

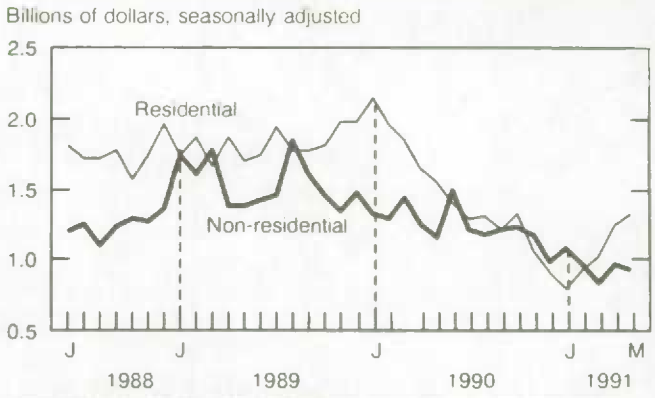
Building Permits Continue to Advance

Following a 20.0% gain in April, the largest registered since 1985, the value of building permits rose 1.1% in May to a level of $2,220 million. The increase was entirely attributable to the residential sector.

The value of residential building permits rose 6.1% in May to a level of $1,314 million, the fourth consecutive monthly increase. An 11.6% advance in the single-family dwelling sector was partly offset by a 6.1% drop in the multi-family dwelling sector. The total number of dwelling units authorized was down in May following three straight monthly increases.

In the non-residential sector, the value of building permits declined 5.2% to a level of $906 million after jumping 15.5% in April. Non-residential permits have been generally declining since August 1989. The value of permits in the commercial sector increased 15.6%, the second gain following large drops in March and February. After rising in April and March, the value of permits in the industrial sector fell 16.0% in May, returning to the declining trend begun in October 1990. The institutional sector registered a 34.3% drop, following an increase in April.

Building Permits



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

(continued on page 3)

PROVINCIAL PERSPECTIVES

Building Permits, May 1991 Unadjusted Data

Province/Territory	Total ($ millions)	Total % change, previous year	Residential ($ millions)	Residential % change, previous year	Non-residential ($ millions)	Non-residential % change, previous year
Canada	**3,007.1**	**-12.2**	**1,927.9**	**-8.0**	**1,079.2**	**-20.3**
Newfoundland	39.3	-8.0	30.4	9.9	8.9	-41.0
Prince Edward Island	18.1	-28.3	8.3	-16.4	9.8	-36.0
Nova Scotia	59.1	-25.1	48.2	-17.2	10.9	-47.3
New Brunswick	57.5	-5.4	37.7	-19.3	19.8	41.0
Quebec	665.5	-19.6	434.1	-12.2	231.3	-30.5
Ontario	1,203.5	-15.9	790.5	-7.9	413.0	-27.9
Manitoba	44.0	-60.9	32.5	-28.4	11.5	-82.9
Saskatchewan	26.8	-32.5	10.8	-26.6	16.0	-36.0
Alberta	265.1	-8.1	155.7	-20.5	109.5	18.2
British Columbia	616.6	21.4	373.9	17.9	242.7	27.3
Yukon	5.5	45.6	3.1	-0.9	2.4	280.9
Northwest Territories	6.1	4.6	2.6	-41.9	3.5	159.9

Growth in Average Weekly Earnings Still Strong

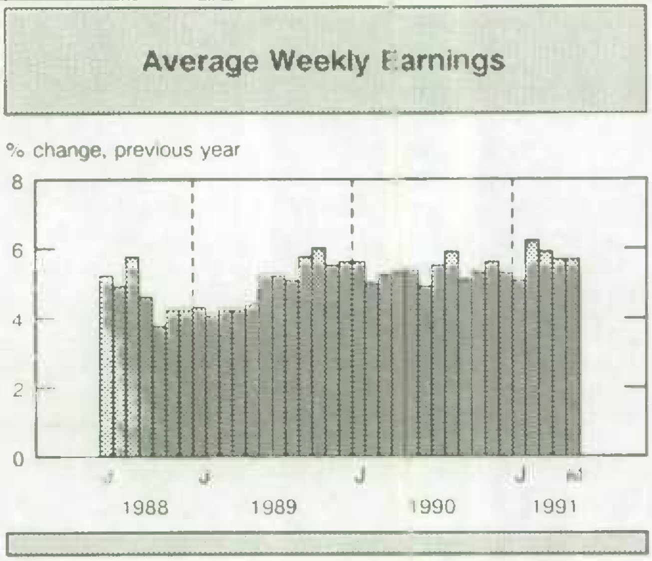
In May, average weekly earnings in Canadian industry were estimated at $536.88, a 5.7% increase over a year earlier. The yearly earnings growth rate was high relative to the average year-over-year gains for 1990 (5.3%) and 1989 (5.0%).

Earnings growth in goods-producing industries was 5.6% compared with annual growth rates of 5.8% in 1990 and 5.4% in 1989. For the third time in four months, the highest year-over-year increase was posted in the forestry industry. The 10.7% gain was well above the average annual growth rates for 1990 and 1989.

In services-producing industries, earnings growth was 6.4%, accelerating from average annual growth rates of 5.8% in 1990 and 4.8% in 1989. Contributing to this strength was high average earnings growth registered in transportation, communication and other utilities and non-commercial services.

In goods-producing industries, employees paid by the hour worked an average of 38.0 hours per week, lower than the average for May 1990 (38.2), and earned on average $16.02 per hour. In services-producing industries, hourly-paid employees worked on average 28.1 hours per week and earned $12.08.

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



Average Weekly Earnings, May 1991
Unadjusted Data

Province/Territory	Industrial Aggregate (dollars)	Year-over year % change
Canada	**536.88**	**5.7**
Newfoundland	507.64	5.9
Prince Edward Island	428.92	4.0
Nova Scotia	480.93	5.5
New Brunswick	485.21	6.3
Quebec	525.82	5.8
Ontario	561.00	5.9
Manitoba	478.01	3.4
Saskatchewan	464.95	4.8
Alberta	539.03	6.5
British Columbia	541.52	5.5
Yukon	627.39	3.9
Northwest Territories	729.80	6.3

Improvement in Business Conditions Outlook

Canadian manufacturers' opinions concerning business conditions improved between the April and July 1991 surveys. However, the level of concern about the backlog of unfilled orders remained high.

More than half of the manufacturers believed that production during the following three months would remain at its current level. The proportion of manufacturers who felt that upcoming production would be higher rose by one percentage point while the proportion who felt that production would be lower dropped 13 percentage points.

Unfilled orders are the stock of orders which will generate future shipments, assuming that orders are not cancelled. Of those surveyed, 57% responded that their backlog of unfilled orders was lower than normal, - four percentage points from April. The balance of opinion on unfilled orders (the difference between the "higher than normal" and the "lower than normal" answers) has remained negative since the second quarter of 1989.

The percentage of Canadian manufacturers who reported that finished product inventory levels were about right rose 13 percentage points to 69%. The proportion who felt that finished product inventory levels were too high dropped 13 percentage points to the lowest percentage in over a year.

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

IPPI Down for the Fifth Straight Month

In June, the Industrial Product Price Index (1986=100) edged down 0.2% to 108.6, the fifth consecutive monthly decline. Of the 21 major groups of products, prices decreased in 12, increased in six and remained unchanged in three.

A 4.8% drop in the prices of aluminum products and a 2.6% decline in the prices of copper and copper alloy products were mainly responsible for a 1.6% decrease in the primary metal products index. This was the ninth straight monthly decline in the index.

The paper and paper products index also recorded its ninth consecutive decrease, falling an estimated 0.8%. The decline was largely the result of a 2.1% drop in pulp prices which have been generally declining since February 1990. Lower prices were registered on both domestic and export markets.

A 1.5% drop in prices of industrial chemicals pushed down the chemicals and chemical products index 0.7%, the fifth monthly decline.

After having declined for nine consecutive months, the lumber, sawmill and other wood products index registered its fourth straight increase in June. The 3.3% advance was largely due to higher prices for softwood lumber, Douglas fir plywood, other softwood plywood and particleboard and waferboard.

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

RMPI Continues Downward Trend

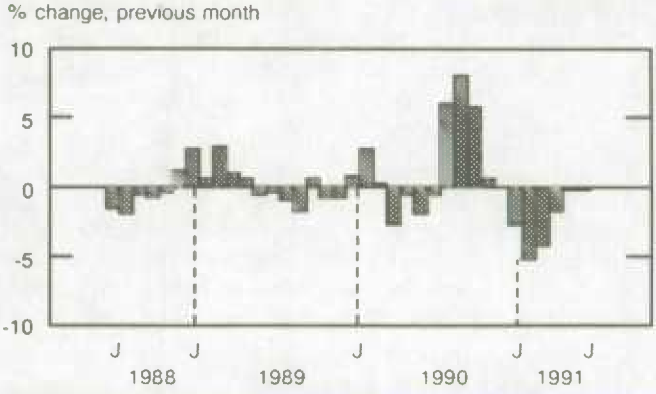
The Raw Materials Price Index (1986=100) fell 0.2% in June to 104.0, continuing the downward tendency noted since December 1990. The major contributor to this decrease was the non-ferrous metals component. Out of the RMPI's seven components, however, only three posted declines, three others rose and one remained unchanged.

Lower prices for aluminum materials and concentrates of copper resulted in a 2.0% drop in the non-ferrous metals index. This represents the ninth consecutive monthly decline in the index.

The vegetable products index was up 0.3% only the second increase in 13 months. Rises in the prices of fresh potatoes and unrefined sugar were offset by decreases in the prices of grains and oilseeds.

For a second straight month, the animal and animal products index was up in June (0.4%). Increases in the prices of hogs and fresh fish were partially offset by decreases in the prices of cattle.

Raw Materials Price Index



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

Farm Input Prices Decline

Following five consecutive increases, the Farm Input Price Index (1986=100) fell 1.5% in the second quarter, to a level of 110.0. Of the seven major groups which are updated quarterly, four declined while three rose.

The interest index had the largest impact on the total FIPI, declining by 7.3%. This was the second straight decline for interest costs, which had been rising since 1987.

The crop production index declined 4.4%, reflecting lower seed prices and sharply lower crop insurance costs.

The machinery and motor vehicles index registered a 2.0% decline, following two consecutive quarterly increases. Price decreases were recorded in all components of this group, most notably petroleum prices which fell 7.5%.

Higher prices for feeder cattle and feed, partially offset by lower prices for weanling pigs and chicks, pushed the animal production index up 1.0%.

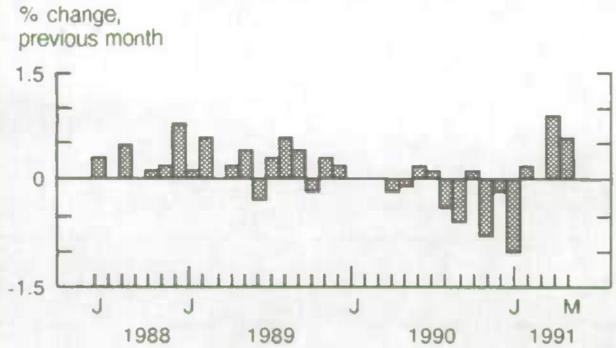
For further information, contact the Prices Division at (613) 951-9607.

PUBLICATIONS RELEASED FROM JULY 26 TO AUGUST 1st, 1991

Division/title	Period	Catalogue Number	Price: Issue/Subscription Canada ($Cdn.)	United States ($US)	Other Countries ($US)
EDUCATION, CULTURE AND TOURISM					
Travel-log	Summer 1991	87-003	10.50/42	12.50/50	14.75/59
INDUSTRY					
Asphalt Roofing	June 1991	45-001	5/50	6/60	7/70
Canned and Frozen Fruits and Vegetables – Monthly	May 1991	32-011	5/50	6/60	7/70
Crude Petroleum and Natural Gas Production	April 1991	26-006	10/100	12/120	14/140
Department Store Monthly Sales by Province and Metropolitan Area	April 1991	63-004	2.70/27	3.20/32	3.80/38
Gas Utilities	April 1991	55-002	12.70/127	15.20/152	17.80/178
New Motor Vehicle Sales	December 1990	63-007	14.40/144	17.30/173	20.20/202
Production and Inventories of Process Cheese and Instant Skim Milk Powder	June 1991	32-024	5/50	6/60	7/70
Production, Sales and Stocks of Major Appliances	June 1991	43-010	5/50	6/60	7/70
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies	May 1991	35-002	10/100	12/120	14/140
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	May 1991	35-003	7.10/71	8.50/85	9.90/99
Rigid Insulating Board (Wood Fibre Products)	June 1991	36-002	5/50	6/60	7/70
The Sugar Situation	June 1991	32-013	5/50	6/60	7/70
Transportation Equipment Industries	1988	42-251	35	42	49
INPUT-OUTPUT					
Aggregate Productivity Measures	1989	15-204E	40	48	56
INCOME AND EXPENDITURE ACCOUNTS					
National Income and Expenditure Accounts	Quarterly Estimates 1984 Q1 – 1991 Q1	13-001	20/80	24/96	28/112
PRICES					
Consumer Prices and Price Indexes	January-March 1991	62-010	18/72	21.50/86	25.25/101
TRANSPORTATION					
Railway Operating Statistics	March 1991	52-003	10.50/105	12.60/126	14.70/147

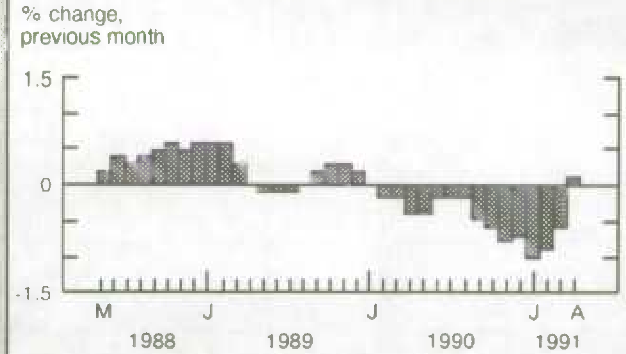
CURRENT TRENDS

Gross Domestic Product



Real GDP at factor cost rose 0.6% in May, the second consecutive increase

Composite Leading Indicator



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

Consumer Price Index

The CPI was up 0.5% in June as the food component climbed sharply due to a surge in fresh vegetable prices.

Unemployment Rate

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

Manufacturing

Shipments rose 0.9% in May, the third consecutive increase, while unfilled orders registered a 1.8% decline.

Merchandise Trade

Total merchandise exports fell 3.5% in May and imports dropped 6.2% to the lowest monthly total since July 1988.

Note: *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)	May*	506	0.6%	-1.0%
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)	May	15.2	1.5%	-4.1%
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 ($)	May*	536.88	0.3%	5.7%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	May	11.6	-3.5%	-7.2%
Merchandise Imports ($ billion)	May	10.4	-6.2%	-7.6%
Merchandise Trade Balance ($ billion)	May	1.2	0.3	0.05
MANUFACTURING				
Shipments ($ billion)	May	23.3	0.9%	-6.3%
New Orders ($ billion)	May	22.8	-2.3%	-7.5%
Unfilled Orders ($ billion)	May	24.7	-1.8%	-10.2%
Inventory/ Shipments Ratio	May	1.56	-0.03	0.01
Capacity Utilization (%)	1st Quarter	70.5	-4.3	-11.8
PRICES				
Consumer Price Index (1986 = 100)	June	126.7	0.5%	6.3%
Industrial Product Price Index (1986 = 100)	June*	108.6	-0.2%	-0.7%
Raw Materials Price Index (1986 = 100)	June*	104.0	-0.2%	0.4%
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.*

KEY RELEASE CALENDAR: August 1991*

Monday	Tuesday	Wednesday	Thursday	Friday
			1 Business Conditions Survey, July	2
5	6 Composite Leading Indicator, May	7 Help-wanted Index, July	8 Estimates of Labour Income, May	9 Labour Force Survey, July New Motor Vehicle Sales, June New Housing Price Index, June
12 Farm Product Price Index, June	13	14 International Travel, June Survey of Manufacturing, June	15	16 Preliminary Statement of International Trade, June Consumer Price Index, July
19	20	21	22 Retail Trade, June Farm Cash Receipts, January-June 1991	23 Wholesale Trade, June Department Store Sales and Stocks, June Field Crop reporting series: No 5 - Grain Stocks to July 31, International Travel Account, Q 2
26 International Transactions in Securities, June	27 Employment, Earnings and Hours, June	28 Unemployment Insurance Statistics, June Industrial Product Price Index, July Raw Materials Price Index, July	29 Building Permits, June	30 National Income and Expenditure Accounts, Q 2 Balance of International Payments, Q 2 Financial Flow Accounts, Q 2 Real Gross Domestic Product at Factor Cost by Industry, June

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

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A Weekly Review

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