



IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, November 8, 1991

OVERVIEW

■ Growth in Wages and Salaries

Seasonally adjusted wages and salaries rose 0.4% in August, following two months of slower growth.

■ Job Demand Resumes Fall

The Help-wanted Index continued to decline in October, falling two points. At 70, the index was at its lowest level since April 1984.

■ Leading Indicator Maintains Upward Trend

The composite leading indicator advanced 1.0% in August, the same rate of growth as in July, and the fifth consecutive monthly increase.

■ Farm Input Prices Decline

The Farm Input Price Index fell 1.7% in the third quarter, the second straight decline following five consecutive increases. Of the seven major groups, four declined, two advanced and one remained unchanged.

■ Manufacturers More Optimistic

Canadian manufacturers were more optimistic about the business conditions they expect in the fourth quarter of 1991 than in the third quarter.

■ Year-Over-Year Increase in CPI Expected to Decelerate

The Short-term Expectations Survey mean forecast of the year-over-year change in the Consumer Price Index for October is 5.2%, slightly lower than the 5.4% actual value registered for September.

This issue also contains information on the Large Company Capital Expenditures Survey and the Construction Union Wage Rate Index.

Growth in Wages and Salaries

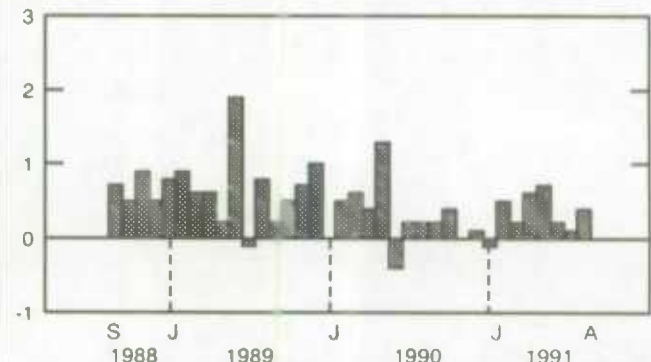
In August, seasonally adjusted wages and salaries rose 0.4% to a level of \$29.1 billion, compared to increases of 0.2% in June and 0.1% in July. Wages and salaries advanced 3.4% in August 1991 from August 1990.

Eleven of the 14 industry groups posted increases compared to seven in July. Wages and salaries in the trade industry posted a 0.9% rise, followed by local administration (0.8%), education and related services (0.7%), and manufacturing industries (0.6%). These gains were partly offset by decreases in other industries. Wages and salaries fell in mines, quarries and oil wells (-1.8%), construction (-0.5%), and in agriculture, fishing and trapping (-0.3%).

(continued on page 2)

Wages and Salaries

% change, previous month



... Growth of Wages and Salaries

In August, the largest monthly increase in wages and salaries was posted in Saskatchewan, followed by Newfoundland and Ontario. Declines were noted in Alberta, Prince Edward Island and Nova Scotia.

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

Wages and Salaries, August 1991

Seasonally Adjusted

Province	Wages and Salaries (millions of \$)	% change, previous month	% change, previous year
Canada	29,146	0.4	3.4
Newfoundland	392	1.0	3.3
Prince Edward Island	88	-1.0	1.9
Nova Scotia	720	-0.2	1.2
New Brunswick	582	0.4	5.2
Quebec	6,534	0.0	2.5
Ontario	12,756	0.8	3.6
Manitoba	914	0.3	-0.5
Saskatchewan	719	1.3	2.0
Alberta	2,772	-0.6	3.8
British Columbia	3,451	0.3	3.8

Job Demand Resumes Fall

The Help-wanted Index for Canada (1981 = 100) fell two points in October to 70, its lowest level since April 1984. In 1991, the index stabilized at 75 in the second quarter but decreased at the end of the third quarter, from 77 in August to 72 in September. The index, an early indicator of labour demand, tracks the number of help-wanted ads in newspapers in 20 major metropolitan areas.

British Columbia posted the largest decrease at 11.1%. The index fell to 72, its lowest level since March 1987. In the Atlantic provinces, the index

Help-wanted Index (1981 = 100)

Seasonally Adjusted - October, 1991

	Index	% change, previous month	% change, previous year
Canada	70	-2.8	-25.5
Atlantic	106	-2.8	-23.2
Quebec	82	0.0	-24.8
Ontario	66	-1.5	-24.1
Prairies	49	4.3	-31.0
British Columbia	72	-11.1	-25.8

Leading Indicator Maintains Upward Trend

The composite leading indicator rose by 1.0% in August, the fifth consecutive monthly increase after 14 declines, with all 10 components up for the second month in a row. Household spending slowed as employment weakened and as strikes intensified later in the month. However, manufacturing demand firmed as exports increased.

Help-wanted Index, Canada



registered a 2.8% decline, the second consecutive monthly drop, and Ontario's index was down 1.5%.

The Prairies posted a gain of 4.3%, the second in three months, while Quebec's index remained unchanged at 82.

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

The housing index rose 3.1% in August, only half of July's 6.1% increase, as housing starts fell and sales of existing homes dropped sharply. Furniture and appliance sales rose for the second consecutive month, up 0.4%. The growth of other durable goods sales slowed from 1.2% in July to 0.4% in August, due to a drop in car purchases following the expiry of rebates in July and the introduction of the "gas guzzler" tax in Ontario.

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... Leading Indicator Maintains Upward Trend

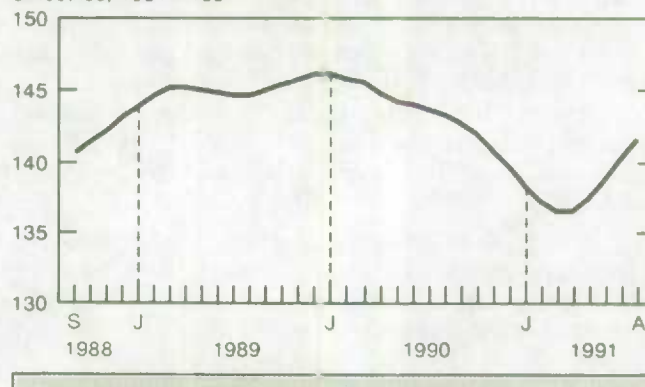
After slackening in July (+1.2%), new orders for durable goods picked up again in August (+1.8%), posting the strongest increase since early in 1988. Increases spread from the construction and motor vehicle industries to industries related to business investment both in Canada and abroad.

The Toronto stock exchange index rose 0.8% in August, while the real money supply edged up 0.1%. The financial market indicators had recorded gains of 1.2% and 0.1%, respectively, in July. The U.S. leading indicator stopped its recent acceleration, gaining 0.7% in both July and August.

For further information, order the *Canadian Economic Observer* (catalogue number 11-010), or contact Current Economic Analysis Division at (613) 951-3627. (See also "Current Trends" chart on page 7.)

Composite Leading Indicator

Smoothed, 1981 = 100



Farm Input Prices Decline

The Farm Input Price Index (FIPI) (1986=100) fell 1.7% in the third quarter, to a level of 107.9. This was the second consecutive decline following five straight increases. Of the seven major groups, four declined, two advanced and one remained unchanged.

The animal production group index had the largest impact on the total FIPI, declining by 3.3%. Lower prices for feeder cattle (-3.8%), weanling pigs (-4.2%) and feed (-3.2%) were responsible for the decline.

The interest index fell 6.3% compared to the second quarter as the non-mortgage component declined by 9.2%.

The machinery and motor vehicles index was down 0.6%. Price decreases were recorded for the machinery and motor vehicle operation component (-1.3%).

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

Manufacturers More Optimistic

Canadian manufacturers were more optimistic about the business conditions they expect in the fourth quarter of 1991 than in the third quarter. There was a sharp decline in pessimism about the backlog of unfilled orders and declining concern for levels of orders received. Shortages of working capital and other difficulties were cited as the main sources of production difficulties.

Canadian manufacturers' balance of opinion concerning the backlog of unfilled orders registered a 20-point improvement in October, the greatest single quarter-to-quarter improvement since a 21-point increase in the second quarter of 1983.

The proportion of manufacturers reporting rising levels of new orders increased to 20% in the fourth quarter from 13% in the preceding quarter.

The proportion reporting declining levels edged down to 26% from 27% in the third quarter. The largest percentage of manufacturers thought their levels of new orders were about the same.

There was little change in the proportion of manufacturers expecting higher production levels from the third quarter, while the proportion expecting production to remain about the same dropped to 45%.

More than half of manufacturers thought their levels of finished product inventory were about right while the proportion believing their inventory levels were too low increased to 11%.

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

Year-Over-Year Increase in CPI Expected to Decelerate

Since April 1990, Statistics Canada has been canvassing a small number of economists for their monthly forecasts of the year-over-year change in the Consumer Price Index, the unemployment rate, the nominal merchandise exports and imports (replacing the trade balance) and the monthly change in the Gross Domestic Product. On average, 24 economists have participated in the survey each month.

The mean forecast of the year-over-year increase in the CPI for October is 5.2%, with minimum and maximum values of 4.6% and 5.8%, respectively. In September, the mean forecast was overestimated by 0.3%.

The unemployment rate is expected to be between 10.0% and 10.6% in October, with a mean forecast of 10.3%. Last month, a mean forecast of 10.5% overestimated the actual figure by 0.3%.

The survey showed \$12.2 billion as the mean forecast for merchandise exports in September, with minimum and maximum values of \$11.5 billion and \$12.6 billion. For imports, the forecast for the same period was \$11.3 billion with minimum and maximum values of \$11.0 billion and \$11.6 billion, respectively.

Gross Domestic Product was forecast to have increased by 0.2% between August and September, with minimum and maximum rates of -0.2% and 0.5%. In August, the mean forecast was 0.2% and the actual change was -0.3%.

For further information contact Diane Lachapelle at (613) 951-0568.

Large Company Capital Expenditures Survey

This annual survey of capital expenditures conducted by Statistics Canada covers the 300 largest corporations (based on the value of their fixed assets), which account for approximately 50% 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 5.1% to \$43.4 billion in current dollars in 1992, but to decline by about 3.7% to \$41.8 billion in 1993.
- For 1992, the largest contribution is expected to come from energy industries. Growth is also reported for machinery and equipment manufacturers, transportation services and

communications. These increases are only partly offset by decreases in construction and related activities and consumer goods and services.

- On average, firms in the survey anticipated an inflation factor of 4.0% in both 1992 and 1993. After adjusting for the anticipated price change, real growth in investment is expected to be about 1.0% in 1992 while the real decline for 1993 would be about 7.4%.
- Firms which reported net investment outside Canada indicate that their planned level of spending abroad will be \$3.4 billion in 1991, \$3.5 billion in 1992 and \$3.4 billion in 1993.

For further information contact Investment and Capital Stock Division at (613) 951-0655.

Construction Union Wage Rate Index Unchanged in September

Construction union wage rate indexes measure changes over time in the collective agreement rates for 16 trades engaged in building construction in 22 metropolitan areas. Two rates are indexed: basic rates, indicating the straight-time hourly compensation and basic rates including supplements such as vacation pay, statutory holiday pay, and employer's contributions to pension plans, health and welfare plans, industry promotion and training funds.

Construction Union Wage Rates

Basic rate including supplements - September 1991

	Carpenters	Electricians	Plumbers
	(in dollars)		
St. John's	19.74	23.36	23.59
Halifax	22.79	27.50	27.49
Saint John	22.77	27.06	25.19
Montreal	24.41	25.61	25.53
Ottawa	29.26	31.59	31.31
Toronto	31.74	32.11	32.98
Thunder Bay	29.36	30.93	31.07
Winnipeg	23.10	27.40	27.74
Regina	20.85	22.62	22.54
Edmonton	23.91	22.34	25.66
Vancouver	28.14	29.06	29.14

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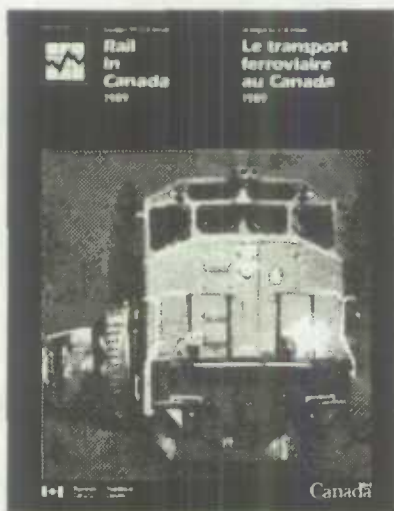
... Construction Union Wage Rate Index Unchanged in September

In September, the construction union wage rate index (including supplements) remained at August's level of 123.1. The index has maintained this level since May, following a 2.6% rise from April. On a year-over-year basis, the index increased by 2.8% from a level of 119.7 to 123.1.

Toronto, Thunder Bay and Ottawa hold the highest average hourly rates for electricians, plumbers and carpenters, followed closely by Vancouver, while Regina and St. John's have the lowest rates for these trades. (See accompanying table.)

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

NEW FROM STATISTICS CANADA



Rail in Canada 1989

This annual publication provides information relating to the size and structure of the Canadian railway transportation industry. Informative graphs, charts and tables help highlight trends in freight tonnage carried, freight transfers, commodities hauled, passengers transported and origin and destination of cargo movements.

In addition to freight traffic operations, the publication's coverage includes total revenue and expenses, subsidies, assets and employment in the railway industry.

In 1989, the rail industry generated \$7.4 billion in total operating revenues, and transported about 247 million tonnes of freight and 31 million passengers. It provided employment to some 75,000 employees.

Rail in Canada, 1989 (52-216, \$45) is now available.

For further information on this release, contact Yasmin Sheikh (613-951-2518), Transportation Division.

PUBLICATIONS RELEASED FROM NOVEMBER 1 TO 7, 1991

Division/title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
AGRICULTURE					
Fruit and Vegetable Production	October 1991	22-003	18/72	21.50/86	25.25/101
BALANCE OF PAYMENTS					
Canada's International Transactions in Securities	August 1991	67-002	15.80/158	19/190	22.10/221
EDUCATION, CULTURE AND TOURISM					
Touriscope - International Travel	August 1991	66-001P	6.10/61	7.30/73	8.50/85
INDUSTRY					
Asphalt Roofing	September 1991	45-001	5/50	6/60	7/70
Chemical and Chemical Products Industries	1988	46-250	35	42	49
Department Store Monthly Sales by Province and Metropolitan Area	August 1991	63-004	2.70/27	3.20/32	3.80/38
Gypsum Products	September 1991	44-003	5/50	6/60	7/70
Mineral Wool Including Fibrous Glass Insulation	September 1991	44-004	5/50	6/60	7/70
Other Manufacturing Industries	1988	47-250	35	42	49
Primary Iron and Steel	August 1991	41-001	5/50	6/60	7/70
Primary Metal Industries	1988	41-250	35	42	49
Production and Inventories of Process Cheese and Instant Skim Milk Powder	September 1991	32-024	5/50	6/60	7/70
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	August 1991	35-003	7.10/71	8.50/85	9.90/99
Refined Petroleum and Coal Products Industries	1988	45-250	35	42	49
Refined Petroleum Products	July 1991	45-004	18.20/182	21.80/218	25.50/255
Rigid Insulating Board	September 1991	36-002	5/50	6/60	7/70
The Sugar Situation	September 1991	32-013	5/50	6/60	7/70
INDUSTRY MEASURES AND ANALYSIS					
Provincial Gross Domestic Product by Industry	1984-1990	15-203	35	42	49
INTERNATIONAL TRADE					
Summary of Canadian International Trade	August 1991	65-001	18.20/182	21.80/218	25.50/255
LABOUR					
Estimates of Labour Income	April-June 1991	72-005	22.50/90	27/108	31.50/126
PRICES					
Industry Price Indexes	August 1991	62-011	18.20/182	21.80/218	25.50/255
SERVICES, SCIENCE AND TECHNOLOGY					
Restaurant, Caterer and Tavern Statistics	June 1991	63-011	6.10/61	7.30/73	8.50/85
Communications Service Bulletin, Telephone Statistics	1990	56-002	8.30/83	10/100	11.60/116
TRANSPORTATION					
Rail in Canada	1989	52-216	45	54	63
Railway Carloadings	August 1991	52-001	8.30/83	10/100	11.60/116

CURRENT TRENDS

Gross Domestic Product

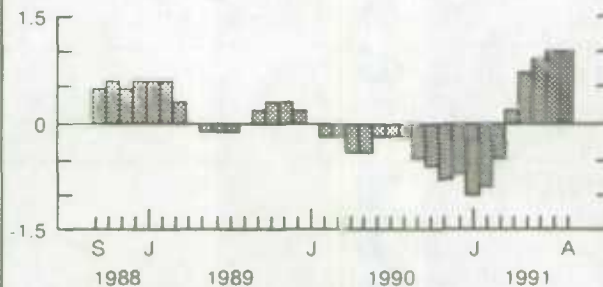
% change,
previous month



GDP at factor cost fell 0.3% in August. Service-producing industries posted a 0.5% decrease but goods-producing industries remained at July's level.

Composite Leading Indicator

% change,
previous month



The composite leading indicator advanced 1.0% in August, the same rate of growth as in July, and the fifth consecutive monthly increase.

Consumer Price Index

% change,
previous year



The all-items CPI fell 0.2% in September, posting the largest month-to-month drop in almost nine years and the food index declined 1.3% between August and September.

Unemployment Rate

%



The unemployment rate fell 0.4 points to 10.2 in September, returning to the level observed in April.

Manufacturing

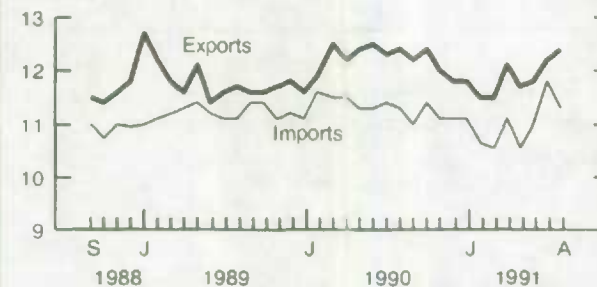
Billions
of dollars



Shipments rose 1.2% to \$23.6 billion in August but unfilled orders continued to fall.

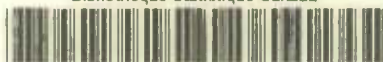
Merchandise Trade

Billions
of dollars



Exports grew to \$12.4 billion in August while imports fell to \$11.3 billion, pushing the trade balance up to \$1.1 billion.

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



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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1986)	August	503	-0.3%	-0.9%
Composite Leading Indicator (1981 = 100)	August*	141.5	1.0%	-1.3%
Profits of Industrial Corporations (\$ billion)	2nd Quarter	11.8	0.0%	-26.7%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	August	14.9	-1.3%	-6.8%
New Motor Vehicle Sales ('000 units)	August	103.7	-11.9%	-6.3%
LABOUR				
Employment (millions)	September	12.4	0.2%	-1.7%
Unemployment Rate (%)	September	10.2	-0.4	1.7
Participation Rate (%)	September	66.2	-0.3	-1.3
Labour Income (\$ billion)	August*	32.5	0.2%	3.8%
Average Weekly Earnings (\$)	August	546.86	0.5%	5.4%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	August	12.4	2.1%	0.1%
Merchandise Imports (\$ billion)	August	11.3	-3.6%	0.0%
Merchandise Trade Balance (\$ billion)	August	1.1	0.68	0.01
MANUFACTURING				
Shipments (\$ billion)	August	23.6	1.2%	-3.7%
New Orders (\$ billion)	August	23.4	2.7%	-4.6%
Unfilled Orders (\$ billion)	August	24.0	-0.8%	-12.3%
Inventory/ Shipments Ratio	August	1.49	-0.03	-0.05
Capacity Utilization (%)	2nd Quarter	71.3	1.2	-5.6
PRICES				
Consumer Price Index (1986 = 100)	September	126.7	-0.2%	5.4%
Industrial Product Price Index (1986 = 100)	September	107.6	-0.2%	-2.4%
Raw Materials Price Index (1986 = 100)	September	102.7	-0.9%	-13.0%
New Housing Price Index (1986 = 100)	August	134.4	-0.2%	-6.1%

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

* New this week.

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