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I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, September 4, 1992

OVERVIEW

- **Help-wanted Index Returns to Eight-year Low**
  In August, the Help-wanted Index for Canada (1981 = 100) returned to an eight-year low of 62.

- **Economy Moves Ahead Slowly**
  Gross domestic product at 1986 prices expanded 0.2% in the second quarter of 1992, similar to the first quarter's growth of 0.3%.

- **Monthly Growth of GDP Resumes**
  Gross domestic product at factor cost crawled up 0.2% in June, following a marginal decline in May and a flat April.

- **Leading Indicator Maintains Slower Growth**
  Growth in the composite leading indicator rose from 0.1% in May to 0.2% in June.

- **Travel Account Deficit Enlarges**
  Canada's travel account (adjusted for seasonal variations) recorded a deficit of $1.9 billion during the second quarter of 1992, up 18.0% from a year earlier.

- **Funds Raised by Domestic Non-financial Sectors Double**
  Funds raised by domestic non-financial sectors totalled $113 billion at annual rates in the second quarter of 1992, almost double the amount raised in the previous quarter ($70 billion).

- **Current Account Deficit Increases**
  Canada's seasonally adjusted current account deficit rose to $7.5 billion in the second quarter of 1992, up slightly from the first quarter.

This issue also includes information on **construction activity** and on **operating profits of Canadian enterprises**.

Help-wanted Index Returns to Eight-year Low

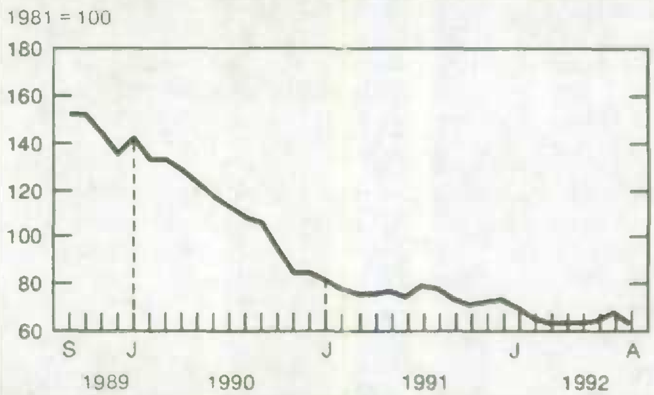
In August, the Help-wanted Index for Canada (1981 = 100), which serves as an early indicator of the demand for labour, fell five points to 62. This is a return to the level recorded from March to May. The index had recovered slightly in June and July, advancing to 63 and to 67, respectively.

In the regions, steep declines occurred in Québec (to 69 from 80) and in Ontario (to 59 from 64). The index for British Columbia slipped one point. In the Prairies, the index advanced two points, to 44, and it remained unchanged at 90 in the Atlantic provinces.

On a year-over-year basis, the Help-wanted Index continued to be lower in all regions, falling 22% in the Atlantic provinces, 20% in Ontario, 19% in the Prairie provinces, 17% in Québec, and 15% in British Columbia.

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

Help-wanted Index, Canada



Economy Moves Ahead Slowly

Gross domestic product at 1986 prices expanded 0.2% in the second quarter of 1992, similar to the first quarter's growth of 0.3%. The modest second quarter expansion was attributable to higher exports, which rose 1.1%, and to an accumulation of wholesalers' stocks.

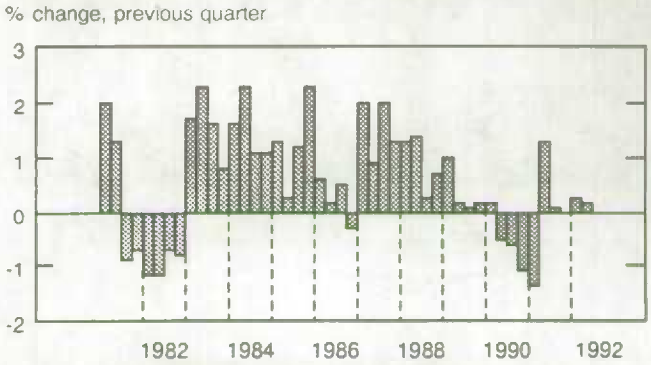
Consumer spending edged up 0.4% in the second quarter after remaining essentially unchanged in the previous three quarters, although purchases of durable goods decreased. Residential construction increased 1.6% following a similar decrease in the first quarter, and reflected the affordability of housing due to lower mortgage interest rates, land prices and building costs.

Business investment spending on plant and equipment, which fell 3.1%, was the main weak spot in final demand. For the first half of 1992, spending in current dollars was 4.3% lower than in the corresponding period in 1991.

Wages, salary and supplementary labour income grew 0.7% in the quarter. The increase in labour income occurred mostly in the services-producing industries, notably in health and welfare, finance, education, provincial administration, commercial services, trade and transportation.

Corporation profits before taxes rose 5.1% in the second quarter following a 10.6% jump in the first quarter, while operating profits of incorporated Canadian enterprises fell.

GDP at 1986 Prices



Personal income was up 0.7% in the quarter, reflecting the advance in labour income and a 2.7% increase in government transfer payments. Disposable (after-tax) income jumped 1.1% as personal income tax payments fell sharply.

For further information, order National Income and Expenditure Accounts (catalogue number 13-001) or contact National Accounts and Environment Division at (613) 951-1799.

Monthly Growth of GDP Resumes

Following a 0.1% decrease in May and a flat April, gross domestic product at factor cost advanced 0.2% in June and output was 0.5% above the level of a year earlier. A 0.3% gain in services output accounted for all of the increase.

Most of the advance (60%) in the service-producing industries came from wholesale trade and finance, insurance and real estate. Wholesalers reported a 1.3% increase in June, their fourth straight monthly gain and finance, insurance and real estate output advanced 0.3% after rising 0.4% in May.

Retailers registered a 0.8% rise in June following similar declines and increases over the previous three months; sales in June were about the same level as in February. Community, business and personal services output rose for the sixth straight month, this time by 0.2%, and communication services output crept up 0.1%. Transportation and storage output fell a further 0.1% in June after a 0.7% decline in May.

Production of goods was unchanged as an increase in manufacturing activity was offset by cutbacks by other good-producers. Manufacturers boosted output by 0.6% following a 0.3% cutback in May; the advance occurred despite a strike by pulp workers in British Columbia, which curtailed pulp and paper production by 7.7%. Mining output plunged 0.9% in June after a 0.5% drop in May, and construction output fell 0.6% as both residential and non-residential building construction lost ground.

Gross Domestic Product Output by Sector

For further information, order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-9145. (See also "Current Trends" chart on page 8)

Leading Indicator Maintains Slower Growth

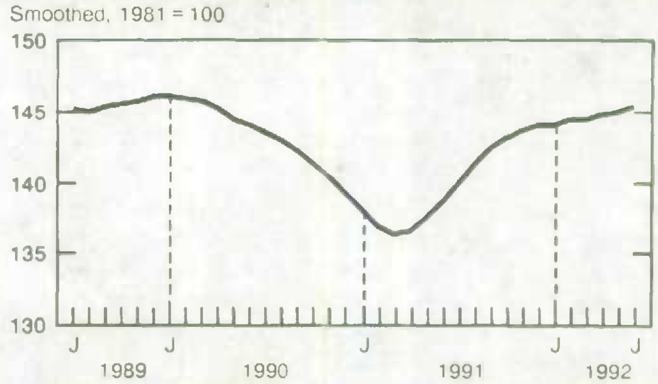
The composite leading indicator rose by 0.2% in June following revised monthly gains of 0.1% or 0.2% since January. Of the 10 leading indicators, three fell, one less than in May, while five increased and two remained unchanged.

Household demand picked up in June. The housing index continued to post modest gains, increasing 1.4%, led by housing starts. Furniture and appliance sales also rose steadily, but at a slower rate: from 0.7% in April, to 0.2% in May and to 0.1% in June. Sales of other durable goods fell only marginally (-0.1%) compared to recent months, while firming demand for personal services led to a smaller decline in services employment.

As manufacturing demand recovered from declines, new orders for durable goods stabilized in June as demand firmed in most major industry groups. The average workweek remained unchanged, as it has since February, as firms have been cautious about boosting production.

The stock market fell another 0.8% in June, its fourth straight drop, and the money supply grew again by 0.1%. The U.S. leading indicator recorded its fourth consecutive increase of 0.4% in June.

Composite Leading Indicator



For further information, order Canadian Economic Observer (catalogue number 11-010) or contact Current Economic Analysis Division at (613) 951-3627. (See also "Current Trends" chart on page 8)

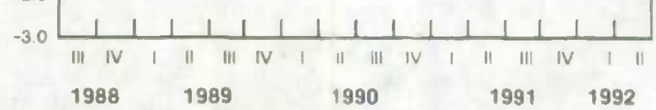
Travel Account Deficit Enlarges

Adjusted for seasonal variations, Canada's travel account recorded a deficit of $1.9 billion during the second quarter of 1992, an increase of 1.5% compared to the deficit attained in the first quarter and a hike of 18.0% from a year earlier. Again, Canadian travellers spent nearly twice as much abroad ($4.0 billion) as foreign travellers disbursed in Canada ($2.1 billion).

Spending by Canadians in the United States dropped 1.7% from the previous quarter to $2.7 billion. This represents the second consecutive quarterly decrease. The decrease outweighed a 2.3% rise in spending in countries other than the United States, which advanced to $1.3 billion.

At $1.2 billion, receipts from the United States were up 0.6%, a smaller increase than the 5.4% rise recorded in the first quarter, but spending by visitors from all other countries fell 5.3% to $913 million.

Travel Account Balance



For further information, order Travel Between Canada and Other Countries (catalogue number 66-001) or contact Education, Culture and Tourism Division at (613) 951-1791.

Funds Raised by Domestic Non-financial Sectors Double

Funds raised on credit and equity markets by domestic non-financial sectors skyrocketed, rising 62% to $113 billion at annual rates in the second quarter of 1992. Greater borrowing by governments accounted for almost two-thirds of the total funds raised, while the demand for funds in the private sector continued to be quite soft.

Borrowing by the federal government was up 10.8%, reaching $29 billion, in line with an increase in the deficit, while demand for funds by other levels of government was approximately four times greater than that of the first three months of the year (to $43 billion from $11 billion).

Non-financial private corporations reduced their credit market debt by $400 million in the first quarter but increased their demand for funds in the second quarter by $18 billion.

Non-financial government enterprises decreased their borrowing for the quarter (to $6 billion), after a strong first quarter ($10 billion).

Non-residents supplied approximately one-third of total funds raised by domestic non-financial sectors in credit markets. Acquisitions of Canadian bonds and short-term paper totalled almost twice their amount of the first quarter.

For further information, order Financial Flow Accounts (catalogue number 13-014) or contact National Accounts and Environment Division at (613) 951-1804.

Current Account Deficit Increases

Canada's seasonally adjusted current account deficit rose to $7.5 billion in the second quarter of 1992, exceeding by $0.4 billion the deficit recorded in the first quarter.

As both exports and imports increased significantly, the merchandise trade surplus remained relatively high ($1.8 billion). Merchandise exports rose by 2.5% to $38.2 billion while imports of merchandise climbed 3.1% to $36.4 billion. The quarterly travel deficit continued at $1.9 billion, compared to the record $2.3 billion recorded in the fourth quarter of 1991.

The capital account, which is not seasonally adjusted, showed that non-residents invested a record net $9.4 billion in Canadian bonds, two-thirds in net new issues and the balance in outstanding bonds.

For further information order Canada's Balance of International Payments (catalogue number 67-001) or contact Balance of Payments Division at (613) 951-9055.

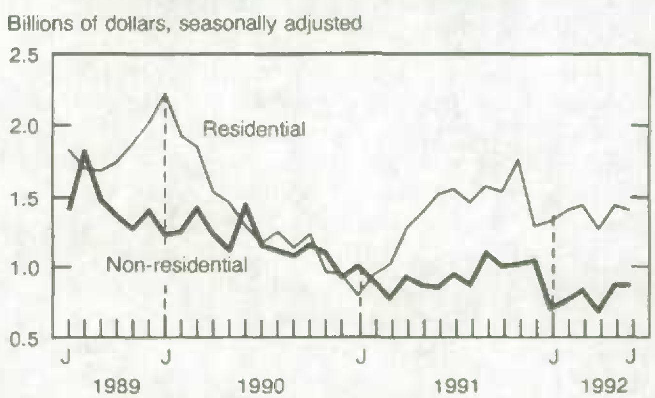
Fluctuating Outlook for Construction Activity

The seasonally adjusted value of all types of building permits issued across Canada declined 1.8% in June to $2,355 million. This followed May's increase of 17.4%, the largest seen in 13 months, and April's 13.4% drop. However, the current year's total for the first six months outstripped last year's figure by 5.8%.

Residential building permits fell for the second time this year, declining by 2.4% in June to $1,442 million. Building permits decreased 9.5% in the multi-family sector but managed to improve 0.9% in the single-family dwelling sector. Among the five regions of the country, the value of residential building permits fell in all except Ontario, where they increased by 4.4%.

The advance estimate for July, which entails revision to values for all previous months including June, indicated that the value of residential building permits was down in July too, by 5.5%.

Building Permits



(continued on page 5)

... Fluctuating Outlook for Construction Activity

In the non-residential sector, building permits decreased 0.9% in June to $913 million. Most of the downturn was accounted for by the 13.8% decrease in the commercial projects sector, as building permits increased 20.8% in the institutional sector, and by 6.1% in the industrial sector.

The only regions to post increases in total planned non-residential construction were Ontario, up 4.8%, and the Prairies, up 43.8%. Ontario showed particularly strong readings in the institutional project sector (+22.0%), while the Prairies showed double-digit increases in all three components of non-residential construction.

For further information, order Building Permits (catalogue number 64-001) or contact Investment and Capital Stock Division at (613) 951-2025.

Profits Down Sharply in Financial Sector but Up in Non-financial Industries

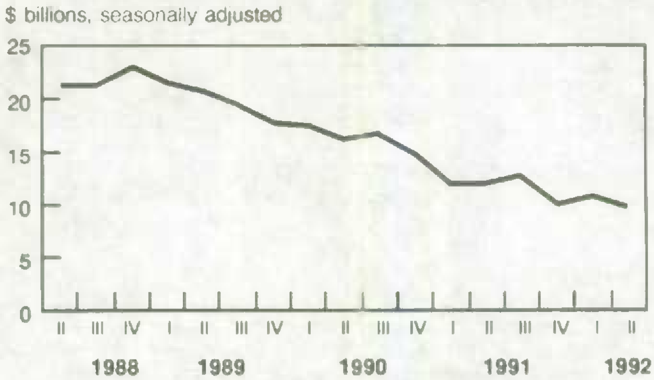
In the second quarter of 1992, seasonally adjusted operating profits of Canadian enterprises decreased to $9.7 billion from $10.6 billion in the first quarter. This 8.5% quarterly decline offset the 7.5% increase in the first quarter of 1992. In 1991, profits fell 21% in the fourth quarter after a 6% rise in the third quarter. On a year-over-year basis, operating profits were 17.8% below the level in the second quarter of 1991.

The overall decline in second quarter profits resulted from a fall of 50% in the financial industries - from $3.2 billion in the first quarter to $1.6 billion in the second quarter. Financial industry profits have now declined for two consecutive quarters, and profit levels have been reduced to less than half of their 1991 average. This decline was not fully offset by a $0.7 billion rise in the profits of non-financial industries.

Chartered banks and mortgage companies dominated the profit slide, falling to an operating loss of $0.5 billion. Large loan loss provisions for non-performing loans accounted for the decrease in operating profits. Property and casualty insurers' operating profits decreased $14 million to $377 million after an increase of $77 million in the previous quarter. Trust companies recorded operating profits of $32 million, down from $114 million in the first quarter of 1992.

Following a $1.3 billion increase in the first quarter, operating profits of the non-financial industries rose $680 million to $8.2 billion in the second quarter of 1992. Advances in operating profits have been registered in four of the last five quarters; the one decrease during the period was largely due to write-offs and high costs associated with the restructuring of operations.

Financial and Non-financial Enterprises Quarterly Operating Profits



In the second quarter, profits were up in 11 of the 22 industries, with the largest increases in petroleum and natural gas (to $1.2 billion from $0.9 billion), and consumer goods and services (to $160 million from a loss of $205 million). The steepest decline was recorded in the beverages and tobacco industry (to $484 million from $660 million).

For further information order Quarterly Financial Statistics for Enterprises (catalogue number 61-008) or contact Industrial Organization and Finance Division at (613) 951-9843.

PUBLICATIONS RELEASED FROM AUG. 28 TO SEPT. 3, 1992

Division/title	Period	Catalogue Number	Price: Issue/Subscription Canada ($Cdn.)	United States ($US)	Other Countries ($US)
AGRICULTURE					
Cereals and Oilseeds Review	June 1992	22-007	13.80/138	16.60/166	19.30/193
Field Crop Reporting Series No. 5 – Stocks of Canadian Grain at July 31		22-002	12/80	14/96	16/112
Fruit and Vegetable Production	August 1992	22-003	18/72	21.50/86	25.25/101
EDUCATION, CULTURE AND TOURISM					
Advance Statistics of Education	1992-93	81-220	22	26	31
HOUSING, FAMILY AND SOCIAL STATISTICS					
General Social Survey Analysis Series, No. 7: Human Resource Challenges of Education, Computers and Retirement		11-612E	40	48	56
INCOME AND EXPENDITURE ACCOUNTS					
National Income and Expenditure Accounts	Annual Estimates 1980-1991	13-201	39	47	55
INDUSTRY					
Construction Type Plywood	June 1992	35-001	5/50	6/60	7/70
Crude Petroleum and Natural Gas Production	May 1992	26-006	10/100	12/120	14/140
Electric Power Statistics	June 1992	57-001	10/100	12/120	14/140
Non-metal Mines	1990	26-224	22	26	31
Production and Inventories of Process Cheese and Instant Skim Milk Powder	July 1992	32-024	5/50	6/60	7/70
Production and Stocks of Tea, Coffee and Cocoa	Quarter Ended June 1992	32-025	6.75/27	8/32	9.50/38
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, (Excluding Newfoundland and Prince Edward Island)	June 1992	35-002	10/100	12/120	14/140
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	June 1992	35-003	7.10/71	8.50/85	9.90/99
Quarries and Sand Pits	1990	26-225	22	26	31
Quarterly Shipments of Office Furniture Products	Quarter Ended June 30, 1992	35-006	6.75/27	8/32	9.50/38
The Sugar Situation	July 1992	32-013	5/50	6/60	7/70
Wholesale Trade	June 1992	63-008	14.40/144	17.30/173	20.20/202
INTERNATIONAL TRADE					
Summary of Canadian International Trade	June 1992	65-001	18.20/182	21.80/218	25.50/255
LABOUR					
Quarterly Estimates of Trusteed Pension Funds	First Quarter 1992	74-001	11/44	13.25/53	15.50/62
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS					
Perspectives on Labour and Income	Autumn 1992	75-001E	13.25/53	16/64	18.50/74
SERVICES, SCIENCE AND TECHNOLOGY					
Telephone Statistics	June 1992	56-002	8.30/83	10/100	11.60/116
TRANSPORTATION					
Air Passenger Origin and Destination, Canada – United States Report	1991	51-205	42	50	59
Railway Operating Statistics	April 1992	52-003	10.50/105	12.60/126	14.70/147

NEW FROM STATISTICS CANADA

Perspectives on Labour and Income

The Autumn 1992 edition of Statistics Canada's quarterly journal on labour and income contains a supplement that reviews labour market developments for the first six months of 1992. The publication also concludes its series of articles on labour turnover with a study on factors affecting quit rates and an article on the characteristics of workers affected by permanent layoffs. Other informative articles cover the pattern of growth in back-injury claims, recent developments regarding discouraged workers and unemployment rate trends as far back as 1921.

Each quarter, *Perspectives on Labour and Income* uses results from many data sources to offer insights on emerging issues. Articles review recent labour market developments as well as current income concerns. The Autumn 1992 *Perspectives on Labour and Income* (catalogue number 75-001E) is now available.

To obtain further information on this release, contact Cécile Dumas (613-951-6894) or Doreen Duchesne (613-951-6893), Labour and Household Surveys Analysis Division.

General Social Survey Analysis Series: Human Resource Challenges of Education, Computers and Retirement

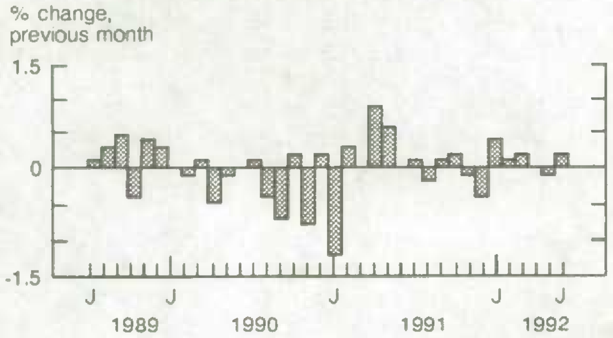
Before 1950, only 4% of those entering studies for their highest degree or diploma reported that their main activity in the previous year had been working at a job or business; by the 1980s, this proportion had increased to 28%.

General Social Survey Analysis Series: Human Resource Challenges of Education, Computers and Retirement (catalogue number 11-612E, No. 7) presents analysis of the 1989 General Social Survey (Cycle 4), which focused on work and education. Three major themes relevant to the development of Canada's human resources guided the analysis: the changing relationship between work and education, computer literacy and use, and retirement attitudes and behaviour. The report was written by Graham S. Lowe of the University of Alberta and is now available.

For more information, contact Professor Graham S. Lowe (403-492-0487), University of Alberta or Ghislaine Villeneuve (613-951-4995), Housing, Family and Social Statistics Division.

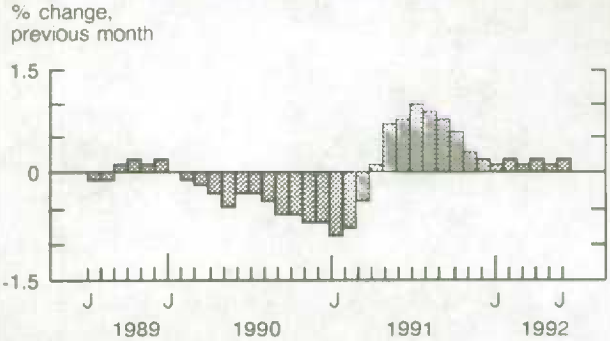
CURRENT TRENDS

Gross Domestic Product



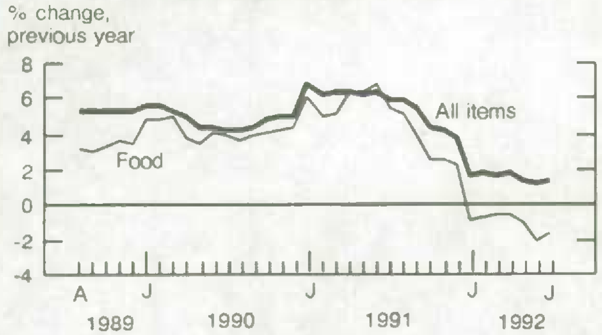
Gross domestic product at factor cost crawled up 0.2% in June, following a marginal decline in May and a flat April.

Composite Leading Indicator



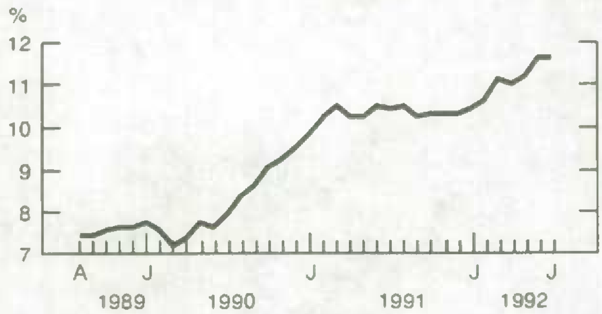
The composite leading indicator rose by 0.2% in June following revised montly gains of 0.1% and 0.2% since January.

Consumer Price Index



In July, the year-over-year increase in the all-items CPI stood at 1.3%. The food index declined by 1.7%, marking the seventh straight month to have a year-over-year decrease.

Unemployment Rate

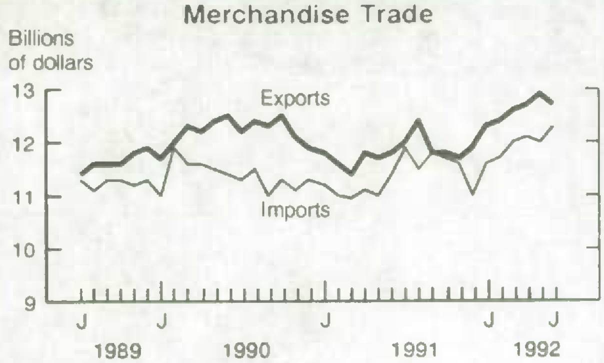


The seasonally adjusted unemployment rate for July stayed at 11.6%, unchanged from June.

Manufacturing

Canadian manufacturers' shipments increased 1.0% in June to $23.3 billion. Unfilled orders fell by 0.3% to $21.7 billion, an eighth consecutive decrease.

Merchandise Trade



In June, exports fell for the first time in seven months, down 1.5% to a level of $12.7 billion. Imports rose by 2.7% to $12.3 billion.

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)	June*	501.9	0.2%	0.5%
Composite Leading Indicator (1981=100)	June*	145.2	0.2%	4.8%
Operating Profits of Enterprises ($ billion)	2nd Quarter*	9.7	-8.5%	-17.8%
DOMESTIC DEMAND				
Retail Trade ($ billion)	June	15.3	1.0%	-0.1%
New Motor Vehicle Sales ('000 units)	June	97.3	-0.9%	-17.4%
LABOUR				
Employment (millions)	July	12.2	-0.2%	-1.2%
Unemployment Rate (%)	July	11.6	0.0	1.6
Participation Rate (%)	July	65.6	-0.2	-0.8
Labour Income ($ billion)	May	32.4	0.4%	2.9%
Average Weekly Earnings ($)	June	549.08	0.0%	3.2%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	June	12.7	-1.5%	7.4%
Merchandise Imports ($ billion)	June	12.3	2.7%	8.1%
Merchandise Trade Balance ($ billion)	June	0.35	-0.52	-0.05
MANUFACTURING				
Shipments ($ billion)	June	23.3	1.0%	-0.8%
New Orders ($ billion)	June	23.3	2.6%	-0.4%
Unfilled Orders ($ billion)	June	21.7	-0.3%	-11.0%
Inventory/ Shipments Ratio	June	1.46	-0.02	-0.07
Capacity Utilization (%)	1st Quarter	69.8	-0.5	-0.4
PRICES				
Consumer Price Index (1986=100)	July	128.4	0.2%	1.3%
Industrial Product Price Index (1986=100)	July	108.9	0.1%	0.6%
Raw Materials Price Index (1986=100)	July	109.5	1.8%	6.9%
New Housing Price Index (1986=100)	June	134.5	0.2%	0.1%

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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