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# I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, December 4, 1992

## OVERVIEW

■ **Construction Activity Picks Up in Non-residential Sector**

The value of building permits issued in Canada was up 1.8% in September; the increase was entirely attributable to the non-residential sector.

■ **Little Change in Demand for Labour**

The Help-wanted Index for Canada (1981 = 100) decreased two points in November to 63.

■ **Leading Indicator Advances Steadily**

In September, the leading indicator rose by 0.4% for the second straight month.

■ **Economic Growth Picks Up in the Third Quarter**

Gross domestic product at 1986 prices expanded 0.4% in the third quarter of 1992 as consumer spending, business investment and exports all increased.

■ **Monthly Growth of GDP Unchanged**

Gross domestic product at factor cost was unchanged in September. Services output was also unchanged while goods production edged down.

■ **Current Account Deficit Increases**

Canada's seasonally adjusted current account deficit climbed to $7.7 billion in the third quarter of 1992, $600 million shy of the record deficit posted in the fourth quarter of 1991.

This issue **also** includes information on **operating profits of enterprises** and on **demand for funds on financial markets**.

## Construction Activity Picks Up in Non-residential Sector

The seasonally adjusted value of building permits issued in Canada rose 1.8% in September to $2,135 million. This was the first increase in four months and it was entirely attributable to the non-residential sector. But on a year-over-year basis, the value of building permits was 22.5% lower than in September 1991.

The value of non-residential building permits rebounded after a sharp drop in August, increasing by 10.4% to $745 million. September's increase brought the value back to the level recorded in April 1992 but it was 34.3% below its year-earlier level. The only regions to show increases were the Prairies (41.5%), Ontario (22.3%) and Québec (7.5%).

The upturn in the non-residential sector was entirely attributable to the commercial component as the value of projects jumped 27.9% to $412 million. The regions of Québec (+69.9%) and Ontario (+61.5%) were the principal contributors to this rise. In contrast, the value of building

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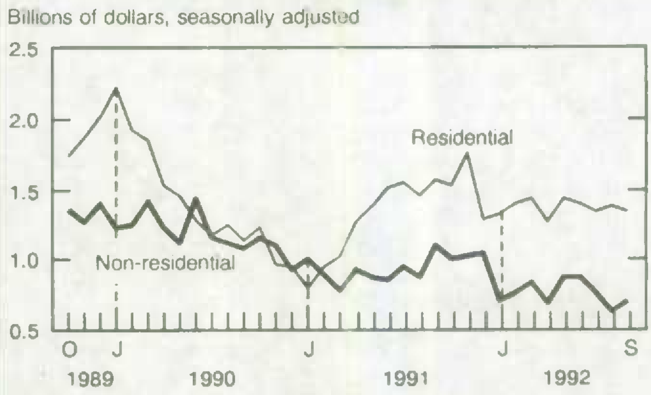
**Building Permits**



### ... Construction Activity Picks Up in Non-residential Sector

permits for industrial projects decreased 12.8% to $113 million and the value of permits for institutional projects fell 1.3% to $220 million.

After recording a 2.8% gain in August, the value of residential building permits fell 2.3% in September to a level of $1,390 million. Increases occurred in the Atlantic (+11.0%) and the Prairie (+6.1%) provinces while British Columbia together with the Yukon and the Northwest Territories reported the largest decline (-9.2%). The value fell 2.9% to $409 million in the multi-family dwelling sector and declined 2.1% to $981 million in the single-family dwelling sector.

**Advance Estimate for October**

An advance estimate for October, which includes revisions to data for previous months including September, suggests that the value of residential building permits was up 4.6%.

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

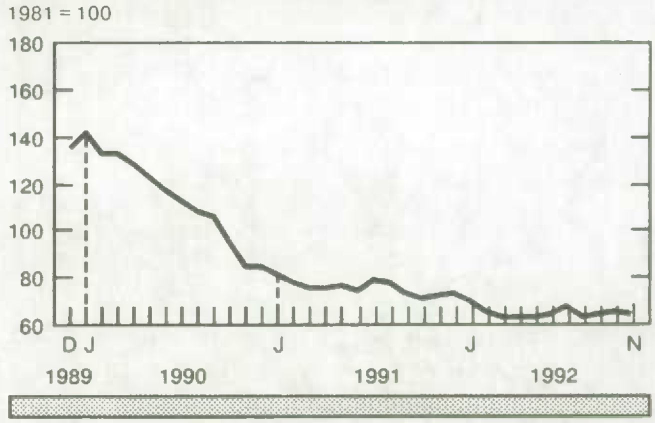
## Little Change in Demand for Labour

The Help-wanted Index for Canada (1981=100) decreased two points in November to 63, losing the two points gained in October. The index fell from 71 in November 1991 to 62 in March 1992 and has showed little change since then.

Declines occurred in the Atlantic provinces (to 94 from 103), Québec (to 67 from 73) and British Columbia (to 70 from 74). There were increases of one point in both the Prairie provinces and Ontario, to 44 and 61, respectively.

The Help-wanted Index ran below last year's level in all regions. The index fell 21 points in Québec, seven points in the Prairie provinces, five points in the Atlantic region, three points in British Columbia and two points in Ontario.

**Help-wanted Index, Canada**




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

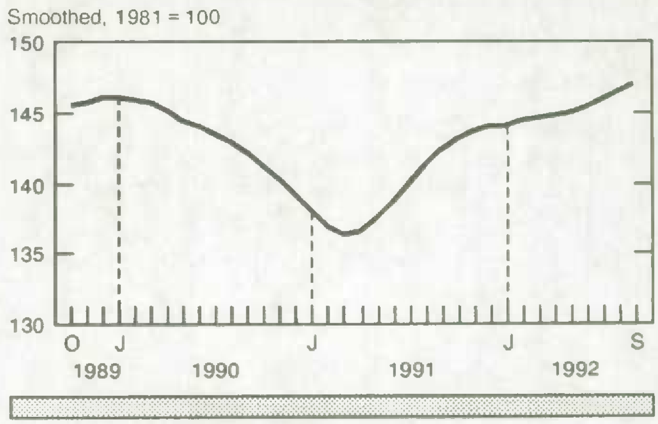
## Leading Indicator Advances Steadily

The composite leading indicator continued to advance in September, rising by 0.4% for the second straight month. This growth was spread among seven of the 10 components, compared to eight in August.

The housing index improved slightly, with gains in both housing starts and house sales. The index rose 1.3% after increasing by 0.8% in August. Sales of durable goods continued to rise as furniture and appliance sales edged up 0.3% and sales of other durable goods were up 0.4%. Recent gains in employment and labour income were reflected in the first increase in services employment (0.5%) since November 1991.

New orders for durable goods received by manufacturers advanced 0.5% in September after rising by 0.8% in August. Slow sales for automotive products and labour disruptions accounted for the change. The ratio of shipments to inventories rose to 1.40 from 1.39 in August, while the average workweek was unchanged.

**Composite Leading Indicator**

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### ... Leading Indicator Advances Steadily

The financial market indicators remained mixed. Stock market prices dropped 0.6% and declines continued into October and November. The growth of the money supply, however, accelerated from 0.3% to 0.6% in September, and it picked up again in October, posting its best growth since 1987. The U.S. leading indicator remained unchanged after rising steadily since April 1991.

*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 8.)*

## Economic Growth Picks Up in the Third Quarter

Gross domestic product at 1986 prices rose 0.4% in the third quarter of 1992. This increase follows advances in the first and second quarters, of 0.2% and 0.1%, respectively. Consumer spending, business investment and exports all increased considerably but much of this demand was satisfied by inventories and imports.

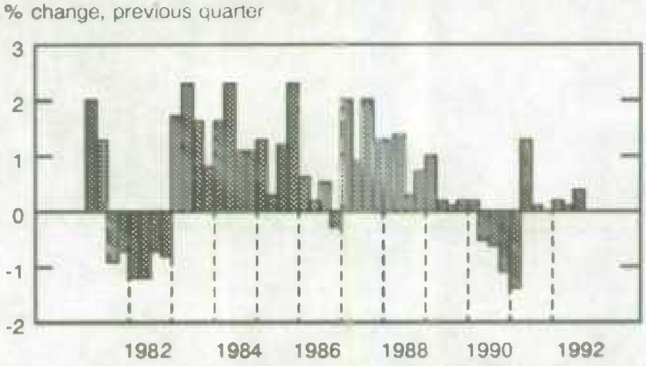
Consumer spending advanced 0.9% in the third quarter after 0.3% growth in the second quarter and no net advance in the previous three quarters. Consumer expenditure on durable and semi-durable goods was up 1.6% and 1.9%, respectively, led by motor vehicles, parts and repairs, clothing and footwear and by furniture and household appliances.

Residential construction rose 3.4% in the third quarter following an increase of 1.4% in the previous quarter. The continuing drop in mortgage interest rates and special federal programs intended to stimulate home-building greatly improved the affordability of housing.

Business investment in plant and equipment was up 2.8% in the third quarter. Purchases of machinery and equipment jumped 6.8% after slower growth (1.0%) in the second quarter. Non-residential building construction continued the decline evident since early 1990, dropping 4.4% in the third quarter.

Merchandise exports and imports rose 1.9% and 2.9%, respectively. Wheat sales alone were sufficiently buoyant to account for all of the growth in exports. For imports, the growth was attributable to agricultural products, industrial goods and materials, machinery and equipment, and non-automotive consumer goods.

**GDP at 1986 Prices**




Wages, salaries and supplementary labour income grew 0.8% in the quarter. The increase reflected a 0.2% rise in paid hours worked and a 0.6% advance in average hourly compensation (including supplementary labour income). Paid hours worked rose for the first time on a quarterly basis since early 1990.

*For further information, order National Income and Expenditure Accounts (catalogue number 13-001) or contact National Accounts and Environment Division at (613) 951-3640.*

## Monthly Growth of GDP Unchanged

Real gross domestic product at factor cost was unchanged in September following a 0.5% expansion in August, but output was 1.1% above the level of a year earlier. Output of services was also unchanged in September while goods production slipped 0.1%.

Services output recorded an average increase of less than 0.1% over the last two months. For the period extending from January to July, the average monthly growth was 0.3%. Wholesale trade (0.6%) and government services (0.3%) accounted for most of the gains in September. Losses in finance, insurance and real estate (-0.1%), in transportation and storage services (-0.5%) and in retail trade (-0.2%) offset these gains.

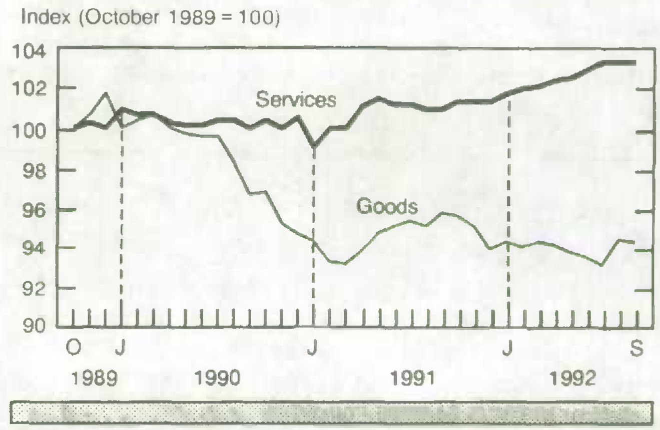
*(continued on page 4)*

### ... Monthly Growth of GDP Unchanged

The marginal decrease in goods production follows a 1.4% rise in August. Cutbacks in manufacturing were responsible for most of the decline as output dropped 0.4% after a 1.7% surge in August. Forestry and agriculture also contributed to the weakness. Gains in utilities (1.3%) and construction (0.4%) moderated the losses.

*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.)*

**Gross Domestic Product**
**Output by Sector**




## Current Account Deficit Increases

Canada's seasonally adjusted current account deficit climbed to $7.7 billion in the third quarter of 1992, up from the $7.5 billion deficit recorded in the previous quarter. It was second only to the $8.3 billion record deficit posted in the fourth quarter of 1991.

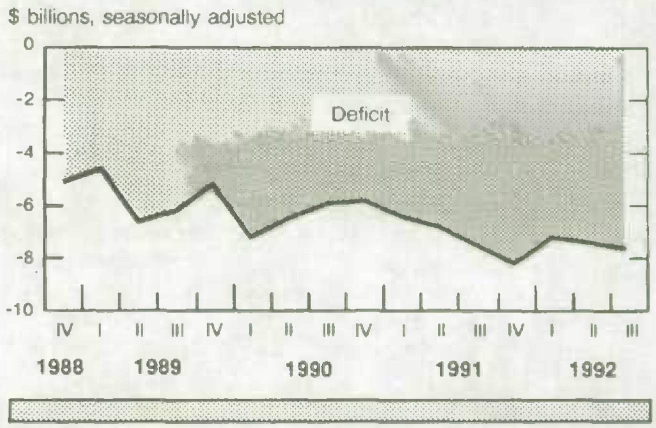
As both merchandise exports and imports continued to advance to new highs, the trade surplus totalled $1.8 billion, in line with the previous two quarters. Exports advanced for the third consecutive quarter, up 1.8% to $39.2 billion. Similarly, imports continued to increase, up 2.1% to $37.4 billion.

The deficit on travel amounted to $2.2 billion in the third quarter due to higher spending by Canadians in the United States. Canadian travellers spent twice as much abroad ($4.2 billion) as foreign travellers disbursed in Canada ($2.0 billion).

The investment income account generated a deficit of $6.1 billion, down slightly from the record $6.3 billion of the previous quarter. The decline mainly stemmed from lower dividend payments to foreign direct investors.

The capital account, which is not seasonally adjusted, showed that non-residents invested a net $4.2 billion in Canadian bonds, entirely new issues, less than half the record sales of the second quarter.

**Current Account Balance**




Foreign investors reduced their holdings of Canadian money market instruments by a record net $4.0 billion, with most of the reduction concentrated in Government of Canada treasury bills.

Canada's international reserves dropped by a record $3.6 billion on a net basis, bringing to a net $6.1 billion the decline in reserves since the beginning of the year. The Canadian dollar fell to a low of 79.37 U.S. cents at the end of September and the depreciation was sharper against other major currencies.

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

## Profits Jump in Financial Sector

Seasonally adjusted operating profits of all Canadian enterprises were up 6.3% in the third quarter of 1992, more than offsetting a 5.3% profit decrease in the second quarter. Profits totalled $10.7 billion in the third quarter, but were below the $11.5 billion average quarterly profits recorded in 1991 and the quarterly average of $16.2 billion in 1990.

The overall increase in third quarter profits resulted from a jump of 85% in the financial industries - operating profits advanced to $2.8 billion in the third quarter from $1.5 billion in the second quarter.

Chartered banks and mortgage companies dominated the profit rise. They saw their operating profits grow to $1.1 billion in the third quarter, recovering from a $500 million loss in the previous quarter. However, the increase in profit was mainly due to a sharp decline in loan loss provisions for non-performing loans, which totalled $1.1 billion in the third quarter compared to $2.4 billion in the previous quarter.

Operating profits of non-financial industries fell to $7.9 billion from $8.6 billion in the second quarter. The profit slide follows two quarters of growth, when profits jumped 20.4% in the first quarter and 14.5% in the second quarter.

**Financial and Non-financial Enterprises Quarterly Operating Profits**


In the third quarter, operating profits rose in half of the 22 industries, with the largest profit improvements in wood and paper and non-ferrous metals. In the wood and paper industries, operating losses were reduced to $56 million from $216 million in the second quarter. Profits have not been registered in this industry since the third quarter of 1990. The steepest declines were in transportation services, food, and motor vehicles, parts and tires.

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

## Borrowing by Domestic Non-financial Sectors Drops Sharply

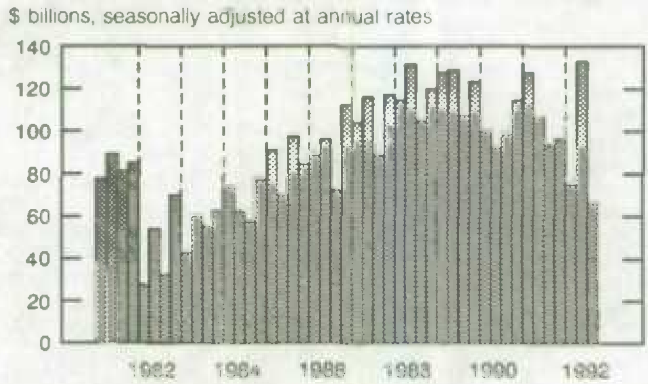
Funds raised on credit and equity markets by domestic non-financial sectors totalled $66.0 billion at annual rates in the third quarter of 1992, less than half the amount raised in the second quarter. The demand for funds was weak in each of the major sectors of the economy, unlike in the second quarter when greater borrowing by governments accounted for most of the growth.

Demand for funds by non-financial private corporations was down sharply from the second quarter, falling 78.3% to $5.8 billion. Credit-market debt was in fact repaid in this quarter as share issues were relatively strong.

Non-financial government enterprises decreased their borrowing again for the quarter, returning to levels more consistent with their financing activity in the years prior to 1990. Funds raised amounted to $4.0 billion in the third quarter, down from $5.4 billion in the second quarter.

Federal government borrowing fell 11.4% to $30.4 billion, in contrast to a 39.3% rise in the previous quarter. The demand for funds by other levels of government was down sharply, from $45.8 billion in the second quarter to $5.3 billion in the third quarter.

**Total Funds Raised by Domestic Non-financial Sectors**



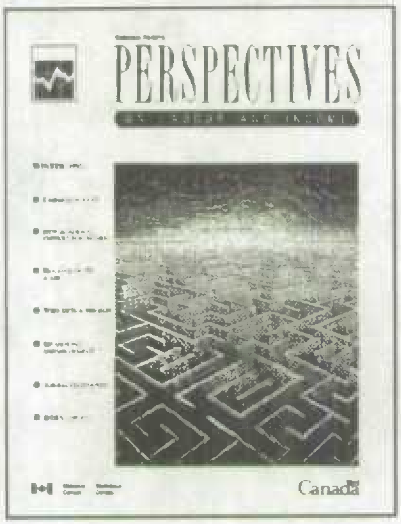

Borrowing by the personal sector, at $20.6 billion, was unchanged from the second quarter. Demand for mortgages, which began to recover in the spring of 1991, has held fairly steady over the last four quarters while consumer credit outstanding has declined.

*For further information, order Financial Flow Accounts (catalogue number 13-014) or contact National Accounts and Environment Division at (6133) 951-3640.*

# PUBLICATIONS RELEASED FROM NOV. 27 TO DEC. 3, 1992

| Division/title | Period | Catalogue Number | Price: Issue/Subscription Canada ($Cdn.) | United States ($US) | Other Countries ($US) |
|---|---|---|---|---|---|
| **AGRICULTURE** | | | | | |
| Cereal and Oilseeds Review | September 1992 | 22-007 | 13.80/138 | 16.60/166 | 19.30/193 |
| Farm Cash Receipts | January-September 1992 | 21-001 | 11/44 | 13.25/53 | 15.50/62 |
| Field Crop Reporting Series No. 8: November Estimate of Production of Principal Field Crops, Canada | 1992 | 22-002 | 12/80 | 14/96 | 16/112 |
| **CANADIEN CENTRE FOR JUSTICE STATISTICS** | | | | | |
| Juristat Service Bulletin: Correctional Expenditures and Personnel in Canada, Vol. 12, No. 22 | 1991-1992 | 85-002 | 3.60/90 | 4.30/108 | 5/126 |
| **CENSUS** | | | | | |
| Mother Tongue: 20% Sample Data – The Nation | 1991 Census | 93-333 | 40 | 48 | 56 |
| 1991 Census Handbook | 1991 Census Reference Series | 92-305E | 25 | 30 | 35 |
| **DEMOGRAPHY** | | | | | |
| Postcensal Annual Estimates of Population by Marital Status, Age, Sex and Components of Growth for Canada, Provinces and Territories | June 1, 1992 | 91-210 | 29 | 35 | 41 |
| **EDUCATION, CULTURE AND TOURISM** | | | | | |
| Minority and Second Language Education, Elementary and Secondary Levels | 1990-91 | 81-257 | 26 | 31 | 36 |
| Teachers in Universities | 1989-1990 | 81-241 | 27 | 32 | 38 |
| **INDUSTRY** | | | | | |
| Construction Type Plywood | September 1992 | 35-001 | 5/50 | 6/60 | 7/70 |
| Corrugated Boxes and Wrappers | October 1992 | 36-004 | 5/50 | 6/60 | 7/70 |
| Crude Petroleum and Natural Gas Production | August 1992 | 26-006 | 10/100 | 12/120 | 14/140 |
| Department Store Monthly Sales by Province and Metropolitan Area | August 1992 | 63-004 | 2.70/27 | 3.20/32 | 3.80/38 |
| Department Store Sales and Stocks | May 1992 | 63-002 | 14.40/144 | 17.30/173 | 20.20/202 |
| Gas Utilities | August 1992 | 55-002 | 12.70/127 | 15.20/152 | 17.80/178 |
| Gypsum Products | October 1992 | 44-003 | 5/50 | 6/60 | 7/70 |
| Mineral Wool Including Fibrous Glass Insulation | October 1992 | 44-004 | 5/50 | 6/60 | 7/70 |
| Production, Shipments and Stocks on Hand of Sawmills in British Columbia | September 1992 | 35-003 | 7.10/71 | 8.50/85 | 9.90/99 |
| Quarterly Shipments of Office Furniture Products | Quarter Ended September 30, 1992 | 35-006 | 6.75/27 | 8/32 | 9.50/38 |
| Retail Trade | September 1992 | 63-005 | 18.20/182 | 21.80/218 | 25.50/255 |
| The Sugar Situation | October 1992 | 32-013 | 5/50 | 6/60 | 7/70 |
| **INTERNATIONAL TRADE** | | | | | |
| Imports by Commodity | September 1992 | 65-007 | 55.10/551 | 66.10/661 | 77.10/771 |
| **INVESTMENT AND CAPITAL STOCK** | | | | | |
| Building Permits | September 1992 | 64-001 | 22.10/221 | 26.50/265 | 30.90/309 |
| **LABOUR** | | | | | |
| Quarterly Estimates of Trusteed Pension Funds | Second Quarter 1992 | 74-001 | 11/44 | 13.25/53 | 15.50/62 |
| **LABOUR AND HOUSEHOLD SURVEYS ANALYSIS** | | | | | |
| Perspectives on Labour and Income | Winter 1992 | 75-001E | 13.25/53 | 16/64 | 18.50/74 |
| **SERVICES, SCIENCE AND TECHNOLOGY** | | | | | |
| Telephone Statistics | September 1992 | 56-002 | 8.30/83 | 10/100 | 11.60/116 |

# NEW FROM STATISTICS CANADA




## Perspectives on Labour and Income

The Winter 1992 edition of *Perspectives on Labour and Income*, Statistics Canada's quarterly journal on labour and income topics has been released. This issue features six informative articles, including studies on cashing in RRSPs and new academic choices for women. It also presents articles on measuring unemployment, job-related moves, job tenure, and employer-sponsored pension plans.

Each quarter, *Perspectives on Labour and Income* uses results from many data sources to examine and offer insights on emerging issues. Articles review recent labour market developments as well as current income issues.

*The Winter 1992 edition of Perspectives on Labour and Income (catalogue number 75-001E, $13.25/$53) 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.*

## RRSP Contributors, Canadian Savers, Canadian Investors – 1991

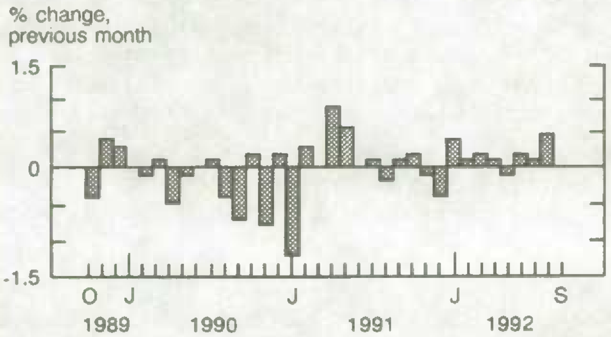
The 1991 edition of the RRSP and Investment Statistics data products is now available. These data focus on **contributions** to RRSPs for the 1991 tax year. RRSP contributions in 1991 increased 30% from 1990, while the number of contributors increased 14%. However investment income decreased in Canada by 5% in 1991.

The 1991 data are available in print, diskette and magnetic tape formats for close to 24,000 postal areas.

*For more information about these data and products, contact the Small Area and Administrative Data Division (613-951-9720, Fax: 613-951-4745).*

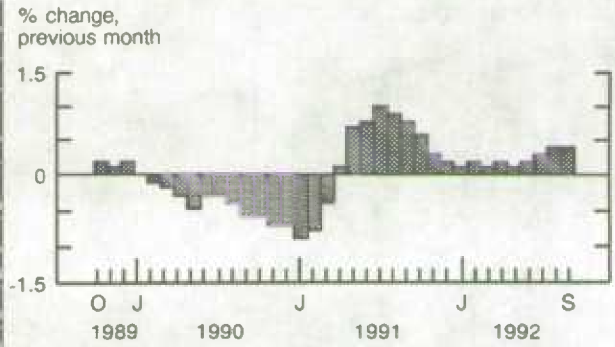
# CURRENT TRENDS

## Gross Domestic Product




Gross domestic product at factor cost was unchanged in September. Services output was also unchanged while goods production edged down.

## Composite Leading Indicator




In September, the composite leading indicator rose by 0.4% for the second straight month.

## Consumer Price Index


In October, the year-over-year increase in the all-items CPI stood at 1.6% and the food index showed an increase of 1.0%.

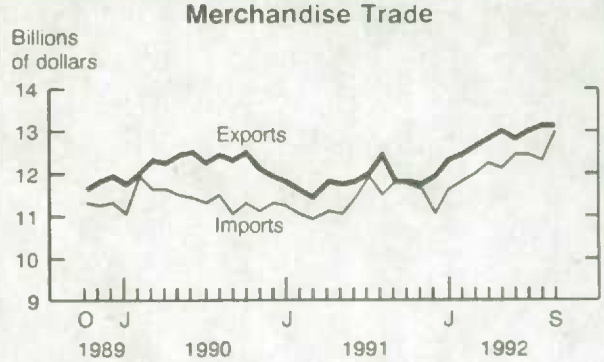
## Unemployment Rate


The unemployment rate edged down by 0.1 percentage points in October to 11.3%, after a marginal decline of 0.2 percentage points in September.

## Manufacturing


Canadian manufacturers' shipments fell 2.5% in September to $23.2 billion. The level of unfilled orders was down for the second time in three months to $21.8 billion.

## Merchandise Trade




In September, exports were up 0.1% to $13.1 billion and imports climbed 2.5% to $12.7 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) | September* | 504.9 | 0.0% | 1.1% |
| Composite Leading Indicator (1981=100) | September* | 147.0 | 0.4% | 3.3% |
| Operating Profits of Enterprises ($ billion) | 3rd Quarter* | 10.7 | 6.3% | -15.0% |
| **DOMESTIC DEMAND** | | | | |
| Retail Trade ($ billion) | September | 15.5 | -0.2% | 1.7% |
| New Motor Vehicle Sales ('000 units) | September | 104.4 | 1.6% | -8.7% |
| **LABOUR** | | | | |
| Employment (millions) | October | 12.2 | 0.1% | -1.0% |
| Unemployment Rate (%) | October | 11.3 | -0.1 | 1.0 |
| Participation Rate (%) | October | 65.2 | -0.1 | -1.0 |
| Labour Income ($ billion) | August | 32.5 | -0.1% | 2.3% |
| Average Weekly Earnings ($) | September* | 553.19 | 0.3% | 3.4% |
| **INTERNATIONAL TRADE** | | | | |
| Merchandise Exports ($ billion) | September | 13.1 | 0.1% | 11.3% |
| Merchandise Imports ($ billion) | September | 12.7 | 2.5% | 7.7% |
| Merchandise Trade Balance ($ billion) | September | 0.44 | -0.31 | 0.43 |
| **MANUFACTURING** | | | | |
| Shipments ($ billion) | September | 23.2 | -2.5% | -1.0% |
| New Orders ($ billion) | September | 23.0 | -3.4% | -0.8% |
| Unfilled Orders ($ billion) | September | 21.8 | -0.8% | -7.0% |
| Inventory/ Shipments Ratio | September | 1.47 | 0.04 | -0.03 |
| Capacity Utilization (%) | 3rd Quarter* | 75.0 | 0.9 | 1.0 |
| **PRICES** | | | | |
| Consumer Price Index (1986=100) | October | 128.5 | 0.2% | 1.6% |
| Industrial Product Price Index (1986=100) | October | 110.4 | 0.5% | 2.9% |
| Raw Materials Price Index (1986=100) | October | 110.0 | 1.1% | 7.4% |
| New Housing Price Index (1986=100) | September | 134.5 | -0.1% | 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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