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I·N·F·O·M·A·T

A WEEKLY REVIEW

Years of Excellence 75 Ans d'excellence

Friday, March 5, 1993

OVERVIEW

- **Economic Growth Stronger in the Fourth Quarter**

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- **Monthly Growth of GDP Resumes**

  After a marginal decline in November, gross domestic product at factor cost rebounded, increasing by 0.4% in December.

- **Current Account Deficit Narrows**

  Canada's seasonally adjusted current account deficit fell to $6.5 billion in the fourth quarter of 1992 from $7.6 billion in the third quarter.

- **Average Weekly Wages Rise 0.3%**

  Average weekly earnings for Canadian workers rose 0.3% in December to a seasonally adjusted level of $557.89.

- **Borrowing by Domestic Non-financial Sectors Decreases**

  Funds raised on credit and equity markets by domestic non-financial sectors totalled $67.2 billion in the fourth quarter of 1992, down from $75.2 billion in the third quarter.

- **Operating Profits Drop in Fourth Quarter**

  Seasonally adjusted operating profits of all Canadian enterprises fell to $8.6 billion in the fourth quarter of 1992, down 18.9% from the third quarter.

This issue **also** includes information on **1993 investment intentions** and **farm cash receipts**.

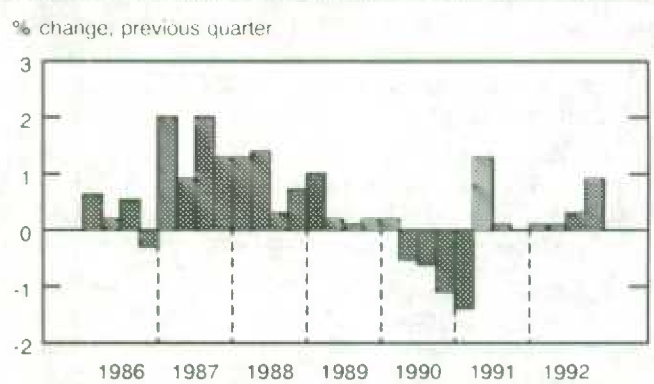
Economic Growth Stronger in the Fourth Quarter

The economy grew more robustly in the fourth quarter, as gross domestic product at 1986 prices expanded 0.9% following a 0.3% rise in the previous quarter. The fourth-quarter advance was entirely attributable to higher exports, mainly of office machines and equipment, lumber, wood pulp, newsprint, precious metals and motor vehicle parts.

Consumer spending was unchanged in the fourth quarter. Sales were strong in October, flat in November and weak in December. Consumers remained cautious as interest rates rose, monthly unemployment climbed and political uncertainties peaked with the constitutional referendum.

(continued on page 2)

GDP at 1986 Prices



... Economic Growth Stronger in the Fourth Quarter

Similarly, residential construction was essentially unchanged. Reduced activity in the resale market was counterbalanced by growth in new construction (1.8%) and in alterations and improvements to existing dwellings (1.1%). Seasonally adjusted at annual rates, housing starts remained unchanged at 168,500 in the quarter.

Business investment in plant and equipment fell 2.1% during the fourth quarter. Non-residential construction dropped for the sixth consecutive quarter, falling by 7.2% in the fourth quarter of 1992, but purchases of machinery and equipment rose 0.5%.

Wages, salaries and supplementary labour income grew 0.8%. The increase in labour income occurred in the services-producing industries, notably in trade, finance, commercial services and federal and local government administration.

Personal income grew by 0.5% to $3.1 billion, reflecting the advance in labour income. Transfer payments from governments dropped slightly due to a decline in the number of Canadians collecting unemployment insurance benefits. Personal disposable (after-tax) income was unchanged as income tax payments were higher.

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 Resumes

Following a 0.2% gain in October and a 0.1% decrease in November, gross domestic product at factor cost expanded 0.4% in December. Goods producers increased output by 0.6% in December as manufacturing production soared following substantial growth in preceding months.

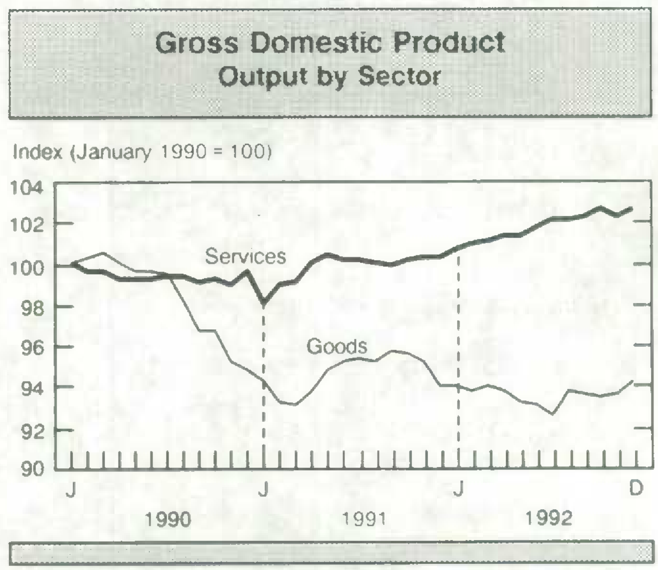
Manufacturers boosted output by 1.7% as 11 of 21 major manufacturing groups increased production. Production of electrical products soared 9.0% in December, led by large gains in the output of office, store and business machines (mainly computers), and electrical equipment (mainly telecommunications equipment).

Manufacturers of motor vehicles increased production by 3.6% following a jump of 10.3% in November. As a result, output rose 5.5% in the fourth quarter, its first quarterly increase since the first quarter of 1992.

Production of wood products advanced 3.5% in December, mainly due to higher output of lumber and plywood. Exports of lumber and other fabricated wood products climbed 9.6% in the fourth quarter, spurred by increased demand for housing in the United States.

Mining output fell 1.5%, its third consecutive monthly decline, which left output 5.4% below its September level. Output by utilities fell 1.1%, mainly due to lower production of electric power.

After a 0.3% drop in November, services production rebounded, rising 0.3% in December. Moderate gains were widespread, with retail trade



being the only major service industry to produce less. Finance, insurance and real estate output edged ahead by 0.2% following a 1.3% drop in November. A 3.7% increase in hotel services led the gain in community, business and personal services. Transportation and storage services output rose 0.5% in December after a 0.8% drop in November.

For further information, order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-3673. (See also "Current Trends" chart on page 8)

Current Account Deficit Narrows

Canada's seasonally adjusted current account deficit narrowed from the substantial levels of recent quarters, falling by $1.1 billion in the fourth quarter of 1992 to $6.5 billion. This brought the deficit for 1992 to $28.6 billion, down from a high of $29.2 billion in 1991, breaking the string of increases that prevailed since 1985.

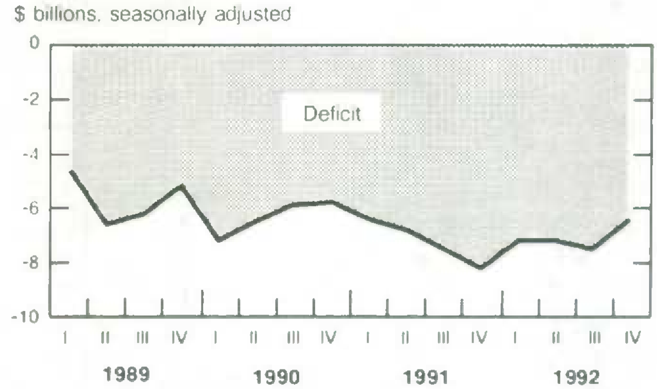
As both merchandise exports and imports advanced to new highs, the trade surplus rose $1.4 billion from the third quarter to $3.4 billion. Exports advanced for the fourth consecutive quarter, up 4.7% to $41.7 billion. Similarly, imports continued to increase, up 1.2% to $38.3 billion.

The investment income account generated a deficit of $6.4 billion, an increase of $0.5 billion from the third quarter. The rise mainly stemmed from lower interest and dividend receipts.

The deficit on travel improved slightly in the fourth quarter, declining by 6.0% from the third quarter to $2.1 billion. Canadian travellers spent twice as much outside the country ($4.1 billion) as foreign visitors disbursed in Canada ($2.0 billion).

The capital account, which is not seasonally adjusted, showed that foreign investment in Canadian securities re-emerged quite strongly following an unusually low net investment in the third quarter. Foreign purchases were widely spread with $3.0 billion in Canadian bonds, $2.6 billion in short-term money market paper and $0.9 billion in stocks.

Current Account Balance



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

Average Weekly Wages Rise 0.3%

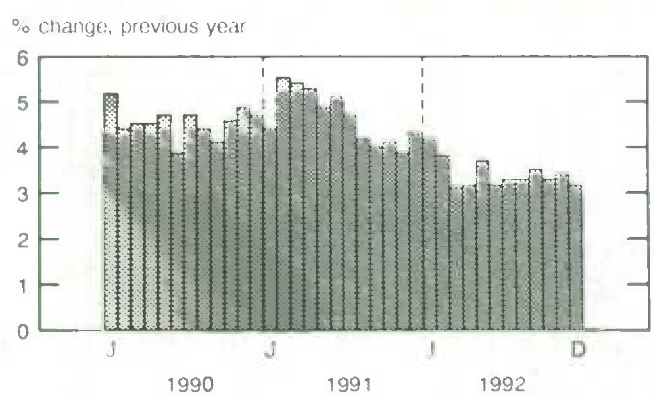
Average weekly earnings of Canadian workers rose 0.3% in December to a seasonally adjusted level of $557.89. Despite the December gain, the year-over-year increase decelerated, from 3.4% in November to 3.2% in December.

Weekly earnings in goods-producing industries were $693.15 in December, up 2.4% from a year earlier, the lowest rate of growth since November 1986. Earnings grew for the third straight month in manufacturing, this time by 0.8%, but fell 2.2% in the forestry component.

In the service-producing industries, earnings gained 0.2% to $517.08 and were 3.7% above their year-earlier level. Finance, insurance and real estate (0.7%) and health and social services (0.7%) led the monthly increase.

Employment advanced for the second straight month following five months of decline. There were about 9.9 million people employed in December but employment growth was mostly concentrated in the service-producing industries.

Average Weekly Earnings



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

Borrowing by Domestic Non-financial Sectors Decreases

Funds raised on credit and equity markets by domestic non-financial sectors totalled $67.2 billion at annual rates in the fourth quarter of 1992. This represents a moderate fall from the already weakened demand for funds in the previous quarter. Borrowing by governments increased and accounted for over 50% of the total funds raised.

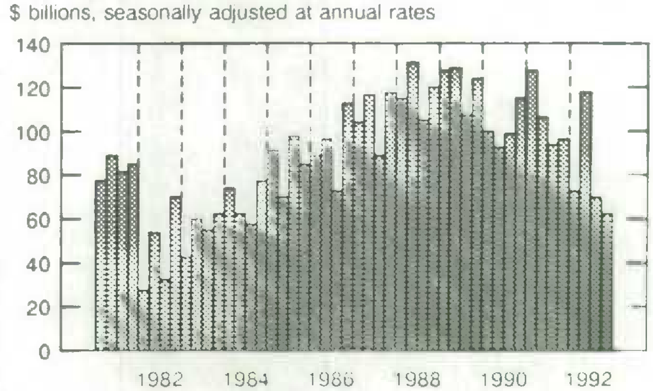
Demand for funds by non-financial private corporations fell 79.2% from the third quarter to $2.4 billion, resulting in repayment of credit-market debt. Share issues decreased although they remained strong for the fourth consecutive quarter.

Borrowing by the federal government declined to $9.0 billion, down from $29.8 billion in the third quarter, despite a slight widening in the deficit. Most of the financing came through marketable bonds rather than treasury bills.

The demand for funds by other levels of government rose sharply, from $6.4 billion in the third quarter to $30.1 billion in the fourth quarter. The rise in borrowing was attributable to provincial governments. Although provincial governments' principal source of finance was long-term marketable debt issues, there were significant issues of provincial short-term paper as well, perhaps in anticipation of further declines in interest rates.

Borrowing by the personal sector firmed up in the fourth quarter. It rose from $23.7 billion in the third quarter to $27.7 billion in the fourth quarter. Demand for mortgages, which began to recover in the spring of 1991, showed moderate strength over the last four quarters. Consumer credit outstanding grew in the second half of 1992, reflecting modest growth in the demand for automobiles in the third quarter and in the demand for other consumer durable goods in the fourth quarter.

Total Funds Raised by Domestic Non-financial Sectors



The softness in the overall demand for funds reflected the very slow pace of economic recovery in 1992. Total funds raised on financial markets amounted to about 80% of the 1991 level, their lowest level since 1986. Much of the activity in credit markets in 1992 involved the refinancing of debt.

For further information, order Financial Flow Accounts (catalogue number 13-014) or contact National Accounts and Environment Division at (613) 951-3640.

Operating Profits Drop in Fourth Quarter

Seasonally adjusted operating profits of all Canadian enterprises fell to $8.6 billion in the fourth quarter of 1992, down 18.9% from the third quarter. Profits were well below the $10.5 billion average of the previous three quarters. Most of the fourth quarter's profit decline was attributable to provisions for non-performing loans and significant writedowns of real estate assets.

Operating profits of financial institutions tumbled to $0.9 billion from $3.0 billion in the third quarter. In addition to chartered banks, notable declines were also registered by life insurers, trust companies and by property and casualty insurers.

In the non-financial sector, operating profits remained unchanged at $7.7 billion in the fourth quarter of 1992. Profits bottomed at $6.2 billion in the fourth quarter of 1991, after peaking at $18 billion in 1988. Some of the largest profit increases in the fourth quarter were in wood and paper, electronics and computers, and in the petroleum and natural gas industries. Steep declines were registered for real estate developers, builders and operators and motor vehicles, parts and tires industries.

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

Capital Investment Stronger for 1993

Capital expenditures on new fixed assets for 1993 are expected to total $125.8 billion, a current dollar increase of 3.9% over the preliminary estimate for actual capital spending in 1992 ($121.1 billion). The $121.1 billion estimate, however, stands 7.7% below spending intentions announced last year, the third straight year for which actual expenditures have fallen short of projections.

Spending intentions of the business sector total $70.9 billion in 1993, a rise of 2.5% from 1992. Manufacturers expect to increase their spending by 4.8% to $15.3 billion. Expenditures in petroleum and mining industries will grow 14.7% to $6.8 billion, with the largest part of the increase originating in the petroleum and gas industry, up $776 million.

The utilities sector is planning on cutting its capital spending by 2.1% to $23.9 billion, with most of the intended decreases coming from reduced expenditures in telephones and electric power. The financial industries also expect to reduce spending, by 4.8% to $6.4 billion.

Government spending is expected to be 11.9% above 1992 (up to $15.1 billion), as all levels of government plan increased spending. Institutions have moved their spending intentions upward by 2.4% to $5.3 billion. This increase is mainly accounted for by hospitals and universities.

Investment in residential construction is expected to reach $34.6 billion in 1993, up 3.9% over 1992 expenditures. This compares to a growth of 7.6% in 1992 over 1991 expenditures.

Half of the 10 provinces and the Yukon are expected to experience growth in 1993, led by Newfoundland (18.4%).

For further information, order Private and Public Investment in Canada, Intentions 1993 (catalogue number 61-205) or contact Investment and Capital Stock Division at (613) 951-2209.

Farm Cash Receipts Hit New Record High

Farm cash receipts reached a record $23.3 billion in 1992, an increase of 8.8% from 1991. The previous record of $22.5 billion was attained in 1989. A strong rise in direct payments, combined with a moderate advance in livestock receipts, more than offset a modest decrease in crop receipts.

Nine of the 10 provinces recorded gains in farm cash receipts in 1992, with Alberta (16.8%) and Ontario (11.3%) reporting the largest. Higher direct payments accounted largely for the increases in Alberta and Ontario. Alberta also benefited from higher cattle receipts. Ontario experienced increases in cattle and wheat receipts. Cash receipts declined only in Prince Edward Island, where potato receipts fell by 25.0%.

Direct program payments rose sharply, from $2.3 billion in 1991 to $3.8 billion in 1992. Payments under the new safety net programs – the Gross Revenue Insurance Plan ($1.3 billion) and the Net Income Stabilization Account ($337 million) – together with sharp increases to $669 million for other (ad hoc) payments and $371 million for tripartite payments accounted for the rise.

Livestock and animal products receipts reached $11.3 billion in 1992, 5.4% above the year-earlier level. Cattle receipts were a record $4.1 billion, 18.0% above the previous year's level, as both the value and the number of cattle exported reached record highs and were more than five times the 1986 levels. Partially offsetting this increase, receipts for the sale of dairy products fell for the first time since 1983, declining by 3.2% from 1991 to $3.0 billion. Hog receipts fell 4.4% in 1992 to $1.76 billion, their lowest level since 1983. A sharp drop in hog prices more than offset an increased volume of sales.

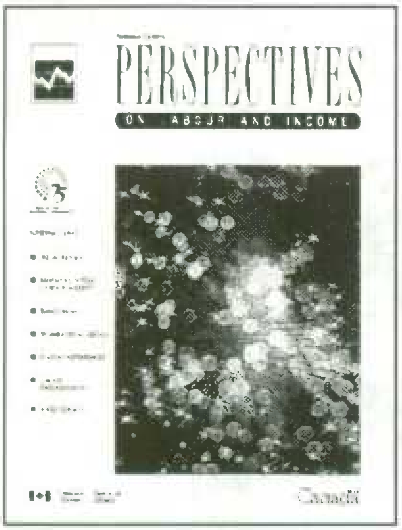
Crop receipts declined by 2.3% to $8.1 billion. Lower receipts for wheat and barley and fewer liquidations of deferred grain receipts were partially offset by a rise in Canadian Wheat Board payments and canola receipts.

For further information, order Farm Cash Receipts (catalogue number 21-001) or contact Agriculture Division at (613) 951-8707.

PUBLICATIONS RELEASED FROM FEB. 26 TO MARCH 4, 1993

Division/title	Period	Catalogue Number	Price: Issue/Subscription Canada ($Cdn.)	United States ($US)	Other Countries ($US)
AGRICULTURE					
Farm Cash Receipts	Jan.-Dec. 1992	21-001	11/44	13.25/53	15.50/62
CANADIAN CENTRE FOR JUSTICE STATISTICS					
Adult Correctional Services in Canada	1991-92	85-211	39	47	55
Juristat Service Bulletin: Correctional Services in Canada, Vol. 13, No. 3	1991-92	85-002	3.60/90	4.30/108	5/126
CENSUS					
Age, Sex, Marital Status and Common-law Status	1991 Census Technical Reports	92-325E	20	24	28
Industry and Class of Worker – The Nation	1991 Census	93-326	40	48	56
Labour Force Activity – The Nation	1991 Census	93-324	40	48	56
Labour Force Activity of Women by Presence of Children – The Nation	1991 Census	93-325	40	48	56
Occupation – The Nation	1991 Census	93-327	40	48	56
EDUCATION, CULTURE AND TOURISM					
Education Statistics Bulletin, Continuing Education in Canadian Universities, Vol. 15, No. 2	1988-89, 1989-1990, 1990-91	81-002	4.90/49	5.90/59	6.90/69
Public Libraries	1990-91	87-205	30	36	42
Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities	1989-1990	81-258	22	26	31
INDUSTRY					
Asphalt Roofing	January 1993	45-001	5/50	6/60	7/70
Cement	January 1993	44-001	5/50	6/60	7/70
Department Store Sales and Stocks	November 1992	63-002	14.40/144	17.30/173	20.20/202
Interprovincial Wholesale Commodity Survey	1990	63-542	48	58	67
Pack of Processed Corn	1992	32-236	13	16	18
Production and Inventories of Process Cheese and Instant Skim Milk Powder	January 1993	32-024	5/50	6/60	7/70
Production and Stocks of Tea, Coffee and Cocoa	Quarter Ended December 1992	32-025	6.75/27	8/32	9.50/38
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies	December 1992	35-002	10/100	12/120	14/140
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	December 1992	35-003	7.10/71	8.50/85	9.90/99
Mineral Wool Including Fibrous Glass Insulation	January 1993	44-004	5/50	6/60	7/70
Quarterly Shipments of Office Furniture Products	Quarter Ended December 31, 1992	35-006	6.75/27	8/32	9.50/38
Rigid Insulating Board	January 1993	36-002	5/50	6/60	7/70
INPUT-OUTPUT					
The Input-Output Structure of the Canadian Economy	1989	15-201	60	72	84
INTERNATIONAL TRADE					
Trade Patterns: Canada-United States – The Manufacturing Industries	1981-1991	65-504E	50	60	70
LABOUR AND HOUSEHOLD SURVEY ANALYSIS					
Perspectives on Labour and Income	Spring 1993	75-001E	13.25/53	16/64	18.50/74
PRICES					
Farm Input Price Index	Fourth Quarter 1992	62-004	18/72	22/88	25/100
SERVICES, SCIENCE AND TECHNOLOGY					
Restaurant, Caterer and Tavern Statistics	December 1992	63-011	6.10/61	7.30/73	8.50/85
TRANSPORTATION					
Aviation Statistics Centre Service Bulletin, Vol. 25, No. 2	February 1993	51-004	9.30/93	11.20/112	13/130

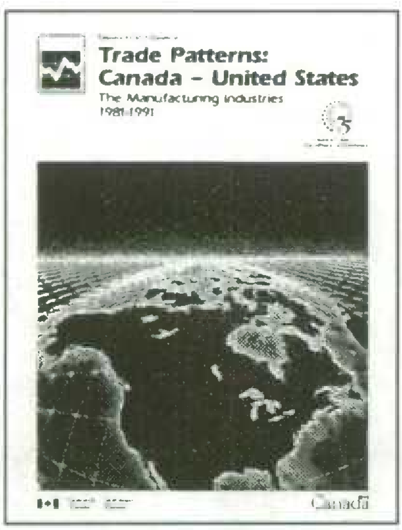
NEW FROM STATISTICS CANADA



Perspectives on Labour and Income

The Spring 1993 edition of *Perspectives on Labour and Income*, Statistics Canada's quarterly journal on labour and income topics, is now available. This issue contains a supplement that reviews labour market developments in 1992 and an article on retirement planning by workers aged 45 to 64. Two articles deal with women: one on female lone parents in the labour market and another on women in academia. Other articles cover shift work, RRSP contributions and benefits, and the concept and measurement of productivity.

The Spring 1993 issue 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.



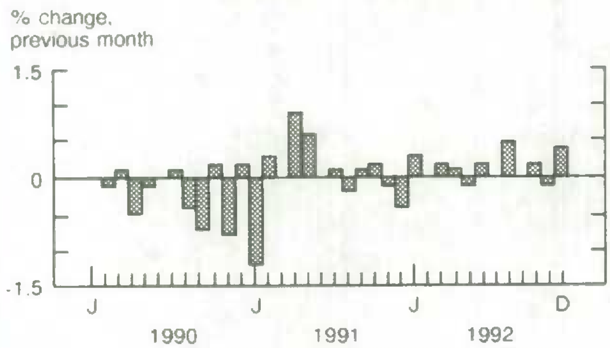
Trade Patterns: Canada-United States – The Manufacturing Industries, 1981-1991

Statistics Canada has compiled a set of North American trade data to shed additional light on trade patterns within the region since the early 1980s. The publication *Trade Patterns: Canada-United States – The Manufacturing Industries, 1981-1991* reflects the results of this effort. The data offers two important advantages: merchandise trade figures are assigned to their industries of origin, making it possible to relate the figures to a great number of economic variables; and inconsistencies in the series have been dealt with to the extent possible, assuring users that comparisons over time are possible.

Trade Patterns: Canada-United States – The Manufacturing Industries, 1981-1991 (catalogue number 65-504E, $50) is now available. For more information, contact Client Services Section (613-951-9647, fax: 613-951-0117), International Trade Division.

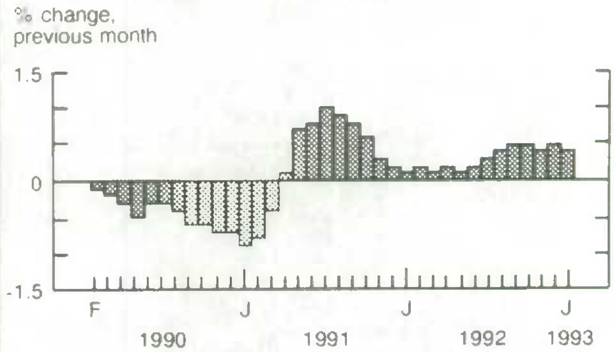
CURRENT TRENDS

Gross Domestic Product



After a marginal decline in November, gross domestic product at factor cost rebounded, increasing by 0.4% in December.

Composite Leading Indicator

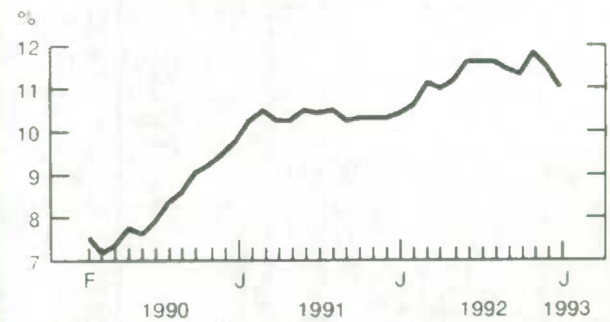


The growth of the composite leading indicator was 0.4% in January, in line with the revised monthly gains of 0.4% or 0.5% recorded since October.

Consumer Price Index

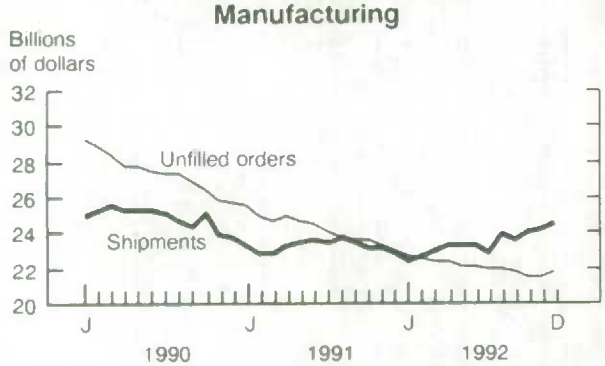
The year-over-year increase in the all-items CPI rose to 2.0% in January. The food index rose by 2.2%, its largest increase since December 1991.

Unemployment Rate



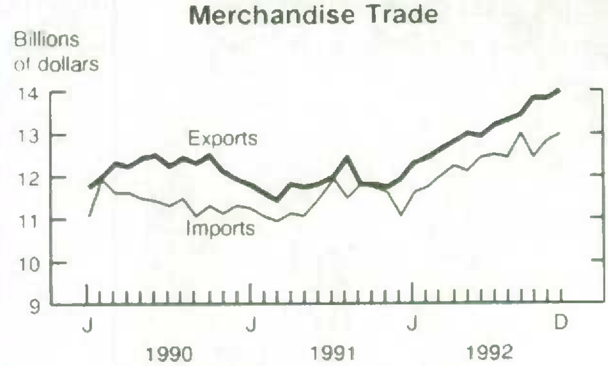
In January, the unemployment rate fell to 11.0% from 11.5% in December.

Manufacturing



Canadian manufacturer's shipments increased by 1.3% in December to $24.4 billion. The level of unfilled orders increased 1.2%, the first rise in four months.

Merchandise Trade



The seasonally adjusted value of merchandise exports rose by 1.5% in December to $14.0 billion and imports grew by 1.7%, to $13.0 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)	December*	506.0	0.4%	1.7%
Composite Leading Indicator (1981 = 100)	January	148.8	0.4%	3.7%
Operating Profits of Enterprises ($ billion)	4th Quarter*	8.6	-18.9%	-12.8%
DOMESTIC DEMAND				
Retail Trade ($ billion)	December	15.7	0.0%	3.5%
New Motor Vehicle Sales ('000 units)	December	108.5	4.3%	8.2%
LABOUR				
Employment (millions)	January	12.3	0.1%	0.3%
Unemployment Rate (%)	January	11.0	-0.5	0.5
Participation Rate (%)	January	65.2	-0.3	-0.5
Labour Income ($ billion)	November	32.7	0.0%	2.5%
Average Weekly Earnings ($)	December*	557.89	0.3%	3.2%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	December	14.0	1.5%	18.4%
Merchandise Imports ($ billion)	December	13.0	1.7%	18.4%
Merchandise Trade Balance ($ billion)	December	1.0	0.0	0.16
MANUFACTURING				
Shipments ($ billion)	December	24.4	1.3%	7.4%
New Orders ($ billion)	December	24.6	2.5%	10.0%
Unfilled Orders ($ billion)	December	21.6	1.2%	-5.8%
Inventory/ Shipments Ratio	December	1.40	-0.01	-0.12
Capacity Utilization (%)	3rd Quarter	75.0	0.9	1.0
PRICES				
Consumer Price Index (1986 = 100)	January	129.6	0.4%	2.0%
Industrial Product Price Index (1986 = 100)	January	111.4	0.4%	3.9%
Raw Materials Price Index (1986 = 100)	December	110.2	-0.2%	10.6%
New Housing Price Index (1986 = 100)	December	134.7	-0.1%	0.6%

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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