



# IN·F·O·M·A·T

## A WEEKLY REVIEW

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Friday, August 6, 1993

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### OVERVIEW

#### ■ Modest Increase Projected for Capital Spending in 1993

Capital expenditures on new fixed assets are expected to total \$124.3 billion in 1993, or 1.6% over the estimate for actual expenditures of \$122.3 billion in 1992.

#### ■ Growth of Assets Slows for Pension Funds

Assets of trusted pension funds topped \$241 billion at the end of the first quarter of 1993 but the annual growth rate recorded a first-quarter low of 8.5%.

#### ■ Help-wanted Ads Increase Slightly

In July, the Help-wanted Index increased to 87, four points above the June level. Three of the five regional Help-wanted Indexes registered increases.

#### ■ Manufacturers Less Optimistic About Third Quarter

More Canadian manufacturers are expecting declining orders and lower production levels in the third quarter of 1993.

#### ■ Economic Output Unchanged in May

Real gross domestic product at factor cost was unchanged in May after gaining 0.7% in March and edging down in April.

#### ■ Anticipated Reduction of Federal Government Deficit in 1993-94

Federal Government revenues in 1993-94 are expected to reach \$139.9 billion, while expenditures are estimated to total \$172.8 billion, resulting in a \$32.9 billion deficit.

#### Modest Increase Projected for Capital Spending in 1993

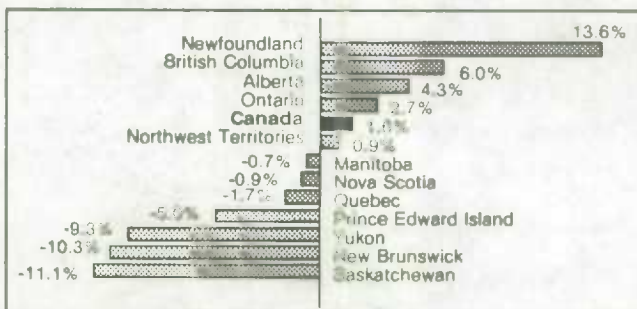
Capital expenditures on new fixed assets are expected to total \$124.3 billion in 1993, or 1.6% over the estimate for actual expenditures of \$122.3 billion in 1992. Investment in machinery and equipment such as cars, computers and assembly lines is expected to increase by 2.5%, while spending on construction of factories, schools, roads and housing is expected to increase by 1.1%.

Four of the 10 provinces and the Northwest Territories are expected to experience growth in 1993, led by Newfoundland. The remaining six provinces and the Yukon are expecting declines.

(continued on page 2)

#### Capital Spending Intentions Provinces / Territories

% change, 1992 to 1993



Statistics Canada  
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Canada

### ... Modest Increase Projected for Capital Spending in 1993

In goods-producing industries, capital spending is now expected to increase by 2.4% in 1993 to \$40.1 billion. In manufacturing, investment is expected to advance by 0.7% to \$14.4 billion, with 16 of 22 major groups showing increases. The mining, quarrying and oil wells industries plan to spend \$7.3 billion, up 21.4% from 1992; the largest gain is expected from crude petroleum.

Investment in the services-producing industries is expected to be \$49.9 billion, almost unchanged from 1992. The "other service industries" plan

spending increases of 21.1%, followed by retail trade (11.3%) and finance and insurance (10.8%). In government services, capital spending is expected to increase 3.8% to \$13.5 billion with gains coming from the federal and local levels. Leading the declines are real estate operators (-19.4%) and communications industries (-6.3%).

Housing investment is expected to increase to \$34.3 billion, 3.1% more than in 1992.

For further information, order *Private and Public Investment in Canada, Revised Intentions 1993* (catalogue number 61-206) or contact Investment and Capital Stock Division at (613) 951-2209.

### Growth of Assets Slows for Pension Funds

Assets of trustee pension funds topped \$241 billion at the end of March 1993 but the annual growth rate recorded a first-quarter low of 8.5%. However, a healthy increase in first-quarter profits from the sale of securities resulted in the largest fourth-to-first quarter growth rate (2.3%) in five years.

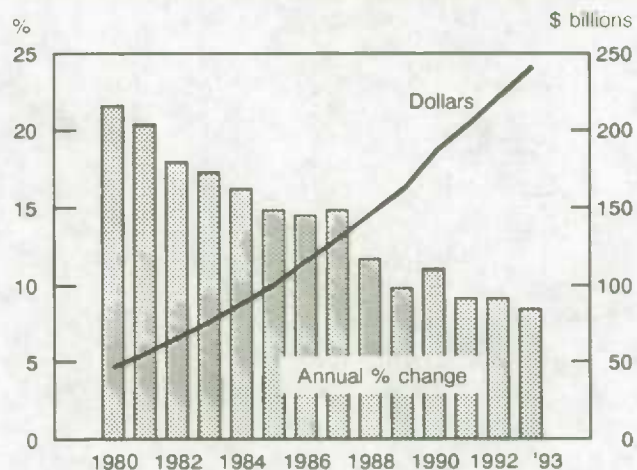
These assets represent one of the largest pools of capital in Canada, second only to the financial assets of Canadian chartered banks. Data are based on a survey of 199 trustee funds that hold almost 88% of total assets.

Bonds continued to be the preferred investment vehicle for trustee pension funds. However, their proportion of total assets has been declining, from 49% in 1980 to 44% in the first quarter of 1993. But the percentage held in stocks has risen steadily over the same period, from 19% to 34%.

Fully 60% of the assets are held by public sector funds. Comparing public and private sector funds, notable differences exist in the asset distribution. While private sector funds have invested equal proportions of their assets in stocks and bonds (39%), funds in the public sector hold much more in bonds (48%) than in stocks (31%).

First-quarter income of trustee funds increased by a marginal 1.3% from a year earlier, to \$7.8 billion. This was the smallest annual growth rate

Trustee Pension Fund Assets  
First Quarters



since 1988. Expenditures, on the other hand, rose by 15%. Net income (income minus expenditures) totalled \$4.0 billion, down almost 9% from a year earlier.

For further information, order *Quarterly Estimates of Trustee Pension Funds* (catalogue number 74-001) or contact Labour Division at (613) 951-4034.

### Help-wanted Ads Increase Slightly

The seasonally adjusted Help-wanted Index for Canada (1991=100) advanced by four points in July, to a level of 87, though that is still below the

level of a year ago (89). The Help-wanted Index has followed an irregular pattern since January, but generally remained at this level.

(continued on page 3)



## ... Help-wanted Ads Increase Slightly

### Changes in Indexes by Region from June

- Québec: up nine points to 96;
- Ontario: up one point to 83;
- Prairie region: up one point to 82;
- Atlantic Region: down three points to 91;
- British Columbia: down two points to 83.

Compared to July 1992, more help-wanted ads appeared in Québec and in the Atlantic and Prairie regions, when the indexes were at 94, 83 and 78, respectively. But the current indexes for Ontario and British Columbia are below last year's level.

*For further information, contact Labour Division at (613) 951-4045.*

## Manufacturers Less Optimistic About Third Quarter

According to the Business Conditions Survey, 22% of Canadian manufacturers are expecting new orders to rise in the third quarter of 1993, down from 27% in the second quarter, while the proportion expecting orders to decline is up to 20% from 15%. The balance of opinion for new orders, although decreasing, has remained positive during the last three quarters.

Manufacturers' optimism about the expected volume of production decreased for the second consecutive quarter. Only 25% expect increased production over the next three months, down from 33% in the previous survey. The proportion who expect to reduce production rose to 34% from 22%, while 41% expect production to remain the same, down from 45%.

The balance of opinion concerning the volume of production dropped 20 points from the previous survey to -9, and was the first negative balance recorded since the second quarter of 1992. The decrease was mainly influenced by the transportation equipment industry.

Unfilled orders are the stock of orders that will generate future shipments, assuming that orders are not cancelled. The proportion reporting a higher-than-normal backlog of orders was 10%, down from 11% in the previous survey, while 32% felt that their unfilled order books were lower-than-normal, up from 26%.

### Business Conditions Survey July 1993

	1992		1993		
	Q3	Q4	Q1	Q2	Q3
Balance of opinion * on:					
Production	10	12	19	11	-9
New Orders	-10	-12	13	12	2
Unfilled Orders	-29	-28	-23	-15	-22
Inventories	-17	-26	-25	-18	-18
Employment	-17	-17	-10	-12	-12

\* The balance between the proportion of positive responses, such as higher volumes of production, and negative responses, such as lower volumes of production.

More than three-quarters of manufacturers said their current inventory levels were "about right", while 21% indicated they were "too high" and only 3% said "too low".

The balance of opinion concerning employment prospects for the next three months remained unchanged at -12. The last positive balance for employment prospects was in the April 1989 survey.

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

## Economic Output Unchanged In May

Real gross domestic product at factor cost was unchanged in May after expanding by 0.7% in March and edging down by 0.1% in April. The pause in output growth in April and May coincided with weak employment for that period. In June, however, employment rose 0.8%.

Output of services inched ahead 0.1% in May following gains of 0.5% in March and 0.2% in April. Community, business and personal services output increased for the fourth straight month, this time by 0.5%. Output of finance, insurance and real estate services slowed to an advance of 0.3% after strong growth of 1.5% in March and 0.5% in April. Bolstered by widespread gains, wholesale trade rose 0.5% after falling by 1.1% in April.

*(continued on page 4)*

### ... Economic Output Unchanged In May

Retailers recorded lower output in May (-0.2%) after posting gains in the previous two months. Service stations, motor vehicle dealers, and retailers of automotive parts had the largest declines.

Goods production fell 0.2% following a 0.7% drop in April, in sharp contrast to strong gains recorded between November 1992 and March 1993. Manufacturers curbed production 0.3% after reducing output 1.1% in April. Most of the decline was attributable to lower production of transportation equipment (-3.7%). Excluding transportation equipment, output in manufacturing increased 0.3%.

Manufacturers of paper and allied products reduced production 1.5% after increases in March and April. The loss mostly reflected a drop in pulp and paper output. Output of refineries fell 5.1% as the industry was affected by shutdowns.

Output of utilities fell for the third consecutive month, by 0.9% in May. Forestry output dropped 2.8% following a similar decrease in April, as residential construction and foreign demand for lumber remained sluggish. Construction output edged up following declines in March and April.

### Gross Domestic Product Output by Sector

Index (January 1991 = 100)



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 6.)

## Anticipated Reduction of Federal Government Deficit in 1993-94

On a Financial Management System (FMS) basis, federal government revenues are expected to reach \$139.9 billion in 1993-94, a 4.6% increase over 1992-93, while expenditures are estimated to total \$172.8 billion, up 1.4% from the previous period. The estimated deficit of \$32.9 billion will be \$3.8 billion lower than the revised estimates for 1992-93.

These 1993-94 estimates and 1992-93 revised estimates are based on the 1993-94 Federal Budget and the Economic and Fiscal Statement of December 1992. Additional information was supplied by the Federal Department of Finance. Included in all of the reference years are the financial transactions of departments, ministries, agencies, boards and commissions considered to be part of the federal government for statistical purposes.

Most of the major revenue sources are expected to increase in 1993-94. Personal income taxes are estimated to total \$65.3 billion, an increase of \$2.4 billion or 3.8% over 1992-93, while corporate income taxes are expected to bring in \$9.7 billion to the

federal government, a rise of 14.3%. Goods and Services Tax revenues are anticipated to be \$19.2 billion, 7.8% higher than the amount collected in 1992-93. Unemployment insurance contributions are expected to reach \$19 billion, up 8.2% over the \$17.6 billion of the previous year.

Federal spending patterns will be modified in 1993-94. The Expenditure Control Plan announced in the 1990 budget was extended in the 1991, 1992 and 1993 budgets. Also, the new child tax benefit announced in the 1992 budget came into effect on January 1, 1993. These factors, combined with prior-year adjustments to payments to provinces, will change the federal spending pattern.

Expenditures on social services, which account for 35.4% of estimated expenditures, are anticipated to increase by 3.9% to \$61.2 billion. Debt servicing costs, which represent 22.8% of total expenditures, will edge up by 0.1% in 1993-94 to \$39.4 billion. Health expenditures are expected to decrease by 11.4% to \$8.5 billion. Education spending is also expected to decrease, by 6.2% to \$4.8 billion.

For further information, contact *Public Institutions Division* at (613) 951-8563.



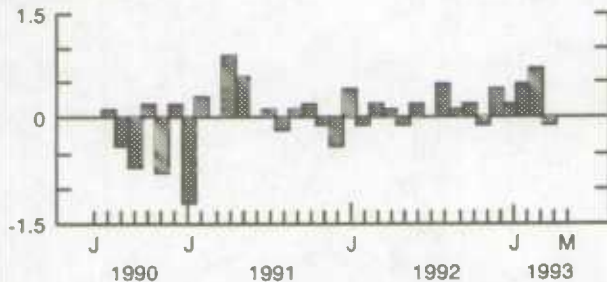
# PUBLICATIONS RELEASED FROM JULY 30 TO AUGUST 5, 1993

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
				\$US	
AGRICULTURE					
Cereals and Oilseeds Review	May 1993	22-007	13.80/138	16.60/166	19.30/193
CENSUS					
Mother Tongue, 1991 Census Technical Reports	1991	92-335E	20	24	28
INDUSTRIAL ORGANIZATION AND FINANCE					
Quarterly Financial Statistics for Enterprises	First Quarter 1993	61-008	23/92	27.50/110	32.25/129
INDUSTRY					
Coal and Coke Statistics	May 1993	45-002	10/100	12/120	14/140
Electric Power Statistics	May 1993	57-001	10/100	12/120	14/140
Industrial Chemicals and Synthetic Resins	June 1993	46-002	5.60/56	6.70/67	7.80/78
New Motor Vehicle Sales	April 1993	63-007	14.40/144	17.30/173	20.20/202
Primary Textile Industries	1990	34-250	35	42	49
Printing, Publishing and Allied Industries	1990	36-251	35	42	49
Production of Selected Biscuits	June 1993	32-026	6.75/13.50	8.10/16.20	9.45/18.90
Retail Trade	May 1993	63-005	18.20/182	21.80/218	25.50/255
Rigid Insulating Board	June 1993	36-002	5/50	6/60	7/70
Steel Wire and Specified Wire Products	June 1993	41-006	5/50	6/60	7/70
Textile Products Industries	1990	34-251	35	42	49
The Sugar Situation	June 1993	32-013	5/50	6/60	7/70
Wholesale Trade	May 1993	63-008	14.40/144	17.30/173	20.20/202
INTERNATIONAL TRADE					
Summary of Canadian International Trade	May 1993	65-001	18.20/182	21.80/218	25.50/255
LABOUR					
Estimates of Labour Income	January-March 1993	72-005	22.50/90	27/108	31.50/126
Unemployment Insurance Statistics	May 1993	73-001	14.70/147	17.60/176	20.60/206
SERVICES, SCIENCE AND TECHNOLOGY					
Science Statistics Service Bulletin: Industrial Research and Development, Vol. 17, No. 4	1984 to 1993	88-001	7.10/71	8.50/85	9.90/99
TRANSPORTATION					
Railway Carloadings, Vol.70, No.5	May 1993	52-001	8.30/83	10/100	11.60/116
Railway Operating Statistics, Vol.73, No.4	April 1993	52-003	10.50/105	12.60/126	14.70/147

## CURRENT TRENDS

### Gross Domestic Product

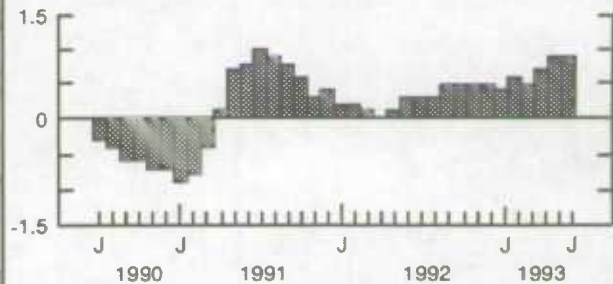
% change,  
previous month



Real gross domestic product at factor cost was unchanged in May after gaining 0.7% in March and edging down by 0.1% in April.

### Composite Leading Indicator

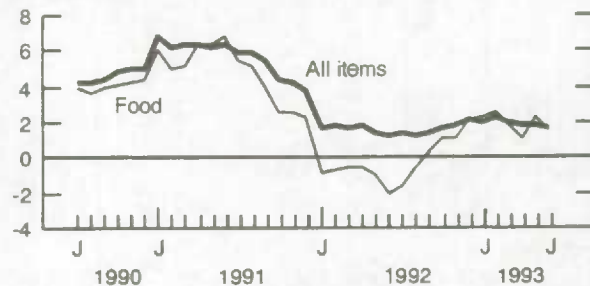
% change,  
previous month



The composite leading indicator continued its year-long improvement in June, rising by 0.9% for the second consecutive month.

### Consumer Price Index

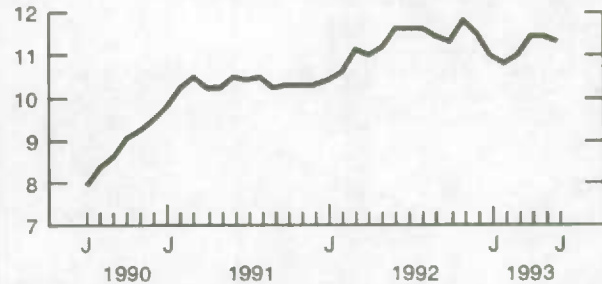
% change,  
previous year



The year-over-year increase in the all-items CPI was 1.6% in June, the lowest year-over-year change since November 1992. The food index rose by 1.5%.

### Unemployment Rate

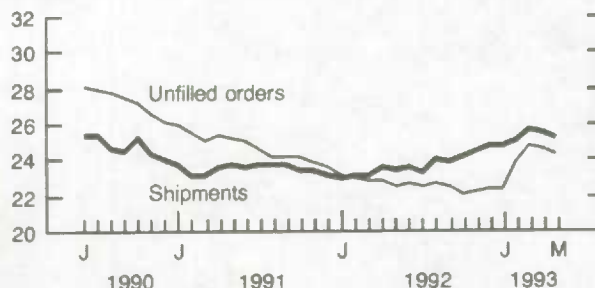
%



The unemployment rate edged down to 11.3% in June after remaining at 11.4% for two straight months.

### Manufacturing

Billions  
of dollars



Canadian manufacturers' shipments fell for the second straight month, by 1.2% in May, and the level of unfilled orders dropped 1.6%.

### Merchandise Trade

Billions  
of dollars



In May, seasonally adjusted merchandise imports climbed 2.2% while exports fell 2.0%, reducing Canada's trade balance to \$612 million from \$1.2 billion in April.

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



## LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
Gross Domestic Product (\$ billion, 1986)	May*	512.6	0.0%	2.5%
Composite Leading Indicator (1981 = 100)	June	154.2	0.9%	6.7%
Operating Profits of Enterprises (\$ billion)	1st Quarter	11.4	51.5%	3.3%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	May	16.1	0.0%	5.5%
New Motor Vehicle Sales ('000 units)	May	101.0	0.3%	1.9%
<b>LABOUR</b>				
Employment (millions)	June	12.4	0.8%	1.6%
Unemployment Rate (%)	June	11.3	-0.1	-0.3
Participation Rate (%)	June	65.6	0.4	-0.1
Labour Income (\$ billion)	April	33.2	-0.2%	3.3%
Average Weekly Earnings (\$)	May*	555.50	-0.6%	1.3%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	May	14.5	-2.0%	14.3%
Merchandise Imports (\$ billion)	May	13.9	2.2%	17.3%
Merchandise Trade Balance (\$ billion)	May	0.61	-0.59	-0.24
<b>MANUFACTURING</b>				
Shipments (\$ billion)	May	25.1	-1.2%	7.4%
New Orders (\$ billion)	May	24.8	-2.4%	7.1%
Unfilled Orders (\$ billion)	May	24.2	-1.6%	8.1%
Inventory/ Shipments Ratio	May	1.37	0.02	-0.12
Capacity Utilization (%)	1st Quarter	78.4	1.7	4.6
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	June	130.2	0.1%	1.6%
Industrial Product Price Index (1986 = 100)	June	112.1	0.1%	2.9%
Raw Materials Price Index (1986 = 100)	June	114.8	-0.3%	6.3%
New Housing Price Index (1986 = 100)	May	135.8	-0.4%	1.2%

**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

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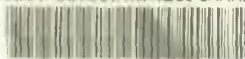
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