



# IN·F·O·M·A·T

## A WEEKLY REVIEW

NOT FOR LOAN  
NE S'EMPRUNTE PAS

Friday, October 1, 1993



### OVERVIEW

#### ■ Real Gross Domestic Product Takes a Step Down

Real gross domestic product at factor cost decreased 0.2% in July, largely due to lower output in manufacturing and mining.

#### ■ Average Weekly Earnings Increase Slowly

After increasing by 0.8% in June, average weekly earnings of Canadian workers advanced by 0.3% in July to a seasonally adjusted level of \$561.29.

#### ■ UI Beneficiaries Total Down

The number of beneficiaries receiving regular unemployment insurance benefits dropped by 3.1% in July to 1.05 million persons, the largest monthly decrease registered since July 1991.

#### ■ IPPI Posts Largest Monthly Increase in Seven Months

The Industrial Product Price Index (IPPI) rose 0.6% in August following little or no change since January 1993 when the index increased by 0.8%.

#### ■ Higher Crude Oil Prices Push Up RMPI

The Raw Materials Price Index (RMPI) rose 0.4% in August, due mainly to a sharp increase in the mineral fuels index.

#### ■ Why Does the Unemployment Rate Tend to Remain Persistently High?

A new measure of the average duration of unemployment, released for the first time by Statistics Canada, is used to compare the severity of the last two recessions, highlighting how unemployment is distributed and why the unemployment rate tends to remain persistently high.

### Real Gross Domestic Product Takes a Step Down

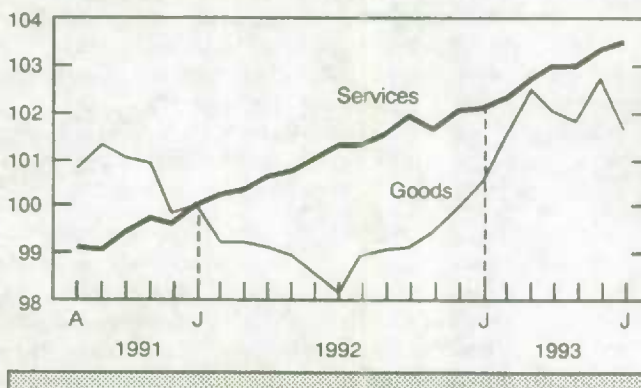
Due largely to lower output in manufacturing and mining, real gross domestic product at factor cost decreased 0.2% in July. The decline followed a slowdown, from 0.5% average monthly growth in the first three months of the year to 0.2% growth in the April to June period.

Output from the goods-producing industries registered a noticeable drop of 1.0% in July, the third decline since April. Manufacturing output fell 1.2% led by a 2.0% drop in the production of durable goods. A sharp cutback in transportation equipment manufacturing was the most important factor contributing to this decline. Manufacturers of primary metal products and electrical and

(continued on page 2)

#### Gross Domestic Product Output by Sector

Index (January 1992 = 100)



Statistics Canada  
Statistique Canada

Canada



### ... Real Gross Domestic Product Takes a Step Down

electronic products also recorded sizeable declines. In mining, output tumbled 3.8% following several monthly increases.

In addition to the slowdown in manufacturing and mining, output of forestry continued to decrease for the third consecutive month, falling by 1.7% in July. These and smaller declines in construction (-0.2%) and fishing (-3.9%) were partially offset by gains in utilities and agriculture. Utilities output rose 1.6% following a 2.5% increase in June.

Activity in the service industries continued to advance for the eighth straight month, increasing by 0.1% in July. A rebound in retail trade

contributed most to the gain. After weakening in May and June, retail sales climbed 1.0% in July. Wholesalers recorded higher output for the third straight month, this time by 0.6%, due largely to higher sales of machinery and equipment. Sizeable gains were also recorded in transportation and storage services (0.7%) and in communications output (0.8%). Declines in community, business and personal services (-0.6%), and business services (-0.5%) moderated the increases.

*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 7.)*

### Average Weekly Earnings Increase Slowly

Average weekly earnings of Canadian workers rose 0.3% in July to a seasonally adjusted level of \$561.29 after an increase of 0.8% in June. The current level of earnings marks an increase of 1.9% or \$10.23 over the July 1992 level of \$551.06. This continued a trend towards smaller increases in earnings due to lower wage settlements.

Logging and forestry (1.4%), education-related services (1.3%) and mining, quarrying and oil wells (1.2%) industries showed the largest monthly increases. Earnings fell in transportation, communication and other utilities (-0.3%), health and social services (-0.2%) and public administration (-0.1%).

Average weekly earnings in the Yukon and Newfoundland showed the largest increases, 1.5% and 1.1%, respectively. Small declines were recorded in Prince Edward Island, New Brunswick, Québec and Alberta.

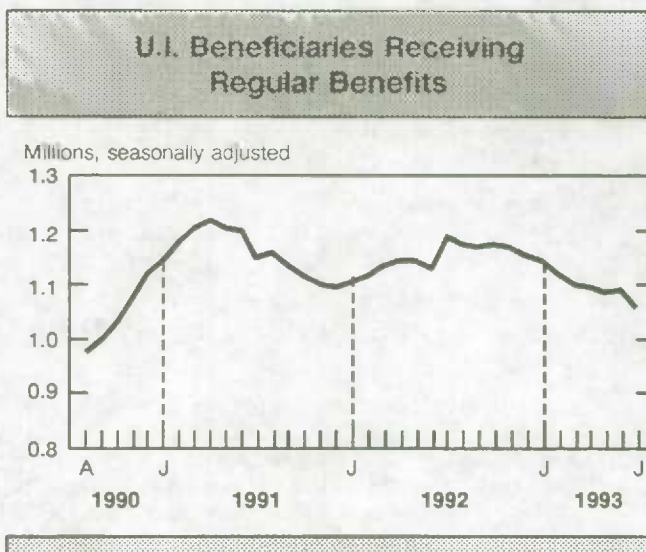
Employment in July totalled slightly less than 10.0 million, virtually unchanged since April 1993. Employment gains in retail trade (0.6%) and accommodation, food and beverage services (0.9%) were moderated by losses in construction (-1.7%) and wholesale trade (-1.6%). In retail trade, employment has increased in six of the last seven months, bringing the gain since January to 48,000. Employment in health and social services decreased for the third straight month, by 1.2% in July, for a total loss of 17,000 employees since May.

*For further information, order Employment, Earnings and Hours (catalogue number 72-002), or contact Labour Division at (613) 951-4087.*

### UI Beneficiaries Total Down

The seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits dropped by 3.1% in July to 1.05 million persons, the largest monthly decrease registered in the past two years. The drop comes after a small increase of 0.3% in June and seven straight months of declines extending from November 1992 to May 1993. The number of beneficiaries stood 11.1% below the level of a year ago (1.19 million), the fifth consecutive month to show a year-over-year decrease.

In July, the number of beneficiaries receiving regular unemployment insurance benefits decreased in all provinces and in the Yukon and Northwest Territories. Percentage declines exceeding the national average of -3.1% occurred in half of the 10 provinces and in the Northwest Territories. In Québec, the number of beneficiaries has fallen every month since December 1992 except



(continued on page 3)

### ... UI Beneficiaries Total Down

in April when it increased marginally. In Ontario, the number decreased from November 1992 to May 1993, rose 0.3% in June and fell again in July. (See accompanying table.)

Disbursements of unemployment insurance benefits totalled \$1.2 billion, down 0.1% from June. On a year-over-year basis, benefit payments were 7.1% less than the amount paid in July 1992.

*For further information, order Unemployment Insurance Statistics (catalogue number 73-001) or contact Labour Division at (613) 951-4045.*

### U.I. Beneficiaries Receiving Regular Benefits, July 1993

Seasonally Adjusted

Province/Territory	Total (000)	% change, previous month	% change, previous year
<b>Canada</b>	<b>1,053</b>	<b>-3.1</b>	<b>-11.1</b>
Newfoundland	61	-3.5	-14.6
Prince Edward Island	13	-3.5	0.8
Nova Scotia	50	-5.2	-6.2
New Brunswick	56	-1.3	-4.2
Québec	338	-5.3	-11.2
Ontario	292	-2.4	-14.7
Manitoba	28	-4.2	-7.6
Saskatchewan	23	-0.5	-11.3
Alberta	72	-1.6	-9.2
British Columbia	117	-1.4	-9.6
Yukon	2	-2.1	46.3
Northwest Territories	2	-7.1	-6.2

### IPPI Posts Largest Monthly Increase in Seven Months

After reaching a low of 107.2 in January 1992, the Industrial Product Price Index (IPPI, 1986=100) climbed to a peak of 112.3 in March 1993. It remained near that level until July, then rose 0.6% in August to 112.8, recording the largest monthly increase since January.

Sixteen of the 21 major groups of products registered increases while four stayed unchanged (-0.2%). Following a four-month decline, the lumber, sawmill and other wood products index recovered 3.4%. The increase was mainly attributable to a 6.1% rise in softwood lumber prices. The increase in prices occurred after North American inventories were depleted in July. Supply in Western Canada was also affected by the B.C. Rail strike.

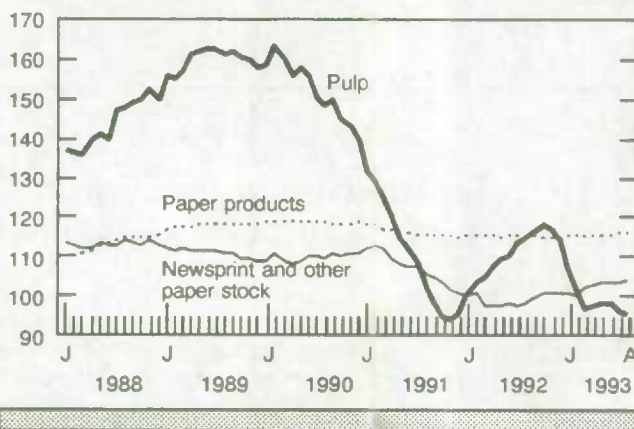
The autos, trucks and other transportation equipment index climbed 1.5% due to the change in the valuation of the Canadian dollar on the price of exports. This represents the fifth consecutive monthly increase for the index.

After a 0.6% drop in July, the meat, fish, and dairy products index increased by 0.7% as prices for fresh or frozen pork climbed 3.1%. Lower prices for beef and veal partially offset the increase.

The paper and paper products index, which tracks the movement of prices for 10 classes of pulp, 20 classes of newsprint and other paper stock and

### Paper and Paper Products

Price Indices 1986 = 100



37 classes of paper products (including paper bags, boxes, towels and tissues), rose 0.4% following two consecutive monthly declines. Pulp prices have shown the greatest variability since 1988, while prices for paper products have shown the least variability. For newsprint and other paper stock, prices declined from late 1988 until mid-1992, when they began to recover.

*For further information, order Industry Price Indexes (catalogue number 62-011), or contact Prices Division at (613) 951-9607.*



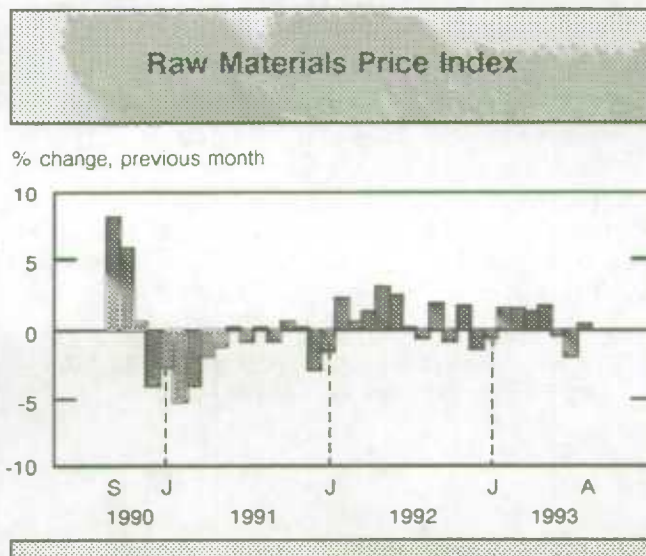
## Higher Crude Oil Prices Push Up RMPI

The Raw Materials Price Index (RMPI, 1986=100) rose 0.4% in August to a level of 113.2, after decreasing for two straight months. While five of seven major groups of products recorded monthly advances, the two groups reporting declines, wood and non-metallic minerals, had a considerable dampening effect on the overall increase.

On a year-over-year basis, the RMPI climbed 5.3% above the previous year's level, mainly because of rises in the wood (36.2%), vegetable products (11.3%) and animals and animal products (5.7%) indexes.

In August, a 2.7% rise in crude oil prices pushed the mineral fuels index up 2.5%. This increase followed declines of 2.7% in June and 7.1% in July. The mineral fuels index, which represents almost one-third of the RMPI, was 10.0% below its August 1992 level mainly because of an 11.2% drop in the crude mineral oil index.

The animals and animal products index, which accounts for more than a quarter of the RMPI, advanced by 0.8% after decreasing by 2.2% in July. The increase reflected higher prices for hogs and cattle. The vegetable products index edged up by 0.3% after rising by 1.9% in July. Higher prices for wheat and soybeans were partly offset by a decline in canola prices.



After having increased for a year and a half, but at a somewhat slower pace in recent months, the wood index fell 2.4% in August mainly because of a 3.0% drop in log and bolt prices. However, in comparison with August 1992, the wood index rose 36.2% on the strength of a 48.4% surge in log and bolt prices.

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

## Why Does the Unemployment Rate Tend to Remain Persistently High?

A feature article entitled "The Duration of Unemployment During Boom and Bust" is presented in the September edition of the *Canadian Economic Observer*. Using a new measure of the length of unemployment spells, it compares how unemployment has changed in the last two recessions.

Not only can the average duration of an unemployment spell be quite long, it also increases substantially during recessions. This is as true today as it was during the 1981-82 recession. Even though the unemployment rate was higher during the 1981-82 recession (it peaked at 11.8% in 1983, but at 11.3% in 1992), the average duration of a completed spell of unemployment was about the same, 19.6 weeks.

Nevertheless, the two recessions display some important differences: there is much more long-term unemployment in the 1990s, and the brunt of the burden is being felt by those older than 45 years of age, as well as by those living in Ontario.

While recessions appear to lower the chances of leaving unemployment for both the shorter-term and the longer-term unemployed, economic growth disproportionately favours the former group. Data suggest that individuals are hired off the unemployment queue according to a "last in, first out" pattern. This pattern has contributed to the rise in the proportion of longer-term unemployed that first became apparent during the aftermath of the 1981-82 recession, and that continued into the more recent recession. As a result, the unemployment rate may now be more resistant to falling, even as economic growth continues.

For further information, order *Canadian Economic Observer* (catalogue number 11-010) or contact *Business and Labour Market Analysis Group* at (613) 951-9047.

# PUBLICATIONS RELEASED FROM SEPTEMBER 24 TO 30, 1993

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
<b>AGRICULTURE</b>					
Livestock Statistics Updates, Vol. 93-002	September 1993	10-600E	144	173	202
<b>EDUCATION, CULTURE AND TOURISM</b>					
Focus on Culture, Vol. 5, No. 3	Autumn 1993	87-004	6.25/25	7.50/30	8.75/35
<b>HOUSING, FAMILY AND SOCIAL STATISTICS</b>					
Canadian Social Trends	Autumn 1993	11-008E	8.50/34	10/40	12/48
<b>INDUSTRIAL ORGANIZATION AND FINANCE</b>					
Quarterly Financial Statistics for Enterprises	Second Quarter 1993	61-008	23/92	27.50/110	32.25/129
<b>INDUSTRY</b>					
Clothing Industries	1990	34-252	35	42	49
Construction Type Plywood	July 1993	35-001	5/50	6/60	7/70
Industrial Chemicals and Synthetic Resins	August 1993	46-002	5.60/56	6.70/67	7.80/78
Mineral Wool Including Fibrous Glass Insulation	August 1993	44-004	5/50	6/60	7/70
Production and Inventories of Process Cheese and Instant Skim Milk Powder	August 1993	32-024	5/50	6/60	7/70
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	July 1993	35-003	7.10/71	8.50/85	9.90/99
The Crude Petroleum and Natural Gas Industry	1992	26-213	26	31	36
<b>INDUSTRY MEASURES AND ANALYSIS</b>					
Gross Domestic Product by Industry	June 1993	15-001	12.70/127	15.20/152	17.80/178
<b>INVESTMENT AND CAPITAL STOCK</b>					
Industrial Capacity Utilization Rates in Canada	Second Quarter 1993	31-003	11/44	13.25/53	15.50/62
<b>NATIONAL ACCOUNTS AND ENVIRONMENT</b>					
Financial Flow Accounts, Quarterly Estimates	First Quarter 1993	13-014	25/100	30/120	35/140
<b>PRICES</b>					
Farm Product Price Index	July 1993	62-003	7.10/71	8.50/85	9.90/99
Industry Price Indexes	July 1993	62-011	18.20/182	21.80/218	25.50/255
<b>SERVICES, SCIENCE AND TECHNOLOGY</b>					
Restaurant, Caterer and Tavern Statistics	July 1993	63-011	6.10/61	7.30/73	8.50/85
Science Statistics Service Bulletin: Estimation of Research and Development Expenditures in the Higher Education Sector, Vol. 17, No. 8	1991-92	88-001	7.10/71	8.5/85	9.90/99
<b>TRANSPORTATION</b>					
Air Passenger Origin and Destination, Canada-United States Report	1992	51-205	42	50	59



## NEW FROM STATISTICS CANADA



### Canadian Social Trends

The Autumn 1993 issue of *Canadian Social Trends* features two articles on education. "School Leavers" explores why one out of five young people in Canada drop out before finishing high school. According to "Educational Achievement: An International Comparison", Canada gets high marks for higher education but lower marks for secondary school completion. Other articles are "Time Use of Canadians in 1992", "Ethnic Diversity in the 1990s", "Seniors 75+: Living Arrangements and Lifestyles" and "Are Young People Farming?"

Each quarter, *Canadian Social Trends* integrates data from various sources to examine important social trends and issues. It also features the latest social indicators and information about new Statistics Canada products and services.

The Autumn 1993 issue of *Canadian Social Trends* (catalogue number 11-008E, \$8.50/\$34) is now available. For further information about this release, contact Cynthia Silver at (613) 951-2556, Housing, Family and Social Statistics Division.



### Canadian Economic Observer

The September issue of *Canadian Economic Observer*, Statistics Canada's flagship publication for economic statistics, introduces a new two-part format and presents a monthly summary of the economy, the major economic events in August and a feature article on unemployment over the business cycle. A more extensive statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and major industrial nations.

*Canadian Economic Observer* (catalogue number 11-010, \$22/\$220) can now be ordered from Publication Sales. For more information, call Cindy Bloskie at (613) 951-3634, Current Analysis Group.

### Focus on Culture

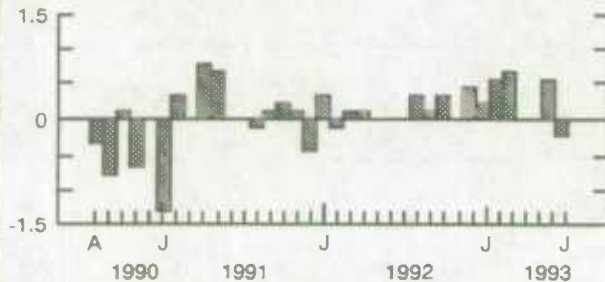
Feature articles in the Autumn issue of *Focus on Culture* analyze the following topics: culture spending and participation by Canada's immigrants; participation in cultural activities by young Canadians; and the response of movie theatres and drive-ins to the changing entertainment market. A special supplement on balance of trade indicators for culture accompanies this issue.

The Autumn 1993 (Vol. 5, No. 3) issue of *Focus on Culture* (catalogue number 87-004, \$6.25/\$25) is now available. For more information, contact Claire McCaughey at (613) 951-1562, Education, Culture and Tourism Division.

## CURRENT TRENDS

### Gross Domestic Product

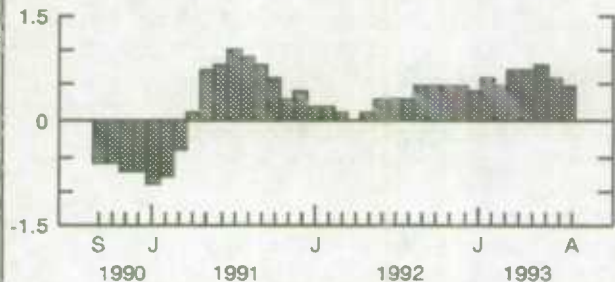
% change,  
previous month



Real gross domestic product at factor cost decreased 0.2% in July, largely due to lower output in manufacturing and mining.

### Composite Leading Indicator

% change,  
previous month



The composite index grew by 0.5% in August, similar to average monthly increases in the preceding twelve months.

### Consumer Price Index

% change,  
previous year



The year-over-year increase in the all-items CPI was 1.7% in August and the food index rose by 1.4%.

### Unemployment Rate

%



The unemployment rate fell to 11.3% in August, returning to the level registered in June.

### Manufacturing

Billions  
of dollars



Canadian manufacturers' shipments decreased 1.5% to \$24.8 billion in July, while the level of unfilled orders slipped by 0.3% to \$24.6 billion.

### Merchandise Trade

Billions  
of dollars



In July, seasonally adjusted merchandise imports climbed 1.1% to \$13.9 billion, while exports edged up by 0.2% to \$14.9 billion.

*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)	July*	516.0	-0.2%	2.7%
Composite Leading Indicator (1981 = 100)	August	155.7	0.5%	7.1%
Operating Profits of Enterprises (\$ billion)	2nd Quarter	14.0	22.8%	35.9%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	July	16.2	0.9%	4.8%
New Motor Vehicle Sales ('000 units)	July	99.8	7.0%	-3.8%
<b>LABOUR</b>				
Employment (millions)	August	12.4	-0.1%	1.3%
Unemployment Rate (%)	August	11.3	-0.3	-0.3
Participation Rate (%)	August	65.1	-0.3	-0.5
Labour Income (\$ billion)	June	33.2	0.8%	2.9%
Average Weekly Earnings (\$)	July*	561.29	0.3%	1.9%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	July	14.9	0.2%	17.2%
Merchandise Imports (\$ billion)	July	13.8	1.1%	11.5%
Merchandise Trade Balance (\$ billion)	July	1.0	-0.12	0.76
<b>MANUFACTURING</b>				
Shipments (\$ billion)	July	24.8	-1.5%	6.8%
New Orders (\$ billion)	July	24.7	-2.7%	7.1%
Unfilled Orders (\$ billion)	July	24.6	-0.3%	9.8%
Inventory/ Shipments Ratio	July	1.41	0.03	-0.08
Capacity Utilization (%)	2nd Quarter	78.3	-0.2	3.3
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	August	130.6	0.1%	1.7%
Industrial Product Price Index (1986 = 100)	August*	112.8	0.6%	3.2%
Raw Materials Price Index (1986 = 100)	August*	113.2	0.4%	5.3%
New Housing Price Index (1986 = 100)	June	136.1	0.2%	1.2%

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

\* New this week.



# KEY RELEASE CALENDAR: OCTOBER 1993\*

Monday	Tuesday	Wednesday	Thursday	Friday
				1
4	5 Short-term Expectations Survey	6 Help-wanted Index, September	7 Community Profiles, 1991 Field Crop reporting Series No. 7: September Crop Production Estimates Estimates of Labour Income, July	8 Labour Force Survey, September New Motor Vehicle Sales, August Farm Product Price Index, August
11 <b>Holiday</b>	12 New Housing Price Index, August Department Store Sales by Province and Metropolitan Area, August	13	14 Composite Index, September	15 Preliminary Statement of Canadian International Merchandise Trade, August Travel Between Canada and Other Countries, August
18 Department Stores Sales, September Monthly Survey of Manufacturing, August Building Permits, August Canadian Cancer Statistics, 1993	19	20 Sales of Natural Gas, August	21 Consumer Price Index, September Retail Trade, August	22 Wholesale Trade, August
25 Canada's International Transactions in Securities, August	26	27 Unemployment Insurance Statistics, August Industrial Product Price Index, September Raw Materials Price Index, September	28	29 Gross Domestic Product at Factor Cost by Industry, August Employment, Earnings and Hours, August Sales of Refined Petroleum Products, September

\* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

## I·N·F·O·M·A·T

### A Weekly Review

Published by the Communications Division Statistics Canada, 10-N, R.H. Coats Bldg, Ottawa, Ontario K1A 0T6.

Senior Editor: Greg Thomson (613) 951-1187  
Editor: Louise Larouche (613) 951-1197

Catalogue: 11-002E. Price: Canada: \$2.50 per issue, \$125.00 per year; United States: US\$3.00 per issue, US\$150.00 per year; Other Countries: US\$3.50 per issue, US\$175.00. Canadian customers please add 7% GST.

To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6. To order by telephone dial: 1-800-267-6677 from Canada and the United States or 613-951-7277 from all other countries.

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, Science and Technology, 1993. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission from Licence Services, Marketing Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences - Permanence of Paper for Printed Library Materials, ANSI Z39.48 - 1984.



STATISTICS CANADA LIBRARY  
BIBLIOTHEQUE STATISTIQUE CANADA



1010150113