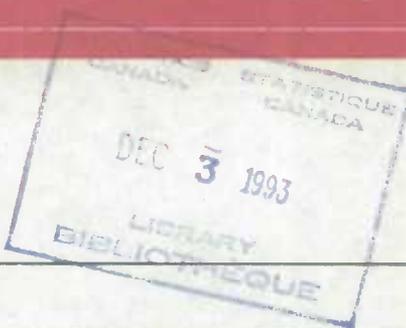




IN·F·O·M·A·T

A WEEKLY REVIEW

NOT FOR LOAN
NE S'EMPRUNTE PAS
Friday, December 3, 1993



OVERVIEW

- Pace of Economic Growth Slows**
Gross domestic product at 1986 prices expanded 0.6% in the third quarter of 1993, slowing from increases of 0.8% in the first quarter and 0.9% in the second quarter.
- Output Expands by 0.4% in September**
Real gross domestic product at factor cost grew by a sound 0.4% in September, boosting the value of goods and services produced during the month.
- Current Account Deficit Narrows in Third Quarter**
Canada's seasonally adjusted current account deficit edged down to \$6.3 billion in the third quarter of 1993 from \$6.6 billion in the second quarter.
- Financing Activity Drops Sharply**
In the third quarter of 1993, funds raised on credit markets by domestic non-financial sectors dropped by almost 16% from the second quarter.
- Help-wanted Index Shows Little Change**
In November, the seasonally adjusted Help-wanted Index (1991 = 100) for Canada crawled up 2% to 89.
- Average Weekly Earnings Barely Growing**
After edging down by 0.1% in August, average weekly earnings of Canadian workers rose 0.3% in September to a seasonally adjusted level of \$562.31.

This issue also includes information on industrial product prices and raw material prices.

Pace of Economic Growth Slows

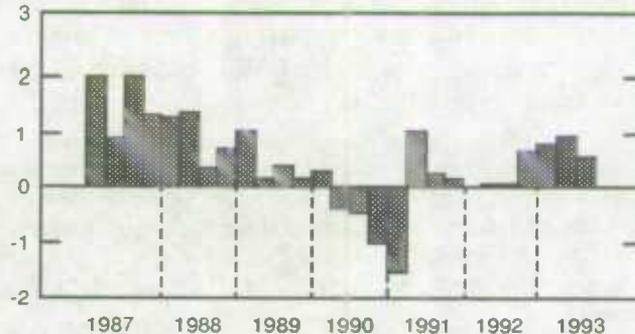
The economy continued to grow in the third quarter of 1993 but at a slower pace than in the previous two quarters. Gross domestic product at 1986 prices expanded 0.6% to a seasonally adjusted annual rate of \$576 billion. The third quarter advance was attributable to higher exports of goods and services, stronger business investment spending and a modest increase in consumer spending.

Consumer spending rose a modest 0.3% as demand for goods rose 0.6% and expenditure on services edged up by 0.1%. The rise in spending was broadly based among commodity groups while spending abroad decreased sharply, reflecting the depreciation of the Canadian dollar.

(continued on page 2)

GDP at 1986 Prices

% change, previous quarter



Statistics
Canada

Statistique
Canada

Canada

... Pace of Economic Growth Slows

Business investment in plant and equipment increased significantly for the third consecutive quarter. Purchases of machinery and equipment, accounting for about 60% of total plant and equipment outlays, jumped 3.9% due to higher spending on industrial machinery, office equipment and a wide range of other capital goods.

There was a substantial liquidation of inventories by businesses in the third quarter. The decrease was concentrated in wholesale and retail trade, where inventories dropped sharply after remaining virtually unchanged in the second quarter. A large part of the cutback was in motor vehicles and in machinery and equipment products. The level of stocks held by manufacturers also dropped during the quarter, although by a smaller amount.

Output Expands by 0.4% in September

Real gross domestic product at factor cost grew by a sound 0.4% in September to an annual rate of \$520.2 billion. This increase followed a 0.2% decline in July and a 0.2% gain in August. A 0.4% rise in services production followed sluggish growth in July and August. Following a 0.9% drop in July and a 0.4% increase in August, goods producers recorded another increase of 0.4% in September.

The gain in services was widespread as every major group except retail trade recorded higher output. Transportation and storage services, and wholesale trade posted the largest gains. Output of transportation and storage services climbed 2.2%, due largely to a 3.0% advance in transportation services. Sales by wholesalers jumped 1.3% to a level 4.3% higher than a year earlier. Eight of 11 trade groups recorded higher sales, led by machinery and equipment wholesalers.

Notable gains were also recorded in community, business and personal services (0.5%), finance, insurance and real estate services (0.2%) and government services (0.5%). A 0.4% decline in retail sales moderated the increases.

Goods production continued to improve in September mainly because manufacturers increased production 1.1%, after a similar gain in August. Adding to the strength, mining output advanced 0.3%, agriculture output increased 0.4% and forestry activity rose 1.7%, its first gain since April 1993.

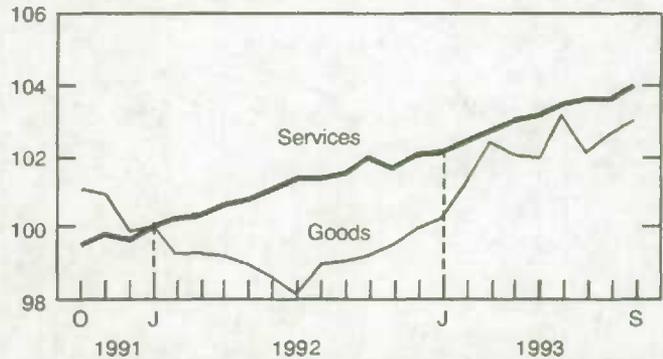
Despite a large improvement in housing affordability, residential construction remained 21% below the peak reached at the end of 1989. Almost half of the 2.1% third-quarter drop was due to a 4.7% decrease in transfer costs associated with housing resale activity.

As government revenue rose 0.9% in the third quarter and total spending increased 0.3%, the aggregate government sector deficit edged down from \$53.6 billion in the second quarter to \$52.3 billion. The increase in revenue reflected higher corporate income taxes and indirect taxes, evident at the federal and at the provincial levels of government.

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

Gross Domestic Product Output by Sector

Index (January 1992 = 100)



In manufacturing, transportation equipment manufacturers dominated the advance for the second month in a row. Producers of wood and electrical and electronic products also posted strong gains. In total, 11 of 21 industry groups recorded higher output.

Moderating the gains, output of utilities fell 2.0% due to lower electricity production while construction activity declined for the fourth straight month, by 0.5% in September.

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.)

Current Account Deficit Narrows in Third Quarter

Canada's seasonally adjusted current account deficit decreased by \$232 million in the third quarter to \$6.3 billion, down from \$6.6 billion in each of the previous two quarters. The reduction resulted from a \$183 million increase in the merchandise trade surplus and a \$386 million decrease in the services deficit (which includes travel). Offsetting that was a \$295 million increase in the investment income deficit and a \$44 million drop in the surplus on transfers.

Both merchandise exports and imports continued to advance for the seventh consecutive quarter. As merchandise exports rose faster than imports, the merchandise trade surplus increased from \$2.8 billion in the second quarter to \$3.0 billion in the third quarter.

Canada's deficit on international travel fell 12.4% to \$1.9 billion, its lowest level in more than two years. The deficit on travel with the United States decreased from \$1.6 billion in the second quarter to \$1.4 billion in the third quarter; the deficit with other countries edged down from \$486 million in the second quarter to \$415 million.

Because of higher dividend payments, the investment income account generated a record deficit of \$6.6 billion (the interest and dividends paid to service Canada's foreign debt).

Financing Activity Drops Sharply

In the third quarter of 1993, funds raised on credit markets by domestic non-financial sectors totalled \$88.7 billion, seasonally adjusted at annual rates. This represents a decline of 15.5% from the second quarter, when \$105.0 billion was raised, and a drop of 30.1% from the first quarter total of \$126.8 billion.

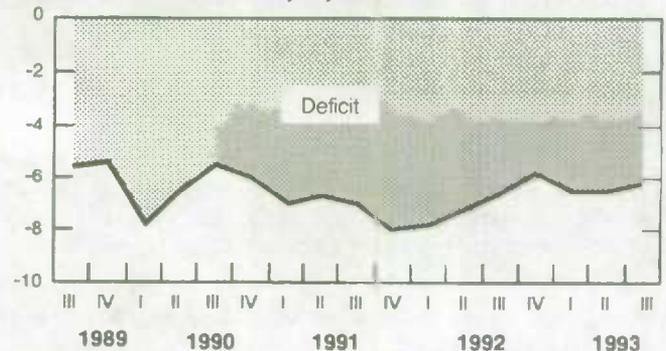
Funds raised by non-financial private corporations showed significant strength for the first time in over two years, accounting for over one-third of all funds raised in the third quarter. Demand for funds rose from \$18.2 billion in the second quarter to \$29.4 billion in the third quarter.

Borrowing in the personal sector weakened. It decreased from \$23.1 billion in the second quarter to \$21.9 billion in the third quarter. Consumer credit debt fell while personal expenditure grew modestly.

Funds raised by all levels of government were down from the first and second quarters. Borrowing by the federal government weakened, from \$36.7 billion in the second quarter to \$13.9 billion in the third quarter. This drop was prompted by stronger financing activity in the first half of the year.

Current Account Balance

Billions of dollars, seasonally adjusted



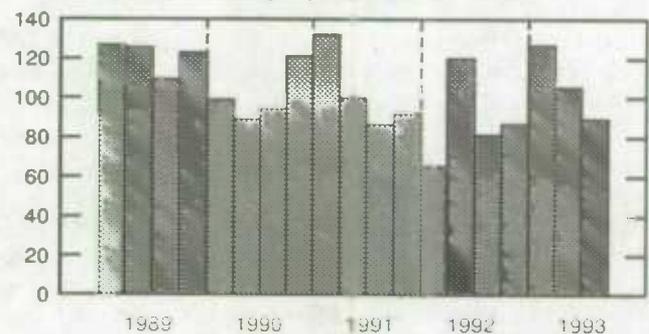
The capital account, which is not seasonally adjusted, showed that foreign investors purchased an unprecedented amount of Canadian bonds and also invested heavily in Canadian stocks. Similarly, investments abroad by Canadian residents were strong and widely spread.

The Canadian dollar touched a low of 74.77 U.S. cents in the third quarter and also depreciated against the yen and the Swiss franc.

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

Total Funds Raised by Domestic Non-financial Sectors

Billions of dollars, seasonally adjusted at annual rates



Other levels of government softened their demand for funds to \$24.2 billion in the third quarter, following heavy borrowing of \$30.5 billion in the previous quarter. There was a lower level of borrowing in the provincial government sector.

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

Help-wanted Index Shows Little Change

In November, the seasonally adjusted Help-wanted Index (1991=100) for Canada, which serves as an early indicator of the demand for labour, crawled up 2% after increasing by 7% in October. Despite these increases, the index has gained only one point in 1993, from 88 in January to 89 in November.

In November, help-wanted ads rose in three regions but fell in British Columbia and in the Prairie provinces. In the Atlantic provinces, the index rose sharply after decreasing for five straight months.

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

Average Weekly Earnings Barely Growing

Average weekly earnings of Canadian workers rose 0.3% in September to a seasonally adjusted level of \$562.31 after a marginal decrease in August. The year-over-year growth rate remained at 1.6%, unchanged from August. The level of earnings stood \$8.64 above the September 1992 level of \$553.67.

The continuing trend of smaller increases in earnings was partly attributable to lower wage settlements, rollbacks and payroll cuts. A change in the employment mix towards lower-paying industries also contributed to lower earnings growth.

The lowest year-over-year changes in earnings were in business services, logging and forestry, and accommodation, food and beverage services. Average weekly earnings in business services, which reported 510,000 employees, stood at \$580.00, a 1.0% drop from September 1992. This was the fifth consecutive month in which earnings declined from the previous year.

In logging and forestry, average weekly earnings fell 1.3% from September 1992, though a smaller decline than in August (-1.8%), and stood at \$714.18. Employment for this group totalled 57,000 employees. For the 710,000 employees in the accommodation, food and beverage services, average weekly earnings rose 0.6% on a year-over-year basis to \$217.08.

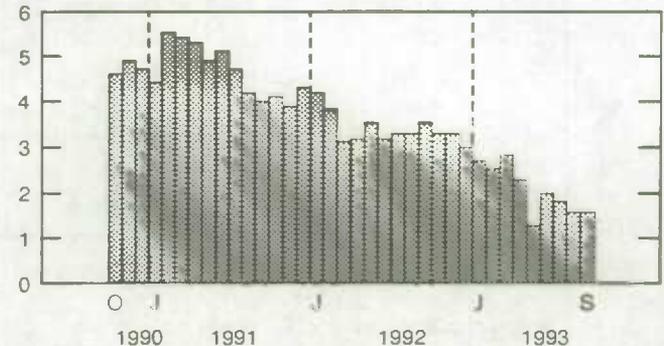
Changes in Indexes by Region

Seasonally Adjusted - November 1993

	Index	% change, previous month	% change, previous year
Canada	89	2	6
Atlantic Provinces	95	23	9
Quebec	95	3	17
Ontario	90	6	2
Prairie Provinces	81	-6	0
British Columbia	80	-6	-8

Average Weekly Earnings

% change, previous year



Finance, insurance and real estate (5.5%) and retail trade (3.5%) showed the largest year-over-year increases. Average weekly earnings stood at \$633.13 and \$330.80, respectively.

Employment in September remained slightly below 10.0 million. Since January 1993, employment edged up by 25,000, with gains in retail trade (36,000), in business services (28,000) and in accommodation, food and beverage services (23,000). These gains were offset by losses in health and social services (-16,000) and finance, insurance and real estate (-15,000).

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

Industrial Product Price Index Maintains Upward Trend

The Industrial Product Price Index (IPPI, 1986=100) advanced for the fourth straight month, by 0.4% in October. At 113.5, the index was 2.7% above its year-earlier level of 110.5, but the year-over-year change decelerated from 3.3% in August to 2.8% in September and to 2.7% in October.

Ten major groups of products registered increases while four declined and seven remained unchanged. Two-thirds of the overall increase was attributable to the rise in the automobiles, trucks and other transportation index.

The autos, trucks and other transportation index rose 2.0%, marking its largest monthly increase since October 1992. The rise was due in large part to higher export prices quoted in U.S. dollars. However, because of the introduction of 1994 models, it also included a price increase of nearly 3.0% for Canadian-made automobiles. The index stood 5.8% above its October 1992 level, compared with year-over-year changes of 7.6% in August and 6.6% in September.

The petroleum and coal products index rose 1.2% from September but was down 3.6% from October 1992. This was the fourth consecutive month in which the index declined from the previous year.

The lumber, sawmill and other wood products index advanced for the third straight month, by 0.5% in October, and was 19.6% higher than its year-earlier level. Softwood lumber prices continued their rise.

The indexes for paper and paper products, printing and publishing, and primary metal products each fell 0.2%, partly offsetting these increases.

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 Raw Materials Price Index

The Raw Materials Price Index (RMPI, 1986=100) stood at 112.6 in October, up 0.4% from its revised September level of 112.1. On a year-over-year basis, the RMPI rose 3.7% as all components showed higher prices except mineral fuels (-8.1%) and non-ferrous metals (-7.6%). Excluding mineral fuels, however, the RMPI was down 1.3% from September but climbed 9.3% from its October 1992 level.

Only three of seven major groups of products recorded monthly advances. The mineral fuels index recorded the largest increase (5.1%), propelled by a 5.4% rise in crude oil prices. The mineral fuels index, which represents almost one-third of the RMPI, still stood 8.1% below its October 1992 level because of a 9.1% drop in the crude oil index. On a monthly basis, crude oil prices have been volatile but have not moved by more than 15%, up or down, from their 1986 levels (except during the Gulf War).

Ferrous material prices climbed 4.0%, led by a sharp 7.0% increase in prices for iron and steel scrap. The vegetable products index advanced 0.7% after declining by 0.5% in September. Higher prices for wheat and sugar were partly offset by a decline in tobacco prices.

Wood prices decreased for the third successive month, this time by 2.7%, due to a 3.6% drop in softwood log prices. However, in comparison with October 1992, the wood index rose 27.6% on the strength of a 36.3% surge in softwood log prices.

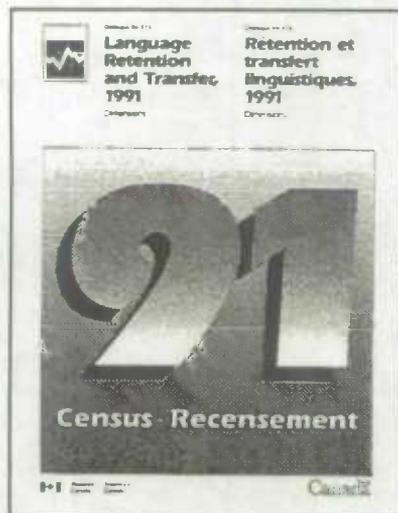
The animals and animal products index, which accounts for more than a quarter of the RMPI, fell 1.5% in October after increasing by 0.8% in August and 1.0% in September. The non-ferrous metals index dropped 1.2%, the third consecutive monthly decrease.

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

PUBLICATIONS RELEASED FROM NOV. 26 TO DEC. 2, 1993

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other Countries
US\$					
AGRICULTURE					
Field Crop Reporting Series No. 8: November Estimate of Production of Principal Field Crops, Canada	November 30, 1993	22-002	12/80	14/96	16/112
CENSUS					
Language Retention and Transfer, 1991	1991 Census	94-319	50	60	70
EDUCATION, CULTURE AND TOURISM					
Government Expenditures on Culture, Culture Statistics	1991-92	87-206	17	20	24
INDUSTRIAL ORGANIZATION AND FINANCE					
Corporations and Labour Unions Returns Act, Part II: Labour Unions	1991	71-202	34	41	48
INDUSTRY					
Asphalt Roofing	October 1993	45-001	5/50	6/60	7/70
Canned and Frozen Fruits and Vegetables -Monthly	September 1993	32-011	5/50	6/60	7/70
Chemical and Chemical Products Industries 1991	1991	46-250	35	42	49
Construction Type Plywood	September 1993	35-001	5/50	6/60	7/70
Crude Petroleum and Natural Gas Production	August 1993	26-006	10/100	12/120	14/140
Gas Utilities	August 1993	55-002	12.70/127	15.20/152	17.80/178
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, (Excluding Newfoundland and Prince Edward Island)	September 1993	35-002	10/100	12/120	14/140
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	September 1993	35-003	7.10/71	8.50/85	9.90/99
Quarterly Shipments of Office Furniture Products	Quarter Ended September 30, 1993	35-006	6.75/27	8/32	9.50/38
Steel Wire and Specified Wire Products	October 1993	41-006	5/50	6/60	7/70
The Sugar Situation	October 1993	32-013	5/50	6/60	7/70
INTERNATIONAL TRADE					
Imports by Commodity	September 1993	65-007	55.10/551	66.10/661	77.10/771
LABOUR					
Unemployment Insurance Statistics	September 1993	73-001	14.70/147	17.60/176	20.60/206
PRICES					
Average Prices of Selected Farm Inputs	October 1993	62-012	8/48	9.60/58	11.20/67
Farm Product Price Index	September 1993	62-003	7.10/71	8.50/85	9.90/99
SERVICES, SCIENCE AND TECHNOLOGY					
Telephone Statistics	September 1993	56-002	8.30/83	10/100	11.60/116
TRANSPORTATION					
Aviation Statistics Centre Service Bulletin, Vol. 25, No. 11	November 1993	51-004	9.30/93	11.20/112	13/130
Railway Operating Statistics, Vol. 73, No. 8	August 1993	52-003	10.50/105	12.60/126	14.70/147

NEW FROM STATISTICS CANADA



Language Retention and Transfer, 1991

This publication provides data from the 1991 Census on mother tongue, home language and knowledge of official languages.

Three language groups – English, French, and non-official language – are covered in the data. Tables show data for Canada, the provinces and territories and, in some cases, census metropolitan areas. Data are also cross-classified by gender.

Language Retention and Transfer, 1991 (catalogue number 94-319, \$50) is now available. To order, contact your nearest Statistics Canada Regional Reference Centre. For further information on these data, contact Demolinguistics Division at (613) 951-2954.

Sentencing in Adult Provincial Courts: A Study of Six Jurisdictions – 1991 and 1992

This study represents the largest amount of sentencing data ever available in this country. Examined are over 600,000 charges resulting in conviction in adult provincial courts in Ontario, Quebec, Alberta, Nova Scotia, Prince Edward Island and the Yukon. Sixty-five offences are analyzed including robbery, sexual assault, firearms offences, break and enter, theft, impaired driving, prostitution offences, and drug possession and trafficking.

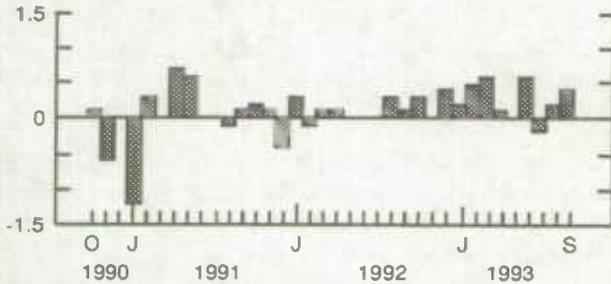
The use of individual sanctions such as imprisonment, probation, fines, conditional and absolute discharge is also examined in detail. Imprisonment rates and average sentence lengths are compared among the five provinces and one territory, as well as among six large cities (Toronto, Montréal, Ottawa, Edmonton, Calgary and Québec).

*To order a copy of the report *Sentencing in Adult Criminal Provincial Courts: A Study of Six Canadian Jurisdictions, 1991 and 1992* (reference #46018, \$30), which is now available, call toll-free 1-800-267-6677 or contact your nearest Statistics Canada Regional Reference Centre. To obtain a summary of the report, contact the Canadian Centre for Justice Statistics (613-951-9023 or toll-free 1-800-387-2231).*

CURRENT TRENDS

Gross Domestic Product

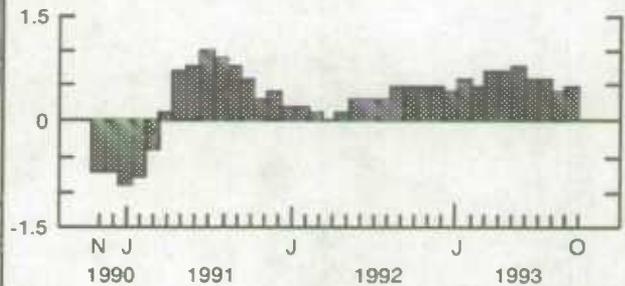
% change, previous month



Real gross domestic product at factor cost grew by a sound 0.4% in September, boosting the value of goods and services produced during the month.

Composite Index

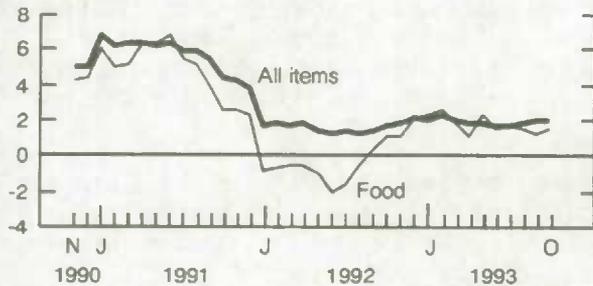
% change, previous month



The growth of the composite index accelerated from 0.4% in September to 0.5% in October.

Consumer Price Index

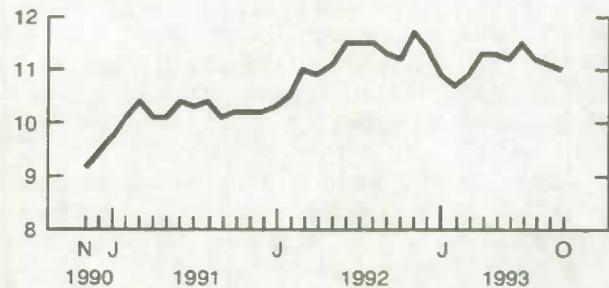
% change, previous year



The year-over-year increase in the all-items CPI was 1.9% in October. The food index rose by 1.5%, up from 1.2% in September.

Unemployment Rate

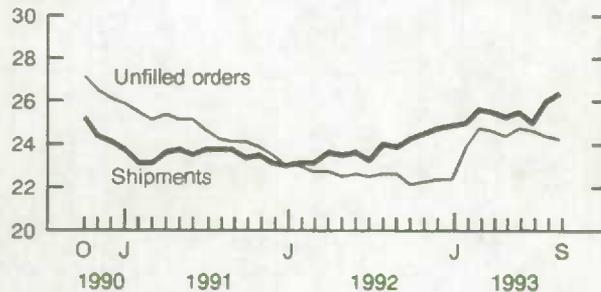
%



The unemployment rate slipped from 11.2% in September to 11.1% in October.

Manufacturing

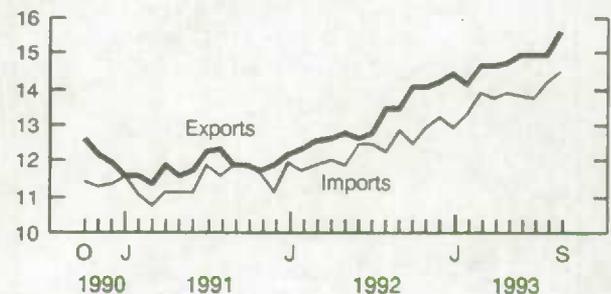
Billions of dollars



Canadian manufacturers' shipments increased 1.4% in September to \$26.3 billion. The level of unfilled orders fell 0.6% to \$24.2 billion, the fifth decline in six months.

Merchandise Trade

Billions of dollars



In September, seasonally adjusted merchandise exports climbed 4.5% to \$15.6 billion, while imports increased 2.4% to \$14.5 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*	520.2	0.4%	3.0%
Composite Leading Indicator (1981 = 100)	October	157.2	0.5%	7.1%
Operating Profits of Enterprises (\$ billion)	3rd Quarter	13.0	-6.9%	23.8%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	September	16.3	-0.1%	4.7%
New Motor Vehicle Sales ('000 units)	September	97.0	-1.8%	-6.8%
LABOUR				
Employment (millions)	October	12.4	-0.2%	1.2%
Unemployment Rate (%)	October	11.1	-0.1	-0.2
Participation Rate (%)	October	64.9	-0.2	-0.4
Labour Income (\$ billion)	August	33.2	-0.1%	2.6%
Average Weekly Earnings (\$)	September*	562.31	0.3%	1.6%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	September	15.6	4.5%	16.1%
Merchandise Imports (\$ billion)	September	14.5	2.4%	13.4%
Merchandise Trade Balance (\$ billion)	September	1.02	0.33	0.44
MANUFACTURING				
Shipments (\$ billion)	September	26.3	1.4%	10.8%
New Orders (\$ billion)	September	26.2	1.5%	10.3%
Unfilled Orders (\$ billion)	September	24.2	-0.6%	7.7%
Inventory/ Shipments Ratio	September	1.33	-0.02	-0.12
Capacity Utilization (%)	3rd Quarter*	78.6	0.2	3.1
PRICES				
Consumer Price Index (1986 = 100)	October	130.9	0.2%	1.9%
Industrial Product Price Index (1986 = 100)	October*	113.5	0.4%	2.7%
Raw Materials Price Index (1986 = 100)	October*	112.6	0.4%	3.7%
New Housing Price Index (1986 = 100)	September	136.6	0.1%	1.6%

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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