



IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, June 3, 1994

3 JUIN 1994

OVERVIEW

■ Pace of Economic Growth Accelerates

Real gross domestic product at factor cost expanded by 0.5% in March despite a first upturn in interest rates since late 1992.

■ Average Weekly Earnings: Best Gain in Seven Months

Average weekly earnings of workers in Canadian industry totalled \$564.06 in March, up 1.6% from a year ago. Some strength has been recorded in the first three months of 1994 after rates decelerated throughout 1993.

■ Little Change in the Capacity Utilization Rate

Canadian industry operated at 79.4% of capacity during the first quarter of 1994, up from 79.3% in the fourth quarter of 1993.

■ Industrial Product Price Index Maintains Upward Trend

Manufacturers increased the price of their products for the tenth straight month in April. Prices were 4.0% above their year-earlier level.

■ Higher Crude Oil Prices Boost Raw Materials Price Index

Prices paid by Canadian industries for raw materials rose for the fourth straight month in April. The latest increase was mainly due to a 15.5% hike in crude oil prices.

■ Farmers Benefited from Higher Crop and Livestock Receipts

The strong growth in first quarter crop receipts was led by a near-doubling of canola receipts. Increases in receipts for hogs and dairy products offset a drop in cattle receipts.

This issue also includes information on 1993 net farm income and tuberculosis in Canada.

Pace of Economic Growth Accelerates

The economy grew at a faster pace in March as real gross domestic product at factor cost expanded by 0.5% despite the first upturn in interest rates since late 1992. Output had averaged 0.1% in January and February.

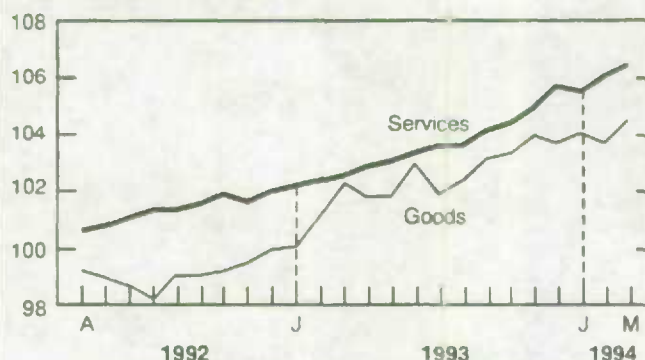
Growth in services decelerated to 0.3% in March from 0.5% in February. The impact of higher interest rates was confined to the finance, insurance and real estate industry, where output slumped 0.8%, marking the first decline since January 1993. The weakness in the finance sector was mainly due to securities brokers and mutual funds, whose activities were severely curtailed by rising interest rates in Canada and the United States. The decline in the finance sector was more than offset by a rebound in transportation and storage services (4.1%) and by gains in wholesale (2.0%) and retail (1.5%) sales.

Goods production jumped 0.8% after dropping in two of the three previous months. Manufacturers increased production by 1.1%, accounting for 70.0% of the gain in the goods sector.

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Gross Domestic Product Output by Sector

Index (January 1992 = 100)



... Pace of Economic Growth Accelerates

Exports have contributed substantially to the growth of several manufacturing industries over the last two years. Transportation equipment and the wood industry benefited the most. Despite the help from exports, manufacturing output in March was still 2.8% lower than its pre-recession peak in February 1989.

Output in mining, quarrying, and oil wells rose 1.8% following declines in the three previous months. Smaller increases were recorded in agriculture and forestry. Output of utilities receded to near-normal levels after surging with the cold weather early in the year. Construction activity was unchanged from February.

First quarter 1994

Economy-wide, output was 0.8% above its level in the fourth quarter of 1993. Output of services grew 1.0%, about equal to its pace in the fourth quarter of 1993. The financial group was responsible for most of the advance in services for a second consecutive quarter. Output in finance, insurance and real estate rose 2.2% in the first

quarter after increasing by 2.5% in the fourth quarter of 1993. A surge in retail trade and sustained growth in communications and community, business and personal services also contributed, and compensated for slower growth in wholesale trade.

Goods production slowed to 0.4% from 1.1% in the fourth quarter, reflecting a much smaller gain by manufacturing (0.2%). Leading the gain in the goods sector, output of utilities jumped 4.3% due to cold weather in January and February. Construction activity rose 1.0%, compared with a 1.2% rise in the previous quarter. Advances were recorded in all types of residential construction. Sluggish dwelling starts during the quarter combined with rising interest rates may auger slower growth in the second quarter of 1994. Output in mining, quarrying and oil wells fell a further 1.7% after dropping by 0.7% in the previous quarter.

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.)

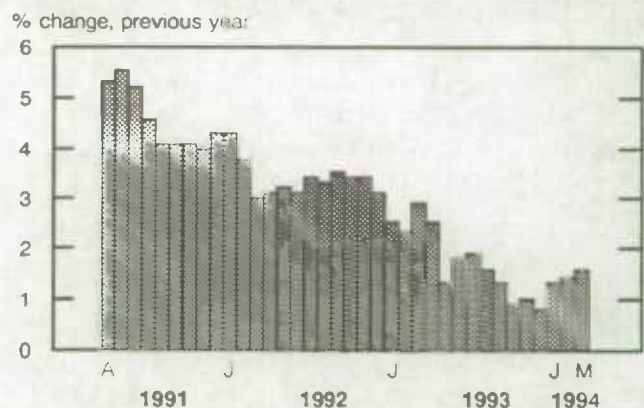
Average Weekly Earnings: Best Gain in Seven Months

Average weekly earnings stood at \$564.06 in March, up 1.6% from a year earlier. This was the largest year-over-year gain since August 1993. The growth rate has accelerated in the first quarter of 1994 after decelerating throughout 1993. Earnings growth still remained well below the peak of 6.4% reached in September 1989.

Average Weekly Earnings, March 1994 Seasonally Adjusted

Province/Territory	Industrial Aggregate (dollars)	Year-over year % change
Canada	564.06	1.6
Newfoundland	533.09	2.5
Prince Edward Island	461.33	1.7
Nova Scotia	496.51	0.5
New Brunswick	498.05	-0.5
Québec	541.60	0.6
Ontario	601.61	2.5
Manitoba	497.17	1.5
Saskatchewan	481.80	2.2
Alberta	545.00	-1.3
British Columbia	571.38	3.4
Yukon	706.95	3.1
Northwest Territories	714.32	-0.2

Average Weekly Earnings



British Columbia, the Yukon, Ontario, Newfoundland, Saskatchewan, and Prince Edward Island recorded year-over-year growth rates exceeding the average for Canada. In contrast, Alberta, New Brunswick and the Northwest Territories registered negative year-over-year changes in average weekly earnings. March marked the third straight year-over-year decline in Alberta.

The largest year-over-year change in earnings was registered in finance, insurance and real estate

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Average Weekly Earnings: Best Gain in Seven Months

(4.5%); for the 646,000 employees in that sector, average weekly earnings rose to \$646.11. Sizeable year-over-year increases in average weekly earnings were reported in wholesale trade (3.8%), manufacturing (3.0%) and retail trade (2.7%).

Average weekly earnings declined in two industry groups. For the 65,000 employees who worked in logging and forestry, earnings fell 1.4% from the previous year, to \$698.28. In transportation, communications and other utilities industries, earnings declined 0.4% from a year ago to \$700.75. However, employment in that sector grew for the third consecutive month, to a level of 857,000. Ontario and Québec reported substantial growth in truck transport in March.

Little Change in the Capacity Utilization Rate

Canada's non-farm goods-producing industries operated at 79.4% of capacity during the first quarter of 1994, up from 79.3% in the fourth quarter of 1993. The current level remains well below the 86.8% high recorded in late 1987 and early 1988.

Industrial Capacity Utilization Rates

Industries	QI 1993	QIV 1993	QI 1994	Quarterly % Change	
				QI 1993/ QI 1994	QIV 1993/ QI 1994
Non-farm Goods-producing	78.4	79.3	79.4	1.3	0.1
Logging and Forestry	90.9	89.1	89.9	-1.1	0.9
Mining, Quarrying & Oil Wells	83.6	88.0	86.1	3.0	-2.2
Manufacturing	77.9	79.3	79.2	1.7	-0.1
Durable Goods	76.8	79.1	79.0	2.9	-0.1
Non-durable Goods	79.3	79.5	79.5	0.3	0.0
Construction	73.6	73.0	73.6	0.0	0.8
Electric Power and Gas Distribution Systems	82.4	79.2	81.8	-0.7	3.3

Industrial Product Price Index Maintains Upward Trend

Prices manufacturers charged for their products continued to rise for the tenth straight month but the rate of increase has slowed from 1.0% in February to 0.5% in March and to 0.2% in April. While the monthly rates have been slowing, the year-over-year changes in the industrial product price index (IPPI, 1986=100) have been on an

Note to users

The March release of employment, earnings and hours was based on a sample survey of establishments and, for the first time, a sample of administrative records. The administrative records representing small firms were obtained from Revenue Canada's monthly payroll deduction remittance forms. Use of these administrative data has resulted in higher estimated levels of payroll employment and in slightly lower levels of average earnings. Historical estimates have been revised to be consistent with the new levels.

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

Increased levels of electric power generation and gas distribution due to severe winter temperatures in the first quarter boosted the electric power and gas distribution systems' production to 81.8% of their capacity.

The utilization rate in manufacturing industries edged down by 0.1%. Capacity utilization increased in half of the 22 manufacturing groups, led by the tobacco products (7.7%), electrical and electronic products (5.9%), and refined petroleum and coal products (5.2%) industries.

These increases were offset by declines in the remaining 11 industry groups. The rate for primary metals declined by 3.0% due to lower output in non-ferrous smelting and refining industries. In machinery industries, capacity utilization fell by 2.7% as output declined following a strong performance in the fourth quarter of 1993. Plant shutdowns in the first quarter led to reduced capacity utilization in transportation equipment industries (-1.9%).

Low international prices for non-ferrous metals led to plant shutdowns and reduced output in mining and quarrying industries. As a result, capacity utilization in the mining, quarrying and oil wells industries declined by 2.2%.

For further information contact Investment and Capital Stock Division at (613) 951-0655.

upward trend since January. At 116.7, the IPPI was 4.0% above its year-earlier level of 112.2.

Price indexes for 14 of the 21 major groups of products registered increases while five remained unchanged and two declined. Manufacturers who sold autos, trucks and other transport equipment charged 1.0% more for their products. Since January, automobile prices have risen by 3.2%, mainly because of the downward change in the valuation of the Canadian dollar.

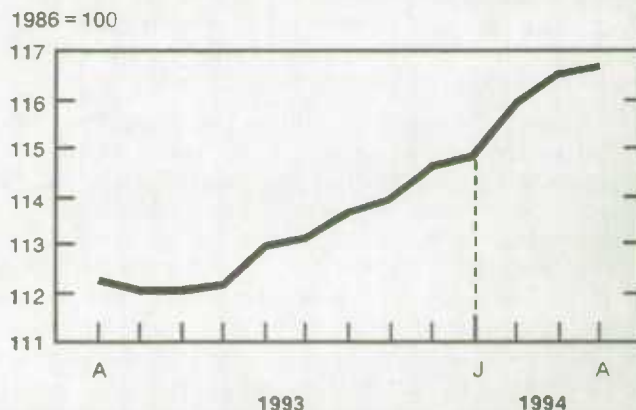
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... Industrial Product Price Index Maintains Upward Trend

Prices for paper and paper products rose 2.1% as both pulp and newsprint prices increased. Domestic and export sulphate woodpulp prices climbed 6.1% and 8.0%, respectively. The apparent firmness of the markets for woodpulp in Canada and the United States has allowed price increases for the first time since 1992. Buoyed by the export market, newsprint prices rose 2.2% in April, despite a slight decline in the domestic market.

These increases were slightly offset by declining prices for lumber, sawmill and other wood products, and beverages. Prices of lumber and timber fell 4.1% in April after a small 0.5% decline in March. The most significant declines were for softwood lumber, where price decreases ranged from -4.9% in the B.C. interior to -17.6% in the Prairie provinces. A healthy supply of lumber compared to the current demand helped keep prices down. However, due to price increases for western red cedar, lumber prices in the coastal regions of British Columbia rose 1.7%.

Industrial product price index



For further information, order Industry price indexes (catalogue number 62-011) or contact Prices Division at (613) 951-3350.

Higher Crude Oil Prices Boost Raw Materials Price Index

The raw materials price index (RMPI, 1986 = 100) rose 3.7% in April to a level of 117.2. This marked a fourth consecutive monthly increase and the sharpest rise since October 1990. Price indexes for five of the seven RMPI components were up in April but the overall increase was mainly attributable to the mineral fuels index. Without mineral fuels, the RMPI was up by 0.6% from March.

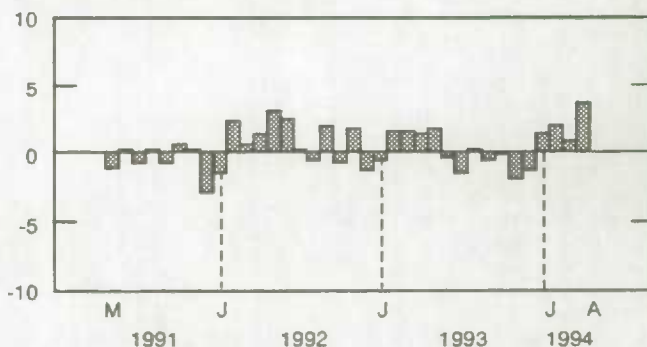
On a year-over-year basis, the RMPI rose 3.5% as all components showed higher prices except mineral fuels (-8.5%). The largest price increases were for ferrous materials (20.4%), vegetable products (16.6%) and non-ferrous metals (12.7%).

The mineral fuels index, the largest component of the RMPI, climbed 13.8% from March. The index had been generally declining from May 1993 (105.5) to March 1994 (84.1) but now stands at 95.7. In April, distributors paid 15.5% more for the crude oil they used but paid 6.8% less for natural gas. Despite the sharp increase, crude oil prices still remained almost 10% lower than a year earlier.

Manufacturers using wood (2.1%), non-metallic minerals (1.0%) and ferrous materials (0.6%) also saw significant price increases. Logs and bolts, whose prices in April were above their previous peak in July 1993, have led the increase in wood prices while prices of processed lumber declined for the second month in a row.

Raw Materials Price Index

% change, previous month



Prices of non-ferrous metals decreased slightly (-0.5%) in April after four straight months of increases totalling 15.2%. The decline was due to a 3.7% drop in prices for copper concentrates but prices for copper and for most other base metals were still considerably higher than in October 1993.

For further information, order Industry price indexes (catalogue number 62-011) or contact Prices Division at (613) 951-3350.

Farmers Benefited from Higher Crop and Livestock Receipts

Cash receipts from farming operations totalled \$6,567 million in the first quarter of 1994, a slight 0.4% decline from the record \$6,595 million reported for the same period in 1993. Half of the provinces recorded gains in farm cash receipts, with Prince Edward Island (58.1%), New Brunswick (20.8%) and Québec (15.3%) reporting the largest. The steepest declines were in Newfoundland (-12.3%) and Saskatchewan (-10.3%).

Program payments fell 45% from the previous year to \$648 million. The reduction came mostly from lower Gross Revenue Insurance Plan and crop insurance payments. The decline in payments reflected better market prices for the 1993-94 cereal and oilseed crops and a small decline in the supported level of revenue per acre. Also, growing and harvesting conditions generally improved across the country in 1993.

Crop receipts rose 20% in the first quarter, to \$2.9 billion, compared to the year-earlier level of \$2.4 billion. The strong growth in crop receipts was led by a near-doubling of canola receipts, which rose from \$237 million to \$453 million. Production has been spurred by the favourable health properties of canola oil and, more recently, by weak wheat prices due to reduced export demand from Russia and China and to further subsidy competition between the U.S. and the European Community. In 1994, Canadian farmers intend to plant record canola acreage.

Livestock and animal product receipts for the first quarter were \$3.0 billion, 1.1% higher than the previous year's record level. Increases in receipts for all categories of livestock and products, particularly hogs and dairy, offset a drop in cattle receipts.

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

Net Farm Income Improves Markedly in 1993

Net farm income amounted to \$3.9 billion in 1993, up 59% from \$2.4 billion in 1992. This is slightly above the peak of \$3.8 billion recorded in 1989 and more than double the low reached in 1991. Over the last two decades, net farm income has represented a decreasing share of the total income of farm families.

Total net farm income increased sharply in Saskatchewan (161%), Alberta (122%), Ontario (76%), and British Columbia (70%) due to higher inventories of grains, oilseeds and cattle. Prince Edward Island (-82%), Nova Scotia (-18%) and New Brunswick (-15%) experienced declines, largely a result of lower potato inventories.

Realized net farm income (which does not account for the value of inventory change) reached \$2.8 billion in 1993, down a marginal 0.01% from 1992. Higher crops and livestock receipts were not enough to offset lower government payments and

higher operating expenses and depreciation charges. Realized net farm income increased in six of the 10 provinces. Manitoba (103%), New Brunswick (66%), Prince Edward Island (59%) and British Columbia (55%) showed the largest gains, mainly due to higher farm cash receipts. Decreases were reported for Ontario (-33%), Alberta (-30%), Nova Scotia (-15%) and Québec (-4%), resulting from a combination of lower receipts and higher expenses.

The value of inventory change in 1993 was \$1.1 billion, up from -\$411 million in 1992, a net increase of \$1.5 billion. The advance was attributable to higher inventories of grains, oilseeds and cattle.

Farm operating expenses and depreciation charges increased 2.8% to a record \$21.9 billion. A decline in total rebates, combined with increases in most expenses, resulted in a 2.9% overall gain in total net expenses, to \$21.6 billion.

For further information, order Agriculture economic statistics supplement (catalogue number 10-603E) or contact Agriculture Division at (613) 951-8707.

Rate of Tuberculosis in Canada Among the Lowest in the World

In 1992, 2,091 cases (representing a crude rate of 7.4 cases per 100,000 population) of new active and reactivated tuberculosis were reported in Canada. This was a slight increase from 2,018 cases (7.2 cases per 100,000 population) reported in 1991. According to the World Health Organization (WHO), the rate of tuberculosis in Canada ranked among the lowest in the world in 1992. By contrast, in the United States, the rate of reported tuberculosis cases in 1992 was 10.5 cases per 100,000 population.

The highest rates of tuberculosis in Canada occurred among the elderly, for males in particular. Besides the elderly, other groups at higher risk of tuberculosis are Aborigines and persons born outside Canada. Of all cases reported in 1992, 19% occurred in Aborigines and 53% in persons who were born outside Canada. The number of cases reported among non-Aboriginal persons born in Canada declined steadily. It fell from 1,366 cases in 1980 to 530 cases in 1992. Meanwhile, among

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... Rate of Tuberculosis in Canada Among the Lowest in the World

Aboriginals, the annual number of cases did not vary much from the 390 cases reported in 1980 and the 388 cases reported in 1992.

In Africa, as well as in the United States, recent increases in tuberculosis incidence are attributed

partly to the AIDS epidemic, because the risk of tuberculosis is higher in persons infected with HIV. In Canada, evidence of the impact of AIDS on tuberculosis incidence is limited.

For further information contact Health Statistics Division at (613) 951-1746.

PUBLICATIONS RELEASED FROM MAY 27 TO JUNE 2, 1994

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other Countries
			US\$		
AGRICULTURE					
Livestock statistics updates	May 1994	23-603EU	36/144	43.20/173	50.40/202
The dairy review	March 1994	23-001	14/138	17/166	20/194
INDUSTRY					
Construction type plywood	March 1994	35-001	6/60	8/72	9/84
Crude petroleum and natural gas production	February 1994	26-006	11/110	13/130	15/150
Mineral wool including fibrous glass insulation	April 1994	44-004	6/60	8/72	9/84
Production and inventories of process cheese and instant skim milk powder	April 1994	32-024	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies	March 1994	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	March 1994	35-003	8/80	10/96	12/112
Rigid insulating board	April 1994	36-002	6/60	8/72	9/84
The sugar situation	April 1994	32-013	6/60	8/72	9/84
Wholesale trade statistics	1991	63-226	37	45	52
INPUT-OUTPUT					
Aggregate productivity measures	1992	15-204E	40	48	56
INTERNATIONAL TRADE					
Imports, merchandise trade	1993	65-203	180	216	252
LABOUR AND HOUSEHOLD SURVEY ANALYSIS					
Perspectives on labour and income	Summer 1994	75-001E	14/56	17/68	20/80
PRICES					
Average prices of selected farm inputs	April 1994	62-012	8/48	10/58	12/68
SERVICES, SCIENCE AND TECHNOLOGY					
Restaurant, caterer and tavern statistics	March 1994	63-011	7/70	9/84	10/98
TRANSPORTATION					
Air carrier operations in Canada	April-June 1993	51-002	25/99	30/119	35/139
Aviation service bulletin	May 1994, Vol. 26, No. 5	51-004	10/99	12/119	14/139

NEW FROM STATISTICS CANADA

Perspectives on labour and income

The Summer 1994 edition of *Perspectives on Labour and Income*, Statistics Canada's journal on labour and income topics, features articles on the expenditures of couples without children, the commuting time of Canadian workers, and the employment situation of lone mothers. It also includes a profile of Unemployment insurance beneficiaries, an analysis of the characteristics of full-time paid workers with fixed daytime schedules, a study on weekend workers, and a look at the labour force participation rate of women.

The Summer 1994 issue of *Perspectives on Labour and Income* (catalogue number 75-001E, \$14/\$56) is now available. For further information, contact Cécile Dumas (613-951-6894) or Henry Pold (613-951-4608), Labour and Household Surveys Analysis Division.



Aggregate productivity measures

Aggregate productivity measures, 1992 presents updated and revised data for both labour and multifactor productivity. It also presents labour compensation and unit labour cost estimates for most industries of the business sector. Highlights compare the performance of Canadian and U.S. unit labour cost over the last business cycle.

Two articles are featured. The first describes a new KLEMS database (capital, labour, energy, materials, services). The second analyzes the manufacturing sector over the 1960 to 1990 period. The new database will be useful in most analytical applications that require industry statistics by summary input type. It is available on a cost-recovery basis.

The 1992 issue of *Aggregate productivity measures* (catalogue number 15-204E, \$40) is now available. For further information on this release, contact Jean-Pierre Maynard (613-951-3654), Input-Output Division.



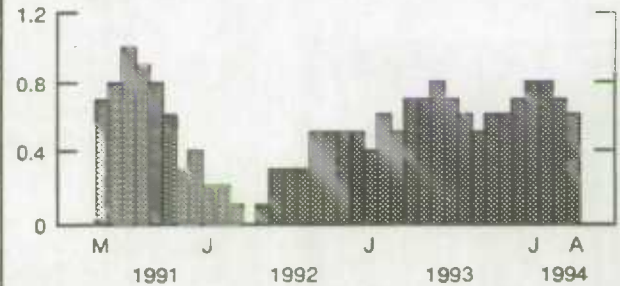
CURRENT TRENDS

Gross Domestic Product

% change,
previous month

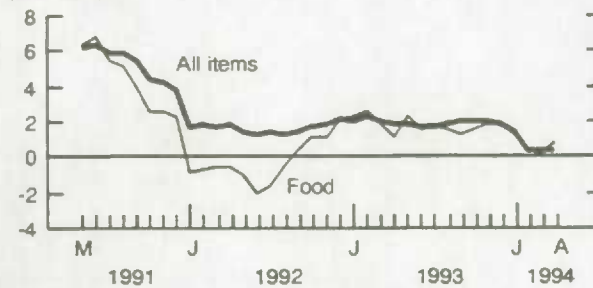
Real gross domestic product at factor cost expanded by 0.5% in March after averaging 0.1% in January and February.

Composite Index

% change,
previous month

The growth of the composite index eased from 0.7% in March to 0.6% in April but the rate of increase nearly matched the average growth recorded in the last 18 months.

Consumer Price Index

% change,
previous year

In April, the year-over-year change in the all-items CPI was 0.2%, the same rate of increase reported in February and March. The food index rose by 0.7%.

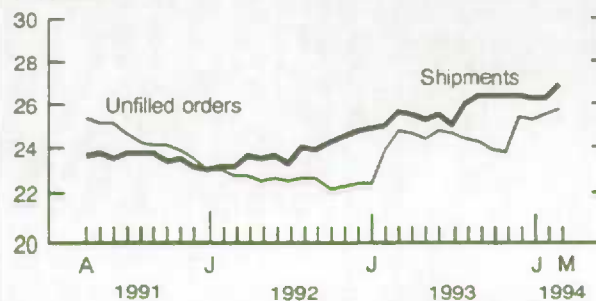
Unemployment Rate

%



In April, the unemployment rate rose 0.4 percentage points to 11.0%. The increase was due to a growth in the number of adults entering the labour force in search of work.

Manufacturing

Billions
of dollars

Canadian manufacturers' shipments rose 2.7% in March to \$26.8 billion. The level of unfilled orders rose 0.6% to \$25.7 billion.

Merchandise Trade

Billions
of dollars

In March, the value of merchandise exports was up 8.1% to \$16.7 billion, while imports climbed 9.8% to \$16.0 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)	March*	530.8	0.5%	3.3%
Composite Leading Indicator (1981 = 100)	April	164.2	0.6%	8.3%
Operating Profits of Enterprises (\$ billion)	4th Quarter	14.0	11.4%	86.6%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	March	17.2	1.3%	7.7%
New Motor Vehicle Sales ('000 units)	March	107.0	-0.4%	7.8%
LABOUR				
Employment (millions)	April	12.5	0.0%	1.6%
Unemployment Rate (%)	April	11.0	0.4	-0.4
Participation Rate (%)	April	65.1	0.3	-0.2
Labour Income (\$ billion)	January	33.5	0.3%	2.0%
Average Weekly Earnings (\$)	March*	564.06	0.4%	1.6%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	March	16.7	8.1%	14.3%
Merchandise Imports (\$ billion)	March	16.0	9.8%	15.4%
Merchandise Trade Balance (\$ billion)	March	0.66	-0.19	-0.06
MANUFACTURING				
Shipments (\$ billion)	March	26.8	2.7%	5.0%
New Orders (\$ billion)	March	27.0	2.3%	2.2%
Unfilled Orders (\$ billion)	March	25.7	0.6%	3.8%
Inventory/ Shipments Ratio	March	1.35	-0.03	0.01
Capacity Utilization (%)	1st Quarter*	79.2	-0.1	1.3
PRICES				
Consumer Price Index (1986 = 100)	April	130.2	0.1%	0.2%
Industrial Product Price Index (1986 = 100)	April*	116.7	0.2%	4.0%
Raw Materials Price Index (1986 = 100)	April*	117.2	3.7%	3.5%
New Housing Price Index (1986 = 100)	March	136.1	0.1%	0.3%

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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