



Infomat

A Weekly Review

Friday, June 17, 1994

OVERVIEW

■ Fewer Canadians Are Crossing the American Border

The downward trend in same-day cross-border car trips continued in April. The volume of same-day car trips remained at its lowest level in more than five years.

■ Business Productivity Rising Slowly

Canada's business sector boosted its multifactor productivity by 1.2% in 1993 after a slim 0.5% increase in 1992 but the 1993 increase was still far below advances made after the 1982 recession.

■ New Housing Prices: Lower Than a Year Ago

In April, the new housing price index (1986=100) remained unchanged from March's level of 136.1 but stood 0.2% below its year-earlier level of 136.4.

■ Labour Market Conditions Improve Moderately

The unemployment rate fell 0.3 percentage points in May to 10.7%. Employment increased for the fourth straight month, picking up in the trade and construction industries in May.

■ Economy Continues to Grow Rapidly in the First Quarter

Led by a substantial rise in consumer spending, gross domestic product at 1986 prices continued to grow rapidly in the first quarter of 1994.

■ Current Account Deficit Improving

Canada's seasonally adjusted current account deficit narrowed in the first quarter of 1994 mainly due to lower deficits in the investment income and travel accounts.

■ Demand for Funds Remained Firm

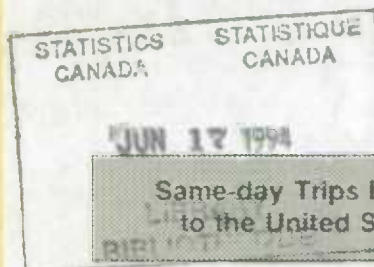
The demand for funds on credit and equity markets remained firm in the first quarter of 1994, though slightly lower than in the previous quarter.

Fewer Canadians Are Crossing the American Border

Canadian residents made 3.1 million same-day cross-border car trips in April, down 26.1% from April 1993. This marked the lowest level since August 1988. Same-day cross-border car trips by Canadians have been declining steadily since February 1992 after peaking at 5.3 million in November 1991.

The weakening Canadian dollar and rising U.S. gasoline prices have together contributed to the downtrend in same-day cross-border car trips. In recent months, the federal government, together with a number of provincial governments, cut tobacco taxes, reducing sharply the price of Canadian cigarettes.

Canadians also made fewer overnight trips to the U.S.. They made 1.3 million overnight trips to the U.S., by all modes of travel, down 10.6% from the previous year. This type of travel has been generally decreasing since January 1992. However, similar travel to all other countries rose 5.0% from a year-earlier, to 287,000, a continuation of the long-term upward trend.



(continued on page 2)

Same-day Trips by Canadian Residents to the United States, by Automobile



... Fewer Canadians Are Crossing the American Border

Foreigners made 1.3 million overnight trips to Canada in April, up 7.1% from a year ago. The level of this type of travel has been relatively constant since late 1986 but has been inching ahead since April 1993. Both the U.S. and other countries contributed to this year-over-year increase. The number of visits from a number of overseas countries were up substantially in comparison with April 1993: France, up 32.9% to 24,000; Japan, up 29.1% to 27,000; and Australia, up 26.9% to 7,000.

The increase in overnight visits by residents from Japan was significant because among all visitors to Canada, Japanese visitors have traditionally recorded the highest level of spending per night. In 1993, they spent \$157 per night.

For further information, order International travel, advance information (catalogue number 66-001P), or contact Education, Culture and Tourism Division at (613) 951-1791.

International Travel Between Canada and Other Countries

April 1994, Seasonally Adjusted

	('000)	% change, previous month	% change, previous year
One or More Night Trips			
Non-resident Travellers:			
United States	1,043	-0.5	6.5
Other Countries	276	-2.7	10.3
Total	1,319	-1.0	7.1
Residents of Canada:			
United States	1,319	-3.8	-10.6
Other Countries	287	-0.3	5.0
Total	1,606	-3.2	-8.2
Auto Re-entries			
Residents of Canada:			
Same-day	3,118	-8.9	-26.1
Overnight	894	-2.8	-13.5

Business Productivity Rising Slowly

Canadian businesses are having a tougher time recovering from the current recession than they did after the economic slowdown a decade ago. Multifactor productivity of businesses grew at an historically low rate last year, given that the business cycle was at the onset of an upswing.

Canada's business sector boosted its multifactor productivity by 1.2% in 1993 after a slim 0.5% increase in 1992. But the 1993 increase was still far below advances made after the 1982 recession, when productivity rose 3.8% in 1983 and 4.0% in 1984.

This slow growth in business multifactor productivity was accompanied by a slowdown in labour productivity. Labour productivity – the real gross domestic product per hour worked – went from an increase of 1.9% in 1992 to 1.1% in 1993. That means that businesses, on average, were producing more goods and services for every hour their employees worked but at a slower rate of increase.

At the same time, unit labour costs – a closely watched measure of Canada's ability to compete on world markets – dropped for the first time since 1962. The labour cost per unit of output fell 0.4% in 1993 after a 1.1% advance the previous year.

The decline was the result of a slowdown in wage inflation in Canada, combined with a 1.1% increase in hourly production. The business sector's hourly compensation levels went up by only 0.7% in 1993, the weakest increase since 1946 when data first became available.

The situation was similar for Canadian manufacturing industries which boosted their multifactor productivity by 3.3% in 1993, about twice the 1.7% increase in 1992. This improvement still lacked strength compared with the beginning of the previous recovery when multifactor productivity rose by 7.9% in 1983 and 8.6% in 1984.

The goods-producing sector of the economy, which is dominated by manufacturing, turned in the strongest labour productivity increase last year (+1.7%) compared to the service sector's gain of 0.7%.

The goods sector also notched a 2.1% increase in average hours worked per week, which indicates that many manufacturers have fully adjusted their labour input to the production declines since 1990. A recovery in consumer demand has, therefore, prompted such businesses to extend their work hours rather than hire new or previously laid-off employees.

For further information, contact Input-output Division at (613) 951-3654.

New Housing Prices: Lower Than a Year Ago

In April, the new housing price index (1986=100) remained unchanged from March's level. At 136.1, the index stood 0.2% below its year-earlier level of 136.4, showing the first year-over-year decrease since May 1992.

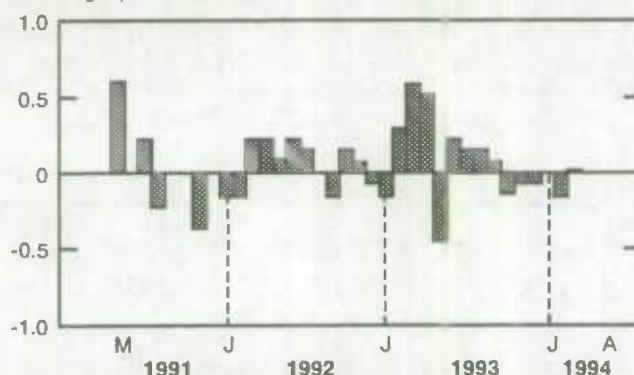
Offsetting movements caused the unchanged level in April. Of the 20 urban areas for which the index is calculated, nine registered increases, six showed no monthly changes and five posted declines. St. John's led the increases with a 0.7% rise, a sharp contrast with only marginal growth in the last three years. In Ottawa-Hull, new housing prices rose 0.6%, marking the largest increase in 12 months.

New housing prices declined 0.6% in Hamilton, 0.4% in Montréal, 0.3% in Victoria, 0.2% in Québec and 0.1% in Edmonton. The Vancouver index, which accounts for almost 20% of the Canada total, remained unchanged in April but slipped 0.1% from a year earlier.

The house only index edged up by 0.1% in April to 125.5 but stood 0.5% below its level of a year ago.

New Housing Price Index

% change, previous month



The land only index posted a slight increase of 0.1% from March to a level of 169.4 and was up 0.8% from April 1993.

For further information, order *Construction price statistics* (catalogue number 62-007) or contact *Prices Division* at (613) 951-9607.

Labour Market Conditions Improve Moderately

The unemployment rate fell 0.3 percentage points in May to 10.7%, following an increase of 0.4 percentage points in April. The level of unemployment fell by 36,000 to 1.5 million, largely because of a decline in the number of unemployed adult men.

Over the past four months, employment has increased by 171,000. In May alone, the economy

created an additional 56,000 jobs. The gains have been in full-time employment (+88,000), which more than offset the decline in part-time employment (-32,000).

The job outlook in May improved basically for adult men and youths. Employment increased by 31,000 among adult men aged 25 and over, bringing gains since January to 97,000. Employment for youths aged 15 to 24 increased by 32,000 after a loss of 17,000 in April.

(continued on page 4)

PROVINCIAL PERSPECTIVES

Labour Force Survey Results for May 1994

	Labour Force		Employment		Unemployment	
	'000	% change previous month	'000	% change, previous month	'000	Rate (%)
Canada	14,101	0.1	12,590	0.4	1,511	10.7
Newfoundland	244	1.2	192	0.0	52	21.3
Prince Edward Island	66	0.0	55	0.0	11	17.2
Nova Scotia	428	0.0	372	0.8	56	13.1
New Brunswick	332	1.8	288	1.8	44	13.3
Québec	3,448	-0.1	3,020	0.1	428	12.4
Ontario	5,363	-0.1	4,827	0.2	536	10.0
Manitoba	544	-0.9	493	-0.8	51	9.4
Saskatchewan	470	-0.6	435	-0.2	35	7.4
Alberta	1,407	1.0	1,281	0.8	126	9.0
British Columbia	1,801	0.9	1,630	1.9	171	9.5

... Labour Market Conditions Improve Moderately

Trade employment grew by 41,000 in May after a strong performance in retail trade sales in the first quarter of 1994. Employment in construction increased by 24,000. Job gains in construction over the last four months totalled 107,000, reversing the downward trend prevailing since early 1990. The manufacturing sector lost 22,000 jobs in May.

After two months of small declines, employment in British Columbia recorded the largest gain in May (+30,000). Employment in Alberta rose by 10,000, bringing gains since January 1994 to 19,000. New Brunswick also experienced a sizeable job increase (+5,000). Employment held steady in Ontario and Québec.

For further information, order *Labour force information* (catalogue number 71-001P), or contact the *Household Surveys Division* at (613) 951-4720. (See also "Current Trends" chart on page 8.)

Economy Continues to Grow Rapidly in the First Quarter

The economy expanded rapidly in the first quarter of 1994, led by a substantial rise in consumer spending. Gross domestic product at 1986 prices advanced 1.0%, about the same rate of increase as in the fourth quarter of 1993.

Consumers spent 0.9% more than in the last quarter of 1993. This increase was the largest in almost three years and was partly attributable to income tax refunds, which were processed more rapidly this year. Personal expenditure on goods rose 2.1% while spending on consumer services dropped 0.3%. This decline reflected the continuing drop in cross-border shopping, stimulated by the depreciation of the Canadian dollar over the past 30 months.

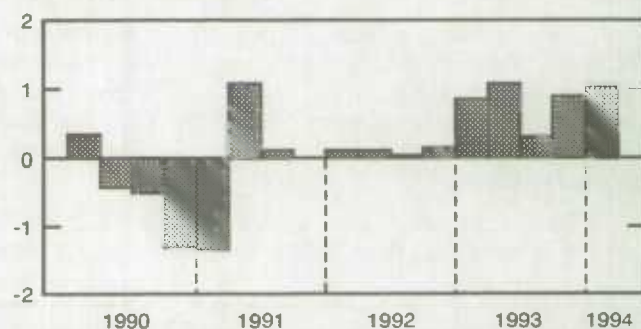
Exports of goods and services also increased. The strong upswing in merchandise exports underway since 1991 continued in the first quarter but at a slower 0.8% tempo. This upswing was stimulated by the depreciation of the Canadian dollar, the expanding U.S. economy, and liberalized trading arrangements. Service exports rose more rapidly than merchandise trade.

Housing investment dipped 0.5% in real terms, continuing the up-and-down growth pattern seen in 1993. The decrease was attributable to a sharp 6.0% drop in spending on home renovations and improvements. New home-building activity rebounded 2.1% after six quarters of decline, despite the fact that housing starts fell from an annual rate of 162,400 to just 151,900 in the first quarter.

Business capital spending was essentially unchanged after several quarters of strong growth

GDP at 1986 Prices

% change, previous quarter



in 1993. There was a modest accumulation of inventories. This is, however, the fourth consecutive quarterly increase after a three-year period of sustained destocking. Non-residential construction fell 2.5%, reflecting reduced spending on commercial building projects.

Personal income was essentially unchanged in the quarter. Higher wages, salaries and supplementary labour income, up 0.5% on the strength of rising average compensation per worker and a small increase in paid hours worked, accounted for most of the increase. Corporate profits before income surged 14.4% in the first quarter, continuing the upward trend evident since late 1992.

For further information, order *National income and expenditure accounts, quarterly estimates* (catalogue number 13-001) or contact *National Accounts and Environment Division* at (613) 951-3640.

Current Account Deficit Improving

Seasonally adjusted, the current account deficit narrowed from \$8.1 billion to \$7.1 billion in the first quarter of 1994, remaining within the range observed over the preceding four quarters.

The decline in the first quarter was due to non-merchandise transactions, notably investment

income and travel. After rising sharply in the fourth quarter of 1993, investment income of foreign direct investors in Canada declined to \$6.4 billion. The deficit on travel declined to \$1.5 billion, dropping to its lowest level since the second quarter of 1990. The Canadian dollar's ongoing depreciation caused Canadian travellers to spend less abroad, whereas foreign travellers increased their spending in Canada.

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... Current Account Deficit Improving

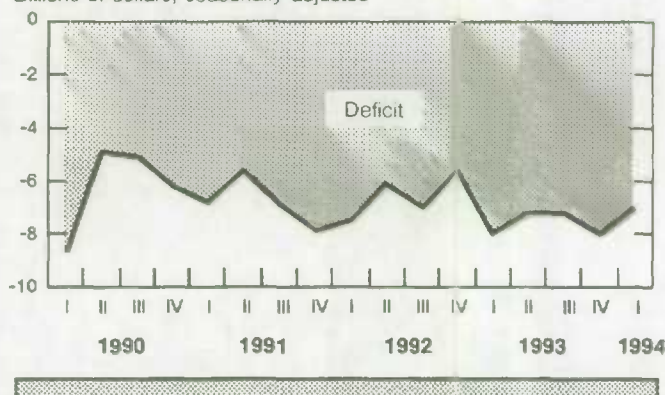
The merchandise trade surplus remained virtually unchanged at \$2.1 billion. The trade surplus with the United States rose for the seventh quarter; however, this increase was more than offset by the growth in the deficit with other countries.

In the capital account, which is not seasonally adjusted, non-residents acquired \$5.8 billion of Canadian bonds, resuming their net investment in that market after a very unusual net sell-off in the previous quarter. Foreign investors sold off \$4.1 billion of existing Canadian bonds, their second consecutive large net disinvestment. At the same time, Canadian investors continued to invest heavily in foreign securities, and purchased a net \$5.2 billion of foreign stocks and bonds. A significant portion of these funds was channelled by mutual funds into the Asian market.

The Canadian dollar continued to decline against the U.S. currency, touching 72.22 U.S. cents in March, its lowest level since 1986. The Canadian dollar also depreciated against most major currencies throughout the first quarter of 1994.

Current Account Balance

Billions of dollars, seasonally adjusted



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

Demand for Funds Remained Firm

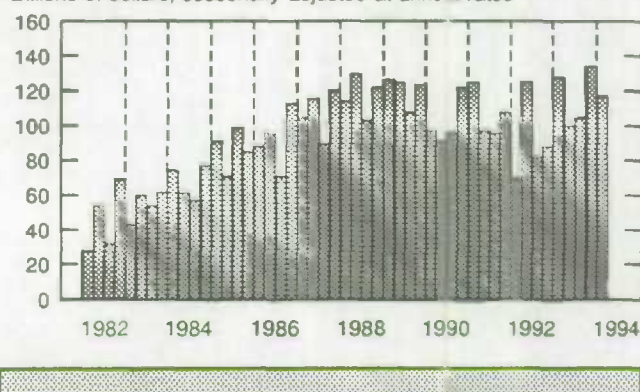
In the first quarter of 1994, funds raised on credit markets by domestic non-financial sectors totalled \$117 billion, seasonally adjusted at annual rates. In the last quarter of 1993, \$134 billion had been raised. Financing activity was led by non-financial private corporations. As a whole, businesses and households accounted for roughly 70% of the funds raised in the first three months of the year.

Funds raised by non-financial private corporations accounted for about 35% of all funds raised in the first quarter. Financing was up 5% over the previous quarter as demand for funds rose from \$38.9 billion in the fourth quarter of 1993 to \$40.9 billion in the first quarter of 1994. Share issues remained the primary source of funds, amounting to over 40% of all funds raised in the first quarter, as corporations continued to benefit from considerable investor demand for equities. Bonds proved to be the second most important source of funds, making up about 26% of funds raised.

Consumer credit financing declined, down from \$9.1 billion in the fourth quarter to \$6.3 billion in the first quarter. Consumers' borrowing via personal loans to finance spending was up, with

Total Funds Raised by Domestic Non-financial Sectors

Billions of dollars, seasonally adjusted at annual rates



strong increases in spending on motor vehicles, furniture, and appliances. But this borrowing was offset by a significant reduction in outstanding credit card debt. Mortgage borrowing firmed in the first quarter, rising from \$16.3 billion to \$23.3 billion in the first quarter. This is in line with considerable activity in the resale housing market and with a pickup in new residential construction.

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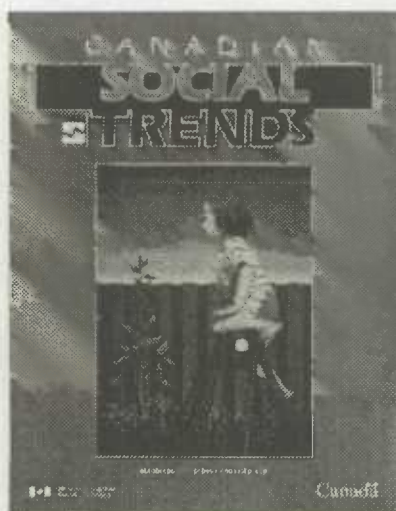
...Demand for Funds Remained Firm

Funds raised by all levels of government were down from the previous quarter. The federal government's borrowing continued to fluctuate in a wide range. Funds raised fell sharply, down from \$45.6 billion in the fourth quarter to \$22.8 billion in the first quarter, despite a widening in the deficit. The larger deficit was financed by reductions in financial asset holdings built up from heavier borrowing in prior periods. Other levels of government softened their demand for funds to

\$13.2 billion in the first quarter, following heavy borrowing of \$24.4 billion in the previous quarter. There was a lower level of borrowing in the provincial government sector, which was out of line with the pronounced rise in the consolidated fiscal deficit of the provinces. Financing requirements were met by a reduction in liquid assets.

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

NEW FROM STATISTICS CANADA



Canadian social trends

The summer 1994 issue of *Canadian social trends* features three articles on marriage and children ("Marriage in Canada: changing beliefs and behaviours, 1600-1990", "Common-law unions: the Quebec difference" and "Births outside marriage: a growing alternative") and two articles on health ("Drug use among senior Canadians" and "Provincial differences in health practices"). Other articles in this issue are: "Street prostitution in Canada" and "Albertans' opinions on street prostitution".

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

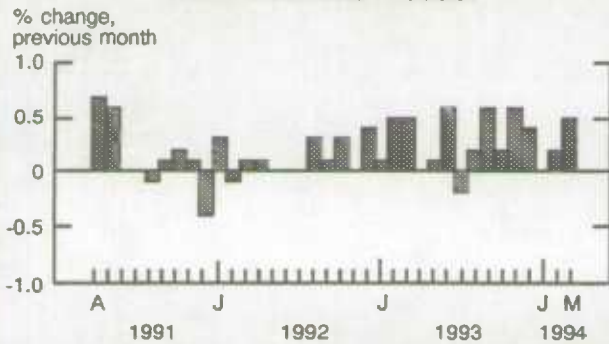
The summer 1994 issue of *Canadian social trends* (catalogue number 11-008E, \$8.50/\$34) is now available. For further information on this release, contact Cynthia Silver (613-951-2556), Housing, Family and Social Statistics Division.

PUBLICATIONS RELEASED FROM JUNE 10 TO JUNE 16, 1994

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada	United	Other
			(Cdn.\$)	States	Countries
				US\$	
AGRICULTURE					
Apparent per capita food consumption in Canada	1993	32-229	30	36	42
Farm product price index	April 1994	62-003	8/76	10/92	11/107
Grain trade of Canada	1992-93	22-201	42	51	59
Greenhouse industry	1993	22-202	30	36	42
CANADIAN CENTRE FOR JUSTICE STATISTICS					
Juristat: trends in criminal victimization, Vol. 14, No. 13	1988-1993	85-002	5/60	6/72	7/84
EDUCATION, CULTURE AND TOURISM					
Touriscope: international travel - advance information	April 1994 Vol. 10, No. 4	66-001P	7/70	9/84	10/98
HOUSEHOLD SURVEYS					
Labour force information	May 1994	71-001P	10/100	12/120	14/140
HOUSING, FAMILY AND SOCIAL STATISTICS					
Canadian social trends	Summer 1994	11-008E	8.50/34	10/40	12/48
INDUSTRY					
Department store sales and stocks	January 1994	63-002	16/160	20/192	23/224
Energy statistics handbook	June 1994	57-601	330	400	460
Oils and fats	April 1994	32-006	6/60	8/72	9/84
Oil pipeline transport	March 1994	55-001	11/110	14/132	16/154
Particlewood, waferboard and fibreboard	April 1994	36-003	6/60	8/72	9/84
Production and shipments of blow-moulded plastic bottles	Quarter ended March 31, 1994	47-006	8/32	10/39	12/45
Production and shipments of steel pipe and tubing	April 1994	41-011	6/60	8/72	9/84
Pulpwood and wood residue statistics	April 1994	25-001	7/70	9/84	10/98
Quarterly shipments of office furniture products	Quarter ended March 31, 1994	35-006	8/32	10/39	12/45
Wholesale trade	March 1994	63-008	16/160	20/192	23/224
INDUSTRY, MESURES AND ANALYSIS					
Gross domestic product by industry	March 1994	15-001	14/140	17/168	20/196
INVESTMENT AND CAPITAL STOCK					
Building permits	April 1994	64-001	24/240	29/288	34/336
PRICES					
Consumer prices and price indexes	October-December 1993	62-010	20/80	24/96	28/112
TRANSPORTATION					
Passenger bus and urban transit statistics	April 1994	53-003	8/80	10/96	12/112

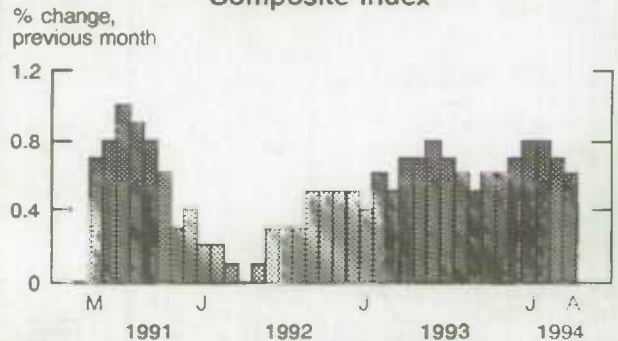
CURRENT TRENDS

Gross Domestic Product



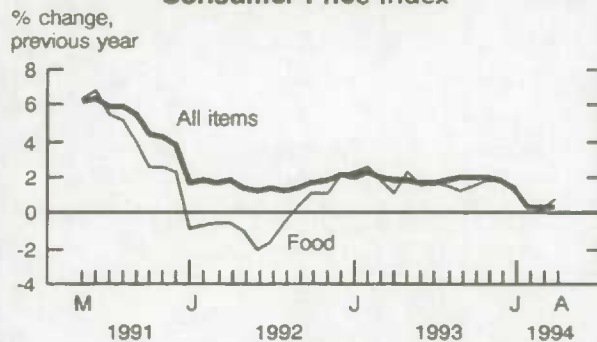
Real gross domestic product at factor cost expanded by 0.5% in March after averaging 0.1% in January and February.

Composite Index



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



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 May, the unemployment rate fell 0.3 percentage points to 10.7% following an increase of 0.4 points in April.

Manufacturing



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



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)	1st Quarter	16.7	18.9%	37.7%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	March	17.2	1.3%	7.7%
New Motor Vehicle Sales ('000 units)	April	102.4	-4.0%	1.8%
LABOUR				
Employment (millions)	May*	12.6	0.4%	2.0%
Unemployment Rate (%)	May*	10.7	-0.3	-0.7
Participation Rate (%)	May*	65.1	0.0	-0.1
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)	April*	136.1	0.0%	-0.2%

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

A Weekly Review

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

Editor: Louise Larouche (613) 951-1197

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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
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