



# Infomat

## A Weekly Review

Friday, September 2, 1994

### OVERVIEW

#### ■ Goods Producers Continue to Help Strengthen Economy

The economy continued to strengthen in June, as gross domestic product at factor cost rose 0.5%, about equal to the 0.4% increase in both April and May. As during the past three months, the goods-producing industries lead the gain with a 1.0% growth in June. Output in services rose 0.2% following a similar increase in May.

#### ■ Number of U.I. Beneficiaries Practically Unchanged

The number of beneficiaries who received regular unemployment insurance benefits in June remained practically unchanged (-0.2%) at 896,000.

#### ■ Average Weekly Earnings up in June

Average weekly earnings rose to \$571.94 in June, a 2.9% jump from their year-earlier level. Earnings in the construction industry led the way with a 5.6% increase.

#### ■ Industrial Product Price Index Reaches a 12-year High

The year-over-year change in manufactured goods prices reached 6.2% in July, its highest rate of change since July 1982.

#### ■ Raw Material Prices Rise for Seventh Straight Month

Raw material prices rose by 1.0% between June and July 1994. Crude oil prices led the increase, while grain prices fell.

#### ■ Second Quarter Profits of Enterprises Continue to Grow

Canadian enterprises recorded operating profits of \$18.1 billion in the second quarter of 1994. This represents an almost 11% increase from the first quarter, attributable mostly to a rise in profit margins and improved revenue.

#### ■ Production and Shipments of Cigarettes Down in July

Manufacturers produced 2.3 billion cigarettes in July, a drop of 61% from the previous month. Regular July plant closings were mainly responsible for this decline.

### Goods Producers Continue to Help Strengthen Economy

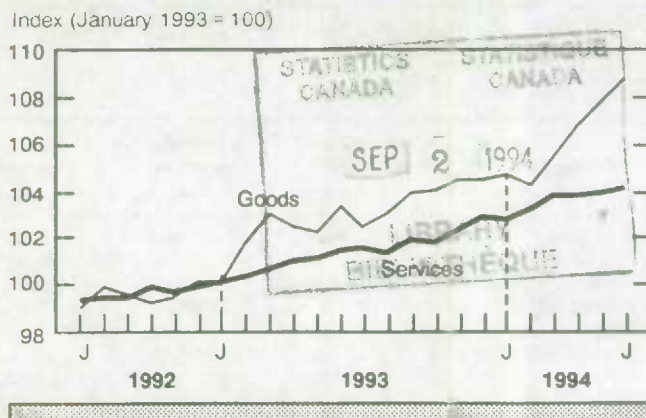
The economy continued to strengthen in June, as real gross domestic product at factor cost rose 0.5%, about equal to the 0.4% increase in both April and May. As during the past three months, the goods-producing industries lead the gain with a 1.0% growth in June. Output in services rose 0.2% following a similar increase in May.

Within the goods producing industries, construction (2.8%) and manufacturing (0.7%) contributed most to the growth in output, although increases in mining and utilities also added to the strength. The solid gains in construction mirrored a sizeable improvement in employment during the second quarter. Residential (mainly single and double dwellings), non-residential, and engineering construction all increased.

The solid 0.7% increase in manufacturers' output was, nevertheless, not as high as the 0.9% rise in May. Production of durable goods rose 0.8%, moderated only by a decline in transportation equipment. Continued high domestic and foreign demand caused electrical and

(continued on page 2)

Gross Domestic Product  
Output by Sector



Statistics Canada  
Statistique Canada

Canada

### ... Goods Producers Continue to Help Strengthen Economy

electronic equipment producers to continue to raise output. Meanwhile, high export demand and a strong construction industry helped wood product manufacturers to increase production. Transportation equipment production fell 0.9%, mainly because of a decline in the production of aircraft and parts due to a labour dispute. Producers of non-durable goods raised output 0.6%, with paper and allied products accounting for about half the gain. Output of pulp, newsprint, and other paper increased reflecting higher shipments abroad.

Lower production costs for natural gas in Canada compared with the United States, and a decline in the value of the Canadian dollar caused a 10.5% rise in drilling activity in June. This led to a 1.0% output gain in mining, quarrying and oil wells. Output in metal mines excluding gold also grew in June, mostly reflecting higher copper and uranium production. Crude oil output decreased 0.6% following six consecutive monthly increases.

Declines were posted in fishing and trapping (-1.4%), agriculture (-0.3%) and logging (-0.3%).

In the services-producing industries, retail trade (1.0%) and communications (1.3%) accounted for most of the increase in June. Wholesale trade and transportation and storage services grew at a slower pace, while the financial group and community, business, and personal services declined slightly.

Retail trade continued to grow robustly in June as sales by motor vehicle dealers recovered to their March 1994 levels after falling sharply in April 1994. Wholesalers advanced 0.3%, as lower sales of grain and machinery and equipment were offset by higher sales of consumer-oriented goods such as food, drugs, tobacco and alcoholic beverages, and household goods and apparel. A 0.3% rise in transportation and storage services was led by a 0.7% gain in trucking services, which have improved considerably along with the rise in manufacturing since March. Finance, insurance and real estate services fell (-0.1%) for the fourth consecutive month. Community, business, and personal services also declined slightly.

#### Note to users

*The data, which have been revised back to January 1989, incorporate revised benchmarks for 1990 and preliminary benchmarks for 1991.*

*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.)*

## Number of U.I. Beneficiaries Practically Unchanged

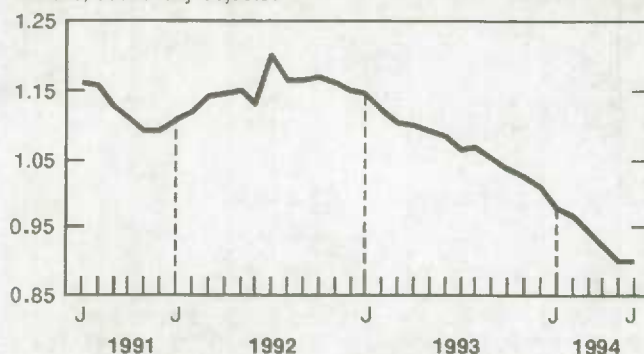
The seasonally adjusted number of beneficiaries who received regular unemployment insurance benefits remained practically unchanged in June,

### U.I. Beneficiaries Receiving Regular Benefits, June 1994 Seasonally Adjusted

Province/ Territory	Total (000)	% change, previous month	% change, previous year
<b>Canada</b>	<b>896</b>	<b>-0.2</b>	<b>-17.3</b>
Newfoundland	53	0.7	-15.7
Prince Edward Island	12	5.1	-10.9
Nova Scotia	49	-0.6	-6.1
New Brunswick	52	-1.1	-8.0
Québec	299	-0.6	-15.7
Ontario	227	-0.6	-23.2
Manitoba	23	-0.4	-21.0
Saskatchewan	20	1.6	-16.1
Alberta	65	0.6	-10.7
British Columbia	98	-0.4	-16.7
Yukon	2	3.8	-27.1
Northwest Territories	1	0.9	-20.8

### U.I. Beneficiaries Receiving Regular Benefits

Millions, seasonally adjusted



falling a slight 0.2% from May, to 896,000. The overall decline in the number of beneficiaries since January 1994 reflects gains in employment (178,000). In addition, there has been, since 1990, a large increase in the number of long-term unemployed, people who have exhausted their U.I. benefits.

*(continued on page 3)*



## Number of U.I. Beneficiaries Practically unchanged

Between May and June, the largest proportional increases in the number of beneficiaries who received regular benefits occurred in Prince Edward Island (5.1%) and the Yukon (3.8%). In the other provinces and territories the variations were less than 2%.

Seasonally adjusted regular unemployment insurance payments amounted to \$1.0 billion in June, down 0.9% from May and down 16.7% from the year-earlier amount.

In June, the number of seasonally adjusted U.I. claims received decreased slightly from May (-0.3%) to 243,000, the lowest level since August 1981. This decrease contrasts with May's 4.3% decline.

### Note to users

*The number of claims received is the total number of applications received during a calendar month from persons seeking unemployment insurance benefits. The claim is adjudicated and is either allowed or disallowed.*

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

## Average Weekly Earnings up in June

Average weekly earnings stood at \$571.94 in June, up 2.9% from a year earlier. Industries with a high concentration of hourly paid employees – such as construction; retail trade; and accommodation, food and beverage services – benefitted mostly from these earnings increases. And these hourly employees had the highest pay increases in Ontario and Quebec. Growth in average weekly hours worked was strongest in the western provinces.

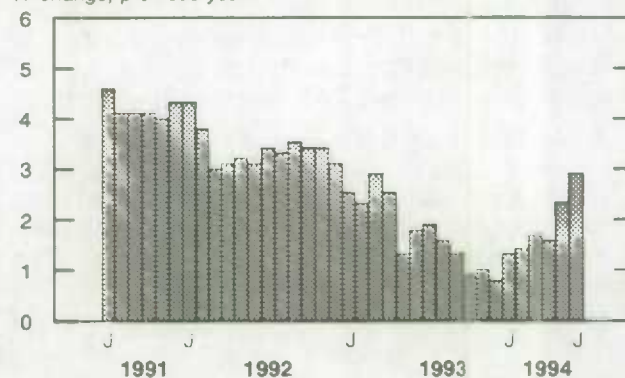
On a year-over-year basis, earnings rose in 12 of the 14 major industry groups, with only public administration and logging and forestry posting decreases. Growth was highest in construction, where average weekly wages of \$667.40 were 5.6% higher than June 1993 levels.

### Average Weekly Earnings, June 1994 Seasonally Adjusted

Province/Territory	Industrial Aggregate (dollars)	Year-over-year % change
Canada	571.94	2.9
Newfoundland	536.07	2.9
Prince Edward Island	455.77	0.5
Nova Scotia	499.89	1.0
New Brunswick	498.96	0.4
Québec	550.91	2.3
Ontario	609.85	3.6
Manitoba	503.85	2.8
Saskatchewan	485.61	3.1
Alberta	556.31	1.0
British Columbia	581.12	4.3
Yukon	670.28	1.5
Northwest Territories	710.53	1.3

### Average Weekly Earnings

% change, previous year



For the 1.3 million people employed in retail trade, earnings increased 1.4% in June, following substantial gains in two of the previous three months. Average hourly earnings for employees paid by the hour have risen 3.1% to \$10.39 since January. These gains were widespread across most retailing industries and provinces, and mirrored the strong retail sales increases registered in June, especially in the automotive and clothing sectors. Higher earnings were attributable to increased average weekly hours and higher average hourly salaries.

Sizeable year-over-year increases in earnings were also registered in business services (5.1%), wholesale trade (4.7%), and accommodation, food and beverage services (3.8%), where weekly earnings averaged \$618.12, \$617.73, and \$227.63, respectively.

(continued on page 4)

### ... Average Weekly Earnings up in June

Average weekly earnings were up in all provinces over their year-earlier levels. Increases higher than the national average were recorded in British Columbia (4.3%) and Ontario (3.6%). In both these provinces, earnings rose substantially for

building, development, general, and trade contractors; and real estate operators and insurance agents. In Ontario, earnings increased for manufacturers as well.

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

## Industrial Product Price Index Reaches a 12-year High

The year-over-year change in manufacturers' prices reached 6.2% in July, its highest rate of change since July 1982. On a month-to-month basis, the increase was 0.3%. Inflationary pressures came almost entirely from first-stage intermediate goods (items used most frequently to produce other intermediate goods) – which jumped 16.1% since July 1993 – particularly from pulp, and primary non-ferrous metal products. Second-stage intermediate goods (items most commonly used to produce final goods) saw year-over-year price changes edge up to 5.9%, led mostly by the gasoline and fuel industry. Price changes for finished goods remained at 3.6%. July's year-over-year change in producer prices in Canada continues to be appreciably higher than in the other G-7 countries.

Price increases from June to July 1994 were widespread. Manufacturers saw prices rise in 14 of the 21 major product groups and decline in three. Prices for primary metals rose 1.7%, mainly because of a 4.7% increase for aluminum products. The increases in aluminum prices were apparently due to pledged voluntary production cuts by world producers.

Pulp prices were up 3.1% in July, principally due to the increase in the export price for sulphate woodpulp. There is strong upward pressure on U.S. pulp prices as demand remains strong while pulp inventories are being depleted.

### Note to users

*The industrial product price index (IPPI) records what the producer receives, not what the consumer pays. It excludes indirect taxes and all the costs that occur between the time when a good leaves the plant and the time when the final user takes possession of it, including the transportation, wholesale, and retail costs. The IPPI includes exports but not imports. Because a large proportion of certain commodities are exported, changes in exchange rates are strongly reflected in the movement of these product indexes, particularly for automobiles, pulp and paper, and, to a lesser extent, lumber and other products.*

Gasoline and fuel prices rose 1.9% from June, while other petroleum and coal products were up 0.3%.

Prices for some commodities did fall, however. After recovering in May and June, prices for lumber, sawmill and other wood products dropped 1.2% in July. The decline in lumber prices ranged from 0.6% in the Atlantic provinces to 5.7% on the Prairies. Coastal British Columbia was the only region to register an increase (0.8%), due to a continuing rise in the price of western red cedar.

In July, prices also declined for transportation equipment (-0.5%) due mainly to falling export prices for cars and trucks.

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

## Raw Material Prices Rise for Seventh Straight Month

Raw material prices rose 1.0 % from June to July, the seventh consecutive monthly increase and the smallest rise since March. Over the past 12 months, prices have risen 10.7%, with nearly all of the change coming in 1994. Crude oil and non-ferrous metals led July's increase, although price rises in other categories were widespread.

Crude oil prices, which have been rising since January, were up 3.2% in July. On a year-over-year basis the increase was 21.1%. Crude oil prices have now reached their highest level since the end of the Gulf War in February 1991.

Non-ferrous metal prices jumped 3.0% in July. This component of the raw materials price index also reported the highest year-over-year increase at 28.6%. Metal prices within this group have risen

*(continued on page 5)*





## Production and Shipments of Cigarettes Down in July

Cigarette production and shipments by tobacco manufacturers underwent their usual July decline from the previous month. Due to regular July plant closings, production fell 61% from June, to 2.3 billion cigarettes.

Shipments of 3.9 billion cigarettes fell proportionally less (-26%) than production, causing a reduction in inventories from 6.0 billion in June to 4.4 billion cigarettes in July.

Domestic shipments, at 3.6 billion, continue their relative gain at the expense of exports, which stood at 220 million in July.

Compared with July 1993, however, production levels were up 120%, reflecting the fact that plants were closed fewer days this July than in previous years.

*For further information, order Production and disposition of tobacco products (catalogue number 32-022) or contact Industry Division at (613) 951-3511.*

# PUBLICATIONS RELEASED FROM AUGUST 26 TO SEPT. 1, 1994

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other Countries
			US\$		
<b>AGRICULTURE</b>					
Farm cash receipts	January-June 1994	21-001	13/50	15/60	18/70
Farm product price index	June 1994	62-003	8/76	10/92	11/107
The dairy review	June 1994	23-001	14/138	17/166	20/194
<b>INDUSTRY</b>					
Crude petroleum and natural gas production	May 1994	26-006	11/110	14/132	16/154
Department store sales and stock	May 1994	63-002	16/160	20/192	23/224
Gas utilities	May 1994	55-002	14/140	17/168	20/196
Mineral wool including fibrous glass insulation	July 1994	44-004	6/60	8/72	9/84
Monthly production of soft drinks	July 1994	32-001	3/30	4/36	5/42
Production and disposition of tobacco products	July 1994	32-022	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies (excluding Newfoundland and Prince Edward Island)	June 1994	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	June 1994	35-003	8/80	10/96	12/112
Quarterly shipments of office furniture products	Quarter ended June 30, 1994	35-006	8/32	10/39	12/45
Refined petroleum products	May 1994	45-004	20/200	24/240	28/280
Rigid insulating board (wood fibre products)	July 1994	36-002	6/60	8/72	9/84
The sugar situation	July 1994	32-013	6/60	8/72	9/84
<b>LABOUR</b>					
Quarterly estimates of trustee pension funds	First quarter 1994	74-001	15/60	18/72	21/84
<b>NATIONAL ACCOUNTS AND ENVIRONMENT</b>					
National income and expenditure accounts- quarterly estimates	First quarter 1994	13-001	35/140	42/168	49/196
<b>PRICES</b>					
Industry price indexes	June 1994	62-011	20/200	24/240	28/280
<b>SERVICES, SCIENCE AND TECHNOLOGY</b>					
Service bulletin - Science statistics	August 1994 Vol. 18, no. 2	88-001	8/76	10/92	12/107
<b>TRANSPORTATION</b>					
Aviation service bulletin	August 1994, Vol. 26, no. 8	51-004	10/99	12/119	14/139
Railway operating statistics	January 1994	52-003	12/120	15/144	17/168



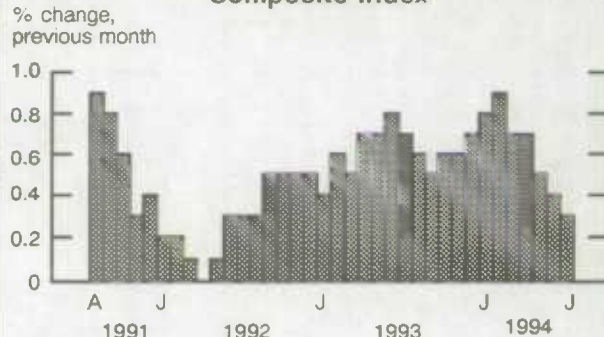
## CURRENT TRENDS

### Gross Domestic Product



In June, real gross domestic product at factor cost grew by 0.5%, led by the goods-producing industries.

## Composite Index



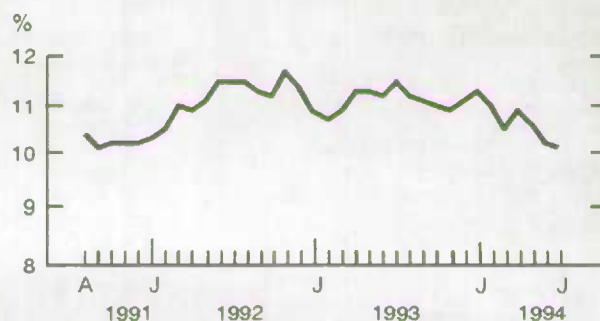
The growth of the leading index posted a 0.3% increase in July, down from a revised 0.4% rise in June.

## Consumer Price Index



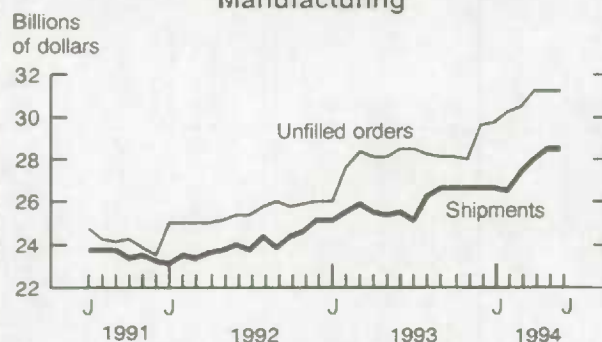
The price of the consumer basket of goods and services rose by 0.2% between July 1993 and July 1994. The food index advanced by 0.5%.

### Unemployment Rate



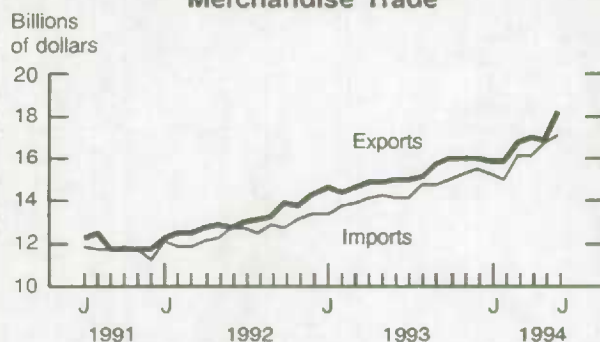
The unemployment rate declined to 10.2% in July, a three-year low.

## Manufacturing



Canadian manufacturers' shipments rose 1.0% in June to \$28.7 billion. The level of unfilled orders declined slightly for the second straight month, down 0.2% in June to \$31.2 billion.

## Merchandise Trade



The value of merchandise exports increased by \$1.4 billion in June to a record \$18.2 billion. Imports advanced by \$440 million, reaching a record level of \$17.1 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)	June*	530.2	0.5%	3.6%
Composite Leading Indicator (1981 = 100)	July	166.6	0.3%	7.6%
Operating Profits of Enterprises (\$ billion)	2nd Quarter	18.1	10.9%	29.5%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	June	17.4	1.2%	8.6%
New Motor Vehicle Sales ('000 units)	June	108.8	4.3%	16.7%
<b>LABOUR</b>				
Employment (millions)	July	12.7	0.5%	2.2%
Unemployment Rate (%)	July	10.2	-0.1	-1.3
Participation Rate (%)	July	64.9	0.2	-0.5
Labour Income (\$ billion)	May	33.7	-0.3%	2.9%
Average Weekly Earnings (\$)	June*	571.94	1.2%	2.9%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	June	18.2	8.2%	21.8%
Merchandise Imports (\$ billion)	June	17.1	2.6%	21.3%
Merchandise Trade Balance (\$ billion)	June	1.11	0.94	0.26
<b>MANUFACTURING</b>				
Shipments (\$ billion)	June	28.7	1.0%	12.9%
New Orders (\$ billion)	June	28.7	1.1%	11.3%
Unfilled Orders (\$ billion)	June	31.2	-0.2%	9.7%
Inventory/ Shipments Ratio	June	1.32	0.00	-0.07
Capacity Utilization (%)	1st Quarter	79.2	-0.1	1.3
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	July	130.7	0.4%	0.2%
Industrial Product Price Index (1986 = 100)	July*	119.1	0.3%	6.2%
Raw Materials Price Index (1986 = 100)	July*	125.2	1.0%	10.7%
New Housing Price Index (1986 = 100)	June	136.2	0.1%	0.1%

**Note:** All series are seasonally adjusted with the exception of the price indexes.

\* New this week.

## I·N·F·O·M·A·T

### A Weekly Review

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