



Infomat

A Weekly Review

Friday, September 9, 1994

OVERVIEW

■ Help-wanted index on the rise

The outlook for Canadians seeking jobs kept improving in August. The help-wanted index reached 97, up 1% from July.

■ Capacity gain largest since before recession

Goods producers, excluding farmers, posted a 2.6% rise in capacity use, the largest increase since the economic expansion of 1987 and 1988.

■ Economy continues to grow rapidly in second quarter

In the second quarter of 1994, real GDP continued to grow rapidly, due mostly to substantial increases in exports and business investment.

■ Current account deficit increases slightly

The current account deficit edged up \$0.1 billion in the second quarter of 1994, reflecting a higher deficit on non-merchandise transactions.

■ Demand for funds strong in second quarter

Funds raised on credit markets by domestic non-financial sectors totalled \$116 billion. This level of financing was linked to stronger economic growth in the second quarter.

■ Housing sector boosts building intentions

In July, the value of building permits issued by municipalities rose 1.4% over June, to \$2.5 billion — the sixth monthly increase so far this year.

Help-wanted index on the rise

The outlook for Canadians seeking jobs kept improving in August. The help-wanted index, an early indicator of changes in the demand for labour, reached 97, up 1% from July.

On a seasonally adjusted basis, the help-wanted index for Canada (1991=100) has increased every month this year, except for June when it remained unchanged. Since October 1993, it has advanced 14%, indicating an improved job market.

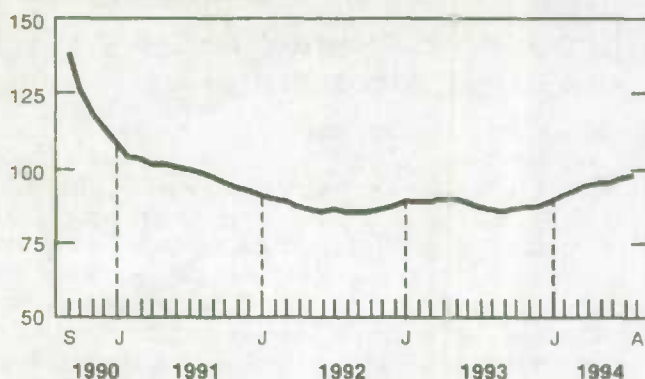
Increases in the index are usually followed by drops in the unemployment rate. In 1994, the index steadily improved while the unemployment rate declined from 11.4% in January to 10.2% in July.

Between July and August, the increased demand for workers occurred in eastern and central Canada. So far this year, the index registered its best performance in Ontario, where it advanced 15% since January, the strongest performance of any region.

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Help-wanted Index

1991 = 100, seasonally adjusted



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... Help-wanted index on the rise

Regionally, the index recorded the following rates between July and August:

- Atlantic region: up 2% to 95
- Québec: up 1% to 99

- Ontario: up 2% to 100
- Prairie region: unchanged at 94
- British Columbia: down 2% to 85

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

Capacity gain largest since before recession

Goods producers, excluding farmers, posted the largest increase in capacity use since the economic expansion of 1987 and 1988. Strong performances by manufacturing, construction, and mining led to a 2.6% increase in capacity use, bringing the rate to 81.7%. This is the first time since the third quarter of 1990 that capacity use has been above its long-term average of 80.6%.

In the manufacturing industries, capacity use rose by 2.4% to 81.1%. Nineteen of the 22 industry groups posted increases. Leading the way were non-metallic mineral products (6.5%), electrical and electronic products (6.3%) and tobacco products (4.1%). Electrical and electronic product rates rose in response to export demand for office machinery, while increased industrial and commercial construction activities led to the gain in the rate for non-metallic mineral products.

Among the non-manufacturing industries, mining and quarrying accounted for the largest growth in capacity use. Increases in drilling activities and in production in metal mines, other than gold, led to an 11.1% surge in mining and quarrying's capacity utilization rate, bringing it to 93.1%.

The rate for construction industries rose 3.8% because of increased residential and industrial

Industrial capacity utilization rates

Industries	Quarterly % Change				
	QII 1993	QI 1994	QII 1994	QII 1993/ QII 1994	QI 1994/ QII 1994
Non-farm Goods-producing	78.8	79.6	81.7	3.7	2.6
Logging and Forestry	90.7	88.9	91.0	0.3	2.4
Mining, Quarrying & Oil Wells	87.9	86.2	90.5	3.0	5.0
Manufacturing	77.9	79.2	81.1	4.1	2.4
Durable Goods	76.2	79.1	81.5	7.0	3.0
Non-durable Goods	80.0	79.3	80.7	0.9	1.8
Construction	73.6	73.6	76.4	3.8	3.8
Electric Power and Gas Distribution Systems	80.2	82.5	81.5	1.6	-1.2

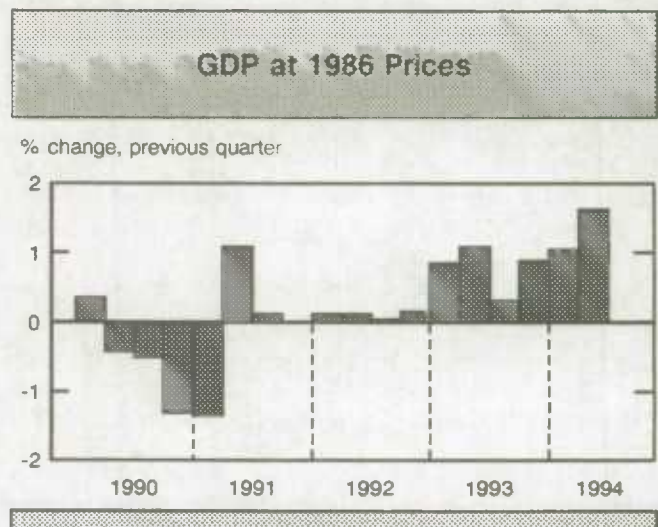
construction, bringing the level to 76.4%. The electric power and gas distribution industries posted a decline of 1.2% in the second quarter, following an exceptional first quarter when severe winter temperatures gave rise to strong domestic demand. Reduced physical capacity in the logging and forestry industries contributed to a 2.4% rise in capacity use.

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

Economy continues to grow rapidly in second quarter

Led by a substantial rise in exports and business investment spending, the economy grew very rapidly in the second quarter of 1994, significantly more so than at any time since the height of the expansion in 1987 and 1988. Gross domestic product at 1986 prices advanced 1.6%, equivalent to 6.4% at an annual rate. The inflation rate, influenced by a cut in tobacco excise taxes, was slightly negative for the second consecutive quarter.

For merchandise exports, the strong upswing underway since 1991 (but interrupted somewhat during the last quarter) resumed in the second quarter with an export growth of 4.6%. Gains were highest for passenger cars, office machines and equipment, wheat, lumber, natural gas, and television and communications equipment.



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Economy continues to grow rapidly in second quarter

Business spending on plant and equipment was 5.5% higher than in the first quarter, due mostly to growing outlays on office equipment, industrial machinery and aircraft. Non-residential construction rose 2.7%, reflecting increases in both industrial building construction, and spending on oil and gas facilities.

Spending on residential construction by businesses was 4.3% above its first-quarter level, due to a sharp 8.1% rise in new home building and a 4.1% pickup in alterations and improvements to existing dwellings. New construction activity was mainly in single-unit dwellings and was concentrated in central and eastern Canada.

Non-farm business inventory investment contributed substantially to growth in the second quarter as businesses rebuilt stocks in response to a surge in demand. It was the third consecutive quarter of

significant inventory building following a three-year period of sustained destocking.

Consumer expenditures on goods and services advanced by 0.7%. The increase, however, was lower than in the first quarter, when accelerated income tax refunds had boosted personal disposable income.

On the income front, personal income grew 1.2% in the second quarter, its most rapid growth rate in four years. Higher wages, salaries, and supplementary labour income, up 1.4% (resulting from an increase in paid hours worked) accounted for most of the increase. Corporate profits before taxes surged 6.0% in the second quarter, to \$52.4 billion, continuing the upward trend evident for several quarters.

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.

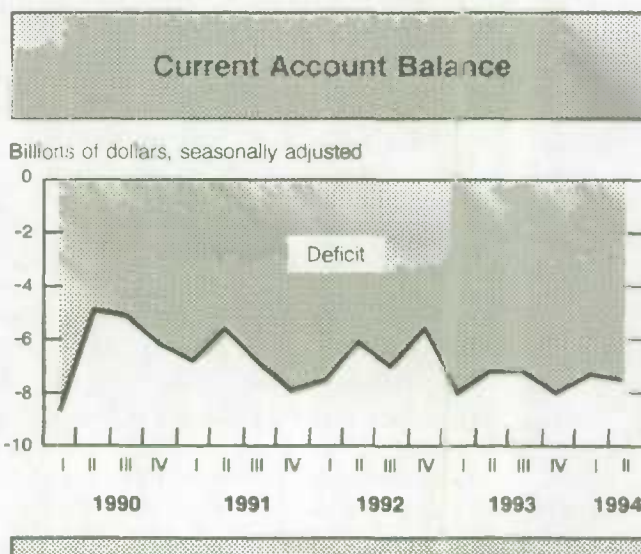
Current account deficit increases slightly

Seasonally adjusted, the current account deficit edged up \$0.1 billion to \$7.5 billion in the second quarter of 1994, remaining well within the range observed over the five previous quarters.

The rise in this quarter reflected a higher deficit on non-merchandise transactions (\$9.8 billion), which exceeded the merchandise trade surplus (\$2.2 billion). Profits in Canada of foreign-owned companies (foreign direct investment) and interest payments on Canadian short-term paper contributed mostly to the moderate \$0.4 billion increase in the non-merchandise deficit.

The merchandise trade surplus rose by only \$0.2 billion from the preceding quarter, as an unprecedented gain of \$3.8 billion in exports led by auto manufacturers offset a \$3.6 billion surge in imports led by Canadian businesses increasing their purchases abroad of machinery and equipment. For a fifth consecutive quarter, Canada increased its trade surplus with the United States, more than offsetting the growth in the deficit with other countries.

In the capital account, which is not seasonally adjusted, non-residents shifted some of their funds to shorter-term debt instruments. On a net basis, non-residents channelled an exceptionally large \$7.0 billion into Government of Canada treasury bills and \$1.1 billion into other short-term paper. They also lent to Canada \$4.1 billion of very short-term loans. Net foreign investment in Canadian bonds was moderate, at \$1.1 billion. Higher interest rate differentials in favour of Canada over the United States encouraged these net inflows.



Canadian investors purchased \$1.4 billion of foreign securities, down from an average of \$6.1 billion in the two preceding quarters. This investment went entirely into foreign stocks, mainly overseas.

The international travel account deficit rose 2.3% from the first quarter of 1994, to \$1.7 billion. Canadians travelling abroad spent a total of \$4.2 billion, up 4.1% from the previous quarter, while foreign visitors to Canada spent a record \$2.5 billion, an increase of 5.5%. It was the seventh consecutive quarter in which spending by foreign travellers in Canada has gone up.

Following a sharp depreciation through the beginning of April, the Canadian dollar stabilized

(continued on page 4)

... Current account deficit increases slightly against the United States dollar, averaging 72.34 US cents for the second quarter. It continued, however, to depreciate against other major currencies.

Demand for funds strong in second quarter

In the second quarter of 1994, funds raised on credit markets by domestic non-financial sectors totalled \$116 billion. This level of financing activity was linked to stronger economic growth in the second quarter. Funds raised in the first half of 1994 stood above the annual average for 1993, a year in which this activity returned to pre-recession levels.

Corporations continued to borrow heavily in the second quarter, accounting for about 32% of all funds raised. Borrowed funds have gained relative to share issues, although equity financing remained an important source of funds. Increased lending by financial institutions and short-term paper issues combined to provide approximately 60% of funds raised by corporations in the quarter. Higher interest rates may have discouraged bond issues.

Consumer credit financing declined, from \$6.8 billion in the first quarter to \$4.9 billion in the second quarter. Mortgage demand was up in the first half of the year, although the level of activity in the second quarter (\$19.8 billion) was practically unchanged from that of the first (\$20.6 billion). While residential construction rose sharply, its impact on new net mortgage borrowing was offset by a lull in the resale market as buyers faced higher mortgage rates.

Funds raised by the federal government were up about 20% over the previous quarter, to \$33.2 billion. Funds raised were used to finance a slightly reduced deficit and to accumulate financial assets.

Housing sector boosts building intentions

The value of building permits issued by municipalities rose 1.4% in July to \$2.5 billion (seasonally adjusted), the sixth monthly increase this year. For the first seven months of the year, strong performance in the housing sector — up 11.6% from July 1993 — was the backbone of an 8.0% increase in the total value of building permits during the same period.

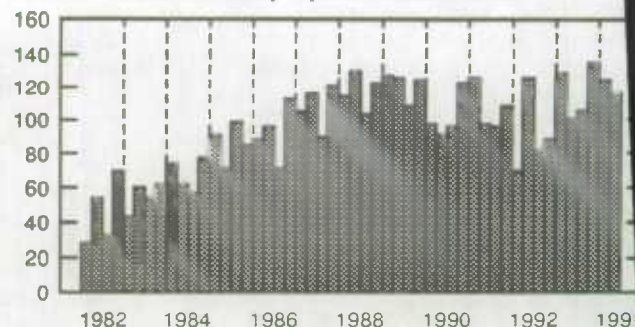
The residential sector recorded a 0.7% increase from June in the value of residential permits, to \$1.6 billion. The rise was due entirely to higher single-family dwelling construction intentions, up 3.5%. The year-to-date progress (11.6%) was

(continued on page 5)

For further information, order Canada's balance international payments (catalogue number 67-00) 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

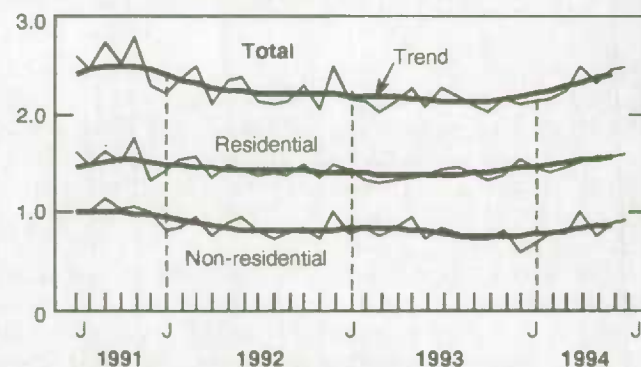


Other levels of government softened their demand for funds to \$15.3 billion in the second quarter, down from \$16.3 billion in the first quarter. The demand for loans by provincial governments was down in the second quarter, in line with a reduction in the consolidated fiscal deficit of the provinces. Although there was a significantly smaller proportion of long-term debt issues in contrast to the first quarter, these issues still accounted for most of the borrowing in the second quarter.

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

Building Permits

Billions of dollars, seasonally adjusted



Housing sector boosts building intentions

equally shared between multi-family and single-family dwellings. The rise of single-family dwellings was particularly evident in Ontario (13.5%), while in British Columbia, multi-family dwellings flourished 27.7%.

The value of non-residential building permits rose in July for the sixth time in 1994, up 2.5% to \$900 million. The rise was attributable to an 11.8% climb in planned industrial projects. These increases reflect overall improved conditions in the business community. Year-to-date growth in 1994 was 2.0% compared with the year-earlier period and was attributable to substantial increases in industrial (12.0%) and commercial (11.4%) construction intentions. Growth in these two sectors helped offset a significant 16.0% drop in institutional construction reflected in all regions except Quebec.

The month-to-month increase in the total value of building permits came entirely from Ontario (12.0%). After four years of relatively weak construction activities, Ontario's performance in both residential and non-residential sectors is picking up momentum in 1994. On a year-to-date basis, the value of all permits was up in all regions,

Note to users

The building and demolitions permits monthly survey covers 2,400 municipalities. It represents 93% of the population and is an early indicator of building activity. The communities in the remaining 7% of the population are very small, and their levels of building activity have little impact on the overall total. The value of planned construction activities excludes engineering projects (e.g., water-works, sewers, culverts) and the land component.

with British Columbia (17.6%) and Ontario (14.2%) contributing the most to the increase. Major projects like Hibernia and the construction of the bridge between Prince Edward Island and New Brunswick allowed the Atlantic region to post a growth rate (8.8%) higher than the Canadian average of 8.0%.

For further information, order Building permits (catalogue number 64-001) or contact Investment and Capital Stock Division at (613) 951-2025.

PROVINCIAL PERSPECTIVES: BUILDING PERMITS

Building Permits, July 1994

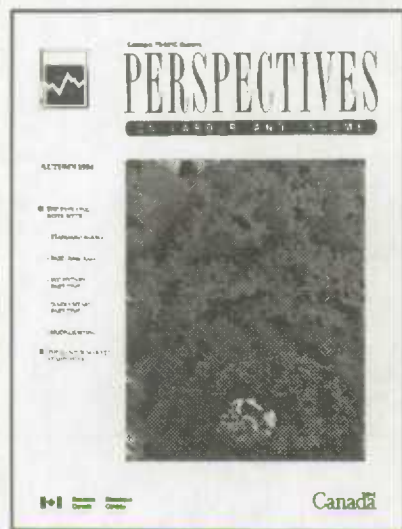
Unadjusted Data (Adjusted Data Not Available by Province)

Province/Territory	Total		Residential		Non-residential	
	(\$ millions)	% change, previous year	(\$ millions)	% change, previous year	(\$ millions)	% change, previous year
Canada	2,597.8	7.1	1,668.7	7.5	929.1	6.3
Newfoundland	31.6	-31.5	23.8	17.6	7.9	-69.7
Prince Edward Island	12.4	-7.7	9.1	-7.0	3.3	-9.6
Nova Scotia	76.8	14.7	51.3	8.8	25.4	28.7
New Brunswick	42.3	-10.3	26.6	-12.6	15.7	-6.3
Québec	426.0	-0.5	230.9	7.4	195.1	-8.5
Ontario	983.1	16.2	628.2	18.1	354.9	13.1
Manitoba	52.6	-8.5	29.4	-7.2	23.3	-10.2
Saskatchewan	41.3	30.5	16.6	41.2	24.7	24.1
Alberta	274.4	14.2	151.3	-6.0	123.1	55.1
British Columbia	633.8	-1.0	490.7	0.6	143.0	-6.1
Yukon	9.0	93.2	4.7	73.0	4.3	120.8
Northwest Territories	14.5	262.5	6.2	102.6	8.3	772.6

PUBLICATIONS RELEASED FROM SEPTEMBER 2 TO 8, 1994

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other Countries
				US\$	
AGRICULTURE					
Field crop reporting series no.6: Stocks of Canadian grain	July 31, 1994	22-002	15/85	18/102	21/119
INDUSTRY					
Asphalt roofing	July 1994	45-001	6/60	8/72	9/84
Cement	July 1994	44-001	6/60	8/72	9/84
Coal and coke statistics	June 1994	45-002	11/110	14/132	16/154
Electric power statistics	June 1994	57-001	11/110	14/132	16/154
Gypsum products	July 1994	44-003	6/60	8/72	9/84
Industrial chemicals and synthetic resins	July 1994	46-002	6/60	8/72	9/84
Production and inventories of process cheese and instant skim milk powder	July 1994	32-024	6/60	8/72	9/84
Retail trade	June 1994	63-005	20/200	24/240	28/280
Stocks of food commodities in cold storage and other warehouses	1993	32-217	36	44	51
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS					
Perspectives on labour and income	Autumn 1994	75-001E	14/56	17/68	20/79
SERVICES, SCIENCE AND TECHNOLOGY					
Restaurant, caterer and tavern statistics	June 1994	63-011	7/70	9/84	10/98

NEW FROM STATISTICS CANADA



Perspectives on labour and income Autumn 1994

The autumn 1994 issue of *Perspectives* features four studies on part-time work. The articles explore the number of part-time jobs (as opposed to the number of persons employed), the situation of part-time workers who prefer to work less than 30 hours a week, the characteristics of part-time workers who are unable to find full-time work, and the characteristics of workers holding a second job (a growing number hold two part-time jobs). Also included is an article on the evolution of the standard work week and a supplement that reviews labour market developments for the first six months of 1994.

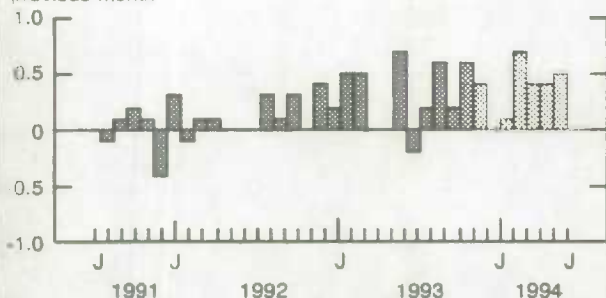
Each quarter, *Perspectives* draws on many data sources for insights on emerging income issues and reviews recent developments in the labour market.

The autumn 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.

CURRENT TRENDS

Gross Domestic Product

% change,
previous month



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

Composite Index

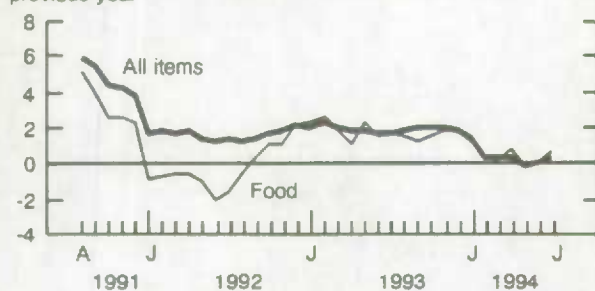
% change,
previous month



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

% change,
previous year



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

Billions
of dollars



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

Billions
of dollars



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.



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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
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%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	June	17.4	1.2%	8.6%
New Motor Vehicle Sales ('000 units)	June	108.8	4.3%	16.7%
LABOUR				
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)	June*	34.3	1.3%	3.6%
Average Weekly Earnings (\$)	June	571.94	1.2%	2.9%
INTERNATIONAL TRADE				
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
MANUFACTURING				
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 (%)	2nd Quarter*	77.9	2.4	4.1
PRICES				
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

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