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A Weekly Review

SEP 30 1994

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Friday, September 30, 1994

OVERVIEW

■ Weekly earnings decline slightly in July

Weekly earnings declined slightly from the month before but were still higher than in July 1993.

■ Number of U.I. beneficiaries lowest since 1990

Between June and July, the number of Canadians receiving regular unemployment insurance benefits declined to its lowest level since 1990.

■ Producer prices edge up 0.6% from July

In August, producer prices rose 0.6% from the month before, while the year-over-year changes remained over 6%.

■ Crude oil pushes down raw material prices

Although most raw material prices increased in August, the sharp decline in crude oil prices caused the overall index to fall by 1.0%.

■ Foreigners sell a net \$1.2 billion Canadian securities

In July, non-residents sold a net \$1.2 billion of Canadian securities, their first net sale since November 1993.

■ High-tech tools used more than ever

In 1994, the total value of non-residential fixed assets will reach \$1,610 billion (1986 dollars). Changes in the composition of these assets over the past decade show that the Canadian economy is increasingly adopting high technology.

■ Less Canadians travel to Florida

Between January and March 1994, Canadian travel to Florida has taken a substantial downturn. The number of overnight visits dropped by 26% compared with the first quarter of 1993.

Weekly earnings decline slightly in July

In July, weekly earnings declined slightly from the month before, but were still higher than in July 1993. The year-over-year earnings gain was due in part to a continued upward trend in both hourly earnings and paid hours worked. Employees in accommodation, food and beverage services; construction; and business services reported the highest weekly earnings growth. British Columbia, Saskatchewan, Ontario, the Yukon and Northwest territories registered earnings growth greater than the national average.

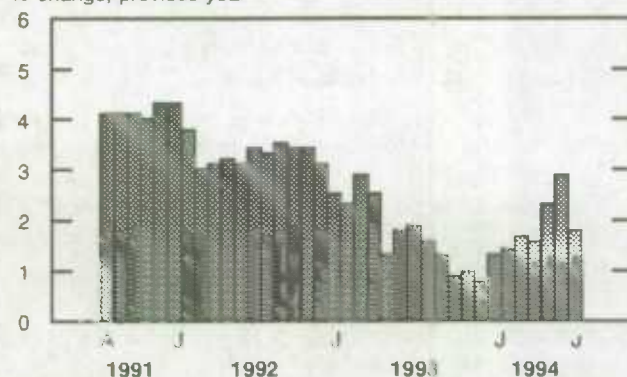
Employers in most industries maintained or increased payroll employment levels in July, sustaining the gains recorded in recent months. To date in 1994, employment has increased to 10.5 million, its highest level in nearly three years. Retailers, manufacturers, construction companies and other service companies have contributed most to the year-to-date employment gains.

Construction companies employed an extra 2,000 workers in July and have raised employment by 26,000 since the beginning of the year. Nearly all employment growth has been for hourly paid employees. Since

(continued on page 2)

Average weekly earnings

% change, previous year



... Weekly earnings decline slightly in July

January 1994, hourly paid construction workers have been working 37.8 hours, the highest level in more than three years. Average weekly earnings have grown by 4.6% during this same period.

Manufacturers reduced employment slightly in July, but still employed 25,000 more workers than in January 1994. The July drop was partly due to layoffs and shutdowns for re-tooling in the motor vehicle industry. However, the backlog of unfilled orders for transportation equipment grew in July, suggesting that the employment decline will be short term. Weekly payrolls fell for the first time since December 1993 as a result of decreases in both average weekly earnings and employment.

Retailers expanded employment by 7,000 in July, offsetting the two preceding months' declines. Employment in this industry has climbed by 22,000 since January 1994. Retail employees continued to work longer hours, and average weekly hours for hourly paid employees are at their highest level since 1990.

Number of U.I. beneficiaries lowest since 1990

Between June and July, the seasonally adjusted number of Canadians receiving regular unemployment insurance benefits continued the downward trend, falling to 889,000. This is the lowest level since the onset of the recession in 1990.

The decline since the beginning of 1994 may be explained by gains in employment (239,000) as well as a rising level of long-term unemployment. The latter suggests that more people have exhausted their U.I. benefits.

Between July 1992 and July 1994, the number of beneficiaries decreased most in the 15- to 24-year-old group. During the recession, many young people withdrew from the labour force to continue their education. As well, there has been a growth in youth part-time employment, making young people ineligible for U.I. benefits if they did not work the required number of hours.

Unemployment insurance payments (including regular and special benefits) totalled \$1.0 billion in July, down 19.7% from the same month last year. The cumulative year-to-date figure was \$10.2 billion, a 12.4% drop from the same period last year.

Between June and July, the number of beneficiaries decreased in the central and western provinces but increased in eastern Canada (except Nova Scotia) and the territories.

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

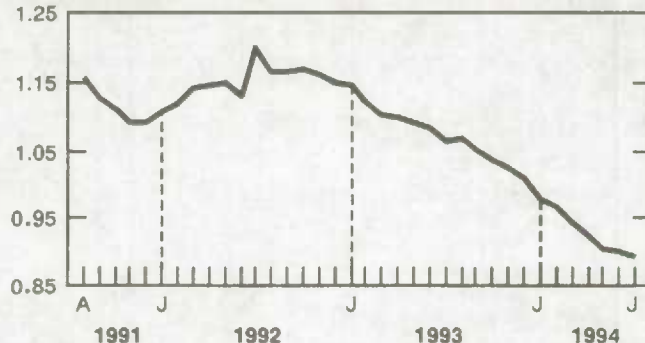
Average weekly earnings, July 1994 Seasonally adjusted

Province/Territory	Industrial aggregate \$	Year-over year % change
Canada	568.15	1.8
Newfoundland	531.27	1.1
Prince Edward Island	449.02	-0.8
Nova Scotia	494.09	-0.8
New Brunswick	500.16	0.0
Quebec	544.36	1.3
Ontario	604.70	2.5
Manitoba	501.16	1.7
Saskatchewan	488.37	2.8
Alberta	552.20	0.1
British Columbia	581.29	3.3
Yukon	684.60	3.3
Northwest Territories	715.50	2.1

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

U.I. beneficiaries receiving regular benefits

Millions, seasonally adjusted



U.I. beneficiaries receiving regular benefits, July 1994

Seasonally adjusted

Province/Territory	Total ('000)	% change, previous month	% change, previous year
Canada	889	-0.7	-16.3
Newfoundland	54	2.2	-11.2
Prince Edward Island	13	3.4	-5.1
Nova Scotia	48	-2.1	-3.9
New Brunswick	52	0.5	-6.8
Quebec	291	-2.6	-13.5
Ontario	226	-0.6	-22.5
Manitoba	23	-0.4	-19.0
Saskatchewan	18	-6.4	-21.3
Alberta	62	-4.4	-13.9
British Columbia	96	-2.7	-18.3
Yukon	2	0.7	-25.1
Northwest Territories	1	3.5	-15.1

Producer prices edge up 0.6% from July

In August, producer prices rose 0.6% from the month before, while the year-over-year changes remained over 6%. Inflationary pressures came from both first- and second-stage intermediate goods, particularly exported wood pulp, aluminum and industrial chemicals, lumber, paper, gasoline and fuel oil. Prices for finished goods rose as well, with gasoline, paper, and some components of the automotive industry leading the August hikes. August's year-over-year changes in Canadian producer prices were almost twice as high as those in Italy, the country with the next highest annual rate of producer price increases in the G7.

Price increases in August were widespread, though modest in most cases. Fourteen major product groups recorded price gains, most significantly pulp, wood products, and petroleum products. Decreases occurred in five, including primary metal products.

Crude oil pushes down raw material prices

For the first time this year, raw material prices declined by 1.0% from July to August. The drop was due almost entirely to crude oil prices, which fell 7.0%. Excluding mineral fuels, other prices increased 1.2%. On a year-over-year basis, raw material prices were up 9.4% with all commodity groups rising except animals and animal products.

Non-ferrous metal price increases slowed in August, as international inventories grew for some of these metals. Gold prices were down 1.9%. Most common base metal prices also fell.

Wood prices continued to edge upward, rising 1.0% in August. Wood prices have risen steadily in 1994, and were up 7.2% from August of last year. The main increases have been for pulpwood, driven by greater demand in the pulp industry.

Vegetable product prices increased 2.2% in August, led by higher prices for green coffee and wheat. Wheat prices increased 3.5%, as Russia and Australia have revised their wheat harvest forecast downward due to drought conditions. Also affected by weather were coffee prices in Brazil, as frosts destroyed almost 40% of next year's crop.

Pulp prices were up 4.5% in August, mainly due to a rise in the export price of sulphate woodpulp. There continues to be strong upward pressure on U.S. pulp prices as demand remains strong while pulp inventories have been run down.

Following a decline in July, softwood lumber prices recovered 2.2% in August. Price hikes ranged from 0.4% on the coast of British Columbia to 5.6% on the Prairies. Concern over the possibility of a strike in British Columbia strengthened softwood and hardwood lumber prices.

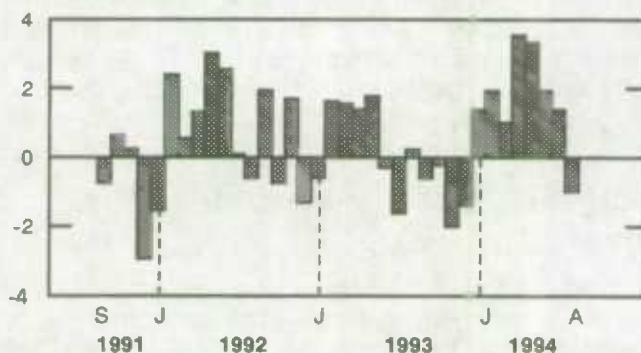
Although crude oil prices dropped in August, gasoline and fuel oil prices continued to increase, rising by 2.6% over their July levels. Prices for other petroleum and coal products, however, fell by 0.6%.

In August, primary metal prices declined for the first time since September 1993, edging down by 0.1%. The drop was primarily due to decreases in copper and nickel prices, which have been affected by seasonal factors and Russian production.

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

Raw materials price index

% change, previous month



Ferrous material prices continued to rise in August, up 5.2% from July. This was mainly due to the 10.4% increase for iron and steel scrap prices. Year-over-year iron and steel scrap prices jumped 22.4%. The iron and steel scrap market remains very tight and competitive. Purchasers from Canada, the United States and offshore continue to compete for the available scrap material.

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

Foreigners sell a net \$1.2 billion Canadian securities

In July, non-residents sold a net \$1.2 billion of Canadian securities, their first net sale since November 1993. They withdrew a record \$7.4 billion from Canadian short-term instruments but channelled a substantial \$5.8 billion into Canadian bonds and a modest \$0.4 billion into stocks.

The record net sell-off of Canadian money market paper – led by residents of the United States and Europe – reversed the trend of net investments observed since March 1994. Against a backdrop of falling Canadian interest rates in July versus steady rates in the United States, foreigners sold, on a net basis, \$4.8 billion Government of Canada paper and \$2.6 billion other short-term paper.

Foreign investment in Canadian bonds (\$5.8 billion) was made up of a massive \$8.0 billion of new issues, which were partly offset by net sale of \$1.5 billion of existing bonds and a small redemption of \$0.7 billion of maturing bonds. The net sale of existing bonds (largely in federal issues) continued the trend begun in April 1993. Both European and U.S. residents continued to be net sellers, while Asian and other countries became small net buyers.

Foreign demand for Canadian stocks continued but at a more moderate pace, as non-residents invested a net \$0.4 billion in July. The net investment came solely from the United States and was somewhat offset by net selling from Europe and Asia. Canadian stocks, as measured by the TSE 300 Index, rebounded somewhat in July. This, however, was not reflected in gross trading, which declined for a fourth consecutive month.

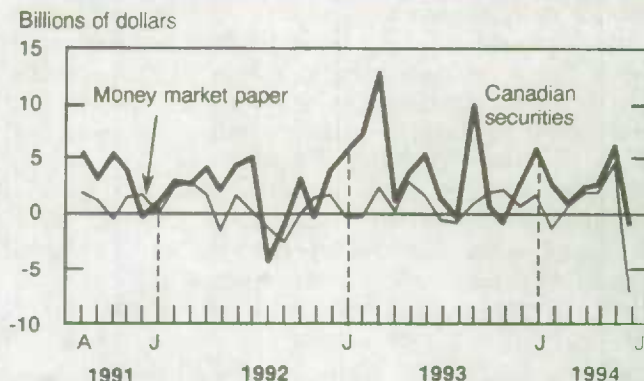
High-tech tools used more than ever

In 1994, the total value of non-residential fixed assets – everything from roads and bridges to computers and cars – will reach \$1,610 billion (1986 dollars), a 38% increase over 1984.

Building and engineering assets, such as plants, roads, bridges, and office buildings, have dropped their share of total assets to 67% compared with 73% in 1984. On the other hand, the proportion of machinery and equipment assets – assembly lines, computers, communication equipment, vehicles, etc. – has grown to 33% this year, up from 27% in 1984.

These changes reveal the growing importance of machinery and equipment as the economy increasingly adopts new technology. Since 1984, machinery and equipment assets have been acquired more than twice as fast as building and engineering assets: 5.3% and 2.2% respectively (average real annual rate). As well, Canadian companies are replacing old equipment at a much

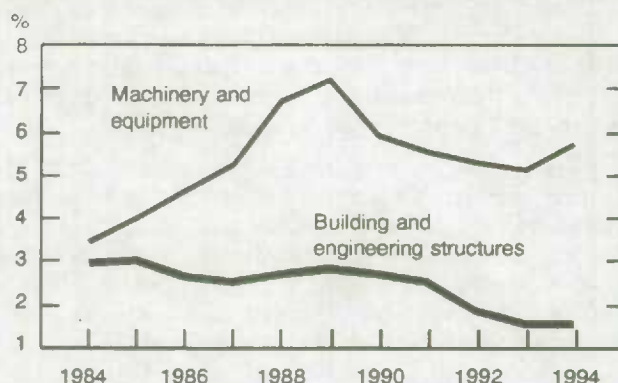
Net foreign transactions in Canadian securities



Continuing June's modest investment, Canadian residents purchased \$0.1 billion of foreign securities in July: a net purchase of \$0.2 billion of bonds and a net sale of \$0.1 billion of stock. This is in sharp contrast to the November 1993 to April 1994 period, when Canadian net purchases of foreign securities averaged \$2.3 billion per month. The net selling of foreign stock was the first in nearly two years.

For further information, order Canada's international securities (catalogue 67-002) or contact Balance of Payments Division at (613) 951-1846.

Real annual growth rate by type of asset



faster rate than before. The average life of machinery and equipment assets fell to 11 years from 14 since 1984.

(Continued on page 5)

... High-tech tools used more than ever

Manufacturers are investing more and more in computer-assisted processing equipment to keep up with international competitors. Over the past decade, the manufacturing industries increased the machinery and equipment portion of their fixed assets from 60% in 1984 to 68% in 1994.

Primarily as a result of office automation, the change in composition is most evident in the service industries. Machinery and equipment is now 42% of total fixed assets, compared with 27% in 1984.

For the same reason, the proportion of fixed assets held as machinery and equipment also grew in the government sector, from 5% in 1984 to 12% this year.

Across Canada, all provinces increased their holdings of total fixed assets. The level held as machinery and equipment doubled in Ontario and Quebec over the past decade, while in British Columbia it also grew but at a somewhat slower rate.

For further information, order Fixed capital flows and stocks, 1961-1994 historical (13-568, \$100), or contact Investment and Capital Stock Division at (613) 951-2579 or at (613) 951-0655.

Less Canadians travel to Florida

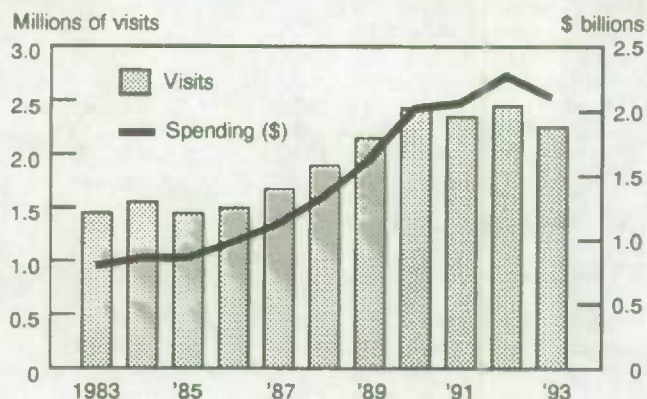
During the first quarter of 1994, Canadian travel to Florida has taken a substantial downturn. The number of overnight visits (827,000) fell by 26% compared with the first quarter of 1993. The weakening Canadian dollar, rising health care costs, and concerns regarding personal safety have all contributed to the decline.

Canadians travelling to Florida spent \$677 million during the first quarter of 1994, a drop of 21% over the same period in 1993. During 1993, the number of visitors declined by 8.7% and their spending, by 6.9%. At the peak of its popularity in 1992, Florida attracted 2.5 million overnight visitors from Canada, who injected a record \$2.3 billion into the state's economy.

Canadians aged 55 and over formed the largest single age group visiting Florida. In 1993, they made 756,000 overnight visits, accounting for about a third of all Canadian travel to Florida. This age group stayed an average 40 nights and spent an average \$1,493 per visit compared with \$645 that individuals under 55 spent.

In 1993, Ontario and Quebec residents accounted for most of those who travelled to Florida. They made up 61% and 26%, respectively, of Canadian visitors in this state.

Canadian overnight visits and spending in Florida

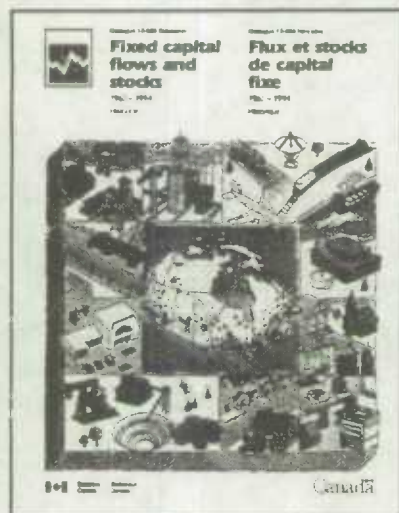


For further information, order the autumn 1994 issue of Travel-log (catalogue 87-003), or contact Education, Culture and Tourism Division at (613) 951-1791.

PUBLICATIONS RELEASED FROM SEPT. 23 TO SEPT. 29, 1994

Division/title of publication	Period	Catalogue number	Price: issue/subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
EDUCATION, CULTURE AND TOURISM					
Touriscope: International travel, advance information	July 1994	66-001P	7/70	9/84	10/98
Travel-log: Canadians' favourite sunspot-Florida	Autumn 1994	87-003	10/40	12/48	14/56
HOUSEHOLD SURVEYS					
The labour force	August 1994	71-001	20/200	24/240	28/280
INDUSTRY					
Corrugated boxes and wrappers	August 1994	36-004	6/60	8/72	9/84
Department store sales and stocks	June 1994	63-002	16/160	20/192	23/224
Electric lamps (light bulbs and tubes)	August 1994	43-009	6/60	8/72	9/84
Energy statistics handbook	September 1994	57-601	330	400	460
Monthly survey of manufacturing	July 1994	31-001	19/190	23/228	27/266
Monthly production of soft drinks	August 1994	32-001	3/30	4/36	5/42
Pack of processed asparagus	1994	32-233	14	17	20
Production and disposition of tobacco products	August 1994	32-022	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies	July 1994	35-002	11/110	14/132	16/154
Refined petroleum products	June 1994	45-004	20/200	24/240	28/280
INDUSTRY MEASURES AND ANALYSIS					
Gross domestic product by industry	June 1994	15-001	14/140	17/168	20/196
INTERNATIONAL TRADE					
Canadian international merchandise trade	July 1994	65-001	19/182	22/219	26/255
INVESTMENT AND CAPITAL STOCK DIVISION					
Fixed capital flows and stocks	1961-1994	13-568	100	120	140
Industrial capacity utilization rates in Canada	2nd quarter 1994	31-003	12/48	15/58	17/68
SERVICES, SCIENCE AND TECHNOLOGY					
Business services	1989-1991	63-232	33	40	47
TRANSPORT					
Railway operating statistics	March 1994	52-003	12/120	15/144	17/168

NEW FROM STATISTICS CANADA



Fixed capital flows and stocks

This new historical publication features national series by industry as well as provincial and territorial totals. The series provides information on topics such as the size of the capital stock (fixed assets) for Canada and the provinces and territories, rates of growth, the productive capacity of individual industrial sectors and the average age of assets. The data show how technology is accelerating the obsolescence of assets. The publication also includes price indexes for capital expenditures on construction, and machinery and equipment by industry, and a complete description of the methodology. More detailed industrial and provincial series are available on request.

Fixed capital flows and stocks, 1961-1994, historical (catalogue 13-568, \$100), is available today. For further information, contact Richard Landry at (613) 951-2579 or Susanna Wood at (613) 951-0655, Investment and Capital Stock Division.

Travel-log

The main article in the autumn 1994 issue of *Travel-log*, Statistics Canada's quarterly tourism newsletter, features a profile of Canadian travellers to Florida. This issue also looks at international travel trends in the first six months of 1994. In addition, the performance of the travel price index in the second quarter of 1994 is compared to that of consumer prices in general. And, for easy reference, an index of all articles published since 1992 is included. As usual, the touriscope indicators for the second quarter of 1994 appear in the middle of the newsletter.

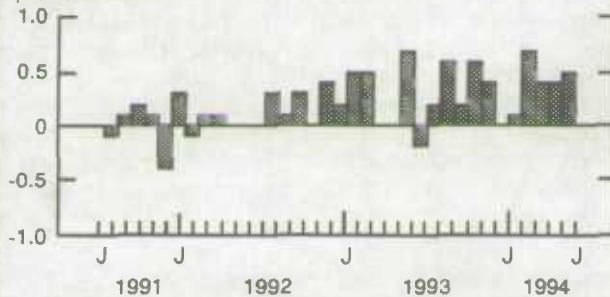
The autumn 1994 (vol. 13, no. 4) issue of *Travel-log* (catalogue 87-003, \$10/\$40) is now available. For further information, contact Lise Beaulieu-Caron at (613) 951-1673, Education, Culture and Tourism Division.



CURRENT TRENDS

Gross domestic product

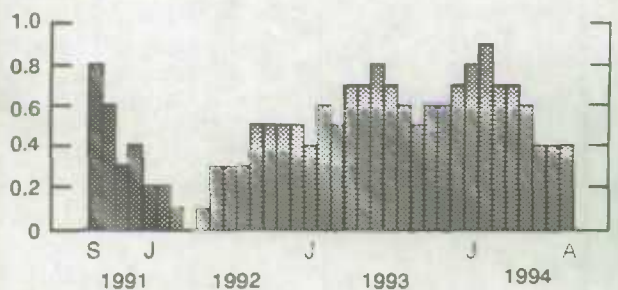
% change,
previous month



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

Composite Index

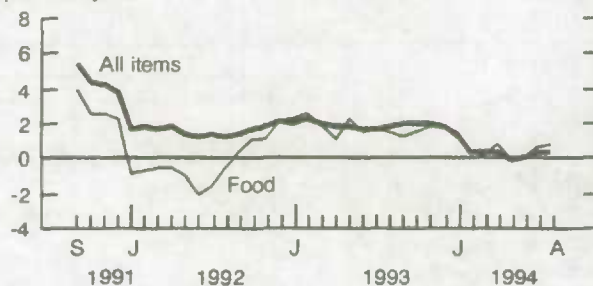
% change,
previous month



In August, the composite index rose by 0.4% for the third month in a row.

Consumer price index

% change,
previous year



Consumers paid 0.2% more for goods and services in August 1994 than the year before. Food prices rose by 0.7%.

Unemployment rate

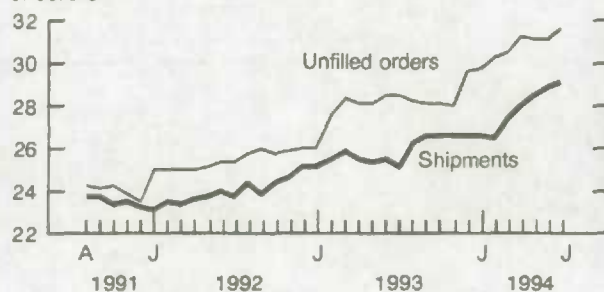
%



The unemployment rate edged up to 10.3% in August.

Manufacturing

Billions
of dollars



Canadian manufacturers' shipments rose 1.1% in July to \$29.1 billion. The level of unfilled orders grew 1.5% to \$31.6 billion.

Merchandise trade

Billions
of dollars



The value of merchandise exports increased by \$205 million in July to reach a monthly record of \$18.5 billion. Imports fell by \$804 million, to \$16.2 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)	June	530.2	0.5%	3.6%
Composite leading indicator (1981 = 100)	August	167.7	0.4%	7.1%
Operating profits of enterprises (\$ billion)	2 nd quarter	18.1	10.9%	29.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	July	17.1	-1.8%	5.7%
New motor vehicle sales ('000 units)	July	99.5	-8.1%	-0.9%
LABOUR				
Employment (millions)	August	12.7	0.2%	2.4%
Unemployment rate (%)	August	10.3	0.1	-1.0
Participation rate (%)	August	65.0	0.1	-0.1
Labour income (\$ billion)	June	34.3	1.3%	3.6%
Average weekly earnings (\$)	July*	568.15	-0.5%	1.8%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	July	18.5	1.1%	24.5%
Merchandise imports (\$ billion)	July	16.2	-4.7%	15.5%
Merchandise trade balance (\$ billion)	July	2.34	1.01	0.12
MANUFACTURING				
Shipments (\$ billion)	July	29.1	1.1%	16.2%
New orders (\$ billion)	July	29.6	2.6%	17.9%
Unfilled orders (\$ billion)	July	31.6	1.5%	11.2%
Inventory/ shipments ratio	July	1.30	0.02	-0.12
Capacity utilization (%)	2 nd quarter	77.9	2.4	4.1
PRICES				
Consumer price index (1986 = 100)	August	130.8	0.1%	0.2%
Industrial product price index (1986 = 100)	August*	120.1	0.6%	6.4%
Raw materials price index (1986 = 100)	August*	123.9	-1.0%	9.4%
New housing price index (1986 = 100)	July	136.1	-0.1%	-0.1%

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

* New this week.



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KEY RELEASE CALENDAR: OCTOBER 1994

Monday	Tuesday	Wednesday	Thursday	Friday
3 Therapeutic abortions, 1992	4 Building permits, August	5 Short-term expectations survey	6 Field crop reporting series: September crop production estimates Help-wanted index, September	7 Labour force survey, September Estimates of labour income, July
10	11 New motor vehicle sales, August New housing price index, August	12 Farm product price index, August	13 Provincial gross domestic product by industry, 1984-1993	14 Consumer price index, September Travel between Canada and other countries, August
17 Department store sales, August	18 Composite index, September Monthly survey of manufacturing, August	19 Canadian international trade, August	20 Retail trade, August	21 Wholesale trade, August
24	25 Canada's international transactions in securities, August	26 Unemployment insurance statistics, August Cigarette shipments and production, September	27 Industrial product price index and Raw materials price index, September	28 Employment, earnings and hours, August
31 Real gross domestic product at factor cost by industry, August				

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

I·N·F·O·M·A·T**A Weekly Review**

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