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A Weekly Review

Friday, January 6, 1994

OVERVIEW

■ Economic growth inches ahead

Economic growth remained moderate in October after slowing noticeably during the summer months.

■ Average weekly earnings dip slightly

In October 1994, employees' weekly earnings were slightly less than the month before. Businesses in all industries employed fewer people than in September.

■ Foreigners buy more Canadian securities than they sell

In October, non-residents purchased more Canadian securities than they sold, resuming the pattern of net investments that has prevailed in the Canadian market.

■ Number of U.I. beneficiaries declines

In October, the number of people receiving benefits and the amount of benefits paid continued to decline.

■ Retail sales pick up in October

Consumers increased their retail purchases in October after cutting back in September. This continued the upward trend that began in the spring of 1992.

■ Marginal rise in wholesale trade

Wholesale merchants' sales increased slightly in October. After six months of significant growth, the rise in sales has slowed considerably over the last two months.

Economic growth inches ahead

Economic growth remained moderate in October after slowing noticeably during the summer months. Gross domestic product at factor cost edged up 0.2%, equalling its pace since July. Growth averaged 0.6% in the four months prior to July.

October's growth was concentrated in manufacturing and retail trade. Construction activity also improved, but not enough to recover losses in August and September. A continued slide in output by the mining sector and by utilities curbed the overall increase.

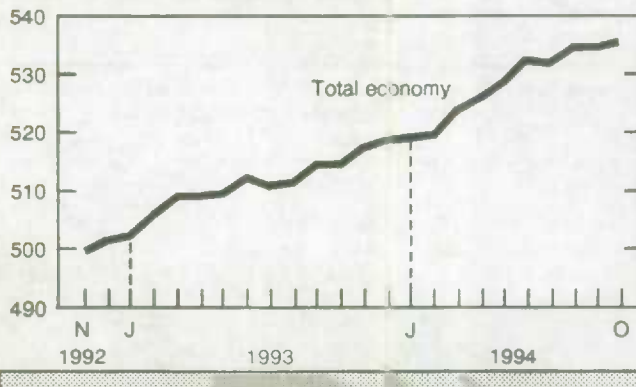
Led by motor vehicles and computers, output in manufacturing grew 1.0% after a 0.1% drop in September. Manufacturers of transportation equipment and electrical and electronic products have raised output sharply over the last three months. Excluding these industries, output remained below its August level. New orders received by manufacturers fell in both September and October, the first consecutive declines since early 1993.

Retail sales jumped 1.5%, led by department stores and supermarkets. Notable gains were also recorded by retailers of furniture and appliances, and by motor vehicle dealers.

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Gross domestic product

\$ billions, seasonally adjusted, at 1986 prices



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... Economic growth inches ahead

Construction activity rose 0.6% led by non-residential construction, particularly industrial projects. Homebuilders, however, reduced production further, their fourth consecutive cutback. Housing resales also remained weak despite a recent easing in mortgage rates.

Production in mining declined 1.8%, mostly due to cutbacks in drilling activity. Lower output of potash, coal, and gold also contributed to the overall drop.

Average weekly earnings dip slightly

Employees received on average \$568.20 a week in October, down slightly from September. The decrease in weekly earnings, which affected construction companies, retailers, wholesalers, and business services, was due partly to falling hourly earnings for hourly-paid employees.

Businesses in all industries employed 10,502,000 employees, 28,000 fewer than in September, following seven consecutive monthly gains. Declines were concentrated in construction companies and retailers, especially in Central Canada and British Columbia. Despite the overall drop, most industries (131 of 214 on an unadjusted year-over-year basis) recorded increased employment. In addition, a rise in the November help-wanted index, an early indicator of labour demand, suggests that businesses will continue to expand employment in the coming months.

Employers reduced weekly payrolls slightly in October (-0.1%) following increases in seven of the

Average weekly earnings

October 1994

(Seasonally adjusted)

Province/Territory	Industrial aggregate (dollars)	% change, previous month	% change, previous year
Canada	568.20	0.0	2.0
Newfoundland	533.17	-1.3	0.3
Prince Edward Island	449.25	-0.5	-1.6
Nova Scotia	495.88	0.1	-0.6
New Brunswick	501.50	-0.4	-0.9
Quebec	544.33	-0.5	0.7
Ontario	606.16	0.0	2.8
Manitoba	496.46	-1.2	0.8
Saskatchewan	489.88	0.2	4.2
Alberta	554.86	-0.3	0.6
British Columbia	583.50	0.8	4.3
Yukon	709.80	1.8	2.4
Northwest Territories	698.51	0.7	1.1

Note to users

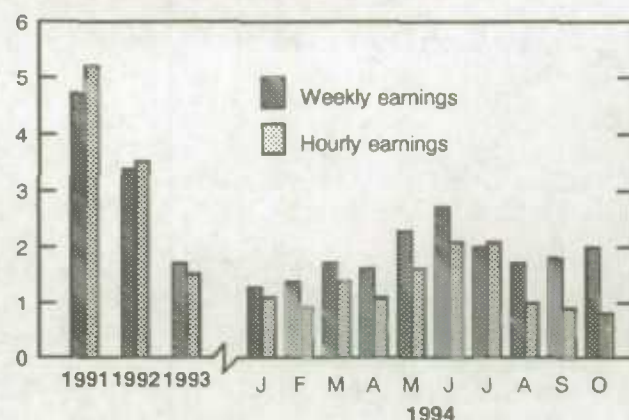
Data in this article have been seasonally adjusted at annual rates.

For a second consecutive month, milder weather restrained demand for electricity and natural gas, curtailing the output of utilities.

For further information, order Gross domestic product by industry (catalogue 15-001) or contact Industry Measures and Analysis Division at (613) 951-9145. (See "Current trends" on page 8.)

Average weekly and hourly earnings

% change, previous year, seasonally adjusted



Note to users

Employment, earnings and hours is based on a sample survey of establishments and on a sample of administrative records. Unless otherwise stated, all data in this article are seasonally adjusted.

previous nine months. Although weekly payrolls have grown substantially this year, the growth has slowed in recent months.

Following several months of little change, retailers reduced employment by 1.0% in October. While declines were widespread across retailers, automobile dealers and general merchandisers were exceptions. Increased employment in these two industries mirrored growing consumer demand and thus growing sales. Hours per week fell from the previous month. However, compared with early 1994, the trend is still toward working more hours. Fewer hours, and a drop in hourly earnings resulted in a 1.3% decrease in weekly earnings in October.

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... Average weekly earnings dip slightly

Lower demand for new homes, due in part to rising interest rates, has reduced construction activity and led to cutbacks in employment in this industry. The largest declines occurred in residential and industrial construction, while non-residential contractors continued to register gains. Construction companies in Ontario, British Columbia and Quebec were hardest hit by the employment cutbacks. The employment reduction contributed to a drop in employers' weekly payrolls as both weekly hours and hourly earnings declined.

Manufacturers added 12,000 employees to their payrolls with over two-thirds of the employment gain in Central Canada. In addition, weekly hours remained at September's high level. Several indicators suggest that manufacturers will continue to add employees to the economy. The balance of opinion on employment prospects for the fourth quarter rose to its highest level since April 1989 and the backlog of manufacturers' unfilled orders increased for the fifth consecutive month.

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

Foreigners buy more Canadian securities than they sell

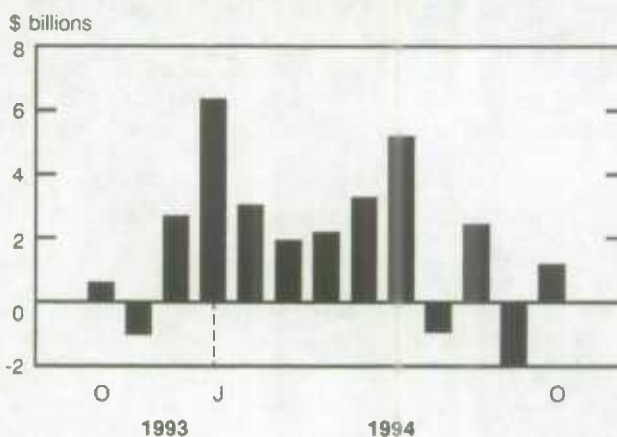
In October, non-residents purchased \$1.2 billion more Canadian securities – money market paper and stocks – than they sold (bonds). This resumed the pattern of net investments that has prevailed in the Canadian market.

Foreign investors bought \$2.2 billion Canadian money market paper (mostly government paper), a shift from the three previous months, when they sold off \$10 billion. While investors from the United States and Asia led the buying, residents of the European Union continued to reduce holdings. Gross trading activity was again very active, matching the record \$66 billion set in September.

Foreign demand for Canadian stocks, roughly split between existing and new issues, was the strongest in eight months. Purchases exceeded sales by \$1.0 billion. Year-to-date foreign net buying amounted to \$7.1 billion. For the fourth consecutive month, net buying came entirely from the United States. This differed from the first six months of 1994, when as much as one-third of the foreign investment originated overseas. October's strong foreign investment occurred despite an 8% decline in gross trading with non-residents.

Foreigners sold \$2.0 billion more Canadian bonds than they bought in October, after a disinvestment of \$0.9 billion in September. October's selloff, which came entirely from the United States, was largely in outstanding bonds. Gross trading with all non-residents declined a further 14% in October to \$56 billion, the lowest trading level since June 1993. New issues of Canadian bonds sold to non-residents amounted to \$2.0 billion and were more than offset by retirements of \$2.3 billion. This contrasted with Canadians' heavy net borrowing from abroad that prevailed earlier this year.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper

Canadian investors sold a further net \$0.6 billion foreign securities: they sold \$0.9 billion foreign bonds and bought \$0.3 billion foreign stocks. Canadian investors, led by mutual funds and pension funds, have been steadily investing in foreign stock markets since early 1990. In October, about 80% of the Canadian investment was directed to overseas stocks. The remainder went to U.S. stocks.

For further information, order Canada's international transactions in securities (catalogue 67-002) or contact Balance of Payments Division at (613) 951-1864.

Number of U.I. beneficiaries declines

In October, the number of people receiving regular unemployment insurance (U.I.) benefits (870,000) declined from September (-1.5%). Except for slight increases in Manitoba and the Northwest Territories, decreases occurred in all other areas. Compared with October 1993, fewer beneficiaries were recorded in all provinces and territories.

The amount of regular and special U.I. benefits paid (\$1.0 billion) also slipped in October, down 10.1% from the year before. Since the start of the year, \$2 billion less was paid in benefits than during the same period last year.

On the other hand, the number of claims received (244,000) for U.I. benefits increased slightly (1.5%), due to rises in eight provinces. Prince Edward Island (5.7%) and Manitoba (2.5%) recorded the largest hikes. Since the start of 1994, 2.3 million claims have been submitted, a 9.7% drop from the same period last year. The general trend in claims received since the peak of February 1991 has been downward. A number of reasons account for

U.I. beneficiaries receiving regular benefits

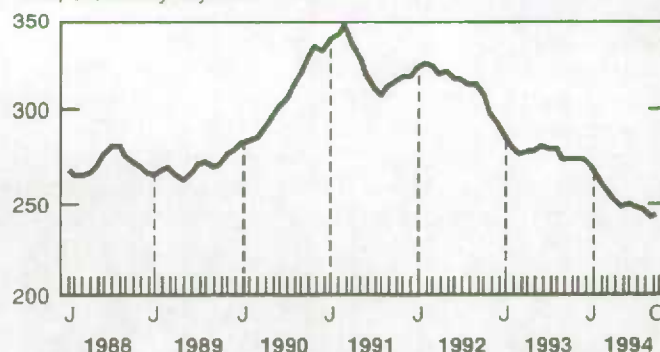
October 1994

(Seasonally adjusted)

Province/Territory	Total ('000)	% change, previous month	% change, previous year
Canada	870	-1.5	-16.0
Newfoundland	48	-1.0	-19.4
Prince Edward Island	11	-6.2	-16.8
Nova Scotia	48	-0.6	-7.0
New Brunswick	50	-1.5	-9.6
Quebec	294	-1.9	-13.0
Ontario	216	-1.3	-23.3
Manitoba	23	0.7	-16.2
Saskatchewan	18	-0.8	-18.6
Alberta	61	-2.3	-12.1
British Columbia	94	0.0	-15.3
Yukon	2	-1.7	-25.4
Northwest Territories	1	2.0	-5.4

Number of U.I. claims received

'000, seasonally adjusted



Note to users

Persons seeking U.I. benefits have to file a claim, but to qualify they must meet certain conditions: they must have experienced an interruption of earnings, be capable of and available for work, and be unable to find suitable employment. In addition to regular benefits, claimants can qualify for special benefits such as training, maternity, sickness, and fishing. Unless otherwise noted, all figures in this article are seasonally adjusted.

this: tightened eligibility requirements; increased minimum number of weeks of insurable earnings; and substantial gains in the number of jobs created, hence fewer layoffs.

Compared with October 1993, the number of claims dropped in all provinces and territories, except Prince Edward Island. The largest declines were in Saskatchewan (-16.9%), Manitoba (-12.7%), and Ontario (-12.7%).

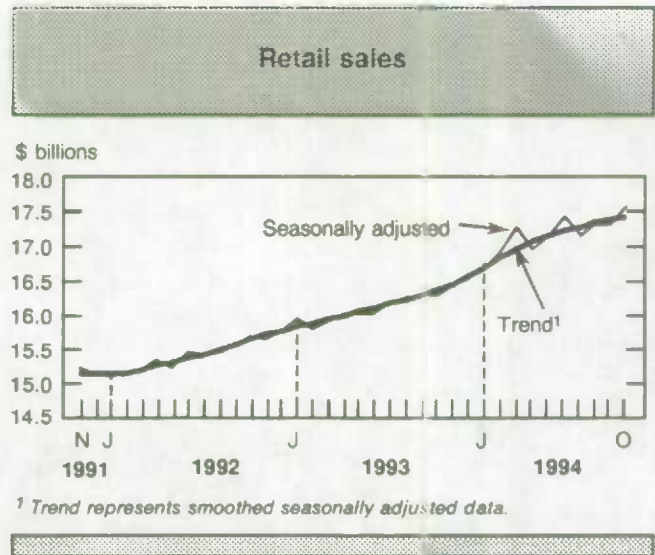
For further information, order Unemployment insurance statistics (catalogue 73-001) or contact Labour Division at (613) 951-4046.

Retail sales pick up in October

Retail sales rose by a sharp 1.6% in October (to \$17.6 billion) after a 0.1% drop in September. Six of the seven sectors, accounting for 94% of total sales, recorded growth. The largest dollar increases occurred in the food, general merchandise, and automotive categories. Only drug and patent medicine stores posted a decline. On a year-over-year basis, all sectors grew in October, for an overall increase of 8.0%.

In the automotive sector (which accounts for over one-third of total retail trade), monthly movements ranged from a 1.6% rise in accessories and services to a 1.1% drop in gasoline service stations. Spending in the food sector (one-quarter of total retail trade) increased 1.9%, partly offsetting September's 2.2% drop. This was the third gain in four months. The general merchandise sector (10% of total retail trade) grew 3.4%, after a 4.0% decline the month before. Sales by general merchandise stores have slowed in recent months after steady growth since mid-1993.

Across Canada, British Columbia was the only province to report lower sales in October. However, on a year-over-year basis, retail sales in this province were 12.0% higher than during the same month last year. Increases in other areas ranged from 0.7% in the Yukon to 6.0% in New Brunswick.



Early indications of November retail sales are positive. Both department store sales and the number of new motor vehicles sold in November rose from the previous year. Employment in trade increased from last month.

Retail sales in the United States, which are usually similar in movement to Canadian retail figures, grew 1.3% in October; advance estimates for November are up 1.2%.

For further information, order Retail trade (catalogue 63-005) or contact Industry Division at (613) 951-9682.

Marginal rise in wholesale trade

Wholesale merchants' sales increased marginally in October, up 0.5% to \$19.7 billion. After six months of significant growth, the rise in sales has slowed considerably over the last two months.

Motor vehicles, parts and accessories accounted for the largest gain in October. Food, beverage, drug and tobacco products, household furnishings, and apparel also raised their sales but not by enough to compensate for previous decreases. Combined, these four groupings made up about 40% of the total value of sales in October.

Contributing to the dampening of the overall rise were lower sales from metal, hardware, plumbing and heating equipment, farm machinery, and other products (such as agricultural and industrial chemicals, newsprint).

Inventory levels totalled \$29.0 billion, up 1.1% from September's revised figures. Seven of the nine major groups posted increases. The largest, in dollar terms, were in the motor vehicle, parts and supplies, and other products groups. The inventories-to-sales ratio at the end of October increased to 1.48 from 1.47 at the end of September.

For further information, order Wholesale trade (catalogue 63-008) or contact Industry Division at (613) 951-3541.

(continued on page 6)

PROVINCIAL PERSPECTIVES

Retail and wholesale trade, October 1994

Seasonally adjusted

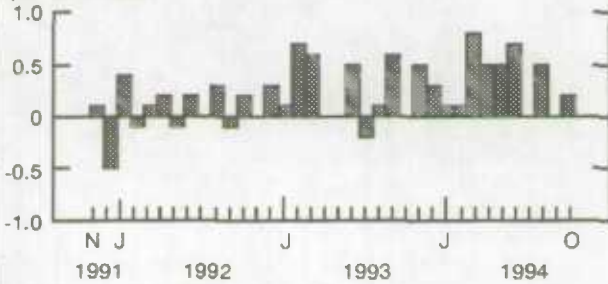
	Retail sales		Wholesale sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	17,580	1.6	19,690	0.5
Newfoundland	294	1.5	178	1.4
Prince Edward Island	76	5.3	46	-2.1
Nova Scotia	552	2.3	417	2.4
New Brunswick	414	6.0	262	-2.0
Quebec	4,217	1.6	4,338	0.6
Ontario	6,497	1.3	8,498	1.4
Manitoba	590	4.2	665	0.2
Saskatchewan	548	3.3	593	-1.7
Alberta	1,847	3.5	1,946	1.1
British Columbia	2,490	-0.7	2,726	-1.9
Yukon	16	0.7		
			20	0.3
Northwest Territories	40	3.1		

PUBLICATIONS RELEASED FROM DECEMBER 23, 1994 TO JANUARY 5, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
AGRICULTURE					
Agriculture economic statistics	November 1994	21-603E	25/50	30/60	35/70
Farm product price index	October 1994	62-003	8/76	10/92	11/107
Fruit and vegetable production	December 1994	22-003	26/104	32/125	37/146
The dairy review	October 1994	23-001	14/138	17/166	20/194
CANADIAN CENTRE FOR JUSTICE STATISTICS					
Canadian crime statistics	1993	85-205	42	51	59
DEMOGRAPHY					
Home language and knowledge of languages	1991	92-336E	20	24	28
EDUCATION, CULTURE AND TOURISM					
Touriscope - international travel	October 1994	66-001P	7/70	9/84	10/98
INDUSTRY					
Asphalt roofing	November 1994	45-001	6/60	8/72	9/84
Canadian forestry statistics	1992	25-202	29	35	41
Construction type plywood	October 1994	35-001	6/60	8/72	9/84
Corrugated boxes and wrappers	November 1994	36-004	6/60	8/72	9/84
Crude petroleum and natural gas production	September 1994	26-006	11/110	14/132	16/154
Department store sales and stocks	October 1994	63-002	16/160	20/192	23/224
Electric lamps (light bulbs and tubes)	November 1994	43-009	6/60	8/72	9/84
Gas utilities	September 1994	55-002	14/140	17/168	20/196
Gypsum products	November 1994	44-003	6/60	8/72	9/84
Mineral wool including fibrous glass insulation	November 1994	44-004	6/60	8/72	9/84
Monthly production of soft drinks	November 1994	32-001	3/30	4/36	5/42
New motor vehicle sales	September 1994	63-007	16/160	20/192	23/224
Production and disposition of tobacco products	November 1994	32-022	6/60	8/72	9/84
Production and inventories of process cheese and instant skim milk powder	November 1994	32-024	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies (excluding Newfoundland and Prince Edward Island)	October 1994	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	October 1994	35-003	8/80	10/96	12/112
Rigid insulating board (wood and fibre products)	November 1994	36-002	6/60	8/72	9/84
The sugar situation	November 1994	32-013	6/60	8/72	9/84
INTERNATIONAL TRADE					
Canadian international merchandise trade	October 1994	65-001	19/182	22/219	26/255
Exports by commodity	September 1994	65-004	60/600	72/720	84/840
Exports by country	Jan.-Sept. 1994	65-003	90/360	108/432	126/504
Imports by commodity	October 1994	65-007	60/600	72/720	84/840
PRICES					
Industry price indexes	October 1994	62-011	20/200	24/240	28/280
SERVICES, SCIENCE AND TECHNOLOGY					
Service indicators	3rd quarter 1994	63-016	28/112	34/135	40/157
Telephone statistics	October 1994	56-002	9/90	11/108	13/126
TRANSPORTATION					
Air carrier traffic at Canadian airports	Oct.-Dec. 1993	51-005	33/130	39/156	46/182
Aviation service bulletin	3rd quarter 1994	51-004	10/99	12/119	14/139
Canadian civil aviation	1993	51-206	39	47	55
Rail in Canada	1993	52-216	50	60	70

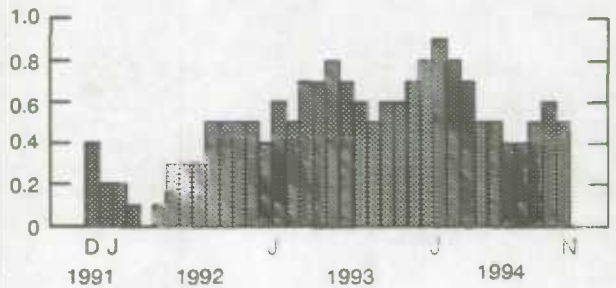
CURRENT TRENDS

Gross domestic product

% change,
previous month

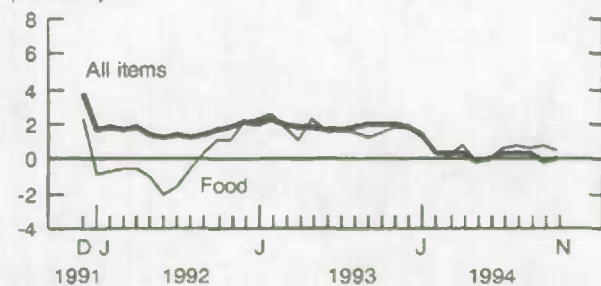
Real gross domestic product at factor cost grew 0.2% in October.

Composite index

% change,
previous month

The growth of the composite index was little changed at 0.5% in November.

Consumer price index

% change,
previous year

Consumers paid 0.1% less for goods and services in November 1994 than the year before. Food prices rose by 0.4%.

Unemployment rate

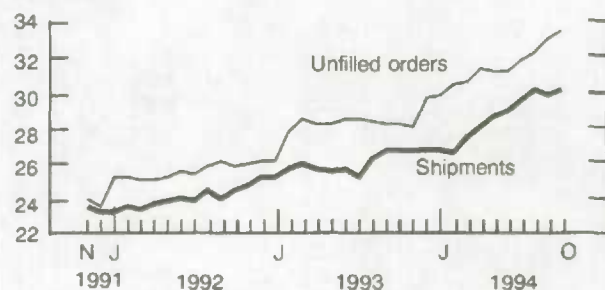
%



In November, the unemployment rate dropped 0.4 percentage points to 9.6%, its lowest rate in four years.

Manufacturing

\$ billions



Manufacturers' shipments jumped 1.0% in October to \$30.0 billion. The level of unfilled orders grew 1.0% to \$33.3 billion.

Merchandise trade

\$ billions



The value of merchandise exports increased \$555 million in October, to \$19.4 billion. Imports rose by \$216 million, to \$17.7 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)	October*	535.6	0.2%	4.1%
Composite index (1981 = 100)	November	170.4	0.5%	7.5%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	October	17.6	1.6%	8.0%
New motor vehicle sales ('000 units)	October	109.3	2.4%	5.6%
LABOUR				
Employment (millions)	November	12.8	0.7%	3.0%
Unemployment rate (%)	November	9.6	-0.4 [†]	-1.4 [†]
Participation rate (%)	November	65.0	0.2 [†]	0.0 [†]
Labour income (\$ billion)	September	34.3	0.6%	3.5%
Average weekly earnings (\$)	October*	568.20	0.0%	2.0%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	October	19.4	2.9%	21.5%
Merchandise imports (\$ billion)	October	17.7	1.2%	19.1%
Merchandise trade balance (all figures in \$ billion)	October	1.7	0.3	0.6
MANUFACTURING				
Shipments (\$ billion)	October	30.0	1.0%	13.1%
New orders (\$ billion)	October	30.3	-0.6%	14.2%
Unfilled orders (\$ billion)	October	33.3	1.0%	18.7%
Inventory/ shipments ratio	October	1.29	-0.01	-0.06
Capacity utilization (%)	3rd quarter	82.9	1.6	5.3
PRICES				
Consumer price index (1986 = 100)	November	131.4	0.5%	-0.1%
Industrial product price index (1986 = 100)	November*	122.2	0.8%	7.2%
Raw materials price index (1986 = 100)	November*	124.8	2.2%	13.2%
New housing price index (1986 = 100)	October	136.1	-0.1%	-0.2%

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

* new this week

† percentage point

I·N·F·O·M·A·T

A weekly review

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