

# Infomat

## A Weekly Review

Friday, February 17, 1995

### OVERVIEW

#### ■ Manufacturing leads growth of composite index

The composite index continued its steady growth in January 1995. Once again, the gains were dominated by manufacturing.

#### ■ Department store sales rise in 1994

In 1994, department store sales were up a healthy 3.8% from the year before. December's sales were virtually unchanged from November's.

#### ■ Labour market changes little in January

Overall labour market conditions changed little in January 1995. Full-time employment levelled off, while part-time employment grew.

#### ■ House prices continue to fall

In December, new house prices fell 0.3% from December 1993. This was the sixth consecutive month when house prices dropped from the year before.

#### ■ Record numbers of overseas visitors come to Canada

A record number of overseas visitors spent at least one night in Canada in 1994. In contrast, Canadians made the lowest number of overnight trips to the United States since 1988.

#### ■ Despite falling incomes, more people own "high-tech" items

Despite falling average incomes, the ownership of leisure and time-saving items increased among all income groups.

### Manufacturing leads growth of composite index

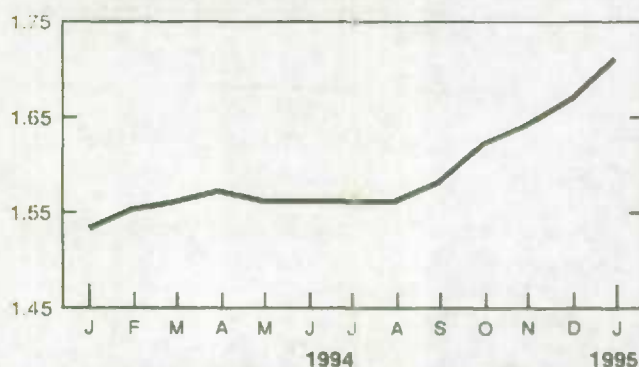
The composite index continued to grow in January by 0.6%, little changed from the increases recorded since October. Prior to that, the index had slowed through most of 1994. Once again, manufacturing dominated the gains. Of the three components that fell, the financial market indicators posted the largest decline.

The growth of new orders for durables has steadily accelerated from 0.7% last March to its January pace of 2.3%. The latest gains were led by export and investment demand. Manufacturers succeeded in satisfying demand by partly running down stocks. This helped to raise the ratio of shipments to finished goods inventories in the last five months by the most since the 1950s. The average workweek was steady at its peak level of 39.0 hours, as firms continued to meet their manpower needs through hiring in January.

Household demand remained mixed, with a steady deterioration in housing offset by a firming demand for other durable goods and services. The housing index has fallen every month since last May. The latest interest rate hikes accompanied a steady drop in house sales and a 4% dip in starts of single-family homes in January. Furniture and appliance sales slumped as

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Ratio of shipments to inventories of finished goods, manufacturing



### ... Manufacturing leads growth of composite index

well. Conversely, sales of other durable goods picked up by 0.5%, especially cars, as consumer confidence and employment rose. Demand for personal services led the overall growth of jobs in services.

The financial market indicators remained negative. The stock market fell sharply across the board in January. The money supply contracted for the third month in a row, the first declines since the last recession.

The U.S. leading indicator was up only marginally (0.1%) for the second month in a row, after slowing steadily during 1994. Growth was sustained by commodity prices and household confidence. The negative impact of higher interest rates on the American economy has begun to be felt in housing and consumer spending. The labour market slumped in January and the unemployment rate rose for the first time in two and a half years.

For further information, order Canadian economic observer (catalogue 11-010) or contact Current Economic Analysis Division at (613) 951-3627. (See also "Current trends" on page 8.)

## Department store sales rise in 1994

In 1994, consumer spending in department stores varied a great deal from one month to the next. The trend, however, was upward and by year-end, consumers had spent \$13.3 billion on merchandise and services, up a healthy 3.8% from 1993. This followed a 1.7% decline in 1993 and a 0.8% increase in 1992.

### Department store sales\*

Unadjusted

	December 1994	Jan. to Dec. 1994	Dec. 1993 to Dec. 1994
	\$ millions		% change
Newfoundland	33.3	201.6	11.4
Prince Edward Island	9.6	54.7	0.9
Nova Scotia	78.9	445.3	0.5
New Brunswick	56.6	327.5	10.0
Quebec	369.0	2,407.7	4.1
Ontario	941.5	5,579.0	3.6
Manitoba	91.1	553.0	4.2
Saskatchewan	67.4	392.8	8.2
Alberta	240.3	1,421.0	3.7
British Columbia	302.0	1,896.6	2.3
<b>Canada</b>	<b>2,189.6</b>	<b>13,279.2</b>	<b>3.8</b>

\*includes concessions

Faced with growing competition and under pressure to hold on to its market share, the department store sector has been going through a period of restructuring.

Junior or discount stores, whose sales were up a strong 9.7% despite a drop in numbers, were responsible for 1994's annual increase. Sales by the major stores were down for a second consecutive year, although by a smaller amount (-1.4%) than the year before (-4.7%). Discount department stores had increased their share of total sales from 44.7% in 1991 to 49.2% in 1994.

Regionally, Newfoundland and New Brunswick recorded the largest increases in sales in 1994 - 11.4% and 10.0%, respectively. In Ontario, the province accounting for 42% of all sales, spending was up 3.6%. British Columbia saw sales rise 2.3%.

In December 1994, department store sales (seasonally adjusted) remained virtually unchanged from November but were up 5.3% from December 1993. Inventories, up by only 0.2% from November, were 2.5% below December 1993.

Consumers spent \$1.1 billion (unadjusted) in discount department stores in December, a 14.8% increase from December 1993. Purchases made in the major stores (also \$1.1 billion) were 2.4% lower.

For further information, order Department store sales and stocks (catalogue 63-002) or contact Industry Division at (613) 951-3551.

## Labour market changes little in January

Overall labour market conditions changed little in January 1995. The labour force grew by 36,000, edging the unemployment rate up 0.1 percentage points to 9.7%. A pause in total employment growth over the last two months followed strong growth in 1994. Full-time employment levelled off while part-time employment rose (25,000) for the first time since last August.

### Note to users

The Labour force survey population estimates in this article are not comparable to previously published estimates because a number of changes to the survey were introduced in January 1995. The changes include basing the population estimates on the 1991 Census and adopting new subprovincial regions. Feature articles describing these changes are in the December 1994 and January 1995 issues of The labour force (71-001). Adjusted historical estimates are available on CANSIM and in Historical labour force statistics (71-201).

(continued on page 3)

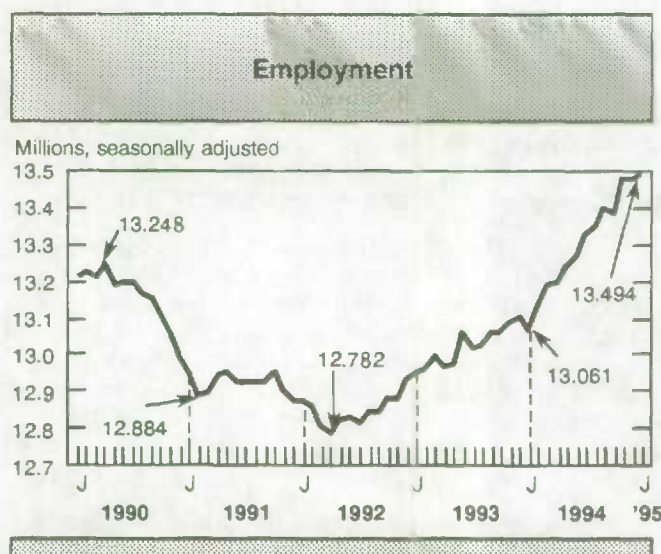


### ... Labour market changes little in January

After sizeable advances in 1994, employment in manufacturing increased only marginally over the last two months, reflecting a recent slowdown in the growth of unfilled orders. Following substantial gains in the first five months of 1994, employment in construction stabilized. This seems consistent with the trend in housing starts, which recently fell off after marked increases in early 1994. In community, business and personal services, employment growth has slowed over the last four months, following a jump between May and September 1994.

Employment among adult women decreased by 20,000, the first monthly decline in over a year. Adult men experienced no significant employment changes during the last two months, after a growth of 200,000 in 1994. On the other hand, youth employment has recently undergone large monthly fluctuations, after having fallen sharply between 1990 and 1992. In January, a growth of 31,000 jobs brought gains over the past 12 months to 54,000. This employment increase along with a drop in the participation rate has pushed youth unemployment rate down three percentage points over the past year to 14.8%.

Regionally, employment in Newfoundland, which grew by 5,000 in January remained 6,000 below its pre-recession level of March 1990. New Brunswick lost an estimated 8,000 jobs, mostly in the service industries. This follows employment



growth of 21,000 over the eight preceding months. In British Columbia, employment edged up in January, leaving the level little changed since June. An increase of 16,000 jobs in Quebec offset a loss of 12,000 in December. Employment levels in the other provinces did not change significantly in January.

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

## PROVINCIAL PERSPECTIVES

### Labour force survey, January 1995

Seasonally adjusted

	Labour force		Employment		Unemployment	
	'000	% change, previous month	'000	% change, previous month	'000	Rate (%)
<b>Canada</b>	<b>14,943</b>	<b>0.2</b>	<b>13,494</b>	<b>0.1</b>	<b>1,449</b>	<b>9.7</b>
Newfoundland	248	0.4	200	2.6	48	19.4
Prince Edward Island	68	0.0	57	-1.7	10	15.3
Nova Scotia	437	0.2	381	-0.5	56	12.8
New Brunswick	359	-0.8	312	-2.5	47	13.1
Quebec	3,633	0.2	3,198	0.5	435	12.0
Ontario	5,742	0.1	5,249	-0.1	493	8.6
Manitoba	561	-0.2	518	0.2	43	7.7
Saskatchewan	494	-0.4	465	-0.2	29	5.9
Alberta	1,482	0.2	1,368	0.1	114	7.7
British Columbia	1,922	0.9	1,752	0.5	170	8.8

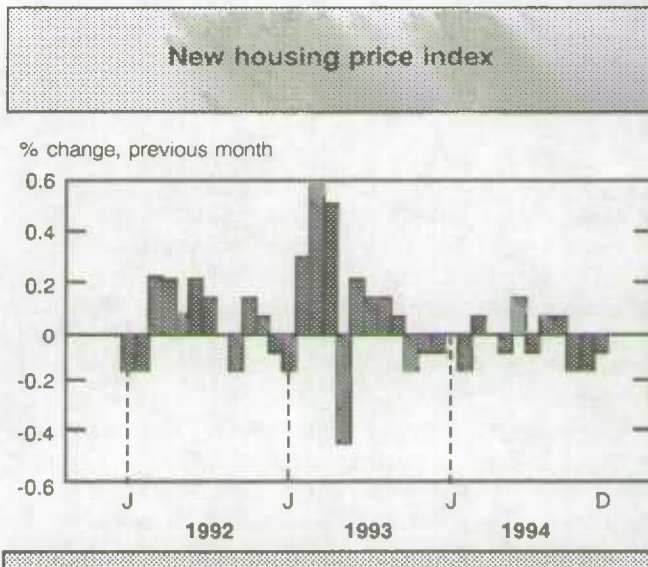
## House prices continue to fall

In December 1994, the new housing price index stood at 135.8, a 0.3% drop from December 1993. This was the sixth consecutive month when house prices dropped on a year-over-year basis. Compared with November, the index was down 0.1%.

In 11 of the 20 cities surveyed, contractors reported stable or offsetting new home selling prices resulting in no monthly changes in their total city indexes. In the four cities showing monthly price rises, the largest was recorded for Kitchener-Waterloo (0.8%). No other monthly increase was larger than 0.1%. Of the five cities registering monthly declines, the largest was for Victoria (-2.0%).

On a year-over-year basis, 13 cities increased and 6 decreased their house prices. The largest increases were posted in Halifax (3.8%) and Winnipeg (3.6%) while prices dropped the most in Victoria (-4.1%) and Vancouver (-3.2%).

The house only index dropped 0.2% compared with last year and remained unchanged from last



month. The land only index also fell 0.2% from December 1993 and declined 0.1% from November.

For further information, order Construction price statistics (catalogue 62-007) or contact Prices Division at (613) 951-3350.

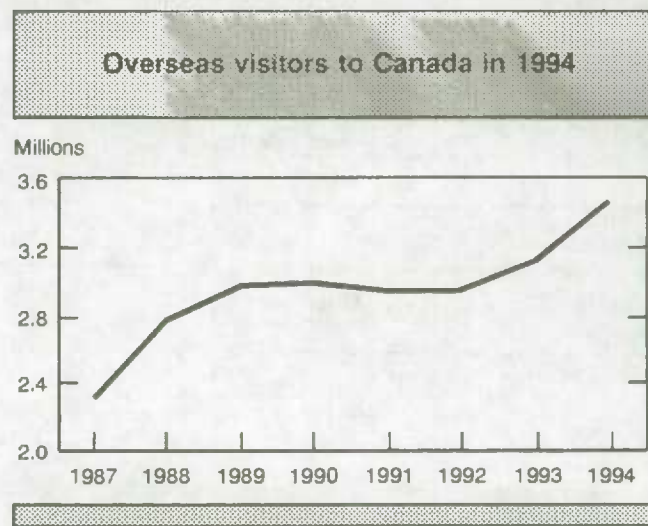
## Record numbers of overseas visitors come to Canada

A record 3.5 million visitors from overseas countries spent at least one night in Canada in 1994. This represents an 11.1% increase from the 1993 level, the largest rise in six years.

Since overseas residents tend to make longer trips to Canada than U.S. residents, the economic impact of this increase is particularly significant. In 1993, for example, overseas residents spent an average of C\$914 per overnight trip compared with C\$343 for U.S. residents. Overnight visits by residents of the top 10 countries of origin were all up in 1994. The improved exchange rate of foreign currencies into Canadian dollars contributed to these increases.

Increased spending by visitors to Canada and decreased spending by Canadians outside the country have combined to improve Canada's international travel account deficit. During the third quarter of 1994, a travel account deficit of \$1.4 billion (seasonally adjusted) was recorded, the smallest since the fourth quarter of 1989.

In 1994, overnight trips to the United States by Canadian residents fell to the lowest level since 1988. Canadians made 15.0 million trips of this type, down 13.4% from the previous year. A major factor behind this decline was the weak Canadian dollar. By contrast, Canadians' overnight travel to



### Note to users

Month-to-month comparisons are made with seasonally adjusted data, while year-over-year comparisons use unadjusted data, which are actual traffic counts.

all other countries increased 3.3% in 1994 to a record 3.4 million trips.

Same-day cross-border car trips by Canadian residents fell 20.9% in 1994, to 38.2 million. This was the third annual decrease for this type of travel, which peaked at 59.1 million trips in 1991 and was

(continued on page 5)



### ... Record numbers of overseas visitors come to Canada

the lowest level since 1988. Apart from the weak Canadian dollar, factors contributing to this drop include the narrowing gap between Canadian and U.S. gas prices and reduced taxes on tobacco products in Canada.

In December alone, U.S. residents made 1.0 million overnight trips to Canada, down 2.2% from November. Meanwhile, overnight trips to Canada by residents of overseas countries totalled 297,000, nearly unchanged from October's record.

Considering all modes of transportation, Canadians made 1.2 million overnight trips to the United States in December, down 1.3% from November. By contrast, Canadians' overnight travel to all other countries rose 1.2% from November to December to an unprecedented 289,000 trips.

### Trips to Canada of one or more nights, 1994

Country of residence	1994	1993 to 1994
	'000	% change
United States	12,514	4.1
United Kingdom	582	2.3
Japan	483	18.2
France	410	13.4
Germany	372	8.2
Hong Kong	130	11.0
Australia	119	22.1
Italy	97	1.6
Switzerland	90	7.9
Netherlands	90	6.0

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

### International travel between Canada and other countries, December 1994

	('000)	% change, previous month	('000)	% change, previous year
	Seasonally adjusted		Unadjusted	
Canadian trips abroad				
Auto trips to the United States				
Same-day	3,184	1.7	2,969	-15.4
One or more nights	789	-2.0	479	-15.8
Total trips, one or more nights				
United States	1,220	-1.3	825	-9.5
Other countries	289	1.2	226	6.3
Travel to Canada				
Auto trips from the United States				
Same-day	1,909	1.1	1,594	19.9
One or more nights	713	-1.7	412	1.0
Total trips, one or more nights				
United States	1,031	-2.2	618	1.1
Other countries	297	-0.7	194	11.8

### Despite falling incomes, more people own "high-tech" items

Despite seeing average real income shrink 7% since its peak in 1989, households have continued to acquire more leisure and time-saving items for the home. This trend appeared across all income groups and among different types of households.

For example, the proportion of households in the lowest quintile (the 20% with the lowest incomes) who had a VCR had increased from 29.1% in 1989 to 53.8% in 1994. By comparison, in the highest quintile, the proportion of households with a VCR had risen from 81.3% in 1989 to 93.4% in 1994.

These trends may be explained by several factors. Over the last several years, consumer credit has grown and the savings rate has declined. More recently, improved labour market conditions in 1994 may have contributed to consumer confidence and, thus, increased buying of items for the home. As well, prices for "high-tech" equipment have tended to decrease over time.

Two-parent households with children under 18 years had a 1993 average income of \$59,348, considerably higher than the overall household average of \$46,559. Time-saving appliances had a

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### ... Despite falling incomes, more people own "high-tech" items

particularly high rate of ownership among these households: 92.1% had a microwave and 61.6% a dishwasher. By comparison, 63.6% of one-person households had a microwave and 23.3% a dishwasher.

Leisure equipment was another popular item for two-parent families with children: 65.0% had two or more colour televisions, 94.0% a VCR, 53.2% a compact disc player, and 26.2% a camcorder. Meanwhile, one-person households with lower incomes and different lifestyles owned fewer of these items: 19.1% had two or more colour televisions, 55.5% a VCR, 25.3% a CD player and only 4.2% a camcorder.

Computer ownership varied widely according to the income and the type of household. Households in the highest income quintile were five times more likely to have a home computer than those in the lowest quintile (46.1% vs. 9.2%). Single-family households with children under 18 years were three times more likely to have a computer than one-person households (34.8% vs. 11.7%). Computers remained a rare item for the elderly.

For more information, order Household facilities by income and other characteristics (catalogue 13-218) or contact Household Surveys Division at (613) 951-4633.

### Ownership of household and leisure equipment according to average income

	Lowest quintile	Middle quintile	Highest quintile	All households
	% of households			
Dishwasher				
1989	17.5	40.9	69.6	42.5
1994	20.0	45.8	73.8	46.4
Microwave oven				
1989	39.8	66.6	81.5	63.4
1994	63.5	85.2	91.9	81.5
Colour television				
1989	91.3	97.4	98.9	96.2
1994	95.7	98.9	99.5	98.2
Video cassette recorder				
1989	29.1	63.5	81.3	58.8
1994	53.8	85.8	93.4	79.2
Compact disk player				
1989	4.3	11.0	20.4	11.6
1994	20.5	41.3	61.1	40.8
Home computer				
1990*	5.9	14.1	32.4	16.3
1994	9.2	22.3	46.1	25.0

\* not available for 1989

## NEW FROM STATISTICS CANADA



### Homeowner repair and renovation expenditure 1993

Homeowner repair and renovation expenditure in Canada, 1993 looks at the \$12.4 billion worth of repairs and renovations done by homeowners in 1993. This includes repairs and maintenance, additions, renovations, replacement and installation of equipment and fixtures. These expenditures averaged \$1,846 per homeowner-household in 1993, a 1.4% decline from 1992.

Data cover the 10 provinces and are tabulated by province, size of area of residence, type and value of dwelling, age of household head, household income, period of construction, and year moved to dwelling.

Homeowner repair and renovation expenditure in Canada, 1993 (catalogue 62-201, \$30) is now available. For further information contact Paul Gratton at (613) 951-4165, fax: (613) 951-3012, Family Expenditure Surveys Section, Household Surveys Division.

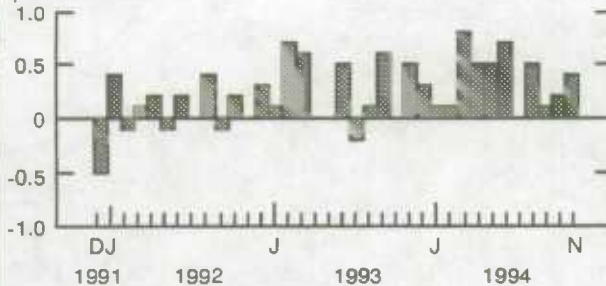


# PUBLICATIONS RELEASED FROM FEBRUARY 10 TO 16, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
<b>HOUSEHOLD SURVEYS</b>					
Homeowner repair and renovation expenditure in Canada	1993	62-201	30	36	42
Household facilities by income and other characteristics	1994	13-218	35	42	49
Labour force information	January 1995	71-001P	10/100	12/120	14/140
<b>INDUSTRY</b>					
Energy statistics handbook	February 1995	57-601	330	400	460
Footwear statistics	4th quarter 1994	33-002	6/24	8/29	9/34
Industrial chemicals and synthetic resins	December 1994	46-002	6/60	8/72	9/84
Oils and fats	December 1994	32-006	6/60	8/72	9/84
Pack of canned tomatoes and tomato products	1994	32-237	14	17	20
Production and shipments of steel pipe and tubing	December 1994	41-011	6/60	8/72	9/84
Pulpwood and wood residue statistics	December 1994	25-001	7/70	9/84	10/98
Shipments of solid-fuel-burning heating products	4th quarter 1994	25-002	6/24	8/29	9/34
Specified domestic electrical appliances	December 1994	43-003	6/60	8/72	9/84
Steel wire and specified wire products	December 1994	41-006	6/60	8/72	9/84
<b>INDUSTRIAL ORGANIZATION AND FINANCE</b>					
Corporations and labour unions returns act, part II: Labour unions	1992	71-202	34	41	48
<b>INTERNATIONAL TRADE</b>					
Exports by commodity	November 1994	65-004	60/600	72/720	84/840
Imports by commodity	November 1994	65-007	60/600	72/720	84/840
<b>INVESTMENT AND CAPITAL STOCK</b>					
Building permits	December 1994	64-001	24/240	29/288	34/336
<b>PRICES</b>					
Industry price indexes	December 1994	62-011	20/200	24/240	28/280
<b>TRANSPORTATION</b>					
Passenger bus and urban transit statistics	December 1994	53-003	8/80	10/96	12/112
Railway operating statistics	November 1994	52-003	12/120	15/144	17/168
Surface and marine transport service bulletin	Vol. 11, no.1	50-002	11/80	14/96	16/112

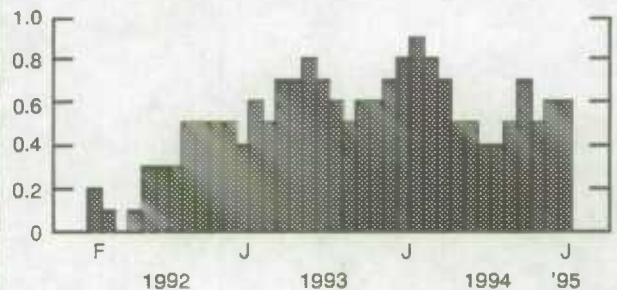
## CURRENT TRENDS

## Gross domestic product

% change,  
previous month

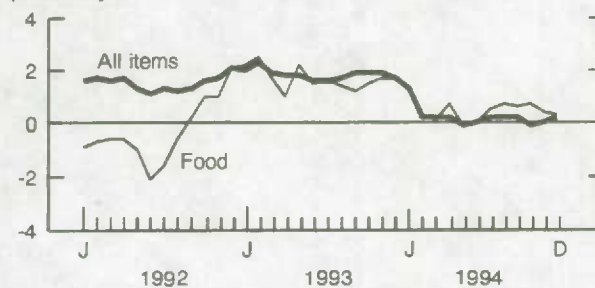
Real gross domestic product at factor cost grew 0.4% in November.

## Composite index

% change,  
previous month

In January 1995, the composite index continued to grow by 0.6%.

## Consumer price index

% change,  
previous year

Consumers paid 0.2% more for goods and services in December 1994 than the year before. Food prices rose by 0.3%.

## Unemployment rate

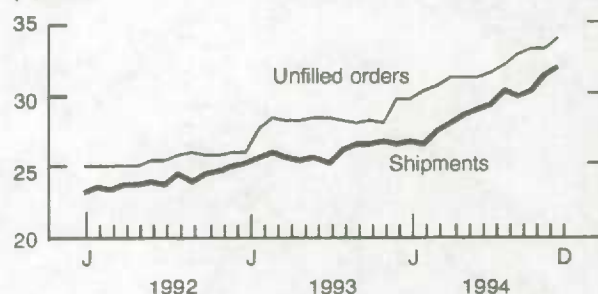
%



In January, the unemployment rate edged up 0.1 percentage points to 9.7%.

## Manufacturing

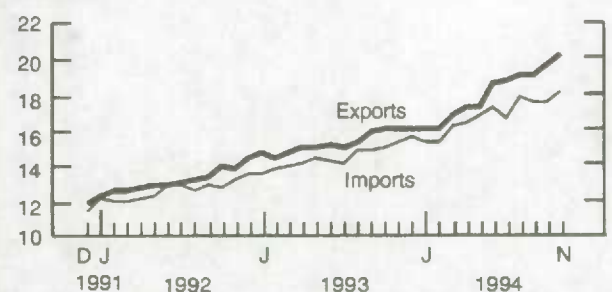
\$ billions



Manufacturers' shipments jumped 1.6% in December to \$32.0 billion. The level of unfilled orders grew by 2.4% to \$34.0 billion.

## Merchandise trade

\$ billions



The value of merchandise exports increased by \$633 million in November, to \$20.2 billion. Imports rose by \$656 million, to \$18.1 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)	November	538.5	0.4%	4.2%
Composite index (1981 = 100)	January*	172.7	0.6%	7.4%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
<b>DOMESTIC DEMAND</b>				
Retail trade (\$ billion)	November	17.6	-0.3%	6.8%
New motor vehicle sales ('000 units)	December	108.2	3.9%	2.7%
<b>LABOUR</b>				
Employment (millions)	January*	13.5	0.1%	3.3%
Unemployment rate (%)	January*	9.7	0.1 <sup>†</sup>	-1.7 <sup>†</sup>
Participation rate (%)	January*	65.3	0.1 <sup>†</sup>	0.0 <sup>†</sup>
Labour income (\$ billion)	November	34.7	0.5%	4.1%
Average weekly earnings (\$)	November	571.88	0.6%	2.3%
<b>INTERNATIONAL TRADE</b>				
Merchandise exports (\$ billion)	November	20.2	3.2%	27.0%
Merchandise imports (\$ billion)	November	18.1	3.8%	18.8%
Merchandise trade balance (all figures in \$ billion)	November	2.1	0.0	1.4
<b>MANUFACTURING</b>				
Shipments (\$ billion)	December*	32.0	1.6%	20.5%
New orders (\$ billion)	December*	32.8	4.4%	16.2%
Unfilled orders (\$ billion)	December*	34.0	2.4%	14.8%
Inventory/ shipments ratio	December*	1.25	0.01	-0.12
Capacity utilization (%)	3rd quarter	82.9	1.6	5.3
<b>PRICES</b>				
Consumer price index (1986 = 100)	December	131.6	0.2%	0.2%
Industrial product price index (1986 = 100)	December	123.3	0.8%	7.7%
Raw materials price index (1986 = 100)	December	125.4	0.5%	15.3%
New housing price index (1986 = 100)	December*	135.8	-0.1%	-0.3%

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

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

Editor: Anna Kemeny (613) 951-1197

Head of Official Release: Jacques Lefebvre (613) 951-1088

Catalogue: 11-002E. Price: Canada: \$3.00 per issue, \$130.00  
per year; United States: US\$4.00 per issue, US\$156.00 per year;  
Other Countries: US\$4.00 per issue, US\$182.00. Canadian  
customers please add 7% GST.

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