



Infomat

A Weekly Review

Friday, March 17, 1995

OVERVIEW

■ Labour market stable in February

For the third straight month, little overall change occurred in the labour market in February.

■ Wage and salary rise strongest in three years

The wage and salary growth in 1994 was the strongest in three years.

■ Growth of foreign investment slowest since 1988

In 1994, net foreign investment in Canada grew at its slowest pace since 1988. However, at year-end, it remained twice as large as Canadian investment abroad.

■ Motor vehicle sales plunge

Sales of new motor vehicles dropped sharply in January 1995, after a strong rise in December.

■ Help-wanted ads remain unchanged

Newspaper advertising for help-wanted remained unchanged in February for the fourth consecutive month.

■ Recovery widespread among provinces

Alberta led the way in 1993 as most provinces experienced economic expansion.

Labour market stable in February

For the third straight month, little overall change occurred in the labour market in February. A sizeable increase in employment in manufacturing was offset by a decline in the services sector. A drop in the labour force edged the unemployment rate down one-tenth of a percentage point to 9.6%.

After strong growth in 1994, total employment changed little over the last three months. Adult employment has remained stable whereas youth employment has continued to be volatile. February's drop was concentrated among young women.

After two months of small increases, manufacturing employment grew by an estimated 53,000 in February (2.6%). Since the beginning of 1994, manufacturing employment has risen by 241,000 (13.1%), accounting for 58% of total employment growth.

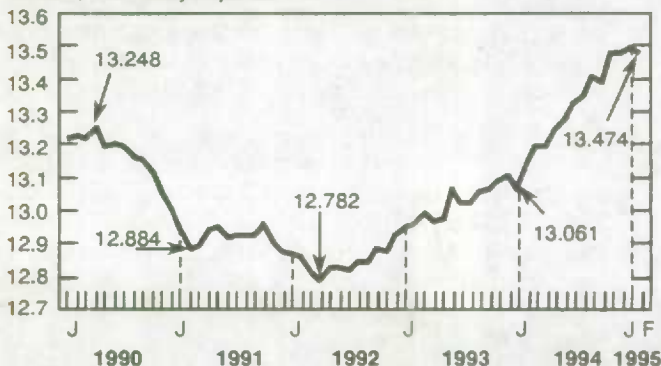
The loss of jobs in service-producing industries was concentrated in trade (-21,000) and public administration (-18,000). Employment in trade has been volatile with no clear trend for more than a year.

There were 33,000 fewer people in the labour force in February, offsetting January's increase. Of this total,

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Employment

Millions, seasonally adjusted



... Labour market stable in February

youths (15 to 24 years) accounted for a drop of 25,000, bringing their participation rate down to 62.0%, almost 10 percentage points below its January 1989 peak. Among adults (25 years and over), the number of men in the labour force decreased by 24,000, while the number of women rose by 16,000.

In British Columbia, employment in February fell by 16,000, returning to its November 1994 level. There has been little overall change in employment

in this province over the past year. In Quebec, increased employment among women and decreased labour force participation among men brought the unemployment rate down 0.5 percentage points to 11.5%. Employment in Quebec is currently 28,000 above its pre-recession level. Employment levels in the other provinces did not change significantly in February.

For further information, order Labour force information (catalogue 71-001P) or contact Household Surveys Division at (613) 951-4720. (See also "Current trends" on page 9.)

PROVINCIAL PERSPECTIVES

Labour force survey, February 1995

Seasonally adjusted

	Labour force		Employment		Unemployment	
	'000	% change, previous month	'000	% change, previous month	'000	Rate (%)
Canada	14,910	-0.2	13,474	-0.1	1,436	9.6
Newfoundland	247	-0.4	200	0.0	47	19.0
Prince Edward Island	68	0.0	57	0.0	10	15.2
Nova Scotia	432	-1.1	379	-0.5	53	12.3
New Brunswick	357	-0.6	311	-0.3	46	12.9
Quebec	3,629	-0.1	3,212	0.4	417	11.5
Ontario	5,742	0.0	5,238	-0.2	504	8.8
Manitoba	563	0.4	519	0.2	44	7.8
Saskatchewan	496	0.4	464	-0.2	32	6.5
Alberta	1,483	0.1	1,370	0.1	113	7.6
British Columbia	1,908	-0.7	1,736	-0.9	172	9.0

Wage and salary rise strongest in three years

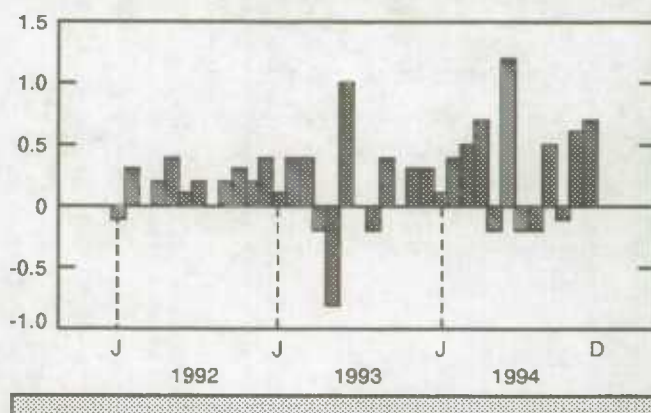
Labour income grew 0.7% in December, boosting fourth-quarter growth to 0.9%. Businesses employed more full-time workers throughout the year and paid higher average weekly earnings than in 1993. As a result, wages and salaries reached \$358 billion, up 2.9% from 1993. Although modest compared with the peak 8.1% growth in 1989, wage and salary growth in 1994 was the strongest in three years. Meanwhile, supplementary labour income increased 5.0% as it continued to slow from its 11.8% high in 1991.

Manufacturers boosted output 6.7%, resulting in a wage and salary growth of 5.0% to \$63.9 billion in 1994. Sustained by steady U.S. and domestic demand for their products, manufacturers not only expanded their work force (35,000), but they also logged more overtime hours than any other industry.

Mining companies increased wages and salaries 6.6% after five years of almost no growth. Higher demands for petroleum and natural gas in the first half of the year enabled businesses to hire more workers.

Total wages and salaries

% change, previous month, seasonally adjusted



Similarly, in construction companies paid out 4.6% more in wages and salaries, reversing three years of substantial declines. During the first half of the year, residential construction was the main

(continued on page 3)

... Wage and salary rise strongest in three years

contributor to the upward trend, while in the second half, non-residential construction took over this role.

In the services sector, commercial services registered the strongest wage and salary growth (6.8% to \$46.4 billion) as companies providing business services and other personal services expanded their work forces. Trade also grew in 1994, as companies paid 3.5% more in wages and salaries than in 1993. These growths were offset by

Wages and salaries, December 1994

Seasonally adjusted

Province/ Territory	Wages and salaries (\$ millions)	% change, previous month	% change, previous year
Canada	30,444	0.7	4.0
Newfoundland	395	0.4	1.6
Prince Edward Island	94	2.1	-1.1
Nova Scotia	753	0.2	3.5
New Brunswick	593	0.3	0.4
Quebec	6,782	0.4	2.5
Ontario	12,690	0.6	4.6
Manitoba	1,007	0.2	5.0
Saskatchewan	773	0.0	2.7
Alberta	2,876	0.4	4.5
British Columbia	4,154	1.5	4.4
Yukon and Northwest Territories/Abroad	184	1.2	5.7

Note to users

Labour income consists of wages and salaries (88%) plus supplementary labour income (12%). Wages and salaries include items such as bonuses, gratuities, taxable allowances and retroactive wage payments. Supplementary labour income is employee contributions to employee welfare, pension, workers' compensation and unemployment insurance plans. Labour income accounts for 57% of gross domestic product.

declines in the finance, insurance and real estate industry. For the first time in five years, the wage and salary growth in the services industries fell below that of the goods industries.

In education, health, and social services, wages and salaries remained flat, while in government administration they declined. This weakness resulted from budgetary restrictions aimed at reducing government spending through unpaid holidays, early retirement incentives and wage freezes.

Among the provinces and territories, British Columbia had the strongest annual wage and salary growth (5.8%). This was the third year in a row that this province experienced growth of over 5.0%. In Ontario and Quebec, wages and salaries grew slowly: 2.6% and 2.0% respectively.

For further information, order Estimates of labour income (catalogue 72-005) or contact Labour Division at (613) 951-4090.

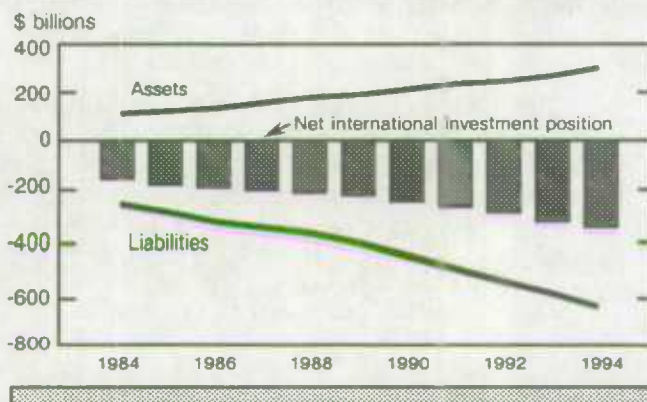
Growth of foreign investment slowest since 1988

In 1994, net foreign investment in Canada grew at its slowest pace since 1988. However, at year-end, foreigners invested twice as much in Canada as Canadians did abroad.

Foreign investors held \$342 billion more in Canadian assets than Canadians held in foreign assets. This net figure, or Canada's net international investment liability, reflects the extent to which foreign saving has financed Canada's consumption and investment throughout the years. Foreigners' holdings, or Canada's liabilities, amounted to \$638 billion against Canada's assets of \$296 billion. Put another way, Canada had a liability of \$2.15 for each dollar of assets.

The United States has been the main source of foreign financing in recent years; its share of Canada's net foreign investment rose from 35% at the end of 1991 to 46% at the end of 1994. This contrasts with the drop of the U.S. share in the 1980s.

Canada's international investment position



Led by the provinces, foreign-held debt of the various levels of governments (including their enterprises) in Canada increased to almost half of Canada's gross external liabilities. This share - the highest ever - has been increasing steadily from 36% at the end of 1989. Since then, non-residents

(continued on page 4)

... Growth of foreign investment slowest since 1988

nearly doubled their holdings of government debt, almost all in bonds. In 1994, they sharply increased their holdings of bonds issued by provinces and their enterprises and also acquired Government of Canada treasury bills while selling bonds. At the end of 1994, non-residents held 27% of the federal marketable debt, down from the 1993 record of 29%.

In recent years, foreign direct investment in Canada has been rising more slowly than Canada's total external liabilities. As a result, foreign direct investment fell to 23% of Canada's external liabilities at the end of 1994 from over 30% at the end of 1988.

Canadian pension and mutual funds have invested heavily in foreign securities, especially

stocks, bringing portfolio investment to a record 26% of Canada's external assets. However, the largest share of Canadian investment abroad continues to be in the form of direct investment abroad by Canadian corporations. This accounted for 42% of Canada's external assets at the end of 1994. The United States continued to account for the bulk of Canadian direct investment abroad although its share has been declining steadily since 1984.

Canada's international reserves represented only 5% of Canada's external assets, less than half the 11% peak at the end of 1988.

For further information, order Canada's international investment position, 1994 (catalogue 67-202) or contact Balance of Payments Division at (613) 951-2062.

Motor vehicle sales plunge

Sales of new motor vehicles fell sharply in January 1995, after a strong rise in December. A steep drop in passenger car sales led the decline. Truck sales fell for the third straight month.

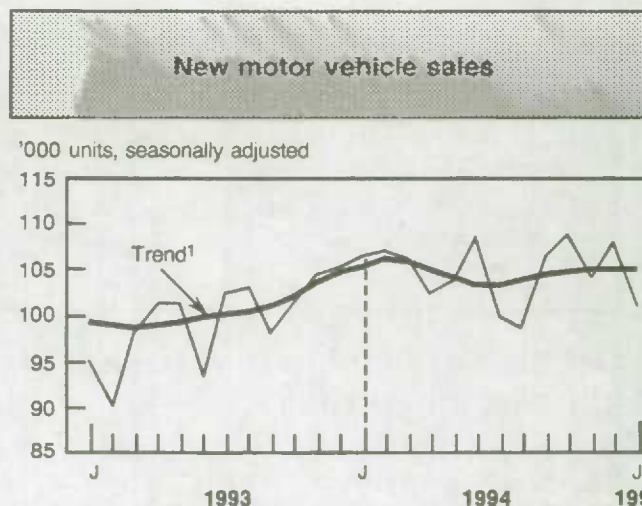
Dealers sold about 101,000 (seasonally adjusted) new motor vehicles, a 6.5% drop from December and a 5.3% slide from the level in January 1994. In comparison, last year's monthly average was 105,000 new vehicles.

Consumers purchased 9.8% fewer passenger cars in January than in December, offsetting December's buying spree. Monthly sales are generally volatile, but over the last six months, the net effect has been a flat trend. This follows a declining trend during the first half of 1994.

Sales of imported passenger cars fell 14.8% after rising 19.6% in December. More models that used to be imported are now manufactured in North America, and imported car sales are dropping. As for North American cars, dealers sold 8.3% fewer than in December.

Sales of trucks, vans and buses declined for a third month (-1.5%).

Consumers paid over 10% more for cars made in North America and Japan than they did in January 1994. The increase may reflect the types of cars that



¹ The short-term trend represents a moving average of the data.

consumers are buying this year as well as inflation. According to the consumer price index, new vehicle prices were 6.2% higher in January than a year ago. The average purchase price of imported cars built outside Japan fell 3% from January 1994 to January 1995.

For further information, order New motor vehicle sales (catalogue 63-007) or contact Industry Division at (613) 951-9824.

Help-wanted ads remain unchanged

Newspaper advertising for help-wanted remained unchanged in February. After reaching a peak of 215 in March 1989, the index declined to 85 in September 1993. Then it gained 20%, reaching 102 in November 1994, where it has since remained.

The index is compiled from help-wanted ads published in 22 newspapers in 20 metropolitan areas, where it reflects the intent of employers to hire new workers. However, since not all jobs are filled through help-wanted ads, the index represents only a portion of all hirings.

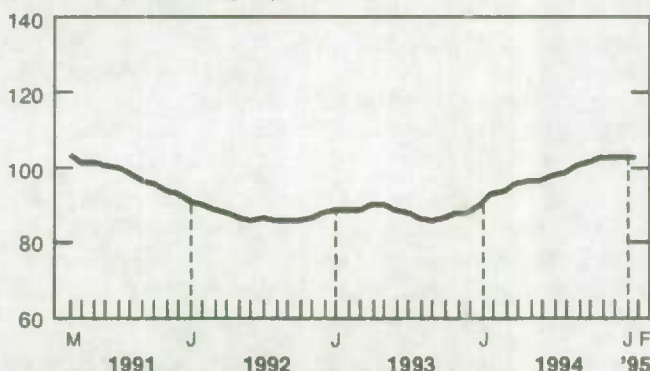
Compared with February 1994, strong advances were observed in all regions except British Columbia, where it declined 8%. The strongest year-over-year advances occurred in Ontario (24%) and the Atlantic provinces (14%).

Between January and February, the index recorded the following changes:

- Atlantic provinces: unchanged at 103
- Quebec: unchanged at 102
- Ontario: down 1% to 110
- Prairies: up 1% to 97
- British Columbia: down 1% to 81

Help-wanted index

(1991 = 100), seasonally adjusted



Note to users

All help-wanted indexes have been seasonally adjusted and smoothed.

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

Recovery widespread among provinces

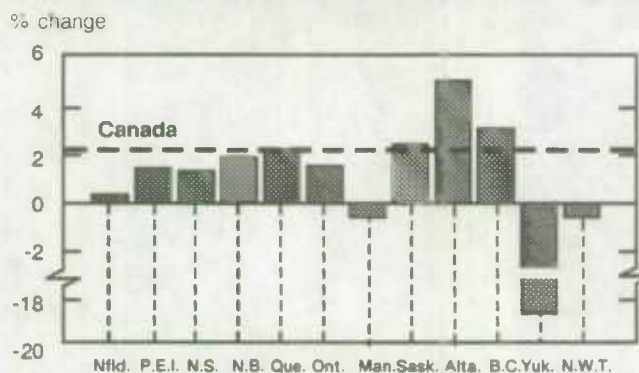
Most provinces experienced economic expansion in 1993, with Alberta ranking first. Only Manitoba and the two territories did not share in the recovery.

Alberta surged ahead of all other provinces in 1993 as its real GDP rose 5.1%, well above the 2.2% national average. Corporations posted their largest increase in profits in over a decade. Growth resulted from continued strong U.S. demand, stable natural gas prices, and royalties paid by the oil industry. Both international and inter-provincial exports rose. Record crop and livestock production lifted farm income substantially. Labour income also rose markedly, accompanied by a significant jump in consumer spending.

In British Columbia, real GDP gained 3.1%, exceeding the national average for the seventh year in a row. The increase in labour income was more than double that of the next highest provincial rise. The growth in consumer spending was the strongest in the country. Corporations posted their largest increase in profits since 1987.

Quebec's economy expanded 2.2% in 1993, a significant increase over the preceding year. Growth was fuelled by the second largest increase in exports in over a decade and by higher consumer spending. Corporate profits rose for the first time since 1988. The downward trend in business investment continued.

Growth of real GDP in 1993



Despite a 1.6% rise, Ontario's real GDP did not exceed its pre-recession level. Fixed capital investment, primarily in construction, dropped for the fourth straight year. Corporate profits surged after four consecutive yearly declines, largely reflecting the pickup in manufacturing and exports. Housing starts declined the most of any province. Spending on consumer durables increased, reflecting greater consumer confidence.

(continued on page 6)

... Recovery widespread among provinces

Agricultural output tumbled in 1993, dragging Manitoba's real GDP down 0.6%. Heavy rains and flooding in the summer ruined many crops and led to a decrease in farm income. This decline, combined with a marginal advance in labour income, resulted in weak consumer spending. Despite stagnant corporate profits, fixed capital investment rose for the first time in four years, as additional hydro-electric capacity was put in place.

In the remaining provinces, the growth of real GDP varied between 0.3% in Newfoundland and 2.4% in Saskatchewan. In the Northwest Territories output dropped 0.6%, while in the Yukon it tumbled by a massive 18.6%.

For further information, order Provincial economic accounts, annual estimates (catalogue 13-213) or contact National Accounts and Environment Division at (613) 951-3640.

Gross domestic product by province

	1988	1989	1990	1991	1992	1993
	at 1986 prices					
	% change from previous year					
Canada	5.0	2.4	-0.2	-1.8	0.6	2.2
Newfoundland	6.8	3.6	-1.5	-2.5	-1.5	0.3
Prince Edward Island	2.4	2.5	1.6	0.7	1.4	1.4
Nova Scotia	1.4	3.3	1.5	-1.6	2.0	1.3
New Brunswick	1.8	2.2	-1.3	0.1	3.1	1.9
Quebec	4.4	1.2	0.1	-2.0	0.4	2.2
Ontario	5.4	3.2	-1.9	-3.1	0.4	1.6
Manitoba	-0.8	1.9	1.2	-2.9	1.7	-0.6
Saskatchewan	-3.5	1.6	6.9	0.9	-4.4	2.4
Alberta	8.8	0.6	1.9	-0.2	1.1	5.1
British Columbia	5.9	3.9	1.3	0.6	2.1	3.1
Yukon	15.8	1.5	2.8	-7.5	7.0	-18.6
Northwest Territories	29.3	6.2	-2.8	-3.4	-3.9	-0.6

NEW FROM STATISTICS CANADA



Canada's
international
investment
position

Bilan des
investissements
internationaux
du Canada



Canada's international investment position

International investment, both in Canada and abroad, constitutes one of the cornerstones of Canada's economy. Statistics on international investment profile Canadian investment abroad by geographic area, industry and type; foreign investment trends in a wide range of industries by selected countries; series on portfolio investment instruments, including stocks, bonds and money market paper; ownership and control of capital; and investment income. For historical data, refer to *Canada's international investment position, historical statistics, 1926 to 1992* (catalogue 67-202, \$50).

Canada's international investment position, 1994 (catalogue 67-202, \$50) includes annual data from 1984 to 1994, and is now available. For further information, contact Christian Lajule at (613) 951-2062, Balance of Payments Division.

Services indicators

The fourth quarter 1994 issue of *Services indicators* features an article on research and development alliances as an emerging competitive strategy for firms. The article reports on these alliances, their characteristics, and the growing role of service industries.

The issue also reviews fourth quarter movements in the services sector, where employment, GDP, consumer spending, prices, imports and exports all increased. The trade deficit in services worsened for the first time in over a year. Still, the business services trade balance improved. The consumer price index for services posted its smallest annual increase since its introduction in 1961.

The fourth quarter 1994 issue of *Services indicators* (catalogue 63-016, \$28/\$112) will be available shortly. For further information contact George Sciadas at (613) 951-3177, Services, Science and Technology Division.

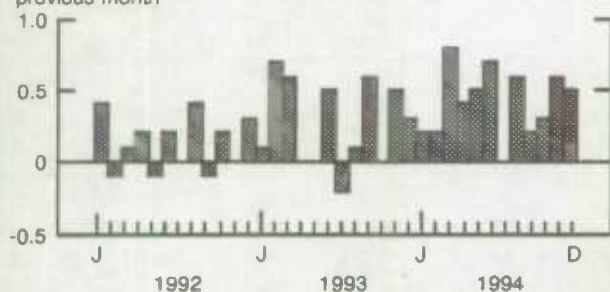
PUBLICATIONS RELEASED FROM MARCH 10 TO 16, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
BALANCE OF PAYMENTS					
Canada's international investment position	1994	67-202	50	60	70
CANADIAN CENTRE FOR JUSTICE STATISTICS					
Legal aid in Canada: resource and caseload statistics	1993-1994	85F0015XPB	32	39	45
HOUSEHOLD SURVEYS					
Labour force information	February 1995	71-001P	10/100	12/120	14/140
INDUSTRY					
Energy statistics handbook	March 1995	57-601	330	400	460
Factory sales of electric storage batteries	January 1995	43-005	6/60	8/72	9/84
Industrial chemicals and synthetic resins	January 1995	46-002	6/60	8/72	9/84
Oils and fats	January 1995	32-006	6/60	8/72	9/84
Pack of processed carrots	1994	32-239	14	17	20
Production and shipments of blow-moulded plastic bottles	4 th quarter 1994	47-006	8/32	10/39	12/45
Production and shipments of steel pipe and tubing	January 1995	41-011	6/60	8/72	9/84
Pulpwood and wood residue statistics	January 1995	25-001	7/70	9/84	10/98
Steel wire and specified wire products	January 1995	41-006	6/60	8/72	9/84
Wholesale trade	December 1994	63-008	16/160	20/192	23/244
INDUSTRY MEASURES AND ANALYSIS					
Industrial monitor	March 1995	15F00117XEP	5/50	6/60	7/70
INPUT-OUTPUT					
The input-output structure of the Canadian economy	1991	15-201	66	80	93
PRICES					
Industry price indexes	January 1995	62-011	20/200	24/240	28/280
TRANSPORTATION					
Air carrier traffic at Canadian airports	January-March 1994	51-005	33/130	39/156	46/182
Trucking in Canada	1992	53-222	50	60	70
Railway carloadings	January 1995	52-001	10/100	12/120	14/140

CURRENT TRENDS

Gross domestic product

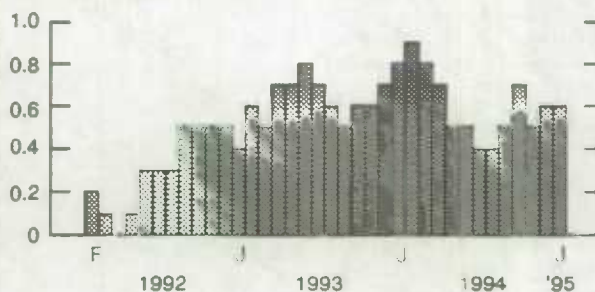
% change,
previous month



Real gross domestic product at factor cost grew 0.5% in December.

Composite index

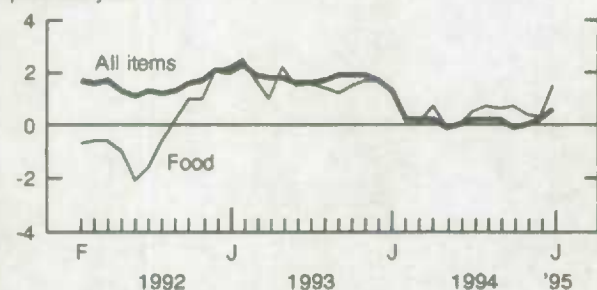
% change,
previous month



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

Consumer price index

% change,
previous year



Consumers paid 0.6% more for goods and services in January 1995 than the year before. Food prices rose by 1.5%.

Unemployment rate

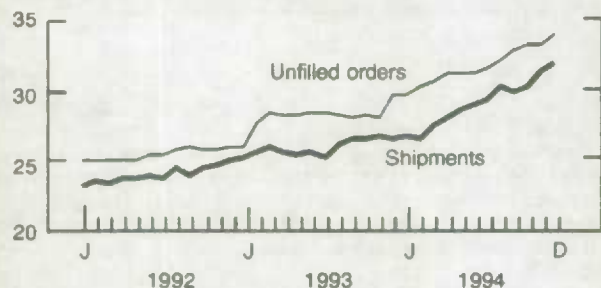
%



In February, the unemployment rate dipped 0.1 percentage points to 9.6%.

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 \$912 million in December, to \$21 billion. Imports rose by \$1.1 billion, to \$19.1 billion.

Note: All series are seasonally adjusted except the consumer price index.



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LATEST MONTHLY ST

	Period	Level	Change, previous period	Change previous year
GENERAL				
Gross domestic product (\$ billion, 1986)	December	545.2	0.5%	5.1%
Composite index (1981 = 100)	January	172.7	0.6%	7.4%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	December	17.7	0.7%	7.3%
New motor vehicle sales ('000 units)	January*	101.0	-6.5%	-5.3%
LABOUR				
Employment (millions)	February*	13.5	-0.1%	2.5%
Unemployment rate (%)	February*	9.6	-0.1 [†]	-1.4 [†]
Participation rate (%)	February*	65.1	-0.2 [†]	-0.3 [†]
Labour income (\$ billion)	December	34.8	0.7%	4.2%
Average weekly earnings (\$)	December	572.69	0.3%	2.5%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	December	21.2	4.5%	32.5%
Merchandise imports (\$ billion)	December	19.1	5.9%	23.7%
Merchandise trade balance (all figures in \$ billion)	December	2.1	-0.2	1.5
MANUFACTURING				
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 (%)	4th quarter	84.8	0.9 [†]	4.6 [†]
PRICES				
Consumer price index (1986 = 100)	January	132.1	0.4%	0.6%
Industrial product price index (1986 = 100)	January	125.7	1.7%	9.4%
Raw materials price index (1986 = 100)	January	130.6	4.1%	18.5%
New housing price index (1986 = 100)	January*	135.8	0.0%	-0.3%

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

* new this week

† percentage point

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A weekly review

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