



Infomat

A Weekly Review

Friday, May 19, 1995

OVERVIEW

Economy strong in 1994

For the first time since the end of the last expansion, production rose in all ten provinces. Corporate profits and employment were up; consumer demand made a modest recovery.

Manufacturing shipments fall again

In March, manufacturers' shipments declined for the second month in a row. Weakening North American demand for motor vehicles was largely responsible.

Composite index continues its slowdown

The composite index rose 0.2% in April, as household demand fell and manufacturing slowed.

Motor vehicle sales keep on falling

March sales of new motor vehicles fell to their lowest level since August 1994.

Overseas travel up in March

In March, a record number of overseas visitors spent at least one night in Canada.

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Economy strong in 1994

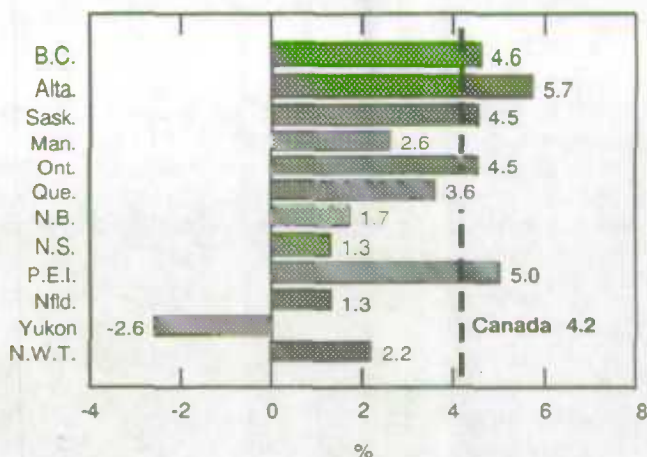
Economic growth was strong in 1994, as real gross domestic product (GDP) at factor cost grew 4.2%. For the first time since the end of the last expansion, production rose in all ten provinces. The Yukon was the only area to see GDP fall.

Along with output, employment was up across the country. Corporate profits rose sharply and helped finance a recovery in investment. Weak personal income growth did not prevent a modest recovery in consumer demand as consumers dipped into their savings. Cutbacks in government services restrained growth in most provinces.

In Ontario, production leaped 4.5%, surpassing the national rate for the first time since 1989. Output now stands 1.4% above its pre-recession peak. The bulk of growth reflected higher exports and originated in manufacturing and wholesaling. Despite back-to-back rises in employment, there were still 81,500 fewer employed than before the recession.

(continued on page 2)

Percentage changes in GDP at factor cost
at 1986 prices, 1994



... Economy strong in 1994

Quebec's economic growth accelerated for a third straight year, to 3.6%. Manufacturers led the gain, spurred by higher exports. Output now stands 3.0% above its pre-recession peak. The economy generated 76,200 new jobs in 1994, more than any other province.

In Atlantic Canada, Prince Edward Island posted the most robust performance (5.0%) due to the start of the new bridge to the mainland, strong manufacturing growth, and the new GST processing centre. Elsewhere in Atlantic Canada growth was modest with gains of 1.3% in Nova Scotia, 1.7% in New Brunswick, and 1.3% in Newfoundland. Newfoundland and Nova Scotia saw the first job creation in years.

For the second consecutive year, Alberta's GDP growth (5.7%) led the country on the strength of a vibrant energy sector. Alberta's output has grown every year since 1987, even during the recession. In 1994, 41,200 new jobs were created, more than three times as many as the year before.

In Manitoba, a record canola crop boosted production 2.6%. However, despite this growth and 2,500 new jobs, output and employment remained

Note to readers

All references to production (output) are in 1986 prices; All accounts are preliminary estimates.

below their 1990 peak. Soaring energy exports helped Saskatchewan's production jump 4.5% surpassing last year's growth. By November 1994 employment exceeded its pre-recession peak.

British Columbia's economy continued to surge (4.6%) on the strength of retail and wholesale trade and non-residential construction. This province experienced the highest job creation rate in Canada and the largest-ever influx of immigrants and of Canadians from other provinces.

The Northwest Territories' economy grew 2.2% in 1994, after slumping for a number of years. Despite this gain, output remained more than 5% below its pre-recession peak of 1989. In the Yukon, the effect of the 1993 Faro mine closure continued to cripple the economy as output fell 2.6% following a mammoth 18.7% drop in 1993.

For further information, contact National Accounts Division at (613) 951-3640 or Industry Measures and Analysis Division at (613) 951-2018.

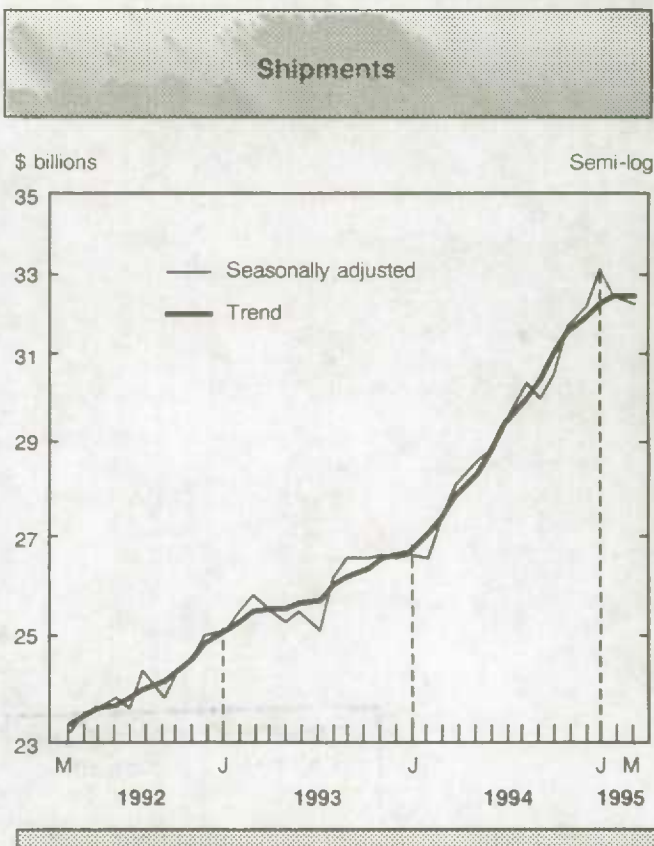
Manufacturing shipments fall again

In March, manufacturers' shipments declined for the second month in a row (-0.6% to \$32.2 billion), largely due to continuing weak North American demand for motor vehicles. Despite this most recent drop, shipments were 18% higher than in the same month last year. Manufacturers in 7 of the 22 major groups (accounting for 60% of shipments) posted declines, while 14 recorded increases and 1 remained unchanged.

The bulk of March's decline was concentrated in the transportation equipment (-5.8%) and wood industries (-2.5%). Climbing interest rates and higher prices for new models curbed sales of motor vehicles in both Canada and the United States. Meanwhile, sluggish housing starts across North America, stemming from rising interest rates and dampening consumer confidence, caused the drop in wood shipments.

In contrast, shipments in the paper and allied products industries jumped 5.2%, largely due to price increases and continued strong demand from European and Asian markets. Export-based demand was also instrumental in the 3.6% rise in primary metals.

Certain indicators suggest that the pace of manufacturing growth may be easing from last year's boom when shipments soared 21%. Manufacturing employment growth has levelled off,



consumer confidence is receding, and the American economy has slowed recently. According to the April

(continued on page 3)

Manufacturing shipments fall again

Business conditions survey, a smaller proportion of manufacturers expect to increase production over the next quarter.

Manufacturers in almost every industry faced growing inventories as total levels increased 1.8% to \$42.3 billion. Since December 1994, inventory growth has averaged close to 2% each month. A growing proportion of manufacturers are expressing concern over these rising inventory levels.

Falling shipments, coupled with escalating inventories, led to the highest value in the inventories-to-shipments ratio (1.31) since June of last year.

Although the change in unfilled orders was positive (0.4%), the increase in the backlog has been slowing. For the second consecutive month, new orders fell (-0.9%), due mainly to large declines in motor vehicles and machinery.

Composite index continues its slowdown

In April, the composite index rose 0.2% following a revised 0.4% increase in March. This continued the slow growth in the index that has persisted for more than a year. Most of the 10 components continued to rise, while the money supply and the average work week were unchanged. Only the housing index and the U.S. composite leading indicator fell.

Manufacturing demand softened, as shipments to the United States fell and first-quarter GDP growth was the lowest since mid-1993. New orders for manufacturers of durable goods rose at a much slower rate than from January to March. An increase in inventories slowed the recent surge in the ratio of shipments to inventories of finished goods. However, the outlook for business spending

Motor vehicle sales keep on falling

In March, new motor vehicle sales fell to 99,088, down 1.7% from February. Both cars and trucks accounted for the drop. This third consecutive monthly decline brought sales to their lowest level since August 1994. So far this year, new motor vehicle sales have dropped 7.3% below the December 1994 level.

Passenger car sales fell 1.3% in March, following declines of 1.4% in February and 8.6% in January. Sales during the first quarter of 1995 were 12.3% below their year-earlier levels. Meanwhile, truck sales, up slightly during the first two months of the quarter, fell 2.2% in March. Current quarterly truck sales are still above last year's level (3.5%), but the gap is narrowing.

Manufacturers' shipments, March 1995

Unadjusted data (Adjusted data not available by province)

Province	\$ millions	% change, previous year
Canada	34,411	17.0
Newfoundland	105	1.3
Prince Edward Island	49	14.2
Nova Scotia	527	12.2
New Brunswick	672	19.9
Quebec	8,221	15.3
Ontario	18,491	18.8
Manitoba	703	18.6
Saskatchewan	412	4.5
Alberta	2,337	18.0
British Columbia	2,890	12.4

For further information, order Monthly survey of manufacturing (catalogue 31-001) or contact Industry Division at (613) 951-9832. (See also "Current trends" on page 7.)

remains bright, as business services employment rose for the first time this year (0.1%), demand for investment goods has shown few signs of slowing.

Household demand continued to weaken. In April, the housing index fell 3.7%, about the same rate as in March. Sales of durable goods rose slowly but steadily.

The U.S. leading indicator fell 0.1% as most components declined, especially in some of our key export markets such as housing and industrial demand. Business investment remained the engine of growth in the first quarter, while the stock market rallied.

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 7.)

Note to readers

All data are seasonally adjusted, unless otherwise noted.

The recent decline in motor vehicle sales may be a result of low consumer confidence. For the first quarter of 1995, the Conference Board of Canada's quarterly index of consumer attitudes fell to its lowest level in 18 months.

Consumers paid a pre-tax average of \$20,584 for new cars in the first quarter of 1995. Consumers east of Ontario purchased less expensive cars than did other consumers in Canada. Car buyers in most of the Atlantic provinces spent more per car on North American made models than on overseas imports. The reverse was true in the rest of Canada.

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... Motor vehicle sales keep on falling

The regional variations may reflect differences in what the average consumer can afford. Atlantic Canada residents, who had an average disposable income below the Canadian mean, purchased less expensive cars, while residents of Ontario and British Columbia, who had the highest average disposable income, spent the most.

In March 1995, consumers purchased 1.2% fewer North American-built cars than in February, and 7.7% less than during the year-earlier period. In the first quarter of 1995, North American cars accounted for 81% of the cars sold. Consumers in Quebec and British Columbia purchased a higher proportion of imported passenger cars than consumers in other provinces (25% and 22%, respectively).

The Big Three automotive companies accounted for nearly 67% of cars sales in the first quarter of 1995.

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

Overseas travel up in March

In March, the number of foreign visitors who spent at least one night in Canada remained stable at 1.4 million. Of these, 317,000 were overseas travellers and 1.1 million were Americans.

The record number of travellers from countries other than the United States extended the upward trend that emerged in mid-1992. While overseas travellers accounted for only 5% of foreign overnight visits in 1972, their share now stands at 22%. Since overseas residents tend to stay longer in Canada than Americans, the economic impact of this increase is significantly greater than a comparable rise in the number of U.S. visitors. In 1994, overseas visitors spent an average C\$976 per overnight trip, compared with C\$350 for Americans.

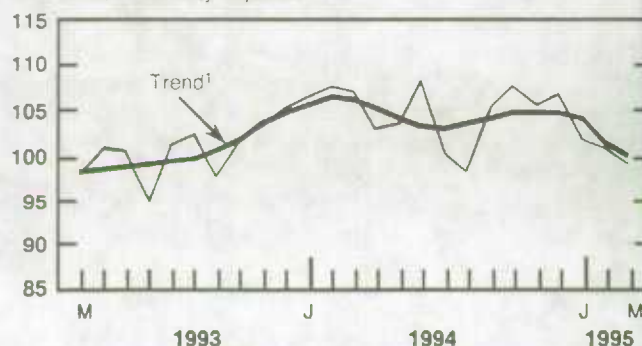
Same-day car trips to Canada by Americans – generally increasing since early 1994 – decreased to 1.9 million in March, down 4.4% from February.

During March, 1.5 million Canadians spent at least one night outside the country, down 1.0% from February. The number of Canadians who spent one or more nights in the United States fell 1.5%, to 1.2 million. This type of trip has been decreasing since late 1991. However, a record 301,000 Canadians returned in March after having spent at least one night overseas. This 1.3% increase from February continued the upward trend that emerged in June 1991.

Same-day car trips by Canadians to the United States, often used as an indicator of cross-border

New motor vehicle sales

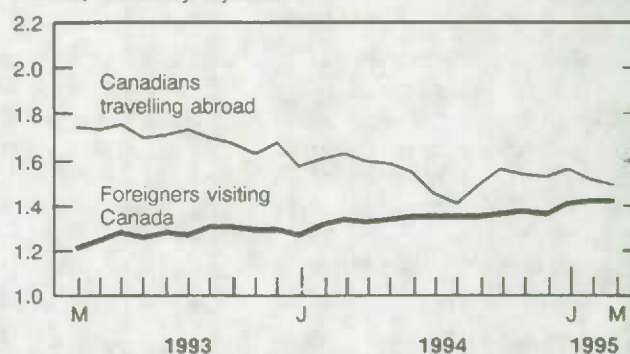
'000 units, seasonally adjusted



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

Overnight trips

Millions, seasonally adjusted



Note to readers

Month-to-month comparisons use seasonally adjusted data (data adjusted for variations that repeat annually and for variability caused by different volumes of travellers associated with different days of the week).

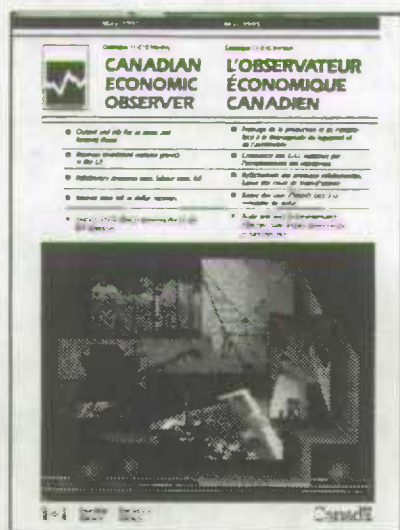
shopping, increased 4.7% from February to 3.0 million trips.

For further information, order International travel, advance information (catalogue 66-001P) or contact Education, Culture and Tourism Division at (613) 951-1673.

PUBLICATIONS RELEASED FROM MAY 12 TO 18, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
Field crop reporting series no. 3: stocks of Canadian grain	March 31, 1995	22-002	15/85	18/102	21/119
Greenhouse industry	1994	22-202	33	40	47
Livestock statistics	May 1995	23-603E	90	108	126
Survey of Canadian nursery trades industry	1993 and 1994	22-203	26	32	37
CURRENT ANALYSIS					
Canadian economic observer	May 1995	11-010	22/220	27/264	31/308
HOUSEHOLD SURVEYS					
The labour force	April 1995	71-001	23/230	28/276	33/322
INDUSTRY					
Factory sales of electric storage batteries	March 1995	43-005	6/60	8/72	9/84
Footwear statistics	March 1995	33-002	6/24	8/29	9/34
Industrial chemicals and synthetic resins	March 1995	46-002	6/60	8/72	9/84
Oils and fats	March 1995	32-006	6/60	8/72	9/84
Monthly production of soft drinks	April 1995	32-001	3/30	4/36	5/42
Particleboard, waferboard and fibreboard	March 1995	36-003	6/60	8/72	9/84
Production and shipments of steel pipe and tubing	March 1995	41-011	6/60	8/72	9/84
Pulpwood and wood residue statistics	March 1995	25-001	7/70	9/84	10/98
Refined petroleum products	February 1995	45-004	20/200	24/240	28/280
Steel wire and specified wire products	March 1995	41-006	6/60	8/72	9/84
INDUSTRY MEASURES AND ANALYSIS					
Provincial gross domestic product by industry	1984-1994	15-203	50	60	70
LABOUR					
Employment, earnings and hours	February 1995	72-002	31/310	38/372	44/434
PRICES					
Industry price indexes	March 1995	62-011	21/210	26/252	30/294

NEW FROM STATISTICS CANADA



Canadian Economic Observer

May 1995

The May issue of *Canadian Economic Observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, current economic events, and a feature article on energy consumption in the G-7 nations. A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces, and the major industrial nations.

The May 1995 issue of Canadian Economic Observer (catalogue 11-010, \$22/\$220) is now available. For more information, call Cynthia Boskie at (613) 951-3634, Current Analysis Group.

Canadian merchandise trade statistics on CD-ROM

1988-1994

Revised 1994 monthly merchandise trade statistics are available on CD-ROM. The disc makes it easy to access import and export data on over 16,000 commodities and 200 countries by value, quantity, province and U.S. state. These statistics are presented at their most detailed level. Descriptions of each commodity are also included. The accompanying TIERS software makes it easy to select, retrieve, sort, aggregate, save and print the data.

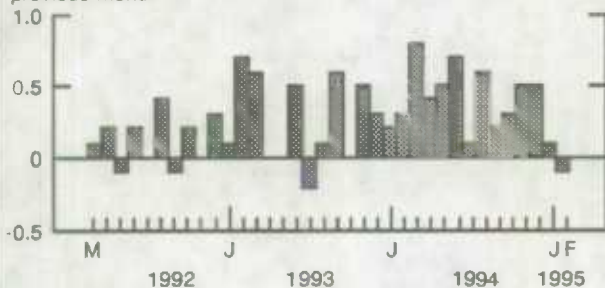
Canadian Merchandise Trade CD-ROM, 1994 data (\$1,000) is now available. Additional years (1988 through 1993) can be purchased for \$500 per year. A 50% discount is available to educational institutions. All prices are subject to Statistics Canada's Licence Agreement.

For further information, contact Suzie Carpentier at (613) 951-9647 (or toll-free in Canada 1-800-294-5583), International Trade Division or your nearest Statistics Canada Regional Reference Centre.

CURRENT TRENDS

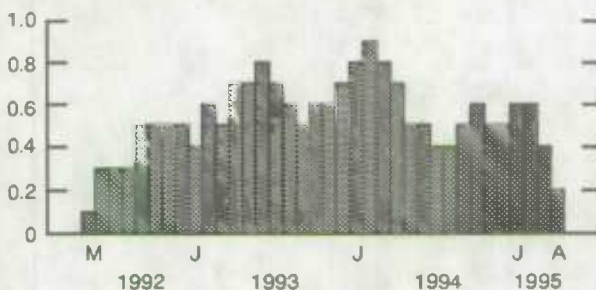
Gross domestic product

% change,
previous month



Composite index

% change,
previous month



Consumer price index

% change,
previous year



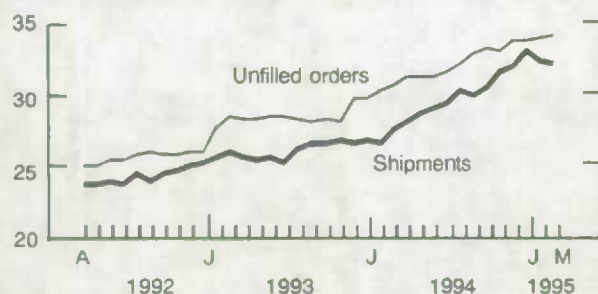
Unemployment rate

%



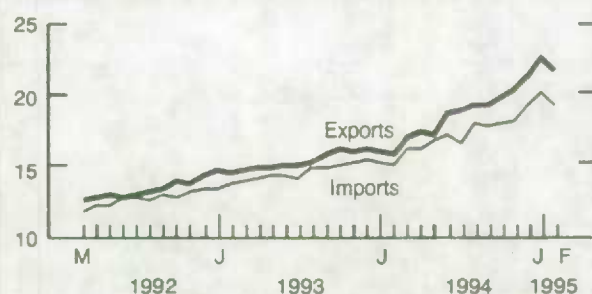
Manufacturing

\$ billions



Merchandise trade

\$ billions



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)	February	544.8	-0.1%	4.6%
Composite index (1981 = 100)	April*	174.5	0.2%	6.0%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	February	17.7	-0.5%	4.2%
New motor vehicle sales ('000 units)	March*	99.1	-1.7%	-7.4%
LABOUR				
Employment (millions)	April	13.5	0.0%	2.2%
Unemployment rate (%)	April	9.4	0.3 [†]	-1.6 [†]
Participation rate (%)	April	64.9	-0.2 [†]	-0.5 [†]
Labour income (\$ billion)	January	34.8	-0.3%	4.2%
Average weekly earnings (\$)	December	572.69	0.3%	2.5%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	February	21.5	-4.4%	36.7%
Merchandise imports (\$ billion)	February	19.1	-5.0%	27.9%
Merchandise trade balance (all figures in \$ billion)	February	2.4	0.0	1.7
MANUFACTURING				
Shipments (\$ billion)	March*	32.2	-0.6%	17.8%
New orders (\$ billion)	March*	32.4	-0.9%	17.2%
Unfilled orders (\$ billion)	March*	34.3	0.4%	12.3%
Inventory/ shipments ratio	March*	1.31	0.03	-0.05
Capacity utilization (%)	4th quarter	84.8	0.9 [†]	4.6 [†]
PRICES				
Consumer price index (1986 = 100)	March	133.0	0.2%	2.2%
Industrial product price index (1986 = 100)	March	127.6	0.6%	9.3%
Raw materials price index (1986 = 100)	March	132.4	0.5%	16.5%
New housing price index (1986 = 100)	March	135.3	-0.1%	-0.6%

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

* new this week

† percentage point

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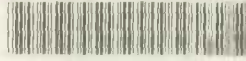
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