



Infomat

A Weekly Review

Friday, June 2, 1995

OVERVIEW

■ GDP tumbles in March

Economic activity lost momentum in March, as production fell in almost every industry group.

■ Weekly earnings unchanged

Average weekly earnings in March were virtually unchanged from February. Businesses reduced their number of employees by 48,000, with most of the decline coming from Ontario.

■ Number of U.I. beneficiaries dips

In March, the number of Canadians receiving regular unemployment insurance fell 1.9% from February and 19.4% from March 1994.

■ Growth of operating profits slows

Operating profits of Canadian corporations grew 1.9% in the first quarter of 1995, down from the double-digit increases seen throughout 1994.

■ Raw material prices rise in April

In April, raw material prices rose 0.8% from the month before. Higher prices for crude oil and wood were greatly offset by lower prices for metals and animal and vegetable products.

■ Strong dollar lowers industrial prices

Industrial prices edged down in April, as a higher Canadian dollar and falling lumber, aluminum and copper prices more than offset rising prices for pulp, paper and petroleum products.

GDP tumbles in March

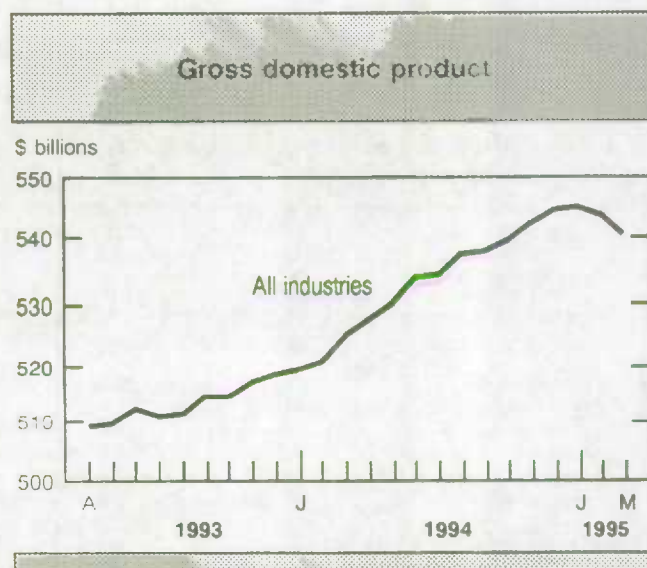
Economic activity lost momentum in March, as gross domestic product dropped 0.7%, following a 0.2% decline in February. Production was down in almost every industry group. Weakness in both domestic and foreign demand, and a labour dispute in railway transport all contributed to March's large decline.

Mirroring recent declines in the United States, manufacturers cut production by 0.4% for a second consecutive month. Production fell in 13 of 21 major groups. Continued higher inventories of finished goods and a slowdown in unfilled orders point to a sluggish manufacturing sector in the coming months.

Manufacturers of electronic products and transportation equipment led the decline, due to another sharp drop in motor vehicle assembly, and lower production of electronic equipment and office machinery. Foreign demand for these products has slowed considerably since the beginning of the year. Some motor vehicle assembly plants closed temporarily due to weak demand and high inventories.

Smaller declines in production of primary metals and non-metallic mineral products, notably cement, were still significant. Demand for pulp and paper products remained vigorous, obliging manufacturers to operate at full capacity.

(continued on page 2)



... GDP tumbles in March

Transportation and storage services tumbled 3.0%, led by a sharp decline in railway transport where activity was disrupted by labour disputes.

In the mining sector, output dropped 2.8% after receding 2.3% in February. Drilling fell sharply for a second consecutive month. Exploration and development activities have slowed considerably. Production by metal mines other than gold tumbled, while non-ferrous metal prices dropped markedly. Disruption in the railway transport system appears to have contributed to the cutback.

Construction fell 1.3%, mainly reflecting the slump in home building. Another decline in the number of building permits issued augurs for further short-term cutbacks, although an easing in mortgage rates at the beginning of May may signal longer term relief for this beleaguered industry.

Retail sales fell for the third consecutive month (-1.0%). Sales fell in 13 of 18 trade groups, with sales

Note to readers

GDP of an industry is the value added by factors of production when those factors transform inputs purchased from other industries into outputs.

Monthly GDP by industry is valued at 1986 prices. All estimates are seasonally adjusted at annual rates.

of automotive and food products contributing most to the loss. Community, business and personal services, and wholesale trade fell 0.6% and 0.8%, respectively. Spending on accommodation and food services rose after weakening since last fall.

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

Weekly earnings unchanged

Average weekly earnings stood at \$573.13 in March, virtually unchanged from February, when they increased 0.4%. Employees in logging and forestry, miscellaneous services, and accommodation, food and beverage services received higher earnings. Weekly earnings stood 1.4% higher than in March 1994.

Employees paid by the hour received an average of \$14.25, up from \$14.20 in February. Hourly earnings for employees paid by the hour have followed a trend of monthly fluctuations and are now only 0.9% higher than one year ago. Average hours worked by these employees stood at 30.8 hours per week in March, unchanged from February and from March 1994.

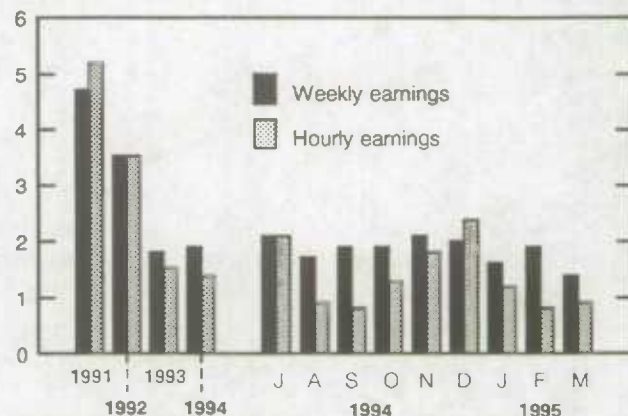
Average weekly earnings, March 1995

Seasonally adjusted

Province/Territory	Industrial aggregate (\$)	% change, previous month	% change, previous year
Canada	573.13	0.0	1.4
Newfoundland	545.71	0.5	2.7
Prince Edward Island	458.62	1.5	0.0
Nova Scotia	492.39	1.4	-1.0
New Brunswick	516.12	0.2	3.8
Quebec	547.54	0.5	0.3
Ontario	610.95	0.0	1.3
Manitoba	503.90	1.0	1.0
Saskatchewan	492.91	-0.4	1.9
Alberta	560.24	0.2	2.7
British Columbia	589.71	0.2	3.4
Yukon	699.16	3.1	-1.6
Northwest Territories	709.73	-0.8	-0.7

Weekly and hourly earnings

% change, previous year



Businesses reduced their number of employees for the third consecutive month in March (-48,000). Almost all of the decline took place in Ontario, where businesses employed 40,000 fewer workers. The most notable reductions occurred in the service industries, including accommodation, food and beverage services; retail; and miscellaneous services.

March's drop in employment brought the total decline to 132,000 since December 1994. Due to the strong gains registered in 1994, the number of employees remained 153,000 higher than in March 1994.

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

Number of U.I. beneficiaries dips

In March, the number of Canadians receiving regular unemployment insurance benefits fell 1.9% from February, to 738,00 people. The number of beneficiaries declined in every province and territory except the Yukon, and year-over-year decreases were observed throughout the country. The number of beneficiaries receiving regular benefits has decreased 38.7% since July 1992.

The continuing decline in the number of beneficiaries is related to employment gains, to rising numbers of long-term unemployed (those looking for work for over a year and who are not eligible to collect U.I. benefits) and to tightened eligibility requirements (since July 1994).

Canadians received \$1.5 billion in benefits in March, down 19.4% from the same month last year. Comparing the same month in previous years, this was the lowest level since 1990, when \$1.2 billion was paid.

U.I. beneficiaries receiving regular benefits

March 1995

Seasonally adjusted

Province/territory	Total ('000)	% change, previous month	% change, previous year
Canada	738	-1.9	-21.6
Newfoundland	38	-1.9	-30.2
Prince Edward Island	11	-2.6	-16.8
Nova Scotia	39	-3.8	-22.9
New Brunswick	44	-5.6	-17.5
Quebec	257	-1.2	-18.1
Ontario	187	-0.4	-24.2
Manitoba	19	-3.0	-24.0
Saskatchewan	15	-2.7	-24.9
Alberta	51	-1.4	-21.5
British Columbia	82	-4.5	-18.8
Yukon	1	0.8	-29.9
Northwest Territories	1	-2.4	-12.7

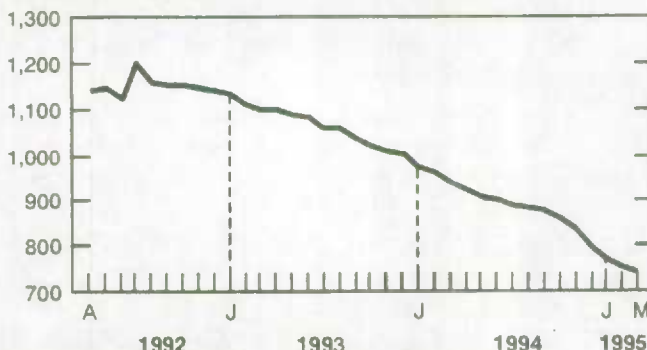
Growth of operating profits slows

The growth of profits for Canadian corporations slowed during the first quarter of 1995. Operating profits were up 1.9%, compared with 1994's double-digit increases. About half the industries registered increases, while the other half recorded declines.

Non-financial corporations' profits increased about 3%, compared with the 10% to 15% advances of the previous five quarters. The largest gains were recorded in the petroleum and natural gas, and chemicals sectors. These were offset by sagging profits in the wood and paper, and motor vehicles industries (which together had accounted for 30% of 1994's profit growth), and accommodation and food services.

Number of beneficiaries receiving regular benefits

'000, seasonally adjusted



Note to readers

The majority who collect U.I. benefits (79.0% in March) receive regular benefits. In addition to regular benefits, claimants can qualify for special benefits (e.g., training, maternity, sickness and fishing). Data on the number of beneficiaries relate to a specific week of the reference month. Data on benefit payment, benefit weeks, and claims refer to a complete calendar month.

The number of individuals submitting claims for U.I. rose 2.7% from February. Since July 1994, the number of people who submitted claims for U.I. benefits has increased slightly.

In the first quarter of 1995, Canadians collected \$4.4 billion (unadjusted) in U.I. benefits, down 14.7% from the first quarter of 1994. This decline was due in part to a 15.6% drop over the same period in the average number of beneficiaries. The average number of beneficiaries receiving regular benefits fell 18.7% during the same period.

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

In the petroleum and natural gas industry, profits grew almost 25% to \$3.1 billion in the first quarter, compared to 1994's average of \$2.6 billion. Although natural gas prices weakened in the quarter, crude and refined oil price increases and continuing cost-cutting programs boosted oil industry profits.

In the chemicals industry, strong demand and prices caused profits to rise for the fourth consecutive quarter, to \$1.7 billion. Profits are now more than double their year-earlier levels.

In the wood and paper industry, first-quarter profits fell from the record \$2.4 billion during the

(continued on page 4)

... Growth of operating profits slows

fourth quarter of 1994, to \$2.1 billion. Despite booming pulp and paper prices, wood producers are feeling the effects of lower demand, particularly from the residential construction sector in Canada and the United States. Lumber exports were also down in the first quarter.

Lower North American vehicle sales reduced first-quarter motor vehicle and accessories industry operating profits to \$1.8 billion from the previous quarter's high of \$2.1 billion.

Following two strong quarters, financial industries' profits fell 2% in the first quarter. Property and casualty insurers recorded the largest gain, but this was exactly offset by a decline in trust company profits. Chartered bank profits slipped 3.6%, on the heels of two strong quarterly increases.

First-quarter profit margins (the ratio of operating profits to operating revenues) increased from 6.68% to 6.74%, the sixth consecutive increase. As operating profits have levelled off, the rate of growth of this profitability indicator has slowed.

The return on equity (which measures the after-tax profits returned to the shareholder) advanced for

Operating profits

\$ billions, seasonally adjusted



the fifth consecutive quarter, to 9.08%, up from 8.40% in the fourth quarter of 1994. It stood at 3.23% in the fourth quarter of 1993.

For further information, order Quarterly financial statistics for enterprises (catalogue 61-008) or contact Gail Campbell, Industrial Organization and Finance Division at (613) 951-9843.

Raw material prices rise in April

Raw material prices rose 0.8% between March and April. Higher prices for crude oil and wood were greatly offset by lower prices for metals, and animal and vegetable products. The year-over-year increase in raw material prices slowed to 13.8%, after remaining above 17% during the first quarter of 1995.

Increased demand for gasoline and upward pressure to replenish low gasoline inventories pushed crude oil prices up almost 25% from April 1994. Crude oil prices increased more than 5% from March 1995.

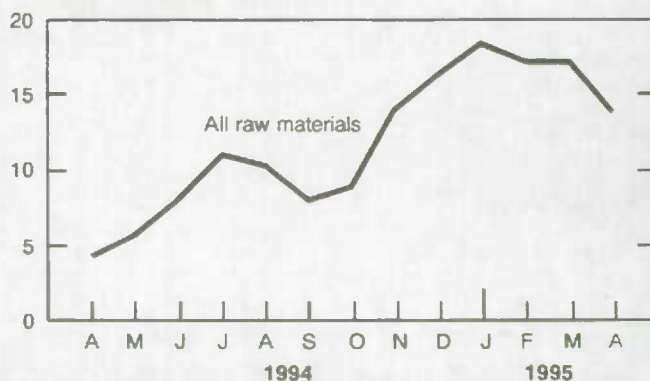
Wood prices, up more than 85% since the beginning of 1992, continued to rise in April (3.1%) due to strong demand for pulp and paper. Since the end of 1993, pulp prices have doubled and newsprint and paper products have increased almost 35%. World demand for newsprint and a limited current supply will keep prices up, at least in the near future.

Ferrous metal prices fell in April, led by decreases in iron ore, and iron and steel scrap prices. Non-ferrous metal prices also fell, as the slowdown in the construction and automobile industries resulted in lower demand for many metals.

Animal and animal product prices dropped due mostly to falling cattle and hog prices. An overabundant supply of these animals and the

Raw material prices

% change, previous year



Note to readers

The raw materials price index (RMPI) reflects the prices paid by Canadian manufacturers for key raw materials. Many of these are set in the world market. Also, unlike the industrial product price index, the RMPI includes goods that are not produced in Canada.

large quantities of red meat already in cold storage have kept prices depressed.

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... Raw material prices rise in April

Vegetable product prices declined by more than 2% from March. Lower canola and sugar prices were partly offset by higher corn prices. Vegetable prices have risen 7.2% since April 1994. Higher prices for

rubber, coffee, sugar and raw tobacco were the main contributors to the increase.

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

Strong dollar lowers industrial prices

Industrial prices edged down 0.2% in April, as a higher Canadian dollar and lower lumber, aluminum and copper prices more than offset price increases in pulp, paper and petroleum products. Compared with a year earlier, industrial prices were up 8.9%.

The increase in the value of the Canadian dollar against the American dollar was responsible for most of the 1.9% decline in the price of autos, trucks, and other transport equipment. It also affected exporters of lumber, pulp, paper, and non-ferrous metal products. The appreciation of the Canadian dollar reduced the month-to-month change in industrial prices from 0.4% to -0.2% (excluding the effect of exchange rate).

Continued weak residential construction in Canada and the United States caused lumber prices to fall 2.4%. Prices remained weak for the major non-ferrous primary metal products, notably aluminum, copper and nickel. Poor auto sales, low residential construction, and the size of metal inventories all contributed to these changes.

The paper and allied products sector remained the most significant source of industrial price increases. Pulp prices rose 2.2% as strong North

Note to readers

The industrial product price index (IPPI) reflects the prices producers receive as goods leave their plants. It is not indicative of what consumers pay. Unlike the consumer price index, the IPPI excludes indirect taxes and all costs (including transportation, wholesale, and retail costs) that occur between when a good leaves a plant and when a final user takes possession.

Since Canadian export producers often quote prices in foreign currencies, exchange rate movements affect the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar changes the IPPI by about 0.2%.

American and offshore demand confronted limited supply. The rising cost of inputs explained much of these price increases.

The 12-month increase in Canadian industrial prices remains the highest among the G-7 nations. It is a little over seven percentage points higher than in the United States and about five percentage points higher than in Germany and the United Kingdom.

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

PUBLICATIONS RELEASED FROM MAY 26 TO JUNE 1, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
The dairy review	March 1995	93-001	14/133	17/166	20/194
BUSINESS AND LABOUR MARKET ANALYSIS					
Workers, firms and unemployment insurance		73-505E	33	40	47
INDUSTRY					
Asphalt roofing	April 1995	45-001	6/60	8/72	9/84
Construction type plywood	March 1995	35-001	6/60	8/72	9/84
Corrugated boxes and wrappers	April 1995	36-004	6/60	8/72	9/84
Crude petroleum and natural gas production	February 1995	26-006	18/180	22/216	26/252
Electric power statistics	March 1995	57-001	11/110	14/132	16/154
Gas utilities	February 1995	55-002	16/160	20/200	23/230
Gypsum products	April 1995	44-003	6/60	8/72	9/84
New motor vehicle sales	February 1995	63-007	16/160	20/192	23/224
Primary iron and steel	March 1995	41-001	6/60	8/72	9/84
Production and disposition of tobacco products	April 1995	32-022	6/60	8/72	9/84
Production and inventories of process cheese and instant skim milk powder	April 1995	32-024	6/60	8/72	9/84
Production and stocks of tea, coffee and cocoa	1st Quarter 1995	32-025	10/32	12/39	14/45
Production, shipments and stocks on hand of sawmills east of the Rockies	March 1995	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	March 1995	35-003	8/80	10/96	12/112
Quarries and sand pits	1993	26-225	24	29	34
Quarterly shipments of office furniture products	1st Quarter 1995	35-006	10/32	12/39	14/45
Rigid insulating board	April 1995	36-002	6/60	8/72	9/84
The sugar situation	April 1995	32-013	6/60	8/72	9/84
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS					
Perspectives on labour and income	Summer 1995	75-001E	14/56	17/68	20/80
PRICES					
Average prices of selected farm inputs	April 1995	62-012	9/48	11/58	13/68
Consumer prices and price indexes	Oct.-Dec. 1994	62-010	24/80	29/96	34/112
Farm input price index	1st Quarter 1995	62-004	24/80	29/96	34/112
SERVICES, SCIENCE AND TECHNOLOGY					
Telephone statistics	March 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Air carrier traffic at Canadian airports	Apr.-June 1994	51-005	39/130	47/156	55/182

NEW FROM STATISTICS CANADA

Perspectives on labour and income

Summer 1995

The Summer 1995 issue of *Perspectives on labour and income* presents three articles that address volume of work issues. The studies explore husband-wife families holding three or more jobs; the combined weekly hours usually worked by dual-earner couples; and the number of weeks worked by low income families. Other articles consider employer-sponsored pension plans, chronically tired workers, labour shortages experienced by small and large manufacturing firms, and unique data on lifetime work experience. Each quarter, *Perspectives* draws on many data sources to explore emerging income issues and developments in the labour market.

The Summer 1995 issue of *Perspectives on labour and income* (catalogue 75-001E) is now available. For further information, contact Cécile Dumas at (613) 951-6894 or Henry Pold at (613) 951-4608, Labour and Household Surveys Analysis Division.



Workers, firms and unemployment insurance

Many Canadians have come to frequently rely on unemployment insurance. To some degree this reflects the structure of jobs and the human resource decisions of firms. In particular, many employers rely on temporary layoffs as a means of adjusting to periods of depressed sales.

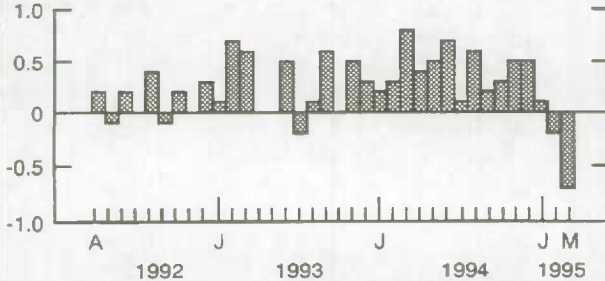
How should frequent use of unemployment insurance be interpreted? Does it arise from changes in worker behaviour in response to the availability and generosity of benefits? Or does it reflect broader forces associated with the availability of jobs and the structure of employment relations between workers and firms? Just what role do firms play in determining how the program is used? These are some of the questions addressed in *Workers, firms and unemployment insurance*. The publication also contains a series of data appendices that document unemployment insurance benefits and taxes at a detailed industry level.

Workers, firms and unemployment insurance (catalogue 73-505E) is now available. For further information, contact Miles Corak at (613) 951-9047, Business and Labour Market Analysis Division.

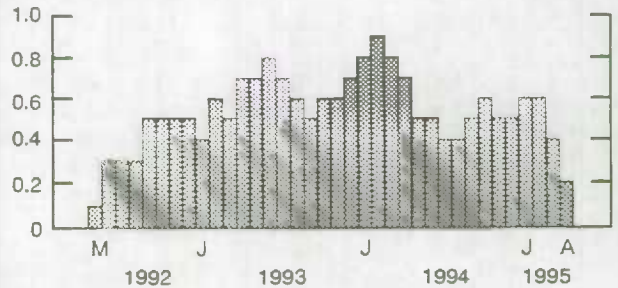


CURRENT TRENDS

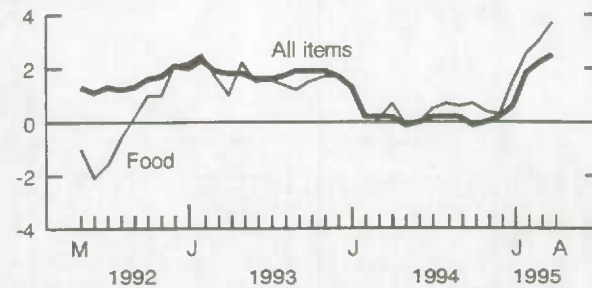
Gross domestic product

% change,
previous month

Composite index

% change,
previous month

Consumer price index

% change,
previous year

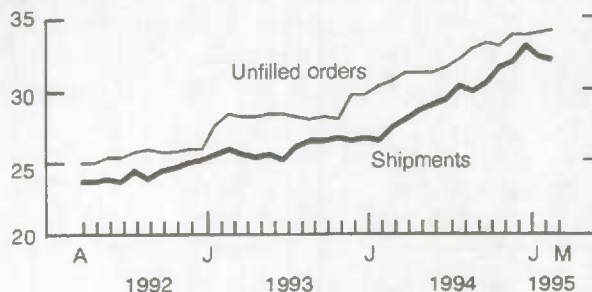
Unemployment rate

%



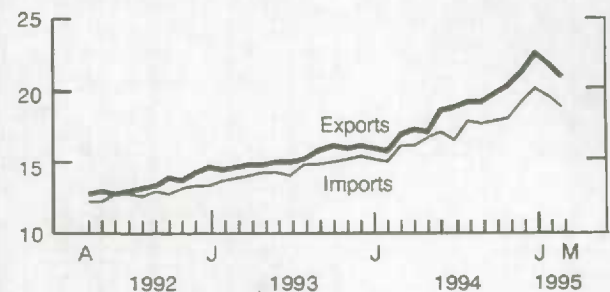
Manufacturing

\$ 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)	March*	540.2	-0.7%	2.8%
Composite index (1981 = 100)	April	174.5	0.2%	6.0%
Operating profits of enterprises (\$ billion)	3 rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	March	17.5	-0.7%	2.4%
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 (\$)	March*	573.13	0.0%	1.4%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	March	20.8	-4.6%	23.1%
Merchandise imports (\$ billion)	March	18.8	-2.9%	17.3%
Merchandise trade balance (all figures in \$ billion)	March	2.0	-0.4	1.1
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 (%)	4 th quarter	84.8	0.9 [†]	4.6 [†]
PRICES				
Consumer price index (1986 = 100)	April	133.4	0.3%	2.5%
Industrial product price index (1986 = 100)	April*	127.5	-0.2%	8.9%
Raw materials price index (1986 = 100)	April*	134.0	0.8%	13.8%
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

I·N·F·O·M·A·T

A weekly review

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