



Infommat

A Weekly Review

Friday, July 7, 1995

OVERVIEW

GDP rises in April

Gross domestic product edged up 0.1% in April following two consecutive monthly declines.

Non-residential sector leads building permits increase

In May, a sharp increase in the value of non-residential building permits more than offset a decline in the value of residential permits.

Marginal increase in foreign control of economy

From 1992 to 1993, the operating revenue of foreign-controlled firms grew faster than that of Canadian-controlled firms, increasing marginally the share of foreign control in the Canadian economy.

No change in help-wanted index

The help-wanted index remained unchanged in June after declining between March and May.

Book exports boom

Exports of Canadian books have risen dramatically between 1989/90 and 1993/94, with the strongest increase originating in Quebec.

GDP rises in April

Falling manufacturing production restrained economic activity in April, as gross domestic product rose only 0.1%. This followed two consecutive monthly declines.

Activities in the mining sector advanced 4.7%, recovering from the losses in February and March. A strong increase in synthetic crude oil production led to higher crude oil and natural gas output. A temporary shutdown to install new machinery had affected production during the previous two months. Coal producers raised their output significantly as demand in foreign markets continued to rise. Base metal mines production jumped 8.0% in April, offsetting March's loss.

Transportation and storage services rose 3.2% after falling 3.1% in March due to a labour dispute in railway transport. Carloadings of grain and coal led the increase, which was moderated by a decline in trucking services.

Output of utilities grew 5.1%, reflecting a surge in electricity production. Exports reached their highest level since June 1994, while imports of electricity fell sharply with the rise in production.

(continued on page 2)

Gross domestic product



... GDP rises in April

Manufacturers cut production by 1.5% – the third consecutive monthly decline – as output fell in most major groups. Falling construction activity, weaker consumer spending and softer export demand all contributed to the decrease. Falling U.S. manufacturing production in May might mean lower exports for Canadian manufacturers in the coming months.

Manufacturers of transportation equipment, wood products, and machinery led the decline in durable goods production. Manufacturers of food, chemical, and plastic products were responsible for about 70% of the decrease in the output of non-durable goods.

Motor vehicle manufacturers reduced their activity for a third consecutive month (-1.9%) as demand continued to deteriorate. Motor vehicle parts production fell for the third time in four months. Weakness in residential construction in Canada and the United States caused output in the wood, fabricated metal products, and non-metallic mineral industries to drop. Machinery production, almost unchanged since January, fell 3.3%.

Construction output dropped 1.5%, reflecting decreased residential and non-residential building

Note to readers

GDP of an industry is the value added by labour and capital in order to 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.

activity. The easing of mortgage rates earlier this year has not yet been reflected in higher demand for new housing. Less activity on commercial projects accounted for most of the drop in non-residential construction.

Wholesalers' sales tumbled 1.8% after dropping 0.6% in March; retail sales fell for the fourth consecutive month (-0.4%). Sales of automotive products continued to weaken, while sales by service station operators and by clothing retailers also deteriorated. Community, business and personal services rose 0.3%, while a 0.4% advance in the finance group was moderated by a decline in real estate activity.

For further information, order Gross domestic product by industry (catalogue 15-001) or contact Ron Kennedy, Industry Measures and Analysis Division at (613) 951-3673. (See also "Current Trends" on page 7.)

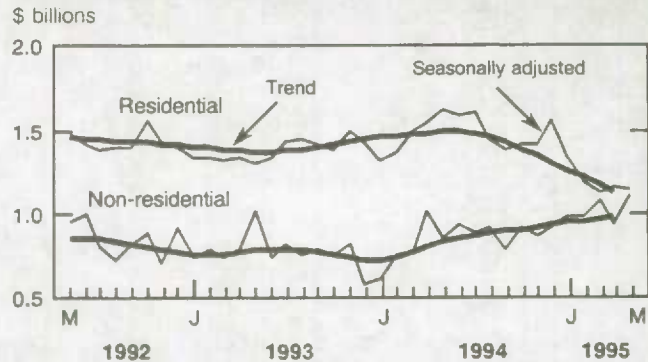
Non-residential sector leads building permits increase

Housing construction intentions continued to slide in May, posting the fourth decline in 1995 and remaining at a 13-year low. In contrast, non-residential construction intentions rebounded and led to a substantial increase in the value of building permits (7.7% to \$2.2 billion).

The value of residential building permits remained at recessionary levels for the fourth consecutive month, down 1.4% to \$1.1 billion. Steadily declining mortgage rates and more affordable housing did not offset consumers' concerns over job security. This drop, which reflected falling consumer spending, appeared to be due mainly to low consumer confidence. From January to May, housing starts plunged almost 24% compared with the same period last year.

After slumping in April, the non-residential sector grew 19.0% to \$1.1 billion in May, its highest level since September 1991. The growth in all components was led by the institutional component (38.9%). With slow but persistent growth, the cumulative value of non-residential building intentions rose 26.9% in 1995 over 1994, due mainly to growth in the industrial component. Although their value is still almost 36% below the peak in 1989, the outlook for business spending remains bright.

Value of building permits issued



Note to readers

Unless otherwise stated, all data are seasonally adjusted. The monthly Building and demolitions permits survey covers 2,400 municipalities representing 93% of the population. It provides an early indication of building activity. The value of planned construction activities excludes engineering projects and land.

(continued on page 3)

... Non-residential sector leads building permits increase

Among the provinces, May's increase in non-residential construction intentions was practically uniform across the country, with Ontario leading the way. Alberta posted enormous increases in institutional (259.5%) and industrial (222.1%) construction projects. The value of the residential

sector fell 8.2% in Ontario due to declines in single and multi-family dwellings, while declines in Quebec (-3.9%) and Nova Scotia (-12.6%) were attributed entirely to the single-family component.

For further information, order Building permits (catalogue 64-001) or contact Joanne Bureau, Investment and Capital Stock Division at (613) 951-9689.

PROVINCIAL PERSPECTIVES

Building permits, May 1995

Seasonally adjusted

Province/Territory	Total		Residential		Non-residential	
	(\$ millions)	% change, previous month	(\$ millions)	% change, previous month	(\$ millions)	% change, previous month
Canada	2,221	7.7	1,129	-1.4	1,092	19.0
Newfoundland	20	95.7	10	-0.3	10	2,141.1
Prince Edward Island	9	20.4	5	21.1	4	19.5
Nova Scotia	54	-6.0	37	-12.6	17	13.3
New Brunswick	49	32.1	18	11.4	32	47.4
Quebec	394	-1.7	193	-3.9	201	0.5
Ontario	828	4.2	410	-8.2	418	20.2
Manitoba	45	-3.9	20	-5.1	26	-3.0
Saskatchewan	49	35.8	15	47.7	34	31.1
Alberta	239	26.0	108	-1.6	131	64.0
British Columbia	520	9.8	308	10.9	212	8.2
Yukon	3	-16.0	2	10.6	1	-40.9
Northwest Territories	12	83.8	4	-23.6	8	608.5

Marginal increase in foreign control of economy

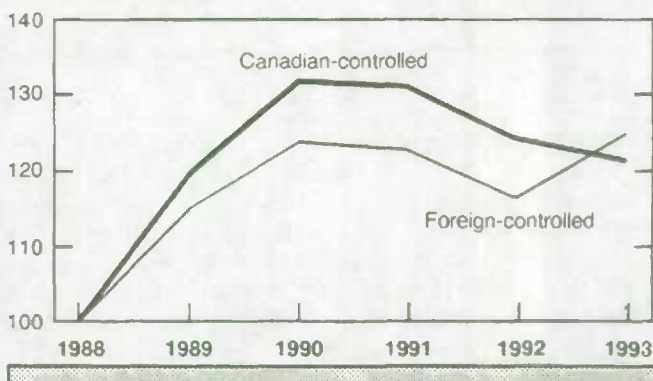
From 1992 to 1993, the operating revenue of foreign-controlled firms grew faster than that of Canadian-controlled companies, increasing the share of foreign control in the Canadian economy. Canadian-controlled firms were hit harder by the recession and were slower to recover than their foreign counterparts. This allowed the foreign-controlled share of operating revenue to rise 0.4 percentage points to 28.1%. The foreign-controlled share of corporate assets remained relatively stable.

The proportion of foreign-controlled firms in the finance and insurance industries grew from 23.0% of operating revenue in 1992 to 24.7% in 1993. This increase was due to substantial growth among foreign firms in the insurance industry, combined with continued declines in revenue among the largely Canadian-controlled deposit-accepting industry as interest rates fell.

Led by foreign-controlled enterprises, the operating revenue position of non-financial industries improved substantially. Foreign-controlled firms accounted for 28.5% of total operating revenue in 1993, up from 28.3% in 1992. The growth

Revenue growth in the finance and insurance industries

Index (1988 = 100)



of foreign-controlled firms partly reflected rapid increases in exports to related enterprises abroad. As the non-financial industries accounted for over 85% of all operating revenue in Canada, they contributed most heavily to the overall increase in foreign-controlled revenue in the Canadian economy.

(continued on page 4)

... Marginal increase in foreign control of economy

U.S.-controlled firms continued to dominate the foreign sector of the Canadian economy, accounting for 18.4% of total operating revenue (up from 17.7% in 1992) and 10.6% of total assets, below its pre-recession level of 11.4% in 1988.

No change in help-wanted index

The help-wanted index (1991=100) remained unchanged at 98 in June, after declining 4% between March and May. Between December 1994 and March 1995, the index was stable at 102. This followed an upward trend throughout 1994.

Part of this decrease may be explained by the downturn in shipments and the buildup of inventory since January 1995, as reported by the Survey of manufacturing.

The index is compiled from help-wanted ads published in 22 newspapers in 20 major metropolitan areas. In these labour markets, the help-wanted index reflects the changes in the demand for labour. However, since not all jobs are filled through help-wanted ads, the index represents only a part of all hiring.

Compared with June 1994, the index rose in Ontario (8%), Quebec (7%) and the Atlantic provinces (1%). The index fell 8% in British Columbia and 6% in the Prairie provinces.

Between May and June, the index recorded the following changes:

- Atlantic provinces: down 4% to 96
- Quebec: unchanged at 105
- Ontario: unchanged at 105
- Prairies: unchanged at 89
- British Columbia: down 1% to 78

Book exports boom

Exports of Canadian books tripled from \$38.6 million in 1989/90 to \$115.6 million in 1993/94. Industry sources attribute this growth to publishers seeking alternatives to the flat domestic market and government export initiatives which have begun to pay off. Since 1988/89, the growth in book exports has been far stronger than that in total merchandise exports.

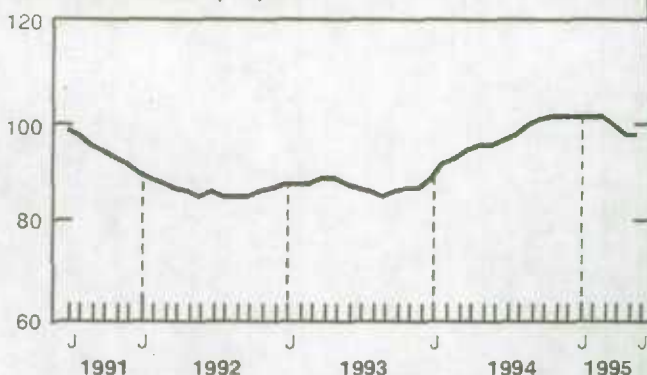
The book export boom occurred among publishers in all regions of the country, but it was especially strong in Quebec. Exports and the other foreign sales of Quebec-controlled firms rose from \$9.3 million in 1989/90 to \$76.1 million in 1993/94.

Domestic sales in 1993/94 hit \$1.3 billion, an increase of only 7.6% from 1989/90. Only in Quebec did domestic sales increase substantially – 29%

For further information, order Corporations and Labour Unions Returns Act, Part 1: Corporation (catalogue 61-220) or contact Krishna Saha, Industrial Organization and Finance Division (613) 951-6904.

Help-wanted index

1991 = 100, seasonally adjusted



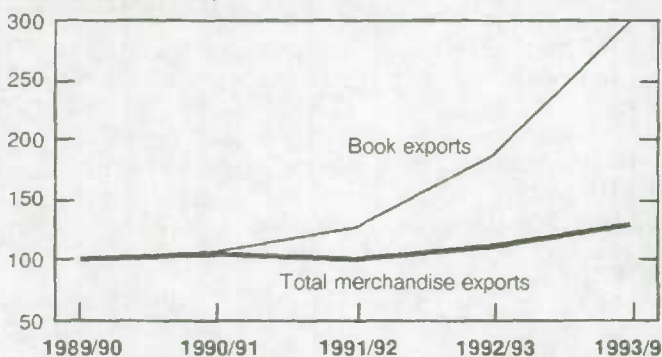
Note to readers

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

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

Canadian book exports

Index (1989/90 = 100)



(continued on page 5)

... Book exports boom

from 1989/90 to 1993/94. Books published by French-language firms have risen by a third over this period.

Textbooks and trade paperbacks (softcover books that are not mass-market paperbacks) remained the most significant categories of net sales for Canadian publishers and exclusive agents: their combined sales totalled \$671 million in 1993/94. Overall, Canadian companies published 9,764 new titles in 1993/94, up 7.8% from the previous year.

For further information, contact Pina La Novara, Education, Culture and Tourism Division at (613) 951-1573.

Note to readers

Domestic sales are sales of merchandise delivered to an address in Canada. Export sales are sales of merchandise that physically crossed the Canadian border to a foreign address. Other foreign sales are merchandise made and sold outside Canada from a foreign base of a Canadian-controlled company (that is, the merchandise never crossed the Canadian border).

Exclusive agents are firms which do not publish work; instead, acting as another firm's sole representative, they distribute and sell work published by that firm.

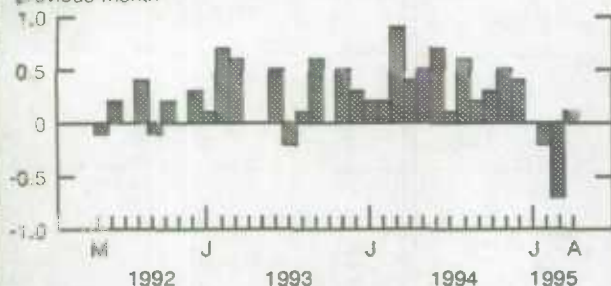
PUBLICATIONS RELEASED FROM JUNE 30 TO JULY 6, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Oth countries
			US\$		
AGRICULTURE					
Cereals and oilseeds review	April 1995	22-007	15/144	18/173	21/202
Field crop reporting series no. 4: preliminary estimates of principal field crop areas, Canada	1995	22-002	15/85	18/102	21/119
BALANCE OF PAYMENTS					
Canada's international transactions in securities	April 1995	67-002	17/170	21/204	24/238
INDUSTRY					
Asphalt roofing	May 1995	45-001	6/60	8/72	9/84
Cement	May 1995	44-001	6/60	8/72	9/84
Coal and coke statistics	April 1995	45-002	11/110	14/132	16/154
Electric power statistics	April 1995	57-001	11/110	14/132	16/154
Gypsum products	May 1995	44-003	6/60	8/72	9/84
Monthly survey of manufacturing	April 1995	31-001	19/190	23/228	27/266
Primary metal industries	1993	41-250	38	46	54
Production and inventories of process cheese and instant skim milk powder	May 1995	32-024	6/60	8/72	9/84
Retail trade	April 1995	63-005	20/200	24/240	28/280
Rigid insulating board	May 1995	36-002	6/60	8/72	9/84
INTERNATIONAL TRADE					
Imports by commodity microfiche version	April 1995	65-0070XMB	35/350	42/420	49/490
paper version	April 1995	65-0070XPB	75/750	90/900	105/1,050
LABOUR					
Unemployment insurance statistics	April 1995	73-001	16/160	20/192	23/224
PRICES					
Average prices of selected farm inputs	May 1995	62-012	9/48	11/58	13/68
Construction price statistics	1 st quarter 1995	62-007	23/76	28/92	33/107
SERVICES, SCIENCE AND TECHNOLOGY					
Communications service bulletin: cable television statistics	1994	56-001	12/40	15/48	17/56
Telephone statistics	April 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Air carrier operations in Canada	April-June 1994	51-002	30/99	36/119	42/139

CURRENT TRENDS

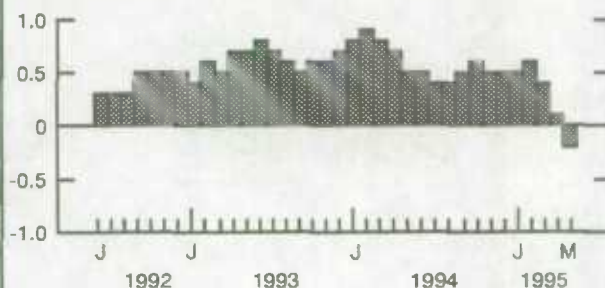
Gross domestic product

% change,
previous month



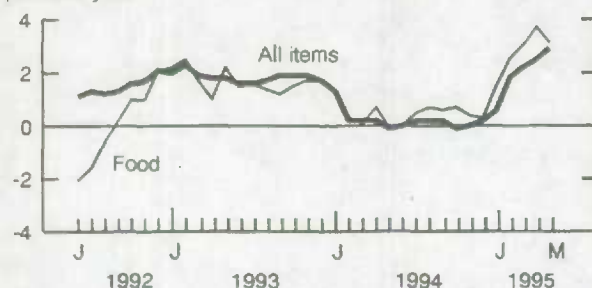
Composite index

% change,
previous month



Consumer price index

% change,
previous year



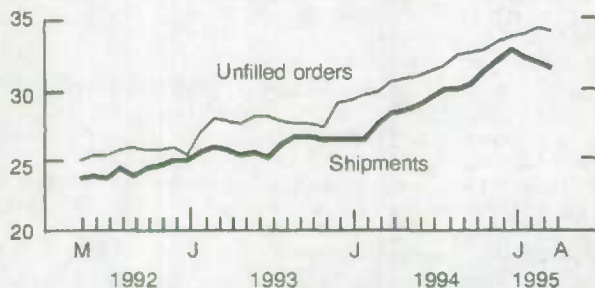
Unemployment rate

%



Manufacturing

\$ billions



Merchandise trade

\$ billions



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



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LATEST MONTHLY STA

	Period	Level	Change, previous period	Change previous year
GENERAL				
Gross domestic product (\$ billion, 1986)	April*	539.8	0.1%	2.3%
Composite index (1981 = 100)	May	173.8	-0.2%	5.0%
Operating profits of enterprises (\$ billion)	1st quarter	23.7	6.2%	42.2%
DOMESTIC DEMAND				
Retail trade (\$ billion)	April	17.5	0.2%	3.2%
New motor vehicle sales ('000 units)	April	88.7	-9.2%	-13.9%
LABOUR				
Employment (millions)	May	13.5	0.0%	1.9%
Unemployment rate (%)	May	9.5	0.1 [†]	-1.1 [†]
Participation rate (%)	May	64.9	0.0 [†]	-0.4 [†]
Labour income (\$ billion)	March	34.5	-0.4%	3.4%
Average weekly earnings (\$)	April	570.25	-0.4%	0.8%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	April	20.5	-0.6%	19.7%
Merchandise imports (\$ billion)	April	18.8	-0.1%	16.4%
Merchandise trade balance (all figures in \$ billion)	April	1.8	-0.1	0.7
MANUFACTURING				
Shipments (\$ billion)	April	31.7	-1.1%	12.0%
New orders (\$ billion)	April	31.5	-2.6%	8.1%
Unfilled orders (\$ billion)	April	34.3	-0.4%	11.6%
Inventory/ shipments ratio	April	1.36	0.03	0.04
Capacity utilization (%)	1st quarter	84.8	0.0 [†]	4.3 [†]
PRICES				
Consumer price index (1986 = 100)	May	133.7	0.2%	2.9%
Industrial product price index (1986 = 100)	May	127.7	0.0%	8.4%
Raw materials price index (1986 = 100)	May	132.4	-1.1%	8.9%
New housing price index (1986 = 100)	April	135.2	-0.1%	-0.7%

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

* new this week

† percentage point

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