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A Weekly Review

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Friday, July 28, 1995

OVERVIEW

Number of U.I. beneficiaries continues to fall

In May, the number of Canadians receiving regular unemployment insurance benefits fell, continuing a trend that started in July 1992.

Crude oil pulls down raw material prices

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Pulp leads increase in industrial prices

Higher pulp prices and a falling dollar pushed industrial prices up in June.

Foreign investors sell in May

Following two months of heavy buying, foreigners sold \$3.3 billion more Canadian securities than they bought in May.

Wholesale trade picks up

In May, wholesalers recorded their largest sales increase since last December.

Education, self-employment levels high among cultural sector workers

Workers in the visual, literary, performing and audio-visual arts in 1993 were highly educated and three times more likely than the average Canadian to be self-employed.

Number of U.I. beneficiaries continues to fall

In May, the number of Canadians receiving regular unemployment insurance (U.I.) benefits dropped 1.2% from April, to 712,000. This was 40.9% lower than the peak recorded in July 1992 when 1.2 million Canadians received U.I. payments. The number of beneficiaries fell across Canada in May, except in Manitoba, Saskatchewan and the Northwest Territories. Year-over-year decreases were observed throughout the country.

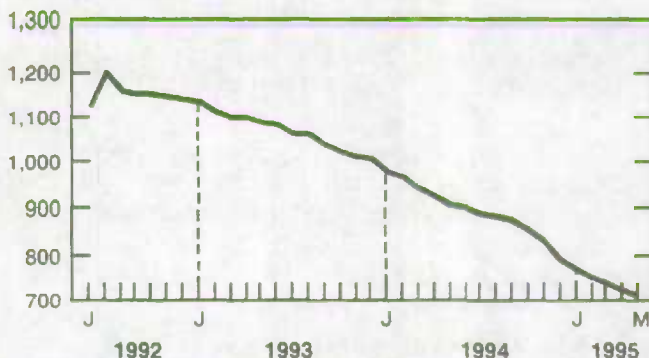
According to the Labour Force Survey, employment levels have shown little change so far in 1995, while the number of long-term unemployed (those looking for work for more than a year) has remained high. This, plus tighter eligibility requirements introduced in July 1994, suggests that fewer people are eligible for benefits.

The share of special benefits rose from 19.7% in May 1994 to 23.6% in May 1995 (unadjusted), continuing a decade-long trend. This increase may reflect the 1990 legislative changes which provided more assistance for

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Number of beneficiaries receiving regular benefits

'000, seasonally adjusted



... Number of U.I. beneficiaries continues to fall

training unemployed workers and additional benefits to natural and adoptive parents. Since May 1994, the proportion of male beneficiaries receiving special benefits (mainly training) increased from 12.5% to 14.6%; for females (who received mainly family-related benefits), the proportion advanced from 28.1% to 33.8%.

In May, 260,000 individuals submitted claims for U.I., up 2.7% from April. Since mid-1994, the trend for the number of claims received has edged

May 1995

Seasonally adjusted

Province/territory	Total (000)	% change, previous month	% change, previous year
Canada	712	-1.2	-21.4
Newfoundland	37	-0.3	-28.1
Prince Edward Island	10	-3.0	-15.7
Nova Scotia	37	-1.6	-24.4
New Brunswick	41	-4.8	-21.0
Quebec	247	-1.1	-18.2
Ontario	177	-1.8	-22.9
Manitoba	20	3.2	-16.2
Saskatchewan	15	1.0	-23.8
Alberta	50	-3.5	-22.1
British Columbia	76	-1.4	-23.3
Yukon	1	-7.8	-21.2
Northwest Territories	1	0.8	-14.1

Crude oil pulls down raw material prices

A significant drop in the cost of crude oil pulled raw material prices down 0.2% in June. Crude oil prices fell 5.8%, more than offsetting higher prices for metals, grains, cattle and hogs. Excluding mineral fuels, raw material prices in June would have increased almost 2%. The year-over-year advance slowed to 6.9%, its lowest level in 13 months.

After rising over 14% in the first four months of 1995, the price of crude oil dropped 8% overall in May and June. Contributing to lower prices were sales of oil stockpiled during a Brazilian oil workers strike and a potential move by OPEC to preserve market share. Compared with June 1994, crude oil prices were down more than 2%.

June metal prices almost erased the May decline by moving up more than 4%. Copper, gold, nickel, and tin were the major contributors.

Note to readers

The majority who collect unemployment insurance benefits receive regular benefits (76.4% in May). In order to qualify for regular benefits, a person must have experienced an interruption of earnings, be capable of and available for work, and be unable to find suitable employment.

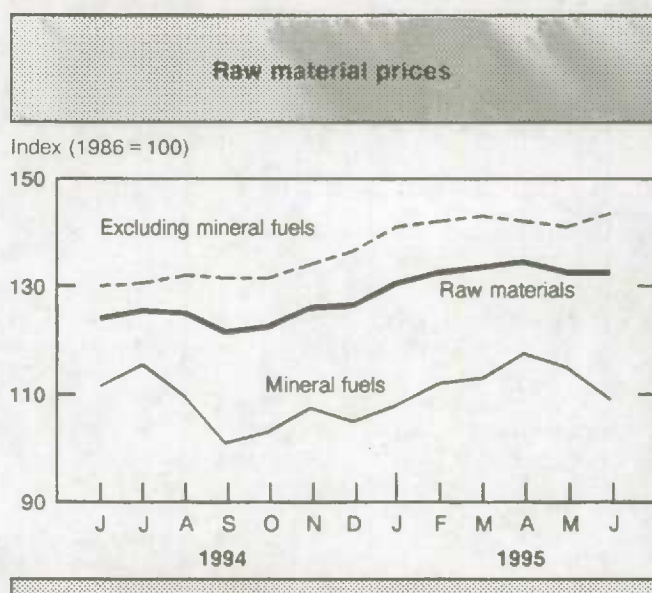
In addition to regular benefits, claimants can qualify for special benefits (e.g., training, maternity, sickness and fishing).

Data on the number of beneficiaries relate to a specific week of the reference month. Data on benefit payments, benefit weeks and claims refer to a complete calendar month. Unless otherwise noted, all data are seasonally adjusted.

upward. During the first five months of 1995, 1,182,000 million people (unadjusted) filed claims for benefits, up 0.6% from the same period the year before.

Canadians received \$1.3 billion (unadjusted) in total benefits in May, down 11.4% from May 1994. Comparing the same month in previous years, this was the lowest level since May 1990, when \$1.2 billion was paid. For the first five months of 1995, the amount disbursed to U.I. beneficiaries was 14.3% lower than during the same period last year.

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



Animal and animal product prices increased 2%, with higher cattle and hog prices reflecting the summer barbecue season.

(continued on page 3)

.. Crude oil pulls down raw material prices

Vegetable prices climbed 2% in June. Grain prices, led by wheat, were up due to tight world supplies and poor growing and harvesting conditions. For the first time in almost three years, Canadian bakeries are facing higher flour costs, which may raise the price of a loaf of bread by 5 to 10 cents.

Wood prices edged up 0.2% since May and were almost 17% higher than in June 1994, mostly as a result of global demand for printing and writing papers. This demand will probably remain strong due to requirements from emerging markets such as Southeast

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. Unlike the industrial product price index, the RMPI includes goods that are not produced in Canada.

Asia and increase in print media ads (due to the buoyant worldwide advertising recovery).

For further information, order Industry price indexes (catalogue 62-011), available by the end of August, or contact Prices Division at (613) 951-3350.

Pulp leads increase in industrial prices

Higher pulp prices and a drop in the dollar pushed industrial prices up 0.7% in June. A continuing decline in lumber prices partly offset increases in paper and allied products, ethylene, and motor vehicles. The 12-month increase in industrial prices slowed to 8.3% in June, the lowest level in five months.

The paper and allied products sector remained the most significant source of industrial price rises. Within this sector, pulp prices, up 7.6%, accounted for almost two-thirds of the total increase. Newsprint prices rose 2.3%, and additional increases may follow. Concerned by these events, publishers are working with paper manufacturers to find ways to smooth out cyclical price fluctuations.

Most of the 0.8% rise in transportation equipment prices was due to the effect of a lower Canadian dollar on prices for motor vehicles quoted in U.S. dollars. The depreciation of the Canadian dollar against the U.S. dollar also affected exporters of lumber, pulp, paper and non-ferrous primary metal products. If the effect of the U.S. dollar's rise were excluded, the monthly change in industrial prices would have been 0.4%.

Lumber, sawmill, and other wood product prices fell 2.4% in June, and were down 16% since February. Sizeable inventory levels outweighed the

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%.

effect of a possible turn-around in residential construction (due to lower interest rates) in Canada and the United States. A fourth consecutive monthly increase in ethylene prices led the 2.3% increase in chemical and chemical product prices.

The 12-month change in goods prices paid by consumers dropped from 3% in May to 2.6% in June. The 12-month change in the prices received by manufacturers of consumer goods dropped from just over 3.5% to about 3%. About half of what the consumer pays goes to manufacturers.

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

Foreign investors sell in May

Following two months of heavy buying, non-residents sold \$3.3 billion more Canadian securities than they bought in May. The disinvestment consisted of a large withdrawal from short-term paper, which was partially offset by purchases of Canadian bonds. Canadian investors reduced their foreign security holdings (-\$0.1 billion) for the third straight month.

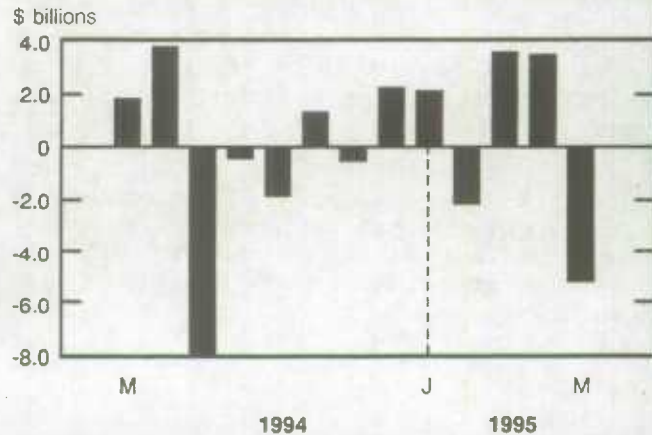
Heavy foreign selling (\$5.2 billion) of Canadian short-term instruments in May partially reversed buying that totalled \$6.9 billion over the previous two months. Government of Canada treasury bills that had reached maturity accounted for most of the sales. Falling short-term interest rates and a weakening Canadian dollar offered less incentive for non-residents to renew their investments in this market.

May's disinvestment came largely from European (\$2.6 billion) and U.S. (\$2.0 billion) investors. Trading activity rose 11% to \$52 billion, after a 26% contraction in April.

Against a background of falling long-term interest rates, foreigners continued to accumulate Canadian bonds (\$2.2 billion), as they have been since the beginning of the year. New issues remained strong at \$3.1 billion, two-thirds of which was raised by the federal government and one-third by corporations. Retirements rose sharply to \$1.8 billion. Non-residents bought a small \$0.9 billion of outstanding bonds, the second consecutive monthly investment in this market.

Foreigners sold a further \$0.3 billion of Canadian stock in May. This continued a trend that began in November 1994 and which has totalled

Foreign investment in Canadian money market paper



\$3.0 billion so far. Foreign selling of \$0.6 billion of secondary issues was partially offset by purchases of \$0.3 billion of new issues.

Canadian stock prices, as measured by the TSE 300 index, rose 4% in May. This matched a similar gain in U.S. stock prices. Trading activity registered a healthy 19% gain to \$6.3 billion, offsetting a similar decline in April.

For further information, order Canada's international transactions in securities (catalogue 67-002) or contact Don Granger, Balance of Payments Division at (613) 951-1864.

Wholesale trade picks up

Wholesale merchants' sales surged 1.8% between April and May to \$20.7 billion (seasonally adjusted), following a 2.2% drop in the previous month. The May increase was the biggest jump since last December. Year-over-year sales were 9.1% above last year's level. Inventory levels continued to increase.

Wholesalers recorded higher sales in 9 of the 11 trade groups (accounting for approximately 90% of all sales). Most of the contribution to the overall increase came from wholesalers of industrial and other machinery, equipment, and supplies, which advanced 3.6% (\$111 million). Sales of food products as well as computers and packaged software also rose significantly, 2.1% and 3.1% respectively. Only

wholesalers of lumber and building materials, and apparel reported sales declines.

While April sales were down in almost every region, wholesalers in most areas performed better in May. Only those from Saskatchewan, Newfoundland, Quebec and the Northwest Territories experienced declines.

Inventories grew for the fifteenth consecutive month, rising 0.7% to \$30.5 billion. Despite this, the inventories-to-sales ratio fell from 1.49 in April to 1.48 in May, suggesting that wholesalers are continuing to monitor inventory levels in light of sluggish sales.

For further information, order Wholesale trade (catalogue 63-008) or contact Catherine Mamay, Industry Division at (613) 951-9683.

Education, self-employment levels high among cultural sector workers

In 1993, workers in the visual, literary, performing, and audio-visual arts were highly educated and were three times more likely than the average Canadian to be self-employed. However, half held two or more distinct jobs, and their average income from cultural activities varied significantly.

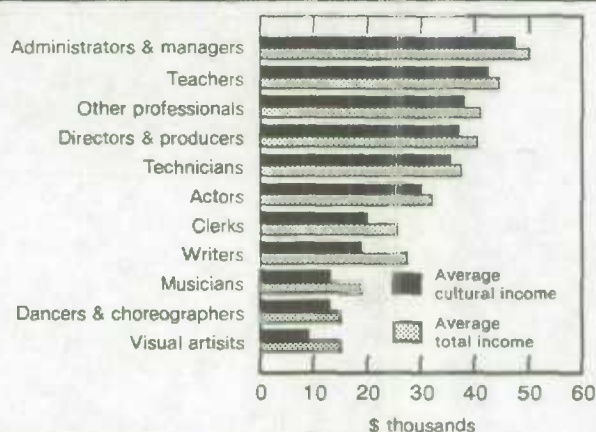
Cultural income levels in 1993 ranged from an average of \$8,800 for people whose primary occupation was visual artist (e.g., painter or sculptor) to \$47,600 for those whose primary occupation was cultural administrator and supervisor. Administrators, directors, producers, teachers, and some other professions reported, on average, income greater than \$31,600 (the average total income of the entire employed labour force as reported by the 1991 Census), while visual artists, musicians, dancers and writers reported less.

Almost half of these cultural workers were self-employed, compared with 15% of the entire labour force (according to the 1993 annual average from the Labour Force Survey). Half the individuals surveyed held two or more distinct jobs.

The survey results dispel the stereotype that artists tend to supplement cultural income by working in sales and service occupations. Most (89%) of all jobs held by cultural workers were managerial (such as production managers or arts administrators), professional (such as artists or teachers), or technical (such as stage hands or sound editors). As well, over 88% of the cultural labour force reported that their primary occupation (the one where they worked the most hours) was within the cultural sector. For 75% of artists, it was their primary job.

Of those surveyed, 51% had a university degree, compared with 15% of the total experienced Canadian labour force as reported by the 1991

Average income by occupation* in 1993



*Represents selected primary occupations within the cultural sector.

Note to readers

The Cultural Labour Force Survey, on which this release is based, was commissioned by Human Resources Development Canada to gather information for the development of training and employment programs in the cultural sector.

The cultural sector represents a significant part of the Canadian economy. It has a direct economic impact estimated at \$16 billion (2.7% of gross domestic product) and a labour force of more than 670,000.

Census. Just over one in three indicated they wanted additional education or training related to their cultural work, but did not receive it. Most often, additional training was too expensive.

For further information, order Focus on culture (catalogue 87-004) or contact Pina La Novara, Education, Culture and Tourism Division at (613) 951-1573.

PUBLICATIONS RELEASED FROM JULY 21 TO 27, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
The dairy review	May 1995	23-001	14/138	17/166	20/194
HEALTH STATISTICS					
Health reports	1995, Vol. 7 no. 1	82-003	34/112	41/135	48/157
HOUSEHOLD SURVEYS					
The labour force	June 1995	71-001	23/230	28/276	33/322
INDUSTRIAL ORGANIZATION AND FINANCE					
Quarterly financial statistics for enterprises	1st quarter 1995	61-008	33/110	40/132	47/154
INDUSTRY					
Crude petroleum and natural gas production	April 1995	26-006	18/180	22/216	26/252
Construction type plywood	May 1995	35-001	6/60	8/72	9/84
Department store sales and stocks	April 1995	63-002	16/160	20/192	23/224
Electric lamps (light bulbs and tubes)	June 1995	43-009	6/60	8/72	9/84
Mineral wool including fibrous glass insulation	June 1995	44-004	6/60	8/72	9/84
New motor vehicle sales	May 1995	63-007	16/160	20/192	23/224
Production and disposition of tobacco products	June 1995	32-022	6/60	8/72	9/84
Production, shipments and stocks on hand of sawmills east of the Rockies	May 1995	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	May 1995	35-003	8/80	10/96	12/112
Railway carloadings	May 1995	52-001	10/100	12/120	14/140
INTERNATIONAL TRADE					
Canadian international merchandise trade	May 1995	65-001	19/182	22/219	26/255
Imports by commodity					
microfiche version	May 1995	65-0070XMB	35/350	42/420	49/490
paper version	May 1995	65-0070XPB	75/750	90/900	105/1,050
NATIONAL ACCOUNTS AND ENVIRONMENT					
National income and expenditure accounts	1983-1994	13-201	40	48	56
PRICES					
Average prices of selected farm inputs	June 1995	62-012	9/48	11/58	13/68

NEW FROM STATISTICS CANADA



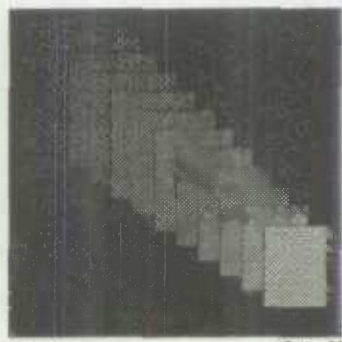
Research Paper Series

Analytical Studies Branch

Why Has Inequality in Weekly Earnings Increased in Canada?

By René Morissette

No. 80



Canada

Why has inequality in weekly earnings increased in Canada?

This research paper narrows the range of factors that explain the growing gap between low- and high-income earners. Roughly 30% of that widening gap can be explained by the movement of employment away from manufacturing and toward the service sector, together with changes in the unionization rate.

Very little of the growth in the earnings gap between younger and older workers can be explained by lower minimum wages (in real terms) and the smaller size of firms (in terms of average size). And little evidence supports the idea that the highly paid put in longer work weeks following changes to their marginal tax rates.

The major factors behind the growth of inequality in weekly earnings may be: growth in competition; possible shifts in bargaining power from labour toward firms; greater mobility of firms to new locations; increased openness to international trade; and, a rise in the fixed cost of labour and, possibly, training costs.

Why has inequality in earnings increased in Canada? is part of the Analytical Studies Branch Research Paper Series. To order this paper (no. 80 in the series), contact Hélène Lamadeleine at (613) 951-5231 or obtain a copy from the Internet (www.statcan.ca). For further information, contact René Morissette, Business and Labour Market Analysis Division at (613) 951-3608.

Economic dependency profiles

1993

The *Economic dependency profiles* provide a look at Canadians' dependency on transfer payments as revealed by the economic dependency ratio (the ratio of transfer dollars paid to each \$100 of employment income earned in a given area).

Derived from 1993 income tax returns filed in the spring of 1994, these data are a valuable source of information and are ideal for supporting market analysis and policy decisions.

The data are available for Canada, by province and territory, as well as by areas as small as a forward sortation area (the first three letters of the postal code) and a letter carrier's route. The data are available for more than 24,000 postal areas.

For further information, or to order, contact Client Services, Small Area and Administrative Data Division at (613) 951-9720.

The labour market: Mid-year review

1995

Perspectives on labour and income announces the advance release of its supplement, "The labour market: Mid-year review", which summarizes changes and trends in the labour market during the first half of 1995.

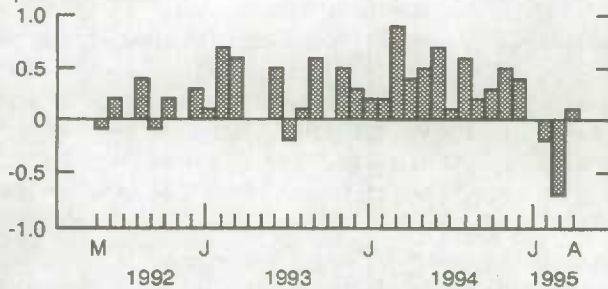
Economic growth ground to a virtual halt during the first half of 1995 as most economic indicators remained flat, declined, or showed feeble growth at best. Employment grew by only 25,000 in the first half, a great contrast with the first half of 1994, when it increased by 172,000 jobs and when growth averaged about 29,000 per month. However, slowdowns after periods of employment growth are not unprecedented. Similar pauses were experienced in 1986 and 1989, and both were followed by resumed employment growth.

The Autumn 1995 issue of *Perspectives* (catalogue 75-001E, \$17/\$56), which will include "The labour market: Mid-year review" as a supplement, will be released in early September. For further information, contact Mike Sheridan, Household Surveys Division at (613) 951-9480. To order just the supplement (\$45), which is available now, contact Suzanne David, Labour and Household Surveys Analysis Division at (613) 951-4628.

CURRENT TRENDS

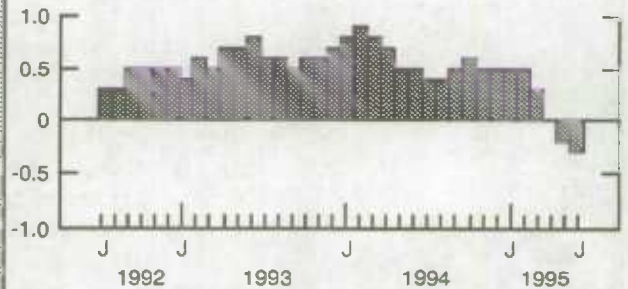
Gross domestic product

% change,
previous month



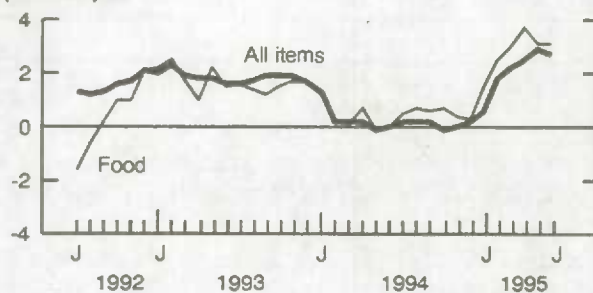
Composite index

% change,
previous month



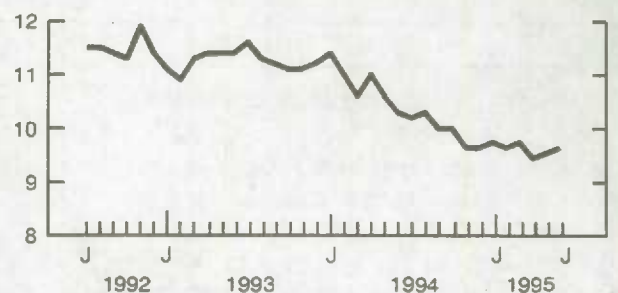
Consumer price index

% 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)	April	539.8	0.1%	2.3%
Composite index (1981 = 100)	June	172.7	-0.3%	3.8%
Operating profits of enterprises (\$ billion)	1st quarter	23.7	6.2%	42.2%
DOMESTIC DEMAND				
Retail trade (\$ billion)	May	17.6	0.6%	3.1%
New motor vehicle sales ('000 units)	May	93.6	5.5%	-9.6%
LABOUR				
Employment (millions)	June	13.5	0.1%	1.8%
Unemployment rate (%)	June	9.6	0.1 [†]	-0.7 [†]
Participation rate (%)	June	64.9	0.0 [†]	-0.3 [†]
Labour income (\$ billion)	April	34.5	-0.2%	2.7%
Average weekly earnings (\$)	April	570.25	-0.4%	0.8%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	May	20.2	-1.2%	17.5%
Merchandise imports (\$ billion)	May	19.3	3.5%	15.8%
Merchandise trade balance (all figures in \$ billion)	May	0.9	-0.9	0.4
MANUFACTURING				
Shipments (\$ billion)	May	32.2	0.7%	12.8%
New orders (\$ billion)	May	32.1	0.2%	11.9%
Unfilled orders (\$ billion)	May	34.4	-0.3%	11.7%
Inventory/ shipments ratio	May	1.37	0.01	0.05
Capacity utilization (%)	1st quarter	84.8	0.0 [†]	4.3 [†]
PRICES				
Consumer price index (1986 = 100)	June	133.7	0.0%	2.7%
Industrial product price index (1986 = 100)	June*	128.9	0.7%	8.3%
Raw materials price index (1986 = 100)	June*	132.4	-0.2%	6.9%
New housing price index (1986 = 100)	May	134.9	-0.2%	-0.8%

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

* new this week

[†] percentage point



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KEY RELEASE CALENDAR: A

Monday	Tuesday	Wednesday	Thursday	Friday
	1 Neighbourhood income and demographics, 1993 Government expenditures on culture, 1993-94	2 Business conditions survey: Canadian manufacturing industries, July Crime and homicide statistics, 1994	3 Building permits, June Help-wanted index, July	4 Labour force survey, July Estimates of labour income, May
7	8 Women in Canada, Compendium Periodicals publishing, 1993-94	9 New housing price index, June	10	11 New motor vehicle sales, June
14 Film producers, 1993-94	15 Composite index, July	16 Monthly survey of manufacturing, June Travel between Canada and other countries, June	17 Canadian international trade, June Television viewing, 1993-94	18 Canadian economic observer, August
21 Farm cash receipts, Second quarter	22 Consumer price index, July Retail trade, June	23 Wholesale trade, June	24 Field crop reporting series: July 31 crop production estimates Canada's international transactions in securities, June	25 Quarterly financial statistics for enterprises, Second quarter
28	29 Industrial product price index, July Raw materials price index, July	30 Employment, earnings and hours, June International travel account, Second quarter Unemployment insurance, June	31 National economic and financial accounts, Second quarter Balance of international payments, Second quarter Canadian economic observer, August Real gross domestic product by industry, June	

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

I·N·F·O·M·A·T

A weekly review

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