

Infommat

A Weekly Review

Friday, August 4, 1995

OVERVIEW

■ GDP advances in May

Gross domestic product rose 0.3% in May as growth resumed in manufacturing and in wholesale and retail trade.

■ Outlook for housing remains bleak

In the second quarter of 1995, the value of residential building permits fell to its lowest level in four years despite substantial declines in mortgage rates.

■ Weekly earnings rise

An increase in employees' weekly earnings in May partly offset April's decline.

■ Help-wanted index falls in July

The help-wanted index fell slightly between June and July.

■ Manufacturers less pessimistic about production

In July, manufacturers were less pessimistic about production prospects but were more concerned about unfilled orders than three months ago.

■ Crime rate continues to drop

Canada's crime rate fell for the third consecutive year in 1994. The rate of violent crime declined 3%, the largest drop since data collection began in 1962.

GDP advances in May

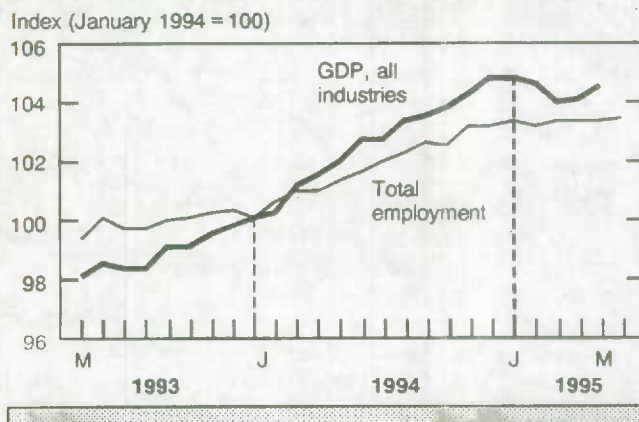
Economic activity strengthened in May as growth resumed in manufacturing and in wholesale and retail trade. Gross domestic product advanced 0.3% following a 0.1% gain in April and declines during the winter months. Despite these increases, production in April and May averaged 0.2% below first-quarter levels.

Manufacturers raised output 1.2% in May, after reducing it 2.3% between February and April. While output rose in most major groups, electrical and electronic equipment, wood, and primary metals accounted for 61% of the advance. Manufacturers of telecommunication equipment and office machinery, and lumber and primary steel continued to accumulate stocks of finished goods while increasing shipments markedly.

Wholesale trade rebounded 1.4% following a decline of similar magnitude in April. Wholesalers of machinery accounted for 60% of this gain, as sales of electronic equipment, and industrial and farm machinery all increased. Sales by food and hardware outlets rose, while sales of lumber and building materials dropped for a fourth consecutive month.

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Gross domestic product



... GDP advances in May

Retail trade rose for the first time this year (0.4%), as sales advanced in 10 of the 18 trade groups. Output in finance increased 0.7%, led by a strong gain in real estate, along with higher activity on stock exchanges and by mutual funds. Increased spending in hotels and restaurants, and gains in business services accounted for about two-thirds of the rise in community, business and personal services.

Construction output fell 0.8%, as falling mortgage rates have not yet translated into higher demand for new housing. Activity on non-residential building projects edged up, while residential construction fell a further 4.8% in May, reflecting lower starts for all types of dwellings. Recent small gains in the number of residential building permits issued and higher housing resales in May point to some improvement in the second half of 1995.

Outlook for housing remains bleak

The value of residential building permits issued by municipalities in the second quarter of 1995 plunged 7.2% to \$3.3 billion – its lowest level in four years. This fourth consecutive quarterly decrease came despite substantial declines in mortgage rates since the beginning of the year. After an exceptional first quarter, non-residential construction intentions decreased by a marginal 1.8%.

The outlook for new housing construction remains bleak for the second half of 1995. Improved affordability and falling mortgage costs have so far not been enough to dispel consumer pessimism over the state of the economy.

Among the provinces, the second quarter's decline in non-residential construction was attributable entirely to Quebec. All other provinces and territories recorded increases. Quebec also posted one of the worst quarterly performances in residential construction. With the exception of Saskatchewan and the Northwest Territories, residential values dropped in every province and territory.

During the first six months of 1995, the value of residential building permits fell 21.4% compared with the same period last year. The slump was reflected almost equally in single and multi-family dwelling construction intentions. Despite the second quarter setback, non-residential construction intentions from January to June 1995 rose 22.1% over the first half of 1994. The increase was led by industrial construction intentions, which were 48.3% higher than in the first half of 1994.

On a monthly basis, the overall value of building permits issued fell 8.7% to \$2.0 billion

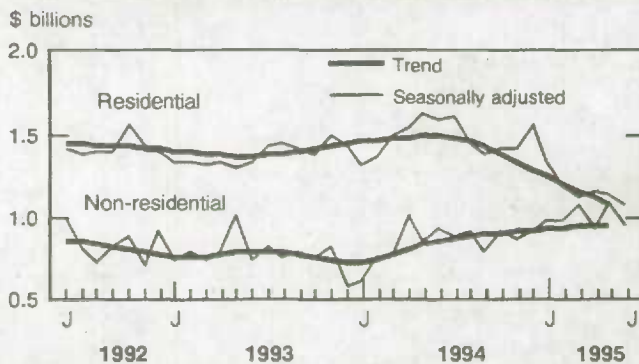
Note to readers

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.

Output in the mining sector dropped 1.6% following a 4.3% gain in April. Crude oil production, drilling activity and base metal mines output all fell in May.

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.)

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.

between May and June. Residential permits fell for the fifth time this year (-4.6% to \$1.1 billion). After a sharp increase in May, non-residential construction dropped 12.9% to \$0.9 billion in June.

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

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.. Outlook for housing remains bleak

PROVINCIAL PERSPECTIVES

Building permits, June 1995

Seasonally adjusted

Province/Territory	Total		Residential		Non-residential	
	(\$ millions)	% change, previous month	(\$ millions)	% change, previous month	(\$ millions)	% change, previous month
Canada	2,012	-8.7	1,072	-4.6	940	-12.9
Newfoundland	18	-10.5	12	16.3	6	-36.4
Prince Edward Island	9	18.3	5	19.2	4	17.2
Nova Scotia	41	-21.2	29	-19.2	12	-25.4
New Brunswick	64	31.5	17	-2.0	46	50.8
Quebec	355	-8.3	178	-5.7	177	-10.8
Ontario	720	-12.3	384	-6.1	336	-18.5
Manitoba	46	1.5	22	9.5	24	-4.7
Saskatchewan	59	19.6	17	7.7	42	25.0
Alberta	196	-18.0	120	8.9	76	-40.9
British Columbia	500	-3.8	286	-7.2	214	1.2
Yukon	1	-62.8	1	-45.5	0	-90.3
Northwest Territories	3	-70.7	2	-49.0	1	-81.9

Weekly earnings rise

Average weekly earnings rose 0.4% to \$570.87 in May, partly offsetting the previous month's decline. The increase, which followed offsetting monthly fluctuations, left earnings unchanged from January 1995. Earnings rose in public administration; logging and forestry; retail and wholesale trade; mining, quarrying and oil wells; finance, insurance and real estate; and manufacturing. Wages fell in most service industries, and in construction. Weekly earnings stood 0.9% above their year-earlier level.

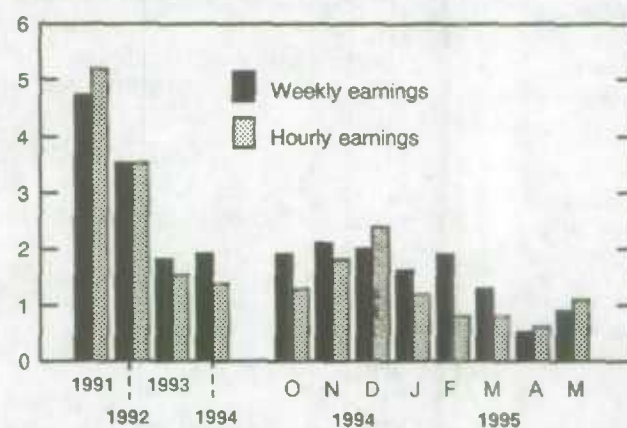
Average weekly earnings, May 1995

Seasonally adjusted

Province/Territory	Industrial aggregate (\$)	% change, previous month	% change, previous year
Canada	570.87	0.5	0.9
Newfoundland	542.24	0.4	4.4
Prince Edward Island	460.98	1.9	1.6
Nova Scotia	484.10	-2.0	-1.6
New Brunswick	504.26	-1.7	2.5
Quebec	538.90	-0.6	0.1
Ontario	605.37	0.0	0.4
Manitoba	502.99	1.0	1.3
Saskatchewan	487.10	0.4	0.5
Alberta	560.68	1.4	1.5
British Columbia	595.66	0.7	3.3
Yukon	639.99	-2.7	-5.9
Northwest Territories	707.68	0.5	-0.1

Weekly and hourly earnings

% change, previous year



Employees paid by the hour received \$14.25 per hour in May, eliminating the decline of the previous month. The average number of hours worked per week has remained stable during the December to May period (at about 30.7 hours), after rising steadily throughout 1994.

Businesses employed 26,000 fewer employees in May, after boosting employment by 61,000 in April. The slowdown in employment growth in 1995 contrasts with substantial increases recorded in 1994. Employment in May remained 29,000 below its December 1994 peak.

(continued on page 4)

... Weekly earnings rise

Almost all of May's employment drop was concentrated in Quebec (-27,000), with the other provinces reporting little change. Quebec's decline offset nearly all its gains during the previous two months, returning employment to the same level as in November 1994. British Columbia is the only province where businesses have registered significant gains since the beginning of the year, with an increase of 25,000 employees.

Employment in manufacturing rose by 4,000 employees to 1,671,000, its highest level since July 1991. The advance was led by the printing and

publishing industries, manufacturers of pulp and paper products, and clothing manufacturers. Despite a drop in February, manufacturing employment has increased by 12,000 since January. Employment fell in construction; accommodation, food and beverage establishments; finance, insurance and real estate; and retail trade. It continued to rise in health and social services, and in wholesale trade.

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

Help-wanted index falls in July

The help-wanted index (1991=100) declined 1% in July to 97. After following an upward trend throughout 1994, the index was stable at 102 between December 1994 and March 1995. From since March, it has decreased 5%.

According to the index, plans to hire new workers have slowed in the second quarter of 1995. This is the result of the recent economic slowdown, and is reflected in the composite index, which fell 0.6% between April and June.

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 portion of all hiring.

Compared with July 1994, the index rose 7% in Ontario, 4% in Quebec and 2% in the Atlantic provinces. It fell 8% in British Columbia and 6% in the Prairie provinces.

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

- Atlantic provinces: up 3% to 99
- Quebec: down 2% to 103
- Ontario: unchanged at 105
- Prairies: unchanged at 89
- British Columbia: down 3% to 76

Manufacturers less pessimistic about production

In July 1995, manufacturers were less pessimistic about production prospects but were much more concerned about unfilled orders than three months earlier. Prospects for higher employment remained dim.

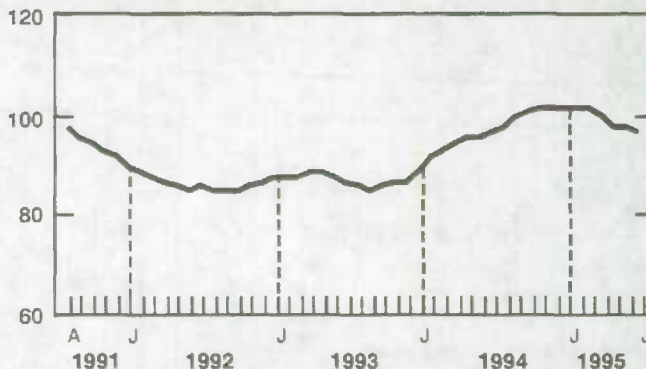
After a disappointing first six months, there are indications that the balance of the year may hold

more promise. Falling interest rates, a housing market that is showing signs of turning around, and a modest rise in retail trade may bode well for many manufacturing sectors. However, uncertainty remains about the extent to which the U.S. economy will continue to drive Canada's export-led recovery of last year.

(continued on page 5)

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.

... Manufacturers less pessimistic about production

Although it remained negative, the balance of opinion about production prospects over the next three months improved for the first time since July 1994. Meanwhile, manufacturing output, as measured by the GDP, increased 1.2% in May after three consecutive monthly declines.

The level of concern with inventories, although high, was unchanged from April after rising in the two previous quarters. This scenario is supported by the Monthly Survey of Manufacturing (MSM), which reported rapidly rising inventories and falling shipments in February, March and April. In May, inventories continued to increase, but at a slower rate, and shipments began to climb.

Business conditions survey

July 1995

	1994		1995		
	July	October	January	April	July
Balance of opinion on:*					
Production	29	24	20	-11	-6
New Orders	32	33	21	3	-9
Unfilled Orders	22	15	6	2	-16
Inventories	-3	-4	-10	-15	-15
Employment	2	6	3	-1	-5

* The balance is the difference between the proportion of positive responses, such as higher volumes of production, and negative responses, such as lower volumes of production.

Note to readers

The Business Conditions Survey is conducted in January, April, July and October. Most responses are recorded in the first two weeks of these months. Results are based on replies from about 5,000 manufacturers and are weighted by a manufacturer's shipments or employment. Consequently, larger manufacturers have a correspondingly larger impact on the results than do smaller manufacturers.

Except for data on production difficulties, all data are seasonally adjusted.

The balance of opinion about the backlog of unfilled orders dropped for the fourth quarter. The corresponding MSM data showed a decline in May following diminishing increases in March and April.

Employment prospects dropped for the third straight quarter. Prior to these declines, employment prospects improved for five quarters in a row.

Concern about shortages of raw materials as a production difficulty was reported by 5% of manufacturers, down 2 percentage points from April. Shortage of working capital was reported to be a problem by 3%, and shortage of skilled labour by 4% of manufacturers. About 80 respondents indicated, in both April and July, that a shortage of orders was a production difficulty. This was double the level of October 1994.

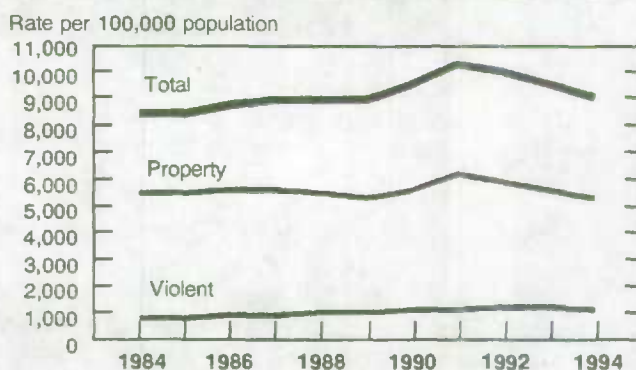
For further information, contact Claude Robillard, Industry Division at (613) 951-3507.

Crime rate continues to drop

In 1994, Canada's crime rate fell for the third straight year. All major categories of violent and property crimes contributed to the 5% decrease, which was felt in most regions and in most major cities. In total, police reported 2.92 million Criminal Code and other federal statute incidents. Over half were property-related, while just over 1 in 10 were violent.

The violent crime rate dropped 3% in 1994, its largest decline since data collection began in 1962. Until 1993, the crime rate had been rising for 15 straight years. Minor assaults (which accounted for 6 in 10 violent crimes) fell slightly in 1994, while all other more serious violent crimes showed larger decreases. There were 596 homicides in 1994, which resulted in a rate of 2.04 homicides per 100,000 population, the lowest rate in 25 years and a drop of 6% from 1993.

Crime rate



(continued on page 6)

... Crime rate continues to drop

Based on a one-third sample of criminal incidents, 4 in 10 violent crimes involved a weapon (8% involved firearms and 10% knives); 7 in 10 victims of violent crimes knew their assailants; and men and women were at equal risk of being victims of violent crime. Women were much more likely to be victims of sexual offences and somewhat more likely to be victims of minor assault. Men were much more likely to be victims of homicide, attempted murder, serious assault and robbery.

The property crime rate fell for the third consecutive year (-6%). The rate of minor thefts (those under \$1,000), which account for almost half of all property crimes, dropped 7%. Breaking and entering, considered the most serious property crime, fell 6%.

The only property crime on the rise in recent years has been motor vehicle theft, the rate of which has increased 61% between 1988 and 1993. Although the national rate levelled off in 1994, different patterns were evident across the country. Saskatchewan, Manitoba and Ontario reported large increases, while Alberta, Newfoundland and Quebec recorded large decreases. Youths (12 to 17 years) accounted for almost 50% of persons accused of this crime.

Youths made up 22% of all persons charged with crimes in 1994. The youth crime rate dropped for the third straight year (-6%), with a 9% decline in property crime and a less than 1% drop in violent crime. From 1986 to 1993, youth violent crime had been increasing at an average annual rate of 12%.

Note to readers

In this article, the term crime rate refers to total police-reported Criminal Code incidents, excluding traffic. For incidents involving multiple offences, only the most serious offence in the incident is counted.

The rate of persons charged with impaired driving decreased 6%, the eleventh consecutive decline. While these numbers may reflect the success of campaigns against drinking and driving, they are also directly affected by levels of police enforcement. The rate of prostitution incidents fell 35%, but this may be more attributable to changes in police enforcement practices than to an actual drop in prostitution. Drug incidents rose 5%, largely due to an 11% jump in cannabis incidents. The rate of all other drug incidents declined in 1994.

Most major cities reported a drop in overall crime rates. Edmonton and Calgary reported large declines for the third straight year. This was due to many factors, including a commitment to community-based policing initiatives.

For further information, order Juristat: Canadian crime statistics, 1994 (catalogue 85-002, vol. 15, no. 12) or contact the Canadian Centre for Justice Statistics at (613) 951-9023.

NEW FROM STATISTICS CANADA

Neighbourhood income and demographics

1993

This week, Statistics Canada released data on age and income for the nation at all levels of postal geography. Produced annually, these unique data are ideal for supporting market analyses and policy decisions.

These data are available by province and territory, as well as for areas as small as letter carrier routes.

For example, the following data on median income are for urban forward sortation areas with at least 500 taxfilers. (Forward sortation areas are geographical areas identified by the first three characters of the postal code.) In 1993, in the Toronto areas, median total income ranged from \$12,100 in M5T to \$35,300 in M4T. In Vancouver V6A had the lowest median income at \$10,100 and V6J had the highest at \$25,300. In Montreal, median total income ranged from \$10,300 in H3N to \$32,900 in H3Y.

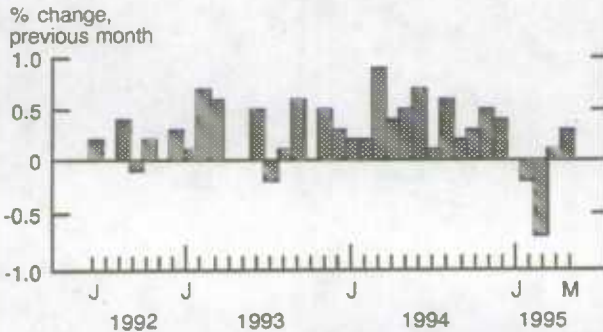
For further information, contact Small Area and Administrative Data Division at (613) 951-9720.

PUBLICATIONS RELEASED FROM JULY 28 TO AUGUST 3, 1995

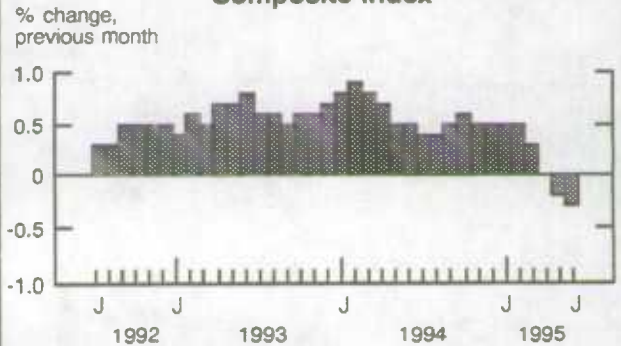
Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
CANADIAN CENTRE FOR JUSTICE STATISTICS					
Juristat: Homicide in Canada	1994, Vol. 15, no. 11	85-002	10/90	12/108	14/126
Juristat: Canadian crime statistics	1994, Vol. 15, no. 12	85-002	10/90	12/108	14/126
EDUCATION, CULTURE AND TOURISM					
Heritage institutions	1992/93	87-207	30	36	42
INDUSTRY					
Coal and coke statistics	May 1995	45-002	11/110	14/132	16/154
Corrugated boxes and wrappers	June 1995	36-004	6/60	8/72	9/84
Electric power statistics	May 1995	57-001	11/110	14/132	16/154
Production and inventories of process cheese and instant milk powder	June 1995	32-024	6/60	8/72	9/84
Quarterly report on enegy supply-demand in Canada	4 th quarter, 1994	57-003	41/136	50/164	58/191
Rigid insulating board	June 1995	36-002	6/60	8/72	9/84
The sugar situation	June 1995	32-013	6/60	8/72	9/84
Wholesale trade	April 1995	63-008	18/180	22/216	26/252
INVESTMENT AND CAPITAL STOCK					
Building permits	1994 annual summary	64-203	60	72	84
Private and public investment in Canada, revised intentions	1995	61-2060XMB	35	42	49
microfiche version	1995	61-2060XPB	42	51	59
paper version					
PRICES					
The consumer price index reference paper	update based on 1992 expenditures	62-553	45	54	63
SERVICES, SCIENCE AND TECHNOLOGY					
Telephone statistics	May 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Aviation	Vol. 27, no. 7	51-004	11/105	13/126	15/147

CURRENT TRENDS

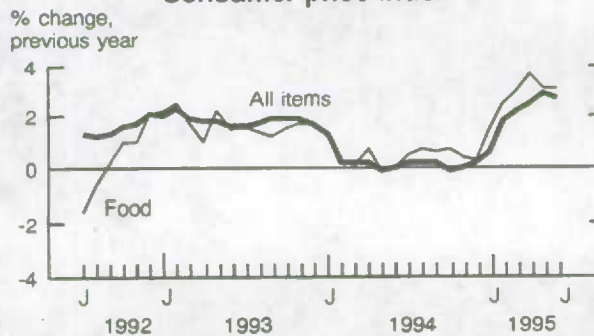
Gross domestic product



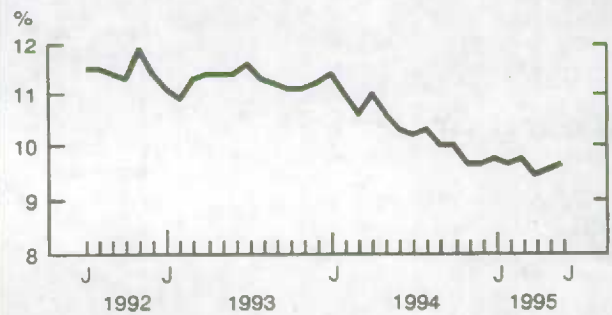
Composite index



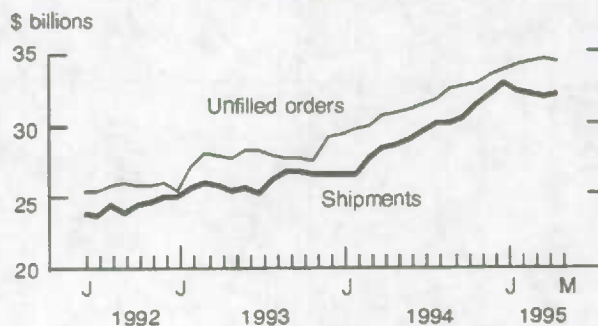
Consumer price index



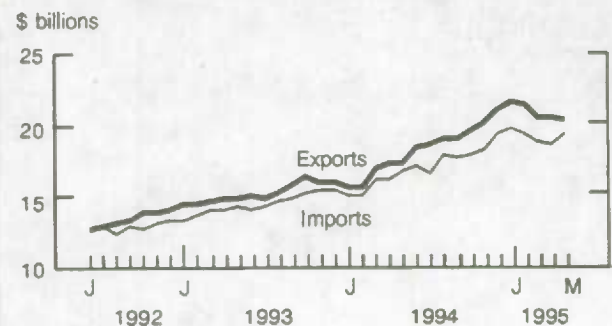
Unemployment rate



Manufacturing



Merchandise trade



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)	May*	542.8	0.3%	2.4%
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 (\$)	May*	570.87	0.4%	0.9%
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

I·N·F·O·M·A·T

A weekly review

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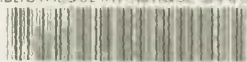
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