



Infomat

A Weekly Review

Friday, September 1, 1995

OVERVIEW

■ GDP edges down in June

Economic activity slipped slightly in June, after holding steady in April and rising in May.

■ Substantial increase in average weekly earnings

In June, employees' average weekly earnings rose for the second straight month, offsetting drops in March and April.

■ U.I. benefit payments continue to drop

During the first half of 1995, Canadians received \$7.8 billion in unemployment insurance benefits, the lowest amount paid since 1990.

■ Industrial prices down in July

In July, industrial prices fell 0.1% from the month before. Meanwhile, the year-over-year increase slowed for a fourth consecutive month.

■ Crude oil leads drop in raw material prices

In July, falling crude oil prices pulled raw material prices down 1.5%.

■ Corporate profits little changed

In the second quarter of 1995, corporate profits totalled \$23.5 billion, virtually unchanged from the previous two quarters.

GDP edges down in June

After stabilizing in April and rising in May, economic activity edged down in June. Gross domestic product at factor cost slipped 0.1%, its fourth monthly decline this year. As a result, second-quarter production was the worst since the first quarter of 1991, reflecting substantial cutbacks in manufacturing and construction.

A 1.3% slump in manufacturing more than offset May's 1.0% gain. Production declined substantially for electrical and electronic goods (radios and televisions, and major appliances,) and household furniture. In addition, the primary metal, motor vehicle, and chemical and transportation industries also saw their output reduced. Only 3 of 21 major manufacturing industries increased production, led by a 1.1% gain by machinery manufacturers.

Inventories of finished goods edged down in June after accumulating for several months. Declines were most significant in transportation equipment, fabricated metal, paper, and refined petroleum products. Stocks continued to rise in primary metals, machinery, and sawmill industries. At the same time as inventories

(continued on page 2)

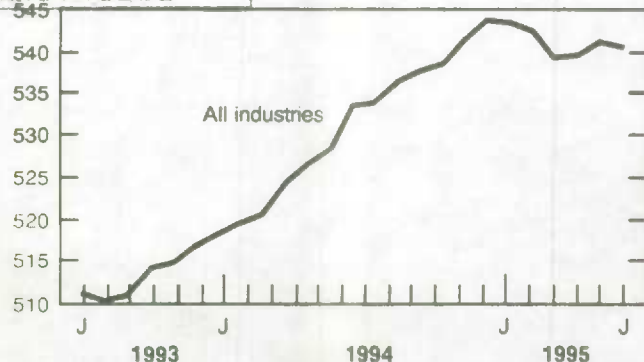
STATISTICS
CANADA

STATISTIQUE
CANADA

SEP 1 1995

Gross domestic product

LIBRARY
BIBLIOTHEQUE
\$ billions



... GDP edges down in June

remained high in many industries, the backlog of unfilled orders continued to trend down. This has raised concern among some manufacturers, and points to sluggish growth over the next few months.

Wholesalers' sales fell 0.3%, the fourth decline since January. Sales of food, drugs, alcohol and tobacco, and machinery and equipment fell the most. Retail sales rose for a second straight month in June (0.8%), the first time this has happened since October 1994. Sales of automotive products contributed most to the gain, although they remained well below their year-earlier level.

Output in the finance group advanced 0.5%, led by a strong gain in real estate activity. Housing resales jumped for a second consecutive month. Mortgage rates and housing prices seem to have dropped low enough to entice some buyers back to the housing resale market.

Construction activity was unchanged in June. Lower mortgage rates have not yet translated into

Note to readers

GDP (at factor cost) 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.

more homebuilding, which was down a further 0.9% in June. This was a much smaller decline than those in the previous three months.

Mining output was also unchanged, as increased drilling activity and higher output by metal mines contrasted with declines in output by gold, iron and coal mines, natural gas production and sales to electric utilities.

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.)

Substantial increase in average weekly earnings

Average weekly earnings rose a substantial 0.6% in June to \$573.72, offsetting declines in March and April. Earnings increased in all industry groups except logging and forestry, education, and public administration; the largest increases were recorded in accomodation, food and beverage services, mining, quarrying and oil wells, business services, and construction.

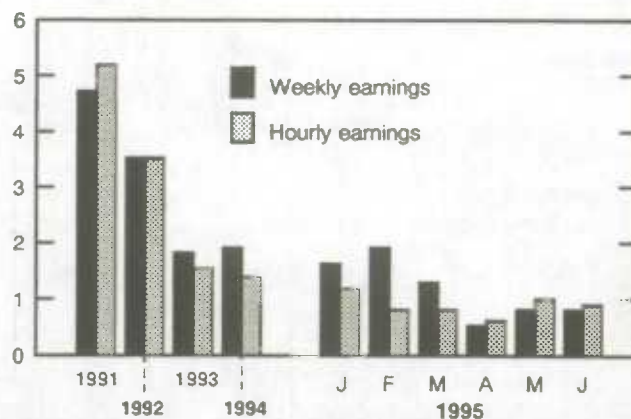
Average weekly earnings, June 1995

Seasonally adjusted

Province/Territory	Industrial aggregate (\$)	% change, previous month	% change, previous year
Canada	573.72	0.6	0.9
Newfoundland	532.34	-1.3	-0.4
Prince Edward Island	476.60	3.6	5.0
Nova Scotia	494.15	2.6	-1.0
New Brunswick	511.25	1.0	3.2
Quebec	552.02	2.4	0.9
Ontario	607.83	0.6	0.4
Manitoba	506.97	0.8	1.1
Saskatchewan	491.07	0.9	0.4
Alberta	557.27	-0.2	0.4
British Columbia	598.13	0.7	3.4
Yukon	646.01	1.1	-3.3
Northwest Territories	712.82	1.5	0.1

Weekly and hourly earnings

% change, previous year



Earnings rose for employees paid by the hour (0.7%) and for salaried employees (0.6%), and were unchanged for commissioned agents and working owners.

Employment was virtually unchanged in June, following gains of 93,000 between March and May. Despite the monthly fluctuations since January, the number of employees in June was 7,000 higher than in December 1994.

(continued on page 3)

... Substantial increase in average weekly earnings

Employment fell slightly or was little changed in all provinces except Ontario, where employment rose by 34,000, and Quebec, where employment fell for the second straight month.

After rising for three straight months, employment in manufacturing fell by 4,000 in June. The decline occurred throughout most provinces, and mainly among manufacturers of textiles, clothing, furniture and fixtures, and transportation equipment. Employment in this industry has increased by only 7,000 since January.

While the average number of weekly hours worked rose slightly for manufacturing employees in June, the trend for the past year has been one of

gradual decline. This was particularly evident in the automotive industry, where the average has fallen from 43.1 to 40.4 hours, partly because of a drop in overtime hours.

Construction employment was unchanged, although recent indicators (building permits and new housing starts) suggest a declining trend in the coming months. Employment also fell in wholesale trade (the first decline since February 1994), retail trade and public administration. Employment rose in business services and in educational services.

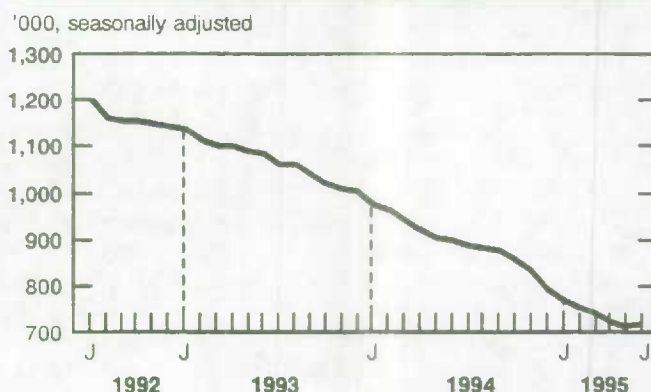
For further information, order Employment, earnings and hours (catalogue 72-002) or contact Stephen Johnson, Labour Division at (613) 951-4090.

U.I. benefit payments continue to drop

During the first half of 1995, Canadians received \$7.8 billion (unadjusted) in regular and special unemployment insurance benefits, down 15.0% from the year-earlier period. This was the lowest amount paid for the January to June period since 1990.

The decline resulted from a 16.5% drop in the average number of beneficiaries and a reduction in the benefit rate (as of July 1994) from 57% to 55% of insurable earnings for the majority of new claimants.

Number of beneficiaries receiving regular benefits



U.I. beneficiaries receiving regular benefits, June 1995

Seasonally adjusted

Province/territory	Total ('000)	% change, previous month	% change, previous year
Canada	716	0.5	-20.5
Newfoundland	37	-2.0	-29.6
Prince Edward Island	10	0.2	-18.3
Nova Scotia	37	-0.7	-24.0
New Brunswick	41	-2.0	-21.6
Quebec	248	0.5	-17.3
Ontario	181	2.5	-19.8
Manitoba	19	-0.2	-16.0
Saskatchewan	15	-0.9	-24.8
Alberta	50	-0.4	-22.6
British Columbia	76	0.0	-22.7
Yukon	1	6.7	-21.6
Northwest Territories	1	1.6	-10.8

In June, Canadians collected \$951.8 million in benefits, down 19.4% from June 1994. Comparing the same month in previous years, this was the lowest level since June 1990, when \$918.9 million was paid.

Between May and June, the number of Canadians receiving regular U.I. benefits rose 0.5% to 716,000. This increase – the first since October 1992 – is in line with the trend for claims received, which has been climbing since mid-1994. Both agree with indications of an economic slowdown. Between April and June, the composite leading indicator fell 0.6% and the unemployment rate rose by 0.1 percentage points.

(continued on page 4)

... U.I. benefit payments continue to drop

Regionally, the number of beneficiaries receiving regular benefits rose in five provinces, most notably the Yukon, Ontario and the Northwest Territories. All regions recorded year-over-year decreases.

In June, 265,000 people filed claims for U.I., up 2.1% from May. In the first half of 1995, 1,412,000 people (unadjusted) filed claims for benefits, up 1.8% from the same period the year before.

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

Note to readers

The majority who collect unemployment insurance benefits receive regular benefits (75.7% in June). 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.

Industrial prices down in July

Lower prices for petroleum products and ethylene, changes in buyer incentive programs for cars and vans, and a higher Canadian dollar pushed industrial prices down 0.1% between June and July. The 12-month change in industrial prices slowed to 7.8%. Since peaking at 10.3% in January, it has slowed every month with the exception of March.

The monthly decline was partly offset by higher prices for softwood lumber (5.1%), pulp (1.8%) and newsprint (1.9%). Much of the rise in softwood lumber prices was due to higher prices for spruce, pine and fir in Central Canada and on the Prairies. Continued newsprint price increases are expected. North American daily newspapers, however, have noticeably reduced their consumption of newsprint since 1994 and demand in Southeast Asia is reported to be slowing.

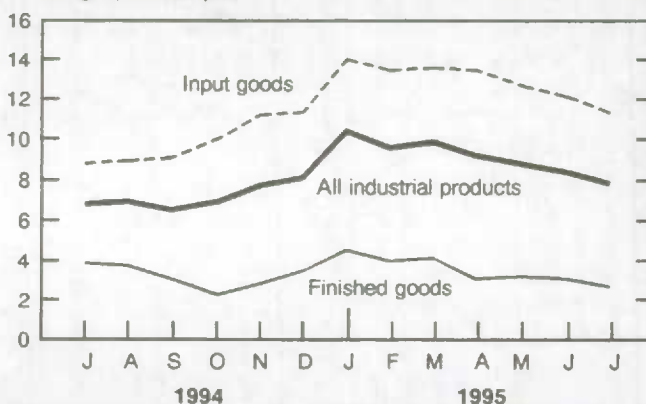
The higher Canadian dollar affected exporters of motor vehicles, lumber, pulp, paper, and non-ferrous primary metal products. If the effect of the Canadian dollar's rise was excluded, the monthly change in industrial prices would have been just under 0.2%.

More attractive buyer incentives lowered automobile prices in Canada and the United States. Petroleum product prices followed the downward trend in crude oil prices which began in May. Chemical and chemical product prices fell 3.5%.

The 12-month increase in Canadian industrial prices fell to second place among the G-7 nations, although it remains over three percentage points higher than third-place United Kingdom. Canada's position is the result of exchange rate movements, the relatively large role of non-ferrous metals and paper and allied products in the Canadian economy, and relatively low wage and consumer price inflation.

Industrial product prices

% change, previous year



Note to readers

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

Since Canadian export producers often quote their prices in foreign currencies, changes in the exchange rate 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%.

(continued on page 5)

... Industrial prices down in July

The 12-month increase in goods prices paid by consumers fell from 2.6% in June to 2.2% in July. The corresponding change in prices received by manufacturers of consumer goods fell from about 3% to under 2.5%. 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.

Crude oil leads drop in raw material prices

In July, crude oil prices fell more than 7%, pulling raw material prices down 1.5%. Excluding mineral fuels, prices would have edged up 0.4%. The 12-month change in raw material prices fell to 4.2%, continuing the decline since January when the corresponding increase was 18.4%. Lower crude oil prices were slightly offset by higher prices for vegetables, animals and animal products, and non-ferrous metals.

Crude oil prices fell almost 15% from April. The recent decline appears to be caused by current crude oil surpluses that should extend into the near future.

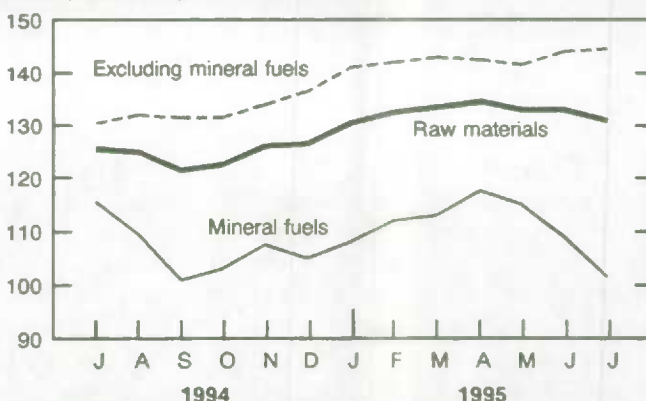
Between July 1994 and July 1995, higher prices for grains, raw tobacco, rubber and cotton led the 14% increase in vegetable product prices. Most grain prices rose in July due to tight world supplies and poor growing and harvesting conditions. Wheat prices, up 8% from June, rose almost 46% from the year before. Cotton prices, rising since early 1994, edged down in July and are expected to fall further because a huge harvest is expected.

Hog prices rose more than 11% from June, as demand and production costs overshadowed downward price expectations due to the large number of available animals. Cattle prices fell almost 5%.

Wood prices have levelled off since May. Demand for pulpwood, which had been maintaining wood prices since May, may soften in the coming months, the result of lower demand for newsprint by Southeast Asia and more efficient use of newsprint by North American newspapers. Demand for lumber has shown signs of recovery due to minor changes in housing starts. Residential construction in the United States and Canada, however, remains weak.

Raw material prices

Index (1986 = 100)



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.

Non-ferrous metal prices edged upwards in July. Nickel prices, however, rose more than 10% as global demand for stainless steel has led to the replenishment of nickel inventories. After falling almost 13% between January and May, copper prices rose 12% in June and July. Aluminum prices fell almost 18% from January.

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

Corporate profits little changed

In the second quarter of 1995, corporate profits totalled \$23.5 billion, virtually unchanged from the previous two quarters.

Operating profits of non-financial corporations fell 3.0%, as 15 of 22 industries posted declines. The slide came on the heels of a slight profit increase in the first quarter, following two years of robust growth. It was led by the real estate (-\$0.5 billion) and the consumer goods and services industries. The latter's 40% decline resulted from a \$2.0 billion drop in operating revenue. Profits also fell in the non-ferrous metal and motor vehicles and accessories industries.

The wood and paper industry continued its dramatic three-year recovery, as profits rose \$0.4 billion to \$2.7 billion. The petroleum and natural gas industry continued to recover as profits rose \$0.3 billion to \$3.2 billion due to increased production and higher oil prices.

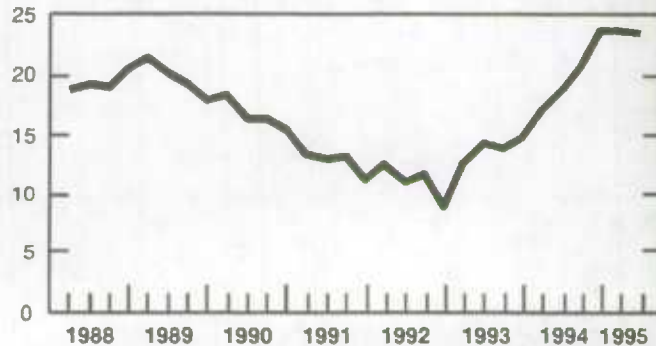
Following a lull in the first quarter, financial industries posted a 10.2% increase in profits. Chartered banks and life insurers registered the largest gains.

Return on equity slipped almost a full percentage point to 7.62%, the first decline in this profitability indicator in nearly two years. In 1988, it reached 14% before sliding into negative levels during the economic downturn of 1991 and 1992.

Profit margins remained virtually unchanged at 6.6% despite a \$7 billion drop in revenue. Both the debt-to-equity and the working capital ratios improved slightly.

Operating profits

\$ billions, seasonally adjusted



Note to readers

Operating profits exclude capital gains or expense deductions for income taxes, interest on borrowing and asset write-offs. Investment income is excluded from the operating profits of non-financial industries, but is included in the operating profits of financial industries.

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

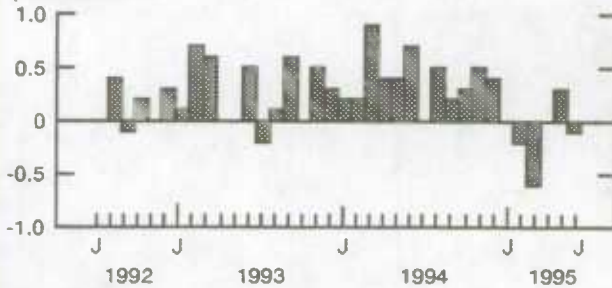
PUBLICATIONS RELEASED FROM AUGUST 25 TO 31, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
				US\$	
AGRICULTURE					
Cereals and oilseeds review	June 1995	22-007	15/144	18/173	21/202
Farm cash receipts and farm product price index	Jan.-June 1995	21-001	19/62	23/75	27/87
BALANCE OF PAYMENTS					
Canada's international transactions in securities	June 1995	67-002	17/170	21/204	24/238
INDUSTRY					
Canned and frozen fruits and vegetables	June 1995	32-011	6/60	8/72	9/84
Construction type plywood	June 1995	35-001	6/60	8/72	9/84
Corrugated boxes and wrappers	July 1995	36-004	6/60	8/72	9/84
Crude petroleum and natural gas production	May 1995	26-006	18/180	22/216	26/252
Department store sales and stocks	May 1995	63-002	16/160	20/192	23/224
Mineral wool including fibrous glass insulation	July 1995	44-004	6/60	8/72	9/84
New motor vehicle sales	June 1995	63-007	16/160	20/192	23/224
Production and stocks of tea, coffee and cocoa	2 nd quarter 1995	32-025	10/32	12/39	14/45
Production, shipments and stocks on hand of sawmills in British Columbia	June 1995	35-003	8/80	10/96	12/112
The sugar situation	July 1995	32-013	6/60	8/72	9/84
INTERNATIONAL TRADE					
Imports by commodity	June 1995	65-0070XMB	35/350	42/420	49/490
microfiche version	June 1995	65-0070XPB	75/750	90/900	105/1,050
paper version					
SERVICES, SCIENCE AND TECHNOLOGY					
Telephone statistics	June 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Railway carloadings	June 1995	52-001	10/100	12/120	14/140

CURRENT TRENDS

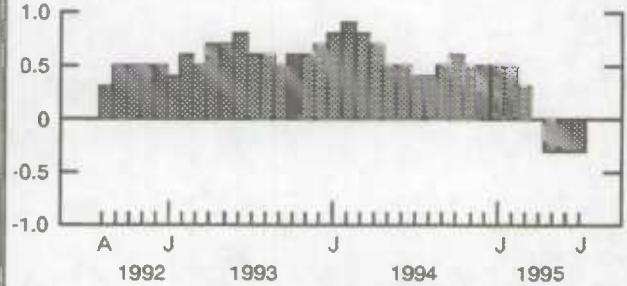
Gross domestic product

% change,
previous month



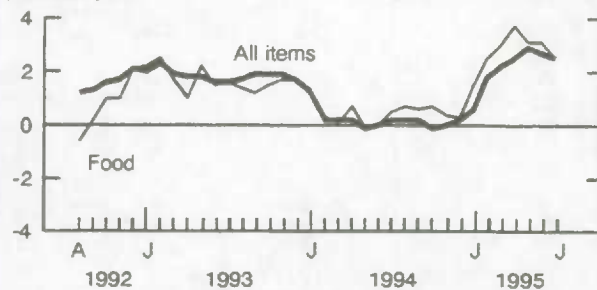
Composite index

% change,
previous month



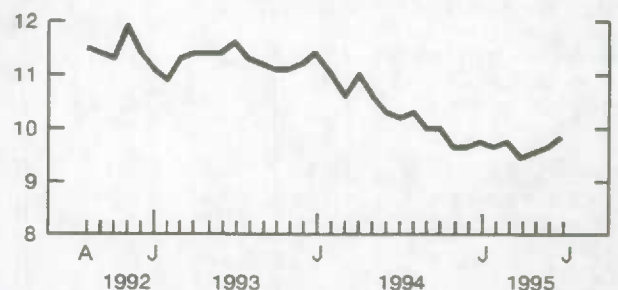
Consumer price index

% change,
previous year



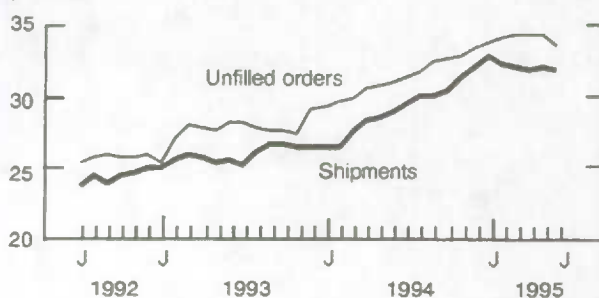
Unemployment rate

%



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)	June*	540.6	-0.1%	1.3%
Composite index (1981 = 100)	July	172.0	-0.3%	2.9%
Operating profits of enterprises (\$ billion)	2nd quarter	23.5	-0.7%	25.1%
DOMESTIC DEMAND				
Retail trade (\$ billion)	June	17.8	0.6%	2.4%
New motor vehicle sales ('000 units)	June	97.9	3.6%	-9.5%
LABOUR				
Employment (millions)	July	13.5	-0.1%	1.2%
Unemployment rate (%)	July	9.8	0.2 [†]	-0.4 [†]
Participation rate (%)	July	64.9	0.0 [†]	-0.4 [†]
Labour income (\$ billion)	May	34.5	0.0%	2.9%
Average weekly earnings (\$)	June*	573.72	0.6%	0.9%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	June	20.6	0.9%	12.4%
Merchandise imports (\$ billion)	June	18.7	-2.1%	9.8%
Merchandise trade balance (all figures in \$ billion)	June	1.9	0.6	0.6
MANUFACTURING				
Shipments (\$ billion)	June	32.0	-0.4%	10.4%
New orders (\$ billion)	June	31.4	-1.9%	7.7%
Unfilled orders (\$ billion)	June	33.8	-1.8%	8.9%
Inventory/ shipments ratio	June	1.38	0.01	0.07
Capacity utilization (%)	1st quarter	84.8	0.0 [†]	4.3 [†]
PRICES				
Consumer price index (1986 = 100)	July	134.0	0.2%	2.5%
Industrial product price index (1986 = 100)	July*	128.9	-0.1%	7.8%
Raw materials price index (1986 = 100)	July*	130.7	-1.5%	4.2%
New housing price index (1986 = 100)	June	134.5	-0.3%	-1.2%

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

Published by the Communications Division, Statistics Canada,
10-N, R.H. Coats Bldg., Ottawa, Ontario, K1A 0T6.

Editor: Anna Kemeny (613) 951-1197

Head of Official Release: Jacques Lefebvre (613) 951-1088

Catalogue: 11-002E. Price: Canada: \$4.00 per issue, \$140.00
per year; United States: US\$5.00 per issue, US\$168.00 per year;
Other Countries: US\$5.00 per issue, US\$196.00. Canadian
customers please add 7% GST.

To subscribe: send money order or cheque payable to the
Receiver General for Canada/Publication Sales, Statistics
Canada, Ottawa, Ontario K1A 0T6. To order by telephone dial:
1-800-267-6677 from Canada and the United States or (613)
951-7277 from all other countries.

Published by authority of the Minister responsible for Statistics
Canada. © Minister of Industry, 1995. All rights reserved. No part
of this publication may be reproduced, stored in a retrieval system
or transmitted in any form or by any means, electronic,
mechanical, photocopying, recording or otherwise without prior
written permission from Licence Services, Marketing Division,
Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

The paper used in this publication meets the minimum
requirements of American National Standard for Information
Sciences - Permanence of Paper for Printed Library Materials,
ANSI Z39.48 - 1984.



STATISTICS CANADA LIBRARY
BIBLIOTHÈQUE STATISTIQUE CANADA



1010196672