



Infomat

A Weekly Review

Friday, November 3, 1995

OVERVIEW

■ Economy picks up in August

Economic activity grew for a second straight month in August, after a weak second quarter.

■ Weekly earnings advance

Employees' average weekly earnings increased in August, more than offsetting July's decline.

■ Help-wanted index continues to decline

The help-wanted index continued to decline in October. Decreases occurred in all regions except the Atlantic provinces.

■ Raw material prices fall

Wood and non-ferrous metals pushed down raw material prices in September.

■ Newsprint leads increase in industrial prices

Higher newsprint prices were the major cause of September's increase in industrial prices.

■ More homeowners renovate on their own

More homeowners renovated their homes without hired help in 1994. They spent more on materials and less on contractors.

Economy picks up in August 3 1995

Economic activity stepped up for a second straight month in August after a weak second quarter. Gross domestic product at factor cost rose 0.3% following a 0.1% gain in July. Output dropped an average 0.1% a month in the first six months of the year. Improvements in wholesale and retail trade and more construction activity on non-residential buildings spurred the advance. In July and August, production was on average 0.3% higher than in the second quarter. Labour market conditions also improved, as employment rose 0.1% in the third quarter.

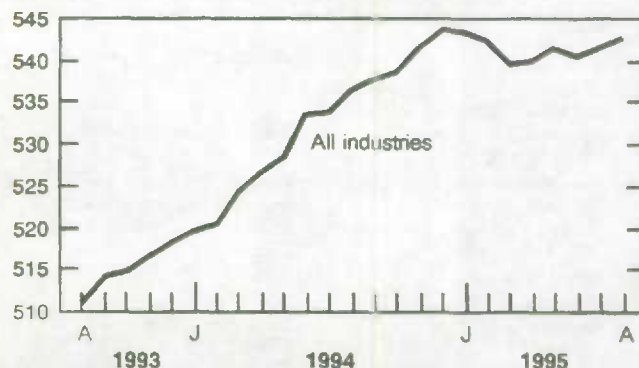
Wholesalers enjoyed a 1.2% gain in sales, enough to offset losses in June and July. Higher sales of machinery and equipment were responsible for about 60% of the increase, as purchases of industrial machinery as well as computers and software rose. Sales of lumber and building materials also picked up. Grain merchants were the only wholesalers to record lower sales.

Retail sales rose 0.7% following a pause in July. August's advance mainly reflected higher purchases of automotive products. After weakening earlier this year, motor vehicle dealers' sales returned to last December's level as the number of new vehicles sold jumped almost 10% in August.

(continued on page 2)

Gross domestic product

\$ billions



... Economy picks up in August

Furniture and appliance stores also contributed to the overall gain as production of household furniture increased, while output of major appliances stabilized. Sales by clothing retailers remained sluggish.

Manufacturing production rose 0.4% in August, the first time since January that output increased for two consecutive months. The advance was concentrated in transportation equipment (2.8%) and electrical and electronic products (2.7%). Excluding these industries, production slipped 0.5% as it fell in 12 of the 21 major industry groups.

In construction, the 0.8% advance was the first since last December. Activity on non-residential projects rose 2.8%, its third consecutive gain. Home-building fell marginally, while sales of new homes increased sharply. The number of residential building permits issued continued to rise, another encouraging sign for this beleaguered industry.

Note to readers

The gross domestic product (GDP) of an industry is the value added by labour and capital in transforming inputs purchased from other industries into output.

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

Production in mining increased 0.4% after a similar gain in July. The finance sector's output was flat with real estate activities rising and brokerage activities falling sharply.

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

Weekly earnings advance

Employees' average weekly earnings rose 0.9% between July and August to \$574.48, more than offsetting the preceding month's decline. Earnings rose substantially for employees in logging and forestry; durable goods manufacturing; and finance, insurance and real estate. Commissioned agents and working owners registered a 2.0% increase in their weekly earnings, while salaried employees recorded a 1.0% rise. Between August 1994 and August 1995, only public administration and health and social services posted declines.

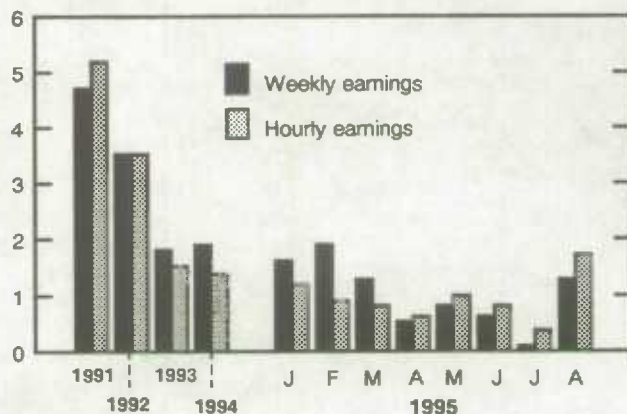
Average weekly earnings, August 1995

Seasonally adjusted

Province/Territory	Industrial aggregate (\$)	%change, previous month	%change, previous year
Canada	574.48	0.9	1.3
Newfoundland	533.87	1.4	2.1
Prince Edward Island	468.74	1.0	5.9
Nova Scotia	489.01	0.3	-0.7
New Brunswick	508.32	0.3	2.1
Quebec	545.18	0.4	0.5
Ontario	611.46	1.2	1.1
Manitoba	505.29	0.0	1.8
Saskatchewan	495.70	0.3	1.1
Alberta	552.89	0.1	-0.3
British Columbia	600.84	1.0	3.7
Yukon	672.57	2.1	-2.5
Northwest Territories	717.57	-0.5	1.5

Weekly and hourly earnings

% change, previous year



The number of people employed by businesses was virtually unchanged in August at 10,652,000, following a drop of 43,000 in July. Despite monthly fluctuations since the beginning of the year, the number of employees in August was 47,000 higher than in January 1995. Employment stayed unchanged in manufacturing and increased in wholesale trade, where it coincided with the first rise in sales in six months.

In public administration, the declining trend in employment has accelerated since the start of the year. Since January, employment has dropped by 21,000. Staff reductions continued in August in federal public administration, with a loss of 2,000 employees.

(continued on page 3)

... Weekly earnings advance

In recent years, employers in health and social services as well as business services have contributed significantly to employment growth in the economy. In August, both reduced employment (-5,000 in health and social services and -4,000 in business services). The number of employees in finance, insurance and real estate grew slightly in August, for a total gain of 15,000 since June. These recent gains are contrary to the long-term trend of a slow but steady decline in employment in this industry.

Help-wanted index continues to decline

The help-wanted index (1991=100) continued to decline in October to stand at 91. After gaining 15% in 1994, the index stalled at 102 between November 1994 and March 1995. Since then, it has declined 11%. The recent drop in the number of help-wanted ads may be partly explained by the persistent weakness of manufacturers' unfilled orders and by the build-up of inventories.

The index is compiled from help-wanted ads published in 22 newspapers in 20 major metropolitan areas. In these labour markets, it 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.

Between September and October, the index increased 3% in the Atlantic provinces. This rise was more than offset by decreases of 3% in Ontario, 2% in Quebec and the Prairies, and 1% in British Columbia. All regional indexes peaked in early 1995 and have been on a decline since.

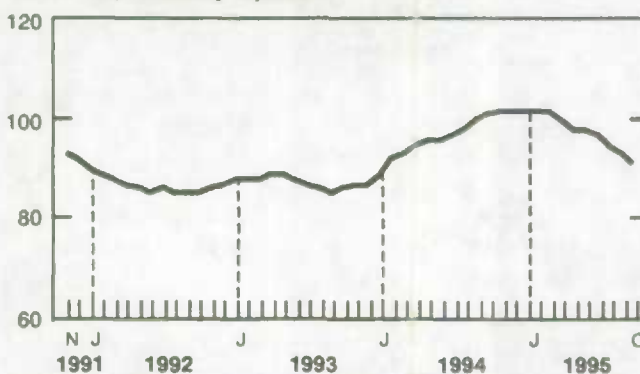
Compared with October 1994, the index dropped in all regions: 2% in the Atlantic provinces, 5% in Quebec, 6% in Ontario, and 14% in the Prairies and British Columbia.

Provincially, an increase of 15,000 employees in Ontario was offset by marginal declines in most of the remaining provinces. The gain in Ontario was led by manufacturers of durable goods where employment increased by 13,000.

For further information, order Employment, earnings and hours (catalogue 72-002) or contact Stephen Johnson, Labour Division at (613) 951-4090 or on the Internet at philpat@statcan.ca.

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.

Raw material prices fall

Raw material prices fell 1.5% in September, as lower prices for wood (-7%) and non-ferrous metals (-3%) were partly offset by higher crude oil prices (1.1%). Excluding mineral fuels, raw material prices declined 2.5%. On an annual basis, raw material prices were 5.7% higher in September than a year earlier. The increase halted a long decline in the annual rate, which started in January.

Wood prices dropped almost 13% between July and September to stand near their year-earlier levels. Pulp prices rose only marginally in August and September due to a glut of pulp logs on the

Note to readers

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

market. In the near future, wood prices will probably remain stable or weaken further until either this excess supply comes to market or the demand for lumber picks up.

(continued on page 4)

... Raw material prices fall

Crude oil prices rose 1.1%, as hurricanes caused havoc at refineries in the Caribbean, particularly at Hess, the world's largest refinery. However, large world production of crude oil, along with the sale of 38 million barrels from the U.S. Strategic Petroleum Reserve (over five years) and the eventual return of Iraq to the market may depress prices in the long run. Even though natural gas prices have fallen almost 12% since September 1994, Canada was able to increase its share of the U.S. market to almost 14%.

Wheat prices rose almost 8% because reserves are at their lowest levels in 20 years and export demand is strong. Compared with September 1994, wheat prices were up 34%. All signs appear to point

to stable or rising wheat prices in the near future. Vegetable prices rose almost 1% as higher prices for grains and rubber were partly offset by lower prices for coffee, sugar and oilseeds.

Animal and animal product prices fell less than 1% from August. Prices rose almost 7% from September 1994, as higher prices for hogs, unprocessed milk and fish were partly offset by lower cattle prices.

Lower prices for copper, aluminum and nickel were the major contributors to the decline in non-ferrous metal prices.

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

Newsprint leads increase in industrial prices

Higher newsprint prices were the major factor behind September's 0.4% increase in industrial prices. About 20% of the advance resulted from a rise in the U.S. dollar. The 12-month change in industrial prices rose to 7.6%, ending a five-month decline. Most of this increase, however, was due to exchange rate movements.

September's increase in industrial prices was due mostly to higher newsprint (7.4%), softwood lumber (2.9%), and gasoline and fuel oil (2.8%) prices. Newsprint producers continued to operate at full capacity, so strong demand was fuelling price increases. Higher softwood lumber prices reflected the rise in U.S. residential construction that began in May. Prices of the major non-ferrous metal products as well as chemicals fell.

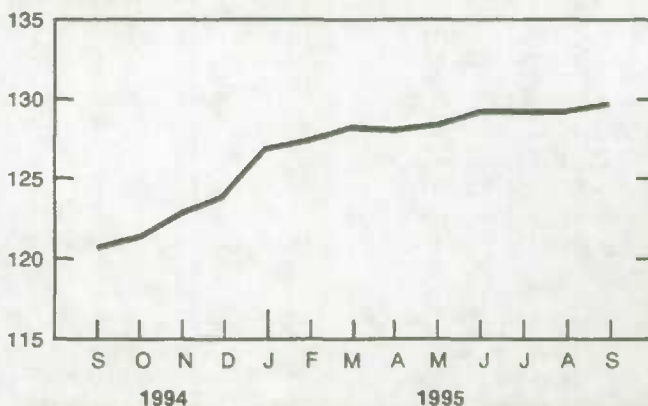
The decline of the Canadian dollar against the U.S. dollar affected exporters of motor vehicles, lumber, pulp, paper and non-ferrous metal products. If the effect of the Canadian dollar's fall were excluded, the monthly increase in industrial prices would have been a little over 0.3%.

In September, the 12-month change in the prices of goods increased for both consumers (1.6% to 1.9%) and manufacturers (from just under 2.5% to just under 3%). About half of what the consumer pays goes to manufacturers.

Although in August exports rose noticeably in most sectors, only forestry product manufacturers posted price increases in September. Domestically, the construction industry has been showing signs of improvement, and automobile shipments have risen as new models rolled off production lines. Internationally, industrial production has been increasing in the United States and Japan. If these trends continue, Canadian industrial prices may rise more in October than they did in September.

Industrial prices

Index (1986 = 100)



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) 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% change in the value of the Canadian dollar against the U.S. dollar changes the IPPI by about 0.2%.

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

More homeowners renovate on their own

More homeowners renovated their homes without hired help in 1994. They spent more on materials to do their own repairs and renovations, and less on contractors. Although spending on contractors still amounted to almost \$8.0 billion, that was 7.8% below the value of contracted work in 1993. By contrast, the value of materials that homeowners bought to do their own repairs and renovations climbed 16.6% to \$4.8 billion.

Overall, even though Canadians spent \$12.8 billion fixing up their homes, 1994 was the second consecutive year in which the renovation market remained stagnant. Spending in 1994 was only marginally higher (0.2%) than in 1993 and far below the pre-recession peak of \$13.8 billion in 1989.

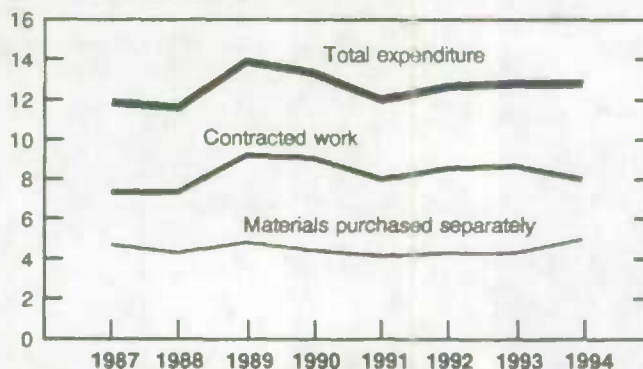
The new concept of warehouse-type renovation stores may have helped strengthen the do-it-yourself trend, as homeowners have gained more access to supplies and consumer-oriented services. The average expenditure on separately purchased materials was up at least 9% in all provinces except Manitoba, where it dropped 3.5%.

Homeowners' reluctance to make major expenditures may have contributed to an 11.9% decline on renovations and alterations, such as remodelling rooms and adding or replacing doors and windows. On the other hand, they spent 15.6% more on additions. This may reflect the fact that homeowners often choose to add a new room instead of buying a new house.

The 7.1 million homeowners in Canada spent an average \$1,799 fixing and upgrading their homes, down 2.7% from 1993. Those in Newfoundland, who did most of their work themselves, spent the most at

Homeowners' expenditure on repairs and renovations

\$ billions (current dollars)



Note to readers

The Homeowner Repair and Renovation Survey collected data from a sample of about 21,000 homeowners. The phrase "repairs and renovations" represents all types of work that improve or maintain a house.

\$1,977, followed by homeowners in Ontario (\$1,929) British Columbia (\$1,927) and Quebec (\$1,794). Ontario's homeowners relied the most on hired help. They spent an average \$1,333 on contracted work, by far the largest provincial average.

For further information, contact the Data Dissemination Unit at (613) 951-4633 or via the Internet: nevrau@statcan.ca).

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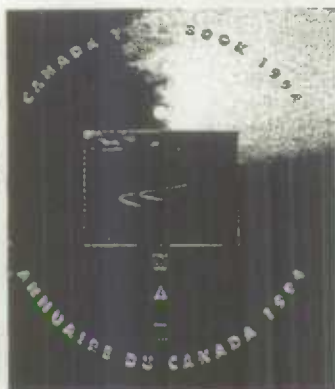
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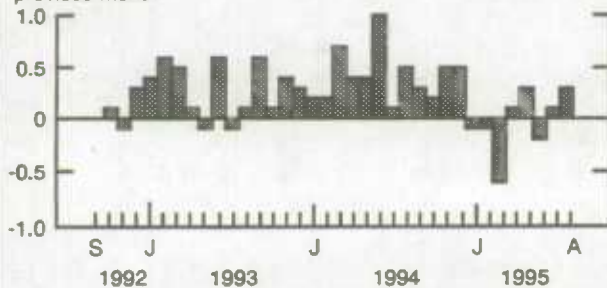
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The Canada Year Book, 1994 (*catalogue 11-4020XCB, \$64.95*) is now available. For further information, contact Diane Leblanc, Communications Division at (613) 951-1182.

CURRENT TRENDS

Gross domestic product

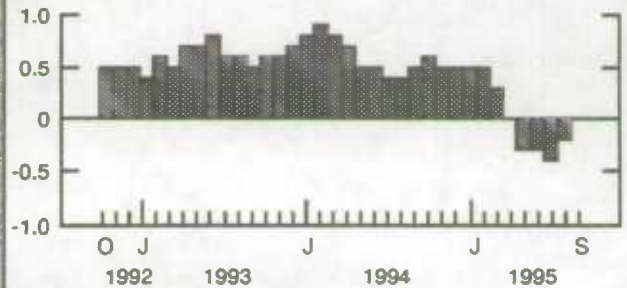
% change,
previous month



Real gross domestic product rose 0.3% in August.

Composite index

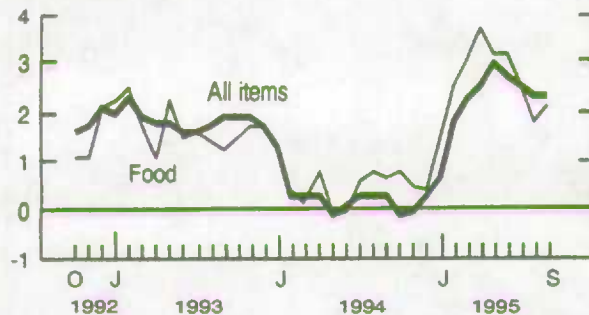
% change,
previous month



In September 1995, the composite index was unchanged from the month before.

Consumer price index

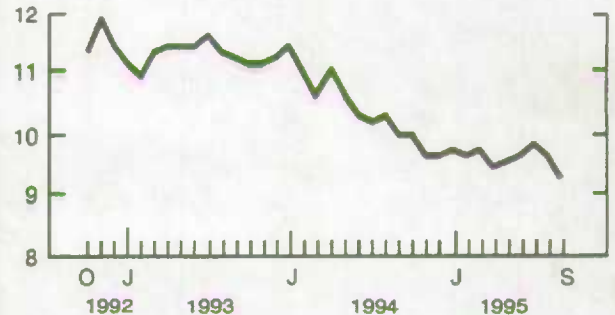
% change,
previous year



Consumers paid 2.3% more for good and services in September 1995 than the year before. Food prices rose by 2.1%.

Unemployment rate

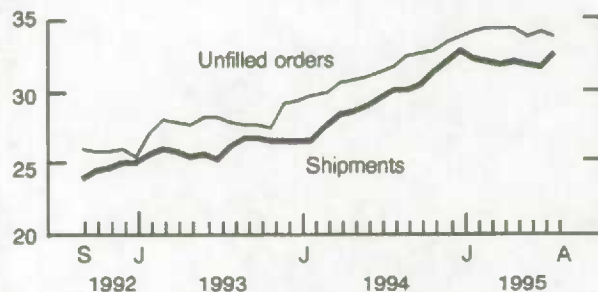
%



In September, the unemployment rate fell 0.4 percentage points to 9.2%.

Manufacturing

\$ billions



Manufacturers' shipments rose 2.9% in August to \$32.7 billion. The level of unfilled orders fell 1.2% to \$33.9 billion.

Merchandise trade

\$ billions



The value of merchandise exports surged 9.6% in August, to \$21.3 billion. Imports were up 3.5% to \$18.7 billion.

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)	August*	542.8	0.3%	1.2%
Composite index (1981 = 100)	September	171.6	0.0%	1.7%
Operating profits of enterprises (\$ billion)	2 nd quarter	23.5	-0.7%	25.1%
DOMESTIC DEMAND				
Retail trade (\$ billion)	August	17.8	0.6%	3.1%
New motor vehicle sales ('000 units)	August	101.5	9.5%	3.4%
LABOUR				
Employment (millions)	September	13.5	0.2%	1.0%
Unemployment rate (%)	September	9.2	-0.4 [†]	-0.8 [†]
Participation rate (%)	September	64.5	-0.3 [†]	-0.9 [†]
Labour income (\$ billion)	July	34.9	-0.3%	2.7%
Average weekly earnings (\$)	August*	574.48	0.9%	1.3%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	August	21.3	9.6%	12.8%
Merchandise imports (\$ billion)	August	18.7	3.5%	5.5%
Merchandise trade balance (all figures in \$ billion)	August	2.7	1.2	1.5
MANUFACTURING				
Shipments (\$ billion)	August	32.7	2.9%	8.7%
New orders (\$ billion)	August	32.3	0.2%	6.0%
Unfilled orders (\$ billion)	August	33.9	-1.2%	6.7%
Inventory/ shipments ratio	August	1.37	-0.03	0.09
Capacity utilization (%)	2 nd quarter	83.3	-1.5 [†]	-0.2 [†]
PRICES				
Consumer price index (1986 = 100)	September	133.9	0.1%	2.3%
Industrial product price index (1986 = 100)	September*	129.6	0.4%	7.6%
Raw materials price index (1986 = 100)	September*	128.3	-1.5%	5.7%
New housing price index (1986 = 100)	August	134.4	0.0%	-1.3%

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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