



Infommat

A Weekly Review

Friday, May 3, 1996

OVERVIEW

◆ Gross domestic product unchanged

Economic activity, as measured by gross domestic product at factor cost, paused in February.

◆ Raw material prices advance

In March, the increase in raw material prices was almost entirely due to higher crude oil prices.

◆ Industrial prices weaken

In March, the 12-month change in industrial prices continued downward, confirming the weakness of inflation in the goods-producing sector of the economy.

◆ Foreign control of economy continues to rise

The foreign-controlled share of corporate revenues has advanced steadily in the 1990s.

◆ Weekly earnings recover in February

Weekly earnings, which dropped substantially in January, recovered in February.

◆ Number of UI beneficiaries falls

The number of Canadians receiving regular unemployment insurance benefits fell 0.5% in February.

Readership survey...questionnaire on page 9.

Gross domestic product unchanged

Economic activity, as measured by the gross domestic product at factor cost (GDP), paused in February after rising 0.5% in January. Production during the first two months of 1996 averaged 0.5% above its fourth quarter 1995 level.

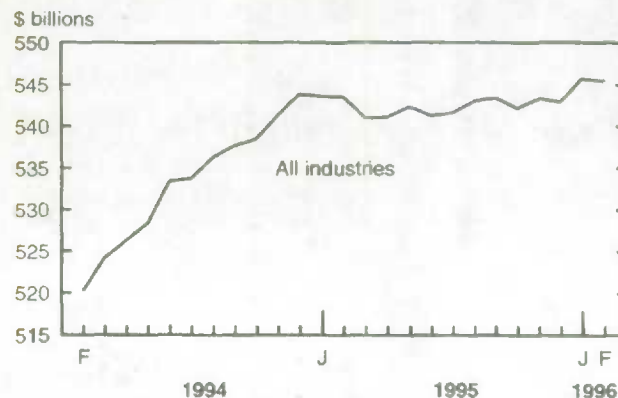
Lower output by utilities (-2.4%) and a drop in government services (-2.3%), mainly due to a labour dispute in the Ontario provincial administration, restrained growth the most. The strike started near the end of February and lasted throughout March, when it curbed production even more.

Further declines in construction and forestry also played a large part in February's standstill. Construction fell 0.6% as the building of homes and apartments continued to drop rapidly. Nevertheless, a surge in the number of building permits issued, another decline in the number of newly completed unoccupied dwellings, as well as low mortgage rates represent encouraging signs for this beleaguered industry.

Manufacturing production edged down (-0.1%) after contributing about 40% to the gain in January. Production fell in 11 of the 21 major groups. Manufacturers of paper and allied products, electrical and electronic equipment, and clothing reduced output the most.

(continued on page 2)

Gross domestic product at factor cost



Statistics
Canada

Statistique
Canada

Canada

...Gross domestic product unchanged

Activity in retail trade was unchanged in February. Retailers of motor vehicles enjoyed higher sales, while most of the other groups (11 of the 18) reported declines. Department stores sales continued to advance slowly; sales by retailers of furniture and appliances rose moderately following several declines.

The financial group, transportation and storage services, and the mining sector continued to grow, but at a slower pace than in

January. Community, business and personal services, communications, and wholesale trade advanced at about the same pace as in January.

For further information, order *Gross domestic product by industry* (15-001-XPB) or contact Michel Girard at (613) 951-9145, Industry Measures and Analysis Division. (See also "Current trends" on page 5.)

Raw material prices advance

In March, higher crude oil prices pushed raw material prices up 3.4%. Excluding mineral fuels (this category is more than 90% crude oil), the increase would measure only 0.2%. In the few months prior to March, higher prices for crude oil, grains and hogs have been somewhat offset by lower prices for metals and ferrous materials. Wood prices have been weak. Compared with a year earlier, raw material prices were up 1.4% in March. Again, if mineral fuels were excluded, prices would be down more than 2%.

After lowering inventories to reduce costs, as well as waiting for potentially cheaper oil from Iraq, refineries now have no other choice but to purchase crude oil on the world market to meet the summer demand for gasoline. As a result, prices have soared, rising 13% between February and March and more than 25% since October 1995.

Vegetable product prices rose almost 8% from March 1995, as higher prices for grains and soybeans were somewhat offset by lower prices for canola, sugar, coffee, rubber, potatoes and cotton. Grain prices were generally higher due to strong export demand, poor growing and planting conditions, and historically low inventories.

Animal and animal products prices edged up 0.5% from February. Higher prices for hogs and chickens were countered by lower prices for cattle for slaughter. Between March 1995 and March 1996, prices were up 2.7%.

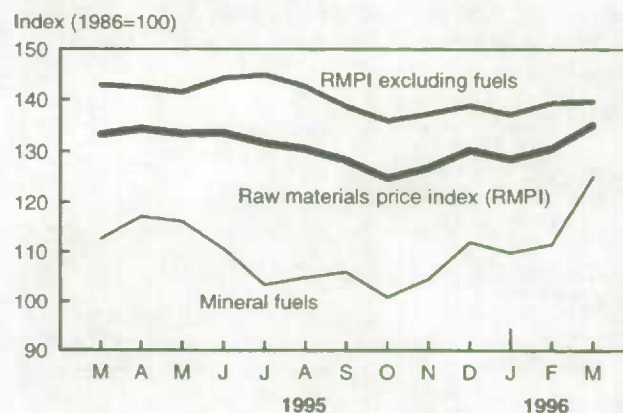
Non-ferrous metal prices remained relatively stable compared with February. Lower prices for gold and nickel were almost completely offset by higher prices for copper, lead and zinc concentrates. Lead prices in March climbed to a six-year high. Compared with March 1995, prices fell 9%.

Wood prices between February and March were basically flat, as higher log prices were almost entirely cancelled by lower pulp-

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 not produced in Canada.

Raw material prices



wood prices. Compared with the year-earlier period, wood prices fell 7%.

Ferrous material prices dropped 2.6% from February and declined 4.2% from March 1995.

For further information, order *Industry price indexes* (catalogue 62-011-XPB) or contact Paul-Roméo Danis, Prices Division at (613) 951-3350; fax: (613) 951-2848; the Internet: danipau@statcan.ca.

Industrial prices weaken

In March, the 12-month change in industrial prices posted its smallest increase (+0.6%) since June 1992, confirming the weakness of inflation in the goods-producing sector of the economy. Between the peak in January 1995 (+10.3%) and March 1996, the largest declines were recorded in pulp, non-ferrous primary metal products, and chemicals.

Between February and March, industrial prices fell 0.6%, the third consecutive monthly decline. The drop was mainly due to the continuing steep fall in pulp prices (-18%) and a strengthening of the Canadian dollar. Price increases for refined petroleum products slowed the decline slightly.

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) occurring from the time a good leaves a plant and 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 has been estimated to change the IPPI by about 0.2%.

(continued on page 3)

...Industrial prices weaken

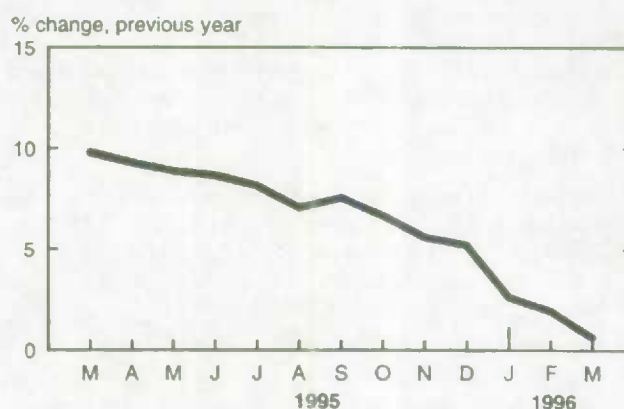
March's most significant price decline was in pulp, where prices have now declined 38% since November. Prices in March were 26% below their year-earlier level. Pulp inventories are more than double their usual levels. As pulp prices rocketed upward in 1995, customers began to build up inventories. The level of these customer inventories, together with the inventories that producers accumulated, have brought about the large drop in pulp prices.

The 12-month change in the domestic goods prices of manufacturers (as derived from the IPPI) continued to fall, dropping to 2.5%. However, the 12-month change in the prices of goods paid by consumers (as measured by the consumer price index) rose from +0.9% in February to +1.2% in March. Both had been tending to fall since October 1995. Usually, about half the consumer's dollar goes to manufacturers and the rest to wholesalers, retailers, transporters and governments.

The price decline in March occurred as the economies of both Canada and the United States continued to struggle. In Canada, both overall and manufacturing employment edged down in March, while in February manufacturers' shipments were down and inventories were up. Construction, however, showed some encouraging signs in February.

In the United States, the economic situation has been obscured by recent labour strife in the automotive industry. Housing starts and industrial production both fell in March, while the unemployment rate returned to 5.6% from 5.5%.

Industrial product price index



Overseas, indications are that Japan's economic recovery is continuing. In February, the Japanese unemployment rate edged down slightly. However, in much of western Europe, unemployment remains very high amid concerns over how to avoid a recession.

For further information, order *Industry price indexes* (catalogue 62-011-XPB) or contact Paul-Roméo Danis, Prices Division at (613) 951-3350; fax: (613) 951-2848; the Internet: danipau@statcan.ca.

Foreign control of economy continues to rise

The foreign-controlled share of corporate revenues has advanced steadily in the 1990s to stand at 28.4% in 1994, up 0.4 percentage points from 1993.

The close association of export activity and foreign-controlled firms has been especially evident in the 1990s. Since the recession, three-quarters of the rebound in merchandise exports occurred in six commodity groupings. At the same time, the industries producing these commodities (transportation equipment; wood and paper; machinery and equipment; metallic minerals; chemicals, chemical products and textiles; and food, beverages and tobacco products industries) accounted for three-quarters of the increase in foreign control.

Foreign control as measured by assets remained stable in 1994, and has been mostly unchanged since 1988.

The relatively strong growth of foreign firms may be partly explained by foreign-controlled firms which produce more and more for the global production and distribution networks of their international affiliates and not just for the domestic (Canadian) market.

U.S.-controlled firms' share of total revenues has climbed for four straight years, rising an additional 0.8 percentage points in 1994 to 19.1%. The United States accounted for more than two-thirds of revenue within the foreign group in 1994.

Change in revenue



Annual revenue growth for foreign-controlled firms has outpaced growth for Canadian-controlled firms in the 1990s. Canadian firms improved significantly in 1994, with growth of 10.2% only slightly behind foreign growth of 12.3%.

For further information, order *CALURA, 1994, part I — corporations: foreign control in the Canadian economy* (catalogue 61-220-XPB) or contact Randy Smadella, Industrial Organization and Finance Division at (613) 951-3472.

Weekly earnings recover in February

Employees' weekly earnings, which fell substantially in January, recovered in February. Employees received on average \$577.27 per week, up 0.7% from the previous year. During January and February, the number of hours worked by employees paid by the hour increased considerably, rising from 30.5 to 30.8 hours per week.

Average weekly earnings in public administration fell 3.3% in February (-\$24.35). This drop was mainly due to the public service strike in Ontario, where employees only worked part of the week. Average earnings for employees in public administration have been declining since their peak in May 1994.

In business services, weekly earnings rose \$5.14 per week to \$632.05, partially offsetting January's sharp drop. February's advance represents an increase of 2.6% (+\$16.16) from February 1995.

Employees in the accommodation, food and beverage sector saw their weekly earnings rise significantly in January and February (+2% to \$233.58), as they worked longer hours.

The strong growth in payroll employment reported by businesses in December 1995 (+52,000) was maintained in January and February, as the number of employees increased by 3,000. In February, employment gains in accommodation, food and beverage services; construction; and business services were countered by losses in transportation, communication and other utili-

Average weekly earnings, February 1996
Seasonally adjusted

Province/ Territory	Industrial aggregate (\$)	% change, previous month	% change, previous year
Canada	577.27	0.9	0.7
Newfoundland	543.85	2.5	0.1
Prince Edward Island	467.99	1.2	3.6
Nova Scotia	490.91	1.6	1.1
New Brunswick	512.38	0.5	-0.6
Quebec	551.94	2.6	1.3
Ontario	615.13	0.4	0.7
Manitoba	509.86	0.7	2.2
Saskatchewan	490.98	0.8	-0.8
Alberta	557.68	1.0	-0.2
British Columbia	596.02	0.1	1.3
Yukon	700.63	1.2	3.3
Northwest Territories	720.42	-1.2	0.7

ties; health and social services; and finance, insurance and real estate. Public administration continued to record job losses.

Businesses in Ontario were most affected by job losses in February (-13,000). This drop was offset by gains in British Columbia and, to a lesser extent, in Quebec. During the past year, however, the most significant contributions to overall employment growth were in Ontario.

For further information, order *Employment, earnings and hours* (catalogue 72-002-XPB) or contact Stephen Johnson, Labour Division at (613) 951-4090; fax: (613) 951-4087; the Internet: labour@statcan.ca.

Number of UI beneficiaries falls in February

The number of Canadians receiving regular unemployment insurance benefits fell 0.5% to 745,000 in February. The overall decline can be partly explained by the creation of 44,000 jobs in February (as reported by the Labour Force Survey). Some of the newly employed were beneficiaries in January.

Since reaching a peak in July 1992, the number of beneficiaries fell steadily until May 1995. The downtrend has since reversed, except for slight declines in December 1995 and February 1996.

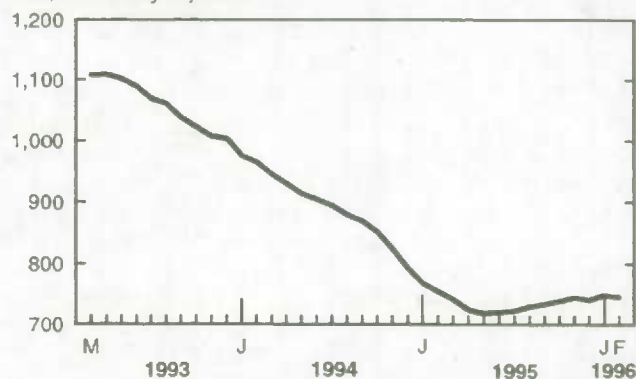
After increasing from September 1995 to January 1996, benefit payments declined 0.2% in February to \$868 million. Compared with the same period in 1995, payments rose 1.8%.

UI beneficiaries receiving regular benefits, February 1996
Seasonally adjusted

Province/territory	Total ('000)	% change, previous month	% change, previous year
Canada	745	-0.5	-1.3
Newfoundland	38	-3.0	-0.3
Prince Edward Island	10	-3.2	-9.3
Nova Scotia	38	1.6	-4.0
New Brunswick	44	-1.6	-2.7
Quebec	260	0.4	-0.1
Ontario	184	0.4	-1.0
Manitoba	18	-4.4	-9.3
Saskatchewan	14	-4.0	-7.5
Alberta	50	-2.9	-3.6
British Columbia	86	-0.9	1.1
Yukon	1	-4.8	-6.2
Northwest Territories	1	1.0	6.3

Number of UI beneficiaries receiving regular benefits

'000, seasonally adjusted



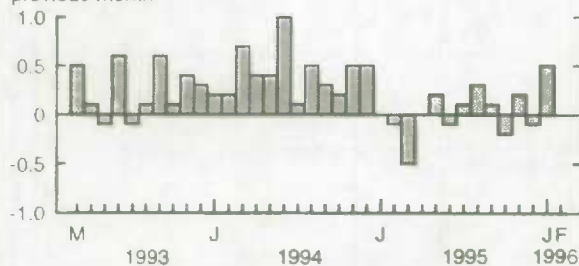
In February, 262,000 individuals applied for UI benefits, down 0.4% from January. The most significant declines were recorded in the Atlantic provinces (an average of -9.6%) and the Yukon (-15.8%). These were partly offset by increases in Ontario (+2.5%) and British Columbia (+1.7%), which together account for 45% of all claims. Compared with February 1995, the total number of claims rose 4.4%.

For further information, contact Michael Scrim, Labour Division at (613) 951-4090; fax: (613) 951-4087; the Internet: labour@statcan.ca.

Current trends

Gross domestic product

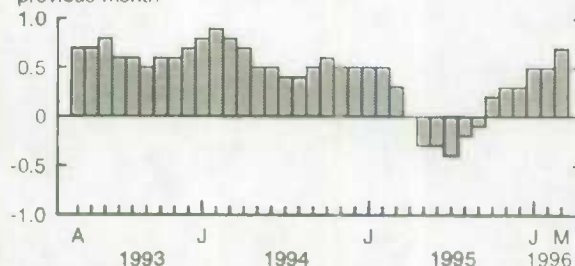
% change,
previous month



Real gross domestic product at factor cost stayed unchanged in February.

Composite index

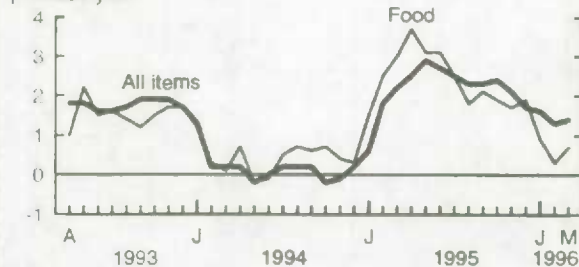
% change,
previous month



The composite index continued to pick up steam in March, growing 0.7% from the preceding month.

Consumer price index

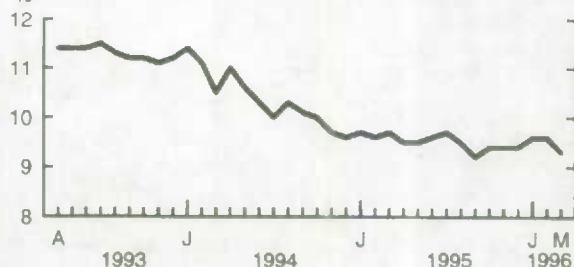
% change,
previous year



Consumers paid 1.4% more for goods and services in March 1996 than the year before. Food prices rose by 0.7%.

Unemployment rate

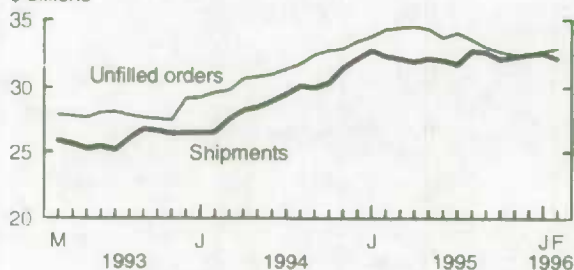
%



In March, the unemployment rate fell by 0.3 percentage points to 9.3%.

Manufacturing

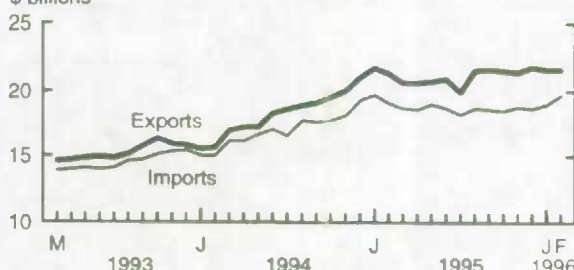
\$ billions



Manufacturers' shipments fell 1.3% to \$32.2 billion in February. The level of unfilled orders rose 0.7% to \$33.0 billion.

Merchandise trade

\$ billions



In February, the value of merchandise exports remained virtually unchanged from January at \$21.6 billion. Imports, however, increased by 3.3% to \$19.7 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)	February*	545.5	-0.0%	0.4%
Composite index (1981=100)	March	175.6	0.7%	1.1%
Operating profits of enterprises (\$ billion)	4th quarter	23.7	0.5%	0.5%
Capacity utilization (%)	4th quarter	82.9	-0.7†	-2.8†
DOMESTIC DEMAND				
Retail trade (\$ billion)	February	17.8	0.1%	1.6%
New motor vehicle sales ('000 units)	February	98.2	3.4%	-0.9%
LABOUR				
Employment (millions)	March	13.7	-0.1%	1.3%
Unemployment rate (%)	March	9.3	-0.3†	-0.4†
Participation rate (%)	March	64.8	-0.3†	-0.3†
Labour income (\$ billion)	January	35.7	1.1%	3.1%
Average weekly earnings (\$)	February*	577.27	0.9%	0.7%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	February	21.6	-0.1%	1.4%
Merchandise imports (\$ billion)	February	19.7	3.3%	2.9%
Merchandise trade balance (all figures in \$ billion)	February	1.9	-0.6	-0.3
MANUFACTURING				
Shipments (\$ billion)	February	32.2	-1.3%	-0.6%
New orders (\$ billion)	February	32.4	-1.3%	-1.4%
Unfilled orders (\$ billion)	February	33.0	0.7%	-4.0%
Inventory/shipments ratio	February	1.40	0.02	0.10
PRICES				
Consumer price index (1986=100)	March	134.9	0.4%	1.4%
Industrial product price index (1986=100)	March*	128.9	-0.6%	0.6%
Raw materials price index (1986=100)	March*	135.1	3.4%	1.4%
New housing price index (1986=100)	February	132.4	-0.5%	-2.2%

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

* new this week.

† percentage point.

Infomat

A weekly review

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Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
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AGRICULTURE					
Field crop reporting series no. 2: March intentions of principal field crop areas, Canada	1996	22-002-XPB	15/85	18/102	21/119
DEMOGRAPHY					
Quarterly demographic statistics	4th quarter 1995	91-002-XPB	10/32	12/39	14/45
INDUSTRY					
Coal and coke statistics	February 1996	45-002-XPB	11/110	14/132	16/154
Construction type plywood	February 1996	35-001-XPB	6/60	8/72	9/84
Crude petroleum and natural gas production	January 1996	26-006-XPB	18/180	22/216	26/252
Department store sales and stocks	January 1996	63-002-XPB	16/160	20/192	23/224
Electric power statistics	February 1996	57-001-XPB	11/110	14/132	16/154
Energy statistics handbook	April 1996	57-601-UPB	375	450	525
Mineral wool including fibrous glass insulation	March 1996	44-004-XPB	6/60	8/72	9/84
New motor vehicle sales	January 1996	63-007-XPB	16/160	20/192	23/224
Sawmills and planing mills	February 1996	35-003-XPB	11/110	14/132	16/154
Steel wire and specified wire products	February 1996	41-006-XPB	6/60	8/72	9/84
The sugar situation	1st quarter 1996	32-013-XPB	12/39	15/47	17/55
INTERNATIONAL TRADE					
Canadian international merchandise trade	February 1996	65-001-XPB	19/182	22/219	26/255
TRANSPORTATION					
Aviation service bulletin	Vol. 28, no. 4	51-004	11/105	13/126	15/147
Surface and marine transport service bulletin	April 1996	50-002-XPB	11/80	14/96	16/112

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