



Infommat

A Weekly Review

Friday, May 31, 1996

OVERVIEW

◆ Strike by Ontario public servants leads employment drop

In March, the number of employees working for the private and public sectors fell, mainly because of the Ontario public servants strike.

◆ Corporate profits decline

In the first quarter of 1996, operating profits posted their largest slide since the fourth quarter of 1992.

◆ Industrial prices continue to fall

In April, industrial prices fell due to a stronger Canadian dollar and a substantial drop in pulp and paper prices.

◆ Cost of raw materials jumps

Between March and April, another significant increase in crude oil prices fuelled a 3% jump in the cost of raw materials.

◆ Treaty propels airplanes' popularity

With the signing of the Open Skies bilateral agreement in February 1995, the popularity of plane travel between Canada and the United States has been increasing.

◆ UI numbers remain unchanged

In March, the number of Canadians who received unemployment insurance benefits stayed unchanged from February.

Strike by Ontario public servants leads employment drop

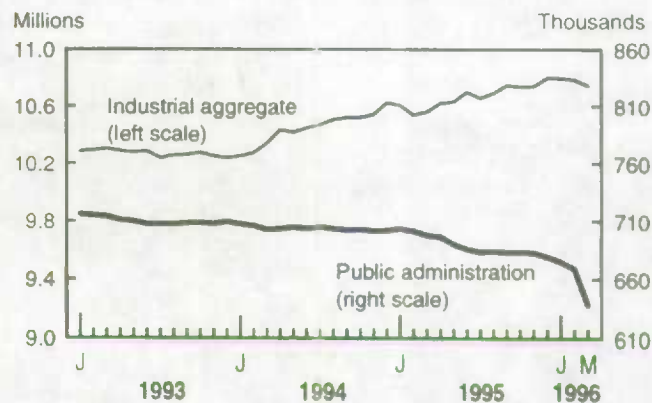
In March, the number of employees working for the private and public sectors fell by 43,000, mainly because of the Ontario public servants' strike. The strike resulted in a drop of 35,000 public administration employees in Ontario. Across the country, the number of employees fell or was unchanged in all industries except miscellaneous services and manufacturing. Overall employment should rebound somewhat next month since the strike ended in March.

The number of employees in retail trade fell for the second straight month, bringing total losses since January to 22,000. The drop occurred despite some growth in consumer spending on goods during the same period. In wholesale trade, employment has fallen by 12,000 since January, reversing the previous growth trend which began in February 1994.

Transportation and storage employment, which had been rising since May 1995, fell for a third consecutive month in March (-5,000). The recent declines were concentrated in the trucking industry. Meanwhile, the number of employees in manufacturing, which has remained at essentially the same level since November 1995, grew by only 4,000 in March.

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Employment



... Strike by Ontario public servants leads employment drop

Ontario (-26,000) and Quebec (-18,000) were most affected by the drop in employment in March, while the remaining provinces recorded little change. Excluding the impact of the strike, private sector businesses in Ontario actually registered employment gains.

Employees earned an average of \$577.45 per week in March, up 0.9% from the previous year. This gain returned earnings to their December 1995 level.

Excluding the impact of the Ontario public servants' strike, the weakness in the earnings increase was the result of declines in wholesale trade, retail trade, manufacturing and miscellaneous services.

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.

Average weekly earnings, March 1996

Seasonally adjusted

Province/ Territory	Industrial aggregate (\$)	% change, previous month	% change, previous year
Canada	577.45	0.2	0.9
Newfoundland	550.09	1.8	0.9
Prince Edward Island	479.14	2.4	5.0
Nova Scotia	492.40	1.4	0.2
New Brunswick	519.61	1.9	0.7
Quebec	550.80	-0.3	0.4
Ontario	616.01	0.4	1.0
Manitoba	512.25	0.5	1.9
Saskatchewan	492.69	0.4	0.6
Alberta	559.96	0.6	0.5
British Columbia	596.82	0.0	1.2
Yukon	697.86	0.3	0.3
Northwest Territories	725.69	0.6	3.0

Corporate profits decline

In the first quarter of 1996, weaker profits in the wood and paper industry pulled operating profits down 7.5% from the fourth quarter of 1995. This was their largest slide since the final quarter of 1992. Overall, 18 of the 30 industry groups registered lower profits.

Operating profits of non-financial corporations fell 11.2%, pushing down profits in this sector to their lowest level in almost two years. Over two-thirds of the industries reported weaker results. Despite this slump, first-quarter profits remained more than double those registered in the fourth quarter of 1992.

Following four years of unprecedented growth, profits in the wood and paper industry plunged to \$1.0 billion, from a peak of \$3.2 billion in the third quarter of 1995. The petroleum and natural gas industry rode the crest of rising prices to a \$0.9 billion increase in operating profits. This raised profit levels to just above those attained earlier in 1995, before the slump in oil prices. In the consumer goods and services industry, profits fell \$0.2 billion from \$0.5 billion in the previous quarter.

Led by the chartered banks' 20.5% advance (to \$2.5 billion), financial industries recorded a 5.6% rise in operating profits, following growth of 13.2% in the previous quarter. Increases in five of the past seven quarters have elevated profits in this sector by 66.8% since the second quarter of 1994.

The return on shareholders' equity for all corporations declined to 7.1% from its most recent high of 8.6% in the first quarter of 1995. The operating profit margin fell to 6.1% from the 6.8% margins achieved in 1995. The lower first-quarter margins resulted from diminished operating profits, coupled with a 2.9% rise in operating revenue.

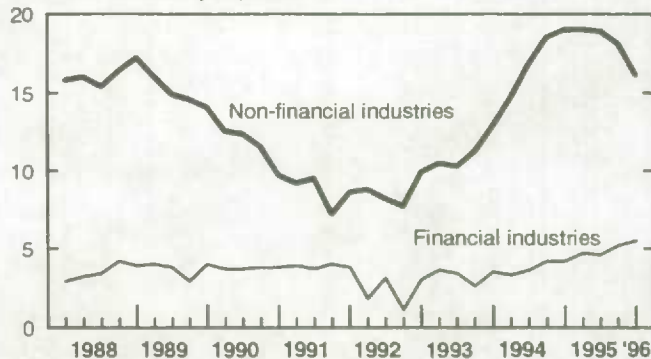
Note to readers

The quarterly financial statistics cover the domestic activities of non-government corporations. 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 the financial industries.

As part of the survey's annual revisions policy, this quarter's release incorporates revised data for all previous quarters.

Operating profits

\$ billions, seasonally adjusted



For further information, order *Quarterly financial statistics for enterprises* (catalogue 61-008-XPB) or contact Bill Potter (non-financial industries data), (613) 951-2662, or Robert Moreau (financial industries data), (613) 951-2512, Industrial Organization and Finance Division.

Industrial prices continue to fall

In April, a stronger Canadian dollar and a further substantial decline in pulp and paper prices caused industrial prices to fall 0.1% from March. From December 1995 to April 1996, prices declined 1.1%. Meanwhile, in April, industrial prices advanced for gasoline and fuel oil, and for wheat products.

The 12-month change in industrial prices held steady at +0.6%, substantially below the January 1995 peak (+10.3%). Over the past 16 months three industrial groups have been responsible for most of this weakening: pulp and paper products, primary metal products (almost entirely for non-ferrous metal products), and chemicals.

Driven by high inventory levels, pulp prices have fallen 45% since November 1995. This followed a 43% jump in the first 11 months of 1995. April's 11% decline was general; paper products, and newsprint and other paper for printing all posted monthly declines.

The U.S. dollar declined 0.6% in value against the Canadian dollar between mid-March and mid-April, reducing the value of all export prices quoted in U.S. currency. Price levels for motor vehicles, pulp, paper and wood products were particularly affected by this exchange rate movement.

April's 12-month change in industrial prices placed Canada in the middle among the G7 group of industrialized nations. The decline in Canadian industrial prices occurred as the economies of Canada and the United States continued to struggle.

For further information, order *Industry price indexes* (catalogue 62-011-XPB) or contact Sandra Shadlock, Prices Division, at (613) 951-9606, fax: (613) 951-2848, the Internet: shadsan@statcan.ca.

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%.

Industrial product prices



Cost of raw materials jumps

Between March and April, another substantial increase in crude oil prices fuelled a 3% jump in the cost of raw materials to manufacturers.

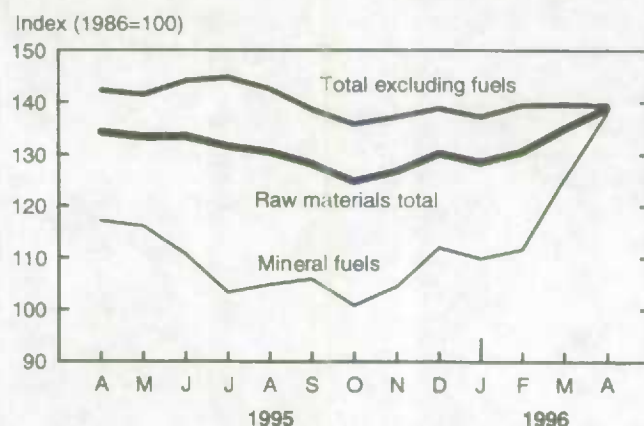
In fact, April's increase was almost entirely due to crude oil prices, which rose 11%. If mineral fuels (90% of which is crude oil) were excluded, raw material prices for April would have actually dropped 0.1%. Higher prices for crude oil, grains and oilseeds were marginally offset by lower prices for cattle, hogs, raw tobacco, rubber, wood and metals.

On a year-over-year basis, raw material prices rose 3.5% compared with April 1995. Again, without including mineral fuels, raw material prices would have fallen 2% over the 12-month period.

Crude oil prices have jumped almost 40% since October 1995. In April alone, prices escalated upwards by more than 11%. The last time crude oil prices were this high was in the fourth quarter of 1990, when the high prices were related to the Persian Gulf conflict.

Vegetable product prices were up 3% in April from March and almost 13% compared with the same period last year. April's higher prices for wheat, corn and canola were somewhat offset

Raw material prices



by lower prices for raw tobacco, sugar and rubber. Grain prices were generally up due to strong demand, poor growing and planting conditions, and inventories at 20-year lows.

(continued on page 4)

... Cost of raw materials jumps

Wood prices edged down marginally in April but plunged a substantial 10% from 12 months before. Prices were lower for both logs and pulpwood. Pulp prices are expected to rebound in the second half of 1996, after current inventories are depleted.

Between March and April, animals and animal product prices fell slightly (-1%). Lower prices for cattle and hogs led the decline. Compared with April 1995, animals and animal product prices were up almost 4%. Higher prices for hogs, fish and chickens were somewhat offset by lower prices for cattle.

Non-ferrous metal prices dipped marginally in April. Slightly lower prices for copper and precious metals were almost offset by higher aluminum material prices. Compared with April 1995, non-ferrous metal prices were down 7%. Lower prices for copper and aluminum were partly offset by higher prices for lead concentrates.

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Treaty propels airplanes' popularity

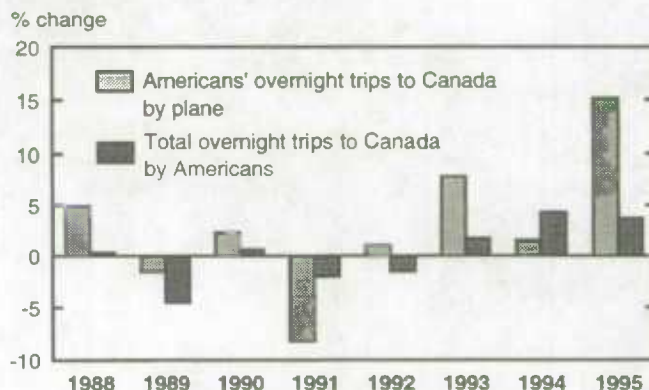
Though the automobile is still by far the preferred mode of transportation between Canada and the United States, the popularity of plane travel has been increasing. With the signing of the Open Skies bilateral agreement in February 1995, plane travel held an unprecedented 21% share of all overnight trips Americans made to Canada in 1995. The number of overnight plane trips by Americans rose 15% from 1994, to a record 2.8 million. Half of these trips were business trips, which were up 10%. Meanwhile, the number of pleasure trips jumped 24%.

Bucking the trend in the other main modes of travel from Canada to the United States, overnight plane trips by Canadians increased in 1995 (+2.5%). As Canadians made fewer car trips to the United States, the proportion of overnight plane trips to the United States reached 26%, its highest level since 1987.

Residents of all provinces except Newfoundland, New Brunswick and Quebec made more flights to the United States in 1995 than in 1994. Increased air travel to Canada for overnight stays by residents of most states — especially Florida, Texas, Illinois, New York and California — was also registered.

Since 1994, both the frequency and capacity of flights between Canada and Asia have been increasing. This has contributed to making Asia the inbound market with the strongest growth among continents in 1995. Asians made 1.3 million overnight trips here in 1995, injecting \$1.4 billion into the Canadian economy.

Americans' overnight travel to Canada by plane



Asians are more likely to visit western Canada than are residents of other continents. While 26% of overnight trips by foreigners included at least one night in British Columbia, 47% of the trips by Asians did. Some 21% of Asian travellers visited Alberta. Still, Ontario received the largest share of overnight visitors from Asia (49%).

As for outbound Canadians, Hong Kong was the only Asian destination (115,000 trips) ranking among the top 15.

For further information, contact Ruth Martin, Education, Culture and Tourism Division, at (613) 951-1791, fax: (613) 951-2909, the Internet: martrut@statcan.ca.

UI numbers remain unchanged

In March, 745,000 Canadians received regular unemployment insurance (UI) benefits, unchanged from February. Although stable at the national level, the number of beneficiaries declined in six provinces and increased in three provinces and the two territories.

Following a peak in July 1992, the number of beneficiaries declined steadily until May 1995, when the trend reversed. For the past two months, the number of beneficiaries has remained steady.

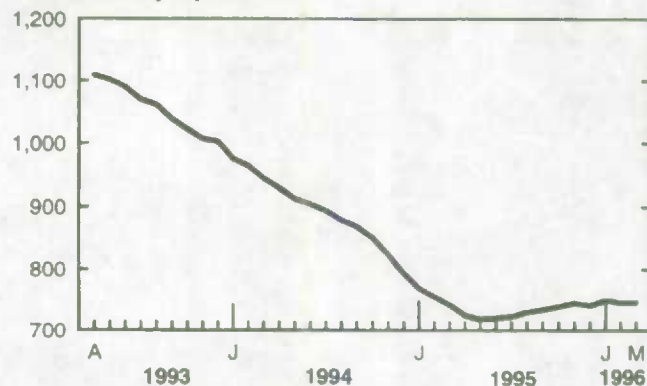
UI beneficiaries receiving regular benefits, March 1996

Seasonally adjusted

Province/territory	Total ('000)	% change, previous month	% change, previous year
Canada	745	0.0	0.6
Newfoundland	39	0.4	1.4
Prince Edward Island	10	-1.7	-8.8
Nova Scotia	38	-0.4	-0.9
New Brunswick	44	-1.9	-0.3
Quebec	260	0.0	1.3
Ontario	188	2.1	2.2
Manitoba	18	0.4	-5.5
Saskatchewan	14	-0.3	-5.2
Alberta	48	-2.8	-4.8
British Columbia	84	-1.4	3.4
Yukon	1	3.1	-0.5
Northwest Territories	1	3.9	13.6

Number of UI beneficiaries receiving regular benefits

'000, seasonally adjusted



The number of individuals who applied for unemployment insurance benefits increased by 1.0% to 265,000 in March. Ontario (+7.8%), Prince Edward Island (+6.7%) and the Yukon (+28.2%) were responsible for the advance.

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

New from Statistics Canada

A graphical overview of crime and the administration of criminal justice in Canada

1994

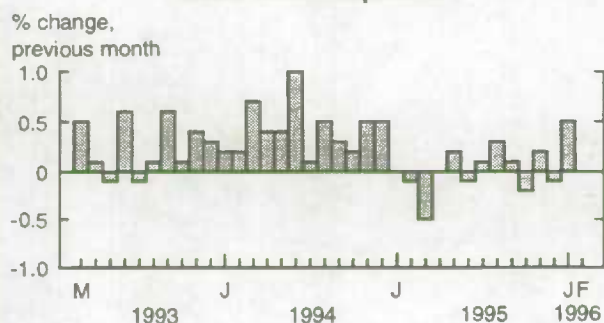
This 215-page reference tool contains more than 80 graphs and charts illustrating current and historical data from a number of Statistics Canada surveys. They include: crime, police administration, adult and youth court activity, the correctional population, costs of the criminal justice system, international victimization, violence against women, and Canadians' experiences with, and perceptions and fears of crime. Each graphic is accompanied by a short explanatory text.

This report is ideal for lectures and overheads, and as a teaching aid for secondary and post-secondary social studies, law, criminology and sociology classes. Justice personnel and the media will also find the report a helpful reference tool.

A graphical overview of crime and the administration of criminal justice in Canada, 1994 (catalogue 85F0018XPE, \$35) is now available in hard copy or in electronic format. For further information, contact Client Services, Canadian Centre for Justice Statistics at (613) 951-9023 or 1-800-387-2231.

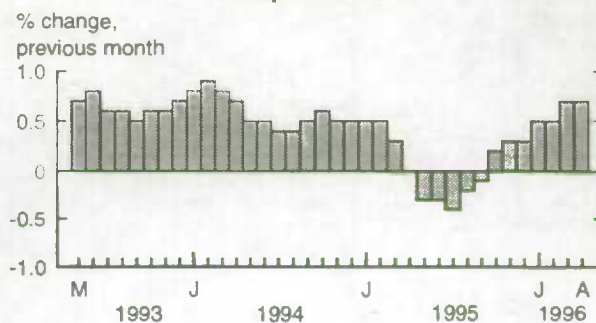
Current trends

Gross domestic product



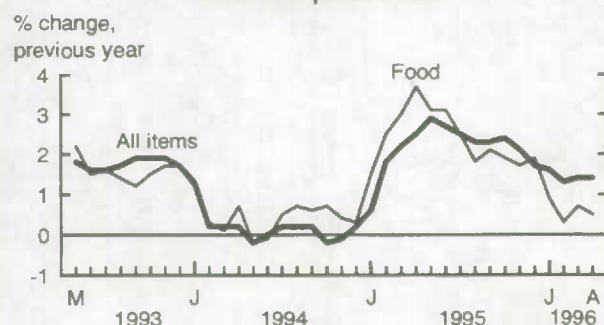
Real gross domestic product at factor cost stayed unchanged in February.

Composite index



The composite index continued to grow by 0.7% in April, the same rate as in March.

Consumer price index



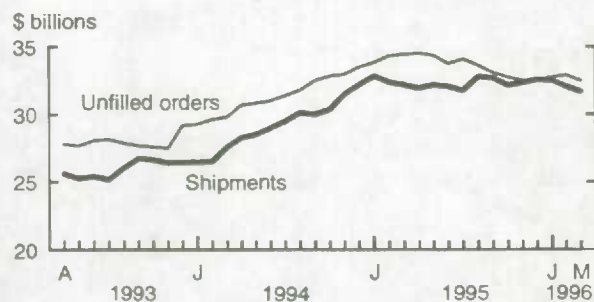
Consumers paid 1.4% more for goods and services in April 1996 than the year before. Food prices rose by 0.5%.

Unemployment rate



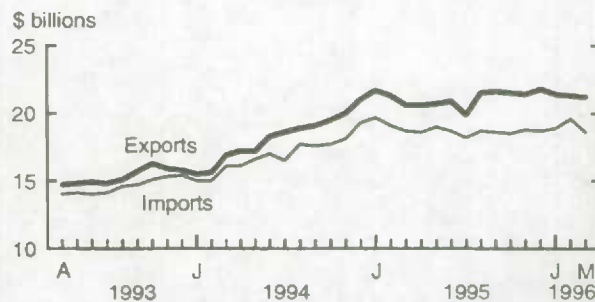
In April, the unemployment rate rose 0.1 percentage points to 9.4%.

Manufacturing



Manufacturers' shipments fell 1.2% to \$31.7 billion in March. The level of unfilled orders dropped 1.4% to \$32.5 billion.

Merchandise trade



In March, the value of merchandise exports fell 0.6% from February to \$21.2 billion. Imports dipped by 4.8% to \$18.6 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)	April	176.7	0.7%	1.7%
Operating profits of enterprises (\$ billion)	1st quarter*	21.6	-7.5%	-7.2%
Capacity utilization (%)	4th quarter	82.9	-0.7†	-2.8†
DOMESTIC DEMAND				
Retail trade (\$ billion)	March	17.9	0.1%	2.3%
New motor vehicle sales ('000 units)	March	97.2	-1.1%	-0.5%
LABOUR				
Employment (millions)	April	13.7	0.3%	1.5%
Unemployment rate (%)	April	9.4	0.1†	-0.1†
Participation rate (%)	April	64.9	0.1†	0.0†
Labour income (\$ billion)	January	35.7	1.1%	3.1%
Average weekly earnings (\$)	March*	577.45	0.2%	0.9%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	March	21.2	-0.6%	2.6%
Merchandise imports (\$ billion)	March	18.6	-4.8%	-0.4%
Merchandise trade balance (all figures in \$ billion)	March	2.5	0.8	0.6
MANUFACTURING				
Shipments (\$ billion)	March	31.7	-1.2%	-1.5%
New orders (\$ billion)	March	31.2	-3.1%	-3.2%
Unfilled orders (\$ billion)	March	32.5	-1.4%	-5.7%
Inventory/shipments ratio	March	1.43	0.03	0.10
PRICES				
Consumer price index (1986=100)	April	135.3	0.3%	1.4%
Industrial product price index (1986=100)	April*	128.8	-0.1%	0.6%
Raw materials price index (1986=100)	April*	139.0	3.0%	3.5%
New housing price index (1986=100)	March	132.2	-0.2%	-2.3%

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

* new this week

† percentage point.

Publications released from May 24 to 30, 1996

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
CANADIAN CENTRE FOR JUSTICE STATISTICS					
A graphical overview of crime and the administration of criminal justice in Canada	1994	85F0018XPE	35	42	49
HOUSEHOLD SURVEYS					
The labour force	April 1996	71-001-XPB	23/230	28/276	33/322
INDUSTRY					
Coal mines	1994	26-206-XPB	24	29	34
Construction type plywood	March 1996	35-001-XPB	6/60	8/72	9/84
Gas utilities	February 1996	55-002-XPB	16/160	20/200	23/230
Mineral wool including fibrous glass insulation	April 1996	44-004-XPB	6/60	8/72	9/84
New motor vehicle sales	February 1996	63-007-XPB	16/160	20/192	23/224
Production and disposition of tobacco products	April 1996	32-022-XPB	6/60	8/72	9/84
Pulpwood and wood residue statistics	March 1996	25-001-XPB	7/70	9/84	10/98
Quarries and sand pits	1994	26-225-XPB	24	29	34
Quarterly report on energy supply-demand in Canada	3rd quarter 1995	57-003-XPB	41/136	50/164	58/191
Sawmills and planing mills	March 1996	35-003-XPB	11/110	14/132	16/154
Shipments of plastic film and bags manufactured from resin	1st quarter, 1996	47-007QXPB	10/32	12/39	14/45
INTERNATIONAL TRADE					
Canadian international merchandise trade	March 1996	65-001-XPB	19/182	22/219	26/255
Imports by commodity					
Microfiche version	March 1996	65-007-XMB	35/350	42/420	49/490
Paper version	March 1996	65-007-XPB	75/750	90/900	105/1,050
PRICES					
Farm input price index	1st quarter 1996	62-004-XPB	24/80	29/96	34/112
TRANSPORTATION					
Railway carloadings	April 1996	52-001-XPB	10/100	12/120	14/140
Surface and marine transport	May 1996	50-002-XPB	11/80	14/96	16/112

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10 New housing price index, April 1996	11	12 New motor vehicle sales, April 1996	13	14 Consumer price index, May 1996
17	18 Travel between Canada and other countries, April 1996	19 Annual demographics statistics, 1995 Canadian families in the nineties: diversity and change, 1995	20 Canadian international trade, April 1996 Retail trade, April 1996	21 Monthly survey of manufacturing, April 1996 Wholesale trade, April 1996
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* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

Infomat

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
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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.

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