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A Weekly Review

Friday, July 16, 1999

OVERVIEW

◆ **National unemployment rate falls to nine-year low**

In June, the national unemployment rate fell 0.5 percentage points to a nine-year low of 7.6%. Employment remained little changed for a fifth consecutive month, however.

◆ **Building permits down despite strength in housing sector**

In May, a significant advance in building permits in the housing sector was more than offset by a second straight decline in intentions to build non-residential structures.

◆ **Business profits rise for a second consecutive quarter**

In the first quarter, the operating profits of Canadian businesses rose 4.7%. This gain came on the heels of a profit jump in the final quarter of 1998 of 13.3%. These consecutive gains have reversed four quarters of decline.

◆ **Large retailers' sales still advancing**

In April, the large retailers' sales increased from a year earlier by 5.2%. Except for sporting and leisure goods, sales of all major product lines rose. Once again, health and personal care products led the way.

◆ **Employer pension plans recover**

In the fourth quarter of 1998, the market value of trusteed pension funds increased nearly 9%—an almost complete recovery from the losses of the previous quarter. Higher stock prices played a significant role.

◆ **Labour productivity increases**

Last year, the business sector achieved a gain in labour productivity of 0.7%. This resulted from a slowdown in economic growth, strikes in key sectors of the economy and continued strong growth in hours worked.

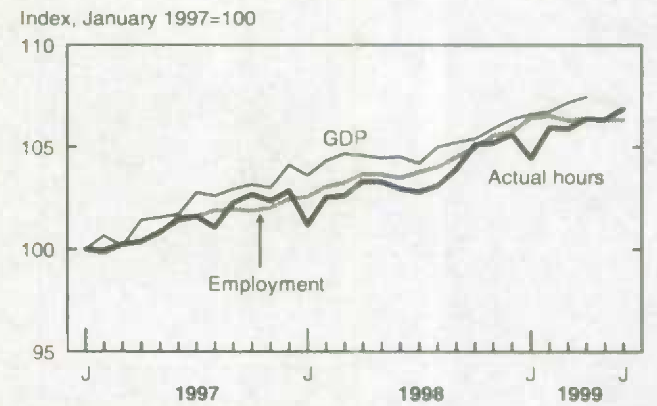
National unemployment rate falls to nine-year low

In June, employment remained little changed for a fifth consecutive month. The number of people in the labour force fell sharply (-81,000), with youths aged 15 to 24 accounting for most of the decline. As a result, unemployment fell by 84,000, pushing the unemployment rate down to a nine-year low of 7.6%.

The recent strength in the economy is reflected in indicators of both employment and output. From August 1998 to April 1999, employment growth matched GDP growth at 2.3%, while actual weekly hours worked climbed at an even faster pace (+3.1%). In the five months prior to June, that strong upward trend in actual weekly hours worked continued, but the level of employment showed little overall change.

There was little change in employment for adults or youths in June. A drop in full-time workers (-39,000) was offset by an increase in part-time workers (+42,000), mostly adult women. Adult employment has varied little since it grew sharply from June 1998 to February 1999 (+274,000). Youth employment, which has edged down slightly over the last few months, was unchanged in June. Nevertheless, earlier job gains leave the youth labour market greatly improved compared with June 1998 (+121,000 or +5.9%).

Employment, hours worked and GDP



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Statistics Canada Statistique Canada
Canada

... National unemployment rate falls to nine-year low

This June, 47.2% of students aged 15 to 24 were employed—a substantial increase from the 44.1% employed last June. Summer employment increased for both younger and older students, with most of the gains in part-time employment. As a result, the proportion of working students with part-time jobs this June rose 1.5 percentage points to 64.2%. The increase in the number of employed students pushed down the unemployment rate of students to 15.2%, a decrease from June 1998 of 2.9 percentage points.

Higher public sector employment (+58,000) was nearly offset by a decline in the number of private sector employees (-52,000). The number of self-employed was virtually unchanged from May. In the 12 months to June, public sector employment grew by 122,000 (+4.6%), while the private sector (employees and the self-employed) added 268,000 (+2.3%). The job gains in the public sector were in health and social services and in education.

Manufacturing employment remained strong in June (+16,000), but that was offset by job losses in construction (-20,000). This left employment little changed overall in the goods sector. The increase in manufacturing employment brought the total gain since the beginning of the year to 108,000 (+5.1%). That strength has been most notable in motor vehicle and parts manufacturing, as well as in computer and electronic parts making. As for construction, job growth has been weakening for four months. Even so, construction employment still remains 32,000 (+4.4%) above its June 1998 level.

In the service sector as well, employment was little changed in June. Job changes in several industries largely offset each other. Gains were made in transportation and warehousing (+16,000), trade (+17,000), and professional, scientific and technical services (+16,000).

To a large extent, the employment plateau seen at the national level recently reflects the lack of job growth in Ontario and Quebec. In Ontario, employment has shown little overall change since February. It fell in June by 29,000 (mostly among youths), as the number of people looking for work dropped sharply. However, compared with June 1998, employment in the province is up 160,000 (+2.9%). In Quebec, employment levels have varied little since February. This follows the strong employment growth in the second half of 1998 that leaves employment up 68,000 (+2.1%) since June 1998.

In Newfoundland, employment has been following an upward trend, with the job gains totalling 9,000 (+4.2%) since June 1998. In New Brunswick, employment fell by 4,000 in June, following little change in recent months. Despite this decline, employment in the province is up 10,000 (+3.2%) compared with June 1998.

Most of the Western provinces showed significant employment gains in June. Employment rose by 4,000 in Manitoba. Since June 1998, employment in that province has increased by 21,000 (+3.8%). In Saskatchewan, employment increased by 6,000 in June, so that employment there is up by 8,000 (+1.8%) from June 1998. Employment in Alberta rose by 14,000, lifting employment in the province by 55,000 (+3.7%) since June 1998.

Employment in June was little changed in Prince Edward Island, Nova Scotia and British Columbia.

Available on CANSIM: matrices 3450-3471, 3483-3502 and table 00799999.

The full report, ***Labour force information, for the week ending June 19, 1999*** *(71-001-PPB, $11/$103), is now available. For further information, contact contact Deborah Sunter (613-951-4740) or Nathalie Caron (613-951-4168), Labour Statistics Division.* *See also "Current trends" on page 8.*

Labour Force Survey, June 1999
Seasonally adjusted[1]

	Labour force		Employment		Unemployment	
	'000	% change, previous month	'000	% change, previous month	'000	rate (%)
Canada	**15,843.4**	**-0.5**	**14,639.8**	**0.0**	**1,203.7**	**7.6**
Newfoundland	252.5	-2.4	209.8	-2.3	42.7	16.9
Prince Edward Island	71.4	0.0	61.6	1.1	9.8	13.7
Nova Scotia	458.8	-0.1	416.6	0.5	42.2	9.2
New Brunswick	362.6	-2.7	330.5	-1.3	32.1	8.9
Quebec	3,723.4	-0.1	3,366.0	0.2	357.4	9.6
Ontario	6,142.7	-1.2	5,754.0	-0.5	388.7	6.3
Manitoba	592.7	0.7	561.1	0.7	31.6	5.3
Saskatchewan	511.0	-0.5	482.5	1.3	28.5	5.6
Alberta	1,654.9	0.2	1,562.0	0.9	92.9	5.6
British Columbia	2,073.4	0.5	1,895.7	0.4	177.7	8.6

[1] *Data are for both sexes aged 15 and over.*

Building permits down despite strength in housing sector

Municipalities in May issued $2.8 billion worth of building permits, down 1.8% from April to mark a second consecutive monthly decline. Housing intentions in May rose 6.2% to $1.6 billion on the strength of advances in both single- and multi-family dwellings. Meanwhile, industrial, commercial and institutional intentions were down 11.1%, as builders took out $1.2 billion in permits. This was the non-residential sector's fourth monthly decline this year.

From January to May, residential intentions were 2.9% higher than they were in the first five months of 1998, while non-residential intentions were up a marginal 0.2%. Overall, between January and May this year, municipalities issued $14.0 billion in building permits, up 1.7% over the same five months in 1998. This was the best performance for the first five months of any year since 1990.

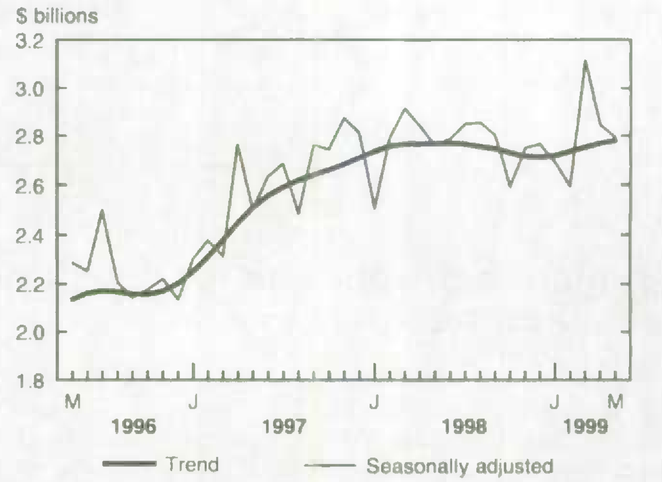
In the housing sector in May, both components contributed to the monthly increase. For multi-family housing, municipalities issued permits worth $460 million, up 15.5% from April. For single-family dwellings, permits rose 3.0% to $1.2 billion—the highest level since December 1997. Housing affordability and consumer confidence resulting from low mortgage rates and stable economic growth point to a robust housing market for the future.

Provincially, May's largest increases (in terms of dollars) in residential permits occurred in Alberta, British Columbia, Ontario and Quebec. Both single- and multi-family building projects were responsible for these increases, except in British Columbia, where only multi-family dwellings led the way. Declines in Manitoba and Nova Scotia came mostly from large drops in multi-residential construction plans. In contrast, Newfoundland's decrease resulted mainly from single-family dwellings.

The two straight monthly declines in non-residential intentions in April and May largely offset March's 30% gain. Overall, non-residential intentions fell in May by 11.1%. Commercial intentions declined 12.9% to $649 million—the largest drop since November 1998. The largest decliners were the trade and services and the hotel and restaurant groups. The value of institutional permits dropped 16.1% to $272 million. This second straight monthly decline was largely a result of decreases in school projects. In the industrial component, intentions edged up 0.8% to $251 million, stabilising the volatility of prior months. Gains in mining and agriculture were partially offset by declines in the factory and plant group.

At the provincial level, the non-residential sector's most significant monthly decreases (in dollar terms) were in Ontario, Quebec and Saskatchewan. All components contributed to these three declines. The most significant increases were in Alberta, British Columbia and Nova Scotia. In Nova Scotia, institutional projects led the way, climbing 208% to $21 million—the highest value since October 1991.

Value of building permits



Building permits, May 1999
Seasonally adjusted

	Total		Residential		Non-residential	
	$ millions	% change, previous month	$ millions	% change, previous month	$ millions	% change, previous month
Canada	**2,793.3**	**-1.8**	**1,620.4**	**6.2**	**1,172.9**	**-11.1**
Newfoundland	16.4	-35.0	11.4	-24.0	5.0	-51.2
Prince Edward Island	11.4	-11.5	7.3	12.2	4.1	-35.6
Nova Scotia	83.4	23.8	43.3	-5.3	40.0	85.3
New Brunswick	42.1	-11.9	26.9	9.6	15.1	-34.7
Quebec	413.8	-13.5	243.1	5.3	170.7	-31.0
Ontario	1,279.3	-4.8	784.6	3.0	494.7	-15.0
Manitoba	64.7	-27.1	27.2	-16.7	37.5	-33.2
Saskatchewan	42.0	-47.9	24.3	4.8	17.7	-69.2
Alberta	402.9	26.5	233.6	24.0	169.3	30.2
British Columbia	422.6	14.4	214.0	12.1	208.6	16.9
Yukon	2.5	-62.8	1.4	22.1	1.1	-79.9
Northwest Territories	1.8	213.6	0.3	393.8	1.5	191.2
Nunavut	10.4	122.1	2.8	-33.4	7.6	1,586.0

Note: *Data may not add to totals due to rounding. Some percentage changes should be interpreted with caution because of the small numbers involved.*

(continued on page 4)

... Building permits down despite strength in housing sector

Available on CANSIM: matrices 80 (levels 3-7 and 33-48), 129, 137, 443, 989-992, 994, 995 and 4073.

The May 1999 issue of ***Building permits*** *(64-001-XIB, $19/$186) can be downloaded at www.statcan.ca. For general information, contact Joanne Bureau (613-951-9689; burejoa@statcan.ca). For further analytical information, contact Pierre Després (613-951-9691; desppie@statcan.ca), Investment and Capital Stock Division.*

Business profits rise for a second consecutive quarter

In the first quarter of 1999, the operating profits of Canadian businesses increased for a second consecutive quarter, rising 4.7% to $36.3 billion. This gain came on the heels of a profit jump in the final quarter of 1998 of 13.3%. The improved results of the past six months have reversed four quarters of decline.

The first-quarter profit growth was concentrated among the non-financial enterprises. Their operating profits advanced 6.4% to $24.3 billion. Financial enterprises, by contrast, posted a modest 1.4% profit rise, as gains in funds and other financial vehicles were largely offset by lower profits at deposit-taking institutions.

The manufacturing sector enjoyed a third consecutive quarter of growth. Its profits edged up 1.4% to $10.4 billion. Strong consumer demand for motor vehicles, both at home and south of the border, kept the momentum going at businesses that manufacture vehicles and parts.

Wood and paper manufacturers continued to rebound, as operating profits expanded 19.9% to $1.5 billion. The booming U.S. housing market has strengthened lumber prices, but Canadian exporters remain restricted by the Canada-U.S. Softwood Lumber Agreement. Lumber producers benefited from a higher number of housing starts in Canada in the first quarter.

A broad base of wholesalers enjoyed profit increases in the first quarter. Wholesalers of motor vehicles and parts reported solid gains, and so did machinery wholesalers, including those who sell computers and communications equipment. Retailers, for their part, have been seeing sales expand since the fall of 1998. In the first quarter of 1999, retailers posted 13.6% growth in operating profits on an impressive 2.5% upswing in operating revenues. The leaders were general merchandise stores and "other retailers". Meanwhile, in the service sector, profit gains were fairly widespread. Results were particularly strong among businesses engaged in professional, scientific and technical services.

Note to readers

Beginning with the data for the first quarter of 1999, significant changes have been made to the Quarterly Survey of Financial Statistics for Enterprises. These changes affect the comparability and the historical continuity of these financial statistics. The data are now presented according to the North American Industry Classification System, which differs markedly from the 1980 Standard Industrial Classification for Companies and Enterprises that was previously used. In addition, the survey is still undergoing significant methodological changes. As a result, the first-quarter estimates are not as reliable as usual and should be interpreted with caution. They could be significantly revised later. The fully redesigned survey will be in place for the second quarter of 1999 release.

Available on CANSIM: matrices 8330-8383.

For further information, contact Mark Marcogliese (613-951-9840; marcogm@statcan.ca) or Jean-Pierre Simard (613-951-0741; jpsimard@statcan.ca), Industrial Organization and Finance Division.

Large retailers' sales still advancing

In April, the large retailers' sales reached $5.7 billion, up from a year earlier by 5.2%. Over the same period, total retail sales (excluding motor and recreational vehicle dealers) increased 3.2%. With the exception of sporting and leisure goods, all the major product lines of the large retailers rose compared with April 1998. The three top performers—health and personal care products, housewares, and home furnishings and electronics—all turned in year-over-year sales growth in April that was greater than 9%.

Note to readers

The group of large retailers surveyed covers about 80 large retailers. In April, these large retailers accounted for 38% of total retail trade, excluding motor and recreational vehicle dealers.

The timing of the Easter holiday may have affected some of the year-over-year changes. This year, Easter occurred in early April, whereas it occurred in mid-April last year, so Easter-related purchases were pushed into March this year. All the data are unadjusted for seasonality.

(continued on page 5)

... Large retailers' sales still advancing

Once again, health and personal care products had the highest sales growth rate (+18.0%). Health and personal care products is the only major product line of the large retailers that has consistently recorded double-digit sales gains on a year-over-year basis since January 1998 (the first month this comparison was possible). April's gain was mostly due to significant jumps in prescription drug sales (+27.9%) and over-the-counter drug sales (+33.1%), though sales of personal care products (cosmetics and other toiletries) also advanced (+10.5%).

Sales for the group of large retailers
Not seasonally adjusted

	April 1998	April 1999	April 1998 to April 1999
	$ billions		% change
Commodities, total	**5,380**	**5,658**	**5.2**
Food and beverages	1,984	2,077	4.7
Clothing, footwear and accessories	1,108	1,129	1.9
Home furnishings and electronics	608	667	9.8
Health and personal care products	358	422	18.0
Housewares	234	259	10.5
Sporting and leisure goods	248	248	-0.1
Hardware and lawn and garden products	283	284	0.2
All other goods and services	557	572	2.7

Housewares were the large retailers' second best grower (+10.5%). The advance in this category was driven by higher sales of household cleaning supplies, chemicals and paper products (+14.2%) and of non-electrical household items such as brooms, mops and laundry baskets (+15.9%).

Home furnishings and electronics had the third highest year-over-year sales increase (+9.8%). This category's sales totalled $667 million or almost 12% of all the goods the large retailers sold in April. The year-over-year sales growth was notable for major appliances (+23.4%), television/visual equipment (+11.2%), cameras and related photographic equipment (+11.0%), nursery furniture and equipment (+10.9%), and bedding, linens and bathroom accessories (+10.1%).

As for sporting and leisure goods, the large retailers' sales remained relatively unchanged from April 1998 (-0.1%). Largely, this was due to lower toy sales (-9.1%). In March, by contrast, the sporting and leisure goods category recorded a double-digit advance in year-over-year sales, with significant increases within all categories of goods.

To order data, or for general information, contact Client Services (1 877 421-3067, retailinfo@statcan.ca). For analytical information, contact Elaine Wilson (613-951-9824), Distributive Trades Division.

Please note: On page 3 of the July 2nd issue, the table of March data that accompanied the article about large retailers was jumbled. So, the table for March is reprinted here, correctly organized.

Sales for the group of large retailers
Not seasonally adjusted

	March 1998	March 1999	March 1998 to March 1999
	$ billions		% change
Commodities, total	**4,897**	**5,239**	**7.0**
Food and beverages	1,889	2,005	6.1
Clothing, footwear and accessories	942	1,008	6.9
Home furnishings and electronics	646	672	4.0
Health and personal care products	352	415	17.9
Housewares	222	237	6.9
Sporting and leisure goods	189	212	12.2
Hardware and lawn and garden products	163	169	3.8
All other goods and services	495	522	5.5

Employer pension plans recover

During the fourth quarter of 1998, the market value of the assets in trusteed pension funds increased nearly 9% to $500 billion—an almost complete recovery from the losses of the previous quarter. The third and fourth quarters of 1998 were periods of volatility in financial markets. As a consequence, the market value of fund assets fell in the third quarter. In the fourth quarter, higher stock prices significantly boosted the value of the funds' assets. Fund managers also continued to invest in new assets, particularly bonds, stocks and real estate.

The market value of the funds' foreign investments exceeded the $100 billion mark, accounting for 20% of total assets. The growth rate of the foreign assets, at 18% over the quarter, was nearly three times that of Canadian assets. Comparing the funds' Canadian and the foreign assets, a much larger proportion of the foreign assets is invested in stocks. This factor, along with the stronger recovery of U.S. stock prices compared with Canadian stock prices, largely accounts for the different growth rates.

Note to readers

Trusteed pension funds are a key source of retirement income for many Canadians and hold about two-thirds of the monies in all employer pension plans (also called registered pension plans or RPPs). About four million employees participate in trusteed pension funds. Employers and, in most cases, employees contribute to them. The contributions are then invested in the financial and capital markets, largely in stocks, bonds and, to a lesser extent, real estate and mortgages.

Over the longer term, there has been considerable growth in the value of the funds' assets. This has stemmed from rising markets, new contributions to the funds and re-invested earnings. Since the fourth quarter of 1993, when this information first became available, the value of the funds' assets has swelled 52% (after factoring out the effects of inflation).

(continued on page 6)

... Employer pension plans recover

For all of 1998, the funds' revenues (contributions, interest, dividends and profits from the sale of stocks) totalled $60.5 billion. Their expenditures (primarily benefit payments) amounted to $27.6 billion, leaving a net income last year of about $33 billion. That was down from 1997 by about 18%. It was also the first annual decline since 1994. The decline was directly attributable to lower profits on the sale of stocks.

Available on CANSIM: matrix 5749.

*The fourth quarter 1998 issue of **Quarterly estimates of trusteed pension funds** (74-001-XPB, $19/$62) is now available. For further information, contact Client Services (613-951-7355), Income Statistics Division.*

Labour productivity increases

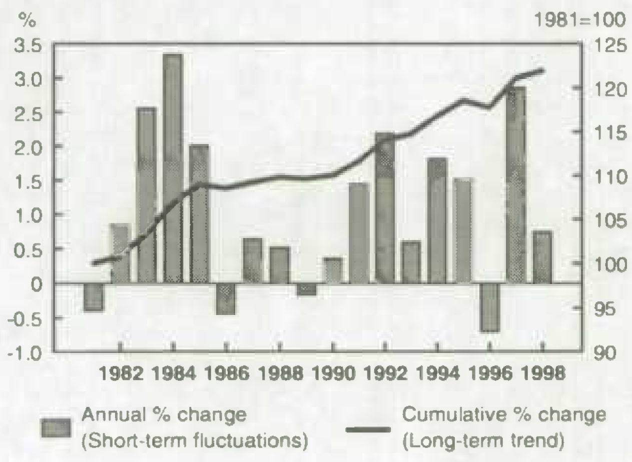
Last year, the business sector achieved a gain in labour productivity of 0.7%. This resulted from a slowdown in economic growth, strikes in key sectors of the economy and continued strong growth in hours worked. Last year's gain in labour productivity followed a jump in 1997 of 2.9%—the strongest advance in more than a decade. In 1998, productivity increased a solid 1.5% among service-producing industries, led by a 3.8% increase in retail trade and a 3.4% increase in wholesale trade.

Slower productivity in 1998 was most pronounced in goods-producing industries (-0.1%). Manufacturing, one of the principal components of this sector, posted a 0.7% gain in labour productivity, but this followed a 3.4% increase in 1997. Productivity in 1998 declined 1.5% in the logging and forestry industries and 1.3% in the construction industry.

Sharp increases in productivity such as the one recorded in 1997 are often followed by lower increases like the one seen in 1998. Over the last two decades, however, labour productivity shows the same average growth. Averaging the erratic fluctuations in the yearly data displays the underlying long-term trends. Between 1989 and 1998, labour productivity grew by an average of 1.2% per year, which is exactly the same rate as in the 1981-1989 cycle but slightly above the 1.1% rate over the 1973-1981 period.

Productivity growth was higher in the United States in 1998 (+2.3%). This was a reversal of the situation in 1997, when labour productivity jumped 2.9% in Canada and advanced 1.5% in the United States. However, during the past 10 years, productivity growth has increased at about the same rate in both countries—an average of 1.2% in Canada compared with 1.3% in the United States—even though output and hours worked grew at a faster pace in the United States.

Labour productivity of the business sector



Note to readers

*The term "**productivity**" refers to **labour productivity**, or real gross domestic product (GDP) per hour worked. It is the ratio between output and labour input (hours worked). Economic performance as measured by labour productivity must be interpreted carefully, since these estimates reflect changes in the other factors of production, as well as growth in productive efficiency.*

***Unit labour cost** is the labour cost per unit of output. It is calculated as the ratio between labour compensation and real gross domestic product. It is also the equivalent of the ratio between labour compensation per hour worked and labour productivity. Unit labour cost will increase when labour compensation per hour worked increases more rapidly than labour productivity.*

***Total labour compensation** includes all payments in cash or in kind by domestic producers to persons at work as remuneration for work. This includes the salaries and supplementary labour income of paid workers, plus an imputed labour income for self-employed workers.*

*For productivity measures, the **business sector** excludes all non-commercial activities and the rental value of owner-occupied dwellings. Corresponding exclusions are also made to labour inputs. Business sector GDP as defined here accounted for about 71% of total GDP in 1992. Business sector goods include agriculture, fishing, forestry, mining activities, manufacturing, construction and public utilities. Business sector services comprise transportation and storage, communications, wholesale and retail trade, finance, insurance and real estate, business services, private education and private health services, accommodation and food services, and other services.*

Last year, the cost of labour climbed more rapidly in the United States, at 4.4%, than it did in Canada, where hourly compensation grew 4.0%. That 4.0% was slower than in 1997, when it was 5.6% (revised upward from 4.1%). In Canada, goods-producers and service-producers contributed about equally to the overall increase. Much higher-than-average gains in hourly compensation were recorded in mining, quarrying and oil wells

(continued on page 7)

... Labour productivity increases

(+8.5%), transportation and storage (+6.8%) and business services (+6.6%).

Since 1989, Canadian workers have received lower pay increases than their American counterparts in most years. From 1989 to 1998, hourly compensation increased on average 3.1% in Canada, compared with 3.8% in the United States. During the previous cycle (1981-1989), the gap was similar, but it favoured Canadian workers.

Unit labour cost rose last year more rapidly in Canada than it did in the United States for a third straight year (+3.2% versus +1.9%). In Canada, unit labour costs fell in retail trade (-2.8%), logging and forestry (-1.6%) and communications and other utilities (-0.7%). Between 1989 and 1998, unit labour costs for Canadian businesses increased 1.9% per year on average, less than the 2.4% average for their American counterparts.

The 3.9% decrease in the Canada-U.S. exchange rate last year continued to make Canadian unit labour costs competitive. In other words, when converted to U.S. dollars, the unit labour costs of Canadian businesses fell 0.7% in 1998. Except for 1996, Canadian unit labour costs expressed in U.S. dollars have generally grown more slowly since 1992 than American unit labour costs.

Unit labour costs surged last year in the manufacturing sector by 3.3%. This was due to lacklustre growth in productivity and pay increases that were close to the Canadian average. Last year's surge was well above the trend seen in this industry since 1992 (-0.1% per year on average). The decrease in the value of the Canadian dollar in 1998 undoubtedly helped Canadian manufacturers remain competitive in terms of labour costs with their American counterparts.

Available on CANSIM: matrices 9460-9472 and 9475-9483.

For further information, contact John Baldwin (613-951-8588; baldjoh@statcan.ca) or Jean-Pierre Maynard, (613-951-3654; maynard@statcan.ca), fax: 613-951-5403, Micro-economic Studies and Analysis Division.

New from Statistics Canada

Travel-log
Summer 1999

The Summer 1999 edition of *Travel-log*, Statistics Canada's quarterly tourism newsletter, features an article titled, "The U.S.-Canada Open Skies Agreement: Three years later". The article addresses questions such as the terms of the agreement as they relate to air passenger travel, the market shares cornered by U.S. and Canadian companies, and the possible impact of the agreement on various stakeholders.

Each quarter, *Travel-log* also examines the trends in the Travel Price Index, profiles the latest travel indicators, looks at travellers' characteristics and updates readers on the international travel account.

*The Summer 1999 issue of **Travel-log** (paper: 87-003-XPB, $13/$42; Internet at www.statcan.ca: 87-003-XIB, $10/32) is now available. For further information, contact Monique Beyrouti (613-951-1673; fax: 613-951-2909; beyrmon@statcan.ca), Culture, Tourism and the Centre for Education Statistics.*

New firms and failing firms in industry: a portrait

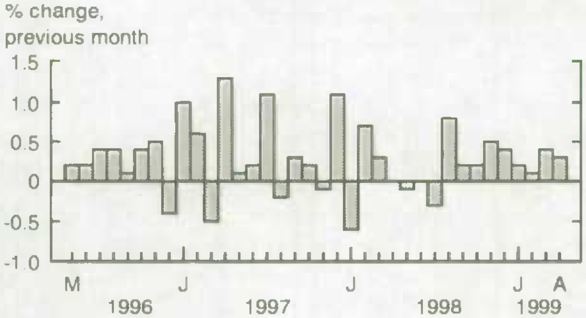
A new study titled *A portrait of entrants and exits* examines the nature of the entry and exit of firms in Canadian industry—why some entrants survive and why others fail. It reviews information on the extent of this competitive process and its contribution to productivity and innovation. Along the way, it develops a detailed portrait of the characteristics of new firms that survive and those that fail. In doing so, it investigates the types of competencies that are developed in both groups of firms.

In examining the competitive environment that new firms face, the paper explores the connection between growth and innovation. It also examines the complementary skills that are developed by innovators. Finally, the paper focuses on the causes of failure.

*This new research paper, **A portrait of entrants and exits** (paper: 11F0019MPE, no. 121, $5) is now available. It is also available as free electronic publication at www.statcan.ca. Look under "Products and services" followed by "Research papers", then "Index" and "Analytical studies". For further information, contact John Baldwin (613-951-8588), Micro-economic Analysis Division.*

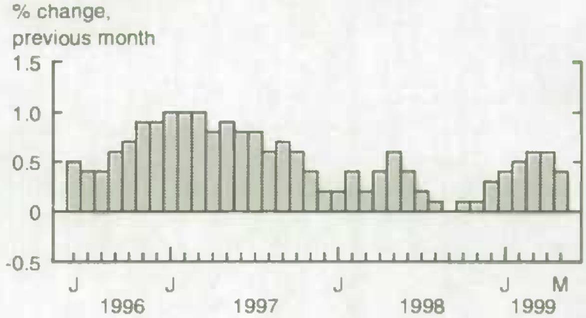
Current trends

Gross domestic product



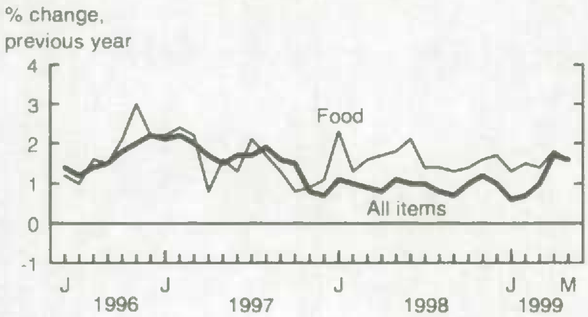
Economic activity continued to advance in April (+0.3%). This extended the expansion to nine months – the longest uninterrupted string of advances in more than a decade.

Composite Index



The leading indicator grew in May by 0.4%, in line with the 0.5% average posted so far this year.

Consumer Price Index

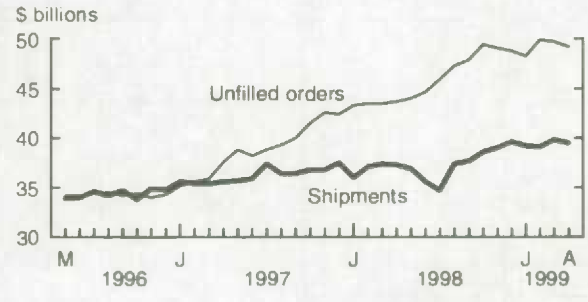


Consumers paid 1.6% more for goods and services in May 1999 than they did a year earlier. Food prices rose 1.6%.

Unemployment rate

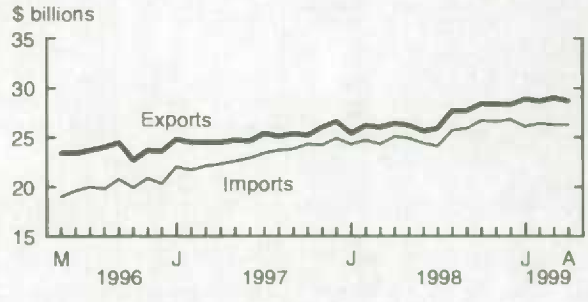
In June, the number of people looking for work fell sharply, pushing the unemployment rate down 0.5 percentage points to a nine-year low of 7.6%.

Manufacturing



Manufacturers' shipments decreased 0.8% in April to $39.5 billion. The backlog of unfilled orders slipped 1.0% to $49.2 billion.

Merchandise trade



In April, the value of merchandise exports edged down 0.9% from March to $28.7 billion. Imports continued their downward trend (-0.3%) to $26.3 billion.

Note: *All series are seasonally adjusted except the Consumer Price Index.*

Latest statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billion, 1992)	April	735.5	0.3%	2.7%
Composite Index (1981=100)	May	214.0	0.4%	4.0%
Operating profits of enterprises ($ billion)	Q1 1999	36.3	4.7%	..
Capacity utilization (%)	Q1 1999	83.1	0.5†	– 0.3†
DOMESTIC DEMAND				
Retail trade ($ billion)	April	21.2	0.4%	2.7%
New motor vehicle sales (thousand of units)	April	128.2	1.5%	3.2%
Wholesale trade ($ billion)	April	29.3	0.0%	5.1%
LABOUR				
Employment (millions)	June*	14.64	0.0%	2.7%
Unemployment rate (%)	June*	7.6	– 0.5†	– 0.8†
Participation rate (%)	June*	65.3	– 0.4†	0.4†
Average weekly earnings ($)	April	607.42	0.2%	– 0.1%
Help-wanted Index (1996=100)	June	159	1.3%	11.2%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	April	28.7	– 0.9%	8.5%
Merchandise imports ($ billion)	April	26.3	– 0.3%	4.7%
Merchandise trade balance (all figures in $ billion)	April	2.4	– 0.2	1.1
MANUFACTURING				
Shipments ($ billion)	April	39.5	– 0.8%	5.9%
New orders ($ billion)	April	39.0	– 1.5%	4.1%
Unfilled orders ($ billion)	April	49.2	– 1.0%	12.6%
Inventory/shipments ratio	April	1.27	– 0.02	– 0.03
PRICES				
Consumer Price Index (1992=100)	May	110.4	0.3%	1.6%
Industrial Product Price Index (1992=100)	May	119.9	– 0.1%	0.8%
Raw Materials Price Index (1992=100)	May	113.5	1.4%	2.6%
New Housing Price Index (1992=100)	May*	100.6	0.0%	0.6%

Note: All series are seasonally adjusted with the exception of the price indexes.
* *new this week*
† *percentage point*
.. *figures not available yet due to a survey redesign*

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Microfiche		65-004-XMB	37/361	37/361
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Steel wire and specified wire products	May 1999	41-006-XIB	5/47	
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t index: January 8 to June 25, 1999 – concluded

Industrial Product Price Index

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December 1998 and 1998	February 5
January 1999	March 5
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Labour Force Survey

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Labour markets

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Public sector employment down marginally, 1998	March 19

Large Retailers

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February 1999 and 1998	May 21

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Reference period:	Issue date:
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January 1999	March 19
February 1999	April 23
March 1999	May 21
April 1999	June 25

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February 1999	April 9
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April 1999	June 4

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Economy expected to remain stable in the short term	April 16
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Households spend more than business or government on taxi services, 1997	June 18
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Lowest international travel deficit in over 10 years, Q1 1999	June 11
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Tourism breaking records, 1998	June 11
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Farm cash receipts down slightly in first quarter, Q1 1999	June 4
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