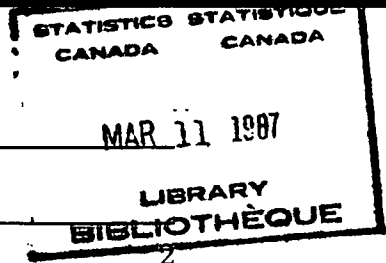


The Daily

Statistics Canada

Wednesday, March 11, 1987



Major Releases

Private and Public Investment, Intentions 1987

- Capital expenditures during 1987 are estimated to reach \$99 billion, up 3.8% over the latest estimate of \$95.4 billion for 1986.

Composite Leading Indicator, December 1986

- The composite leading indicator rose 0.4% for the third straight month.

Financial Activity in Canada, Fourth Quarter and Annual 1986

- Household borrowing (consumer credit and mortgages) reached an historical high of \$30.1 billion in 1986.

Construction Building Material Price Index: Non-residential, January 1987

- Prices for non-residential building materials increased 0.2% from the previous month and 3.4% from January 1986.

Construction Building Material Price Index: Residential, January 1987

- The index decreased 0.2% from December but rose 5.6% on a year-over-year basis.

Data Availability Announcements

Honey Production and Value, 1986 and 1985 13

Phonograph Records and Pre-recorded Tapes, January 1987 13

Particleboard, Waferboard and Hardboard, January 1987 13

Publications Released

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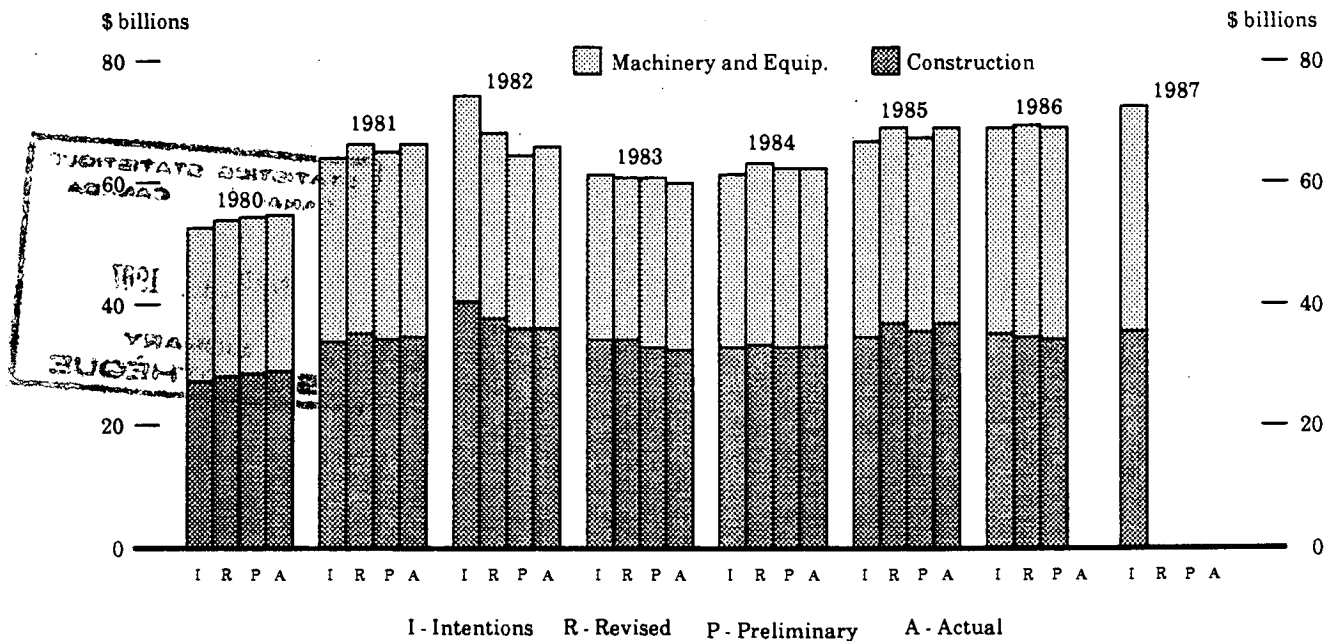


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Canada

Major Releases

Capital Expenditures Excluding Housing (Current Dollars)



Private and Public Investment Intentions 1987

Intended investment expenditures on new fixed assets during 1987 are estimated to be \$99.0 billion or 3.8% above the latest estimate of \$95.4 billion for 1986. The number of sectors and industries reporting increases is greater than in 1986. Utilities are expected to increase their capital spending by 9%, manufacturing by 8.7%, the trade-finance-commercial group by 6.4%, institutions and governments by 5.1% and housing by 2.2%. But mining and the other primary industries are expected to decline by 9.5%.

In the past, changing economic conditions during the year and the cyclical pattern of investors' plans have contributed to marked deviations between actual capital spending and reported intentions. As the accompanying chart shows, actual expenditures have exceeded reported intentions in four out of six years since 1980.

Highlights of the 1987 programs are as follows:

Business Sector

- The intended 8.7% increase in manufacturing to a new level of \$15.1 billion is mainly due to increases in paper products, petroleum refineries, electrical products, primary metals and the food and beverages industry. These increases more than offset decreases in metal fabrication, chemical products and the transportation equipment industry.
- The advance of 9% in utilities to a new level of \$14.9 billion results from higher capital spending in electric power and the communications group.
- The expected 6.4% gain in the trade-finance-commercial industries to a new level of \$18.2 billion is concentrated in real estate development and trade.

(continued on page 3)

- The expected decrease for the primary industries is dominated by an 18.6% drop for petroleum and gas wells. Nevertheless, this decline is less severe than the actual 37.4% decline registered in 1986. Agriculture and fishing are expected to decline by 5.4%.

Governments and Institutions

- Capital spending by municipalities is expected to increase by 12.3% to a new level of \$4.7 billion. This is the only significant increase reported by any level of government in 1987.
- Hospitals, schools and universities are expected to spend more in 1987 than in 1986. The institutions group as a whole is expected to show a gain of 5.4%.

Housing

- The estimate of residential construction is based on projected housing starts of 182,000 in 1987 compared with 199,785 starts in 1986 and 165,826 starts in 1985. Data users should note that estimates for housing for 1985, 1986 and 1987 now include additional amounts representing alterations and improvements. The historical series for housing has been revised back to 1961 to include such activity and is now

available on CANSIM matrix no. 0442 (for new housing) and matrix no. 0439 (for non-capital repairs).

Provincial Comparisons

Among the provinces, Saskatchewan is expected to post the highest increase at 8.1% in capital spending to reflect the gain for manufacturing in that province. Ontario and Quebec also expect to exceed the national average with increases of 6.2% and 4.8%. The impact of reductions in drilling programs for petroleum and gas was most evident in Newfoundland, Nova Scotia, Alberta and in the Northwest Territories. Overall, only Nova Scotia expects to register an increase in capital spending.

(see tables on pages 4 and 5)

Additional statistics for the provinces by industry or according to private or public categories can be obtained from CANSIM: matrices 1066-1079, 1190, 1194, 1198, 1202, 1206, 1210, 1214, 1218, 1222, 1226, 1230, 1272-1296 and 1303-1327.

Order *Private and Public Investment in Canada, Intentions 1987* (61-205, \$25), available mid-April. Contact: Duncan Lusick (613-991-2209) or Justin Lacroix (613-991-2589 or 613-990-9815), Science, Technology and Capital Stock Division. Regional offices of Statistics Canada may also be contacted.

Comparison of Capital Expenditures

	Total Capital Expenditures			% Change	
	(Millions of dollars)			Preliminary 1986 vs. Actual 1985	Intentions 1987 vs. Preliminary 1986
	1985 Actual	1986 Preliminary	1987 Intentions		
Agriculture/fishing	3,138	2,892	2,735	-7.8	-5.4
Forestry	205	211	261	2.9	23.9
Mining	10,905	7,167	6,131	-34.3	-14.4
Construction	1,201	1,444	1,471	20.2	1.9
Manufacturing	11,516	13,910	15,118	20.8	8.7
Utilities	13,675	13,656	14,886	-0.1	9.0
Trade	2,468	2,466	2,731	-0.1	10.7
Finance	5,654	6,885	7,593	21.8	10.3
Commercial	6,718	7,763	7,887	15.5	1.6
Sub-total Business	55,480	56,394	58,813	1.6	4.3
Institutions	2,496	2,538	2,676	1.7	5.4
Government departments	11,358	10,839	11,377	-4.6	5.0
Sub-total Social	13,854	13,377	14,053	-3.4	5.0
Housing	21,170	25,593	26,169	20.9	2.2
Grand Total	90,504	95,364	99,035	5.4	3.8

Summary of Provinces and Territories

1985 to 1987¹

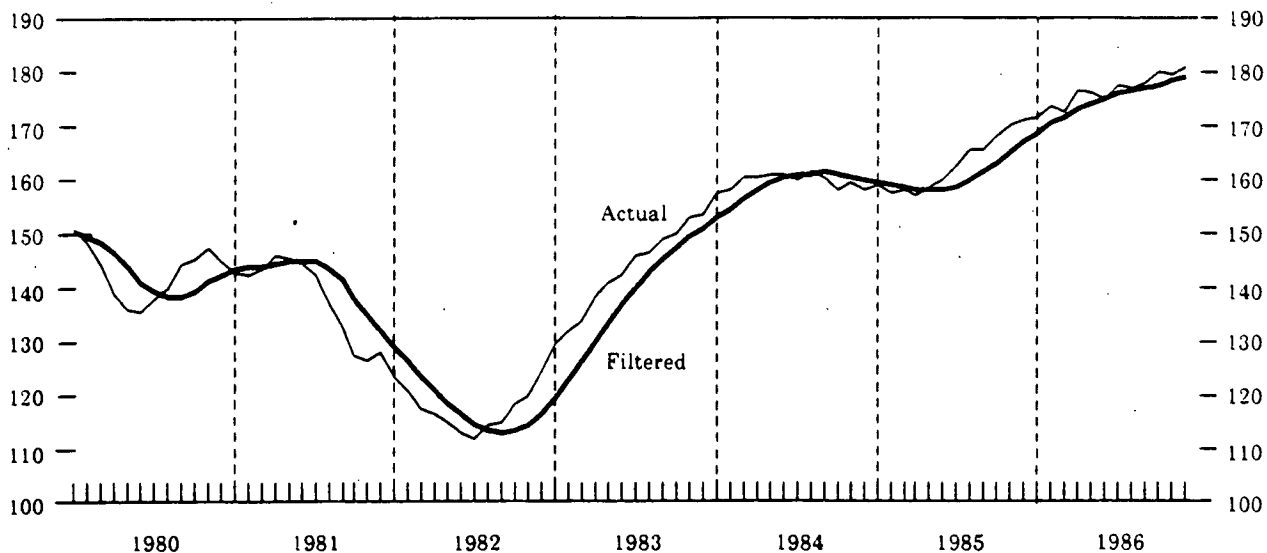
(Millions of Dollars)

Item No.		Capital Expenditures		
		Construction	Machinery and equipment	Total
Atlantic Region:				
1 Newfoundland	1985	1,541	420	1,961
	1986	1,344	605	1,949
	1987	1,243	573	1,816
2 Prince Edward Island	1985	192	77	269
	1986	233	76	309
	1987	227	73	300
3 Nova Scotia	1985	1,986	776	2,762
	1986	1,906	888	2,794
	1987	1,845	991	2,836
4 New Brunswick	1985	1,200	766	1,966
	1986	1,208	671	1,879
	1987	1,302	666	1,968
5 Sub-total (items 1 to 4)	1985	4,919	2,039	6,958
	1986	4,691	2,240	6,931
	1987	4,617	2,303	6,920
6 Quebec	1985	12,105	7,130	19,235
	1986	13,048	7,465	20,513
	1987	13,421	8,083	21,504
7 Ontario	1985	17,926	13,943	31,869
	1986	21,585	16,131	37,716
	1987	23,051	17,022	40,073
Prairie Region:				
8 Manitoba	1985	2,045	1,150	3,195
	1986	2,361	1,195	3,556
	1987	2,459	1,180	3,639
9 Saskatchewan	1985	2,744	1,349	4,093
	1986	2,365	1,317	3,682
	1987	2,517	1,463	3,980
10 Alberta	1985	9,966	3,623	13,589
	1986	8,776	3,701	12,477
	1987	8,743	3,651	12,394
11 Sub-total (items 8 to 10)	1985	14,755	6,122	20,877
	1986	13,502	6,213	19,715
	1987	13,719	6,294	20,013
12 British Columbia	1985	7,156	3,036	10,192
	1986	6,406	2,950	9,356
	1987	6,364	3,425	9,789
13 Yukon and Northwest Territories	1985	1,229	145	1,374
	1986	992	141	1,133
	1987	601	134	735
14 Canada (items 5, 6, 7, 11, 12 and 13)	1985	58,090	32,415	90,505
	1986	60,224	35,140	95,364
	1987	61,773	37,261	99,034

¹ Actual 1985, followed by preliminary actual 1986, and then intentions 1987.

The Canadian Composite Leading Index (1971 = 100)

Jan. 1980 to Dec. 1986



Composite Leading Indicator

December 1986

The composite leading indicator reached a level of 178.9 in December, rising at the same monthly rate of 0.4% that has been recorded since October.

Most of the manufacturing indexes continued to improve in December, following sluggish growth through most of 1986. The length of the average workweek increased, particularly in export-oriented industries in response to rising new orders, while the ratio of shipments to inventories rose to its highest level in the current expansion, which began in 1983. These advances were offset by a deceleration of household demand, after large gains in the second and third quarters of 1986.

The recent strengthening of manufacturing demand was reflected in a 1.6% gain in goods production in December, the third increase in

the last four months. Overall output of goods and services rose by 1.2% in December, after small declines in October and November.

(see table on page 7)

Available on CANSIM: matrix 161.

Additional data and further analysis of the Leading Indicator are available in the monthly *Current Economic Indicators* (13-005, \$10/\$100). This publication also contains the *Monthly Economic Review*. The March issue of this publication will be released on the 19th of this month. For further information on data published in this issue and the next release dates, or about ordering, contact: L. Bussière (613-991-1789). For general information contact: P. Cross (613-990-9162), International and Financial Economics Division.

Canadian Leading Indicators

	Percentage change						Level
	July	August	Sept.	Oct.	Nov.	Dec.	Dec.
Composite Leading Index (1971 = 100)							
Filtered	.5	.3	.3	.4	.4	.4	178.9
Unfiltered	1.3	-0.4	0.6	1.1	-0.3	0.8	180.7
Retail trade							
Furniture and appliance sales	1.0	1.2	1.3	1.2	0.9	0.7	129,982 ⁴
New motor vehicle sales	-0.4	0.8	1.5	0.3	-0.9	-0.5	712,120 ⁴
Residential construction index¹	1.0	1.6	2.6	2.5	1.8	0.3	107.5
Manufacturing							
New orders - durable	-0.3	-0.9	-1.1	-0.2	0.0	0.7	3,405 ⁵
Shipment to inventory ratio - (finished goods) ²	.00	-.00	-.01	.00	.00	.01	1.68
Average workweek (hours)	-.2	-.2	-.1	0	.1	.3	38.8
Percentage change in price per unit labour cost ²	.03	.03	.02	.01	-.01	-.03	.02
United States composite leading index (1972 = 100)	.5	.4	.3	.3	.3	.6	181.2
TSE 300 stock price index (excluding oil and gas)	1.5	0.7	-.1	-.3	-.4	-.6	3,126
Money supply (M1) (\$1971)³	-.2	0	.4	.5	.8	.7	10,307 ⁵

¹ Composite index of housing starts (units), building permits (constant dollars) and mortgage loan approvals (numbers).

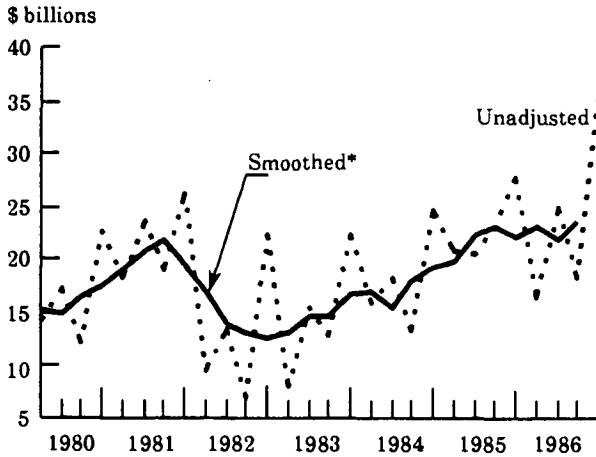
² Difference from previous month.

³ Deflated by the consumer price index for all items.

⁴ Thousands of 1971 dollars.

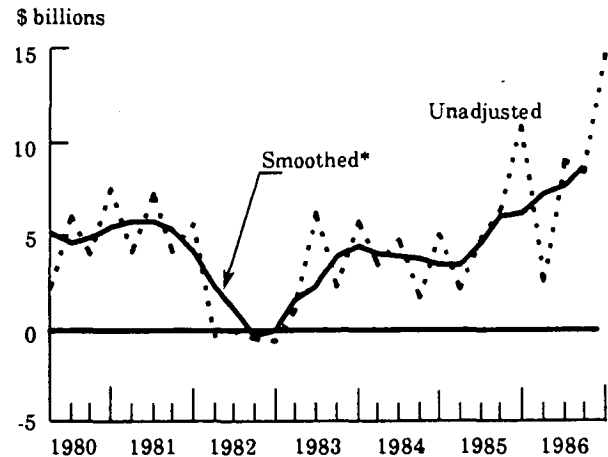
⁵ Millions of 1971 dollars.

Total Funds Raised on Conventional Credit Markets by Domestic Non-financial Sectors



* 4 quarter moving average

Funds Raised by Persons and Unincorporated Business



* 4 quarter moving average

Financial Activity in Canada

Fourth Quarter and Annual 1986

During the fourth quarter, domestic non-financial sectors raised \$35.4 billion on conventional credit markets, an increase of 29% over the fourth quarter of 1985. The bulk of that increase originated in the personal sector which showed continuing strength throughout the year. In addition there was a resurgence of demand for funds by both non-financial private corporations and the government sector that reversed the weaker demand which prevailed in the first three quarters of 1986.

Annual 1986

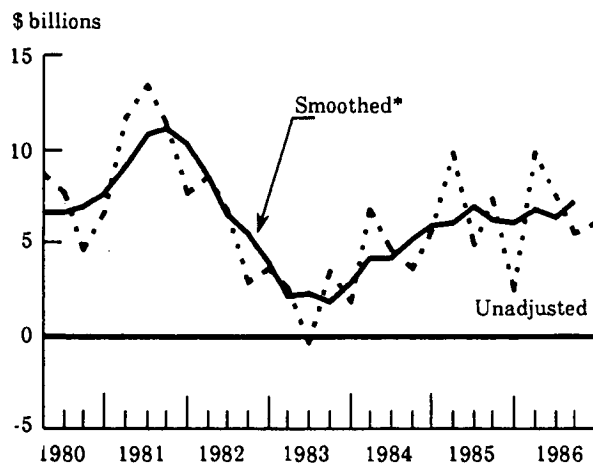
During the year, funds raised by domestic non-financial sectors increased by only 5% in nominal value, down sharply from increases of more than 25% for each of 1984 and 1985. Government financing requirements decreased 24% from a peak reached in 1985, in contrast to a 43% increase in personal sector borrowing.

Persons and Unincorporated Business

During 1986 increases in residential construction and strong resale markets spurred by favorable interest rates explained an increase of 15% in the level of mortgages outstanding. Mortgage debt outstanding, expressed as a percentage of personal disposable income, increased from under 65% at the end of 1985 to over 70% at the end of 1986 (a peak of 73% was reached in 1979). Similarly, continued growth in expenditure on consumer durables and semi-durables was reflected in demand for consumer credit. As a percentage of personal disposable income, consumer credit outstanding increased from 18% to 20% in the course of the year, but remained somewhat below levels reached during the 1970s.

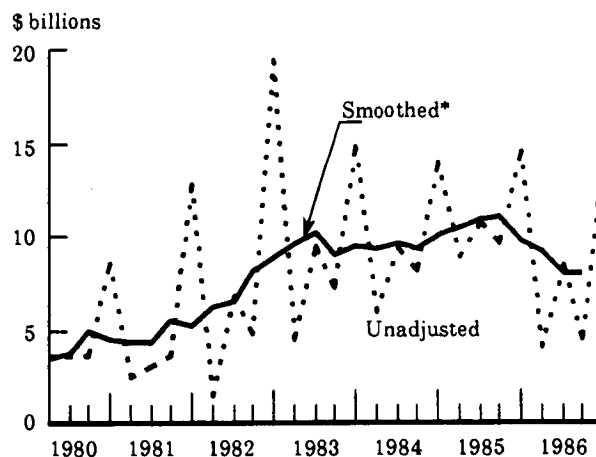
(continued on page 9)

Funds Raised by Non-financial Corporations



* 4 quarter moving average

Funds Raised by Governments



* 4 quarter moving average

General Government

Financing requirements for all levels of government were reduced as the federal government's deficit decreased to \$24.8 billion (in current dollars, on a National Accounts basis) from \$32.3 billion in 1985. Federal borrowing on credit markets (excluding issues of bonds to the Canada Pension Plan) fell to \$18.5 billion from \$34 billion in 1985. For the first time since 1980, net issues of Canada Savings Bonds for the year declined (by \$4.4 billion); encashments were high, especially early in the year when interest rates on competing instruments rose. The category "Treasury bills" in the summary table includes \$1.3 billion in issues of Canada bills; this latter instrument, denominated in U.S. dollars, was introduced in October.

The provincial government sector deficit rose to \$8.2 billion from \$5.3 billion in 1985. Borrowing on credit markets by the sector doubled to over \$13 billion, with a pronounced increase in issues of treasury bills and short-term paper.

Non-financial Private Corporations

A moderate increase in borrowing by non-financial private corporations during 1986 probably met requirements for balance sheet restructuring as there was little change in inventory accumulation and investment in plants and equipment. Reflecting attractive markets, net new issues of bonds and shares accounted for 72% of funds raised, up from 57% in 1985. The predominance of issues of common shares over preferred, begun in the last quarter of 1985, continued throughout 1986; common shares made up 75% of new issues.

(see table on page 10)

Available on CANSIM: matrices 701-741, 743 and 749.

Order the fourth quarter 1986 issue of *Financial Flow Accounts* (13-002P, \$10/\$40), now available. Contact: Gerry Gravel or Christian Lajule (613-990-9043), International and Financial Economics Division.

Financial Market Summary Table
(Millions of dollars)

	1985	1986				
	Annual	I	II	III	IV	Annual
1. Persons and unincorporated business	24,144	2,583	8,916	8,366	14,719	34,584
Consumer credit	7,171	200	2,895	2,327	2,092	7,514
Bank loans	1,225	-439	-1,617	-1,258	2,086	-1,228
Other loans	1,904	-133	1,753	-292	4,290	5,618
Short-term paper	-11	-3	21	0	0	18
Mortgages	13,825	2,947	5,885	7,577	6,171	22,580
Bonds	30	11	-21	12	80	82
2. Non-financial private corporations	22,367	7,271	7,505	4,669	5,407	24,852
Bank loans	2,626	5,975	-7,096	-520	-1,318	-2,959
Other loans	2,230	939	955	-35	-636	1,223
Short-term paper	3,402	-4,029	9,936	730	1,318	7,955
Mortgages	1,446	176	373	35	165	749
Bonds	1,824	1,781	238	1,172	1,356	4,547
Stocks	10,839	2,429	3,099	3,287	4,522	13,337
3. Non-financial government enterprises	2,043	2,471	-43	834	613	3,875
Bank loans	385	1,053	-186	447	-484	830
Other loans	170	-125	-6	368	3	240
Short-term paper	552	57	-254	-276	-415	-888
Mortgages	-26	-3	-3	-2	-4	-12
Bonds	1,495	1,379	404	297	1,815	3,895
Stocks	-533	110	2	0	-302	-190
4. General government	41,737	4,099	8,432	4,515	14,680	31,726
Bank loans	1,313	1,039	-1,474	-1,129	-522	-2,086
Other loans	1,208	379	-451	-649	-96	-817
Treasury bills	9,889	2,317	4,240	504	3,840	10,901
Short-term paper	-36	722	1,233	971	1,819	4,745
Mortgages	-	0	0	0	0	0
Bonds	29,363	-358	4,884	4,818	9,639	18,983
5. Total borrowing by domestic non-financial sectors (as a percentage of GDP)	90,291 19.0	16,424 13.9	24,810 20.2	18,384 13.6	35,419 27.4	95,037 18.8
6. Rest of the World	5,841	1,392	-1,629	-422	1,279	620
Bank loans	-852	5	-1,490	-498	-193	-2,176
Other loans	845	-296	-113	89	409	89
Mortgages	-	0	0	0	0	0
Stocks	5,848	1,683	-26	-13	1,063	2,707
7. Total borrowing excluding domestic financial institutions	96,132	17,816	23,181	17,962	36,698	95,657
8. Domestic financial institutions	18,673	9,866	4,134	7,659	6,604	28,263
Bank loans	1,949	1,633	-204	443	398	2,270
Other loans	3,920	2,434	-2,389	550	-1,929	-1,334
Short-term paper	1,422	1,165	410	37	1,892	3,504
Mortgages	-19	6	-111	-10	3	-112
Bonds	2,497	633	1,367	1,873	1,806	5,679
Stocks	8,904	3,995	5,061	4,766	4,434	18,256
9. Total financing	114,805	27,682	27,315	25,621	43,302	123,920

- Nil or zero.

Construction Building Material Price Index: Non-residential January 1987

The Non-residential Building Material Price Index (1981=100) rose to 127.5 in January, up 0.2% from the previous month and up 3.4% from a year earlier.

Between December 1986 and January 1987, there were several minor increases, the most significant of which were for metal roofing and siding, ready-mix concrete and foamed and expanded plastics. These were partly offset by several decreases, mainly for lumber and paints.

Between January 1986 and January 1987, prices for architectural materials increased 4.3%; structural materials 3.6%; mechanical materials 2.0%; and electrical materials 1.8%. Increases which had the most notable effect occurred for metal roofing and siding, ready-mix concrete, foamed and expanded plastics, and concrete bricks and blocks.

Available on CANSIM: matrix 423.

Order the first quarter 1987 issue of *Construction Price Statistics* (62-007, \$15/\$60), available in June. Contact: the Information Service (613-990-9607), Prices Division.

Construction Building Material Price Indexes: Non-residential January 1987 (1981=100)

	Jan. '87	Dec. '86	Jan. '86	% Change	
				Jan. '87/ Dec. '86	Jan. '87/ Jan. '86
Total materials	127.5	127.2	123.3	0.2	3.4
Architectural material	129.7	129.1	124.4	0.5	4.3
Structural materials	126.5	126.2	122.1	0.2	3.6
Mechanical materials	127.9	128.2	125.4	-0.2	2.0
Electrical materials	120.8	120.9	118.7	-0.1	1.8

Construction Building Material Price Index: Residential

January 1987

The price index for residential construction building materials (1981=100) declined to 131.2 in January, down 0.2% from the revised figures for the previous month, but 5.6% higher than a year earlier.

Between December 1986 and January 1987, the main decreases were for lumber and paints. Lumber prices fell 7.3%, due primarily to excess supply in North America and declining housing starts in the United States. Paint prices declined 6.9% as a result of a spring discount sale reported by one of the larger firms.

Between January 1986 and January 1987, prices for architectural materials rose 6.4%, due principally to increases for gypsum wallboard and plywood. This was followed by an increase in prices for structural materials of 5.8%, due primarily to roof trusses and concrete blocks and bricks. Increases were also noted for mechanical materials, up 3.3% and electrical materials, up 1.6%.

Available on CANSIM: matrix 423.

Order the first quarter 1987 issue of *Construction Price Statistics* (62-007, \$15/\$60), available in June. Contact: the Information Service (613-990-9607), Prices Division.

Construction Building Material Price Indexes: Residential

January 1987
(1981=100)

	Jan. '87	Dec. '86	Jan. '86	% Change	
				Jan. '87/ Dec. '86	Jan. '87/ Jan. '86
Total materials	131.2	131.4	124.2	-0.2	5.6
Architectural materials	132.3	131.8	124.4	0.4	6.4
Structural materials	132.1	134.7	124.9	-1.9	5.8
Mechanical materials	128.2	128.1	124.1	0.1	3.3
Electrical materials	119.8	119.8	117.9	-	1.6

- Nil.

Data Availability Announcements

Honey Production and Value 1985 and 1986

Updates to preliminary estimates show there were 1,700 Alberta beekeepers in 1986, with 190,000 colonies. Total Alberta honey production was 24 million pounds in 1986, for an average yield of 126 pounds per colony. Preliminary value estimates for Alberta honey, and honey and wax are also available.

The 1986 Canada estimate for beekeepers has been correspondingly revised to 19,000 with 702,375 colonies. Total production has been revised to 74,109,000 pounds, for an average yield of 106 pounds per colony.

Available on CANSIM: matrix 1056.

Contact: L.D. Magahay (613-990-8727),
Agriculture/Natural Resources Division.

Phonograph Records and Pre-recorded Tapes

Canadian manufacturers produced 3,555,800 phonograph records in January 1987, up 12.0% from the 3,175,974 produced a year earlier. Production of tapes decreased to 3,253,688 in January 1987, down 0.8% from 3,279,334 tapes in January 1986.

Available on CANSIM: matrix 2904.

Order the January 1987 issue of *Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada* (47-004, \$4/\$40), to be released the week of March 16. Contact: Don Grant (613-991-3521), Industry Division.

Particleboard, Waferboard and Hardboard

January 1987

Canadian firms produced 104 472 cubic metres of waferboard in January 1987, a decrease of 9.3% from the 115 224 cubic metres produced a year earlier.

Particleboard production reached 98 144 cubic metres in January 1987, up 3.0% from 95 307 cubic metres the previous year. Production of hardboard for the month was 2 349 thousand square metres, basis 3.175 mm (25,283 thousand square feet, basis 1/8-inch), a decrease of 41.9% from the 4 044 thousand square metres, basis 3.175 mm (43,531 thousand square feet, basis 1/8-inch) of hardboard produced in January 1986.

Available on CANSIM: matrix 122 (series 8 and 34).

Order the January 1987 issue of *Particleboard, Waferboard and Hardboard* (36-003, \$4/\$40), to be released the week of March 23. Contact: Katherine Blais (613-991-3531), Industry Division.



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The Daily, March 11, 1987

Publications Released

Survey Methodology: A Journal of Statistics Canada, Vol. 12, No. 2, December 1986.

Catalogue number 12-001

(Canada: \$10/\$20; Other Countries: \$11.50/\$23).

Financial Flow Accounts, Fourth Quarter 1986.

Catalogue number 13-002P

(Canada: \$10/\$40; Other Countries: \$11/\$44).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, November 1986. **Catalogue number 35-002**
(Canada: \$8/\$80; Other Countries: \$9/\$90).

Production and Shipments of Steel Pipe, Tubing and Fittings, December 1986.

Catalogue number 41-011

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Preliminary Statement of Canadian International Trade, January 1987.

Catalogue number 65-001P

(Canada: \$5/\$50; Other Countries: \$6/\$60).

Available March 12 at 7:00 a.m.

Science Statistics, Service Bulletin, Vol. 11, No. 2, **Changes in the Presentation of Some Science and Technology Statistics**, **Catalogue number 88-001**

(Canada: \$6/\$60; Other Countries: \$7/\$70).

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**The
Daily**

Statistics Canada's Official Release Bulletin for Statistical Information

Catalogue 11-001E. Price: Canada \$100/year; other countries \$125/year

Published by the Communications Division (Director - Tim Davis)
Statistics Canada, 3-O, R.H. Coats Bldg., Ottawa K1A 0T6.

Senior Editor: Greg Thomson (613-991-1103)

Editor: Deanna Jamieson (613-991-1198)

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