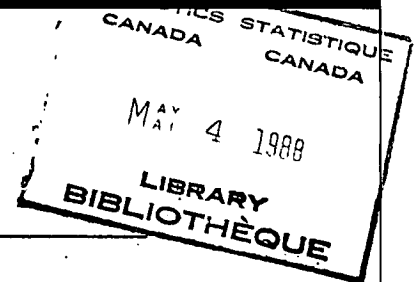


The Daily

Statistics Canada

Wednesday, May 4, 1988



Major Releases

Composite Leading Indicator, February 1988

2

- The leading indicator (1971 = 100) posted a monthly advance of 0.4% to 192.4 in February, following two straight monthly increases of 0.2%, posted in January and December.

Quarterly Business Conditions Survey, Canadian Manufacturing Industries, April 1988

5

- Canadian manufacturers' opinions regarding production prospects for the April to June quarter showed a small improvement from the January survey.

Publications Released

7



Statistics
Canada

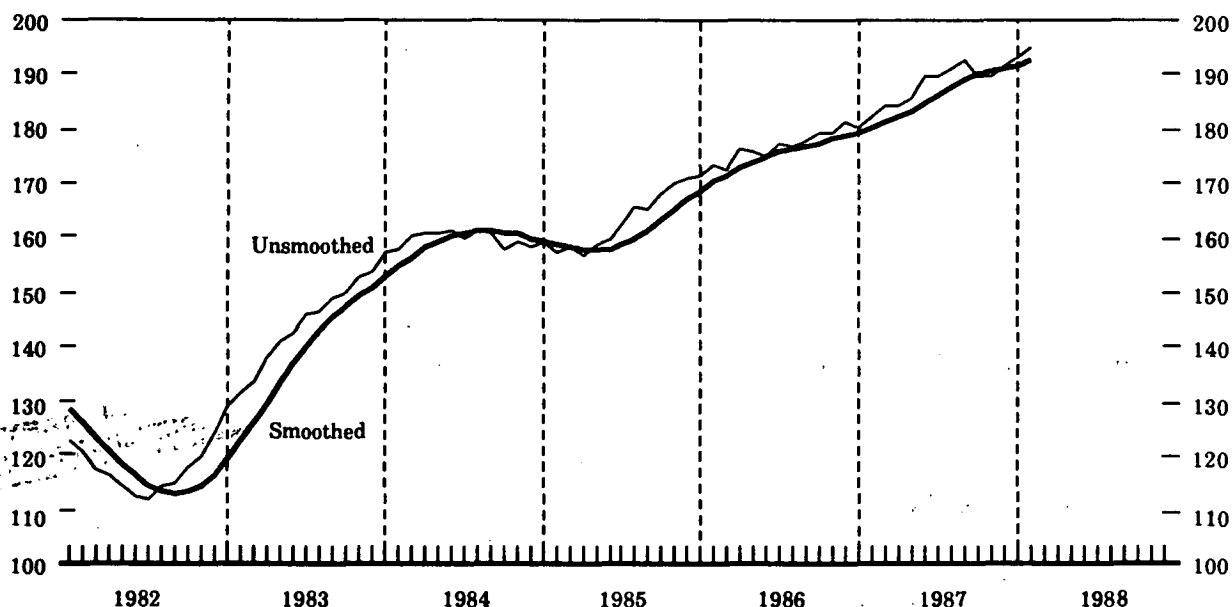
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Canada

Canada

Major Releases

The Canadian Composite Leading Indicator (1971 = 100)

January 1982 to February 1988



Composite Leading Indicator February 1988

The Canadian leading indicator (1971=100) posted a monthly advance of 0.4% to 192.4 in February, following consecutive 0.2% increases in January and December. The increases in the manufacturing indicators were accompanied in February by a first slowing in the rate of decrease in the stock exchange index since November. (Without the influence of the stock market, the monthly growth in the overall index varied little following the October crash, averaging 0.7%.) The unsmoothed version of the index jumped 1.1% in February, following increases of 0.6% in January and 1.2% in December.

In February, a further increase in new orders for durable goods was accompanied by a rise in exports of transportation equipment, while shipments by industries connected with business investment increased again. The length of the average workweek remained steady. The ratio of shipments to stocks of

finished goods rose slightly. Indicators of household demand contributed little to the overall advance.

The unsmoothed version of the United States leading indicator jumped 1.3% in February, the strongest gain recorded since December 1986. All of the components connected with household demand advanced, particularly building permits which posted their first appreciable increase in two years.

(see table on page 3)

Available on CANSIM: matrix 161.

For further detailed information on data published in this issue and the next release dates, or about ordering, contact F. Roy-Mayrand (613-951-3627).

For more information on the economy, order the *Canadian Economic Observer* (11-010, \$20/\$200). The May issue also includes a feature article on International Travel.

Canadian Leading Indicators

| | Percentage Change | | | Level |
|---|-------------------|---------|----------|----------------------|
| | December | January | February | February |
| Composite Leading Index (1971 = 100) | | | | |
| Smoothed | 0.2 | 0.2 | 0.4 | 192.4 |
| Unsmoothed | 1.2 | 0.6 | 1.1 | 195.1 |
| Retail Trade | | | | |
| Furniture and appliance sales | 0.1 | -0.2 | -0.1 | 145,442 ⁴ |
| New motor vehicle sales | 0.1 | 0.1 | -0.7 | 794,875 ⁴ |
| Residential construction index ¹ | -3.2 | -2.9 | -2.2 | 116.1 |
| Manufacturing | | | | |
| New orders - durable | 1.0 | 0.9 | 0.6 | 3,761 ⁵ |
| Shipment to inventory ratio - (finished goods) ² | 0.01 | 0.01 | 0.00 | 1.79 |
| Average workweek (hours) | 0.0 | 0.0 | 0.0 | 38.8 |
| Percentage change in price per unit labour cost ² | 0.11 | 0.13 | 0.14 | -0.05 |
| United States composite leading index (1972 = 100) | 0.0 | -0.2 | -0.1 | 191.5 |
| TSE 300 stock price index (excluding oil and gas) | -4.0 | -4.1 | -3.2 | 3,156 |
| Money supply (M1) (\$1971) ³ | -0.4 | -0.3 | -0.3 | 11,107 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.

Chart - 1

Balance of Opinion for Expected Volume of Production During Next Three Months Compared with Last Three Months

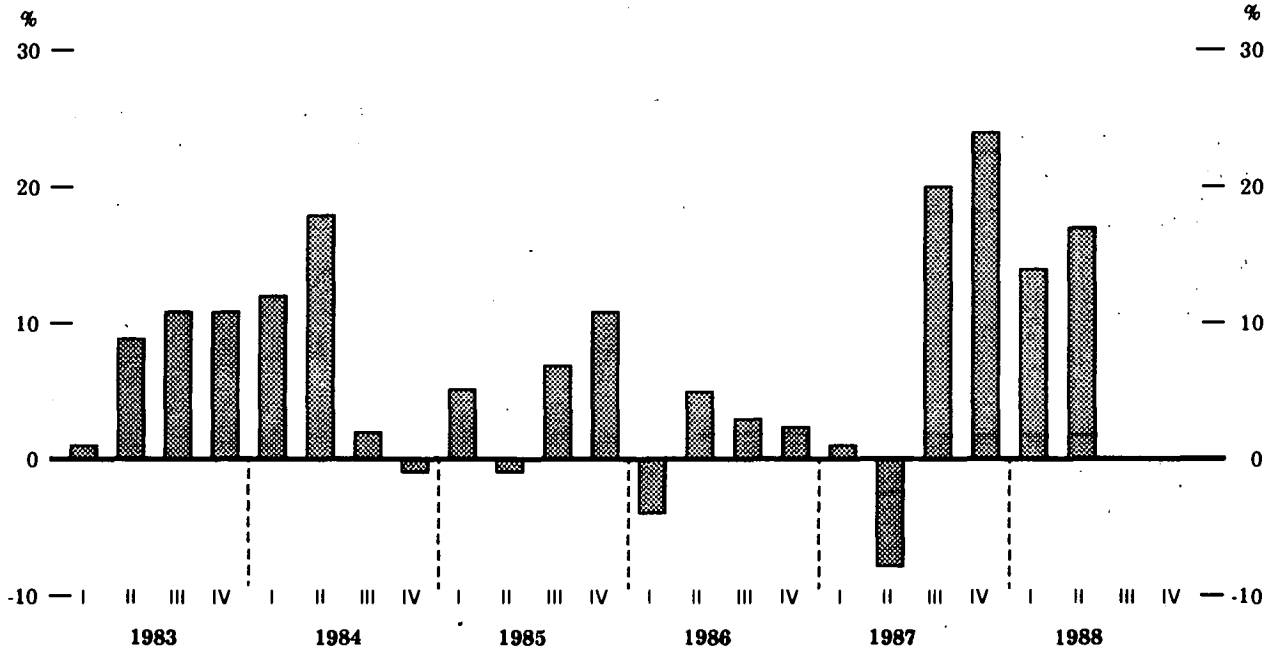
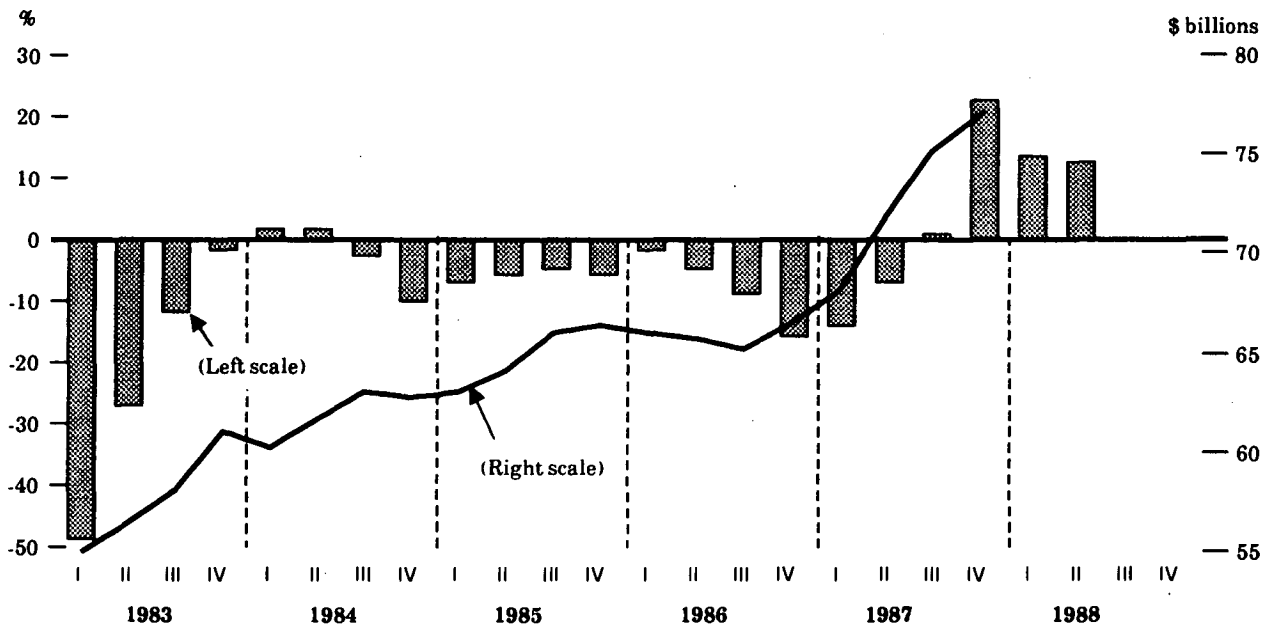


Chart - 2

Comparison Between Balance of Opinion For Present Backlog of Unfilled Orders (Left Scale) and The Gross Domestic Product At 1981 Factor Costs (Right Scale) For All Manufacturing Industries, Adjusted For Seasonal Variation



Business Conditions Survey, Canadian Manufacturing Industries

April 1988

Seasonally Adjusted

There was a small improvement in Canadian manufacturers' opinions about production prospects between the January and April 1988 surveys, despite continuing concern about the level of finished product inventories.

The level of optimism regarding production prospects and orders for the upcoming April to June quarter is somewhat below the peak reached at the beginning of October 1987, but is much above the level one year ago.

Concern about the level of finished product inventories has been increasing over the last four surveys but still remains well below the level recorded in the April 1987 survey.

Highlights

- The balance of manufacturers' opinion about the **volume of production** over the next three months rose from +14 in January 1988 to +17. (The balance of opinion is calculated by taking the 33% who gave an optimistic "higher" response and subtracting the 16% with a pessimistic "lower" response, to give the +17 result.) This balance was below the peak of +24 recorded at the beginning of October 1987, but was much higher than in April last year, when the balance was negative.
- The balances for **orders received** and the **backlog of unfilled orders** declined marginally between the January (revised results) and April 1988 surveys to +12. Both variables were below their October 1987 peaks but were much above negative balances recorded in the April survey last year.

NOTE: Individual responses to the Business Conditions Survey are weighted by the value of the respondent's shipments reported to the annual Census of Manufactures. The proportions, therefore, reflect the magnitude of the individual manufacturer's contribution to the total. The balance is the difference between the proportion associated with the positive-type response (e.g. higher volume of production) and the proportion related to the negative-type response (e.g. lower volume of production). Both the raw data (raw) and seasonally adjusted (s.a.) data are given for the balance. The seasonally adjusted value for the neutral components (e.g. expected production about the same) is calculated by subtracting the sum of the seasonally adjusted values of the other two components from 100.

- The balance of opinion about the level of **finished product inventories** became more negative for the fourth consecutive quarterly survey with a reading of -15 in April compared to -10 in January 1988. However, the degree of concern was lower than the -18 registered in the April survey last year.

Unadjusted

- Shortage of working capital was the most significant change for **sources of production difficulties**. The two percentage point increase to 5% in the April survey is the highest level recorded for shortage of working capital since July 1985. Shortage of skilled labour remained at a historically high level of 8%.

The Business Conditions Survey is carried out in January, April, July and October and the majority of responses are recorded in the first two weeks of these months.

Data users should note the January 1988 results have been revised to include responses received after the first release of these results.

(see table on page 6 and charts on page 4)

Available on CANSIM (raw data only):
matrices 2843-2845.

For more detailed information on this release, contact L. Deschambault (613-951-3507), Shipments, Inventories and Orders Section, Industry Division.

Business Conditions Survey, Canadian Manufacturing Industries
April 1988

| All Manufacturing Industries | Apr. 1987 | July 1987 | Oct. 1987 | Jan. 1987 | Apr. 1988 |
|---|-----------|-----------|-----------|-----------|-----------|
| Volume of production during next three months compared with last three months will be: | | | | | |
| Seasonally adjusted | | | | | |
| About the same | 52 | 48 | 50 | 56 | 51 |
| Higher | 20 | 36 | 37 | 29 | 33 |
| Lower | 28 | 16 | 13 | 15 | 16 |
| Balance | -8 | 20 | 24 | 14 | 17 |
| Raw | | | | | |
| Balance | 11 | 9 | 23 | 8 | 33 |
| Orders received are: | | | | | |
| Seasonally adjusted | | | | | |
| About the same | 53 | 64 | 64 | 63 | 64 |
| Rising | 23 | 25 | 29 | 25 | 24 |
| Declining | 24 | 11 | 7 | 12 | 12 |
| Balance | -2 | 14 | 22 | 13 | 12 |
| Raw | | | | | |
| Balance | 5 | 15 | 18 | 11 | 16 |
| Present backlog of unfilled orders is: | | | | | |
| Seasonally adjusted | | | | | |
| About normal | 62 | 73 | 59 | 69 | 68 |
| Higher than normal | 16 | 14 | 32 | 22 | 22 |
| Lower than normal | 22 | 13 | 9 | 9 | 10 |
| Balance | -8 | 1 | 23 | 13 | 12 |
| Raw | | | | | |
| Balance | -5 | 4 | 22 | 10 | 12 |
| Finished product inventory on hand is: | | | | | |
| Seasonally adjusted | | | | | |
| About right | 67 | 78 | 69 | 72 | 69 |
| Too low | 8 | 8 | 11 | 9 | 8 |
| Too high ¹ | 25 | 14 | 20 | 19 | 23 |
| Balance | -18 | -7 | -9 | -10 | -15 |
| Raw | | | | | |
| Balance | -18 | -6 | -7 | -11 | -16 |
| Sources of production difficulties: | | | | | |
| Raw | | | | | |
| Working capital shortage | 4 | 3 | 4 | 3 | 5 |
| Skilled labour shortage | 5 | 6 | 8 | 7 | 8 |
| Unskilled labour shortage | 1 | 2 | 3 | 2 | 2 |
| Raw material shortage | 4 | 7 | 6 | 7 | 7 |
| Other difficulties | 4 | 14 | 5 | 5 | 6 |
| No difficulties | 84 | 71 | 77 | 79 | 76 |

¹ No evident seasonality.

Publications Released

Construction Type Plywood, February 1988.

Catalogue number 35-001

(Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Railway Carloadings, January 1988.

Catalogue number 52-001

(Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Telephone Statistics, 1986.

Catalogue number 56-203

(Canada: \$32; Other Countries: \$33).

Radio and Television Broadcasting, 1986.

Catalogue number 56-204

(Canada: \$24; Other Countries: \$25).

Electric Power Statistics, January 1988.

Catalogue number 57-001

(Canada: \$9/\$90; Other Countries: \$10/\$100).

Exports by Commodity (H.S. Based),
January 1988. **Catalogue number 65-004**

(Canada: \$50/\$500; Other Countries: \$60/\$600).

Imports by Commodity (H.S. Based),
January 1988. **Catalogue number 65-007**

(Canada: \$50/\$500; Other Countries: \$60/\$600).

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