

The Daily

Statistics Canada

Friday, August 31, 1990

For release at 10:00 a.m.

MAJOR RELEASES

- **National Income and Expenditure Accounts (Gross Domestic Product), Second Quarter 1990**

Real GDP at market prices fell 0.4% in the second quarter of 1990.

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- **Real Gross Domestic Product at Factor Cost by Industry, June 1990**

GDP was unchanged in June, following declines of 0.2% in April and 0.1% in May.

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- **Canada's Balance of International Payments, Second Quarter 1990**

The seasonally adjusted current account deficit was \$4.5 billion in the second quarter of 1990, in line with levels prevailing within the past year.

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- **Financial Flow Accounts, Second Quarter 1990**

Net new borrowing by the personal sector declined sharply in the second quarter.

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- **Employment, Earnings and Hours, June 1990**

Average weekly earnings for all employees were estimated at \$512.30, up 4.7% over a year earlier.

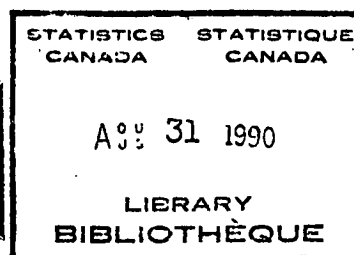
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- **Building Permits, June 1990**

The preliminary value of building permits issued in Canada was up 6.7% in June to \$2,879.0 million, from \$2,698.2 million in May.

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MAJOR RELEASES

Chart 1

GDP at 1986 Prices

Quarterly percentage change

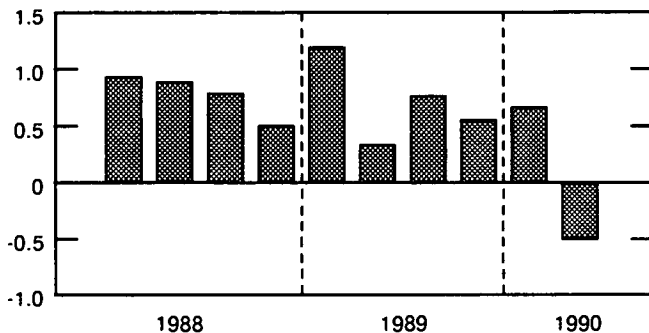
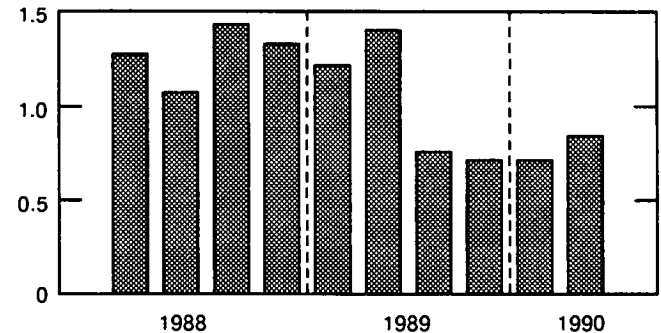


Chart 2

GDP Implicit Price Index

Quarterly percentage change



National Income and Expenditure Accounts

Second Quarter 1990

Gross Domestic Product at Market Prices increased 0.4% in the second quarter of 1990, reaching a seasonally adjusted annual rate of \$676.8 billion. Expressed at 1986 prices, GDP dropped 0.4% (see Chart 1), equivalent to a compound annual rate of decline of 1.6%. The GDP implicit price index rose 0.9% from the first quarter (see Chart 2) and 3.1% on a year-over-year basis.

After a seven-year expansion in the period through to the first quarter of 1990, the economy contracted in the second quarter. All major components of domestic demand, as well as corporation profits and personal disposable income, were affected. Total final domestic demand fell 0.9% in real terms after a 0.3% advance in the first three months of the year. Housing starts and new passenger car sales, two key cyclical indicators, were both sharply lower in April and May. The slide in residential construction continued into the summer, although car sales picked up significantly in June and July. Business plant and equipment investment spending declined 2.9% in real terms as purchases of machinery and equipment decreased and non-residential construction activity levelled off. Faced with lower domestic demand and higher interest rates, and concerned about the future impact of the appreciating Canadian dollar, businesses reduced

output to avoid an excessive inventory buildup. As a result, employment fell 0.3%, the first quarterly decline since 1982. One bright spot in the quarter was merchandise exports, which grew a remarkable 5.5%.

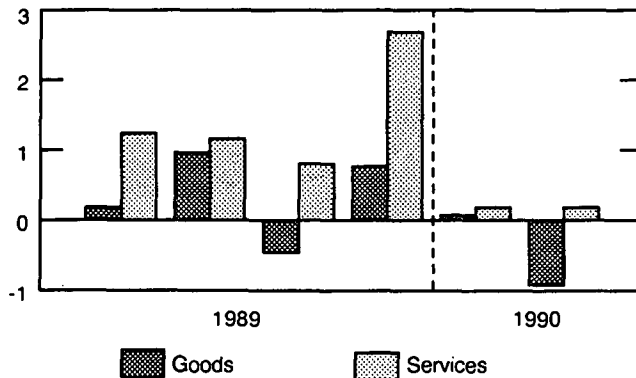
Components of Demand

Personal expenditure on consumer goods and services fell 0.4% in volume terms in the second quarter, after rising only 0.1% in the January-March period. The decline was the first on a quarterly seasonally adjusted basis since 1982. Consumers were more restrained in their purchasing decisions, influenced by a drop in disposable income, continuing high interest rates and growing concern about the possibility of economic recession. The decrease in consumer spending occurred as goods purchases dropped 0.9% and service expenditures grew a modest 0.2% (see Chart 3). Total durable and semi-durable goods expenditure was 1.9% below its year-earlier level. Outlays were lower for a wide range of commodities, most notably motor vehicles, parts and repairs, furniture and household appliances and clothing and footwear. The decline in the automotive category was due to a large 8.6% decrease in purchases of trucks and a drop of 1.8% in new car buying. Purchases of non-durable goods, on the other hand, increased 0.4% as spending on electricity, natural gas and other fuels and on food and beverages rose. In the services component, reduced spending on restaurant meals and hotel

Chart 3

Consumer Expenditure at 1986 Prices

Quarterly percentage change



accommodation and on purchased transportation was offset by higher outlays on gross rents and net expenditure abroad.

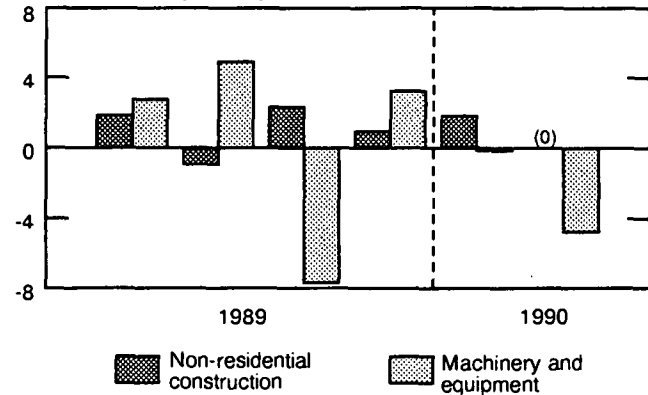
The housing market turned down in the second quarter as total business residential construction investment dropped 4.0% in constant dollar terms. Sharply higher mortgage rates – which rose from an average of 12½% in the first quarter to 14% in the second – were a major underlying factor. Real estate commissions declined sharply for the second consecutive quarter as resale markets weakened in most areas of the country. Housing starts were lower as well, averaging 203,000 at annual rates compared to 223,000 in the first quarter. By July their level had fallen to 173,000. The construction cutbacks were most marked in Ontario and British Columbia. Single detached (as opposed to multiple-unit) dwelling starts were the most heavily affected, dropping 13.7% in the second quarter. Reflecting the smaller number of starts, new construction work-put-in-place fell 0.5%. Spending on alterations and improvements to existing dwellings also declined, by 1.2%.

Business plant and equipment spending fell 2.9% in real terms in the second quarter. Outlays for machinery and equipment dropped 4.8% (see Chart 4), as reflected in lower imports and reduced domestic production. Non-residential construction expenditure was virtually unchanged as weakening building construction was offset by higher spending on engineering construction, particularly utilities and gas pipelines. Statistics Canada's survey of business investment intentions, conducted during the second quarter, indicated a planned spending increase of 9.7% (at current prices) for the year as a whole.

Chart 4

Business Fixed Capital Investment at 1986 Prices

Quarterly percentage change



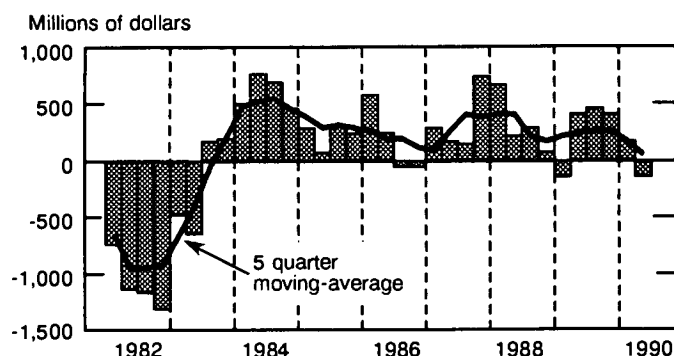
However, since actual investment spending during the first half of the year was just 0.8% higher than in the first half of 1989, it is unlikely these intentions will be realized. Such an occurrence would be consistent with previous experience in the late stages of an economic cycle.

Business non-farm inventories fell in the second quarter (see Chart 5). Stocks were liquidated at the manufacturing and wholesale levels, where establishments have been hard hit by weak demand over the past year. Strong exports of industrial products, machinery and equipment and motor vehicles and parts were one factor behind the liquidation. There was a small accumulation at the retail level, where motor vehicle stocks increased. Farm inventories also were drawn down in the second quarter, although at only half the rate in the first quarter. Grain in commercial channels and livestock inventories were liquidated; farm-held grain stocks accumulated slightly as the harvest outlook improved substantially vis-à-vis 1989.

The balance of trade in goods and services moved back into surplus in the second quarter, a result of strong growth in merchandise exports. In current dollar terms and at annual rates, the balance went from a \$1.1 billion deficit in the first quarter to a \$4.5 billion surplus in the second. (See the separate note on the Canadian Balance of International Payments, also in this issue of the Daily, for more on this and other components of the current account balance.) In constant 1986 dollar terms, merchandise exports and imports rose 5.5% and 2.2% respectively, while non-merchandise exports and imports remained near their first quarter levels. There

Chart 5

Change in Business Non-Farm Inventories at 1986 Prices



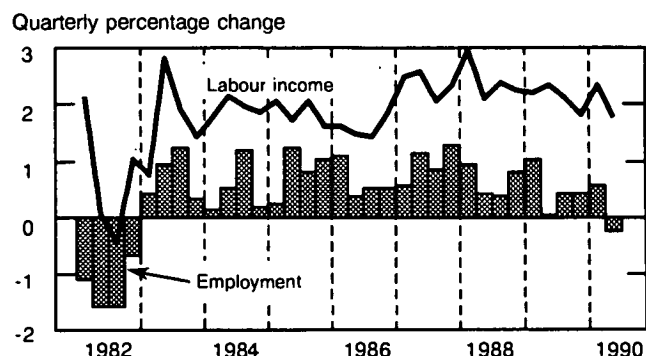
were large increases in exports of petroleum, natural gas, industrial products, machinery and equipment and motor vehicles and parts. Imports of motor vehicles and parts, electronic components and petroleum also rose markedly.

Price Indexes

Inflation, as measured by the GDP implicit price index, increased from 0.8% in the first quarter to 0.9% in the second. The chain price index, which measures price changes holding expenditure composition fixed as in the previous quarter, also rose 0.9%, the same rate as in the first quarter. Special pay equity adjustments for secretaries, clerks and nurses employed by the federal government, retroactive to April 1, 1985, boosted the price index for government current expenditure on goods and services. The chain price index for GDP excluding the government component increased only 0.5%. Export and import prices both dropped substantially, reflecting weak commodity prices on world markets and the 1.0% appreciation of the Canadian dollar vis-à-vis the United States dollar. The world prices of petroleum, natural gas and wheat all fell significantly. The overall inflation rate on a year-over-year basis, as measured by the fixed-weighted GDP price index, was 3.2%.

Chart 6

Labour Income and Employment



Chain Price Indexes

1st and 2nd Quarters, 1990
Percentage change

| | Qtr 1 | Qtr 2 |
|------------------------------------|-------|-------|
| Personal expenditure | 1.2 | 0.8 |
| Total government expenditure | 1.0 | 2.0 |
| Residential investment | 0.5 | -0.8 |
| Non-residential investment | 0.4 | 1.0 |
| Machinery and equipment investment | 1.1 | -0.2 |
| Final domestic demand | 1.0 | 0.9 |
| Exports | 1.0 | -0.8 |
| Less: imports | 2.0 | -0.9 |
| Gross Domestic Product* | 0.9 | 0.9 |

* Excludes value of physical change in inventories.

Components of Income

Wages, salaries and supplementary labour income grew 1.7%, down from 2.3% in the first quarter (see Chart 6). The second quarter advance occurred despite declines in paid worker employment and average hours worked per employee, as average compensation per employee increased substantially. Special retroactive pay equity adjustments for federal government employees added about 0.3% to labour income.

Corporation profits before taxes fell 8.2% in the quarter and were down 20.4% on a year-over-year basis (see Chart 7). Industrial and financial corporations both experienced widespread declines. Profits retained in Canada dropped 34.5% in the quarter, reflecting large dividend payments abroad. Interest and miscellaneous investment income rose 2.0%, a moderation after strong growth in the previous two quarters. This component has been growing very rapidly, in relation to Net Domestic Income at Factor Cost, since interest rates began their upward climb in mid-1988. Net income of non-farm unincorporated business, including rent, increased only marginally during the quarter, and was particularly affected by reduced construction, retail trade and fishing activity. The accrued net income of farm operators from farm production rose 5.3%, following two quarters of decline. Farm income is benefitting from the good harvest picture in 1990, but lower grain prices are having a counter effect.

Output by Industry

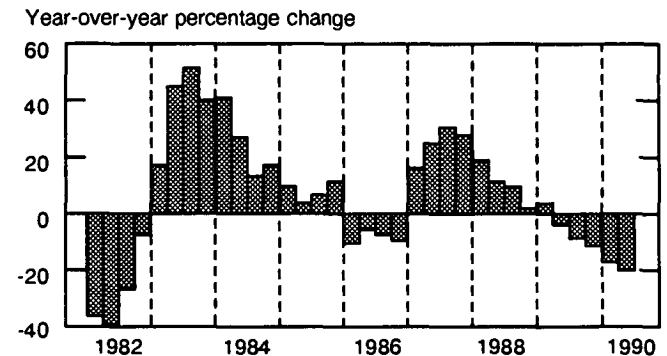
From an industry perspective, real GDP at factor cost dropped 0.2% in the second quarter following an increase of 0.2% in the first quarter. Goods production increased 0.2% after a 0.7% decrease in the first quarter. Crude petroleum and natural gas mining, manufacturing (notably transportation equipment and primary metals) and agriculture accounted for the increase. Services output declined 0.4% following a gain of 0.7% in the first quarter of the year. There were decreases in transportation, wholesale and retail trade, finance, insurance and real estate, and food and beverage service industries. (See the separate note on Monthly Estimates of Gross Domestic Product by Industry, also in this issue of the *Daily*, for details.)

Government Sector

The consolidated government sector deficit, on a national accounts basis, dropped substantially in the second quarter to \$16.2 billion, compared to \$24.8 billion in the first quarter. The decline resulted primarily from a large rise in personal income tax collections by both the federal and provincial governments. Payments on filing for the 1989 taxation year were unusually high and spring refunds were lower than in previous years. The federal deficit

Chart 7

Corporation Profits Before Taxes



fell from \$24.2 billion to \$19.3 billion while the total provincial government balance moved from a \$2.3 billion deficit to a \$2.8 billion surplus. Reflecting the higher tax payments, personal disposable income decreased 0.7% and the personal saving rate fell from 10.8% to 9.8%.

Order the second quarter 1990 issue of *National Income and Expenditure Accounts*, Catalogue 13-001, at \$20.00 per quarter or \$80.00 for an annual subscription. This publication is scheduled for release in September 1990. A computer printout containing 43 tables of unadjusted and seasonally adjusted NIEA data plus supplementary analytical tables is also available on the day of release from the Income and Expenditure Accounts Division for \$35 per quarter or \$140 for an annual subscription. Users can purchase the complete quarterly national accounts dataset, 1947 to date, in a new improved format, on microcomputer diskettes for \$25 per quarter or \$100 for an annual subscription.

The seasonally adjusted data are available in CANSIM matrices 6701-6702, 6704-6707, 6709-6716, 6718, 6720-6722, 6724-6727, 6729-6736, 6738, 6740 and 6828-6838.

For further information contact Michel Pascal (613-951-3797) or Roger Jullion (613-951-9155). □

Gross Domestic Product, Income Based
(Seasonally Adjusted at Annual Rates)

| | 1989 | | | 1990 | | I 1990 / IV 1989 | II 1990 / I 1990 |
|---|----------------|----------------|----------------|----------------|----------------|--------------------------------|---------------------|
| | II | III | IV | I | II | | |
| | (\$ millions) | | | | | % Change at Quarterly Rates | |
| Wages, salaries and supplementary labour income ¹ | 355,112 | 362,452 | 368,968 | 377,440 | 383,884 | 2.3 | 1.7 |
| Corporation profits before taxes | 60,244 | 58,568 | 55,052 | 52,280 | 47,972 | -5.0 | -8.2 |
| Interest and miscellaneous investment income | 52,076 | 51,224 | 53,072 | 55,244 | 56,376 | 4.1 | 2.0 |
| Accrued net income of farm operators from farm production | 4,072 | 4,536 | 3,084 | 2,508 | 2,640 | -18.7 | 5.3 |
| Net income of non-farm unincorporated business, including rent | 35,512 | 36,056 | 36,496 | 36,964 | 37,060 | 1.3 | 0.3 |
| Inventory valuation adjustment | -2,616 | 116 | 452 | -2,908 | -1,192 | -3,360 ² | 1,716 ² |
| Net domestic income at factor cost | 504,400 | 512,952 | 517,124 | 521,528 | 526,740 | 0.9 | 1.0 |
| Indirect taxes less subsidies | 72,556 | 73,068 | 75,936 | 78,296 | 76,988 | 3.1 | -1.7 |
| Capital consumption allowances | 72,356 | 73,200 | 74,420 | 76,212 | 76,424 | 2.4 | 0.3 |
| Statistical discrepancy | -1,932 | -1,968 | -1,936 | -2,172 | -3,400 | -236 ² | -1,228 ² |
| Gross Domestic Product at market prices | 647,380 | 657,252 | 665,544 | 673,864 | 676,752 | 1.3 | 0.4 |

¹ Includes military pay and allowances

² Actual change in millions of dollars

Gross Domestic Product, Expenditure Based
(Seasonally Adjusted at Annual Rates)

| | 1989 | | | 1990 | | I 1990 / IV 1989 | II 1990 / I 1990 |
|--|----------------|----------------|----------------|----------------|----------------|---------------------|--|
| | II | III | IV | I | II | | |
| At current prices (\$ millions) | | | | | | | % Change at Quarterly Rates |
| Personal expenditure on consumer goods and services | 378,540 | 383,696 | 392,380 | 397,512 | 399,084 | 1.3 | 0.4 |
| Durable goods | 58,784 | 58,364 | 59,028 | 59,652 | 57,692 | 1.1 | -3.3 |
| Semi-durable goods | 37,968 | 38,248 | 38,348 | 38,844 | 38,568 | 1.3 | -0.7 |
| Non-durable goods | 101,232 | 102,836 | 104,248 | 105,376 | 106,828 | 1.1 | 1.4 |
| Services | 180,556 | 184,248 | 190,756 | 193,640 | 195,996 | 1.5 | 1.2 |
| Government current expenditure on goods and services | 120,072 | 122,200 | 123,868 | 126,352 | 128,892 | 2.0 | 2.0 |
| Government investment in fixed capital | 14,852 | 15,584 | 16,348 | 16,636 | 16,820 | 1.8 | 1.1 |
| Government investment in inventories | -88 | 92 | -228 | 152 | 28 | 380 ¹ | -124 ¹ |
| Business investment in fixed capital | 128,308 | 127,004 | 129,948 | 130,788 | 126,540 | 0.6 | -3.2 |
| Residential | 46,904 | 47,444 | 49,260 | 49,316 | 46,496 | 0.1 | -5.7 |
| Non-residential construction | 34,280 | 35,268 | 35,772 | 36,380 | 36,804 | 1.7 | 1.2 |
| Machinery and equipment | 47,124 | 44,292 | 44,916 | 45,092 | 43,240 | 0.4 | -4.1 |
| Business investment in inventories | 5,312 | 6,360 | 4,092 | 1,316 | -2,552 | -2,776 ¹ | -3,868 ¹ |
| Non-farm | 3,708 | 5,660 | 4,592 | 2,808 | -1,952 | -1,784 ¹ | -4,760 ¹ |
| Farm and grain in commercial channels | 1,604 | 700 | -500 | -1,492 | -600 | -992 ¹ | 892 ¹ |
| Exports of goods and services | 162,740 | 161,608 | 161,184 | 164,304 | 170,440 | 1.9 | 3.7 |
| Merchandise | 142,196 | 140,644 | 140,160 | 142,788 | 148,700 | 1.9 | 4.1 |
| Non-merchandise | 20,544 | 20,964 | 21,024 | 21,516 | 21,740 | 2.3 | 1.0 |
| Deduct: Imports of goods and services | 164,292 | 161,256 | 163,984 | 165,368 | 165,896 | 0.8 | 0.3 |
| Merchandise | 136,548 | 133,072 | 135,064 | 136,096 | 136,416 | 0.8 | 0.2 |
| Non-merchandise | 27,744 | 28,184 | 28,920 | 29,272 | 29,480 | 1.2 | 0.7 |
| Statistical discrepancy | 1,936 | 1,964 | 1,936 | 2,172 | 3,396 | 236 ¹ | 1,224 ¹ |
| Gross Domestic Product at market prices | 647,380 | 657,252 | 665,544 | 673,864 | 676,752 | 1.3 | 0.4 |
| Final Domestic Demand | 641,772 | 648,484 | 662,544 | 671,288 | 671,336 | 1.3 | 0.0 |
| At 1986 prices (\$ millions) | | | | | | | |
| Personal expenditure on consumer goods and services | 335,812 | 336,272 | 341,908 | 342,352 | 341,040 | 0.1 | -0.4 |
| Durable goods | 53,176 | 52,400 | 52,988 | 53,396 | 51,792 | 0.8 | -3.0 |
| Semi-durable goods | 33,320 | 33,240 | 33,176 | 33,460 | 33,064 | 0.9 | -1.2 |
| Non-durable goods | 89,856 | 89,892 | 90,676 | 90,124 | 90,496 | -0.6 | 0.4 |
| Services | 159,460 | 160,740 | 165,068 | 165,372 | 165,688 | 0.2 | 0.2 |
| Government current expenditure on goods and services | 106,240 | 107,992 | 108,168 | 109,020 | 108,732 | 0.8 | -0.3 |
| Government investment in fixed capital | 13,972 | 14,544 | 15,272 | 15,488 | 15,548 | 1.4 | 0.4 |
| Government investment in inventories | -84 | 88 | -212 | 140 | 24 | 352 ¹ | -116 ¹ |
| Business investment in fixed capital | 115,916 | 112,692 | 115,240 | 115,696 | 111,940 | 0.4 | -3.2 |
| Residential | 37,440 | 37,264 | 38,052 | 37,980 | 36,456 | -0.2 | -4.0 |
| Non-residential construction | 29,664 | 30,364 | 30,644 | 31,224 | 31,224 | 1.9 | 0.0 |
| Machinery and equipment | 48,812 | 45,064 | 46,544 | 46,492 | 44,260 | -0.1 | -4.8 |
| Business investment in inventories | 5,616 | 5,604 | 4,100 | 788 | -1,652 | -3,312 ¹ | -2,440 ¹ |
| Non-farm | 4,024 | 4,416 | 3,968 | 1,648 | -1,324 | -2,320 ¹ | -2,972 ¹ |
| Farm and grain in commercial channels | 1,592 | 1,188 | 132 | -860 | -328 | -992 ¹ | 532 ¹ |
| Exports of goods and services | 153,460 | 156,220 | 156,040 | 157,620 | 165,300 | 1.0 | 4.9 |
| Merchandise | 135,672 | 138,416 | 138,456 | 139,872 | 147,528 | 1.0 | 5.5 |
| Non-merchandise | 17,788 | 17,804 | 17,584 | 17,748 | 17,772 | 0.9 | 0.1 |
| Deduct: Imports of goods and services | 169,472 | 167,648 | 171,588 | 169,264 | 172,472 | -1.4 | 1.9 |
| Merchandise | 140,620 | 138,332 | 141,548 | 139,572 | 142,624 | -1.4 | 2.2 |
| Non-merchandise | 28,852 | 29,316 | 30,040 | 29,692 | 29,848 | -1.2 | 0.5 |
| Statistical discrepancy | 1,732 | 1,744 | 1,712 | 1,848 | 2,868 | 136 ¹ | 1,020 ¹ |
| Gross Domestic Product at market prices | 563,192 | 567,508 | 570,640 | 573,688 | 571,328 | 0.5 | -0.4 |
| Final Domestic Demand | 571,940 | 571,500 | 580,588 | 582,556 | 577,260 | 0.3 | -0.9 |
| Implicit price indexes | | | | | | | |
| Personal expenditure on consumer goods and services | 112.7 | 114.1 | 114.8 | 116.1 | 117.0 | 1.1 | 0.8 |
| Government current expenditure on goods and services | 113.0 | 113.2 | 114.5 | 115.9 | 118.5 | 1.2 | 2.2 |
| Government investment in fixed capital | 106.3 | 107.2 | 107.0 | 107.4 | 108.2 | 0.4 | 0.7 |
| Business investment in fixed capital | 110.7 | 112.7 | 112.8 | 113.0 | 113.0 | 0.2 | 0.0 |
| Exports of goods and services | 106.0 | 103.4 | 103.3 | 104.2 | 103.1 | 0.9 | -1.1 |
| Deduct: Imports of goods and services | 96.9 | 96.2 | 95.6 | 97.7 | 96.2 | 2.2 | -1.5 |
| Gross Domestic Product at market prices | 114.9 | 115.8 | 116.6 | 117.5 | 118.5 | 0.8 | 0.9 |
| Final Domestic Demand | 112.2 | 113.5 | 114.1 | 115.2 | 116.3 | 1.0 | 1.0 |

¹ Actual change in millions of dollars

Real Gross Domestic Product at Factor Cost by Industry

(Seasonally Adjusted)
June 1990

Monthly Overview

Gross Domestic Product at factor cost, at 1986 prices, was unchanged in June, following decreases of 0.2% in April and 0.1% in May. Output fell 0.2% for the second quarter as a whole, following a steady slowdown in the preceding three quarters: from 0.8% in the third quarter of 1989 to 0.6% and 0.2% in fourth and first quarters, respectively. Production of services increased 0.1% in June, while goods output fell 0.1% in spite of accelerated production in certain industries in anticipation of strikes.

Services-producing Industries

The advance in services output originated mainly in the communication and retail trade industries, while transportation and community, business and personal service industries recorded smaller gains. The finance, insurance and real estate industry posted the only major decline in services.

Higher output by telecommunication carriers and the postal service industry accounted for most of the growth in the communication industries.

Following declines of 1.2% in April and 1.1% in May, retail trade advanced 0.3% in June, primarily on the strength of increased sales by motor vehicle dealers. Despite the June increase, retail trade was 2.8% below its peak in January.

A rebound in truck transport, following the end of the truckers' blockades initiated in May, led the gain in transportation and storage. Also contributing, pipeline transport of natural gas rose 2.6% in June, and has gained 17.6% since February.

Output of the finance, insurance and real estate industry fell 0.4%, due to lower activity by real estate agencies and brokers, and security brokers and dealers. Output of real estate agencies has fallen nearly 50% since last November, due to the weak resale housing market.

Goods-producing Industries

Goods production fell 0.1% in June, following a 0.1% decline in April and a 0.1% gain in May. A 0.8% increase in manufacturing output was offset by declines in most other goods-producing industries.

Note to users:

With release of the data for June, Gross Domestic Product at Factor Cost by Industry is valued at 1986 prices and adjusted to new benchmark estimates for 1986 and 1987. These revisions, which have been incorporated into the monthly estimates from January 1986 to date, will be published in the June 1990 issue of Gross Domestic Product by Industry (15-001). Estimates for the period January 1961 to December 1985 will be linked to the new data and published in Gross Domestic Product by Industry (1986=100), 1961-1985 (15-512), expected to be published in late September or early October.

As in May, the gain in manufacturing was narrowly based and resulted chiefly from moving production schedules forward in anticipation of strikes. Output of primary metal products rose 5.3%, following a similar gain in May. An expected strike came into effect at the beginning of August. Production of motor vehicles and parts advanced 4.4% in June, also spurred by the possibility of a strike commencing in September. Excluding these industries, manufacturing output fell 0.1% in June.

Construction, which had bolstered the goods sector until recently, fell 1.5%, its second consecutive large decline. The drop was mainly due to a 4.9% cutback in residential building activity. This weakness will likely continue for the next few months, as housing starts fell 7.1% in June and 11.3% in July. Non-residential building construction was unchanged from the previous month.

A 1.1% decline in mining output was primarily due to lower production of natural gas and coal, and to reduced drilling activity. In spite of the decline in June, production of natural gas has advanced 13.0% since February, in line with the increased activity in gas pipelines. Exports of natural gas have gained almost 50% since February.

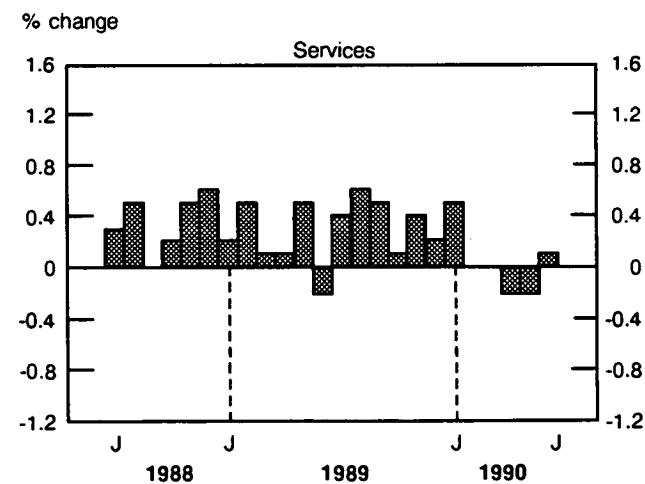
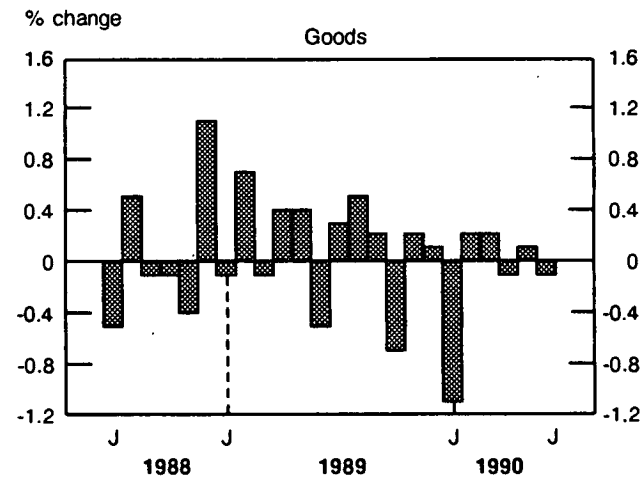
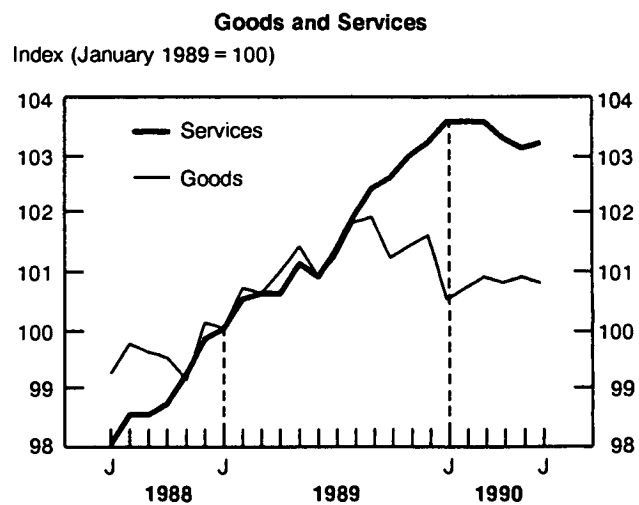
Output by public utilities declined 0.7% in June, mainly due to a 1.5% drop in the generation of electric power. This was partially offset by a 4.4% rise in domestic natural gas sales. Production of electric power reached its lowest level since August 1986.

Available on CANSIM: matrices 4670-4674.

Order the June 1990 issue of *Gross Domestic Product by Industry* (15-001, \$12.10/\$121), scheduled for release in September. See "How to Order Publications".

For further information on this release, contact Lyle Sager (613-951-9164), Industry Measures and Analysis Division. □

Seasonally adjusted at annual rates at 1986 prices



Real Gross Domestic Product at Factor Cost by Industry, at 1986 Prices

(Seasonally Adjusted at Annual Rates)

(\$ millions)

| | 1989 | 1990 | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | June | March | April | May | June |
| Total Economy | 503,738.5 | 512,377.6 | 511,381.2 | 510,998.7 | 511,202.4 |
| Business Sector | 415,573.8 | 422,104.0 | 421,099.2 | 420,479.1 | 420,524.4 |
| Goods: | 176,711.6 | 176,679.6 | 176,509.2 | 176,734.8 | 176,652.0 |
| Agriculture | 9,025.0 | 10,023.6 | 10,095.6 | 10,074.0 | 10,138.8 |
| Fishing and Trapping | 872.6 | 1,128.0 | 1,130.4 | 1,119.6 | 1,124.4 |
| Logging Industry | 2,875.0 | 2,732.4 | 2,710.8 | 2,670.0 | 2,646.0 |
| Mining Industries | 19,989.6 | 19,746.0 | 19,850.4 | 19,851.6 | 19,624.8 |
| Manufacturing Industries | 95,598.2 | 92,684.4 | 91,825.2 | 92,850.0 | 93,565.2 |
| Construction Industries | 32,282.4 | 34,771.2 | 35,242.8 | 34,494.0 | 33,984.0 |
| Other Utility Industries | 16,068.8 | 15,594.0 | 15,654.0 | 15,675.6 | 15,568.8 |
| Services: | 238,862.2 | 245,424.4 | 244,590.0 | 243,744.3 | 243,872.4 |
| Transportation and Storage | 22,713.1 | 22,874.4 | 22,800.0 | 22,719.6 | 22,794.0 |
| Communication Industries | 17,402.3 | 18,505.2 | 18,681.6 | 18,750.0 | 18,938.4 |
| Wholesale Trade | 28,138.5 | 28,652.4 | 27,882.0 | 27,416.4 | 27,415.2 |
| Retail Trade | 31,834.9 | 31,746.0 | 31,372.8 | 31,015.2 | 31,120.8 |
| Finance, Insurance and Real Estate | 77,964.0 | 79,546.8 | 79,822.8 | 79,734.0 | 79,426.8 |
| Community, Business and Personal Services | 60,809.4 | 64,099.6 | 64,030.8 | 64,109.1 | 64,177.2 |
| Non-business Sector | 88,164.7 | 90,273.6 | 90,282.0 | 90,519.6 | 90,678.0 |
| Goods: | 950.5 | 952.8 | 958.8 | 942.0 | 926.4 |
| Services: | 87,214.2 | 89,320.8 | 89,323.2 | 89,577.6 | 89,751.6 |
| Government Service Industry | 32,595.1 | 33,295.2 | 33,199.2 | 33,346.8 | 33,397.2 |
| Community and Personal Services | 51,564.9 | 52,928.4 | 53,028.0 | 53,134.8 | 53,258.4 |
| Other Services | 3,054.2 | 3,097.2 | 3,096.0 | 3,096.0 | 3,096.0 |
| Other Aggregations: | | | | | |
| Goods Producing Industries | 177,662.1 | 177,632.4 | 177,468.0 | 177,676.8 | 177,578.4 |
| Services Producing Industries | 326,076.4 | 334,745.2 | 333,913.2 | 333,321.9 | 333,624.0 |
| Industrial Production | 132,607.1 | 128,977.2 | 128,288.4 | 129,319.2 | 129,685.2 |
| Non-durable Manufacturing | 43,961.7 | 43,477.2 | 43,452.0 | 43,574.4 | 43,390.8 |
| Durable Manufacturing | 51,636.5 | 49,207.2 | 48,373.2 | 49,275.6 | 50,174.4 |

Canada's Balance of International Payments

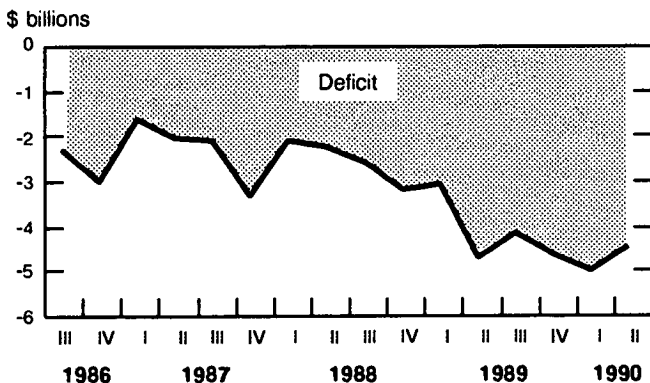
Second Quarter 1990

Highlights

The seasonally adjusted current account deficit was \$4.5 billion in the second quarter of 1990, in line with levels prevailing within the past year. The merchandise trade surplus almost doubled from the first quarter to its highest quarterly level in the last two years; the increase was due to higher exports, as imports were virtually unchanged. The higher surplus on merchandise trade was offset by large payments of dividends by foreign-controlled companies to their head offices abroad.

In the capital account, which is not seasonally adjusted, non-residents purchased (net of sales) a similar amount of Canadian bonds as in the previous quarter. This masked, however, a great deal of volatility on a monthly basis, particularly in May when a record net disinvestment in Canadian bonds occurred. In that month, the Canadian dollar came under downward pressure and reserve assets declined markedly. By June, non-resident investment in Canadian bonds had resumed and reserve assets were replenished. Foreign investors reduced their holdings of Canadian stocks, giving rise to the first quarterly net reduction in the last year and a half. Canadian investment in foreign bonds increased sharply, while net direct investment abroad was negligible as a result of offsetting flows.

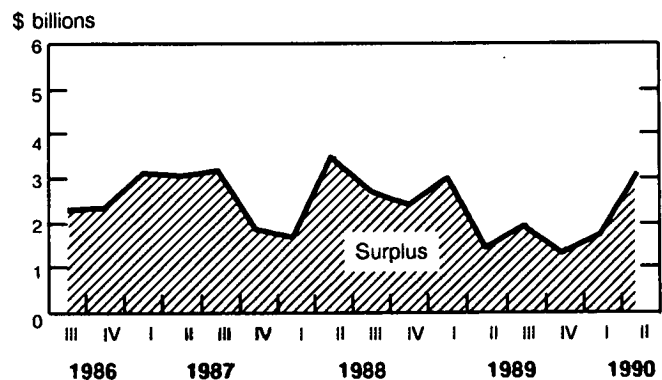
Current Account Balance (seasonally adjusted)



Current Account, Seasonally Adjusted

- The current account deficit of \$4.5 billion was made up of a merchandise trade surplus of \$3.1 billion and a deficit of \$7.6 billion on non-merchandise transactions.
- Merchandise exports amounted to \$37.2 billion. This represented an increase of 4.1% over the previous quarter, the largest quarterly advance in two years. Higher exports were recorded for automotive products, machinery and equipment, industrial materials and energy products. Sales abroad of precious metals and forest products declined.
- Merchandise imports remained at \$34.1 billion. Imports of communication products, auto parts and trucks increased. The increase was offset by lower imports of precious metals, energy products and certain machinery and equipment.

Merchandise Trade Balance (seasonally adjusted)

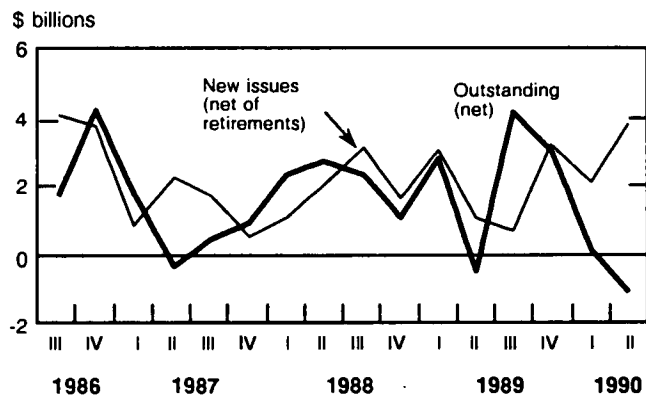


- The deficit on investment income climbed to a record \$7.0 billion as a result of a sharp increase in dividend payments.
- International travel again produced a record deficit. The current quarter deficit amounted to \$1.1 billion, led by the deficit on travel with the United States.
- The surplus on unilateral transfers amounted to \$1.4 billion. It was again due to substantial inflows of funds by immigrants to Canada, with Asian countries continuing to be important sources.

Current and Capital Accounts, Not Seasonally Adjusted

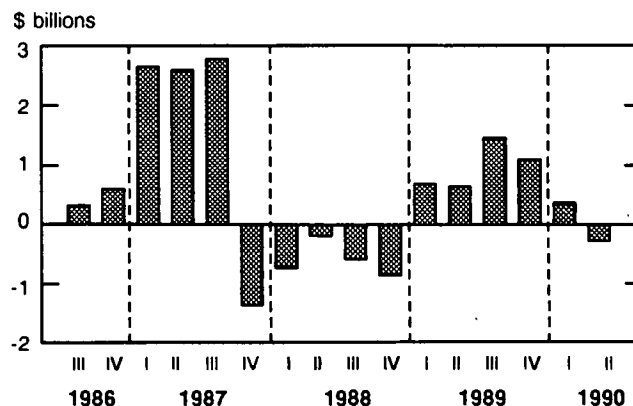
- The current account deficit narrowed to \$4.0 billion from \$4.6 billion in the second quarter of 1989. A virtual tripling of the merchandise trade surplus to \$3.1 billion more than offset the increase of \$1.3 billion to \$7.1 billion in the deficit on non-merchandise transactions.
- Net purchases by non-residents of Canadian bonds amounted to \$2.6 billion, with the purchase of \$7.1 billion of new issues which yielded well over 200 basis points above rates on comparable United States bonds. Bond retirements resulted in an outflow of \$3.3 billion. In the secondary market, however, non-residents sold record levels of Canadian bonds, largely Government of Canada bonds, giving rise to a net outflow of \$1.2 billion.

Foreign Investment in Canadian Bonds (net flow)



- Non-residents reduced their holdings of Canadian stocks by \$0.3 billion, after having built them up each quarter since the beginning of 1989.
- Foreign direct investment in Canada resulted in a net inflow of \$0.9 billion, comparable to the moderate net inflow of the previous quarter.
- The net flow for Canadian direct investment abroad was negligible, in contrast to the net outflows in the preceding four quarters when Canadian residents added sizeable amounts to their investments abroad.

Foreign Investment in Canadian Stocks (net flow)



- Canadian residents increased sharply their holdings of foreign bonds, leading to a net outflow of \$0.9 billion, but were net sellers of \$0.6 billion of foreign stocks.
- Following a decline of \$2.6 billion in the first quarter, Canada's international reserves further decreased over the second quarter by \$0.1 billion. A sharp reduction of \$1.3 billion in May was largely offset by increases totalling \$1.2 billion in April and June.
- A statistical discrepancy (the balancing item between the recorded estimates of current and capital accounts) was equivalent to a net debit of \$4.4 billion.
- The Canadian dollar depreciated against most major currencies in the early part of the quarter and strengthened afterwards (a pattern similar to the first quarter). The dollar closed in June at 85.96 U.S. cents, up from 85.51 U.S. cents at the end of March.

Note: Merchandise exports for 1989 were revised downward \$0.6 billion in the June 1990 monthly release, *Preliminary Statement of Canadian International Trade* (catalogue 65-001P). These revisions will be incorporated in the Balance of International Payments at the time of the first quarter release of 1991 as is the normal practice in the System of National Accounts.

Revisions

As is the usual practice in the second quarter of each year, the Capital Account has been revised for the previous four years, back to 1986.

Available on CANSIM: matrices 2343 to 2349, 2353 to 2355, 147, 1364 (for quarterly information) and 2333 to 2339, 2354, 2355, 1369, 1370 (for annual information).

For further information, contact Lucie Laliberte (613-951-9050), Balance of Payments Division. □

Table 1. Canada's Balance of International Payments, Not Seasonally Adjusted

| | 1989 | | | 1990 | | 1988 | 1989 |
|---|---------|---------|----------|---------|---------|----------|----------|
| | II | III | IV | I | II | | |
| millions of dollars | | | | | | | |
| Current Account | | | | | | | |
| Receipts | | | | | | | |
| Merchandise exports | 37,208 | 32,907 | 36,014 | 35,453 | 38,547 | 138,435 | 142,085 |
| Non-merchandise: | | | | | | | |
| Services | 5,304 | 6,737 | 4,597 | 4,368 | 5,607 | 20,296 | 20,766 |
| Investment income ¹ | 2,211 | 1,875 | 2,286 | 1,997 | 2,229 | 11,319 | 8,499 |
| Transfers | 2,124 | 2,657 | 1,848 | 2,016 | 2,325 | 7,935 | 8,734 |
| Total non-merchandise receipts | 9,639 | 11,269 | 8,731 | 8,381 | 10,161 | 39,550 | 37,999 |
| Total receipts | 46,847 | 44,176 | 44,746 | 43,834 | 48,708 | 177,985 | 180,083 |
| Payments | | | | | | | |
| Merchandise imports | 36,079 | 31,605 | 33,304 | 34,860 | 35,438 | 128,321 | 134,528 |
| Non-merchandise: | | | | | | | |
| Services | 7,171 | 7,181 | 6,669 | 7,538 | 7,610 | 25,978 | 27,996 |
| Investment income ¹ | 7,292 | 6,999 | 8,111 | 7,612 | 8,748 | 30,202 | 30,652 |
| Transfers | 916 | 919 | 771 | 1,634 | 874 | 3,646 | 3,597 |
| Total non-merchandise payments | 15,379 | 15,099 | 15,551 | 16,784 | 17,232 | 59,825 | 62,244 |
| Total payments | 51,458 | 46,704 | 48,855 | 51,644 | 52,670 | 188,146 | 196,772 |
| Balances | | | | | | | |
| Merchandise | + 1,129 | + 1,302 | + 2,710 | + 593 | + 3,109 | + 10,114 | + 7,557 |
| Non-merchandise | - 5,740 | - 3,830 | - 6,820 | - 8,402 | - 7,071 | - 20,275 | - 24,245 |
| Total current account | - 4,611 | - 2,528 | - 4,110 | - 7,810 | - 3,962 | - 10,162 | - 16,688 |
| Capital Account² | | | | | | | |
| Canadian claims on non-residents, net flows | | | | | | | |
| Canadian direct investment abroad ¹ | - 2,320 | - 1,182 | - 1,645 | - 1,275 | + 15 | - 7,319 | - 4,900 |
| Portfolio securities: | | | | | | | |
| Foreign bonds | + 447 | - 1,366 | - 116 | + 370 | - 852 | - 74 | - 1,556 |
| Foreign stocks | - 239 | - 863 | - 79 | - 109 | + 578 | - 1,020 | - 768 |
| Government of Canada assets: | | | | | | | |
| Official international reserves | + 236 | - 410 | + 18 | + 2,591 | + 123 | - 9,451 | - 346 |
| Loans and subscriptions | - 121 | - 101 | - 669 | + 120 | - 515 | - 548 | - 982 |
| Non-bank deposits abroad | + 1,343 | + 84 | + 497 | - 140 | - 138 | - 253 | + 278 |
| Other claims | - 1,190 | - 939 | - 1,123 | - 874 | - 123 | - 3,623 | - 3,374 |
| Total Canadian claims, net flow | - 1,845 | - 4,777 | - 3,119 | + 683 | - 912 | - 22,288 | - 11,648 |
| Canadian liabilities to non-residents, net flows | | | | | | | |
| Foreign direct investment in Canada ¹ | + 2,332 | + 580 | + 2,171 | + 1,065 | + 937 | + 4,800 | + 3,400 |
| Portfolio securities: | | | | | | | |
| Canadian bonds | + 439 | + 4,741 | + 6,174 | + 2,140 | + 2,572 | + 15,871 | + 17,069 |
| Canadian stocks | + 659 | + 1,440 | + 1,082 | + 375 | - 292 | - 2,379 | + 3,871 |
| Canadian banks' net foreign currency transactions with non-residents ³ | + 5,626 | - 2,692 | - 1,303 | + 2,396 | + 5,175 | + 2,917 | - 2,492 |
| Money market instruments: | | | | | | | |
| Government of Canada paper | - 1,717 | - 854 | + 755 | - 716 | - 934 | + 7,123 | + 484 |
| Other paper | + 167 | + 117 | + 852 | + 1,335 | + 1,023 | + 2,168 | + 52 |
| Allocation of Special Drawing Rights | - | - | - | - | - | - | - |
| Other liabilities | + 891 | + 2,957 | + 1,358 | - 96 | + 832 | + 5,990 | + 11,336 |
| Total Canadian liabilities, net flow | + 8,398 | + 6,289 | + 11,089 | + 6,500 | + 9,313 | + 36,489 | + 33,719 |
| Total capital account, net flow | + 6,553 | + 1,512 | + 7,970 | + 7,183 | + 8,401 | + 14,200 | + 22,070 |
| Statistical Discrepancy | - 1,941 | + 1,016 | - 3,860 | + 627 | - 4,439 | - 4,039 | - 5,382 |

¹ Excludes retained earnings.

² A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

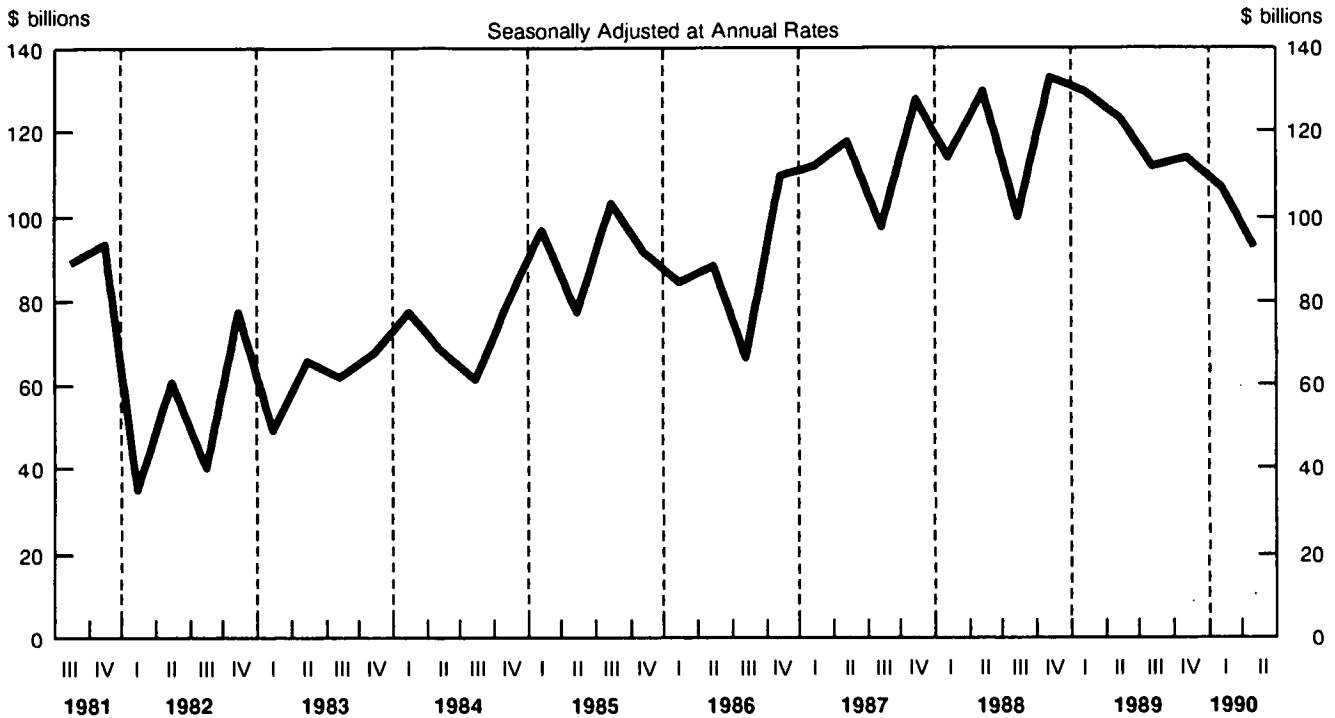
³ When the banks' foreign currency position (booked in Canada) with non-residents is a net asset, series is classified as part of Canadian claims on non-residents.

Table 2. Current Account, Seasonally Adjusted

| | 1989 | | | 1990 | | 1988 | 1989 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | II | III | IV | I | II | | |
| millions of dollars | | | | | | | |
| Receipts | | | | | | | |
| Merchandise exports | 35,548 | 35,161 | 35,040 | 35,697 | 37,175 | 138,435 | 142,084 |
| Non-merchandise | | | | | | | |
| Services: | | | | | | | |
| Travel | 1,781 | 1,806 | 1,831 | 1,833 | 1,862 | 6,894 | 7,232 |
| Freight and shipping | 1,254 | 1,271 | 1,242 | 1,346 | 1,315 | 5,085 | 5,024 |
| Business services | 1,810 | 1,872 | 1,899 | 1,909 | 1,957 | 6,948 | 7,372 |
| Government transactions | 156 | 149 | 150 | 162 | 161 | 618 | 603 |
| Other services | 135 | 143 | 135 | 129 | 140 | 751 | 536 |
| Total services | 5,136 | 5,240 | 5,256 | 5,379 | 5,435 | 20,296 | 20,766 |
| Investment income ¹ : | | | | | | | |
| Interest | 1,327 | 1,263 | 1,194 | 1,275 | 1,183 | 4,567 | 5,096 |
| Dividends | 886 | 746 | 793 | 869 | 1,031 | 6,752 | 3,403 |
| Total investment income | 2,214 | 2,010 | 1,987 | 2,144 | 2,214 | 11,319 | 8,499 |
| Transfers: | | | | | | | |
| Inheritances and immigrants' funds | 1,473 | 1,537 | 1,616 | 1,704 | 1,688 | 5,422 | 6,334 |
| Personal and institutional remittances | 217 | 217 | 215 | 225 | 228 | 842 | 863 |
| Canadian withholding tax | 341 | 344 | 307 | 422 | 362 | 1,670 | 1,537 |
| Total transfers | 2,031 | 2,099 | 2,138 | 2,351 | 2,277 | 7,935 | 8,734 |
| Total non-merchandise receipts | 9,381 | 9,348 | 9,381 | 9,875 | 9,926 | 39,550 | 37,999 |
| Total receipts | 44,929 | 44,509 | 44,421 | 45,572 | 47,101 | 177,985 | 180,083 |
| Payments | | | | | | | |
| Merchandise imports | 34,138 | 33,268 | 33,766 | 34,024 | 34,104 | 128,321 | 134,528 |
| Non-merchandise | | | | | | | |
| Services: | | | | | | | |
| Travel | 2,658 | 2,737 | 2,803 | 2,885 | 2,946 | 9,631 | 10,716 |
| Freight and shipping | 1,281 | 1,260 | 1,343 | 1,348 | 1,281 | 4,681 | 5,140 |
| Business services | 2,627 | 2,668 | 2,706 | 2,697 | 2,752 | 10,204 | 10,636 |
| Government transactions | 276 | 286 | 282 | 290 | 292 | 1,100 | 1,123 |
| Other services | 94 | 95 | 97 | 98 | 99 | 362 | 380 |
| Total services | 6,937 | 7,045 | 7,231 | 7,318 | 7,370 | 25,978 | 27,996 |
| Investment income ¹ : | | | | | | | |
| Interest | 6,177 | 6,276 | 6,224 | 6,525 | 6,629 | 21,662 | 24,788 |
| Dividends | 1,502 | 1,255 | 1,037 | 1,084 | 2,620 | 8,539 | 5,863 |
| Total investment income | 7,679 | 7,531 | 7,260 | 7,609 | 9,249 | 30,202 | 30,652 |
| Transfers: | | | | | | | |
| Inheritances and emigrants' funds | 104 | 104 | 105 | 106 | 107 | 402 | 416 |
| Personal and institutional remittances | 237 | 239 | 241 | 252 | 252 | 898 | 953 |
| Official contributions | 510 | 457 | 422 | 1,212 | 444 | 2,126 | 1,996 |
| Foreign withholding tax | 57 | 58 | 58 | 64 | 62 | 220 | 232 |
| Total transfers | 908 | 858 | 827 | 1,635 | 865 | 3,646 | 3,597 |
| Total non-merchandise payments | 15,524 | 15,434 | 15,318 | 16,562 | 17,484 | 59,825 | 62,244 |
| Total payments | 49,661 | 48,701 | 49,084 | 50,586 | 51,589 | 188,146 | 196,772 |
| Balances | | | | | | | |
| Merchandise | + 1,411 | + 1,893 | + 1,275 | + 1,673 | + 3,071 | + 10,114 | + 7,557 |
| Non-merchandise: | | | | | | | |
| Services | - 1,801 | - 1,805 | - 1,975 | - 1,939 | - 1,936 | - 5,682 | - 7,229 |
| Investment income ¹ | - 5,465 | - 5,521 | - 5,273 | - 5,464 | - 7,034 | - 18,882 | - 22,153 |
| Transfers | + 1,124 | + 1,241 | + 1,311 | + 716 | + 1,412 | + 4,289 | + 5,137 |
| Total non-merchandise | - 6,142 | - 6,085 | - 5,937 | - 6,687 | - 7,558 | - 20,275 | - 24,245 |
| Total current account | - 4,732 | - 4,192 | - 4,663 | - 5,015 | - 4,487 | - 10,162 | - 16,688 |

¹ Excludes retained earnings.

Funds Raised on Credit Markets by Domestic Non-financial Sectors



Financial Flow Accounts

Second Quarter 1990 (Seasonally Adjusted)

A sharp decline in net new borrowing by the personal sector accounted for much of the decrease in funds raised in credit markets by non-financial sectors in the second quarter of 1990.

High interest rates influenced personal sector borrowing during the quarter. Mortgage rates, for example, rose by one percentage point during April to a high of 14.25%, where they remained through the quarter. New borrowing in both mortgages and consumer credit fell, in line with a weakening housing market and a drop in expenditure on consumer durables.

Demand for funds by non-financial private corporations also declined. Although reduced profits implied a reduced internal funding ability, a slowdown in investment in plant and equipment reduced the sector's financing requirement. Issues of stocks and bonds were cut back, while the volume of short-term borrowing remained the same.

Borrowing by governments in aggregate did not change from the previous quarter. The only sector to increase its demand for funds, non-financial government enterprises, increased new issues of bonds, in part related to utilities' capital investment.

For further information, contact Gerry Gravel or Patrick O'Hagan (613-951-9043), Financial Flows Section. □

Financial Market Summary Table

(Seasonally Adjusted at Annual Rates)

(In millions of dollars)

| | 1989 | | | 1990 | |
|--|----------------|----------------|----------------|----------------|---------------|
| | II | III | IV | I | II |
| Persons and Unincorporated Business | | | | | |
| Funds Raised | 30,784 | 37,576 | 38,560 | 35,268 | 24,172 |
| of which: | | | | | |
| Consumer Credit | 8,012 | 8,756 | 7,472 | 8,564 | 1,784 |
| Bank Loans | 1,448 | 6,320 | -680 | 3,084 | 444 |
| Other Loans | -364 | 32 | 5,496 | -1,000 | 528 |
| Mortgages | 21,828 | 22,572 | 26,416 | 24,716 | 21,588 |
| Non-financial Private Corporations | | | | | |
| Funds Raised | 54,296 | 49,168 | 44,004 | 43,692 | 37,844 |
| by: | | | | | |
| Bank Loans | 26,652 | -3,284 | 220 | 16,520 | 5,672 |
| Other Loans | -4,624 | 9,136 | 1,712 | 224 | 1,796 |
| Short-term Paper | -452 | 8,700 | 5,632 | 3,088 | 17,160 |
| Mortgages | 6,536 | 13,268 | 13,368 | 10,508 | 8,468 |
| Bonds | 14,508 | 8,412 | 11,552 | 72 | 1,072 |
| Stocks | 11,676 | 12,936 | 11,520 | 13,280 | 3,676 |
| Non-financial Government Enterprises | | | | | |
| Funds Raised | 4,024 | 4 | 1,604 | 8,276 | 11,072 |
| Federal Government | | | | | |
| Funds Raised | 26,272 | 16,116 | 17,328 | 12,856 | 8,892 |
| of which: | | | | | |
| Treasury Bills | 33,600 | 10,316 | 24,968 | -2,384 | 6,012 |
| Marketable Bonds | 2,316 | 9,124 | 13,864 | 15,092 | 12,064 |
| Canada Savings Bonds | -8,672 | -3,128 | -20,288 | 1,236 | -9,208 |
| Other Levels of Government | | | | | |
| Funds Raised | 7,868 | 9,048 | 12,148 | 6,516 | 10,616 |
| of which: | | | | | |
| Short-term Paper | 1,632 | 5,220 | 3,208 | -800 | 6,048 |
| Provincial Government Bonds | 4,248 | 4,512 | 7,644 | 6,488 | 2,540 |
| Municipal Government Bonds | 792 | 208 | 1,544 | 440 | 1,004 |
| Total Borrowing by Domestic Non-financial Sectors | | | | | |
| | 123,244 | 111,912 | 113,644 | 106,608 | 92,596 |
| Consumer Credit | 8,012 | 8,756 | 7,472 | 8,564 | 1,784 |
| Bank Loans | 27,632 | 2,620 | 728 | 21,344 | 6,708 |
| Other Loans | -4,076 | 6,212 | 5,816 | -3,072 | 3,136 |
| Treasury Bills | 33,600 | 10,316 | 24,968 | -2,384 | 6,012 |
| Short-term Paper | -20 | 16,344 | 5,708 | 5,148 | 24,180 |
| Mortgages | 28,352 | 35,836 | 39,776 | 35,224 | 30,052 |
| Bonds | 18,088 | 18,928 | 17,656 | 28,504 | 17,048 |
| Stocks | 11,656 | 12,900 | 11,520 | 13,280 | 3,676 |

Employment, Earnings and Hours

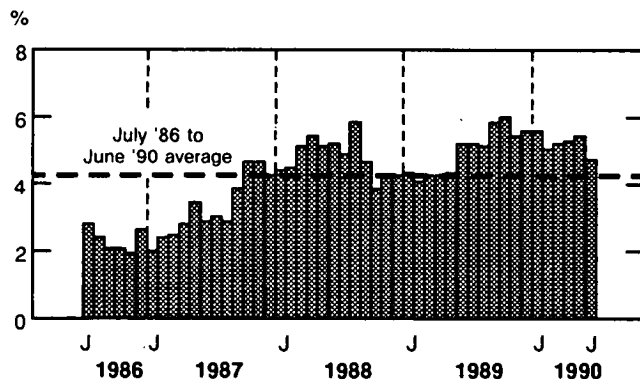
June 1990 (Unadjusted)

Industrial Aggregate Summary

The preliminary June 1990 estimate of average weekly earnings for all employees in the industrial aggregate¹ was \$512.30, an increase of 0.8% from May. Average weekly earnings increased by 4.7%² (\$23.20) over June 1989.

Canada industrial aggregate employment was estimated at 10,380,000, up 55,000 (+ 0.5%) from the May 1990 level. Compared to June 1989, employment was down 215,000 (-2.0%). This represented the sixth consecutive month of year-over-year decrease.

Year over-year percent change in Average Weekly Earnings Industrial Aggregate - Canada



National Highlights

Average Weekly Earning

- In June, year-over-year earnings growth was 6.0% in the goods-producing industries, led by a 6.2% increase in manufacturing.

¹ The industrial aggregate is the sum of all industries with the exception of agriculture, fishing and trapping, religious organizations, private households and military personnel.

² Not adjusted for inflation.

- Although growth in earnings in construction (5.7%) decelerated for the third consecutive month, it remained stronger than the industrial aggregate.
- Compared to last year, earnings in the service-producing industries increased by 4.9% in June, down from 5.7% in May. This decline was partly due to decelerations in commercial services³ (+ 7.9%) and trade (+ 3.3%).
- Earnings in finance, insurance and real estate recorded their second consecutive year-over-year decrease (-1.4%) in June. The declines followed four consecutive months of deceleration and were mainly due to weaknesses in real estate agencies.

Number of Employees

- Employment in goods-producing industries recorded its seventh consecutive year-over-year decrease and, compared to June 1989 was down 7.9%.
- Forestry (-12.8%), mines, quarries and oil wells (-4.0%), manufacturing (-7.1%) and construction (-11.1%) all registered year-over-year declines in employment.
- The employment level in service-producing industries was virtually unchanged from last year (+ 0.1%). Employment growth has decelerated since November 1989.
- For the fifth consecutive month, commercial services showed a year-over-year decline in employment (-3.4%).
- Transportation, communication and other utilities (0.7%) continued its deceleration in growth which started in January of this year.

³ Commercial services comprise amusement and recreation services, services to business management, personal services, accommodation and food services and miscellaneous services. Non-commercial services include education and health and welfare.

Hours and Hourly Earnings

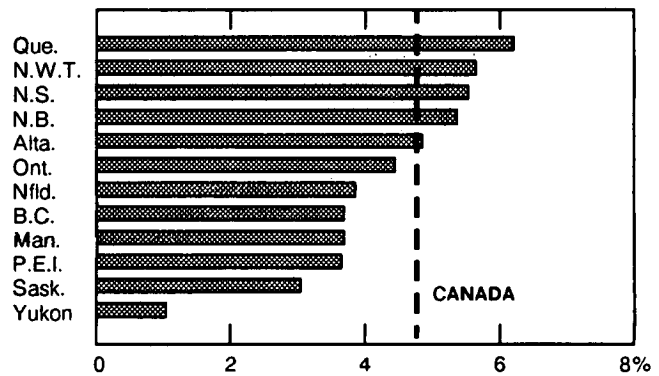
- In June 1990, average weekly hours for employees paid by the hour⁴ were estimated at 31.7, down from 32.2 a year ago.
- Average weekly hours for hourly paid employees were estimated at 38.5 in the goods-producing industries and 28.4 in the service-producing industries. This compares with average weekly hours of 38.6 in the goods-producing industries and 28.7 in the service-producing industries in June 1989.
- Average hourly earnings for employees paid by the hour were estimated at \$12.73, up 5.3% over a year ago. Hourly earnings were estimated at \$15.02 in the goods-producing industries and \$11.20 in the service-producing industries.

Provincial and Territorial Highlights

- Only Prince Edward Island (0.4%), New Brunswick (1.3%), Alberta (0.3%) and British Columbia (2.5%) recorded year-over-year increases in employment.
- The year-over-year increase in earnings in Ontario (+4.4%) decelerated for the third consecutive month, while Quebec (+6.2%) has accelerated steadily over the same period.

⁴ Employees paid by the hour account for approximately half of industrial aggregate employment.

Percent change in Average Weekly Earnings June 1989 – June 1990



Available on CANSIM: matrices 8003-9000 and 9584-9638.

The June 1990 issue of *Employment, Earnings and Hours* (72-002, \$38.50/\$385) will be available at the end of September. See "How to Order Publications".

For further information on this release contact P. Prud'homme (613-951-4090), Labour Division. □

Employment, Earnings and Hours

June 1990
(Unadjusted)

| Industry Group – Canada (1970 S.I.C.) | Number of employees * | | | | | |
|---|---------------------------|--------------------------|-----------------|-------------------------|-------------------------------|-----------------------------------|
| | June 1990 ^p | May 1990 ^r | June 1989 | June 1990/1989 | January- June 1990/1989 | January- December 1989/1988 |
| | Thousands | | | Year-over-year % change | | |
| Industrial aggregate | 10,380.3 | 10,325.2 | 10,595.5 | -2.0 | -0.5 | 2.3 |
| Goods-producing industries | 2,590.0 | 2,543.5 | 2,812.5 | -7.9 | -4.0 | 1.6 |
| Forestry | 59.8 | 50.8 | 68.6 | -12.8 | -12.8 | -0.3 |
| Mines, quarries and oil wells | 152.9 | 150.8 | 159.2 | -4.0 | -3.1 | -6.8 |
| Manufacturing | 1,857.5 | 1,850.6 | 2,000.1 | -7.1 | -5.1 | 0.8 |
| Construction | 519.8 | 491.4 | 584.6 | -11.1 | 1.5 | 6.6 |
| Service-producing industries | 7,790.3 | 7,781.7 | 7,783.0 | 0.1 | 0.7 | 2.5 |
| Transportation, communication and other utilities | 877.7 | 867.9 | 871.9 | 0.7 | 3.1 | 3.4 |
| Trade | 1,899.8 | 1,893.6 | 1,881.2 | 1.0 | 0.3 | 1.3 |
| Finance, insurance and real estate | 650.4 | 643.8 | 652.5 | -0.3 | 0.7 | 0.4 |
| Community, business and personal services | 3,646.6 | 3,666.0 | 3,664.6 | -0.5 | 0.1 | 3.4 |
| Public administration | 715.7 | 710.3 | 712.8 | 0.4 | 1.7 | 2.7 |
| Industrial aggregate – Provinces | | | | | | |
| Newfoundland | 157.0 | 145.5 | 162.0 | -3.1 | 2.7 | 2.9 |
| Prince Edward Island | 39.8 | 37.3 | 39.6 | 0.4 | 0.9 | 1.2 |
| Nova Scotia | 300.8 | 294.9 | 307.8 | -2.3 | 1.1 | 4.9 |
| New Brunswick | 236.0 | 228.6 | 233.0 | 1.3 | 0.6 | 3.4 |
| Quebec | 2,559.9 | 2,518.8 | 2,632.6 | -2.8 | -1.9 | 1.0 |
| Ontario | 4,203.0 | 4,211.8 | 4,356.5 | -3.5 | -1.7 | 2.3 |
| Manitoba | 396.3 | 393.9 | 400.4 | -1.0 | -1.4 | -0.1 |
| Saskatchewan | 306.7 | 306.3 | 311.4 | -1.5 | 0.7 | 0.8 |
| Alberta | 985.1 | 990.1 | 982.6 | 0.3 | 2.7 | 3.6 |
| British Columbia | 1,164.7 | 1,167.4 | 1,136.1 | 2.5 | 3.3 | 4.5 |
| Yukon | 10.8 | 10.5 | 12.3 | -12.2 | -3.6 | 6.8 |
| Northwest Territories | 20.4 | 20.1 | 21.2 | -3.7 | 0.3 | 2.1 |

^p preliminary estimates

^r revised estimates

* all employees

Employment, Earnings and Hours - Concluded

June 1990
(Unadjusted)

| Industry Group - Canada (1970 S.I.C.) | Average weekly earnings * | | | | | |
|---|---------------------------|--------------------------|-------------------------|-------------------|-------------------------------|-----------------------------------|
| | June 1990 ^p | May 1990 ^r | June 1989 | June 1990/1989 | January- June 1990/1989 | January- December 1989/1988 |
| | Dollars | | Year-over-year % change | | | |
| Industrial aggregate | 512.30 | 508.13 | 489.10 | 4.7 | 5.2 | 5.0 |
| Goods-producing industries | 622.94 | 620.18 | 587.74 | 6.0 | 5.6 | 5.4 |
| Forestry | 637.18 | 630.48 | 623.55 | 2.2 | 2.8 | 6.0 |
| Mines, quarries and oil wells | 857.81 | 861.10 | 812.09 | 5.6 | 6.0 | 6.5 |
| Manufacturing | 603.16 | 600.74 | 568.11 | 6.2 | 5.4 | 5.1 |
| Construction | 622.94 | 618.38 | 589.58 | 5.7 | 6.4 | 6.3 |
| Service-producing industries | 475.51 | 471.50 | 453.46 | 4.9 | 5.5 | 4.8 |
| Transportation, communication and other utilities | 642.33 | 640.58 | 617.19 | 4.1 | 2.3 | 4.1 |
| Trade | 373.03 | 372.05 | 361.13 | 3.3 | 5.1 | 5.6 |
| Finance, insurance and real estate | 541.37 | 537.30 | 548.81 | -1.4 | 2.9 | 4.2 |
| Community, business and personal services | 441.51 | 435.60 | 412.10 | 7.1 | 6.7 | 4.9 |
| Public administration | 656.34 | 655.70 | 622.22 | 5.5 | 6.9 | 4.6 |
| Industrial aggregate - Provinces | | | | | | |
| Newfoundland | 483.28 | 479.43 | 465.49 | 3.8 | 2.8 | 4.9 |
| Prince Edward Island | 409.66 | 412.29 | 395.31 | 3.6 | 6.6 | 5.6 |
| Nova Scotia | 459.41 | 455.80 | 435.47 | 5.5 | 5.9 | 3.6 |
| New Brunswick | 464.03 | 456.28 | 440.48 | 5.3 | 5.1 | 5.1 |
| Quebec | 502.24 | 497.06 | 472.95 | 6.2 | 5.0 | 4.2 |
| Ontario | 535.38 | 529.91 | 512.65 | 4.4 | 5.6 | 5.5 |
| Manitoba | 462.82 | 462.29 | 446.46 | 3.7 | 4.7 | 5.5 |
| Saskatchewan | 445.03 | 443.51 | 431.87 | 3.0 | 4.3 | 3.5 |
| Alberta | 509.88 | 506.24 | 486.30 | 4.8 | 5.5 | 4.7 |
| British Columbia | 514.48 | 513.52 | 496.21 | 3.7 | 4.8 | 5.4 |
| Yukon | 593.32 | 603.79 | 587.20 | 1.0 | 8.0 | 5.2 |
| Northwest Territories | 700.99 | 686.26 | 663.70 | 5.6 | 5.6 | 6.9 |

^p preliminary estimates

^r revised estimates

* for all employees

Building Permits

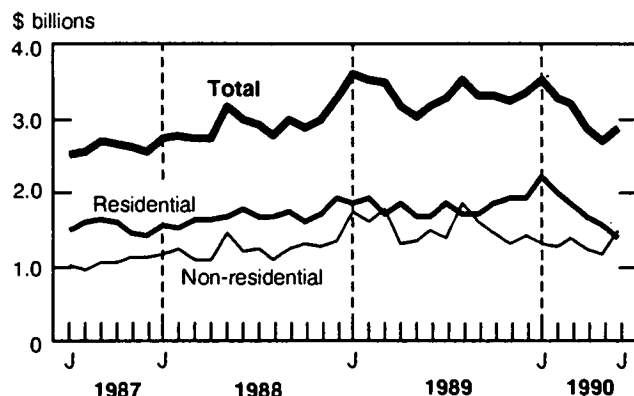
June 1990

Summary

The preliminary value of building permits issued in Canada was up 6.7% in June to \$2,879.0 million, from \$2,698.2 million in May. This month, only the residential sector showed a decrease, while the non-residential sector posted a big increase.

Value of Building Permits Issued in Canada

Seasonally adjusted



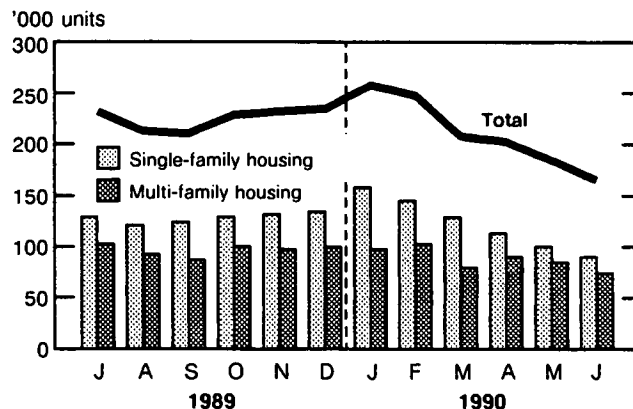
Note: Revised data for May, preliminary data for June.

Residential Sector

- The preliminary value of residential building permits continued to slacken in June to a level of \$1,379.0 million, falling 11.0% from \$1,549.0 million in May.
- Once again, both components of the residential sector were responsible for the decrease. The multi-family dwelling sector decreased 17% to \$403.8 million, while the single-family dwelling sector fell 8.2% to \$975.2 million.
- The Atlantic region was the only region to register a gain in the value of residential building permits in June.
- The number of dwelling units authorized has been decreasing for the first half of the year. In June it dropped 11.2% to 163,548 units at an annual rate (90,300 single detached and 73,248 multiple dwellings) from the 184,260 units authorized in May.

Dwelling Units Authorized in Canada

Seasonally adjusted at annual rates



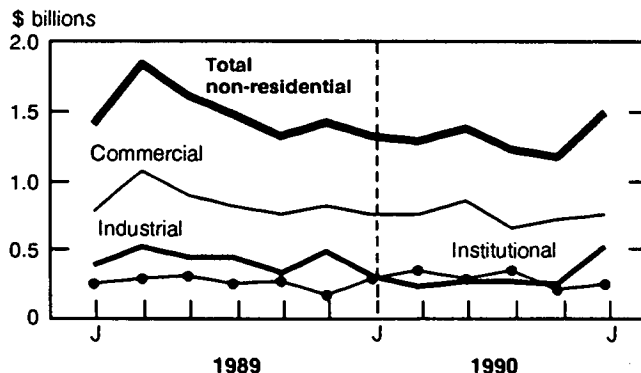
Note: Revised data for May, preliminary data for June.

Non-residential Sector

- The preliminary value of non-residential building permits jumped 30.5% in June to \$1,500.0 million, from \$1,149.2 million in May.
- All components of the non-residential sector were up in June. The industrial sector registered the strongest gain, increasing 108.6% to \$507.8 million; lesser increases were posted in the commercial sector (+6.4% to \$751.2 million) and the institutional sector (+20.8% to \$241.0 million).

Value of Non-residential Permits Issued in Canada

Seasonally adjusted



Note: Revised data for May, preliminary data for June.

- On a regional basis, only the Prairies and British Columbia reported losses in the value of non-residential building permits in June.

Short-term Trend

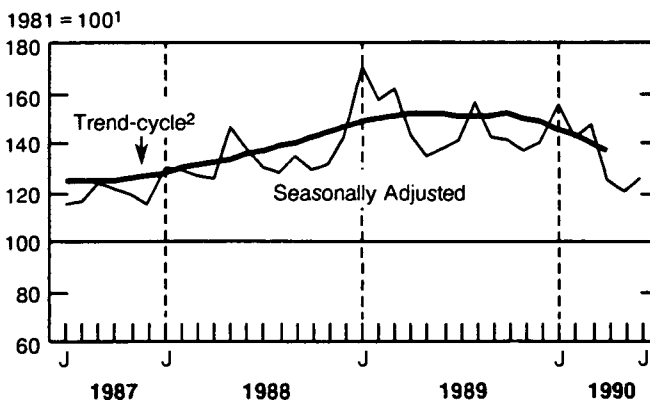
- The short-term trend of construction (excluding engineering projects) was down 2.3% in April to 136.3, from a revised level of 139.5 in March.
- Both the trend index of residential permits (-2.7% to 152.6) and non-residential permits (-1.7% to 119.1) decreased in April.

Available on CANSIM: matrices 80 (levels 3-7, 9-15), 129, 137, 443, 989-992, 994, 995 and 4073.

The June 1990 issue of *Building Permits* (64-001, \$22/\$220) is scheduled for release the first week of September.

For further information, contact Pierre Pichette or Marcel Poirier (613-951-2585), for analysis information Louise Marmen (613-951-2583), Investment and Capital Stock Division. ■

Building Permits Indices



¹ This series is deflated by using the construction input price index which includes cost of material and labor.

² The trend-cycle shows the seasonally-adjusted value of Building Permits without irregular influences which can obscure the short-term trend.

DATA AVAILABILITY ANNOUNCEMENTS

Input-Output Tables and Gross Domestic Product (GDP) by Industry

1986-1987

Final annual input-output tables for 1986 and preliminary tables for 1987, both in current and constant prices, are released today. The 1986 constant dollar tables are the last in 1981 prices, and the 1987 tables the first of a series in 1986 prices.

Also available are estimates of GDP by industry derived from the input-output tables. The constant prices series in 1986 prices for the period 1961-1987 are released today.

Available on CANSIM: matrices 7711-7790 for the current price tables, 7000-7079 for the tables in constant prices (1981 base), and 2110-2189 for the constant prices tables on the 1986 base; matrices 4663 and 4670 for estimates of GDP by industry in current and constant (1986) prices, respectively.

The input-output tables will be published in the forthcoming publication, *The Input-Output Structure of the Canadian Economy, 1987* (15-201) which henceforth will include data both in current and constant prices. See "How to Order Publications".

For further information, contact Yusuf Siddiqi (613-951-8909), Input-Output Division. ■

Monthly Retail Trade Survey

First quarter 1989 to Second Quarter 1990

Preliminary trade group estimates on a quarterly basis, for the provinces of Quebec, Ontario, Alberta and British Columbia, are now available.

Tabulations cover the period first quarter 1989 to second quarter 1990.

Trade group information for the remaining provinces and the territories will be released at a later date, once the estimates are of acceptable quality.

To obtain these tabulations, contact Roger Laplante (613-951-3522) or Lina DiPiéto (613-951-3551), Retail Trade Section, Industry Division. ■

Steel Primary Forms

Week Ending August 25, 1990

Preliminary estimates indicate that Canadian steel primary forms production for the week ending August 25, 1990 totalled 170 609 tonnes, an increase of 12.8% from the preceding week's total of 151 255 tonnes, but down 40.4% from the year-earlier level of 286 110 tonnes.

The cumulative total in 1990 was 8 944 308 tonnes, a decrease of 13.3% from 10 316 195 tonnes for the same period in 1989.

For more detailed information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■

Process Cheese and Instant Skim Milk Powder

July 1990

Production of process cheese in July 1990 totalled 5 227 763 kilograms, a decrease of 31.8% from June 1990 and a decrease of 15.5% from July 1989. The 1990 year-to-date production totalled 47 186 030 kilograms, compared to the corresponding 1989 amount of 43 274 887 kilograms.

Total production of instant skim milk powder during the month was 246 187 kilograms, a decrease of 43.5% from June 1990 and a decrease of 6.6% from July 1989. Cumulative year-to-date production totalled 2 653 770 kilograms, compared to the 2 801 609 kilograms reported for the corresponding period in 1989.

Available on CANSIM: matrix 188 (series 1.10).

The July 1990 issue of *Production and Inventories of Process Cheese and Instant Skim Milk Powder* (32-024, \$5/\$50) will be available at a later date. See "How to Order Publications".

For more detailed information on this release, contact Brian Preston (613-951-3511), Industry Division. ■

Railway Operating Statistics

May 1990

The seven major railways reported a combined net income of \$46.2 million in May 1990. Operating revenues of \$636.8 million were up \$9.9 million or 1.6% over the May 1989 figure.

Revenue freight tonne-kilometres were up 9.9% over May 1989. Freight train-kilometres registered an increase of 8.1%, while freight car-kilometres increased by 6.9%.

All 1989 figures have been revised.

Available on CANSIM: matrix 142.

The May 1990 issue of the *Railway Operating Statistics* (52-003, \$10.50/\$105) is to be released the second week of September.

For more detailed information on this release, contact Angus MacLean (613-951-2484), Transportation Division. ■

Preliminary Marine Transport Statistics for Canadian Ports – Domestic and International Shipping

July to December, 1989

Shipping activity at Canadian ports during the period posted a 6.1% decrease compared to the second half of the previous year. Tonnage handled at Canadian ports totalled 197.7 million tonnes for the period July-December, 1989, compared to 210.6 million tonnes for the third and fourth quarters of 1988.

For further information on this release, contact Andrea Mathieson (613-951-0291), Marine Transport Unit, Transportation Division. Customized tabulations can be obtained on an annual or quarterly basis.

Annual statistics for 1989 will appear in the publication *Shipping in Canada* (54-205, \$41), which will be available later this year. See "How to Order Publications". ■

Traveller Accommodation Statistics

1987

Total revenue from accommodation service industries reached \$6,945 million in 1987, an increase of 4.3% over the revised \$6,657 million of the previous year.

Available on CANSIM: matrices 71 and 72.

The 1985-1987 issue of *Traveller Accommodation Statistics* will be available in approximately three weeks time. See "How to Order Publications."

For further information on this release, contact Sam Lee, Services, Science and Technology Division (613-951-0663). ■

Rubber Hose and Belting Industry

1988 Annual Survey of Manufactures

In 1988, the value of shipments and other revenue for the rubber hose and belting industry (SIC 1521) totalled \$289.0 million, up 15.4% over \$250.6 million in 1987.

Available on CANSIM: matrix 5411.

The data for this industry will be released in catalogue 46-250.

For more detailed information on this release, contact T. Raj Sehdev (613-951-3513), Industry Division. ■

Plastic Pipe and Pipe Fittings Industry

1988 Annual Survey of Manufactures

In 1988, the value of shipments and other revenue for the plastic pipe and pipe fittings industry (SIC 1621) totalled \$915.0 million, up 14.2% from \$801.5 million in 1987.

Available on CANSIM: matrix 5415.

The data for this industry will be released in Catalogue 46-250.

For more detailed information on this release, contact T. Raj Sehdev (613-951-3513), Industry Division. ■

Credit Unions

First Quarter 1990

Financial statistics for central and local credit unions are now available on CANSIM: matrices 3815 and 3820.

For further information on this release, contact Gary Somers (613-951-2637). ■

PUBLICATIONS RELEASED

The Dairy Review, June 1990.

Catalogue number 23-001

(Canada: \$12.20/\$122.00; United States:
US\$14.60/US\$146.00; Other Countries:
US\$17.10/US\$171.00).

Farm Input Price Index, Second Quarter 1990.

Catalogue number 62-004

(Canada: \$12.25/\$49.00; United States:
US\$14.75/US\$59.00; Other Countries:
US\$17.25/US\$69.00).

How to Order Publications

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Please enclose cheque or money order payable to the Receiver General for Canada/Publications and provide full information on publications required (catalogue number, title, issue).

Publications may also be ordered through Statistics Canada's offices in St. John's, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Regina, Edmonton, Calgary and Vancouver, or from authorized bookstore agents or other booksellers.

A national toll-free telephone order service is now in operation at Statistics Canada. The toll-free line (1-800-267-6677) can be used by Canadian customers for the ordering of Statistics Canada products and services.

**The
Daily**

Statistics Canada's Official Release Bulletin for Statistical Information

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Editor: Bonnie Williams (613-951-1103)

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The Daily, August 31, 1990

MAJOR RELEASE DATES: SEPTEMBER 1990

(Release dates are subject to change)

| Anticipated date(s) of release | Title | Reference period |
|--------------------------------|---|--|
| September | | |
| 4-12 | Canadian Composite Leading Indicator | June 1990 |
| 5 | Help-wanted Index | August 1990 |
| 5 | Field Crop Reporting Series: No. 6 - August Estimate of Principal Field Crops, Canada | |
| 7 | Labour Force Survey | August 1990 |
| 10 | New Motor Vehicle Sales | July 1990 |
| 10 | Department Store Sales by Province and Metropolitan Area | July 1990 |
| 10 | New Housing Price Index | July 1990 |
| 11 | Estimates of Labour Income | June 1990 |
| 11 | Farm Product Price Index | July 1990 |
| 14 | The Consumer Price Index | August 1990 |
| 14 | Travel Between Canada and Other Countries | July 1990 |
| 18 | Preliminary Statement of Canadian International Merchandise Trade | July 1990 |
| 21 | Monthly Survey of Manufacturing | July 1990 |
| 21 | Retail Trade | July 1990 |
| 24 | Department Store Sales and Stocks | July 1990 |
| 24-25 | Wholesale Trade | July 1990 |
| 26 | Security Transactions with Non-residents | July 1990 |
| 26 | Unemployment Insurance Statistics | July 1990 |
| 27 | Industrial Corporations: Financial Statistics | Second Quarter 1990 (Final Data) |
| 27 | Crude Petroleum and Natural Gas | June 1990 |
| 27 | Building Permits | July 1990 |
| 28 | Gross Domestic Product at Factor Cost by Industry | July 1990 |
| 28 | Industrial Product Price Index | August 1990 |
| 28 | Raw Materials Price Index | August 1990 |
| 28 | Employment, Earnings and Hours | July 1990 |
| 28 | Sales of Refined Petroleum Products | August 1990 |
| 28 | Financial Institutions: Financial Statistics | Second Quarter 1990 |
| 28 | Major Release Schedule | October 1990 |

The October 1990 release schedule will be published on September 28, 1990. Users note: This schedule can be retrieved from CANSIM by the command DATES. Contact Greg Thomson (613-951-1116), Communications Division.