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A Weekly Review

Friday, September 4, 1998

OVERVIEW

- **Production slowed while demand strengthened in the second quarter**

  In the second quarter of 1998, gross domestic product grew at a 0.4% rate — half the pace of the first quarter and the slowest quarterly expansion in two years. However, consumer spending and business investment gained momentum, while inventory accumulation slowed sharply.

- **Third straight monthly decline in economic growth**

  Economic growth slowed for a third consecutive month in June.

- **Current account deficit virtually unchanged in second quarter**

  As has been the case for almost two years, Canadians spent more money abroad than they earned from abroad in the second quarter of 1998.

- **Industrial prices edging up as dollar erodes**

  Industrial prices rose 0.3% in July as the value of the dollar continued to erode. The 12-month change in prices also rose to 0.3%.

- **Crude oil lifted raw material prices in July**

  Manufacturers paid slightly more for raw materials in July than they did in June, mainly due to higher prices for crude oil and non-ferrous metals. However, excluding the volatile prices of the mineral fuels category (90% of which is crude oil), raw material prices decreased 1.2% from June and were down 12.4% from July 1997.

- **Weekly earnings and paid employment down slightly in June**

  Average weekly earnings fell a slight 0.2% in June and, after four months of little change, paid employment as measured by the Survey of Employment, Earnings and Hours declined slightly.

Production slowed while demand strengthened in the second quarter

In the second quarter of 1998, gross domestic product grew at a 0.4% rate — half the pace of the first quarter (+0.8%) and the slowest quarterly expansion in two years. However, final domestic demand speed ahead 1.2% or six times the 0.2% increase of the first quarter, as consumer spending and business investment in fixed capital gained momentum despite declining disposable incomes. As a result, borrowing by consumers and corporations rose sharply in the second quarter, and the sources of funds to the economy came from higher government surpluses and from foreign lenders. Exports grew at about the same pace as in the first quarter, so the slowdown in production was also reflected in a sharply lower rate of inventory accumulation.

After stalling in the first quarter, personal spending on goods and services rose 1.4% in the second. Almost half the increase was due to sharply higher purchases of new vehicles (+14.0%), thanks to the incentive programs offered by dealers. Excluding new vehicles, consumer spending grew at about a 0.9% rate in both quarters, with demand spread across the components.

Personal disposable income fell after two quarters of growth as personal income growth decelerated in line with labour income (slowing from a 1.5% increase in the first quarter to a 0.5% advance in the second) and as governments collected more in income taxes. The combined effect of the pickup in consumer spending and of the drop in disposable income is that personal saving fell by $3.5 billion.

Gross domestic product at 1992 prices[1]

	% change	Annualized % change	Year-over-year % change
First quarter 1997	1.2	4.8	3.0
Second quarter 1997	1.0	4.2	3.9
Third quarter 1997	1.1	4.3	3.9
Fourth quarter 1997	0.7	2.8	4.0
First quarter 1998	0.8	3.4	3.7
Second quarter 1998	**0.4**	**1.8**	**3.1**

1 The % change is the growth rate from one quarter to the next. The annualized % change is the growth rate compounded annually. The year-over-year % change is the growth rate of a given quarter compared with the same quarter of the previous year.

(continued on page 2)

Statistics Canada Statistique Canada

Canada

... Production slowed while demand strengthened in the second quarter

Households — still investing heavily in pension funds, mutual funds and other savings instruments — financed their higher spending on durable goods and their investment in housing by borrowing more. However, the borrowing binge does not imply that the net worth of the household sector has fallen, since the loans were largely used to acquire fixed assets. In addition, net saving does not include capital gains on assets. Over the past few years, such capital gains — not savings out of current income — have contributed more and more to the rising net worth of households. This helps to explain the household sector's ability to sustain its spending spree despite the slower income growth.

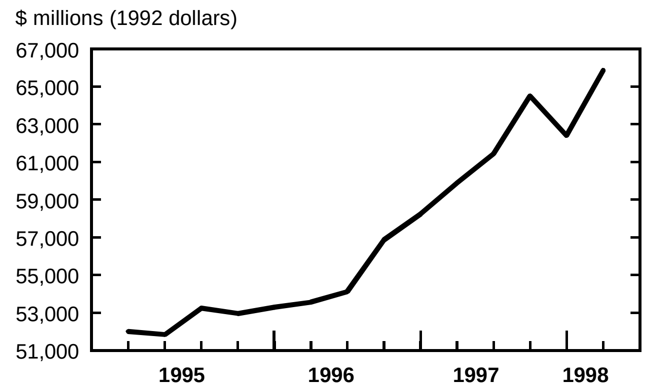
Business investment gained momentum in the second quarter, as investment in non-residential structures and equipment grew 2.8% after only 0.7% growth in the first quarter. The acceleration resulted from heavier buying of machinery and equipment, mainly imports. As with personal spending, motor vehicles accounted for a large portion of the spending rebound. Investment in non-residential structures slowed from 3.4% growth in the first quarter to 1.8% in the second. The increase in building construction was the same as last quarter. The slowing came in engineering construction; oil and gas drilling in particular has fallen on the order of 20% since early last year. Investment in residential construction fell 1.6%. A 5.6% drop in new construction was partly offset by a jump in real estate commissions on purchases of existing homes

Corporate profits dropped for a second quarter in a row as prices for energy and other primary products remained low on world markets and as retailers took lower margins to maintain sales. The corporate sector continued to borrow to finance investment, largely through higher bond and equity issues.

Export demand rose 1.3% in real terms in the second quarter, compared with a 1.5% advance in the first. Exports of goods were up 1.2%. The sources of strength were similar to those in the first quarter — machinery, equipment, industrial goods and energy products. Exports of services were somewhat stronger at 2.0% growth.

The accumulation of non-farm inventories slowed markedly, down from $10.4 billion in the first quarter to $5.8 billion in the second. The slowing was most evident for durable goods in both wholesale and retail trade, in line with the areas of strong demand. A notable drop was recorded in gold inventories, together with sharply higher exports. The inventory-to-sales ratio remained at about eight and a half weeks of supply.

Personal spending on consumer durable goods



Government spending on goods, services and investment picked up momentum in the second quarter. Nevertheless, higher revenues and lower transfer payments to other sectors brought the overall surplus of the government sector to $19.5 billion (seasonally adjusted at annual rates), up from $15.7 in the first quarter. All levels of government recorded surpluses, but $14 billion of it was on the federal government's books.

Available on CANSIM: matrices 701-726, 728-735, 737-744, 748-750, 796, 797, 6520-6585 and 6597-6624.

*The second quarter 1998 issue of **National economic and financial accounts, quarterly estimates** (13-001-XPB, $44/$145) will be available shortly.*

Detailed printed tables of unadjusted and seasonally adjusted quarterly national accounts (13-001-PPB, $50/$180), the financial flow statistics (13-014-PPB, $50/$180) and the estimates of labour income (13F0016XPB, $20/$200) are available now, as are supplementary analytical tables and charts. The complete quarterly national accounts, financial flow accounts, and monthly estimates of labour income data sets can be obtained on microcomputer diskettes (13-001-XDB, 13-014-XDB and 13F0016XDB). To purchase any of these products, contact the client services officer (613-951-3810; iea-crd@statcan.ca), Income and Expenditure Accounts Division.

For further information about this release, contact the information officer (613-951-3640), Income and Expenditure Accounts Division.

Third straight monthly decline in economic growth

Total economic activity edged down 0.1% in June — the third straight small decline. This was the first time since the beginning of 1991 that the economy has not grown for three consecutive months. However, the economy still expanded in the second quarter of 1998 compared with the previous quarter. The June decline reflected the direct and indirect effects of a strike in the auto sector in the United States. Excluding auto and parts makers, economic activity advanced 0.1% in June.

Total manufacturing output fell 1.1% in June, the sharpest of three consecutive declines. Production of autos and parts plunged 9.9%, as strike action by GM workers at two parts plants in the United States had a ripple effect on the tightly integrated North American auto industry. Output of automobiles fell 11.6%, while production of parts dropped by 8.7%. Shutdowns at parts plants generally occurred later in the month, as they beefed up inventories before curtailing output.

Note to readers

The gross domestic product (GDP) of an industry is the value added by labour and capital in transforming inputs purchased from other producers into outputs. Monthly GDP by industry is valued at 1992 prices. The estimates presented here are seasonally adjusted at annual rates.

(continued on page 3)

... Third straight monthly decline in economic growth

Manufacturers of beverages curtailed output by 6% after a significant build-up in production that culminated in a sharp increase in May, as beer sales surged because of a warmer spring and a price war in Quebec.

Production of paper and allied products fell 2.2% after a growth spurt in May. Papermakers had a brief respite from strike activity in May (and a corresponding increase in output), but the industry now faces an even larger strike that began in mid-June, which coincides with weaker exports.

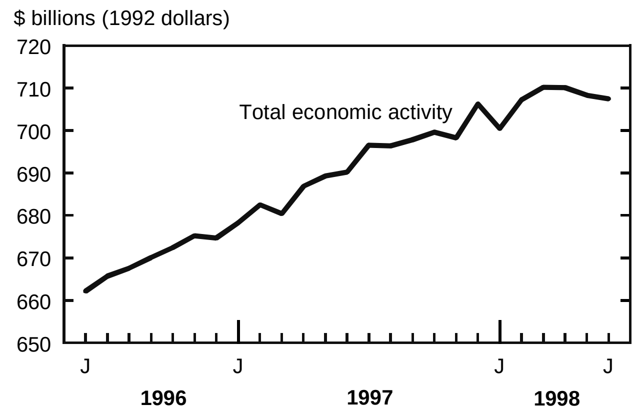
The electronics industry recovered somewhat from a setback in May, although production levels remained below April's all-time high. The office and business machine industry showed the most substantial increase in June, as manufacturers mounted a strong quarter-end push and took advantage of lower-priced components from Asian suppliers. The major appliances industry and the communications equipment industry also reported substantial gains. Makers of telecommunications equipment reported the only significant decline, cutting output for a second consecutive month. Makers of scientific equipment fared well in June, as did the musical instrument and sound recording industry, which advanced for a fourth consecutive month.

Strikes also cut into construction activity. Looking ahead, for the first time in over three years, housing starts were down for a fourth consecutive month in July. However, work on non-residential building projects — particularly factories and industrial buildings — recorded another gain, the 9th advance in 10 months.

Retail sales tumbled 1.7% in June, after edging down slightly in the previous two months. The drop was the largest in almost eight years, coming second only to a 5.3% decline in January 1991, when the GST was introduced. Department and clothing stores were hardest hit. Those retailers that did enjoy increased sales (such as furniture and beverage, drug and tobacco stores) experienced relatively small gains. Most of June's decline in wholesale sales can be attributed to a significant reduction in auto wholesaling (most of Canada's sizeable international trade in autos is handled by wholesalers).

The finance industries retraced most of a significant May decline, rising 1.3% in June. Activity at banks and stock exchanges

Gross domestic product at factor cost



was propelled by a significant rebound in the volume of shares traded. Business services activity resumed its upward course (+1.0%). Providers of computer services, miscellaneous business services and architectural, engineering and scientific services all returned to previous patterns of growth after slowing in either April or May.

Increased output of oil and gas buoyed the mining sector (+0.9%) in June despite continued weakness in gold mining and drilling activity. Grain storage facilities had another disappointing month, as trade in wheat and other grains remained depressed. Telephone companies continued to benefit from business arising from a flurry of recent promotions, especially in the long-distance market.

Available on CANSIM: matrices 4677-4681.

The June 1998 issue of ***Gross domestic product by industry*** *(15-001-XPB, $15/$145) will be released shortly. For analytical information, contact Richard Evans (613-951-9145; evanric@statcan.ca). For information about purchasing data, contact Kim Lauzon (613-951-9417, lauzonk@statcan.ca), Industry Measures and Analysis Division. See also "Current Trents" on page 7.*

Current account deficit virtually unchanged in second quarter

The ongoing deficit in Canada's current account was virtually unchanged in the second quarter at $4.2 billion (seasonally adjusted). In other words, as has been the case for almost two years, Canadians spent more money abroad than they earned from abroad in the form of goods, services, investment income and transfers. The surplus on goods shrank in the second quarter because imports climbed. Meanwhile, the deficit on services also shrank, a trend that has been evident for three years.

In the financial account (which is not seasonally adjusted), non-residents continued to invest in the bonds and equities of Canadian companies. A record $7.4 billion worth of Canadian corporate bonds were bought by foreigners in the quarter. Reduced demand for credit by Canadian governments over the last two years has meant that Canadian corporations have increasingly been replacing governments as the major issuers of bonds (borrowers) in foreign markets. In the quarter, foreigners reduced their deposits at Canadian banks and their holdings of Canadian money market instruments, mainly federal Treasury bills.

Canadians' demand for foreign equities strengthened in the quarter as the dollar came under sustained downward pressure and currency reserves were drawn down. Canadians' interest in stocks denominated in foreign currencies has picked up in the last three quarters. In the second quarter, Canadian investors acquired near-record amounts of foreign equities but sold foreign bonds. The differential between Canadian and American short-term interest rates, which has steadily fallen throughout the first half of 1998 to around 30 basis points, continues to favour investment in the United States.

Canadian businesses' surplus on goods in the second quarter eroded, as their importing grew more than their exporting. Most of the erosion centred on the non-OECD economies, followed by

(continued on page 4)

... Current account deficit virtually unchanged in second quarter

the continental European Union countries. Further, our goods trade with Japan moved into a deficit for the first time since early 1993. The goods surplus with the United States continued to widen.

Imports of goods advanced 1.5% to a record $74.1 billion. The largest gains appeared in machinery and equipment and in consumer and industrial goods. At the same time, imports of most auto products and transportation equipment (except for trucks and aircraft) weakened. The decrease in the auto sector reflected plant closures late in the quarter. Exports rose a modest 0.8%, to a peak of $78.2 billion in the second quarter. Continued foreign demand led to a strong increase in machinery and equipment shipments. This was offset by markedly lower car and truck exports, also related to plant closures. In addition, export sales of resources (precious metals and natural gas) and consumer goods picked up. However, declines were evident for wheat, pulp and lumber sales abroad.

Businesses' direct investment activities both abroad and in Canada were significant in the quarter, despite being scaled back from the first quarter's record levels. Canadian investment abroad exceeded foreign investment in Canada by a narrow margin. Canadian companies injected $4.7 billion, chiefly into existing foreign subsidiaries and affiliates. About 90% was invested in the United States by firms in most major industry groups, led by finance and insurance. At the same time, foreign companies channelled $4.1 billion into their Canadian subsidiaries and affiliates, about $3 billion less than the acquisition-fuelled record outlays of the first quarter. The investment, principally from the United States, was directed mainly to the finance and insurance industry and to service and retail industries.

Canada sold $3.5 billion of its international reserves in the second quarter, as the Canadian dollar came under downward pressure from most foreign currencies. The dollar closed the second quarter at just over US 68 cents, down US 2.3 cents during the quarter. The reduction of these assets stood in contrast to a record buildup of reserves in the first quarter, which had been largely financed by issuing securities in foreign markets.

Available on CANSIM: matrices 2325-2327, 2355 and 2360-2377.

For further information, contact Patrick O'Hagan (613-951-1798), Balance of Payments and Financial Flows Division.

Industrial prices edging up as dollar slides

Industrial product prices rose 0.3% in July as the dollar continued to erode. The 12-month change in prices also rose to 0.3%. The Industrial Product Price Index was 119.5 in July (1992=100), compared with 119.2 in June (revised upward from 119.1). July's most significant price increases were for exported automobiles and trucks, softwood lumber and primary products of several non-ferrous metals. The only significant price declines were for petroleum products. Exchange-rate effects were significant.

In mid-July, the value of the U.S. dollar had risen about a cent to about C$1.48. In mid-July 1997, it had been about C$1.37. If the dollar's value had remained fixed, industrial prices would have remained unchanged from June and would have been 1.9% lower than in June 1997, instead of 0.3% higher. A rise in the value of the U.S. currency increases the value in Canadian dollars of any commodity price quoted in U.S. dollars. The effect of changes in the exchange rate between the Canadian and U.S. dollars are most significant for motor vehicles, pulp, paper and wood products. When these products are exported, the prices are frequently quoted in U.S. dollars. July's increase in motor vehicle prices was due to the rise in the value of the U.S. dollar. Export prices advanced for both autos (+0.7%) and trucks (+0.8%). By contrast, domestic prices for autos edged up 0.1%, while truck prices slipped 0.1%.

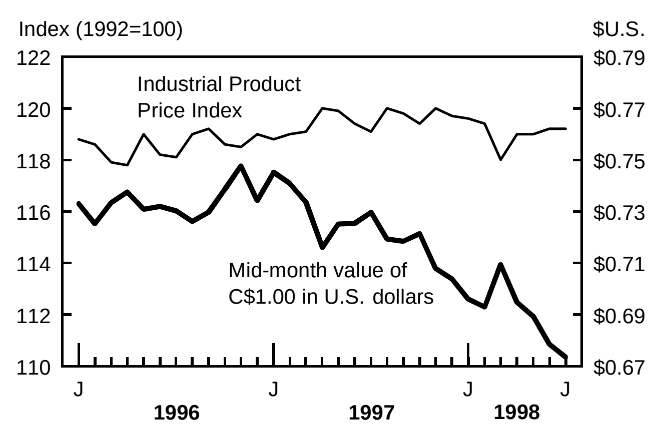
Softwood lumber prices advanced 1.8% in July but remained 15.4% lower than a year earlier. Both domestic and export prices were up across the country. In Canada, the Ontario construction strike drew to an end. In the United States, there was a strong demand for lumber. In British Columbia, Alberta, Ontario and Quebec, quotas for lumber exports to the United States continue to reduce the ability of mills in these provinces to export their

Note to readers

The Industrial Product Price Index (IPPI) reflects the prices that producers in Canada receive as goods leave their plants. It does not reflect what consumers pay. Unlike the Consumer Price Index (CPI), the IPPI excludes indirect taxes and all costs (including transportation, wholesale and retail costs) occurring between the time when a good leaves a plant and when a final user takes possession.

In Canada, only about half what the consumer pays goes to manufacturers. The rest is divided among retailers, wholesalers, indirect taxes and transportation charges. Manufacturers' prices are, therefore, only one of several influences on consumer prices at the retail level. The effect of fluctuations in the value of the Canadian dollar on the price of imports is another.

Industrial prices and the dollar



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... Industrial prices edging up as dollar slides

lumber to U.S. markets. The gap in the U.S. market between demand and supply is being met by imports, including imports from Canadian mills not in the quota-limited provinces.

Among non-ferrous metal products, overall prices for primary aluminum products were up 2.9% in July. However, this increase had little impact on either secondary aluminum products or on manufactured aluminum products. Primary aluminum product prices remained 5.1% below their year-earlier level. Prices for primary copper products were up 5.1% but remained 22.8% below their level in July 1997. However, prices for secondary copper products were unchanged and those for manufactured copper products fell 1.3% overall. Other gains in primary metal products included refined zinc (+4.6%), primary gold and gold alloy forms (+3.6%) and refined silver and platinum (+6.3%). Copper and zinc prices saw a mid-month spike in July due to the temporary optimism about the situation in Japan.

Prices in the refined petroleum products industry (-1.7% in July) continued to reflect high inventories (especially gasoline) and the ongoing weakness in crude prices. At the consumer level, as reported by the Consumer Price Index, gasoline prices were down an average 1.5% in July.

Available on CANSIM: matrices 1870-1878.

The July 1998 issue of **Industry price indexes** *(62-011-XPB, $22/$217) will be available at the end of September. For further information, contact the Client Services Unit (613-951-3350; fax; 613-951-2848; infounit@statcan.ca), Prices Division.*

Crude oil lifted raw material prices in July

Manufacturers paid 0.3% more for raw materials in July than they did in June, mainly due to higher prices for crude oil and non-ferrous metals. Lower prices for hogs and cattle greatly offset the overall increase. The Raw Materials Price Index was 107.3 (1992=100) in July, up from 107.0 in June. However, excluding the volatile prices of the mineral fuels category (90% of which is crude oil), raw material prices decreased 1.2% from June and was down 12.4% from July 1997.

Crude oil prices were up in July on expected cuts to the global inventory. Crude jumped 5.4% in price in July but still remained 15.2% lower than six months earlier. Crude was also down 25.1% in price compared with July 1997. (By contrast, natural gas prices were 15.8% higher compared with 12 months earlier.) July's higher price for crude was mostly due to pledges by OPEC members to cut output. The summer driving season and the political unrest in Nigeria, which produces 3% of the world's supply of crude oil, also lifted prices.

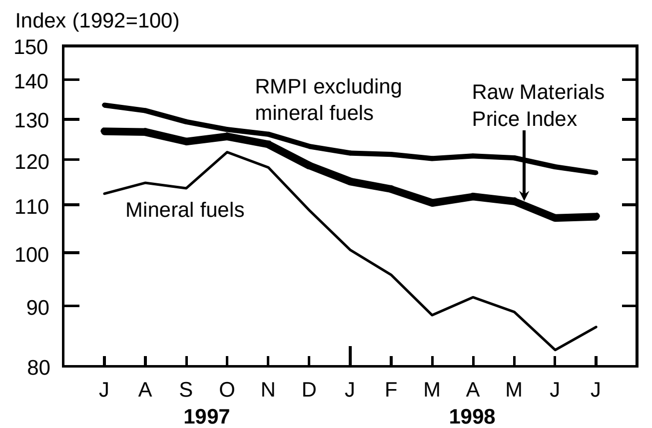
Non-ferrous metal prices advanced 2.3% in July from June. Higher prices for copper concentrates (+5.1%), zinc concentrates (+4.7%), aluminum materials (+1.3%), and gold (+3.6%) were the major contributors. Compared with July 1997, non-ferrous metal prices were down 14.2%. Plunging prices for copper concentrates (-23.0%), nickel concentrates (-31.2%) and zinc concentrates (-23.8%) were somewhat offset by higher prices for silver and platinum. Silver has been subject to rising speculation, which has sent inventories to a 16-year low.

Copper prices made a strong upward movement in July after declining in both May and June. The move was probably due to a stronger yen at that time and to the subsequent prospects for increased Japanese demand. As well, China (the world's fifth-largest copper producer and third-largest copper consumer) decided to reduce output. China also decided to significantly reduce zinc exports, which helped to boost prices.

Animal and animal product prices fell 3.7% in July and were 9.9% lower compared with 12 months earlier. Lower prices in July for hogs (-13.6%) and cattle (-3.6%) were the major contributors to the monthly decline. Compared with July 1997, hogs were priced significantly lower (-35.0%) and cattle and chickens were priced moderately lower. Hog prices remain weak due to declining demand (Asia) and large herd sizes.

> ***Note to readers***
>
> *The Raw Materials Price Index (RMPI) reflects prices that manufacturers paid for key raw materials, including some that were not produced in Canada. Prices for many of these commodities are set in world markets.*

Raw material prices and crude oil



Vegetable product prices fell 2.1% in July from June. Lower prices for canola (-11.0%), coffee (-6.4%) and grains (-0.8%) were somewhat offset by higher-priced unrefined sugar (+11.6%). Sugar prices may weaken because Russia, the world's largest sugar importer, introduced significantly higher import taxes on sugar. Compared with 12-months earlier, vegetable product prices were down 10.8%. Prices fell for coffee (-51.0%), soybeans (-17.6%), corn (-9.3%) and unrefined sugar (-11.0%). Coffee prices dropped as supplies of new beans were coming to market at the same time as hot weather weakened roaster and consumer demand.

El Niño's impact on world grain and oilseed production over the last 15 to 20 months was probably positive overall. El Niño contributed to ideal growing conditions in South America, Europe and the important U.S. soybean and corn states. A resulting world surplus of grains has dampened prices. La Niña, the phase

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... Crude oil lifted raw material prices in July

following El Niño, brings opposite weather conditions and its impact on agriculturally important countries will not be known until the spring of 1999. Accordingly, any surpluses of grains and oilseeds in 1998 may be held back for higher prices in 1999.

Wood prices remained soft in July, edging up 0.2%. Compared with July 1997, wood prices have fallen 19.8%, with logs down 24.2% and pulpwood prices off 0.2%. The depressed Asian market for lumber and potentially lower-cost producers in Scandinavia, Europe and South America are making it difficult to rebound to higher prices.

Available on CANSIM: 1879.

The July 1998 issue of ***Industry price indexes*** *(62-011-XPB, $22/$217) will be available at the end of September. For further information, contact the Client Services Unit (613-951-3350; fax; 613-951-2848; infounit@statcan.ca), Prices Division.*

Weekly earnings and paid employment down slightly in June

Average weekly earnings fell by $0.98 to $603.18 in June, with declines appearing in most industries. Earnings slipped the most in construction, communications and utilities. Both salaried staff and hourly-paid employees saw their average weekly earnings decline. For hourly-paid employees, the decline can be attributed to lower average weekly hours recorded in most industries.

Over the 12 months to June, average weekly earnings have risen 0.8%. These gains are consistent with the scant inflation indicated by the Consumer Price Index and the gross domestic product deflator. The year-over-year growth in average hourly earnings was 2.9% in June, somewhat higher than the annual growth rates recorded in the preceding six months: A substantial drop in average hourly earnings in June 1997 exaggerates the 12-month change.

Average weekly earnings, all industries, June 1998
Seasonally adjusted

	$	% change, previous month	% change, previous year
Canada	**603.18**	**-0.2**	**0.8**
Newfoundland	527.25	-0.3	-2.3
Prince Edward Island	467.43	-3.0	-2.8
Nova Scotia	517.30	0.8	1.6
New Brunswick	524.37	-0.6	-0.5
Quebec	568.09	-0.2	0.4
Ontario	641.85	-0.5	0.5
Manitoba	535.72	-0.9	2.7
Saskatchewan	538.36	0.1	2.8
Alberta	614.63	0.3	2.6
British Columbia	616.16	-0.2	0.1
Yukon	655.97	-3.3	-5.0
Northwest Territories	722.78	-3.9	0.2

After four months of little change, paid employment as measured by the Survey of Employment, Earnings and Hours (SEPH), declined a slight 0.2% in June. The employment declines occurred in most industries, with Quebec (-15,000) and Ontario (-14,000) accounting for most of it. Despite the relative stability shown by SEPH employment levels since January 1998, total paid employment increased by 293,000 (+2.6%) over the 12 months to June.

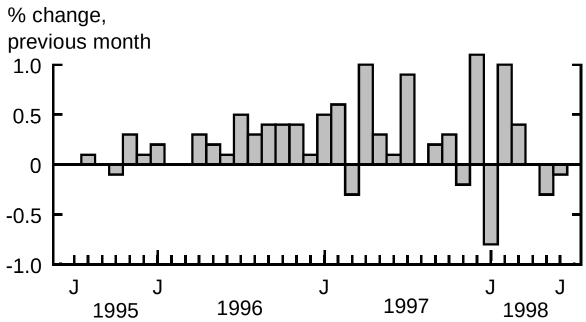
These employment estimates are now derived from administrative records, and so may show a different seasonal pattern than the previous data, which were derived from survey questionnaires. This can only be assessed within the context of a longer time period. Statistics Canada will continue to monitor these impacts and will help users interpret its data. It is recommended that SEPH data, particularly employment data, be used in the context of longer time periods for detailed industry distributions. A description of the methodological changes and their impacts on the data was published in the May 1998 issue of *Employment, earnings and hours* (72-002XPB).

Available on CANSIM: matrices 4285-4466, 9438-9452, 9639-9664 and 9899-9911.

The June 1998 issue of ***Employment, earnings and hours*** *(72-002-XPB, $32/$320) will be available shortly. The historical publication* ***Annual estimates of employment, earnings and hours 1985-1997*** *(diskette: 72F0002XDB, $120) is on sale now. Custom tabulations of the data are available on demand. For further information, contact Jean Leduc (613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division.*

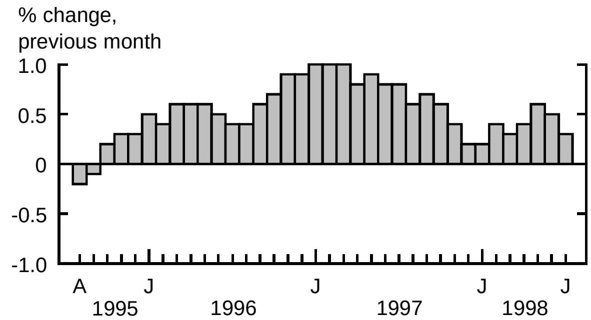
Current trends

Gross domestic product



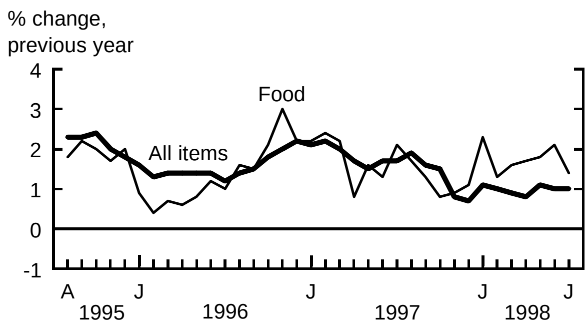
Real gross domestic product at factor cost edged down 0.1% in June – the first time since the beginning of 1991 the economy has not grown for three consecutive months.

Composite Index



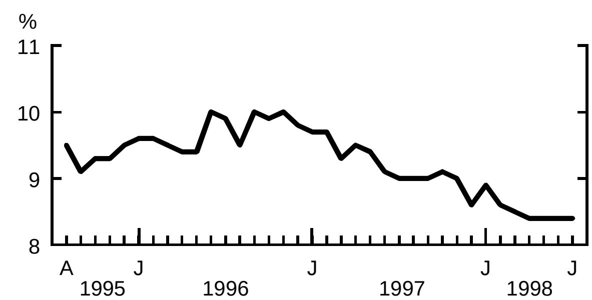
The Composite Index eased from 0.5% in June to 0.3% in July.

Consumer Price Index



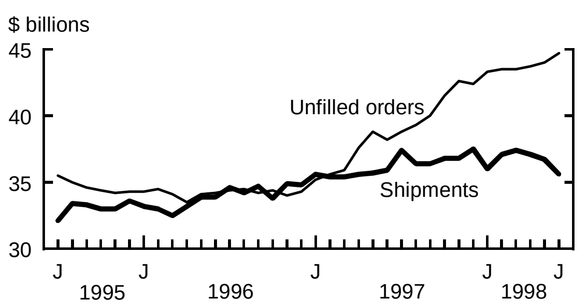
Consumers paid 1.0% more for goods and services in July 1998 than they did a year earlier. Food prices rose 1.4%.

Unemployment rate



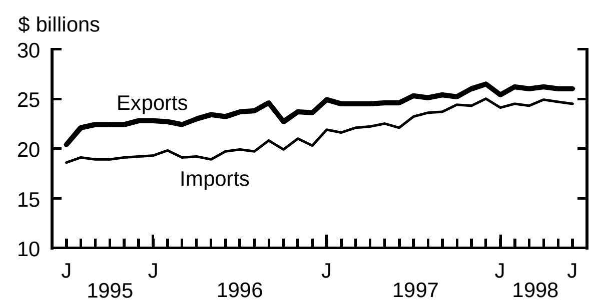
In July, the unemployment rate remained stable for a fourth consecutive month at 8.4%.

Manufacturing



Manufacturers' shipments fell 2.9% in June to $35.6 billion. The level of unfilled orders increased 1.5% to $44.7 billion.

Merchandise trade



In June, the value of merchandise exports inched up 0.1% from May at $26.0 billion. Imports slipped 0.8% to $24.5 billion.

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

Latest monthly statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billion, 1992)	June*	707.5	– 0.1%	2.5%
Composite Index (1981=100)	July	207.7	0.3%	5.4%
Operating profits of enterprises ($ billion)	Q2 1998	25.7	– 4.6%	– 4.3%
Capacity utilization (%)	Q1 1998	86.0	0.3†	2.6†
DOMESTIC DEMAND				
Retail trade ($ billion)	June	20.4	– 1.7%	4.0%
New motor vehicle sales (thousand of units)	June	123.1	– 3.1%	8.0%
LABOUR				
Employment (millions)	July	14.3	0.2%	2.2%
Unemployment rate (%)	July	8.4	0.0†	– 0.6†
Participation rate (%)	July	64.9	0.2†	0.0†
Labour income ($ billion)	June*	38.2	– 0.2%	3.1%
Average weekly earnings ($)	June*	603.18	– 0.2%	0.8%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	June	26.0	0.1%	5.7%
Merchandise imports ($ billion)	June	24.5	– 0.8%	10.6%
Merchandise trade balance (all figures in $ billion)	June	1.5	0.2	– 0.9
MANUFACTURING				
Shipments ($ billion)	June	35.6	– 2.9%	– 0.6%
New orders ($ billion)	June	36.3	– 2.0%	2.9%
Unfilled orders ($ billion)	June	44.7	1.5%	17.1%
Inventory/shipments ratio	June	1.38	0.05	0.08
PRICES				
Consumer Price Index (1992=100)	July	108.8	0.0%	1.0%
Industrial Product Price Index (1992=100)	July*	119.5	0.3%	0.3%
Raw Materials Price Index (1992=100)	July*	107.3	0.3%	– 15.4%
New Housing Price Index (1992=100)	June	100.1	0.1%	1.0%

Note: *All series are seasonally adjusted with the exception of the price indexes.*
* *new this week*
† *percentage point*

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Editor: Tim Prichard (613) 951-1197; prictim@statcan.ca
Head of Official Release: Chantal Prévost (613) 951-1088; prevcha@statcan.ca

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