



Infomat

A Weekly Review

Friday, October 2, 1998

OVERVIEW

◆ **Retailers rebound**

Retailers in all sectors and in all provinces and territories except Newfoundland posted higher sales in July.

◆ **Wholesalers report third month of lower sales**

Wholesalers reported their third consecutive month of lower sales in July.

◆ **No growth in the leading indicator**

Since reaching this year's high in May, the leading indicator has been gradually slowing.

◆ **Investors reducing exposure to the Canadian dollar**

In July, Canadians continued to shift assets into foreign securities, especially those denominated in U.S. dollars. Meanwhile, foreign investment in Canadian securities remained low.

◆ **The benefits of enjoying nature**

Canadians devoted substantial amounts of their leisure time to nature in 1996, and spent an estimated \$11 billion on nature-related activities.

◆ **More Canadians receiving EI benefits**

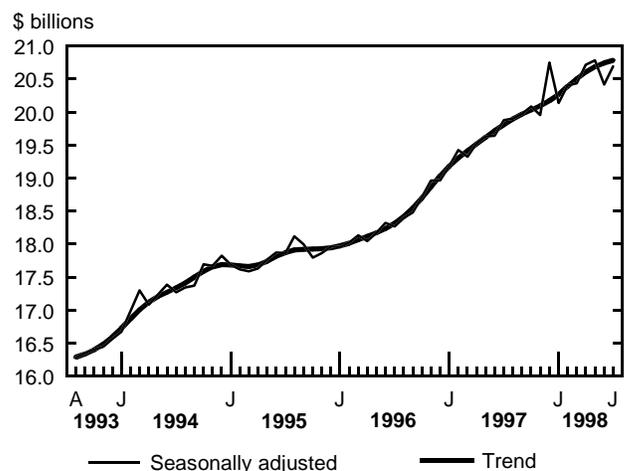
In July, the number of Canadians receiving employment insurance benefits increased in all the provinces and territories except Alberta.

Retailers rebound

Retail sales rebounded in all sectors in July, advancing 1.4% to \$20.7 billion. This followed a 1.8% decline in June. Since the start of the year, sales have declined only in January and June. July's figure was 4.1% higher than in July 1997. Sales in recent months have not kept pace with the blistering gains posted from the fall of 1996 to the middle of 1997. Since the fall of 1996, the sales increases have coincided with significant advances in consumer credit. Although employment grew from February 1997 to the start of 1998, average weekly earnings did not keep pace.

General merchandise and clothing stores posted the largest advances in July, partially offsetting June's large declines. Within the general merchandise sector (+4.3%), department stores ended three consecutive months of declining sales with a 5.4% increase. The declines of recent months have coincided with store closings and restructurings. Clothing stores (+3.3%) regained most of the ground they lost in June, but shoe stores and women's clothing stores were unable to make up for the declines they suffered in June. This year, only the "other clothing" stores have generally been posting advances.

Retail sales



(continued on page 2)

... Retailers rebound

Consumers continued to spend in furniture stores (+2.5%). The sector was the only one to see a sales gain in June (+0.4%). Compared with July 1997, sales in furniture stores were up 11.0% — the largest year-over-year increase among all retail sectors in July. Furniture store sales have generally been growing strongly since the spring of 1996.

Retail and wholesale trade, July 1998

Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change, previous month	\$ millions	% change, previous month
Canada	20,695	1.4	27,569	-0.4
Newfoundland	316	-1.2	189	-4.8
Prince Edward Island	88	0.4	51	4.1
Nova Scotia	638	1.9	475	-9.1
New Brunswick	501	1.3	331	-1.1
Quebec	4,752	2.3	5,624	0.1
Ontario	7,773	0.6	13,033	-0.9
Manitoba	731	0.1	931	7.0
Saskatchewan	637	1.6	1,003	3.0
Alberta	2,396	3.2	2,772	-0.6
British Columbia	2,794	0.8	3,135	-0.5
Yukon	26	2.6	11	-17.3
Northwest Territories	43	6.0	15	-11.3

Sales in the automotive sector advanced 0.9% in July on the strength of gasoline service stations (+1.5%) and auto parts, accessories and service stores (+3.3%). The sales of motor and recreational vehicle dealers rose 0.2%. However, these dealers' sales were only 3.6% higher than in July 1997 — their lowest year-over-year sales increase since December 1995. The strong sales gains that vehicle dealers made from the fall of 1996 to the spring of 1997 were largely responsible for the overall growth in retail sales during that period.

Retailers in all provinces and territories except Newfoundland (-1.2%) posted advances in July. In Alberta, sales rose 3.2% as all sectors apart from drug and furniture stores posted increases. Since the fall of 1997, weaker advances in the auto sector have been a drag on overall sales growth in Alberta. Sales in Alberta have generally been rising since the end of 1995. In Quebec, a 2.3% increase in sales was the first after four consecutive monthly declines. Despite a 1.9% advance in Nova Scotia, the rise in retail sales there has been slow since the summer of 1997. Over this period, only furniture stores have posted strong gains.

Available on CANSIM: matrices 2299, 2398-2417 and 2420.

The July issue of Retail trade (63-005-XPB, \$21/\$206) will be available shortly. For analytical information, contact Greg Peterson (613-951-3592; petegre@statcan.ca), Distributive Trades Division.

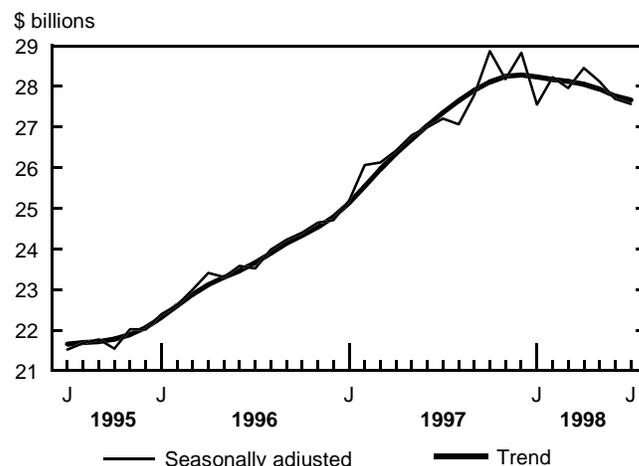
Wholesalers report third month of lower sales

Wholesalers sold \$27.6 billion worth of goods and services in July, down 0.4% from June. Sales fell in 7 of the 11 trade groups, with the strongest percentage declines in industrial machinery and in lumber and building materials. However, July was particularly good for sales of farm machinery and equipment and for computers and other electronic equipment. Sales were only 1.3% higher than in July 1997 — the lowest year-over-year growth since July 1991. Part of the slowdown in wholesale trade since the end of 1997 can be attributed to weaker international trade (Asian economic situation) and slower manufacturing activity (January's ice storm, the GM strike).

July was weak for wholesalers of industrial and other machinery and equipment (-3.6%). All products in that trade group (such as construction, mining, industrial, electrical and office machinery and equipment) suffered losses. Overall, the group's sales have been following a downward trend since the end of 1997, after a two-year growth period.

Weaker sales in Quebec pushed down total wholesale sales of lumber and building materials (-2.6%) in July. Sales of lumber and building materials have been following a downward trend since April 1997. Lower prices of lumber products are mostly responsible for that decline. Wholesale sales of lumber and building materials and the industrial product price index for the wood industry have both dropped by 10% since April 1997. One factor behind the lower prices can be found in the Asian economic situation. The diminishing demand from this region has pushed up the supply of lumber products in both Canada and the United States, which has led to lower prices.

Wholesale sales



Wholesalers of farm machinery and equipment reported their best monthly sales growth (+11.1%) since February 1997. The higher sales arose in Ontario, Saskatchewan and Alberta. The early spring of 1998 moved up the harvesting season. Consequently, farmers may have purchased items in July that they would usually have acquired in August. However, prior to July's increase, sales of farm machinery and equipment had been more or less stagnant since mid-1997.

Sales of computers and other electronic equipment increased for a fourth consecutive month (+4.5%). At the beginning of 1998, sales slowed temporarily, falling for three consecutive months. Sales of computers and other electronic equipment

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... Wholesalers report third month of lower sales

recorded the highest year-over-year growth (+13.6%) among all the trade groups in July.

Inventories held by wholesalers in July amounted to \$40.1 billion, up 0.4% from June. Since the beginning of 1997, inventories have been accumulating in every month except for two. Inventories of computers and other electronic equipment rose the most (+3.6%), but this followed three consecutive monthly reductions. The inventories-to-sales ratio rose slightly in July to 1.45, up from 1.44 in June. Declining sales since the end of 1997

and the continuing accumulation of inventories have pushed the ratio back up to a level last seen in February 1996. Prior to this turnaround at the end of 1997, the ratio had been declining for two years.

Available on CANSIM: matrices 59, 61 and 648-649.

The July 1998 issue of Wholesale trade (63-008-XIB, \$14/\$140) is now available only on the Internet at www.statcan.ca. For further information, contact Paul Gratton (613-951-3541; gratpau@statcan.ca) or Nathalie Bisson (613-951-7378), Distributive Trades Division.

No growth in the leading indicator

Largely due to the slide in the stock market, there was no growth in the leading indicator of economic activity in August (0.0%). Since reaching this year's high of 0.6% in May, the leading indicator has been gradually slowing. Excluding stocks, however, the overall index would have risen 0.2% in August. Five of the index's 10 components were up — business and personal services employment, the money supply (M1), the U.S. composite leading indicator, furniture and appliance sales, and sales of other durable goods.

The financial market indicators were mixed. The slide in the stock market has accelerated steadily since May, and stock prices were down sharply in August. Meanwhile, the money supply continued to expand, advancing 1%.

In manufacturing, new orders kept to a downward trend. This led to reduced labour requirements as the average workweek fell to 38.3 hours — its lowest level in nearly two years. At the same time, employment in services continued to slow as cutbacks spread from the personal to the business sector.

The housing index posted a second straight decrease. However, lower sales of existing homes outweighed a rebound in housing starts that occurred after labour disputes were resolved. The U.S. leading indicator also picked up after strikes ended in the auto industry.

Available on CANSIM: matrix 191.

The September 1998 issue of Canadian economic observer (11-010-XPB, \$23/\$227) is now available. For further information, contact Francine Roy (613-951-3627), Current Economic Analysis Group. See also "Current trends" on page 6.

Investors reducing exposure to the Canadian dollar

In July, Canadian residents continued to move money into foreign markets and currencies, buying a net \$2.5 billion in foreign securities. Meanwhile, foreign investment in Canadian securities remained low (\$0.9 billion) as non-residents for a third straight month bought Canadian bonds but reduced their holdings of short-term paper.

Canadian investors were net buyers of both foreign stocks (\$1.5 billion) and foreign bonds (\$1.0 billion) in July. Their investment in foreign stocks was their ninth consecutive month of buying that has amounted to a massive \$12 billion over the nine months. The largest share of the investment in July was directed to U.S. stocks. Canadians have shifted their focus from overseas to U.S. stocks in recent months. For the first month since March of this year, Canadians were net buyers of foreign bonds, the bulk of which consisted of U.S. treasuries.

Foreigners invested a net \$2.7 billion in Canadian bonds in July, solely new issues that were placed in foreign markets. New issues totalling \$6.2 billion consisted of a federal bond denominated in Deutsche marks (\$3.4 billion), issued for the purposes of building official reserves, as well as bonds of provincial

Note to readers

In July, the differentials between Canadian and U.S. interest rates continued to favour investment in the United States, but that is changing. The differential in short-term rates has been declining steadily in recent months. It was a marginal 10 to 15 basis points in July. The differential on long-term bond rates also has been declining of late. It ranged from 15 to 20 basis points in July.

Canadian stock prices (as measured by the TSE 300 composite index) plummeted 5.9% in July — the largest monthly decline in recent years. This brought the total decline in May, June and July to just under 10%. By contrast, U.S. stock prices (as measured by Standard and Poor's 500 index) fared much better with a 1.2% decline in July and a 0.8% gain over the same three-month period.

The Canadian dollar closed a full two cents US lower in July, the fifth consecutive lower close that has seen it lose 6.1% of its value relative to the U.S. dollar in five months.

governments and corporations. Foreign selling of outstanding issues consisted mainly of federal bonds. On the whole, European investors increased their holdings of Canadian bonds (+\$4.5 billion), whereas U.S. investors were sellers (-\$1.8 billion).

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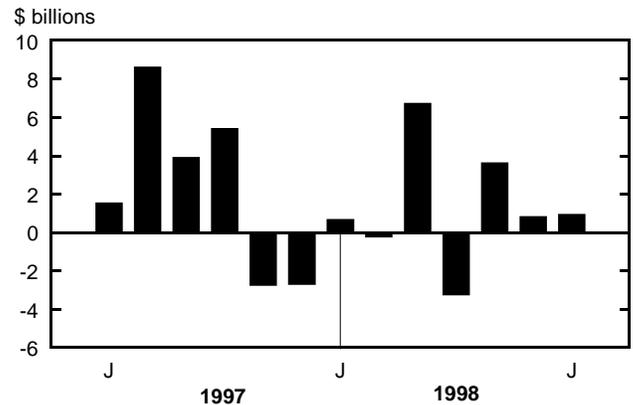
... Investors reducing exposure to the Canadian dollar

For a third consecutive month, foreigners reduced their holdings of Canadian money market paper (short-term instruments). Their selling in July netted out at \$1.9 billion, bringing their disinvestment over May, June and July to \$6.9 billion. In July, it was mainly European, American and Asian investors selling off maturing federal treasury bills. Foreign investment in Canadian stocks was flat for a second consecutive month as the TSE 300 plummeted 5.9% and the dollar fell two cents US. There was some foreign buying of new Canadian shares placed in foreign markets, but that was entirely offset by foreign selling of shares already outstanding.

Available on CANSIM: matrices 2328-2330, 2378-2380 and 4195.

The July 1998 issue of Canada's international transactions in securities (67-002-XPB, \$18/\$176) will be available shortly. For further information, contact Don Granger (613-951-1864), Balance of Payments and Financial Flows Division.

Foreign investment in Canadian stocks, bonds and money market paper



The benefits of enjoying nature

Nearly 20 million people, or about 85% of the population aged 15 and over, participated in one or more nature-related activities in 1996. These ranged from a simple picnic at the beach to camping, canoeing, sightseeing, fishing or hunting. About one-third of these individuals (6.7 million) visited a provincial or national park or other protected area.

The economic benefit of nature-related activities was immense. People spent an estimated \$11 billion on nature-related activities, an average of \$550 per participant. These expenses, which represented about 2% of total household spending in 1996, included campground fees, outdoor clothing, binoculars for birdwatching, transportation and hotels.

About 44% of the population aged 15 and over, or just over 10 million people, took part in one or more of the 17 activities included in the survey during trips to natural areas such as forests, water bodies, wetlands and open fields. Most people participated in a mix of activities. For example, about one-third of the population reported visiting these areas for sightseeing. In addition, almost 20% reported that they went camping and 20% reported that they used the natural areas for hiking and backpacking. Other activities included power boating (9%), canoeing, kayaking or sailing (10%), downhill skiing (5%), off-road vehicle use (3%), and snowmobiling (3%).

On average, each Canadian aged 15 and over participated in some form of nature-related activity on just over 100 days during the year, even if the majority of time was spent simply observing and feeding wildlife around the home. During the year, individuals took 191 million trips to participate in nature-related activities. About one-quarter of these trips involved overnight stays.

About 5% of the population aged 15 and over reported that they had hunted wildlife in 1996, down from 7% in 1991. About

Note to readers

The survey, which sampled 87,000 Canadians aged 15 and over, was conducted between February and June 1997 by Statistics Canada on behalf of Environment Canada and a partnership of 14 federal, provincial and territorial agencies. The Survey on the Importance of Wildlife to Canadians is an update and expansion of a survey co-sponsored by a similar partnership every five years since 1981.

18% reported that they had fished for recreational purposes in 1996, also down from 26% five years earlier.

Some Canadians also participated actively in maintaining Canada's natural areas and wildlife. A core group of 1.3 million, or just over 5% of the population aged 15 and over, joined or contributed to nature-related organizations, such as naturalist, conservation or sportsmen's clubs. An additional 19% indicated interest in joining or contributing to these clubs in the future.

Another core group of about 760,000, or about 3% of the population, maintained, restored or purchased land for conservation. These individuals provided food or shelter for fish and wildlife in areas such as woodlots, hedges, marshes, ponds and open fields, or they took steps to conserve or restore a natural setting.

Custom tables produced from the survey's micro-data file are now available. A series of reports produced from survey results are expected to be available from Environment Canada before the end of 1998. A screened public micro-data file will be available from Statistics Canada early in 1999. For further information, contact Marc Hamel (613-951-2495; hamemar@statcan.ca), Special Surveys Division, Statistics Canada; or Chantal Hunter (819-994-2177; Chantal.Hunter@ec.gc.ca), Environment Canada.

More Canadians receiving EI benefits

In July, an estimated 580,620 Canadians received regular employment insurance benefits, a 4.5% jump from June. Alberta was the only province to show a decline in the number of EI beneficiaries. Even with the jump in the number of beneficiaries, the amount paid out as regular benefits declined for a fifth consecutive month (-1.4% to \$653.1 million in July). Statistics on jobless claims (applications for EI benefits) are not available for July because of definitional and methodological changes occurring at the provincial level. Reporting of these data will resume in the near future once the changes are implemented.

The discrepancy between the estimated number of regular beneficiaries and regular payments series can be explained in part by differences in their reference periods. The number of beneficiaries is a measure of all persons who received employment insurance benefits for the week containing the 15th day of the month. Regular benefit payments is the total of all monies received by individuals for the entire month.

EI beneficiaries receiving regular benefits, July 1998

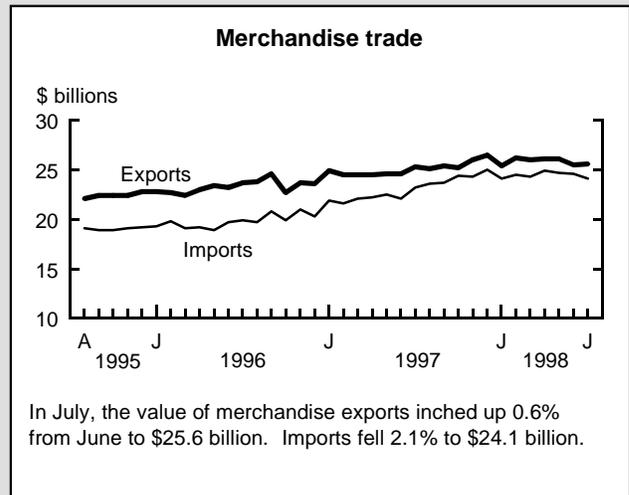
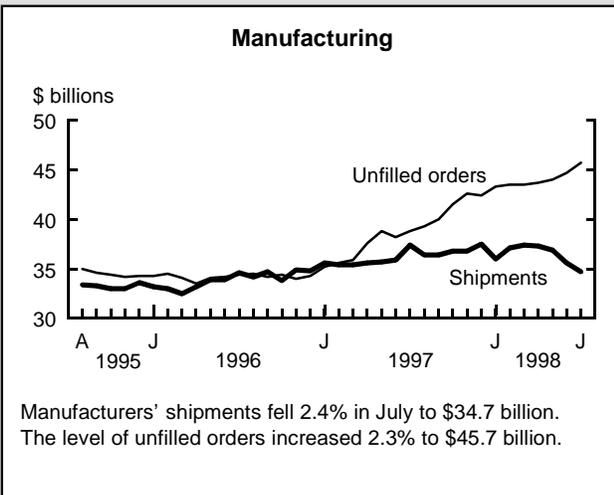
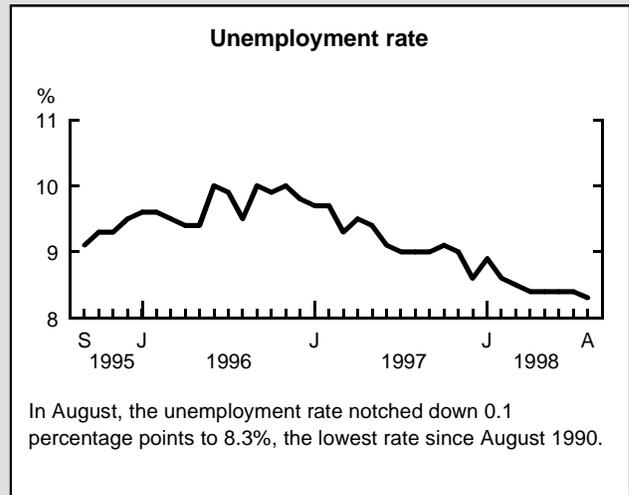
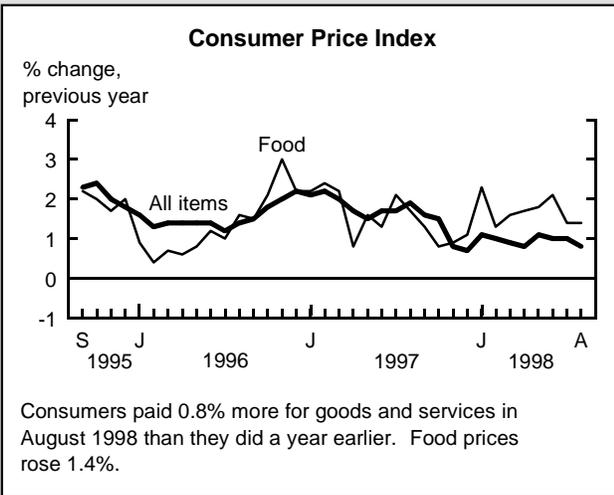
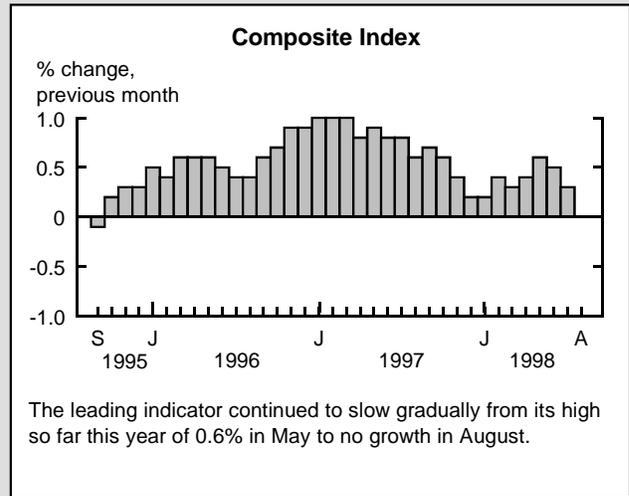
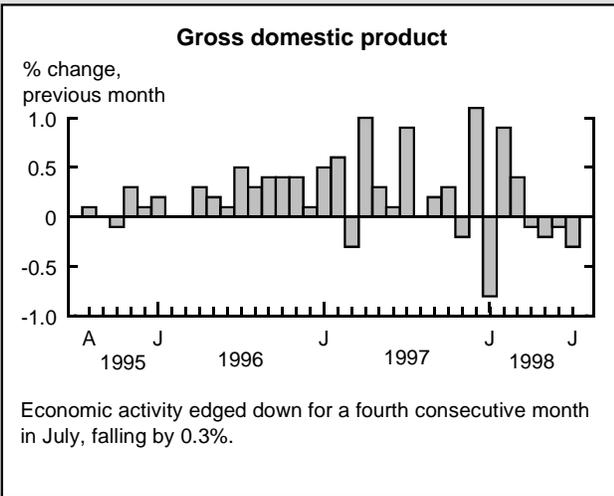
Seasonally adjusted

	Beneficiaries	% change, previous month	% change, previous year
Canada	580,620	4.5	-7.0
Newfoundland	33,160	6.7	-1.4
Prince Edward Island	9,430	2.3	4.2
Nova Scotia	31,190	2.9	-1.0
New Brunswick	38,440	2.0	7.7
Quebec	205,390	2.9	-8.4
Ontario	130,540	4.5	-12.2
Manitoba	13,530	2.6	-18.6
Saskatchewan	13,450	19.5	3.5
Alberta	31,150	-0.4	1.1
British Columbia	70,130	2.6	2.2
Yukon	1,350	0.4	4.6
Northwest Territories	1,180	7.2	5.5

Available on CANSIM: matrices 26 (series 1.6), 5702-5717 and 5735-5736.

For further information, contact Gilles Groleau (613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division.

Current trends



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)	July*	705.1	- 0.3%	1.1%
Composite Index (1981=100)	August	207.3	0.0%	4.6%
Operating profits of enterprises (\$ billion)	Q2 1998	25.7	- 4.6%	- 4.3%
Capacity utilization (%)	Q2 1998	85.6	- 0.1†	1.3†
DOMESTIC DEMAND				
Retail trade (\$ billion)	July	20.7	- 1.4%	4.1%
New motor vehicle sales (thousand of units)	July	122.2	- 0.5%	3.4%
LABOUR				
Employment (millions)	August	14.31	0.3%	2.0%
Unemployment rate (%)	August	8.3	- 0.1†	- 0.7†
Participation rate (%)	August	64.9	0.0†	- 0.1†
Labour income (\$ billion)	June	38.2	- 0.2%	3.1%
Average weekly earnings (\$)	July*	609.14	- 0.5%	1.6%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	July	25.6	0.6%	1.3%
Merchandise imports (\$ billion)	July	24.1	- 2.0%	3.6%
Merchandise trade balance (all figures in \$ billion)	July	1.5	0.0	- 0.6
MANUFACTURING				
Shipments (\$ billion)	July	34.7	- 2.4%	- 7.0%
New orders (\$ billion)	July	35.8	- 1.4%	- 5.9%
Unfilled orders (\$ billion)	July	45.7	2.3%	17.7%
Inventory/shipments ratio	July	1.42	0.04	0.18
PRICES				
Consumer Price Index (1992=100)	August	108.8	0.0%	0.8%
Industrial Product Price Index (1992=100)	August*	120.1	0.5%	0.1%
Raw Materials Price Index (1992=100)	August*	106.6	- 0.7%	- 15.8%
New Housing Price Index (1992=100)	July	100.2	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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Publications released from September 24 to 30, 1998

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription	
			Canada (C\$)	Outside Canada (US\$)
DISTRIBUTIVE TRADES				
New motor vehicle sales	July 1998	63-007-XIB	13/124	13/124
INCOME AND EXPENDITURE ACCOUNTS				
National economic and financial accounts	Second quarter 1998	13-001-XPB	44/145	44/145
INDUSTRY MEASURES AND ANALYSIS				
Gross domestic product by industry	June 1998	15-001-XPB	15/145	15/145
Gross domestic product by industry	1961-1992	15-512-XPB	95	95
INTERNATIONAL TRADE				
Imports by commodity	July 1998			
Microfiche		65-007-XMB	37/361	37/361
Paper		65-007-XPB	78/773	78/773
LABOUR				
Employment, earnings and hours	June 1998	72-002-XPB	32/320	32/320
MANUFACTURING, CONSTRUCTION AND ENERGY				
Mineral wool including fibrous glass insulation	August 1998	44-004-XPB	7/62	7/62
Oils and fats	July 1998	32-006-XPB	7/62	7/62
PRICES				
Construction price statistics	Second quarter 1998	62-007-XPB	24/79	24/79
SCIENCE AND TECHNOLOGY REDESIGN PROJECT				
Telephone statistics	July 1998	56-002-XIB	8/70	8/70

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Calendar of key releases: October 1998				
Monday	Tuesday	Wednesday	Thursday	Friday
			1	2
5	6 Building permits, August 1998	7 Help-wanted Index, September 1998	8 Crop production estimates, September 1998	9 Labour Force Survey, September 1998
12	13 New Housing Price Index, August 1998	14 New motor vehicle sales, August 1998 University enrolment and graduation, 1997/98	15 Household spending on services, Second quarter 1998	16
19 Monthly Survey of Manufacturing, August 1998 Travel between Canada and other countries, August 1998	20 Canadian international merchandise trade, August 1998 Wholesale trade, August 1998	21 Consumer Price Index, September 1998 Composite Index, September 1998 Employment insurance, August 1998	22 Retail trade, August 1998	23 Canada's international transactions in securities, August 1998
26	27 Financial performance indicators for Canadian business, 1997	28 Industrial Product Price Index, September 1998 Raw Materials Price Index, September 1998 Employment, earnings and hours, August, 1998	29 Health reports, Autumn 1998	30 GDP at factor cost by industry, August 1998

Note: Release dates for Canadian international merchandise trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other releases may change.