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OVERVIEW

◆ **Profit growth resumes for businesses**

Following two quarters of decline, the operating profits of businesses increased in the third quarter, as half the industry groups posted higher profits and half reported declines. Profits remained below year-earlier levels, however.

◆ **Imports and exports remain almost unchanged**

Exports dipped in September and imports advanced slightly after both made strong gains in August.

◆ **September a strong month for retailers**

Retailers ended the third quarter with a gain in September. Retailers in most sectors posted gains, with general merchandise stores and motor and recreational vehicle dealers leading the way.

◆ **Wholesalers continue their cautious rebound**

Wholesalers reported higher sales in September, continuing the cautious upswing started in August.

◆ **Shipments: Three months of volatility ends**

Manufacturers' shipments edged up in September after three months of volatility that was primarily due to the General Motors strike in the United States.

◆ **Consumer price inflation remains tame**

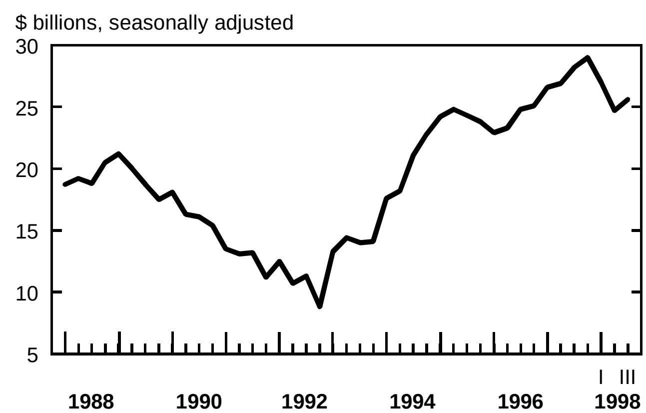
This October, consumers paid 1.0% more for goods and services than they did in October 1997.

Profit growth resumes for businesses

Following two quarters of decline, the operating profits of businesses increased 3.7% in the third quarter, as half the industry groups reported higher profits and half reported declines. The electronic equipment and computers industry and the telecommunication carriers led the gains. The natural gas sector was upbeat as well. Notable profit declines were posted in transportation services and in motor vehicles, parts and accessories. Overall, profits remained 9.1% below year earlier levels.

Rebounding 5.1%, the non-financial sector bounced back from declines of 6.0% and 8.7% in the first two quarters of 1998. However, at $19.1 billion, profits were still 7.5% below the peak achieved in the third quarter of 1997. In the financial sector, operating profits remained unchanged at $6.5 billion, following significant declines in the first two quarters of 1998. Consumer and business financing corporations took advantage of higher interest revenue to boost their profits 21.7% to $1.1 billion. At the chartered banks, profits edged up 1.7% to $4.1 billion. Lower interest expenses and provisions for future loan losses were only partly offset by a decline in operating revenue.

Operating profits of businesses



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Statistics Canada Statistique Canada
Canada

... Profit growth resumes for businesses

The electronic equipment and computer industry saw their operating profit soar 80.6% to $1.5 billion, continuing the volatile pattern of the past several years. Operating revenue advanced 7.8% to a record $17.8 billion. Although some of the recent gains resulted from restructuring, the sector's significant growth has been spurred by demand for wireless communications and fast networks. Accordingly, telecommunications carriers doubled their profits to $1.2 billion in the third quarter. This returned profits to more typical quarterly levels following the second quarter's stumble due to one-time charges.

Profits in the petroleum and natural gas industry rose to $2.6 billion in the third quarter, up from $2.1 billion in the second. Despite the increase, profits remained 23.2% below the third quarter of 1997 and were down 40.0% from the record fourth quarter of 1996. Low prices and oversupply curtailed profits. For example, crude oil prices slid more than 20% in the quarter, while prices for refined petroleum products were down 18.6% in September from a year earlier. Even though domestic sales of refined petroleum products did increase in the quarter, the lower selling prices, particularly for gas, tempered the profit gains. The natural gas sector sounded an upbeat note, softening the effect of the low oil prices. Natural gas prices have risen by double digits since 1997 in response to robust demand from the United States. Many gas producers have expressed concern about potential supply shortages because exploration and drilling have fallen to the lowest levels seen in years.

In the wood and paper industry, profits recovered by 29.7% to $1.4 billion — the highest quarterly profits in three years. Domestic demand for lumber products picked up in the quarter, as labour disputes ended in the construction industry in Ontario and U.S. demand for Canadian lumber showed strength. The ongoing weakness in Japanese housing markets has forced many Canadian producers to restructure and cut costs. Meanwhile, low-cost producers in Scandinavia, Europe and South America are making it difficult to return to higher prices. Lumber prices remained at historic lows after edging up in the quarter.

Income statement
Seasonally adjusted

	Q3 1997	Q2 1998	Q3 1998	Q2 1998 to Q3 1998
		$ billions		% change
All industries				
Operating revenue	378.5	375.6	378.4	0.8
Operating expenses	350.3	350.9	352.8	0.5
Operating profit	28.2	24.7	25.6	3.7
Net profit	14.3	11.2	11.8	5.5

Note to readers

These quarterly financial statistics cover the domestic activities of non-government corporations. Operating profits exclude expense deductions for income taxes, interest on borrowing and asset write-offs. Capital gains and investment income are excluded from the operating profits of non-financial industries, but are included in the operating profits of financial industries.

This survey is undergoing major changes that will be introduced in the first quarter of 1999. These changes will affect the comparability and the historical continuity of the statistical information.

Thanks largely to cost-cutting, the non-ferrous metals industry saw profits recover by 29.1% to $0.4 billion in the third quarter after two quarters of decline. Even so, profits were still 36.0% below year-earlier levels, as prices for most metals remained deflated. Soft Asian demand and moderating growth in the U.S. economy have eroded prices. As well, Russia's nickel producers have boosted exports, exacerbating the woes of Canadian producers.

In transportation services, profits tumbled 47.1% to $0.4 billion — the third straight quarterly decline. The airline sector suffered from weakening passenger and cargo markets. In addition, our weak dollar cut into profits because significant expenses are incurred in U.S. dollars. September's strike by Air Canada pilots, coupled with extensive discounting, compounded the profit slide. Rail, trucking and other modes of transportation have also been pinched by the softening North American economies.

Profits fell 15.9% to $1.5 billion in the motor vehicles, parts and accessories industry. This came on the heels of the second quarter's 32.5% drop, and it reduced profits to their lowest level in almost two years. Domestic and export sales suffered early in the quarter from the effects of the General Motors strike in the United States. However, the quarter ended with robust sales activity, as consumers took advantage of finance and leasing incentive programs.

Profitability ratios (all industries) were up marginally in the quarter. The annualized return on shareholders' equity showed little momentum, though, edging up to 7.4%; it was 7.3% in the second quarter. After-tax profits grew 5.6% to $11.8 billion, while shareholders' equity expanded 3.6% to $636.9 billion. The operating profit margin reversed two quarters of decline, strengthening to 6.8% in the third quarter compared with 6.6% in the second. Profit margins peaked at 7.6% in the fourth quarter of 1997.

Available on CANSIM: matrices 3914-3971 and 3974-3981.

The third quarter 1998 issue of ***Quarterly financial statistics for enterprises*** *(61-008-XPB, $35/$114) will be available shortly. For further information, contact Bill Potter for data on non-financial industries (613-951-2662) and Robert Moreau for financial industry data (613-951-2512), Industrial Organization and Finance Division.*

Imports and exports remain almost unchanged

After the strong gains in August, imports and exports remained almost unchanged in September. The value of exports dipped 0.6% to $27.2 billion, which was 7.2% higher than in September 1997. At $25.6 billion, the value of imports advanced slightly, climbing another 0.4% from the record level in August. The trade balance fell $280 million, from a revised $1.9 billion in August down to $1.6 billion in September.

Imports of auto products (+2.3%) and machinery and equipment (+1.3%) were the main contributors to September's increase on the imports side. Imports of auto products were still rebounding from the General Motors strike in September. Although the growth was evident in all sub-sectors, imports of trucks and other vehicles showed the largest gain (+9.9%). Even so, their import levels were still well below the peak reached in the fourth quarter of 1997. Imports of machinery and equipment, which have now been expanding for six months, advanced again thanks to aircraft and aircraft parts. Although deliveries of new aircraft under the main import contracts have ended for the calendar year, several used aircraft and a large volume of aircraft parts were imported to Canada in September. Small gains in office equipment imports left third-quarter growth at less than 1%, in particular because of low Canadian demand for computers.

A second consecutive gain in imports of energy products in September was mainly due to higher crude oil prices. The restrictions imposed by OPEC on crude oil exports are now being felt. Moreover, with oil reserves shrinking in the last few months and winter approaching, prices are starting to rise.

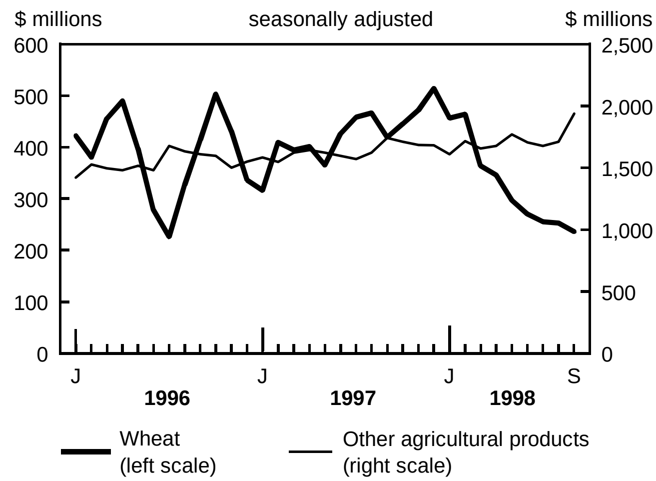
The weakness in exports in September can be attributed to lower exports of machinery and equipment (-2.9%), industrial goods (-3.2%) and forestry products (-1.5%). For machinery and equipment, it was the biggest drop this year. Aside from exports of aircraft and other transportation equipment, which partly recovered from the fall in August, all the other sub-sectors fell substantially in September. Televisions, telecommunications and related equipment made the steepest drop (-12.1%), mainly due to fewer exports of integrated circuits to the United States. Meanwhile, exports of industrial goods declined significantly because of ongoing volatility in the metal and alloys markets.

A sharp rise in exports of agricultural and fishing products (+10.7%) was insufficient to counterbalance the overall decline in exports in September. In recent months, record exports of canola and other agricultural products have offset the decline in wheat exports. Due to low wheat prices last spring and to a marked decrease in international contracts, Canadian producers have substituted various grains such as oats, canola and peas for wheat. Consequently, exports of wheat have declined to less than half what was generally exported in previous years.

Note to readers

Merchandise trade is one component of the current account of Canada's balance of payments, which also includes trade in services.

Exports of wheat and other agricultural products



Exports of auto products posted another strong performance, increasing 2.7% after August's 31.2% surge. Most of this growth was fuelled by auto parts, as automakers replenished inventories to meet demand in the wake of the recent shutdowns. Truck and other motor vehicle exports advanced slightly, mainly due to higher snowmobile exports to the United States. Car exports remained virtually unchanged in September.

A slight drop in exports to the United States in September was almost completely counterbalanced by sharply higher exports — chiefly agricultural products — to other OECD countries. Exports to Japan remained unchanged in September.

Available on CANSIM: matrices 3618, 3619, 3651, 3685-3713, 3718-3720, 3887-3913, 8430-8435 and 8438-8447.

The September 1998 issue of ***Canadian international merchandise trade*** *(65-001-XPB, $19/$188) is now available. The publication includes tables by commodity and country on a customs basis. Current account data (which incorporate merchandise trade statistics, services transactions, investment income and transfers) are available quarterly in* ***Canada's balance of international payments*** *(67-001-XPB, $38/$124). For further information, contact Jocelyne Elibani (613-951-9647 or 1-800-294-5583), International Trade Division.* *See also "Current trends" on page 9.*

September a strong month for retailers

Retailers ended the third quarter with a 1.1% increase in September, reaching a new record just shy of $21 billion. Sales had slipped 0.2% in August. Retailers in most sectors posted gains, with general merchandise stores and motor and recreational vehicle dealers leading the way. Retail sales have been generally weakening since the spring of 1998, however.

In the third quarter of 1998, retail sales increased 0.9% from the previous quarter. Sales were 4.5% higher than in the third quarter of 1997. This was the smallest year-over-year sales growth since the third quarter of 1996.

General merchandise stores showed the best sales growth in September (+3.0%), as both department stores and other general merchandise stores posted higher sales. The late Labour Day may have pushed some consumers' back-to-school purchases from August into September. Sales of general merchandise stores have been very volatile since June 1998. Restructuring activities in the industry and the early spring may have affected normal purchasing patterns.

Sales in the auto sector remained strong in September. Higher sales by motor and recreational vehicle dealers (+1.9%) and by auto parts, accessories and service stores (+0.8%) led to a 1.4% increase in this sector. Low oil prices continued to negatively affect gasoline service stations in September (-0.2%). Retail sales in the auto sector have risen in every month of this year except January and June.

Drug stores posted a large 2.0% sales decline in September — the second consecutive monthly decline. After a period of strong growth from the fall of 1997 to the spring of 1998, retail sales in drug stores have been weakening in the past few months. In furniture and clothing stores, retail sales remained practically unchanged in September. Despite weak sales in September and August, the largest sales increases of the third quarter were made by retailers of furniture (+2.6%) and clothing (+1.6%), thanks to very strong advances in July.

Retail sales rose in September in all the provinces except Nova Scotia (-0.7%), where sales slowed in the auto, clothing and food sectors. Retailers in Nova Scotia have seen sales increase since the end of 1995, with a period of strong growth in 1996.

The strongest monthly increases were made by retailers in Newfoundland (+3.9%), Manitoba (+3.0%) and Alberta (+2.1%).

Retail and wholesale trade, September 1998
Seasonally adjusted

	Retail sales		Wholesale sales	
	$ millions	% change, previous month	$ millions	% change, previous month
Canada	**20,964**	**1.1**	**27,821**	**0.7**
Newfoundland	324	3.9	187	0.2
Prince Edward Island	88	0.2	48	0.1
Nova Scotia	631	-0.7	498	2.6
New Brunswick	498	0.3	342	-1.6
Quebec	4,797	0.7	5,632	-0.3
Ontario	7,968	1.2	13,566	1.8
Manitoba	754	3.0	975	10.1
Saskatchewan	645	1.5	813	-5.9
Alberta	2,422	2.1	2,573	-4.4
British Columbia	2,765	0.2	3,161	1.3
Yukon	27	-1.1	10	-4.6
Northwest Territories	44	2.4	17	8.5

After two months of declining sales, retailers in Newfoundland reported their largest monthly gain since December 1997. Although retailers in all sectors posted strong growth in September, sales remained stagnant in the third quarter of 1998 (+0.1%) compared with the previous quarter. Retail sales in Newfoundland have remained essentially unchanged since the summer of 1997.

Retail sales jumped 3.0% in Manitoba, chiefly because of a sizeable spending increase in the auto sector. September's solid performance pushed retail sales in Manitoba up 1.2% in the third quarter of 1998 compared with the previous quarter. Retail sales in Manitoba, which had levelled off at the start of 1998, picked up slightly last summer. In Alberta, furniture and auto retailers led sales 2.1% higher in September for a quarterly increase of 1.7%. This was the highest quarterly increase of all the provinces. Nevertheless, the sales growth in Alberta since the beginning of 1998 has been weaker than in 1996 and 1997.

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

*The September 1998 issue of **Retail trade** (63-005-XPB, $21/$206) will be available shortly. For general enquiries, contact the Client Services Unit (613-951-3549; 1 877 421-3067; logener@statcan.ca). For analytical information, contact Paul Gratton (613-951-3541; gratpau@statcan.ca), Distributive Trades Division.*

Wholesalers continue their cautious rebound

Wholesalers reported $27.8 billion in sales in September, a 0.7% gain that continued the cautious upswing started in August. Wholesale sales have been generally declining since the end of 1997 after two years of steady increases. The gains in both August and September were not enough to lift third-quarter sales, which dropped 1.5% from the second quarter.

September's sales increase had a broad base: 8 of the 11 trade groups posted advances. Lumber and building material wholesalers reported the strongest increase (+1.7%), lower than August's increase of 3.7%. Prior to this upturn, sales of lumber and building materials had been in decline since mid-1997. The upturn may be a lagging result of August's increase in building permits. In addition, significant sales from firms in this trade group are made directly to individuals and households. Consequently, some improvement in consumer confidence following the worrisome economic news in August may have contributed to the stronger sales recently. The increase in building permits and the improvement in consumer confidence may also have contributed to increased sales in metal, hardware, plumbing and heating equipment and supplies (+1.6%). Sales in this trade group had generally been falling since the start of 1998.

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... Wholesalers continue their cautious rebound

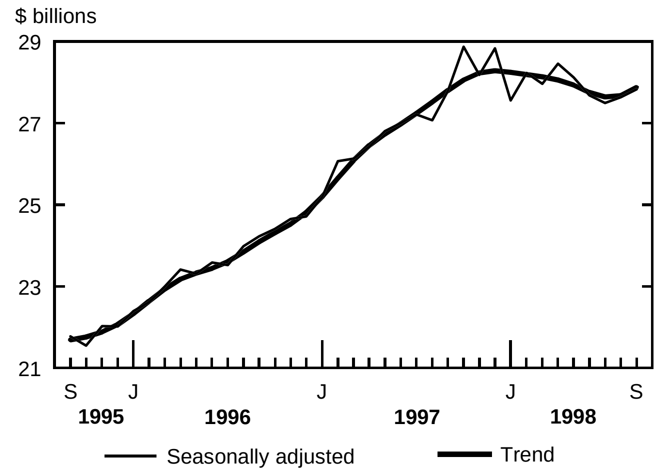
Other trade groups with higher sales in September were wholesalers of industrial and other machinery, equipment and supplies (+1.4%) and wholesalers of "other products" (+1.5%). For the latter, the gain may be a result of retailers preparing for the Christmas season. This trade group includes wholesalers of paper and paper products, stationery, toys and novelties, jewellery and books. Sales of "other products" have also been falling since the start of 1998, following a period of general increases since early 1996.

Wholesalers of farm machinery, equipment and supplies continued to report dwindling sales (-6.8%) following a heavy decline of 18.5% from July to August. In general, these wholesalers saw their sales flatten out from the second half of 1997 until March 1998. And sales have been declining ever since. Low commodity prices have played a major role in the decline. In addition, proposals by some politicians in certain U.S. states to impose border blockades and trade sanctions on wheat may also have contributed to the sales erosion. In particular, the decline in sales of farm machinery, equipment and supplies was the prime factor behind a 5.9% drop in wholesale sales in Saskatchewan in September.

Sales of computers and packaged software dropped 1.5% from August. Sales of computers and packaged software had been posting steady increases since the beginning of the year. Lower prices for computers and the growing awareness of and interest in the Internet are contributing to the current strength in sales.

The value of inventories held by wholesalers continued to climb in September, rising 1.0% from August to $41 billion. The value of wholesalers' inventories has been generally on the rise since mid-1996. The inventories-to-sales ratio also rose, ticking up from 1.47 in August to 1.48 in September. Generally, the ratio has been rising since December 1997. Large increases in the ratio can result from sudden drops in sales, so it is not surprising that farm machinery and equipment reported the highest ratio in September at 3.63, up from 3.32 in August.

Wholesale sales



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

The September 1998 issue of ***Wholesale trade*** *(63-008-XIB, $14/$140) is now available only on the Internet at www.statcan.ca. For general enquiries, or to order data, contact Client Services (1 877 421-3067 or 613-951-7384). For further analytical information, contact Alexander Hays (613-951-3552; haysale@statcan.ca), Distributive Trades Division.*

Shipments: Three months of volatility ends

Manufacturers' shipments edged up 0.1% to $37.4 billion in September after three months of volatility that was primarily due to the General Motors strike in the United States. Excluding the auto sector, shipments declined slightly (-0.2%) in September. Total shipments were 2.9% above the September 1997 level but remained below the level observed in December 1997. Unfilled orders and inventories both increased in September.

Looking ahead, employment in the manufacturing sector increased for the first time in four months in October and is now back to the level observed at the start of the year. In addition, manufacturers reported in the October Business Conditions Survey that they planned to increase production in the coming three months — especially in the transportation equipment industries.

In September, shipments rose in 11 of the 22 major industries, representing 54.8% of total shipments. The largest contributor to the growth was the motor vehicle parts and accessories industry (+2.0%), where shipments climbed to 4.4% above May's pre-strike level. The next largest contributor was the wood industry (+2.0%), where an increase in shipments from sawmills more than offset a fall in softwood lumber prices. Shipments from the motor vehicle industry advanced 0.8%. The main offsetting decreases were in the primary metals (-3.0%), electrical and electronic products (-1.6%), and food (-1.0%) industries.

Note to readers

Unfilled orders are a stock of orders that will contribute to future shipments, assuming orders are not cancelled. Roughly half the increase in unfilled orders since the start of 1997 has been in the aircraft and parts industry, where some orders stretch out for years before being filled.

New orders are orders received, whether shipped in the current month or not. Interpreting new orders as leading to future demand is inappropriate because new orders include orders already shipped. The month-to-month change in new orders may be volatile, particularly if the previous month's change in unfilled orders was large in relation to the current month's change. Not all orders translate into Canadian factory shipments because some large orders may have a component that is subcontracted out to other countries.

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... Shipments: Three months of volatility ends

Manufacturers' shipments increased in 6 of the 12 provinces and territories in September. In British Columbia, shipments grew for a fourth consecutive month to stand 1.6% above the September 1997 level. The largest contributors were the paper and allied products (+5.9%) and wood (+3.2%) industries.

The rise in the backlog of unfilled orders (+1.1% to $47.8 billion) was the fourth strong gain in as many months. Unfilled orders were 19.7% above the September 1997 level. The largest gains were in the aircraft and parts (+6.0%) and motor vehicle (+3.6%) industries. The largest decreases were in fabricated metal products (-3.4%) and in electrical and electronic products (-2.3%).

Manufacturers' inventories expanded by 0.8% in September to $50.3 billion, due primarily to a buildup of finished products (+1.9%). Among the industries, the major contributors to the expansion were aircraft and parts (+3.1%) and motor vehicles (+8.0%). The largest offsetting decreases were in machinery (-0.9%) and in printing and publishing (-2.2%). The inventory-to-shipments ratio, which climbed dramatically in June and July before settling down somewhat in August, notched up from 1.33 in August to 1.34.

Manufacturers' shipments, September 1998
Seasonally adjusted

	$ millions	% change, previous month
Canada	**37,413**	**0.1**
Newfoundland	129	-7.3
Prince Edward Island	87	9.0
Nova Scotia	542	-3.8
New Brunswick	677	2.2
Quebec	8,850	-0.7
Ontario	20,203	0.1
Manitoba	910	4.9
Saskatchewan	494	3.9
Alberta	2,654	-1.8
British Columbia	2,864	2.1
Yukon and Northwest Territories	3	-3.1

Available on CANSIM: matrices 9550-9555, 9558, 9559, 9562-9565, 9568-9579 and 9581-9595.

The September 1998 issue of ***Monthly Survey of Manufacturing*** *(31-001-XPB, $20/$196) is now available. Detailed data on shipments by province are available on request. For further information, contact Craig Kuntz (613-951-7092; kuncrai@statcan.ca), Manufacturing, Construction and Energy Division. See also "Current trends" on page 9.*

Consumer price inflation remains tame

Consumers paid 1.0% more for the goods and services in the Consumer Price Index (CPI) basket in October than they did in October 1997. Since January 1998, the 12-month change in consumer prices has ranged from a low of 0.7% (September) to a high of 1.1% (January and May) — well below the annual average inflation rate of 1.6% posted in both 1997 and 1996. In October, gasoline and computer equipment continued to exert major downward pressure on the annual rate. Prices for food, university tuition, piped gas and property taxes exerted the most upward pressure.

Property taxes increased an average 2.3% for Canadians in the last year. Average property taxes at the provincial level were up in all provinces. The largest average increases occurred in Newfoundland (+5.8%), Manitoba (+5.0%) and Ontario (+3.3%), mostly due to province-wide reassessments based on updated market values. However, Manitoba also increased school taxes. In Ontario, the impact of the introduction of current-value assessment was eased by the option taken in some municipalities to phase in the implementation, mainly over the next three years. Alberta, Quebec and Prince Edward Island were the only provinces with average annual property tax increases less than 1%.

Between September and October, the CPI rose 0.4%, chiefly due to higher prices for gasoline, electricity and fresh vegetables. These were largely offset by lower prices for furniture and meat. Even though gasoline prices climbed 2.2% in a month, they remained 9.0% lower than in October 1997. The higher gasoline prices this October followed a jump of 11.6% from August to September in the price of crude oil. However, excepting April and May 1998, the price index for gasoline has declined each month since November 1997. Electricity rates rose 2.9% over September. This is mostly because consumers' electric bills in Newfoundland, Nova Scotia and Alberta no longer reflected the one-time rebate given in September.

Consumer Price Index, October 1998
% change from previous year, not seasonally adjusted

	All-items	Food	Shelter	Transportation	Energy
Canada	**1.0**	**1.4**	**1.0**	**-0.7**	**-3.9**
Newfoundland	0.2	1.1	-1.9	-0.8	-6.5
Prince Edward Island	-0.6	0.8	-2.4	-3.7	-10.9
Nova Scotia	0.4	2.1	-1.4	-1.6	-5.5
New Brunswick	0.5	2.2	-0.6	-1.2	-4.5
Quebec	1.3	2.3	1.2	-1.0	-4.6
Ontario	1.0	0.9	1.4	-0.2	-3.2
Manitoba	1.8	1.1	2.9	0.2	0.1
Saskatchewan	1.5	0.2	2.1	1.3	-1.1
Alberta	1.2	0.5	3.0	-0.9	-2.4
British Columbia	0.4	1.9	-1.1	-1.6	-7.2
Whitehorse	0.5	0.4	-0.1	2.0	-2.0
Yellowknife	0.4	0.8	-0.2	1.8	-2.4

Fresh vegetable prices went up 6.7% from September to October. The price of tomatoes shot up 32.8%, while the price of lettuce jumped 16.3% — seasonal increases that were moderated by lower prices for potatoes and for locally produced vegetables. The end of the growing season forced a return to imports for part of the fruit supply. As a result, the price of most fresh fruit except apples rose in October. A price decrease of 7.4% for local apples more than offset the price increases of other fruit, pulling the price index for fresh fruit down 0.4%.

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... Consumer price inflation remains tame

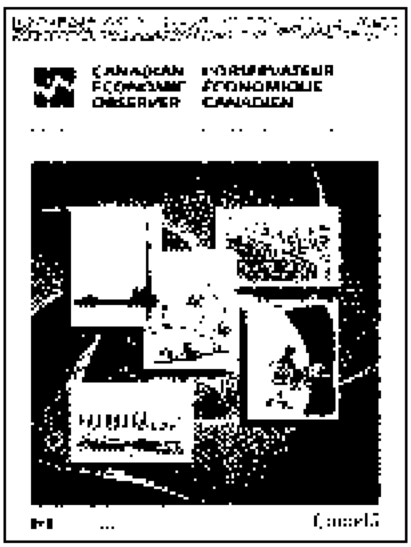
Lower prices for furniture (-3.3%) and meat (-1.5%) were the major factors moderating the overall increase in the CPI from September to October. Since 1991, discounts on furniture have become more prevalent in the month of October. Reflecting that trend, price decreases occurred in all categories of furniture this October. Price decreases were also observed for all categories of meat, thanks to a very competitive market. Pork and beef prices fell 2.4% and 0.9%, respectively, due largely to over-supplied markets. Promotional activities related to the Thanksgiving holiday were responsible for a 2.1% decline in poultry prices.

Among the provincial CPIs, the largest annual increase was registered in Manitoba (+1.8%). Prince Edward Island was the only province where an annual decline in consumer prices was reported (-0.6%). Between September and October, the CPI rose in all provinces. Nova Scotians faced the largest advance in prices (+1.2%); Albertans and British Columbians experienced the smallest price movements (+0.1%).

Available on CANSIM: matrices 9940-9970.

The October 1998 issue of ***The Consumer Price Index*** *(62-001-XPB, $11/$103) is now available. For further information, contact the information officer (613-951-9606; fax: 613-951-1539; infounit@statcan.ca), Prices Division. See also “Current trends” on page 9.*

New from Statistics Canada



Canadian economic observer
November 1998

The November issue of Statistics Canada’s flagship publication for economic statistics, *Canadian economic observer*, analyzes the current economic conditions, summarizes the major economic events that occurred in October, and presents a feature article titled “Can I help you?: Household spending on services”.

A separate statistical summary contains a wide range of tables and charts on the principal economic indicators for Canada, the provinces and the major industrial nations.

The November 1998 issue of ***Canadian economic observer*** *(11-010-XPB, $23/$227) is now available. For further information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.*

New from Statistics Canada

Health and literacy among seniors
1994

According to a new report, the health of many seniors may be at risk simply because they are not able to read crucial information accompanying prescription drugs.

The report uses Canadian data from the 1994 International Adult Literacy Survey to compare the health-related characteristics of seniors with their literacy skills and practices. The findings support the view that literacy skills and practices may serve as barriers for seniors in their attainment of good health. In other words, key information about health care or medical issues may miss a large number of the people most at risk because it is not targeted to their reading skills.

At risk: A socio-economic analysis of health and literacy among seniors *(paper: 89-552-MPE, no. 5, $10; Internet: 89-552-MIE, no. 5, free), now available, is the fifth in a series of reports derived from the International Adult Literacy Survey. A paper of highlights is also available (89F0104XIE). For further information, contact Nancy Darcovich (613-951-4585; darcovi@statcan.ca), Special Surveys Division.*

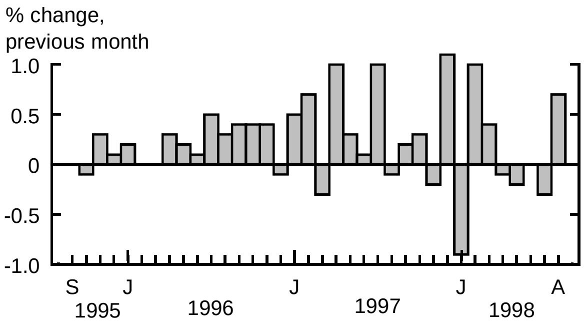
Analytical papers

Statistics Canada produces research papers on a variety of topics — labour markets, business firm dynamics, mortality, immigration, statistical computing and simulation, and many others. These papers are based on research conducted by Agency staff, visiting fellows and academic associates.

Two new research papers have just been released: ***Computers, fax machines and wages in Canada: What really matters?*** *(Research paper no. 126) and* ***The intergenerational earnings and income mobility of Canadian men: Evidence from longitudinal income tax data*** *" (Research paper no. 113). Both of these studies and any of the other papers in the series can be downloaded free of charge from Statistics Canada's web site. Visit www.statcan.ca whenever it is convenient. Papers in the series can also be obtained in print for $5 by contacting Valerie Thibault (613-951-1804; thibaul@statcan.ca), Analytical Studies Branch.*

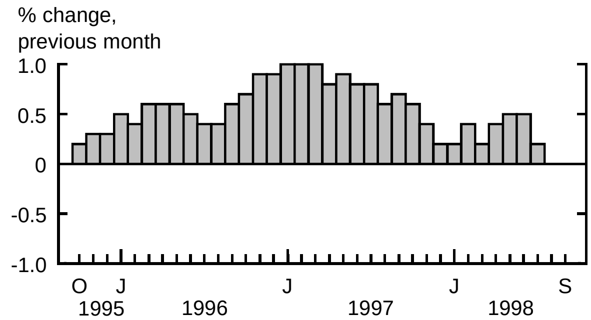
Current trends

Gross domestic product



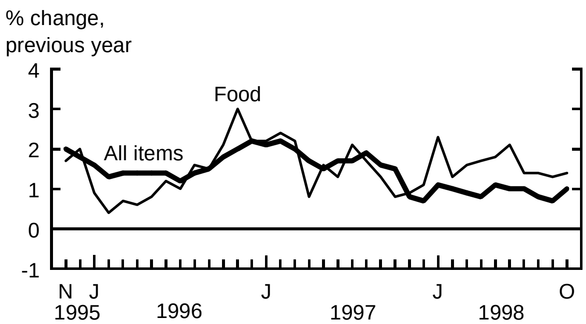
Economic activity increased 0.7% in August, recovering lost ground after four months of decline.

Composite Index



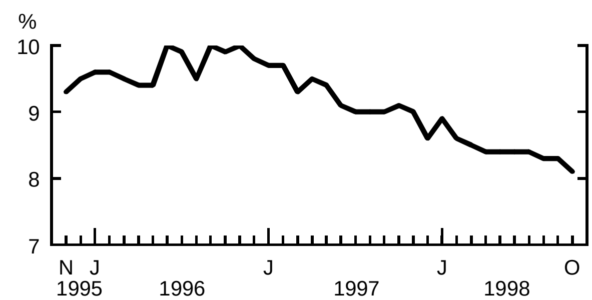
In September, the leading indicator continued to show no growth for a second straight month.

Consumer Price Index



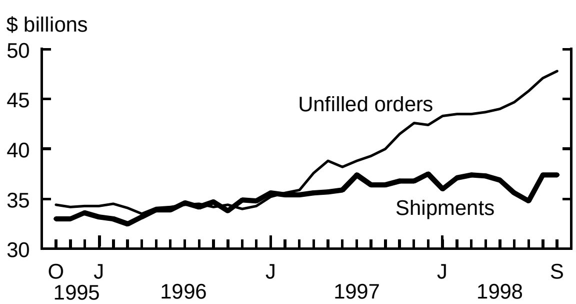
Consumers paid 1.0% more for goods and services in October 1998 than they did a year earlier. Food prices rose 1.4%.

Unemployment rate



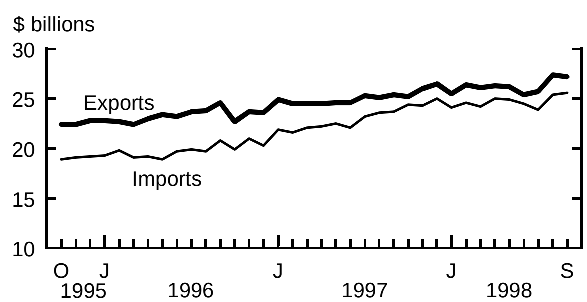
In October, the unemployment rate fell to 8.1%, its lowest level since July 1990.

Manufacturing



Manufacturers' shipments edged up 0.1% in September to $37.4 billion. The level of unfilled orders increased 1.1% to $47.8 billion.

Merchandise trade



In September, the value of merchandise exports dipped 0.6% from August to $27.2 billion. Imports advanced a slight 0.4% to $25.6 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)	August	710.2	0.7%	2.0%
Composite Index (1981=100)	September	207.2	0.0%	3.8%
Operating profits of enterprises ($ billion)	Q3 1998*	25.6	3.7%	– 9.1%
Capacity utilization (%)	Q2 1998	85.6	– 0.1†	1.3†
DOMESTIC DEMAND				
Retail trade ($ billion)	September*	21.0	1.1%	4.9%
New motor vehicle sales (thousand of units)	September	127.2	5.3%	7.5%
LABOUR				
Employment (millions)	October	14.44	0.4%	2.9%
Unemployment rate (%)	October	8.1	– 0.2†	– 1.0†
Participation rate (%)	October	65.2	0.0†	0.3†
Labour income ($ billion)	June	38.2	– 0.2%	3.1%
Average weekly earnings ($)	August	607.18	0.2%	1.5%
INTERNATIONAL TRADE				
Merchandise exports ($ billion)	September	27.2	– 0.6%	7.2%
Merchandise imports ($ billion)	September	25.6	0.5%	7.9%
Merchandise trade balance (all figures in $ billion)	September	1.6	– 0.3	– 0.1
MANUFACTURING				
Shipments ($ billion)	September	37.4	0.1%	2.9%
New orders ($ billion)	September	37.9	– 2.4%	2.4%
Unfilled orders ($ billion)	September	47.8	1.1%	19.7%
Inventory/shipments ratio	September	1.34	0.01	0.04
PRICES				
Consumer Price Index (1992=100)	October*	109.0	0.4%	1.0%
Industrial Product Price Index (1992=100)	September	119.4	– 0.6%	– 0.3%
Raw Materials Price Index (1992=100)	September	108.1	1.6%	– 13.0%
New Housing Price Index (1992=100)	September	100.1	– 0.1%	0.9%

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

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Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription Canada (C$)	Outside Canada (US$)
AGRICULTURE				
Canadian potato production	November 1998			
Internet		22-008-UIB	free	free
Paper		22-008-UPB	21	21
CANADIAN CENTRE FOR JUSTICE STATISTICS				
Juristat vol. 18, no.13: Private security and public policing in Canada	1996			
Internet		85-002-XIE	8/70	8/70
Paper		85-002-XPE	10/93	10/93
CURRENT ECONOMIC ANALYSIS				
Canadian economic observer	November 1998	11-010-XPB	23/227	23/227
DISTRIBUTIVE TRADES				
New motor vehicle sales	September 1998	63-007-XIB	13/124	13/124
Wholesale trade	September 1998	63-008-XIB	12/14	12/140
HOUSEHOLD SURVEYS				
Labour force update: Canada-U.S. Labour market comparison, 1989-1997	Autumn 1998	71-005-XPB	29/96	29/96
INTERNATIONAL TRADE				
Canadian international merchandise trade	September 1998			
Internet		65-001-XIB	14/14	14/141
Paper		65-001-XPB	19/188	19/188
Imports by country	January-September 1998			
Microfiche		65-006-XMB	62/206	62/206
Paper		65-006-XPB	124/412	124/412
LABOUR				
Employment, earnings and hours	August 1998	72-002-XPB	32/320	32/320
MANUFACTURING, CONSTRUCTION AND ENERGY				
Footwear statistics	Quarter ended September 1998	33-002-XPB	8/25	8/25
Monthly Survey of Manufacturing	September 1998	31-001-XPB	20/196	20/196
Oil pipeline transport	August 1998	55-001-XPB	12/114	12/114
Primary iron and steel	September 1998	41-001-XPB	7/62	7/62
Refined petroleum products	August 1998	45-004-XPB	21/206	21/206
The sugar situation	Third quarter 1998	32-013QXPB	13/41	13/41
PRICES				
Consumer Price Index	October 1998	62-001-XPB	11/103	11/103
Industry price indexes	September 1998	62-011-XPB	22/217	22/217
SCIENCE AND TECHNOLOGY REDESIGN PROJECT				
Federal scientific activities	1998-99	88-204-XPB	78	78
Telephone statistics	September 1998	56-002-XIB	8/70	8/70
SMALL BUSINESS AND SPECIAL SURVEYS				
Insights on: A profile of small business across Canada	November 1998	61F0019XPE	free	free
SPECIAL SURVEYS				
At risk: A socio-economic analysis of health and literacy among seniors	1994			
Internet		89-552-MIE	free	free
Paper		89-552-MPE	10	10

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Calendar of key releases: December 1998

Monday	Tuesday	Wednesday	Thursday	Friday
	1 **Film and video production**, 1996-97	2 **RRSP contributors**, 1997 **Help-wanted Index**, November 1998	3 **Charitable donors**, 1997	4 **Labour Force Survey**, November 1998 **Building permits**, October 1998
7 **Crop production estimates**, November 1998 **Industrial capacity utilization rates**, Third quarter 1998	8	9	10 **New Housing Price Index**, October 1998	11 **New motor vehicle sales**, October 1998
14	15 **Survey of household spending**, 1997	16 **Monthly Survey of Manufacturing**, October 1998 **Travel between Canada and other countries**, October 1998	17 **Canadian international merchandise trade**, October 1998 **Composite index**, November 1998	18 **Consumer Price Index**, November 1998 **Wholesale trade**, October 1998
21 **Retail Trade**, October 1998 **Employment insurance**, October 1998	22 **Canada's international transactions in securities**, October 1998 **Income distribution by size in Canada**, 1997	23 **Employment, earnings and hours**, October 1998	24 **Real GDP at factor cost by industry**, October 1998	25 **HAPPY HOLIDAYS!**
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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.*