



# Infomat

## A Weekly Review

Friday, August 22, 1997

### OVERVIEW

#### ◆ Exports and imports decline

With declines in both exports and imports in June, the trade balance maintained the same level for the third consecutive month.

#### ◆ Pause in growth of shipments continues

Temporary factors led to a decline in total manufacturing shipments in June, following a slight decline in May.

#### ◆ Consumer prices rise in July

Canadians paid more for the goods and services included in the Consumer Price Index basket this July than they did one year earlier.

#### ◆ Composite Index remains stable

In July, the gain in the leading index was about equal to the average monthly increases so far this year.

#### ◆ Vehicle sales strong in first half of 1997

Despite a decline in June, new motor vehicle sales were strong during the first six months of 1997.

#### ◆ Cross-border car trips hit nine-year low

Canadians' cross-border car excursions to the United States hit a nine-year low in June. Travel by overseas residents to Canada continued to decrease.

### Exports and imports decline

In June, the trade balance, which held at \$1.8 billion, remained below the \$2-million mark for the third consecutive month. Exports posted a 1.1% decrease, mainly due to lower exports of automotive products and machinery. Lower imports of machinery and equipment and industrial goods were mostly responsible for the 1.0% decline in imports.

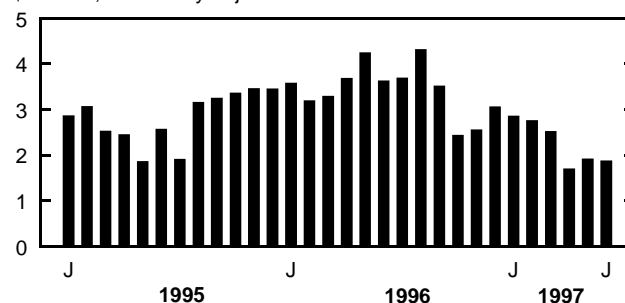
Exports of energy products posted the only gain (+3.0%), as exports of crude petroleum, natural gas and electricity all edged up. Automotive exports declined 5.8% in June, with most of the drop caused by parts shortages at some automobile assembly plants. U.S. quotas continued to have an effect on forestry exports, which remained flat in June. Exports to all trading partners fell, and exports to Japan continued the downward trend that began in February, dropping another 8.5% in June.

The declines in machinery and equipment caused a pause in imports, which was partly offset by increased imports of automobile products and energy. Most of the components in the machinery and equipment sector posted declines. Energy imports rebounded in June (+23.7%). Imports of trucks and passenger cars recorded robust gains of 12.7% and 10.8% respectively. A reduction in motor vehicle parts and accessories (-4.1%) partly offset these increases.

*(continued on page 2)*

#### Trade balance

\$ billions, seasonally adjusted



### ... Exports and imports decline

Available on CANSIM: matrices 3611–3616, 3618–3629, 3651, 3685–3713, 3718–3720 and 3887–3913.

**Canadian international merchandise trade** (65-001-XPB, \$19/\$188) will be available shortly. Current account data are available on a quarterly basis in **Canada's balance of international payments** (67-001-XPB, \$38/\$124). For further information, contact Suzie Carpentier (613-951-9647; 1 800 294-5583), International Trade Division. (See also "Current trends" on page 6.)

#### Note to readers

Merchandise trade is one component of the current account of Canada's balance of payments, which also includes trade in services. In the first quarter of 1997, the overall merchandise trade surplus of \$8.1 billion contrasted with a current account deficit of \$1.2 billion.

## Pause in growth of shipments continues

**T**emporary factors caused total manufacturing shipments to decline 0.1% in June to \$35.2 billion. This pause in shipments followed a slight decrease in May and contrasts with the solid growth observed earlier in the year. Despite the overall decline, 11 of the 22 industry groups, which account for almost 62% of total shipments, recorded increases.

The main source of the decline in shipments was the refined petroleum and coal products industry (–6.6%), where productive capacity in June was temporarily constrained by maintenance shutdowns. The decrease at the refineries was also compounded by a drop in prices. The automobile industry posted an increase in shipments in June (+1.6%), as it benefited from an end to the production slowdowns caused by strike actions in the United States. However, manufacturing in this industry was partly held back by assembly problems that impeded the flow of shipments and led to an accumulation of inventories.

Manufacturers' inventories rose 0.5% in June to \$46.3 billion, the fifth consecutive increase. The largest increase was in the motor vehicle industry (+17.6%), where assembly problems led to a run-up in inventories. Inventories were also up in the paper and allied products industry, buoyed by stockpiling of finished product inventory. In June, the main decreases in inventories were in the wood and machinery industries.

The drop in shipments and the increase in inventories observed increased the inventory-to-shipments ratio from 1.31 in May to 1.32 in June. Despite edging up in recent months, the ratio is at near-historic lows. (In the short term, a low inventory-to-shipments

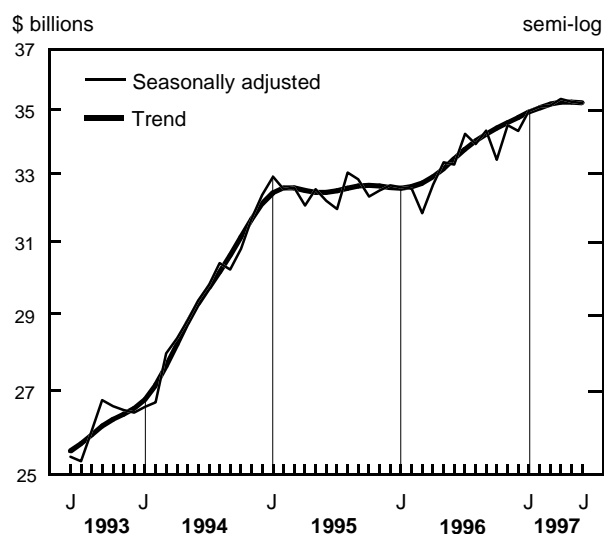
#### Note to readers

Unfilled orders are a stock of orders that will contribute to future shipments, assuming that orders are not cancelled.

New orders represent orders received whether shipped in the current month or not. They are measured as the sum of shipments for the current month (orders received this month and shipped within the same month) plus the change in unfilled orders.

Given that portions of large contracts can be subcontracted out to other countries, some orders will not be translated into Canadian factory shipments.

### Shipments



#### Manufacturers' shipments, June 1997

Seasonally adjusted

	\$ millions	% change, previous month
<b>Canada</b>	<b>35,224</b>	<b>– 0.1</b>
Newfoundland	117	2.8
Prince Edward Island	61	– 4.6
Nova Scotia	503	– 0.8
New Brunswick	638	3.1
Quebec	8,255	– 0.6
Ontario	18,736	0.4
Manitoba	813	– 0.4
Saskatchewan	454	– 1.9
Alberta	2,832	– 1.2
British Columbia	2,811	– 1.0
Yukon and Northwest Territories	4	39.2

ratio points to a possible undersupply and suggests that output may have to be increased in the future.)

For the first time this year, manufacturers' backlog of unfilled orders—a key determinant of future shipments—fell 1.8% to \$37.4 billion. Despite the June decline, increases in unfilled orders since the beginning of the year represent a significant departure from a flat performance in 1996, and leave total unfilled orders 10.7% higher than in December 1996. The aircraft and parts industry, the main source of new contracts in recent months, recorded the largest decline (–2.9%).

(continued on page 3)

### ... Pause in growth of shipments continues

Available on CANSIM: matrices 9550-9579 and 9581-9593.

The June 1997 issue of *Monthly Survey of Manufacturing* (31-001-XPB, \$20/\$196) will be available shortly. For further information, contact Richard Evans (613-951-9834), Manufacturing, Construction and Energy Division. (See also "Current trends" on page 6.)

## Consumer prices rise in July

In July, Canadian consumers paid an average of 1.8% more than they did a year earlier for the goods and services included in the Consumer Price Index (CPI) basket. July's annual increase was identical to that recorded in June.

Transportation charges have risen considerably over the past year, with higher costs for auto insurance, air travel and new cars. Many other annual price increases were noted, including food, utilities, education, alcohol, tobacco, rental accommodation and clothing. On the other hand, consumers paid less for mortgage interest charges, as well as computers, audio and video equipment, household appliances, furniture and tools.

Overall, consumer prices were unchanged between June and July. Lower prices for new cars, gasoline, clothing, footwear and

beer were offset by higher prices for air travel, traveller accommodation and food.

In July, new vehicle prices dropped by 1.4%—one of the largest mid-year price reductions this decade—as manufacturers introduced or increased rebates on some models. On an annual basis, vehicle prices rose 1.9% in July, the lowest 12-month increase in this series since 1992.

Gasoline prices fell 2.5% in July after rising in May and June. The clothing and footwear component declined 1.0%. The price of beer purchased from stores declined 1.8% as the result of a price war between two major manufacturers in Ontario. Air fares advanced by 10.2% in July. Although summer demand normally pushes fares up, July's increase was larger than usual. Traveller accommodation rose 6.3% as hotel and motel rates reached their peak summer levels. Food cost 0.5% more, mainly due to higher prices for fresh vegetables. Shelter charges did not change overall in July. Higher prices for piped gas were offset by lower mortgage interest charges.

Between July 1996 and July 1997, increases in the all-items indexes of the provinces ranged from a low of 0.9% in Prince Edward Island and British Columbia to a high of 2.5% in Newfoundland. Monthly changes in provincial CPIs ranged from declines of 0.1% in Quebec, Manitoba and British Columbia to a 0.4% increase in Newfoundland.

Available on CANSIM: matrices 7440-7454, 7477 and 7478.

The July 1997 issue of the *Consumer Price Index* (62-001-XPB, \$11/\$103) is now available. For further information, contact Paul-Roméo Danis (613-951-9606; fax: 613-951-2848; Internet: danipau@statcan.ca), Prices Division. (See also "Current trends" on page 6.)

### Consumer Price Index, July 1997

% change, previous year, not seasonally adjusted

	All-items	Food	Energy	Housing	Transportation
<b>Canada</b>	<b>1.8</b>	<b>2.1</b>	<b>2.4</b>	<b>0.3</b>	<b>3.4</b>
Newfoundland	2.5	1.0	13.7	3.6	6.4
Prince Edward Island	0.9	- 0.7	1.5	- 0.2	1.9
Nova Scotia	2.2	1.0	10.8	1.8	5.1
New Brunswick	1.8	0.3	12.9	3.8	3.5
Quebec	1.5	2.4	3.3	0.1	2.5
Ontario	2.1	1.1	1.1	0.4	5.4
Manitoba	1.9	2.8	1.6	1.1	2.6
Saskatchewan	1.3	2.0	2.3	1.5	1.8
Alberta	1.8	4.0	3.0	0.8	2.0
British Columbia	0.9	4.2	- 2.5	- 1.2	0.3
Whitehorse	2.4	5.3	8.1	2.1	4.1
Yellowknife	0.7	- 1.1	0.3	- 0.9	5.4

## Composite Index remains stable

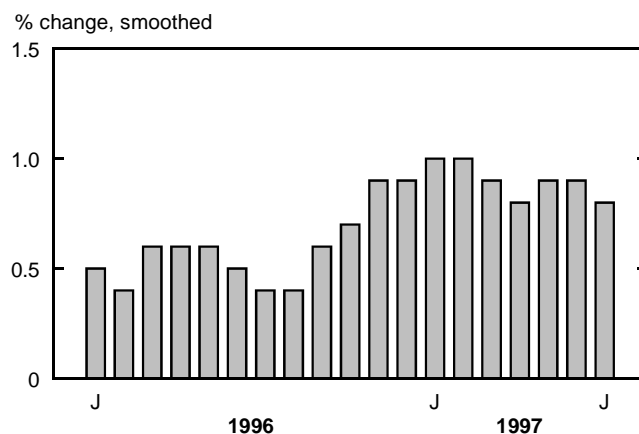
In July, the Composite Index gained 0.8%, little changed from June's revised 0.9% advance. The increase was similar to the average monthly increases recorded so far this year. Eight of the ten components were up—one less than in June—while one was flat. Unsmoothed, the index posted its first decrease this year, as business spending paused after rapid gains in the first half of the year.

Employment growth in business services fell from 0.7% to a more sustainable 0.4% in July. Orders for manufactured goods slowed and the shipments-to-inventories ratio levelled off.

Although consumers remained reserved about spending, employment growth has boosted incomes and confidence this year, and provides the necessary basis for further gains. In July, housing starts snapped out of a slump that saw starts tumble 22% in the second quarter. Durable goods sales accelerated to 1%, the highest point this year.

A slowdown in the U.S. leading indicator accompanied a marked easing of growth in the second quarter. A rebound in consumer

### Composite Index



(continued on page 4)

### ... Composite Index remains stable

spending and a surge in employment in July are encouraging for continued growth.

Available on CANSIM: matrix 191.

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

## Vehicle sales strong in first half of 1997

New motor vehicles sales fell 1.5% to 112,946 units (seasonally adjusted) in June, mostly due to lower truck sales. The stall in the momentum of what has been a good sales year may be short-lived. In fact, industry reports indicate a return to stronger sales in July.

Compared with June 1996, motor vehicle dealers sold 12.4% more vehicles (17.1% more trucks and 8.7% more cars). This was the ninth consecutive monthly year-over-year increase.

New motor vehicles sales for the first half of the year were 17.1% higher than for the same period in 1996. Car and truck sales both rose, up 14.5% and 20.3% respectively.

All provinces recorded double-digit increases in sales for the first six months of the year. Newfoundland (+26.6%), Alberta (+19.5%) and Ontario (+18.0%) registered the largest gains (unadjusted data).

Consumers spent an average of \$22,855 (before taxes) to buy a passenger car in June, up 4.2% from June 1996.

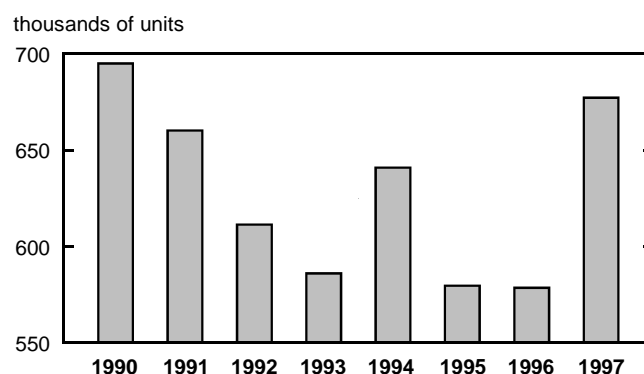
Available on CANSIM: matrix 64.

The June 1997 issue of *New motor vehicle sales* (63-007-XPB, \$17/165) will be available shortly. For further information, contact Serge Dumouchel (613-951-2210), Distributive Trades Division.

### Note to readers

Passenger cars include those used for personal and commercial purposes (such as taxis and rental cars). Trucks include minivans, sport utility vehicles, light and heavy trucks, vans, coaches and buses.

### Semi-annual new motor vehicle sales



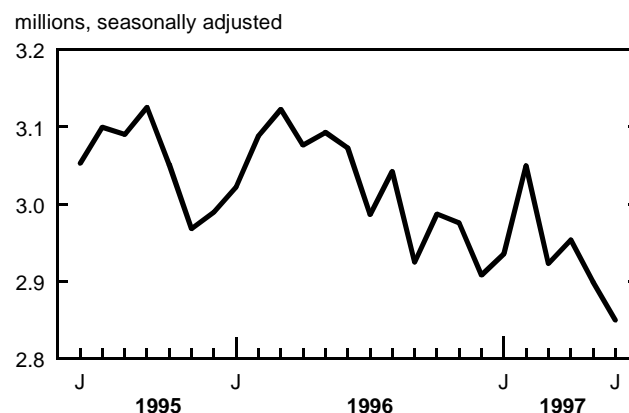
## Cross-border car trips hit nine-year low

In June, Canadians made 2.8 million same-day car trips to the United States, a 1.7% decrease from May and the lowest number in more than nine years. When the Canadian dollar was worth US\$0.88 in November 1991 (compared with US\$0.72 this June), Canadians made almost twice as many cross-border car excursions (5.4 million).

Overseas residents (residents from countries other than the United States) took 354,000 trips of one or more nights to Canada, down 1.6% from May. This type of travel peaked in February, but has been on a downward trend since then. Americans stayed at least one night in Canada on 1.1 million occasions in June, a 1.9% decline from May. Overall, foreigners made 1.4 million trips of one night or more, also down 1.9%.

Canadians made more overnight trips abroad in June: 1.6 million (+1.1%). This number has fluctuated between 1.5 million and 1.6 million since mid-1994. Trips to overseas destinations increased the most (+2.9%), while trips of one night or more to the United States also rose (+0.7%).

### Canadians' cross-border car excursions



(continued on page 5)

## ... Cross-border car trips hit nine-year low

### Travel between Canada and other countries, June 1997

	thousands	% change, previous month	thousands	% change, previous year
	seasonally	adjusted	unadjusted	
<b>Canadian trips abroad</b>				
Auto trips to the United States				
Same-day	2,850	- 1.7	16,701	- 5.0
One or more nights	784	2.1	3,942	- 3.8
Total trips, one or more nights				
United States <sup>1</sup>	1,277	0.7	7,092	- 0.7
Other countries	328	2.9	2,191	8.2
<b>Travel to Canada</b>				
Auto trips from the United States				
Same-day	2,046	- 4.0	11,484	6.5
One or more nights	710	0.1	3,131	- 0.9
Total trips, one or more nights				
United States <sup>1</sup>	1,080	1.9	5,120	0.3
Other countries <sup>2</sup>	354	- 1.6	1,720	0.1

1. Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.

2. Figures for other countries exclude same-day entries by land only, via the United States.

### Note to readers

Unless otherwise specified, data are seasonally adjusted (adjusted for variations that repeat annually and for variability caused by the different volumes of travellers associated with different days of the week).

Month-to-month comparisons use seasonally adjusted data. Year-over-year comparisons use unadjusted data (the actual traffic counts).

Americans made 2.0 million automobile excursions to Canada in June, a 4.0% drop. Meanwhile, the number of car excursions by Americans driving into Canada via the Rainbow and Whirlpool bridges in Niagara Falls continued to increase compared with the same month last year, but at a slower rate (+38%).

**Available on CANSIM: matrices 2661-2697, 5780-6046 and 8200-8328.**

The June 1997 issue of **International travel, advance information** (66-001-PPB, \$8/\$73) will be available shortly. For further information, contact Luc Dubois (613-951-1674; fax: 613-951-2909; Internet: [duboluc@statcan.ca](mailto:duboluc@statcan.ca)), Culture, Tourism and the Centre for Education Statistics.

## New from Statistics Canada

### Focus on culture Summer 1997

The lead article in the Summer 1997 issue of the quarterly bulletin *Focus on culture* examines recent shifts in the sources of funding for Canada's not-for-profit performing arts companies. While provincial grants and donations have grown in importance this decade, private sector contributions have also become quite significant—increasing by 14% since 1990–91.

A second article explores training issues facing the labour force in the cultural sector. This sector tends to be well-educated, self-employed and poorly remunerated. It is also growing rapidly, and all of these factors influence specific training needs and concerns.

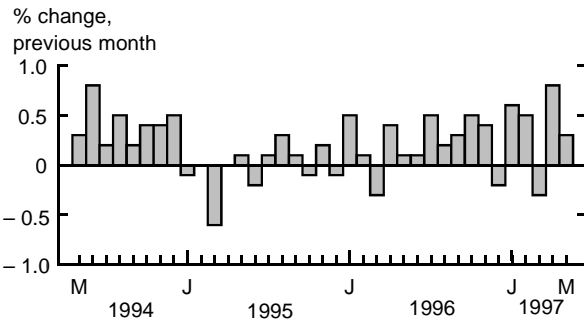
Also included are highlights of 1994–95 data on book publishers and exclusive agents, which point to a continuation of the recent economic improvement since 1993–94. However, the health of the industry was not uniform across all provinces. In addition, export growth appears to have slowed after notable gains in the early 1990s. There is also an article on the National Core Library Statistics Program.

The Summer 1997 issue of **Focus on culture**, Vol. 9, no. 2 (87-004-XPB, \$9/\$27), is now available. For further information, contact Michel Durand (613-951-1566), Culture Statistics Program.



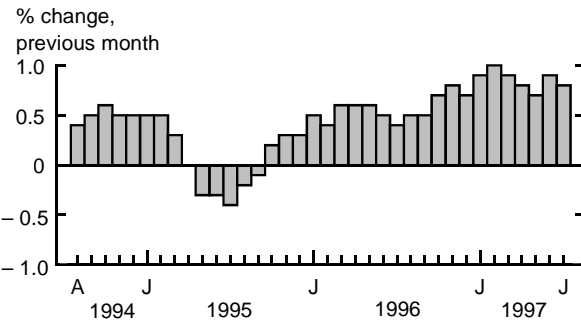
## Current trends

### Gross domestic product



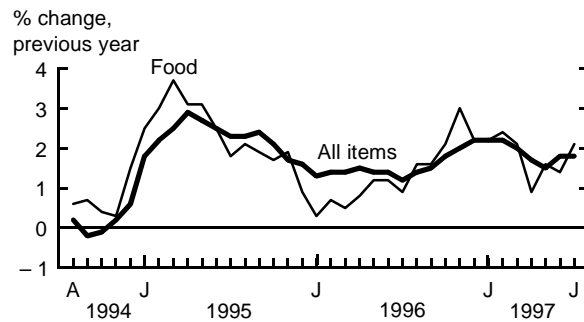
Real gross domestic product at factor cost rose a further 0.3% between April and May.

### Composite Index



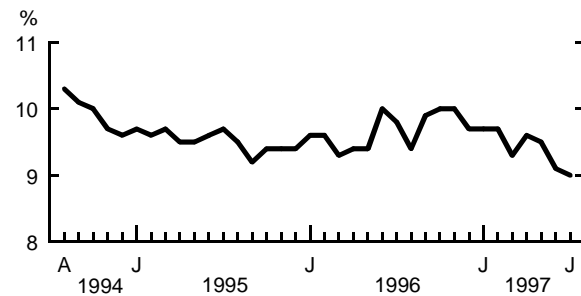
The Composite Index grew by 0.8% in July.

### Consumer Price Index



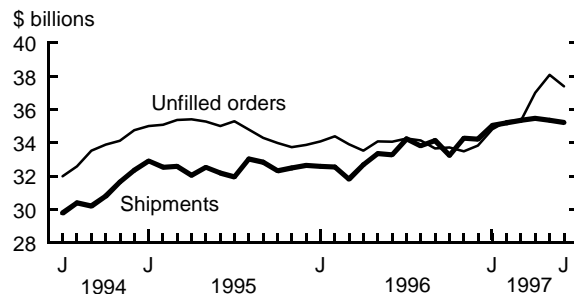
Consumers paid 1.8% more for goods and services in July 1997 than the year before. Food prices rose by 2.1%.

### Unemployment rate



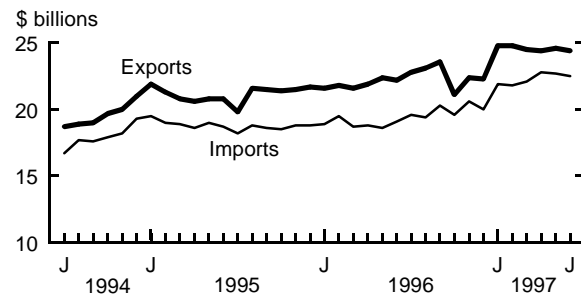
In July, the unemployment rate dipped 0.1 percentage points to 9.0%.

### Manufacturing



Manufacturers' shipments fell 0.1% in June to \$35.2 billion. The level of unfilled orders decreased 1.8% to \$37.4 billion.

### Merchandise trade



In June, the value of merchandise exports decreased 1.1% from May to \$24.4 billion. Imports fell 1.0% to \$22.5 billion.

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

## Latest monthly statistics

	Period	Level	Change, previous period	Change, previous year
<b>GENERAL</b>				
Gross domestic product (\$ billion, 1986)	May	569.8	0.3%	4.0%
Composite Index (1981=100)	July*	197.2	0.8%	10.3%
Operating profits of enterprises (\$ billion)	Q1 1997	25.5	3.3%	10.5%
Capacity utilization (%)	Q1 1997	85.0	0.6†	2.9†
<b>DOMESTIC DEMAND</b>				
Retail trade (\$ billion)	May	19.3	0.5%	7.6%
New motor vehicle sales (thousand of units)	June*	112.9	- 1.5%	12.4%
<b>LABOUR</b>				
Employment (millions)	July	14.0	1.1%	2.3%
Unemployment rate (%)	July	9.0	- 0.1†	- 0.9†
Participation rate (%)	July	64.7	- 0.1†	- 0.1†
Labour income (\$ billion)	May	37.34	0.6%	4.7%
Average weekly earnings (\$)	May	604.56	0.8%	3.0%
<b>INTERNATIONAL TRADE</b>				
Merchandise exports (\$ billion)	June*	24.4	- 1.1%	5.1%
Merchandise imports (\$ billion)	June*	22.5	- 1.0%	15.0%
Merchandise trade balance (all figures in \$ billion)	June*	1.9	0.0	- 1.7
<b>MANUFACTURING</b>				
Shipments (\$ billion)	June*	35.2	- 0.1%	5.9%
New orders (\$ billion)	June*	34.5	- 4.6%	3.8%
Unfilled orders (\$ billion)	June*	37.4	- 1.8%	9.8%
Inventory/shipments ratio	June*	1.32	0.01	- 0.02
<b>PRICES</b>				
Consumer Price Index (1986=100)	July*	135.6	0.0%	1.8%
Industrial Product Price Index (1986=100)	June	130.4	- 0.2%	1.0%
Raw Materials Price Index (1986=100)	June	134.2	- 2.3%	- 1.0%
New Housing Price Index (1986=100)	June	132.9	0.1%	1.0%

**Note:** All series are seasonally adjusted with the exception of the price indexes.

\* new this week

† percentage point

## Infomat

### A weekly review

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## Publications released from August 15 to 21, 1997

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription	
			Canada (C\$)	Outside Canada (US\$)
<b>AGRICULTURE</b>				
Agriculture economic statistics	June 1997	21-603-UPE	26/52	26/52
<b>CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS</b>				
Focus on culture	Summer 1997	87-004-XPB	9/27	9/27
Touriscope: International travel, advance information, Vol. 13, no. 6		66-001-PPB	8/73	8/73
<b>HOUSEHOLD SURVEY METHODS</b>				
Survey methodology	June 1997	12-001-XPB	24/47	24/47
<b>LABOUR</b>				
Employment, earnings and hours	May 1997	72-002-XPB	32/320	32/320
<b>MANUFACTURING, CONSTRUCTION AND ENERGY</b>				
Monthly Survey of Manufacturing	June 1997	31-001-XPB	20/196	20/196
Primary iron and steel	June 1997	41-001-XPB	7/62	7/62
Refined petroleum products	May 1997	45-004-XPB	21/206	21/206
<b>PRICES</b>				
Industry price indexes	June 1997	62-011-XPB	22/217	22/217
Consumer Price Index	July 1997	62-001-XPB	11/103	11/103
<b>SCIENCE AND TECHNOLOGY REDESIGN PROJECT</b>				
Service bulletin, Science statistics: Total spending on research and development in Canada, 1986 to 1997, and provinces, 1986 to 1995, Vol. 21, no. 8		88-001-XPB	8/79	8/79
Service bulletin, Science statistics: Estimation of research and development expenditures in the higher education sector, 1995 to 1996, Vol. 21, no. 9		88-001-XPB	8/79	8/79
<b>TRANSPORTATION</b>				
Railway carloadings	June 1997	52-001-XPB	11/103	11/103

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