



Infomat

A Weekly Review

Friday, October 24, 1997

OVERVIEW

◆ Imports continue to outpace exports

Imports outpaced exports again in August, continuing the trend that began in the fall of 1996. Industrial goods and machinery and equipment were the principal factors behind the growth in August.

◆ Upward trend in shipments continues

Although manufacturers' shipments declined in August, the level remained in line with the solid growth trend that has been sustained since early 1996.

◆ Retail sales steady

Retail sales remained virtually unchanged in August, as declining sales in the automotive sector masked an otherwise strong month for retailers.

◆ Wholesale sales down slightly in August

Wholesalers recorded slightly lower sales in August, reflecting mixed movements in different sectors of the industry.

◆ Composite Index continues to progress

The Composite Index rose again in September, about equal to its average gain since the beginning of the year. Nine of the ten components recorded increases.

◆ Foreign visitors make more trips to Canada

In August, Americans made the highest number of trips of one night or more to Canada in more than nine years. And for the first time since February, residents of overseas countries made more overnight trips to Canada.

Imports continue to outpace exports

Exports edged up 0.4% in August to reach \$25.2 billion. Exports of consumer goods and energy products recorded strong growth, while exports of automotive products and industrial goods fell significantly from their historic highs recorded in July.

Imports continued to climb, reaching a record \$23.8 billion in August, up 1.6% over the previous month. This increase followed the substantial jump recorded in July, as imports of machinery and equipment, industrial goods and consumer products continued to set the pace.

The strong performance of imports coupled with the more moderate growth in exports reduced the merchandise trade balance to \$1.4 billion—its lowest level since May 1994. The weak trade balance could be attributed to strong import growth in goods related to business investment and falling exports for automotive products.

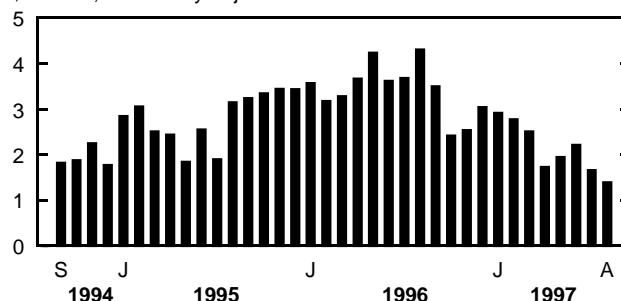
Exports of energy products jumped 15.4% in August, mainly due to crude petroleum exports. Consumer goods exports reached a record \$936.3 million (+28.6%), with most of this increase due to the launch of new pharmaceutical products into the U.S. market.

In automotive products, exports declined 6.6% after increasing in July. The August decrease was mainly attributable to seasonal shutdowns and reduced overseas exports. Industrial goods also

(continued on page 2)

Trade balance

\$ billions, seasonally adjusted



... Imports continue to outpace exports

declined (–3.7%) in August, as the precious metals and alloys group recorded a drop. Forestry product exports remained quite stable in August.

On the imports side, industrial goods and machinery and equipment imports were the principal factors behind August's growth. Industrial goods imports rose by 4.0%, mostly due to strong imports of chemicals and plastics, along with metals and metal ores. Machinery and equipment imports increased 0.9%, surpassing July's record level.

However, this increase was partly offset by a decline in aircraft and other transportation equipment (–4.9%). Imports of automotive products declined slightly in August (–1.0%), as a decrease in motor vehicle parts was not fully offset by an increase in both passenger cars and trucks. Energy imports dropped significantly in August (–19.9%), as Canadian demand returned to normal levels.

Note to readers

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

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

*The August 1997 issue of **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 Jocelyne Elibani (613-951-9647; 1 800 294-5583), International Trade Division. (See also "Current trends" on page 7.)*

Upward trend in shipments continues

Total manufacturing shipments declined 2.3% in August to \$36.5 billion, as manufacturers lost some of the ground gained during July's unusual surge in shipments. Despite the decrease, August's level of shipments remained in line with the solid growth trend that has been sustained since early 1996.

Among the 22 major industry groups, 16 posted declines in shipments. With a drop of 9.6%, the motor vehicle industry recorded the largest decrease. Shipments of electrical and electronic products also fell in August (–5.3%), after an unusually pronounced push by some manufacturers in July. In paper and allied products, shipments were hampered by strike action, while shipments of wood fell again. The fabricated metal products industry also recorded a decline. The largest offsetting increases were in the food (+1.6%) and other manufacturing (+4.6%) industries.

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.

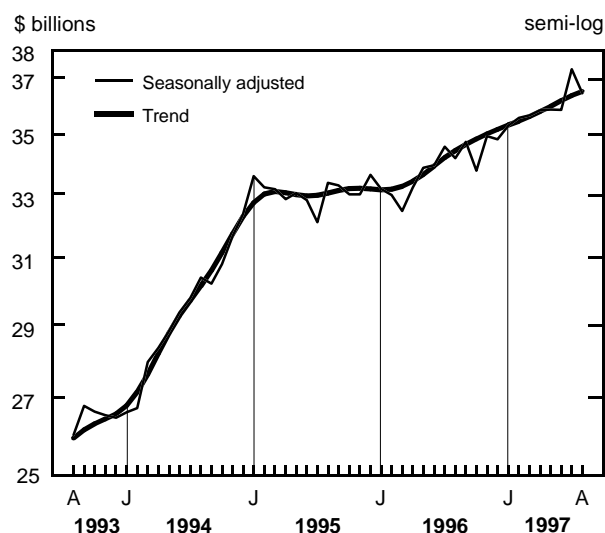
Some orders will not be translated into Canadian factory shipments, as portions of large contracts can be subcontracted out to other countries.

Manufacturers' shipments, August 1997

Seasonally adjusted

	\$ millions	% change, previous month
Canada	36,451	– 2.3
Newfoundland	137	12.3
Prince Edward Island	74	5.1
Nova Scotia	526	1.1
New Brunswick	704	1.8
Quebec	8,477	– 0.8
Ontario	19,513	– 3.5
Manitoba	857	– 1.9
Saskatchewan	493	– 8.1
Alberta	280	0.4
British Columbia	286	– 2.7
Yukon and Northwest Territories	3	– 3.5

Shipments



(continued on page 3)

... Upward trend in shipments continues

Inventories rose 1.0% in August, to \$46.9 billion, the sixth increase of the year. An important part of the rise resulted from heightened activity in the machinery (+5.7%) and electrical and electronic product (+1.8%) industries. However, increases were widespread as manufacturers continued to boost their holdings after reporting that their inventories were too low.

In August, declining shipments and rising inventories caused the inventories-to-shipments ratio to increase to 1.29, up from the all-time low of 1.24 recorded in July. Despite August's sizeable increase, the ratio continues to move downwards, indicating that growth in inventories is not outpacing that of shipments.

Manufacturers' backlog of unfilled orders, a key determinant of future shipments, rose 1.3% in August to \$39.2 billion. The

largest increases came from the electrical and electronic products (+3.2%) and the aircraft and parts (+1.4%) industries. These increases were partly offset by a decrease in the motor vehicle industry (-1.4%). Increases in unfilled orders since the beginning of 1997 represent a significant departure from the flat performance in 1996.

Available on CANSIM: matrices 9550-9559, 9562-9579 and 9581-9595.

*The August 1997 issue of **Monthly Survey of Manufacturing** (31-001-XPB, \$20/\$196) is now available. For further information, contact Richard Evans (613-951-9834) or Robert Traversy (613-951-9497), Manufacturing, Construction and Energy Division. (See also "Current trends" on page 7.)*

Retail sales steady

Retail sales remained virtually unchanged in August, declining by 0.1% to \$19.5 billion. This follows a large increase in July. A decline in sales by the automotive sector masked an otherwise strong month for retailers. Compared with August 1996, sales were up 7.9%.

In the automotive sector, which accounts for more than one-third of retail sales, sales declined 1.8% in August. Two of the three trade groups recorded declines: automotive parts, accessories and services (-3.8%) and motor and recreational vehicle dealers

(-2.2%). Gasoline service stations posted the only increase (+1.6%). Despite August's setback, sales in the automotive sector were 9.3% higher than in August of the previous year.

If the automotive sector were excluded, retail sales would have increased 1.0% in August. On an annual basis, sales were 7.1% higher compared with August of last year. Furniture stores (+2.8%) led the monthly advance, followed by clothing, drug, general merchandise and food stores. Surging sales of household furniture and appliances (+3.6%) were behind the improvement in furniture store sales. Compared with August 1996, furniture store sales were up 12.4%.

Higher department store sales (+1.5%) led to better sales for general merchandise stores in August. This was the eighth consecutive month of rising sales for department stores. Compared with last August, department store sales were 13.1% higher.

Retailers in British Columbia, Ontario, New Brunswick and the Northwest Territories all reported higher sales in August. The widespread decline in motor and recreational vehicle sales dampened the increases that had been seen recently in most of Atlantic and Western Canada.

According to initial estimates for September, the number of new motor vehicles sold decreased and the number of employees in retail trade remained unchanged from August. The number of housing starts fell 2.6% compared with September 1996.

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

*The August 1997 issue of **Retail trade** (63-005-XPB, \$21/\$206) will be available shortly. For further information, contact Louise G  n  reux (613-951-3549; Internet: logener2@statcan.ca) or Greg Peterson (613-951-3592; Internet: petegre@statcan.ca), Distributive Trades Division.*

Retail and wholesale trade, August 1997^p

Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change, previous month	\$ millions	% change, previous month
Canada	19,528	- 0.1	23,940	- 0.6
Newfoundland	310	- 1.1	196	- 0.5
Prince Edward Island	88	- 2.3	51	- 8.6
Nova Scotia	599	- 3.8	484	- 2.6
New Brunswick	454	1.0	307	- 3.3
Quebec	4,648	- 1.1	4,889	- 1.7
Ontario	7,106	0.7	10,735	0.5
Manitoba	690	0.0	932	1.0
Saskatchewan	649	- 1.1	894	- 1.6
Alberta	2,160	- 0.2	2,529	- 2.3
British Columbia	2,756	1.0	2,900	- 0.2
Yukon	25	- 0.2	11	- 10.5
Northwest Territories	43	1.2	13	- 11.4

^p Preliminary figures.

Wholesale sales down slightly in August

Sales by wholesalers declined by 0.6% in August, for total sales of \$23.9 billion. Despite the decrease, which reflects mixed movements in different sectors of the wholesaling industry, sales have generally been increasing since January 1996. August sales were down in 6 of the 11 trade groups, which accounted for 61% of total sales.

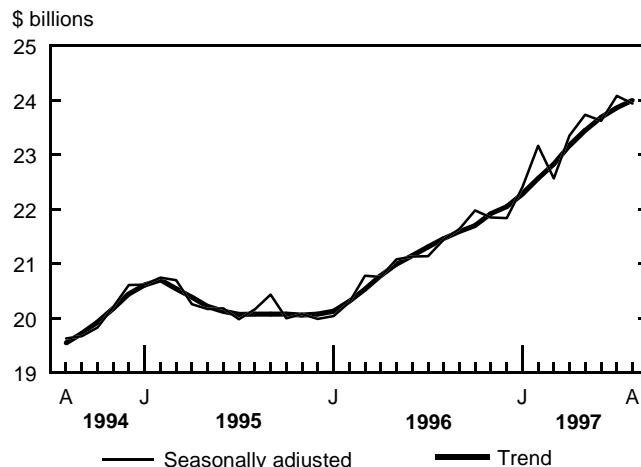
Wholesalers of metals, hardware, plumbing and heating equipment (-4.2%) and lumber and building materials (-3.1%) reported the largest declines in August. Sales of lumber and building materials seem to have reached a plateau in recent months, while sales of hardware, plumbing and heating equipment and sales by home renovation centres and lumber yards were weaker in August than in July.

Motor vehicle and parts sales continued to rise in August (+2.6%), reflecting higher sales of new motor vehicles. Most of the strength can be attributed to Japanese models and a high demand for sport utility vehicles.

Wholesalers continued to accumulate inventories in August. Inventories rose 0.7% to \$34.4 billion. After reaching a historic low of 1.40 in May 1997, the inventories-to-sales ratio has been climbing, rising to 1.42 in June and July and to 1.44 in August. Since the 1990-91 recession, wholesalers have kept on average approximately six weeks of supply, or the equivalent of a 1.50 ratio.

In August, wholesale sales were down in all provinces except Ontario (+0.5%) and Manitoba (+1.0%). Sales in these two

Wholesale sales



provinces have been following an upward trend since January 1996. Since then, sales have increased 23% in each of these two provinces compared with the national increase of 19%.

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

*The August 1997 issue of **Wholesale trade** (63-008-XPB, \$19/\$186) will be available shortly. For further information, contact Paul Gratton (613-951-3541) or Jacques Dorion (613-951-3538), Distributive Trades Division.*

Composite Index continues to progress

The Composite Index rose by 0.8% in September, about equal to its average gain since the beginning of the year. Nine of the ten components were up, as manufacturing picked up and reinforced growth in business investment and consumer demand.

Durable goods continued to dominate household demand, which was marked by vehicle purchases in September. Growth of demand for personal services remained modest. Housing was slowed by housing starts, which backed off slightly from a five-year high in Ontario, while existing house sales have yet to regain the ground lost in July. Mortgage rates fell further at the end of September.

Strong demand for machinery and equipment on both sides of the border led the renewed strength in manufacturing activity. The

trend of new orders for durable goods accelerated, while the ratio of shipments to stocks of finished goods rose slightly. The length of the average workweek posted its 10th straight increase, a good sign for further gains in the manufacturing sector.

Manufacturing was an important factor in the growth of the U.S. leading index, which posted its 18th advance in a row. Orders for both consumer and investment goods advanced, while delivery times and the duration of the workweek both lengthened.

Financial markets in Canada reflected the solid pace of economic growth, with stocks surging to a new record high.

Available on CANSIM: matrix 191.

*For more information on the economy, the October 1997 issue of the **Canadian economic observer** (11-010-XPB, \$23/\$227) will be available shortly. For further information, contact Francine Roy (613-951-3627) or Tim Prichard (613-951-1789), Current Economic Analysis Group. (See also "Current trends" on page 7.)*

Foreign visitors make more trips to Canada

Americans made 1.1 million trips of one night or more to Canada in August, a 3.0% increase over July. It was also the highest monthly number since February 1988. Meanwhile, for the first time since February, the number of trips of one night or more by residents of countries other than the United States increased, to 353,000. This represents an increase of 1.6% compared with July. Overall, foreigners spent at least one night in Canada on 1.5 million occasions in August, up 2.7% from July.

Canadians made 1.2 million trips of at least one night to the United States in August, slightly more than during the previous month. The number of trips has fluctuated between 1.2 million and 1.3 million since mid-1994. However, Canadians travelled less to overseas destinations in August. The number of such trips, which fell to 330,000, was down 1.3% compared with July. The trend in trips to overseas destinations by Canadians has generally been upward since early 1991.

Travel between Canada and other countries, August 1997

	thousands		% change,	
	seasonally adjusted	unadjusted	previous month	previous year
Canadian trips abroad				
Auto trips to the United States				
Same-day	2,993	3,740	2.6	1.1
One or more nights	782	1,550	2.9	1.5
Total trips, one or more nights				
United States ¹	1,244	2,061	0.4	1.0
Other countries	330	409	- 1.3	9.6
Travel to Canada				
Auto trips from the United States				
Same-day	2,070	3,058	0.1	6.7
One or more nights	739	1,626	3.4	--
Total trips, one or more nights				
United States ¹	1,137	2,397	3.0	3.1
Other countries ²	353	659	1.6	- 4.2

-- Number too small to be expressed.

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

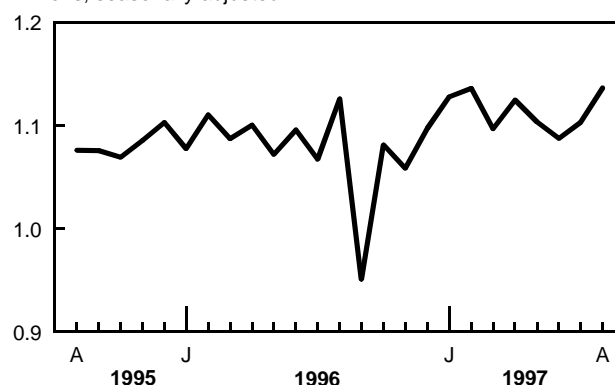
2. Figures for other countries exclude same-day entries by land only, via the United States.

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).

Overnight trips to Canada by Americans

Millions, seasonally adjusted



In August, Canadians made 3.0 million same-day car trips to the United States, up 2.6% from July. Since early in 1994, the number of such excursions has been relatively stable. Americans made 2.1 million automobile excursions to Canada, practically unchanged from the previous month. The trend in Americans' same-day car trips to Canada has generally been upward after reaching its most recent low in January 1994.

Americans continued to make more car excursions via the Rainbow and Whirlpool bridges in Niagara Falls in August compared with the same month last year (+35%). A casino located on the Ontario side opened in December 1996.

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

The August 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), Culture, Tourism and the Centre for Education Statistics.

New from Statistics Canada

Financial performance indicators for Canadian business

1994, 1995 and 1996

Financial performance indicators for Canadian business contains information on the financial performance and balance sheets of Canadian businesses. It is an authoritative reference for accountants, management consultants, business advisors, financial analysts and commercial lenders. It is available in print or electronic format (diskettes or CD-ROM).

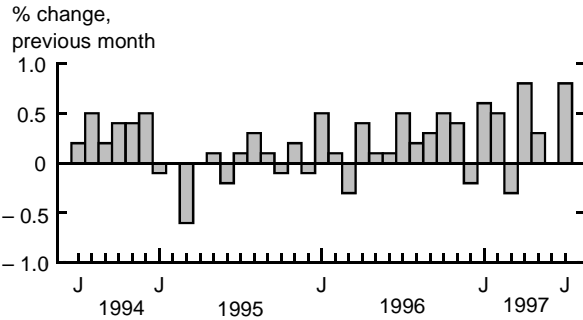
The publication contains 15 key financial performance indicators such as rates of return, profit margins and debt-to-equity ratios, as well as 26 "common-sized" balance sheet accounts. It groups the ratios into three themes: profitability, solvency, and operating efficiency.

Volume 1 covers medium and large firms (those with revenues of \$5 million to \$75 million, and over \$75 million) for 161 financial and non-financial industries based on 1996 data. Volume 2 covers small and medium firms (revenues of \$50,000 to \$5 million, and \$5 million to \$25 million) for 293 non-financial industries based on 1994 data. Volume 3 covers more than 650 industries for small and medium firms for 1994, 1995 and 1996.

Financial performance indicators for Canadian business (Volume 1, 61F0058XDB, \$170; Volume 2, 61F0059XDB, \$190; Volume 3, 61F0060XDB, \$210) is now available. The three volumes are available as a set for \$395. Other combination prices are: Volumes 1 and 2, \$280 and Volumes 2 and 3, \$320. Single industry tables cost \$50. There is a \$30 charge for each volume of the print version. For more information, contact Gail Sharland (613-951-9843), Industrial Organization and Finance Division, or the national enquiries line at 1 800 263-1136.

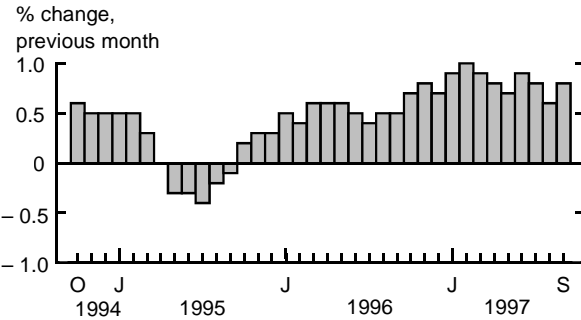
Current trends

Gross domestic product



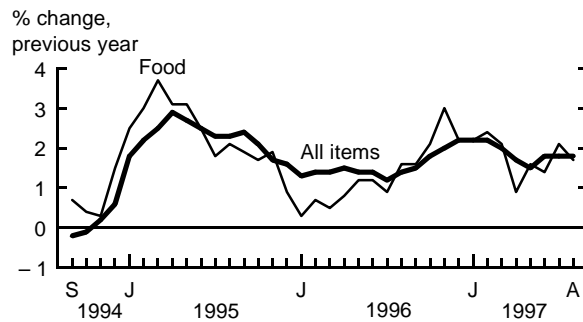
Real gross domestic product at factor cost rose 0.8% in July.

Composite Index



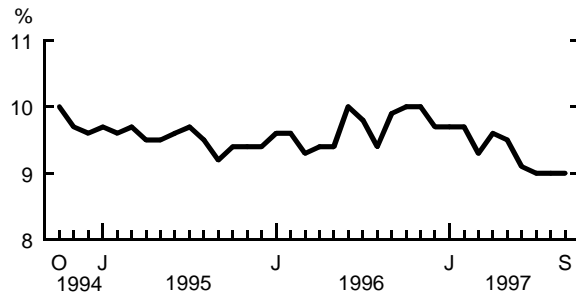
The Composite Index grew by 0.8% in September.

Consumer Price Index



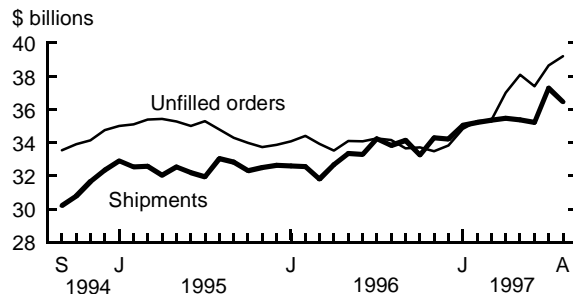
Consumers paid 1.8% more for goods and services in August 1997 than the year before. Food prices rose by 1.7%.

Unemployment rate



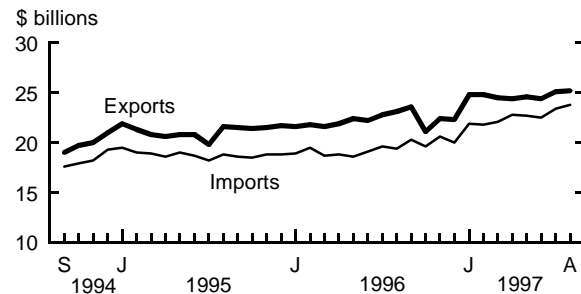
In September, the unemployment remained at 9.0% for the third consecutive month.

Manufacturing



Manufacturers' shipments declined 2.3% in August to \$36.5 billion. The level of unfilled orders increased 1.3% to \$39.2 billion.

Merchandise trade



In August, the value of merchandise exports rose 0.4% from July to \$25.2 billion. Imports increased 1.6% to \$23.8 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, 1986)	July	575.4	0.8%	4.4%
Composite Index (1981=100)	September*	199.8	0.8%	10.6%
Operating profits of enterprises (\$ billion)	Q2 1997	26.5	0.5%	13.9%
Capacity utilization (%)	Q2 1997	84.8	0.9†	2.8†
DOMESTIC DEMAND				
Retail trade (\$ billion)	August*	19.5	- 0.1%	7.9%
New motor vehicle sales (thousand of units)	August	120.9	2.8%	21.1%
LABOUR				
Employment (millions)	September	14.0	0.1%	2.7%
Unemployment rate (%)	September	9.0	0.0†	- 1.0†
Participation rate (%)	September	64.9	0.0†	0.1†
Labour income (\$ billion)	June	37.32	0.1%	3.9%
Average weekly earnings (\$)	July	603.69	0.9%	2.6%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	August*	25.2	0.4%	4.0%
Merchandise imports (\$ billion)	August*	23.8	1.6%	19.4%
Merchandise trade balance (all figures in \$ billion)	August*	1.4	- 0.3	- 2.9
MANUFACTURING				
Shipments (\$ billion)	August*	36.5	- 2.3%	6.6%
New orders (\$ billion)	August*	37.0	- 2.4%	7.8%
Unfilled orders (\$ billion)	August*	39.2	1.3%	13.8%
Inventory/shipments ratio	August*	1.29	0.05	- 0.03
PRICES				
Consumer Price Index (1986=100)	August	135.7	0.1%	1.8%
Industrial Product Price Index (1986=100)	August	130.8	0.7%	0.9%
Raw Materials Price Index (1986=100)	August	133.3	- 0.1%	- 2.8%
New Housing Price Index (1986=100)	August	132.9	0.0%	1.1%

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

* new this week

† percentage point

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Publications released from October 17 to 23, 1997

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription	
			Canada (C\$)	Outside Canada (US\$)
AGRICULTURE				
Food consumption in Canada, Part II	1996	32-230-XPB	33	33
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS				
Touriscope, international travel: Advance information, Vol. 13, no. 8		66-001-PPB	8/73	8/73
INDUSTRY MEASURES AND ANALYSIS				
Gross domestic product by industry	July 1997	15-001-XPB	15/145	15/145
INVESTMENT AND CAPITAL STOCK				
Building permits:	August 1997			
microfiche version		64-001-XMB	25/140	25/140
paper version		64-001-XPB	25/248	25/248
LABOUR				
Employment, earnings and hours	July 1997	72-002-XPB	32/320	32/320
MANUFACTURING, CONSTRUCTION AND ENERGY				
Construction type plywood	August 1997	35-001-XPB	7/62	7/62
Monthly Survey of Manufacturing	August 1997	31-001-XPB	20/196	20/196
Oil pipeline transport	July 1997	55-001-XPB	12/114	12/114
Oils and fats	August 1997	32-006-XPB	7/62	7/62
Particleboard, oriented strandboard and fibreboard	August 1997	36-003-XPB	7/62	7/62
Primary iron and steel	August 1997	41-001-XPB	7/62	7/62
Pulpwood and wood residue statistics	August 1997	25-001-XPB	8/73	8/73
Refined petroleum products	July 1997	45-004-XPB	21/206	21/206
Sawmills and planing mills	August 1997	35-003-XPB	12/114	12/114
NATIONAL ACCOUNTS AND ENVIRONMENT				
National economic and financial accounts:	Q2 1997			
diskette		13-001-XDB	100	100
paper version		13-001-XPB	44/145	44/145
PRICES				
Consumer Price Index	September 1997	62-001-XPB	11/103	11/103
Industry price indexes	August 1997	62-011-XPB	22/217	22/217
SCIENCE AND TECHNOLOGY REDESIGN PROJECT				
Service bulletin: Communications, Telephone statistics Vol. 27, no. 3	1996	56-001-XPB	13/42	13/42
TRANSPORTATION				
Railway carloadings	August 1997	52-001-XPB	11/103	11/103

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