



# The Daily

Statistics Canada

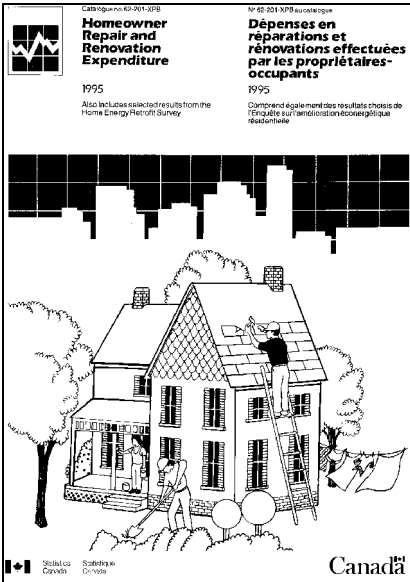
Friday, February 28, 1997

For release at 8:30 a.m.

## MAJOR RELEASES

- **National economic and financial accounts, fourth quarter 1996** 3  
Despite a sudden drop in exports, real gross domestic product at market prices grew 0.7% in the fourth quarter of 1996, in response to an upsurge in domestic demand.
- **Canada's balance of international payments, fourth quarter 1996** 12  
After surpluses in the two previous quarters, Canada shifted to a current account deficit of \$1.7 billion on a seasonally adjusted basis in the fourth quarter. In other words, Canada spent more than it earned on goods, services, investment income and transfers from abroad. This shift was the first major break in a three-year trend of narrower current account balances.

*(continued on following page)*



**Homeowner Repair and Renovation Expenditure**  
1995  
Also includes selected results from the Home Energy Retrofit Survey

**Dépenses en réparations et rénovations effectuées par les propriétaires-occupants**  
1995  
Comprend également des résultats choisis de l'Enquête sur les rénovations énergétiques résidentielles

Statistics Canada / Statistique Canada

### Homeowner repair and renovation expenditure 1995

*Homeowner repair and renovation expenditure, 1995* looks at the \$12.0 billion worth of repairs and renovations done by homeowners in 1995. This includes repairs and maintenance, additions, renovations, and replacement and installation of equipment and fixtures. These expenditures averaged \$1,660 per homeowner-household in 1995, a 7.7% decline from 1994.

Data cover the 10 provinces and are tabulated by province, size of area of residence, type of dwelling, age of household head, household income, period of construction, and year that the homeowner moved to the dwelling.

The publication also includes selected results from the Home Energy Retrofit Survey, which was implemented to measure energy retrofit activities in homes.

*Homeowner repair and renovation expenditure, 1995* (62-201-XPB, \$30) is now available. See *How to order publications*. Data presented in tables 1 to 6 of this publication were released in *The Daily* on June 17, 1996.

For further information on this release, contact the Dissemination Unit (613-951-4633; fax: 613-951-3012; Internet: [expenditures@statcan.ca](mailto:expenditures@statcan.ca)), Family Expenditure Surveys Section, Household Surveys Division.



- **Real gross domestic product at factor cost by industry, December 1996** 17  
After growing steadily since March, economic activity eased in December when gross domestic product at factor cost slipped 0.2%.
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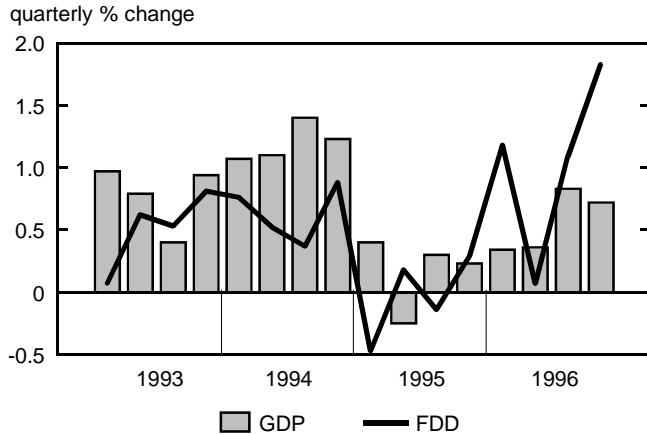
## MAJOR RELEASES

### National economic and financial accounts

Fourth quarter 1996

Despite a sudden drop in exports, real gross domestic product (GDP) at market prices grew 0.7% in the fourth quarter of 1996, in response to an upsurge in domestic demand. This was the second consecutive quarter of relatively strong growth after six weak quarters, bringing the real GDP to 2.3% above the fourth-quarter level of 1995.

GDP and final domestic demand at 1986 prices



### GDP at 1986 prices<sup>1</sup>

	% change	Annualized % change	Year-over-year % change
First quarter 1996	0.3	1.4	0.6
Second quarter 1996	0.4	1.4	1.2
Third quarter 1996	0.8	3.3	1.8
Fourth quarter 1996	0.7	2.9	2.3
1996	1.5	...	1.5

<sup>1</sup> The change is the growth rate from one period to the next. The annualized change is the quarterly growth rate compounded to an annual rate. The year-over-year change is the growth rate of a given quarter compared with the same quarter in the previous year.  
 ... Not applicable.

Domestic demand grew 1.8% — the largest gain since the third quarter of 1987 — while exports tumbled. Demand was strong for consumer goods

and services, residential construction, machinery and equipment and merchandise imports. Government expenditure continued to decline.

The increase in production also resulted in inventory accumulation. The \$5.4 billion build-up in business non-farm inventories marked a reversal from the liquidation observed in the first three quarters.

Merchandise exports fell 3.4% in real terms, bringing the merchandise trade balance to a deficit of \$3.4 billion from a surplus of more than \$10 billion in each of the last five quarters as a whole.

The quarterly rate of inflation for goods and services produced in Canada, measured by the chain price index, was 0.3%. For the entire year, the rate was 1.6% compared with 2.0% in 1995.

Labour income rose 1.6%, the strongest increase since the second quarter of 1989. Corporation profits before taxes grew 4.5%, while investment income remained flat and farm income declined sharply. The gains in profits were concentrated in the petroleum and gas industry and in the financial sector. Profits declined in wood and paper, electronic equipment and computer services, consumer goods and services as well as non-ferrous metal and primary metal products. Among financial corporations, banks recorded healthy profits.

The firming of domestic demand translated into increased financing activity in the quarter. Mortgage borrowing rose, in line with the strength in the resale home market and the steady decline in mortgage rates. Borrowing to finance consumer spending was also higher. Buoyed by stock prices, corporations turned increasingly to share issues as a source of funds.

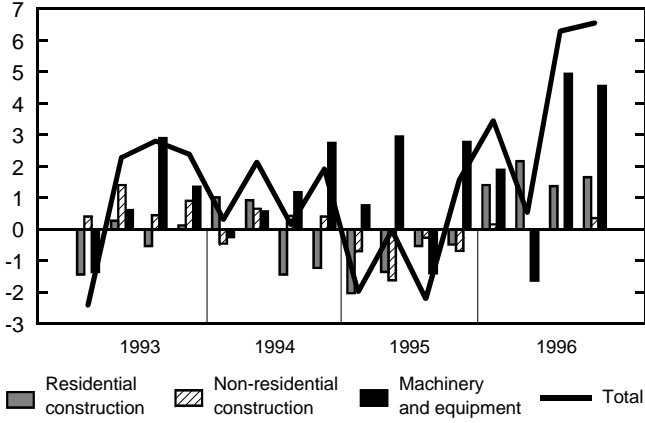
### Business investment in machinery and equipment remained strong

Business investment in machinery and equipment increased 6.9%, following an 8.1% jump in the third quarter, and is now 16.1% above the fourth quarter level of 1995. Advances were widespread, with the highest increases being recorded for transportation equipment and office machines.

Investment in non-residential construction grew 1.4%, but this was only the second quarter of growth in the past two years. Building construction was down, while engineering construction was up.

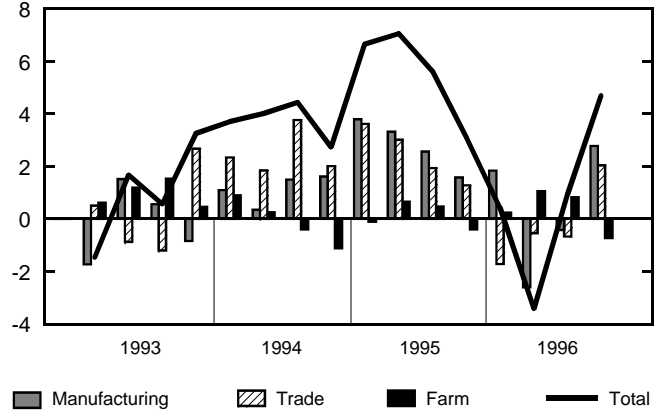
**Business investment**

quarterly change, 1986 \$ billions



**Business investment in inventories**

1986 \$ billions



**Activity in housing market still on the increase**

After three quarters of strong growth, investment in residential construction increased a further 5.3%. Unlike preceding quarters, however, the strength mostly reflected higher real estate commissions on sales of existing homes, which surged in every province. Investment in alterations and improvements slowed markedly, while new residential construction levelled off.

**Business reverted to inventory accumulation**

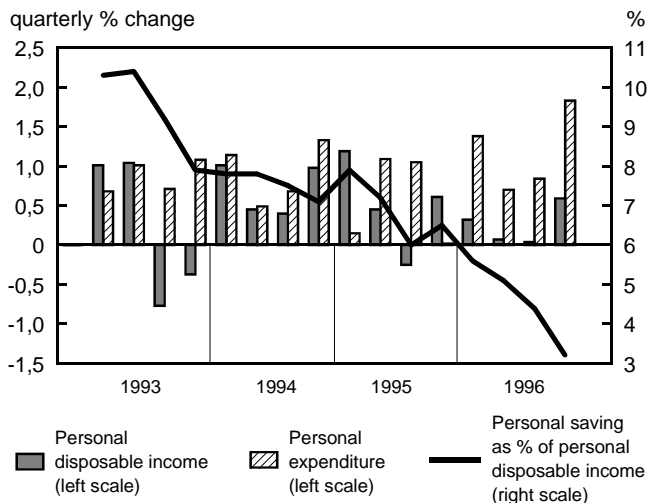
Manufacturing, wholesale and retail trade all accumulated inventories during the quarter. The \$2.8 billion build-up in manufacturing industries, mostly in the form of finished goods, was concentrated in electrical and electronic products, transportation equipment other than vehicles, wood, motor vehicle parts and machinery. In retail trade, the accumulation of \$1.1 billion was mainly in motor vehicles while in wholesale trade, the accumulation in machinery and equipment was partially offset by the reduction in non-durable goods.

**Consumer spending up, saving rate down**

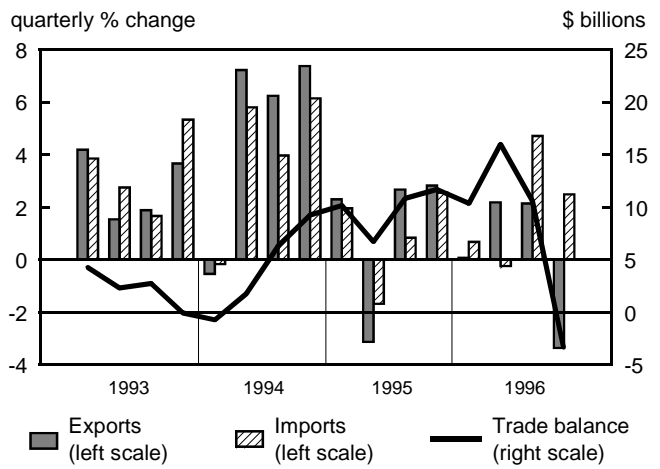
Consumers took advantage of low interest rates to buy new motor vehicles, furniture, appliances and other durable goods. Overall, spending on durable goods jumped 4.1% and led the 1.4% advance in consumer spending. New motor vehicles increased by 11.4%, the largest quarterly gain in more than five years. There were other notable increases in financial services, travel abroad and natural gas, the latter due to a very cold winter in the western provinces.

As personal spending at current prices rose faster than personal income, the personal saving rate tumbled further to 3.2%. Despite the 1.6% increase in labour income, personal disposable income increased by only 0.6%, as other sources of income levelled off and income taxes remained high. The continued fall in interest rates led to a further drop in investment income. Net farm income plummeted to \$0.8 billion from \$3.0 billion in the third quarter, mainly as a result of the sharp decline in several agricultural prices. Transfers from government were also lower as a result of changes to employment insurance legislation.

**Personal expenditure, disposable income and saving rate**



**Merchandise trade at 1986 prices**



**Merchandise exports dropped sharply**

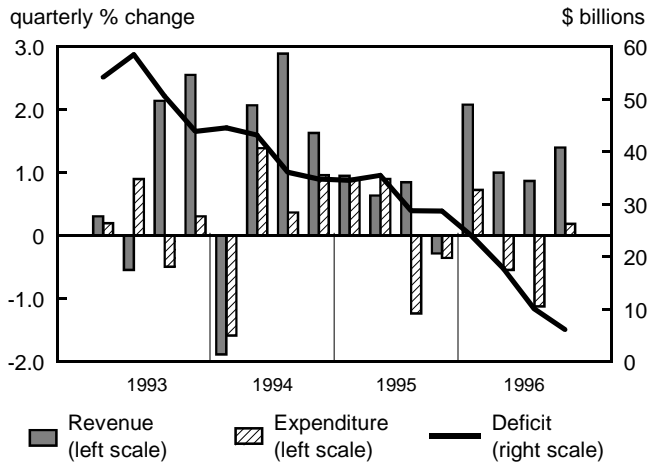
Most of the weakness in merchandise exports can be attributed to a strike in the motor vehicle industry early in the quarter. Exports of motor vehicles (-17.2%) and motor vehicle parts (-9.3%) declined, in line with a drop in sales and production in the United States. Exports of office machines and equipment also fell, continuing a trend that started early in the year. Exports of services increased 3.8%.

The 2.5% increase in merchandise imports was concentrated in computers, other machinery and equipment as well as aircraft, which grew a phenomenal 47.6%. Imports of services declined.

**The reduction in government deficit continued**

The increase in total government revenues exceeded the rise in total expenditure by \$4 billion and, as a result, the deficit on a national accounts basis shrank to \$6.1 billion. However, with the transfer of \$3.8 billion at annual rate (the actual amount was \$961 million) from the federal government to some provinces under the agreement on sales tax harmonization, the federal deficit was reduced only marginally, while the provinces registered a surplus. Half of the \$4.8 billion increase in revenues came from corporate direct taxes. Spending on goods and services was flat while transfers to persons and interest on the public debt declined.

**Government deficit, revenue and expenditure**



**1996 in review**

Real GDP grew 1.5% in 1996 compared to 2.3 % in 1995. While growth was relatively weak throughout 1995 and the first two quarters of 1996, economic activity picked up significantly in the second half of 1996. The sources of strength were equally balanced between domestic and foreign demand. There were notable increases in investment in machinery and equipment (+11.0%) construction (+11.5%) and, to a lesser extent, personal expenditure (+2.4%). Government expenditure (-1.8%) and non-residential construction (-3.2%) declined. The 4.6% increase in merchandise exports was widespread throughout the sector, while the 5.5% rise in merchandise imports was concentrated in office machines and equipment.

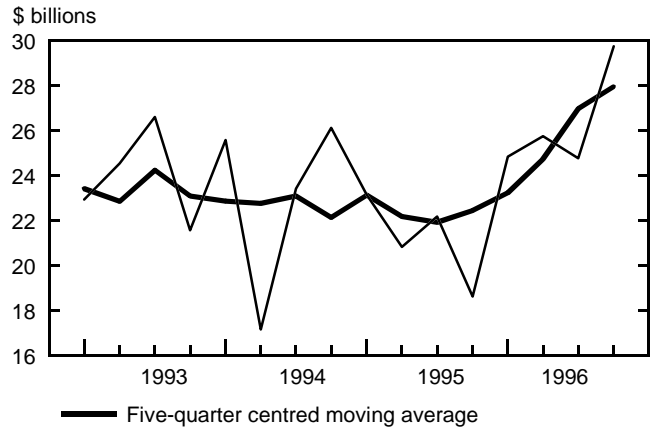
On the income side, total remuneration paid by businesses increased markedly (+4.6%) while that paid by governments, including military pay, declined (-2.2%), reflecting sustained government efforts at deficit reduction. This translated into an overall rise of 2.8% in labour income. Profits rose for a fifth consecutive year, but the increase was marginal (+0.2%), much less than the double-digit growth posted from 1993 to 1995. Interest and miscellaneous investment income fell, largely due to the decline in interest rates.

Personal income increased 2.0% and personal income taxes grew by 7.1%. As a result, disposable income grew by only 1.0%. Since personal expenditure rose by 3.6% at current prices, the personal saving rate, at 6.9% in 1995, fell to 4.6%, the lowest since 1961.

The overall demand for funds was lower than in 1995, largely due to the substantial drop in government

borrowing. If not for this drop, borrowing and equity issues generally reflected the strength in domestic demand. Mortgage borrowing recovered somewhat from 1995, as mortgage rates continued to decline throughout the year. Demand by investors pushed up stock prices and the amount issued in equity doubled.

**Household borrowing**

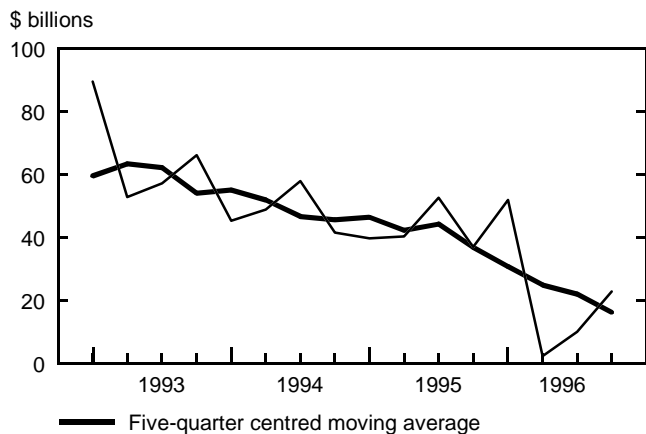


The personal sector increased borrowing, mostly in the form of mortgages. The rise in mortgage debt steadily pushed up the ratio of household debt to after-tax income, which reached 96.7% by year-end.

Stock market activity helped corporations further restructure their balance sheets. Share issues accounted for the bulk of funds raised by corporations for capital spending and other transactions, with the result that the debt-to-equity ratio continued to decline.

Governments considerably curtailed their borrowing, as they cut their deficits by more than half between 1995 and 1996. Federal borrowing fell by 57% and other governments' borrowing, by 36%. Funds raised by the federal government were mainly in the form of medium-term bonds.

**Total government borrowing**



**6709-6716, 6718, 6720-6722, 6724-6727, 6729-6736, 6738, 6740, 6828-6839, 7404-7408 and 7433-7434.**

The fourth quarter 1996 issue of *National economic and financial accounts, quarterly estimates* (13-001-XPB, \$42/\$140) will be available shortly. See *How to order publications*.

Detailed printed tables of unadjusted and seasonally adjusted quarterly national accounts and financial flows statistics, plus supplementary analytical tables and charts, are available immediately. On release day at 8:30 a.m., the complete quarterly national accounts and financial flow data sets can be obtained on microcomputer diskette. The diskettes can also be purchased at a lower cost seven days after the official release date. To purchase any of these products, call the client services officer, National Accounts and Environment Division at (613-951-3640).

For further information on this release, contact the information officer (613-951-3640), National Accounts and Environment Division. □

**Available on CANSIM: matrices 701-726, 728-744, 748-750, 1791, 1792, 6701, 6702, 6704-6707,**

**Gross domestic product, income-based**

	1993	1994	1995	1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	Third quarter 1996 to fourth quarter 1996
seasonally adjusted at annual rates								
	\$ millions							%
								change at quar- terly rates
Wages, salaries and supplementary labour income <sup>1</sup>	398,163	409,085	422,110	434,019	431,848	434,248	441,228	1.6
Corporation profits before taxes	42,135	56,611	64,015	64,121	60,200	66,688	69,696	4.5
Interest and miscellaneous investment income	53,530	56,637	57,934	55,769	55,504	56,380	56,432	0.1
Accrued net income of farm operators from farm production	2,544	1,642	1,930	2,925	3,840	3,532	1,816	-48.6
Net income of non-farm unincorporated busi- ness, including rent	39,958	40,874	41,529	42,969	42,808	43,164	43,784	1.4
Inventory valuation adjustment <sup>2</sup>	-2,778	-5,316	-3,473	-1,221	-1,572	-2,964	-1,208	1,756
Net domestic income at factor cost	533,552	559,533	584,045	598,582	592,628	601,048	611,748	1.8
Indirect taxes less subsidies	88,731	92,492	95,113	98,386	97,564	98,940	99,232	0.3
Capital consumption allowances	87,904	92,925	96,234	100,726	100,172	101,312	102,524	1.2
Statistical discrepancy <sup>2</sup>	2,668	2,310	907	95	872	808	-576	-1,384
<b>Gross domestic product at market prices</b>	<b>712,855</b>	<b>747,260</b>	<b>776,299</b>	<b>797,789</b>	<b>791,236</b>	<b>802,108</b>	<b>812,928</b>	<b>1.3</b>

<sup>1</sup> Includes military pay and allowances.

<sup>2</sup> The change column reflects actual change in millions of dollars for these items.



Gross domestic product, expenditure-based

	1993	1994	1995	1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	Third quarter 1996 to fourth quarter 1996
seasonally adjusted at annual rates								
\$ millions at current prices								
								% change at quar- terly rates
Personal expenditure on consumer goods and services	436,542	452,444	465,970	482,951	479,556	483,604	492,444	1.8
Durable goods	56,376	60,577	62,384	64,871	63,644	64,896	67,792	4.5
Semi-durable goods	39,143	41,555	42,489	42,903	42,648	43,036	43,472	1.0
Non-durable goods	114,364	115,152	117,458	121,281	121,352	120,800	123,132	1.9
Services	226,659	235,160	243,639	253,896	251,912	254,872	258,048	1.2
Government current expenditure on goods and services	152,158	150,593	150,834	148,548	149,280	147,900	147,976	0.1
Government investment in fixed capital	15,816	17,067	17,788	16,761	16,832	16,308	16,288	-0.1
Government investment in inventories <sup>1</sup>	-4	-1	30	-2	56	-164	144	308
Business investment in fixed capital	113,068	121,051	116,553	123,210	119,436	124,708	130,796	4.9
Residential construction	43,081	44,762	37,988	42,693	41,776	43,852	46,456	5.9
Non-residential construction	30,162	32,962	32,213	31,635	31,600	31,648	32,040	1.2
Machinery and equipment	39,825	43,327	46,352	48,882	46,060	49,208	52,300	6.3
Business investment in inventories <sup>1</sup>	1,107	3,994	6,996	1,237	-3,552	1,816	5,700	3,884
Non-farm <sup>1</sup>	-146	4,144	6,720	776	-4,696	476	6,692	6,216
Farm and grain in commercial channels <sup>1</sup>	1,253	-150	276	461	1,144	1,340	-992	-2,332
Exports of goods and services	209,370	250,877	290,325	306,534	304,208	315,156	307,688	-2.4
Merchandise	181,251	217,936	253,821	267,551	265,868	275,988	267,180	-3.2
Non-merchandise	28,119	32,941	36,504	38,983	38,340	39,168	40,508	3.4
Deduct: Imports of goods and services	212,534	246,455	271,291	281,356	273,708	286,412	288,688	0.8
Merchandise	171,929	203,001	225,431	233,025	226,236	237,148	240,424	1.4
Non-merchandise	40,605	43,454	45,860	48,331	47,472	49,264	48,264	-2.0
Statistical discrepancy <sup>1</sup>	-2,668	-2,310	-906	-94	-872	-808	580	1,388
<b>Gross domestic product at market prices</b>	<b>712,855</b>	<b>747,260</b>	<b>776,299</b>	<b>797,789</b>	<b>791,236</b>	<b>802,108</b>	<b>812,928</b>	<b>1.3</b>
Final domestic demand	717,584	741,155	751,145	771,470	765,104	772,520	787,504	1.9
\$ millions at 1986 prices								
Personal expenditure on consumer goods and services	342,858	352,913	357,827	366,446	364,428	366,224	371,236	1.4
Durable goods	49,465	51,883	52,520	54,063	53,132	53,956	56,148	4.1
Semi-durable goods	30,419	32,153	32,768	32,977	32,920	32,956	33,196	0.7
Non-durable goods	88,898	91,441	92,154	93,646	93,536	93,384	93,980	0.6
Services	174,076	177,436	180,385	185,760	184,840	185,928	187,912	1.1
Government current expenditure on goods and services	118,660	116,592	115,732	113,699	114,408	113,288	112,872	-0.4
Government investment in fixed capital	16,334	17,376	17,852	17,357	17,256	16,972	17,156	1.1
Government investment in inventories <sup>1</sup>	-3	-	26	-2	48	-140	120	260
Business investment in fixed capital	105,761	111,969	111,305	120,008	115,360	121,652	128,188	5.4
Residential construction	31,517	32,089	27,240	30,381	29,828	31,192	32,840	5.3
Non-residential construction	25,861	27,443	25,895	25,077	24,988	24,988	25,340	1.4
Machinery and equipment	48,383	52,437	58,170	64,550	60,544	65,472	70,008	6.9
Business investment in inventories <sup>1</sup>	1,009	3,729	5,609	664	-3,420	948	4,712	3,764
Non-farm <sup>1</sup>	58	3,822	5,449	317	-4,484	128	5,444	5,316
Farm and grain in commercial channels <sup>1</sup>	951	-93	160	347	1,064	820	-732	-1,552
Exports of goods and services	198,093	227,120	254,269	265,726	266,044	271,608	264,492	-2.6
Merchandise	176,016	201,959	227,129	237,565	238,332	243,432	235,252	-3.4
Non-merchandise	22,077	25,161	27,140	28,161	27,712	28,176	29,240	3.8
Deduct: Imports of goods and services	208,856	232,871	253,082	266,043	258,768	270,172	275,024	1.8
Merchandise	173,703	197,804	217,275	229,167	222,344	232,824	238,620	2.5
Non-merchandise	35,153	35,067	35,807	36,876	36,424	37,348	36,404	-2.5
Statistical discrepancy <sup>1</sup>	-2,134	-1,838	-703	-60	-664	-612	456	1,068
<b>Gross domestic product at market prices</b>	<b>571,722</b>	<b>594,990</b>	<b>608,835</b>	<b>617,795</b>	<b>614,692</b>	<b>619,768</b>	<b>624,208</b>	<b>0.7</b>
Final domestic demand	583,613	598,850	602,716	617,510	611,452	618,136	629,452	1.8

<sup>1</sup> The change column reflects actual change in millions of dollars for these items.

- Nil or zero.

National accounts price and volume indexes

	1993	1994	1995	1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	Third quarter 1996 to fourth quarter 1996
using seasonally adjusted data								
implicit price indexes (1986=100)								%
								change at quar- terly rates
Personal expenditure on consumer goods and services	127.3	128.2	130.2	131.8	131.6	132.1	132.6	0.4
Government current expenditure on goods and services	128.2	129.2	130.3	130.7	130.5	130.6	131.1	0.4
Government investment in fixed capital	96.8	98.2	99.6	96.6	97.5	96.1	94.9	-1.2
Business investment in fixed capital	106.9	108.1	104.7	102.7	103.5	102.5	102.0	-0.5
Exports of goods and services	105.7	110.5	114.2	115.4	114.3	116.0	116.3	0.3
Imports of goods and services	101.8	105.8	107.2	105.8	105.8	106.0	105.0	-0.9
<b>Gross domestic product</b>	<b>124.7</b>	<b>125.6</b>	<b>127.5</b>	<b>129.1</b>	<b>128.7</b>	<b>129.4</b>	<b>130.2</b>	<b>0.6</b>
Final domestic demand	123.0	123.8	124.6	124.9	125.1	125.0	125.1	0.1
chain price indexes (1986=100)								
Personal expenditure on consumer goods and services	128.5	129.5	131.6	133.4	133.1	133.6	134.3	0.5
Government current expenditure on goods and services	128.7	129.5	130.8	131.3	131.1	131.2	131.7	0.4
Government investment in fixed capital	106.9	108.7	111.8	113.4	112.3	113.6	113.1	-0.4
Business investment in fixed capital	115.2	118.4	120.4	121.3	121.2	121.5	121.2	-0.2
Exports of goods and services	112.0	117.6	123.7	126.0	124.6	125.3	124.8	-0.4
Imports of goods and services	108.4	115.2	119.4	119.9	119.0	119.7	119.1	-0.5
<b>Gross domestic product (excluding inventories)</b>	<b>126.1</b>	<b>127.1</b>	<b>129.6</b>	<b>131.7</b>	<b>131.9</b>	<b>132.4</b>	<b>132.8</b>	<b>0.3</b>
Final domestic demand	125.2	126.6	128.5	129.9	130.0	130.4	130.8	0.3
chain volume indexes (1986=100)								
Personal expenditure on consumer goods and services	114.8	118.1	119.7	122.5	121.6	122.2	123.8	1.3
Government current expenditure on goods and services	117.9	115.9	114.9	112.6	113.3	112.3	111.9	-0.4
Government investment in fixed capital	120.1	127.2	128.9	120.8	120.3	115.9	115.6	-0.3
Business investment in fixed capital	110.4	115.0	109.4	114.8	110.1	114.7	120.5	5.1
Exports of goods and services	141.3	160.3	177.0	184.6	184.7	190.7	186.9	-2.0
Imports of goods and services	150.8	165.1	176.8	182.5	178.5	186.0	188.3	1.2
<b>Gross domestic product at market prices</b>	<b>112.3</b>	<b>116.7</b>	<b>118.6</b>	<b>120.2</b>	<b>120.7</b>	<b>122.0</b>	<b>123.3</b>	<b>1.1</b>
Final domestic demand	114.8	117.3	117.1	119.0	118.1	118.9	120.8	1.6

Financial market summary table

	1993	1994	1995	1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	Third quarter 1996 to fourth quarter 1996
seasonally adjusted at annual rates								
	\$ millions							actual change
<b>Persons and unincorporated business</b>	<b>23,910</b>	<b>23,064</b>	<b>21,191</b>	<b>26,273</b>	<b>25,748</b>	<b>24,756</b>	<b>29,748</b>	<b>4,992</b>
Funds raised								
Consumer credit	5,147	7,683	6,299	6,675	6,116	6,392	7,224	832
Bank loans	1,218	232	943	330	692	508	-1,760	-2,268
Other loans	611	-471	877	2,360	2,736	1,776	3,636	1,860
Mortgages	16,837	15,540	13,157	17,017	16,344	16,128	20,640	4,512
Bonds	97	80	-85	-109	-140	-48	8	56
<b>Non-financial private corporations</b>	<b>28,269</b>	<b>34,617</b>	<b>26,572</b>	<b>32,220</b>	<b>21,376</b>	<b>31,860</b>	<b>36,108</b>	<b>4,248</b>
Funds raised								
Bank loans	-999	5,957	1,980	-839	-10,304	8,972	-6,596	-15,568
Other loans	-157	4,466	2,072	2,128	4,888	6,756	-3,576	-10,332
Other short-term paper	4,365	1,015	2,041	2,769	-1,348	-3,100	10,840	13,940
Mortgages	3,676	-443	-1,707	376	2,304	-2,600	3,508	6,108
Bonds	6,398	6,658	11,727	6,642	3,512	2,544	7,840	5,296
Shares	14,986	16,964	10,459	21,144	22,324	19,288	24,092	4,804
<b>Non-financial government enterprises</b>	<b>-476</b>	<b>1,943</b>	<b>-942</b>	<b>-2,115</b>	<b>556</b>	<b>-1,308</b>	<b>-4,436</b>	<b>-3,128</b>
Funds raised								
Bank loans	-881	830	-771	-911	-20	280	-156	-436
Other loans	-556	423	-249	47	-1,584	1,160	-572	-1,732
Other short-term paper	956	-1,326	-63	944	2,700	728	-3,720	-4,448
Mortgages	-2	-34	-22	-18	-20	-16	-20	-4
Bonds	8	2,186	-866	-2,177	-1,248	-3,244	732	3,976
Shares	-1	-136	1,029	-	728	-216	-700	-484
<b>Federal government</b>	<b>34,837</b>	<b>26,206</b>	<b>24,827</b>	<b>10,570</b>	<b>-2,204</b>	<b>1,256</b>	<b>9,984</b>	<b>8,728</b>
Funds raised								
Other loans	-4	-2	-1	-	-	-	-	-
Canada short-term paper	12,864	-8,017	-892	-20,777	-36,140	-17,832	-45,872	-28,040
Canada Saving Bonds	-3,260	889	-1,152	2,031	1,920	1,428	2,880	1,452
Marketable bonds	25,237	33,336	26,872	29,316	32,016	17,660	52,976	35,316
<b>Other levels of government</b>	<b>31,592</b>	<b>22,236</b>	<b>17,606</b>	<b>11,264</b>	<b>4,600</b>	<b>8,852</b>	<b>12,900</b>	<b>4,048</b>
Funds raised								
Bank loans	-130	381	41	-99	100	-204	-96	108
Other loans	895	819	1,006	753	576	784	952	168
Other short-term paper	799	-1,318	-2,127	-1,283	-80	1,836	-6,320	-8,156
Mortgages	-	-	-	-	-	-	-	-
Provincial bonds	28,162	21,317	18,174	11,478	3,772	5,444	18,264	12,820
Municipal bonds	1,864	1,060	518	420	240	988	100	-888
Other bonds	2	-23	-6	-5	-8	4	-	-4
<b>Total funds raised by domestic non-financial sectors</b>	<b>118,132</b>	<b>108,066</b>	<b>89,254</b>	<b>78,212</b>	<b>50,076</b>	<b>65,416</b>	<b>84,304</b>	<b>18,888</b>
Consumer credit	5,147	7,683	6,299	6,675	6,116	6,392	7,224	832
Bank loans	-792	7,400	2,193	-1,519	-9,532	9,556	-8,608	-18,164
Other loans	789	5,235	3,705	5,288	6,616	10,476	440	-10,036
Canada short-term paper	12,864	-8,017	-892	-20,777	-36,140	-17,832	-45,872	-28,040
Other short-term paper	6,120	-1,629	-149	2,430	1,272	-536	800	1,336
Mortgages	20,511	15,063	11,428	17,375	18,628	13,512	24,128	10,616
Bonds	58,508	65,503	55,182	47,596	40,064	24,776	82,800	58,024
Shares	14,985	16,828	11,488	21,144	23,052	19,072	23,392	4,320

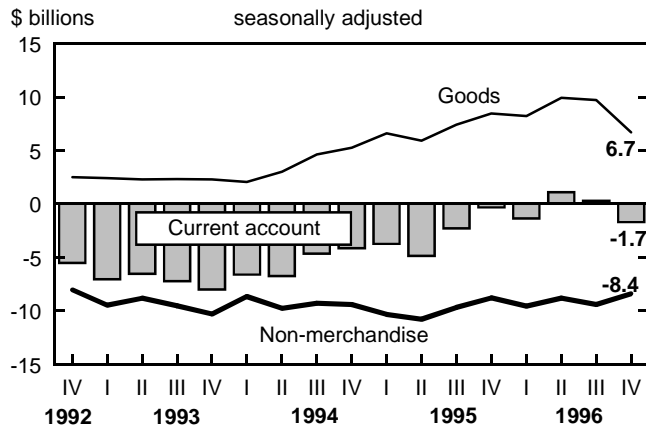
- Nil or zero.

## Canada's balance of international payments

Fourth quarter 1996

After surpluses in the two previous quarters, Canada shifted to a current account deficit of \$1.7 billion on a seasonally adjusted basis in the fourth quarter. In other words, Canada spent more than it earned on goods, services, investment income and transfers from abroad. This shift was the first major break in a three-year trend of narrower current account balances. Lower exports and higher imports in the fourth quarter reduced Canada's goods surplus to its lowest level in a year and a half. The deficit on non-merchandise transactions edged down.

Current account and quarterly balances



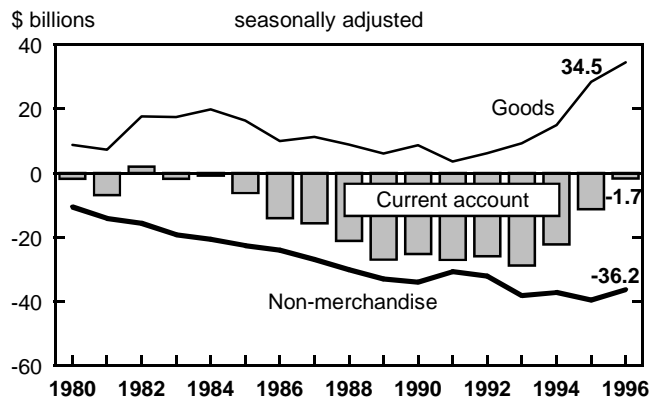
From a net exporter of capital during the previous two quarters, Canada became again a net importer of capital in the fourth quarter. Non-residents sharply increased investment in Canadian bonds and deposits at Canadian banks. At the same time, Canadian investors channelled a record amount into foreign stocks, notably in the United States.

### Note to readers

Merchandise exports differ from those published in the February 19 The Daily following an upward revision of \$0.4 billion for the fourth quarter of 1996.

With the upcoming release of first quarter 1997 results, balance of payments data will be both revised historically and restated according to new International Monetary Fund's reporting standards. Corresponding changes appearing in other System of National Account statistics will be published with the third quarter 1997 release for those series.

Current account and annual balances



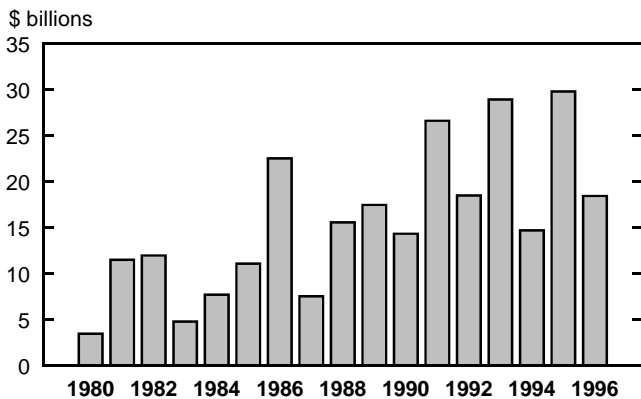
### Trade surplus on goods drops below record level

Canadian corporations saw their surplus on goods move below the record of the previous two quarters, to finish the fourth quarter at \$6.7 billion. Behind this decline was a marked drop in exports while imports continued to advance, though at a moderate rate. The decline in exports was led by auto products (reflecting a strike within that industry in Canada), but it also embraced most industrial materials and forest products. Imports of machinery and equipment, industrial materials and energy products increased.

### Sharp increase of foreign investment in Canadian bonds

Non-residents channelled \$10.7 billion into Canadian bonds, their third largest quarterly investment ever in that market. They purchased existing issues of federal bonds denominated in Canadian dollars and new bond issues of provinces and corporations denominated in foreign currencies.

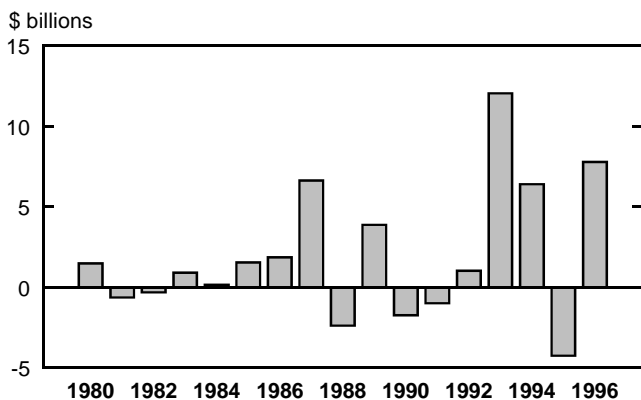
**Foreign investment in Canadian bonds**



**Record Canadian investment in foreign stocks**

Canadian residents bought a record \$5.7 billion of foreign stocks, of which \$3.7 billion was in U.S. stocks. This resumed a trend of large net investments in foreign stocks since 1991.

**Foreign investment in Canadian stocks**



**1996 in review**

Buoyed by a record merchandise trade surplus, Canada's current account deficit declined for a third consecutive year. The \$1.7 billion deficit in 1996 was by far the lowest level since 1984. The deficit on non-merchandise transactions also declined sharply from its record level of 1995.

The capital account shows that foreigners continued to invest both in portfolio Canadian bonds and through direct investment, but less than the record levels of the previous year. They also channelled their second largest investment on record into Canadian stocks, after withdrawing from that market in 1995. These inflows were largely offset by record investment by Canadians in foreign stocks and the second largest build-up on record of Canada's official reserves which rose to their highest level ever.

**The surplus on trade in goods at record level**

The surplus on trade in goods climbed to \$34.5 billion. This represented a substantial increase of \$6.1 billion from the record surplus of 1995. Both exports and imports rose in 1996. Export increases were widespread, ranging from machinery and equipment, to energy and agricultural products. The largest decline stemmed from pulp and related wood products. Increases in imports were led by higher purchases of energy products and auto products; various machinery, equipment and industrial goods also showed gains.

**Deficit on investment income declined from 1995 peak**

Following a steady increase that began in 1991 and culminated in a record \$30.6 billion during 1995, the deficit on investment income fell to \$28.0 billion in 1996. The decline was led by lower external debt payments by the various levels of governments in Canada.

**The deficit on services remained moderate**

The deficit on services remained at \$9.4 billion, compared with levels of over \$10 billion in the early 1990s. The deficit on commercial services increased slightly. The travel deficit showed a small increase after steadily narrowing since 1992. Canada continued to run a travel deficit with the United States, but increased somewhat its surplus with other countries.

**Significant foreign investment in Canadian bonds**

Foreign investors acquired a substantial \$18.4 billion of Canadian bonds, though much less than the record \$29.8 billion in 1995. Almost half of the foreign investment went into bonds issued by Canadian corporations in 1996; in the past it had moved predominantly into government bonds. These movements occurred against a background of lower Canadian rates which by the end of 1996 fell to U.S. levels in the longer term market while dropping below

the U.S. rates in the shorter term. This is a major shift from the historical pattern of higher Canadian rates.

**Foreign investors resumed purchasing Canadian stocks**

Foreign investors acquired \$7.8 billion in Canadian stocks, following a \$4.2 billion withdrawal in 1995. This second largest investment on record was led by U.S. investors. Foreign net investment in 1996 went largely into new issues, a departure from previous years when purchases were mostly of existing issues. The price of Canadian stocks reached a record level on the TSE 300, which rose 26% and surpassed the 6,000 mark for the first time.

**Foreign direct investment in Canada again substantial**

Foreign multinationals channelled a substantial \$9.1 billion of direct investment in Canada, the third

largest investment on record. Investments continued to come from a variety of countries, with the United States remaining the single largest source. Direct foreign investment also continued to be spread throughout all industries. As in 1995, foreign multinationals financed a significant portion of their investment through Canadian profits which they reinvested in their Canadian operations.

**Available on CANSIM: matrices 1364, 1370, 2325-2329, 2331-2339, 2343-2349, 2353-2355 and 2357.**

For further information on this release, contact Lucie Laliberté (613-951-9055), Balance of Payments Division. □

**Balance of international payments**

	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	1995	1996
	unadjusted						
	\$ millions						
<b>Current account</b>							
<b>Receipts</b>							
Merchandise exports	65,517	64,677	69,011	66,099	67,764	253,821	267,551
Non-merchandise							
Services	8,351	7,954	9,879	12,226	8,923	36,504	38,982
Investment income <sup>1</sup>	4,914	4,244	4,580	4,432	4,510	17,147	17,766
Of which: reinvested earnings	998	652	848	894	970	2,536	3,363
Transfers	1,039	1,385	1,365	1,323	1,188	4,462	5,260
Total non-merchandise receipts	14,304	13,583	15,824	17,981	14,621	58,113	62,009
Total receipts	79,821	78,260	84,834	84,080	82,385	311,934	329,559
<b>Payments</b>							
Merchandise imports	55,259	57,742	58,608	56,800	59,875	225,431	233,025
Non-merchandise							
Services	11,162	12,577	12,027	12,329	11,400	45,860	48,332
Investment income <sup>1</sup>	11,134	11,461	11,910	11,586	10,825	47,762	45,782
Of which: reinvested earnings	940	1,033	1,837	1,914	628	6,693	5,412
Transfers	998	1,167	944	1,008	986	4,082	4,105
Total non-merchandise payments	23,294	25,205	24,880	24,923	23,211	97,705	98,219
Total payments	78,553	82,947	83,488	81,722	83,086	323,136	331,245
<b>Balances</b>							
Merchandise	+10,257	+6,934	+10,403	+9,299	+7,889	+28,390	+34,525
Non-merchandise	-8,990	-11,622	-9,057	-6,941	-8,591	-39,591	-36,211
Total current account	+1,267	-4,688	+1,346	+2,358	-702	-11,202	-1,685
<b>Capital account<sup>2</sup></b>							
<b>Canadian claims on non-residents, net flows</b>							
Canadian direct investment abroad <sup>1</sup>	-4,692	-2,125	-1,415	-3,671	-3,072	-7,874	-10,283
Of which: reinvested earnings	-998	-652	-848	-894	-970	-2,536	-3,363
Portfolio securities							
Foreign bonds	+123	+418	+1,217	-2,146	-1,368	-917	-1,878
Foreign stocks	-2,138	-4,335	-2,936	-3,532	-5,710	-4,509	-16,513
Government of Canada assets							
Official international reserves	+1,340	-2,439	-2,369	-1,032	-1,480	-3,529	-7,320
Loans and subscriptions	-98	-103	-336	-47	-241	-661	-728
Non-bank deposits abroad	-443	+2,000	-4,835	-1,225	-2,978	-5,108	-7,038
Other claims	+844	+2,231	-1,890	+2,938	+4,683	+3,961	+7,961
Total Canadian claims, net flow	-5,063	-4,353	-12,564	-8,715	-10,167	-18,637	-35,799
<b>Canadian liabilities to non-residents, net flows</b>							
Foreign direct investment in Canada <sup>1</sup>	+6,774	+2,622	+2,947	+1,341	+2,196	+14,713	+9,107
Of which: reinvested earnings	+940	+1,033	+1,837	+1,914	+628	+6,693	+5,412
Portfolio securities							
Canadian bonds	+4,017	+336	+5,884	+1,565	+10,654	+29,801	+18,439
Canadian stocks	-320	+1,678	+4,457	+71	+1,585	-4,242	+7,791
Canadian banks' net foreign currency transactions with non-residents <sup>3</sup>	+3,667	-3,758	-3,204	+46	+8,835	-17,024	+1,918
Money market instruments:							
Government of Canada paper	-3,718	+3,576	-6,347	-646	-4,275	-2,865	-7,691
Other paper	-183	+2,751	-1,059	+91	-1,412	-544	+371
Allocation of special drawing rights	-	-	-	-	-	-	-
Other liabilities	+1,035	+1,348	+2,098	+1,781	-5,113	+5,453	+114
Total Canadian liabilities, net flow	+11,271	+8,553	+4,777	+4,249	+12,469	+25,292	+30,048
Total capital account, net flow	+6,207	+4,201	-7,787	-4,467	+2,303	+6,654	-5,751
Statistical discrepancy	-7,475	+487	+6,442	+2,109	-1,601	+4,547	+7,436

<sup>1</sup> From 1983, includes reinvested earnings accruing to direct investors.

<sup>2</sup> A minus (-) sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

<sup>3</sup> When the banks' foreign currency position (booked in Canada) with non-residents is a net asset, series is classified as part of Canadian claims on non-residents. - Nil or zero.

**Current Account**

	Fourth quarter 1995	First quarter 1996	Second quarter 1996	Third quarter 1996	Fourth quarter 1996	1995	1996
	seasonally adjusted						
	\$ millions						
<b>Receipts</b>							
Merchandise exports	64,620	65,292	66,467	68,997	66,795	253,821	267,551
Non-merchandise							
Services	9,489	9,478	9,585	9,793	10,127	36,504	38,982
Travel	2,896	2,950	3,022	2,959	3,087	10,997	12,017
Transportation	3,030	2,959	2,993	3,044	3,056	11,785	12,052
Commercial services	3,361	3,374	3,370	3,589	3,781	12,902	14,114
Government services	202	195	200	200	203	820	799
Investment income <sup>1</sup>	5,019	4,298	4,622	4,294	4,552	17,147	17,766
Interest	2,014	1,824	1,809	1,523	1,815	7,370	6,971
Dividends	2,008	1,823	1,966	1,877	1,767	7,241	7,432
Reinvested earnings	998	652	848	894	970	2,536	3,363
Transfers	1,082	1,464	1,285	1,249	1,262	4,462	5,260
Inheritances and immigrants' funds	311	392	412	339	405	1,279	1,548
Personal and institutional remittances	349	404	380	407	378	1,488	1,569
Canadian withholding tax	421	668	493	503	478	1,695	2,143
Total non-merchandise receipts	15,590	15,241	15,492	15,336	15,940	58,113	62,009
Total receipts	80,209	80,532	81,959	84,333	82,735	311,934	329,559
<b>Payments</b>							
Merchandise imports	56,160	57,073	56,559	59,287	60,106	225,431	233,025
Non-merchandise							
Services	11,753	12,081	11,867	12,317	12,066	45,860	48,332
Travel	3,597	3,912	3,663	3,841	3,815	14,028	15,231
Transportation	3,232	3,196	3,104	3,154	3,097	12,724	12,551
Commercial services	4,649	4,665	4,814	5,020	4,852	18,009	19,352
Government services	275	308	287	301	302	1,100	1,198
Investment income <sup>1</sup>	11,607	11,645	11,443	11,427	11,267	47,762	45,782
Interest	8,664	8,676	8,496	8,407	8,283	35,646	33,861
Dividends	1,183	1,729	1,599	1,557	1,623	5,423	6,508
Reinvested earnings	1,760	1,240	1,348	1,463	1,360	6,693	5,412
Transfers	1,014	1,089	1,004	1,013	999	4,082	4,105
Inheritances and emigrants' funds	98	99	101	102	101	386	402
Personal and institutional remittances	363	373	372	373	375	1,439	1,493
Official contributions	460	539	446	455	439	1,919	1,879
Foreign withholding tax	93	79	85	83	84	339	331
Total non-merchandise payments	24,375	24,816	24,314	24,757	24,332	97,705	98,219
Total payments	80,535	81,889	80,873	84,045	84,438	323,136	331,245
<b>Balances</b>							
Merchandise	+8,460	+8,219	+9,909	+9,709	+6,689	+28,390	+34,525
Non-merchandise							
Services	-2,264	-2,603	-2,282	-2,525	-1,940	-9,356	-9,350
Investment income <sup>1</sup>	-6,588	-7,347	-6,821	-7,133	-6,715	-30,615	-28,016
Transfers	+67	+374	+281	+236	+263	+380	+1,155
Total non-merchandise	-8,785	-9,575	-8,822	-9,421	-8,392	-39,591	-36,211
Total current account	-325	-1,357	+1,086	+288	-1,703	-11,202	-1,685

<sup>1</sup> From 1983, includes reinvested earnings accruing to direct investors.

**Note:** Figures may not add due to rounding.

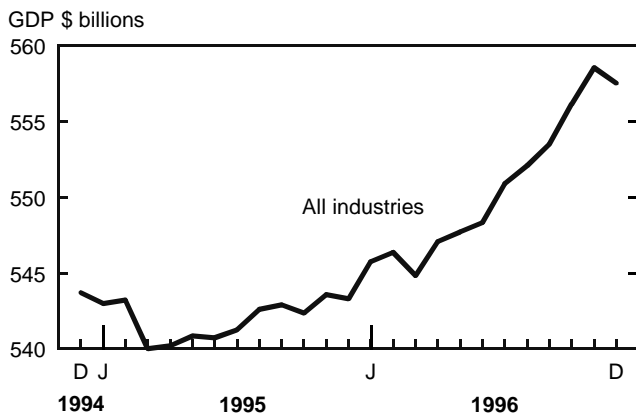


## Real gross domestic product at factor cost by industry

December 1996

After growing steadily since March, economic activity eased in December when gross domestic product at factor cost slipped 0.2%. Despite the decline, the economy grew an average of 0.2% a month during the fourth quarter, about equal to its average pace since March. Declines in manufacturing production and output of utilities were mainly responsible for the drop in December. Retail trade and transportation and storage services also fell.

**Economy slips in December**



Gains in financial and related services as well as community, business and personal services, and wholesale trade moderated the decline. Activity in construction picked up, while communication services advanced once more.

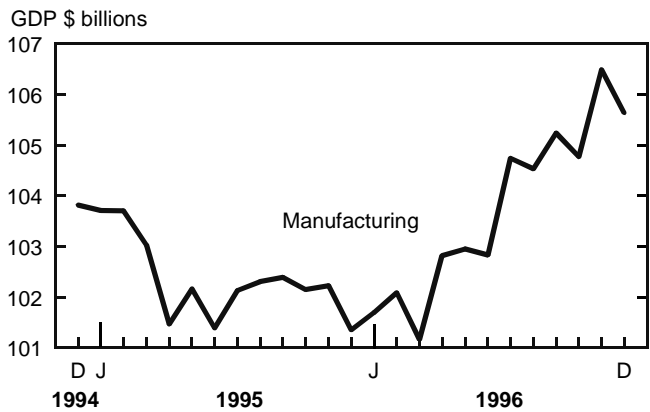
### Cutbacks in manufacturing

Manufacturing output dropped 0.8% in December as activity receded in 12 of the 21 major industry groups. Some manufacturers slowed production in December as demand for manufactured goods on export markets remained soft. Cutbacks in the fabrication of paper and related products and transportation equipment contributed most to the decline. Manufacturers of primary metals, and metallic and wood products also pared production. Production of electrical and electronic equipment, and non-metallic mineral products, as well as foodstuffs and industrial machinery all firmed up.

#### Note to readers

Gross domestic product (GDP) of an industry is the value added by labour and capital in transforming inputs purchased from other industries into output. Monthly GDP by industry is valued at 1986 prices. The estimates presented here are seasonally adjusted at annual rates.

### Manufacturing output drops



Fabrication of paper and related products dropped 4.7% in December, reflecting a substantial decline in the production of newsprint. During the fall, several companies had announced longer shutdowns for the holiday season due to a high level of inventories. In December, shipments of newsprint abroad fell however, leaving inventories at a high level while exports continued to weaken. In December, some companies had announced price increases for the beginning of February, but the price hikes were postponed by a month in early February. Manufacturers of pulp also reduced their operations but to a lesser extent. Exports of pulp were robust in December, helping manufacturers reduce inventories.

Output of transportation equipment fell 2.4% in December as manufacturers of motor vehicles and parts both curbed production. Following the General Motors strike in October, output of motor vehicles rebounded in November but slumped 5.0% in December. Exports of motor vehicles, which remained below their pre-strike level in November, also fell in December. Sales of motor vehicles in the United States remained sluggish during the fall, but an improvement in U.S. sales in December and January suggests that production in Canada will strengthen soon. This, and the stronger production of motor vehicles in the United States in January should help manufacturers of

motor vehicle parts to raise output, which fell 3.2% in December.

Fabrication of wood products slumped for a third consecutive month as sawmills cut output 2.9% in December. Many producers had announced extended holiday shutdowns in November due to restrictions on how much lumber they can export duty-free to the United States. Since the institution of quotas on November 1st, exports have remained well under their level prior to November despite the high price of lumber.

Electrical and electronic equipment production climbed 1.6% following a 2.9% gain in November. Manufacturers of office machinery (mainly computers) raised output convincingly for a second consecutive month, although some of the production was accumulated in inventories. Exports of office machines and equipment fell sharply in 1996 but stabilized in the last quarter. On domestic markets, investment in office machinery and equipment continued to grow at a solid pace during the fourth quarter. Manufacturers of electronic equipment curtailed output 2.3% in December, with some reducing inventories to meet demand. For the fourth quarter as a whole, however, production rose 4.2%, helped by favorable export markets.

Manufacturers of industrial machinery raised output 1.7%, the sixth gain in seven months. Higher investment in industrial machinery and strong exports helped these industries in the fourth quarter.

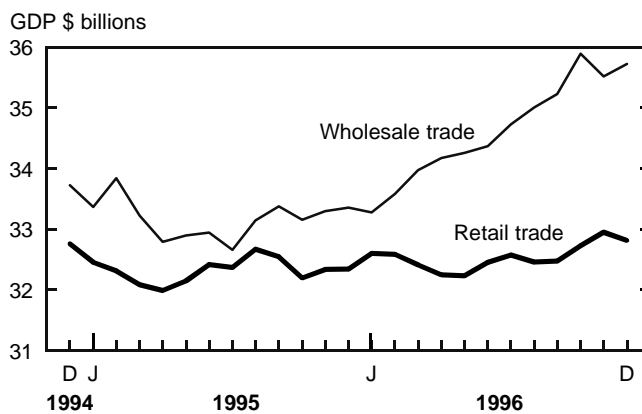
**Warmer weather slows demand for energy**

Output of utilities tumbled 4.5% in December with production of electricity dropping 4.9% and natural gas distribution fell by 3.6%. Mild weather in December curtailed demand for electricity, notably in Quebec, which accounted for a large portion of the decline in electricity production. The drop follows a period of higher demand due to colder than normal weather this fall in some western provinces. Sales of natural gas to residential and commercial users fell during the month and a drop in consumption by industrial users accentuated the decline.

**Retail activity slips**

Retail activity slipped 0.4% after advancing for three consecutive months. Sales by motor vehicle dealers softened despite an increase in the number of motor vehicle sold, indicating that spending on repairs and maintenance also fell. Sales by retailers of motor vehicle parts also slipped in December.

**Retailing activity dips**



Motor vehicle dealers were nevertheless a major contributor to a 1.0% gain in retailing activity in the fourth quarter. The number of motor vehicles sold jumped 8.0% during the quarter, on the heels of a 4.0% advance the previous quarter. The gains reflected higher purchases by consumers as well as by businesses.

Sales by furniture and appliances stores and by department stores eased in December. Despite the drop, purchases of furniture and appliances grew for a second quarter in row. Higher sales by supermarkets and clothing retailers moderated the overall decline in December.

**Narrowly based gain in wholesale trade**

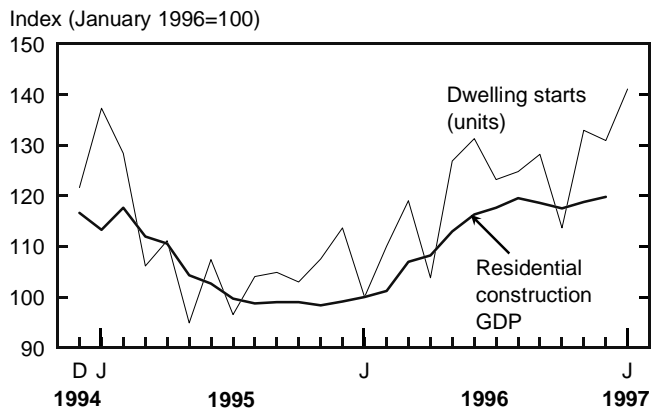
Growth in wholesale trade resumed in December after retreating in November. Wholesaling activity rose 0.6%, led by sales of computer and software products. Growth in sales of computer and software packages remained robust during the fourth quarter, mirroring strength in imports and another advance in domestic investment.

Sales of household goods rebounded in December after easing in November. In the fourth quarter, demand for furniture and appliances strengthened with the strong activity on housing markets. Wholesalers reduced their inventories substantially to satisfy demand. Wholesalers of miscellaneous products such as paper, agricultural supplies and chemicals recorded much lower sales in December.

**Outlook in home building brightens**

Activity on construction projects advanced 0.6% in December. Residential construction, which flattened early this fall, improved in November and rose a further 0.9% in December. A jump in the number of building permits issued during the fall and strength in dwelling starts in January suggests that home building should accelerate in the first quarter of 1997.

**Encouraging signs in home building**



Construction of non-residential buildings showed signs of improvement. After slumping for several

months, activity on non-residential projects improved in November and gained 0.9% in December. The gain was concentrated in commercial building construction, up for a third consecutive month.

**Other industries**

Financial and related services increased 0.3% in December, with real estate activity leading the advance for a third month in a row. Mutual funds ended the year on a positive note after growing regularly throughout 1996. Assets of mutual funds jumped by more than 30% during the year. Although still high, activity on stock exchanges declined in December.

Community, business and personal services rose 0.3% in December with business services increasing for a fifth month in a row and accommodation and food services posting a good gain.

**Available on CANSIM: matrices 4670-4674.**

The December 1996 issue of *Gross domestic product by industry* (15-001-XPB, \$14/\$140) will be available shortly. See *How to order publications*.

For further information on this release, contact Michel Girard (613-951-9145), Industry Measures and Analysis Division. □

Gross domestic product at factor cost by industry, at 1986 prices

	July 1996 <sup>r</sup>	Aug. 1996 <sup>r</sup>	Sept. 1996 <sup>r</sup>	Oct. 1996 <sup>r</sup>	Nov. 1996 <sup>r</sup>	Dec. 1996 <sup>p</sup>	Nov. to Dec. 1996	Dec. 1996	Dec. 1995 to Dec. 1996
seasonally adjusted									
	month-to-month % change					\$ change <sup>1</sup>	\$ level <sup>1</sup>	% change	
<b>Total economy</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.2</b>	<b>-1,027</b>	<b>557,524</b>	<b>2.6</b>
Goods-producing industries	1.1	0.3	0.2	0.2	0.8	-0.8	-1,471	190,530	3.1
Services-producing industries	0.1	0.2	0.3	0.6	0.2	0.1	444	366,994	2.4
<b>Business sector</b>	<b>0.6</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>-0.2</b>	<b>-884</b>	<b>468,234</b>	<b>3.6</b>
Goods	1.1	0.3	0.2	0.2	0.8	-0.8	-1,476	189,618	3.1
Agriculture	-1.0	0.6	0.1	0.3	-0.4	-0.2	-25	11,869	2.9
Fishing and trapping	-0.9	3.6	-5.5	-1.7	-1.4	-0.6	-5	798	-2.3
Logging	-3.7	4.9	2.2	0.9	-0.2	0.9	22	2,644	-10.0
Mining, quarrying and oil wells	1.3	1.3	-2.2	2.5	-0.6	0.0	9	24,784	4.0
Manufacturing	1.9	-0.2	0.7	-0.4	1.6	-0.8	-856	105,636	4.2
Construction	0.0	0.4	0.1	0.4	0.1	0.6	165	27,032	2.6
Other utility industries	0.6	0.3	0.9	0.7	0.4	-4.5	-787	16,855	-1.3
Services	0.3	0.2	0.5	0.7	0.4	0.2	592	278,616	3.9
Transportation and storage	1.3	0.9	0.7	-0.3	0.7	-0.4	-101	24,554	2.6
Communications	0.6	0.1	2.1	0.1	0.3	0.5	124	25,167	6.1
Wholesale trade	1.1	0.8	0.6	1.9	-1.1	0.6	207	35,722	7.1
Retail trade	0.4	-0.3	0.0	0.8	0.7	-0.4	-136	32,814	1.4
Finance, insurance and real estate	0.3	-0.0	0.3	0.8	0.8	0.3	265	90,320	4.5
Community, business and personal services	-0.6	0.5	0.1	0.7	0.3	0.3	232	70,039	2.5
<b>Non-business sector</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-143</b>	<b>89,291</b>	<b>-2.2</b>
Goods	-0.1	-0.6	0.3	-0.7	0.4	0.5	5	912	-2.9
Services	-0.4	0.0	-0.2	0.2	-0.2	-0.2	-148	88,379	-2.2
Government services	-0.1	-0.1	0.4	0.2	-1.0	-0.0	-9	31,037	-4.0
Community and personal services	-0.5	0.1	-0.6	0.2	0.2	-0.3	-145	54,130	-1.1
Other services	-1.3	0.3	-0.5	-0.0	0.4	0.2	6	3,212	-2.9
<b>Other aggregations</b>									
Industrial production	1.6	0.1	0.2	0.2	1.1	-1.1	-1,629	148,187	3.5
Non-durable manufacturing	1.4	0.1	0.3	1.7	-0.1	-0.8	-364	45,135	4.4
Durable manufacturing	2.2	-0.4	1.0	-2.0	3.0	-0.8	-492	60,501	4.1

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.

<sup>1</sup> Millions of dollars at annual rate.

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## OTHER RELEASES

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### Government revenue and expenditure (SNA basis)

Fourth quarter 1996

Federal, provincial and local government detailed revenue and expenditure estimates on a national accounts basis are now available for the quarter ended December 31, 1996. Revised detailed estimates for the quarters ended September 30, June 30 and March 31, 1996, are also available.

Available on CANSIM: matrices 2711-2713.

Data are also available through custom and special tabulations. For inquiries about the products or services of Public Institutions Division, contact Viola Jabbour, Data Dissemination and External Relations Co-ordinator (613-951-0767).

For further information on this release, contact James Temple (613-951-1832) or Robert Loggie (613-951-1809), Public Administration Section, Public Institutions Division. ■

### Civil aviation financial statistics

Fourth quarter 1996

Air Canada reported a preliminary basic income (seasonally adjusted) of \$20 million for the fourth quarter of 1996. Canadian Airlines International Ltd. (CAI) reported a basic loss of \$102 million for the same period. Basic income or loss is measured by combining the operating income (before capital gains, miscellaneous items and tax) with interest expenses and interest income.

For 1996, Air Canada's basic income was \$61 million, more than double their 1995 income. CAI lost \$288 million, more than double their 1995 loss.

The basic incomes of the two carriers began to diverge after the second quarter of 1995, following two years in which they reported very similar quarterly incomes and losses. Since the second quarter of 1995, Air Canada's performance has been roughly \$80 million better per quarter, on average, than CAI's.

From the period since deregulation (beginning in 1988) until the second quarter of 1995, the cumulative basic losses reported by the two carriers were virtually identical, at roughly \$900 million. Now the two carriers are \$465 million apart, with Air Canada showing improvement in the last year and a half. However, Air Canada still has a cumulative basic loss of \$820 million for the period 1988 to 1996.

Available on CANSIM: matrix 385.

Fourth quarter data, as well as operational data for December, will be available shortly in *Civil aviation service bulletin* (51-004-XPB, \$11/\$105). See *How to order publications*.

For further information on this release, contact Robert Lund (819-997-6188), Aviation Statistics Centre, Transportation Division. ■

### Electric power statistics

1996 and December 1996

A relatively warm December in eastern Canada led to lower generation of electricity. Net generation of electricity decreased to 50 479 gigawatt hours (GW·h), down 2.6% from December 1995. Generation declined 5.5% in provinces east of Manitoba, while it rose 4.7% in the western provinces, which had a colder December than in 1995. Exports rose 19.3% to 3 362 GW·h, with Manitoba supplying the bulk of the increase. Imports increased from 584 GW·h to 828 GW·h.

Generation of hydro-electricity decreased 3.3%, 32 169 GW·h. Production declined 11.8% in Quebec, as a result of warmer temperatures than normal. Temperature strongly affects demand for electricity in Quebec, since electricity is the main source of energy for residential heating. Thermal conventional generation was down 2.6% to 10 513 GW·h. Electricity production from nuclear sources was up 0.8% to 7 798 GW·h.

In 1996, generation of electricity totalled 547 781 GW·h, up 2.0% from the previous year. The increase came almost entirely from hydraulic sources, especially in British Columbia, where it rose 33%. Exports rose 1.3% to 43 875 GW·h and imports fell 16.4% from the previous year to 6 211 GW·h. Higher hydraulic production in British Columbia lowered imports from the north western United States by 44%. Ontario, however, increased its imports of electricity by 66%, to compensate for the temporary shutdown of some of its nuclear capacity.

Available on CANSIM: matrices 3987-3999.

The December 1996 issue of *Electric power statistics* (57-001-XPB, \$11/\$110) will be available shortly. See *How to order publications*.

For further information on this release, contact André Lefebvre (613-951-3560; Internet:

alefeba@statcan.ca), Energy Section, Industry Division. ■

## Cereals and oilseeds review

December 1996

Delays in getting grain to export position resulted in a backlog of ships waiting for loading on the West Coast. The Canadian Wheat Board requested the federal government to intervene in the situation and also asked the railways to make grain movement a priority. The December 31 estimates of grain stocks showed substantial increases in wheat, barley and oat farm stocks as well as reductions in oilseed stocks compared with the previous year. The shifts were attributed to 1996 production levels. Grain prices were pressured by the strengthening of the Canadian dollar. However, good demand allowed the federal government to increase the 1996/97 initial payments for malting barley.

The December 1996 issue of *Cereals and oilseeds review* (22-007-XPB, \$15/\$144), which contains the January situation report, will be available shortly. See *How to order publications*.

For further information on this release, contact Jeannine L. Fleury (613-951-3859) or Karen Gray (204-983-2856; Internet: graykar@statcan.ca), Grain Marketing Unit, Agriculture Division. ■

## Telephone statistics

1995

In 1995, the revenue of the telephone systems was \$14.3 billion, a 0.6% increase from the previous year. Although the industry has shown growth each year, long-distance revenue has decreased as a share of total revenue. In 1994, toll revenue was 40.8% of

revenue, while in 1995, the share dropped to 37.1%. Long-distance revenue has dropped from \$5.8 billion in 1994 to \$5.3 billion in 1995. Local revenue for the same period has increased as a share of total revenue from 40.7% in 1994 to 43.6% in 1995 (\$5.8 billion in 1994 to \$6.2 billion in 1995). This increase in local revenue can be attributed to a variety of factors. Use of the Internet and fax machines have created the need for more access lines, which increased 3.0% in the 1994-95 period: residential lines increased 1.8%, while business lines increased 5.6%. This increase in access lines resulted in larger monthly local revenue for service and equipment. Alternative long-distance providers are competing for the long-distance market, which in turn lowers the toll revenue of the telephone companies. The price of long-distance telephone calls has also dropped in recent years.

Operating expenses were \$11.2 billion in 1995 (78.2% of the revenue), compared with \$10.7 billion or 75.4% in 1994. Net operating revenue was \$3.1 billion or 21.8% of the revenue in 1995, and \$3.5 billion or 24.6% in 1994.

Employment continued its downward trend from 88,288 in 1994 to 88,014 in 1995. Wages and salaries were \$4.2 billion in 1995, or 29.2% of revenue, compared with \$4.2 billion, or 29.8% of revenue, in 1994.

### Available on CANSIM: matrix 1801.

A summary of these data appears in vol. 26, no. 4 of *Communications service bulletin* (56-001-XPB, \$12/\$40), which will be available shortly. See *How to order publications*.

For further information on this release, contact Tom Gorman (613-951-3498; fax: 613-951-9920) Telecommunications Section, Science and Technology Redesign Project ■

## PUBLICATIONS RELEASED

**Infomat, a weekly review**, February 28, 1997  
**Catalogue number 11-002-XPE**  
 (Canada: \$4/\$140; United States: US\$5/US\$168; other countries: US\$5/US\$196).

**Standard classification of goods, 1996**  
**Catalogue number 12-580-XPE**  
 (Canada: \$119; United States: US\$119; other countries: US\$119).

**Canada's mineral production**, preliminary estimates 1996  
**Catalogue number 26-202-XPB**  
 (Canada: \$24; United States: US\$29; other countries: US\$34).

**Homeowner renovation and repair expenditure, 1995**  
**Catalogue number 62-201-XPB**  
 (Canada: \$30; United States: US\$36; other countries: US\$42).

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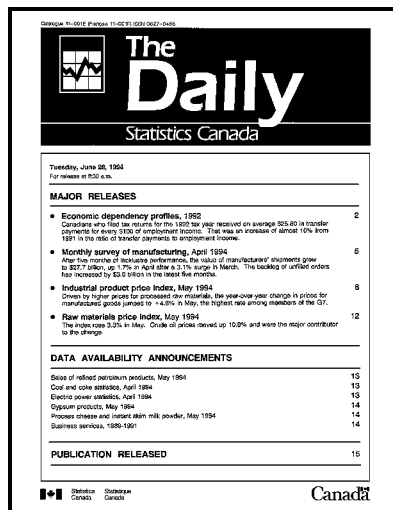
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Catalogue 11-001E.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To receive *The Daily* from the Internet, send an E-mail message to listproc@statcan.ca. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

Editor: Duncan Currie (613-951-1103)  
 Head of Official Release: Andrée Hébert (613-951-1088)

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## RELEASE DATES: MARCH 1997

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(Release dates are subject to change.)

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Release date	Title	Reference period
6	Building permits	January 1997
6	Help-wanted index	February 1997
7	Labour Force Survey	February 1997
7	Industrial capacity utilization rates	Fourth quarter 1996
11	New motor vehicle sales	January 1997
12	New Housing Price Index	January 1997
17	Travel between Canada and other countries	January 1997
17	Monthly survey of manufacturing	January 1997
18	Composite Index	February 1997
19	Wholesale trade	January 1997
20	Canadian economic observer	March 1997
20	Canadian international trade	January 1997
20	Retail trade	January 1997
21	Consumer Price Index	February 1997
24	Canada's international transactions in securities	January 1997
25	Employment insurance	January 1997
26	Industrial Product Price Index	February 1997
26	Raw Materials Price Index	February 1997
27	Employment, earnings and hours	January 1997
27	Real gross domestic product at factor cost by industry	January 1997

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