



The Daily

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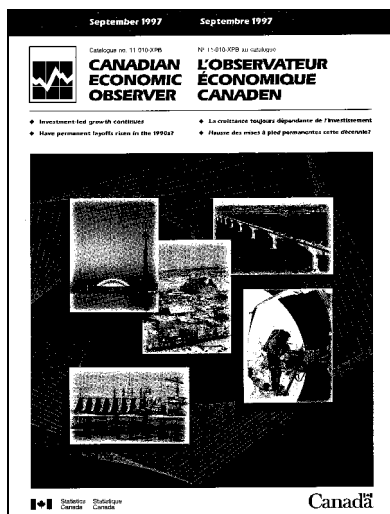
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Canadian economic observer September 1997

The September issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyses the current economic conditions, summarizes the major economic events that occurred in August and presents a feature article on whether permanent layoffs have increased in the early 1990s. A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The September 1997 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available. See *How to order publications*.

For further information, contact Cyndi Bloskie (613-951-3634; Internet: ceo@statcan.ca), Current Economic Analysis Group.



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MAJOR RELEASES

Canadian international merchandise trade

July 1997

Rebounding from sharp declines in June, automotive products and industrial goods drove exports up 2.8% to a record \$25.1 billion in July. After a slight decline in the second quarter of the year, imports reached a record level of \$23.4 billion in July, a 5.2% increase over June.

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 second quarter of 1997, the overall merchandise trade surplus of \$5.4 billion contrasted with a current account deficit of \$3.2 billion.

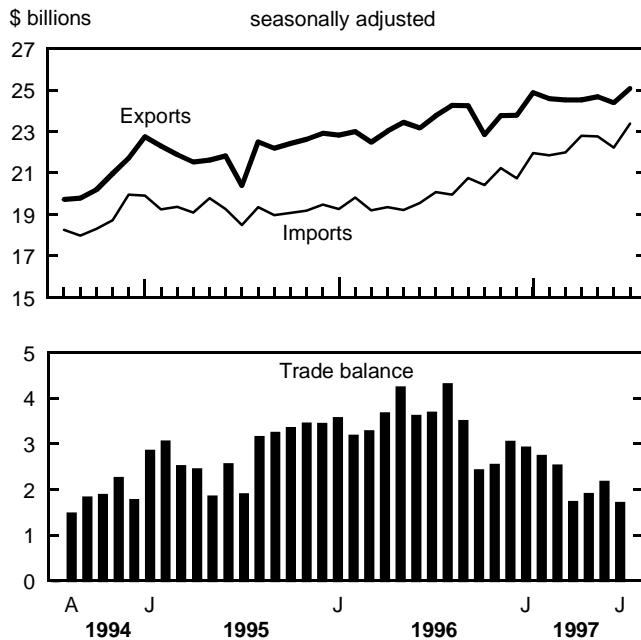
contributed to the gain. The large increase in exports of passenger vehicles can be attributed to two separate factors. First, parts shortages at the end of June delayed the shipment of some vehicles, depressing June's numbers and inflating July's. In addition, some expected seasonal shutdowns scheduled for July were delayed, further contributing to the July increase. Consequently, the average exports of automotive products for June and July (\$5.8 billion) remained unchanged from the level in May.

Industrial goods increased 6.0% in July. Metal and alloys and metal ores showed large gains after being affected by the temporary shutdown of some mines in the second quarter of 1997.

Exports of forestry products continued the downward trend that began in January, declining 3.1% in July, mostly due to lumber exports (down 7.0%). A weak demand from Japan (mostly building materials) for Canadian lumber, associated with the supply problems experienced by some lumber producers, forced production to slow in July.

Exports of energy products declined 6.2% in July, following a 2.2% increase in June. Crude petroleum and petroleum and coal products dragged energy exports down, as numerous oil and gas companies failed to meet 1997 production forecasts.

Exports, imports and trade balance



The trade balance held at \$1.7 billion and is at its lowest level since August 1994. Most of the decline can be attributed to strong import growth in business investment related goods and falling energy exports. The year-to-date trade balance now stands at \$15.6 billion, compared with \$25.2 billion for the same period last year.

Strong automotive products and industrial goods drive exports up

After declining 6.0% in June, automotive exports jumped 12.9% in July. Strong exports of passenger vehicles (+15.9%) and motor vehicle parts (+11.7%)

Investment-oriented machinery and equipment boost imports

After a slight decline in the second quarter of 1997, imports jumped to a record \$23.4 billion in July. The main contributors to this increase are: machinery and equipment (+9.0%), energy products (+20.7%), industrial goods (+2.8%), agricultural and fishing products (+8.8%) and forestry products (+6.3%).

After a small decline in June, machinery and equipment imports jumped 9.0% in July, continuing the strong growth that began in May 1996. Imports of all major types of machinery and equipment increased, particularly aircraft and other transportation equipment (+22.6%) and industrial and agricultural machinery (+14.4%).

For a second consecutive month, energy imports rose significantly, with a 20.7% increase in July. Restricted domestic supply, particularly in British Columbia and the Atlantic region, contributed to an overall 22.2% increase of energy product imports for the first seven months of 1997 compared with the same period in 1996.

Imports of automotive products posted modest gains in July (+1.4%). An increase in motor vehicle parts (after falling in June) was partly offset by a decline in both passenger cars and trucks and other motor vehicle imports. Overall, automotive products imports remained 13.5% higher than in July 1996.

Revisions

Merchandise trade data are revised on a continuing basis for every month of the current year. Factors that create the need for revisions include: the late receipt of import and export documentation, incorrect information on customs documents, replacement of estimated figures with actual values, changes to classification of merchandise based on more current information, and updated seasonal adjustments. Revised data can be obtained by accessing the relevant CANSIM matrices.

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

This release contains a summary of the merchandise trade data, that will be available shortly in *Canadian international merchandise trade* (65-001-XPB, \$19/\$188). The publication will include tables by commodity and country on a customs basis. Current account data, which incorporate merchandise trade statistics, service transactions, investment income and transfers, are available on a quarterly basis in *Canada's balance of international payments* (67-001-XPB, \$38/\$124). See *How to order publications*.

For more timely receipt of the merchandise trade data, a fax service is available on the morning of release.

For further information on this release, contact Suzie Carpentier (613-951-9647; 1 800 294-5583), Marketing and Client Services Section, International Trade Division. □

Merchandise trade

	May 1997	June 1997	July 1997	May 1997 to June 1997	June 1997 to July 1997	Jan.-July 1996	Jan.-July 1997	Jan.- July 1996 to Jan.- July 1997	July 1996 to July 1997
seasonally adjusted, \$ current									
	\$ millions			% change		\$ millions		% change	
Principal trading partners									
Exports									
United States	20,037	19,889	20,563	-0.7	3.4	127,426	139,788	9.7	9.4
Japan	944	852	906	-9.7	6.3	7,006	7,177	2.4	-24.4
European Union	1,352	1,386	1,336	2.5	-3.6	10,429	9,344	-10.4	-8.3
Other OECD countries ¹	411	381	325	-7.3	-14.7	3,186	2,590	-18.7	-19.2
All other countries	1,927	1,878	1,947	-2.5	3.7	13,630	13,749	0.9	2.2
Total	24,671	24,386	25,077	-1.2	2.8	161,677	172,648	6.8	5.5
Imports									
United States	17,245	17,151	17,907	-0.5	4.4	103,906	119,677	15.2	16.5
Japan	686	708	682	3.2	-3.7	4,145	4,731	14.1	12.9
European Union	2,282	1,823	1,930	-20.1	5.9	11,613	13,821	19.0	17.1
Other OECD countries ¹	732	709	759	-3.1	7.1	5,263	5,330	1.3	1.7
All other countries	1,822	1,829	2,094	0.4	14.5	11,554	13,417	16.1	22.4
Total	22,768	22,220	23,373	-2.4	5.2	136,480	156,977	15.0	16.4
Balance									
United States	2,792	2,738	2,656	...	...	23,520	20,111	...	...
Japan	258	144	224	...	...	2,861	2,446	...	...
European Union	-930	-437	-594	...	...	-1,184	-4,477	...	...
Other OECD countries ¹	-321	-328	-434	...	...	-2,077	-2,740	...	...
All other countries	105	49	-147	...	...	2,076	332	...	...
Total	1,903	2,166	1,704	...	...	25,197	15,671	...	...
Principal commodity groupings²									
Exports									
Agricultural and fishing products	1,858	1,748	1,872	-5.9	7.1	12,784	12,970	1.5	11.5
Energy products	2,269	2,320	2,177	2.2	-6.2	15,656	17,025	8.7	-9.6
Forestry products	3,078	3,078	2,984	0.0	-3.1	20,849	21,261	2.0	-2.9
Industrial goods and materials	4,301	4,277	4,532	-0.6	6.0	28,684	30,386	5.9	6.8
Machinery and equipment	5,132	5,091	5,248	-0.8	3.1	33,219	35,482	6.8	8.1
Automotive products	5,785	5,437	6,139	-6.0	12.9	36,906	40,891	10.8	11.8
Other consumer goods	731	736	722	0.7	-1.9	4,725	5,107	8.1	2.6
Special transactions trade ³	1,044	1,047	1,046	0.3	-0.1	6,483	7,101	9.5	9.3
Imports									
Agricultural and fishing products	1,302	1,251	1,361	-3.9	8.8	8,083	8,887	9.9	12.0
Energy products	833	950	1,147	14.0	20.7	5,588	6,829	22.2	11.6
Forestry products	201	190	202	-5.5	6.3	1,072	1,358	26.7	31.2
Industrial goods and materials	4,403	4,278	4,397	-2.8	2.8	26,151	30,114	15.2	12.3
Machinery and equipment	7,505	7,105	7,746	-5.3	9.0	43,763	50,940	16.4	21.9
Automotive products	4,806	4,985	5,054	3.7	1.4	29,501	33,878	14.8	13.5
Other consumer goods	2,425	2,352	2,416	-3.0	2.7	14,952	16,479	10.2	11.9
Special transactions trade ³	546	546	507	0.0	-7.1	3,953	4,062	2.8	-12.3

... Figures not appropriate or not applicable.

¹ Includes Australia, Iceland, Mexico, New Zealand, Norway, Switzerland and Turkey.

² Figures not adjusted to balance-of-payments basis.

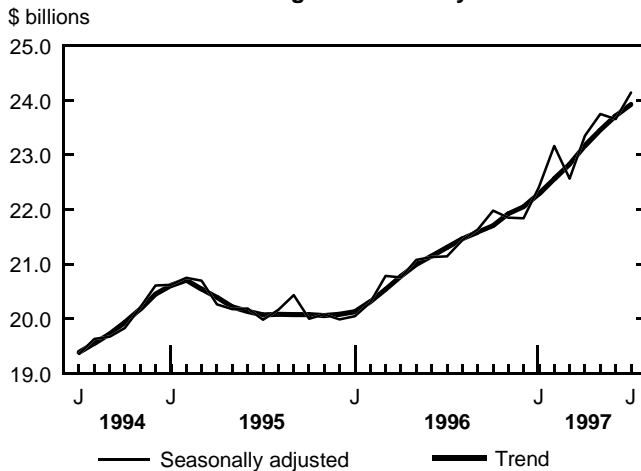
³ Mainly low-valued transactions, value of repairs to equipment, goods returned to country of origin.

Wholesale trade

July 1997 (preliminary)

In July, total sales by wholesalers increased 2.1% to \$24.1 billion. It was another strong month for wholesalers, continuing the upward trend that began in early 1996. After the relatively flat 1995, total sales have increased by 20.4% since January 1996.

Sales by wholesalers have generally been increasing since January 1996



Most wholesalers contributed to the July increase

Total sales were up in 9 of the 11 trade groups in July. The largest percentage increases were reported by wholesalers of beverage, drug and tobacco products and by wholesalers of metals, hardware, plumbing and heating equipment. Sales in these two trade groups have generally been increasing since the second half of 1996.

Wholesalers of beverage, drug and tobacco products reported a 7.2% increase in sales for July. Sales of tobacco products, which account for about one-quarter of all sales in that trade group, were particularly strong in July. Some of that strength may be linked to larger shipments of tobacco products by Canadian manufacturers in the last two months (+22.0% in June and +4.9% in July).

Sales of metals, hardware, plumbing and heating equipment increased by 6.8% in July. The high level of activity in the housing sector and strong exports of metals and alloys have increased sales of these products. In July, housing starts were up 2.7% and exports of metals and alloys jumped 11.0%. Wholesale sales of lumber and building materials (+1.5%) were

Note to readers

Sales to households by wholesalers

The wholesaling industry is in constant transformation. Increased competition has pushed wholesalers to diversify in order to remain competitive. In addition to their main activity of selling to retailers, industrial clients and farmers; wholesalers provide services such as supply management, provision of information on new technologies and bulk breaking. They also sell a certain proportion of their products directly to household consumers.

Sales to households by wholesalers are estimated to be about \$1 billion a month. This represents approximately 4% of total wholesale sales. Half of the sales made directly to households by wholesalers are coming from building materials (40%) and computers and packaged software (10%). Traditionally, sales in these two sectors were destined to non-household consumers. However, since the arrival of personal computers and warehouse-type building supply stores, sales to households have been increasing.

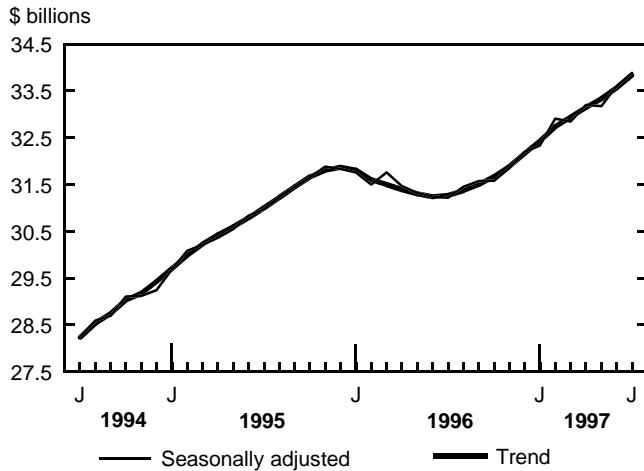
also affected by the good performance of the housing sector.

Sales of motor vehicles and parts were up 3.1% in July, partially reflecting a 12.9% advance in exports of automotive products and a 3.3% increase in the number of new motor vehicles sold. Wholesale sales of motor vehicles and parts have generally been increasing since the second half of 1995.

Second consecutive monthly increase in inventories

Wholesalers increased their inventories by 0.8% in July to \$33.9 billion, adding to the 1.3% increase in June. Since August 1996, wholesalers have been increasing inventories to meet higher demand.

Wholesalers continue to increase inventories



Despite the July increase in inventories, the inventories-to-sales ratio dropped for a second time this year to the historic low of 1.40, compared with 1.42 in June. In an attempt to remain competitive, wholesalers prefer to keep the ratio as low as possible in order to reduce their storage expenses.

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

The July 1997 issue of *Wholesale trade* (63-008-XPB, \$19/\$186) will be available shortly. See *How to order publications*.

For further information on this release, contact Paul Gratton (613-951-3541) or Jacques Dorion (613-951-3538), Wholesale Trade Section, Distributive Trades Division. □

Wholesale merchants' sales and inventories

	July 1996	April 1997 ^r	May 1997 ^r	June 1997 ^r	July 1997 ^p	June 1997 to July 1997 ^r	July 1996 to July 1997
seasonally adjusted							
	\$ millions					% change	
Sales, all trade groups	21,143	23,352	23,751	23,655	24,142	2.1	14.2
Food products	3,749	3,944	4,035	3,979	4,033	1.4	7.6
Beverage, drug and tobacco products	1,335	1,413	1,400	1,406	1,507	7.2	12.8
Apparel and dry goods	441	540	499	512	502	-2.0	13.7
Household goods	673	777	727	762	792	3.9	17.6
Motor vehicles, parts and accessories	2,302	2,643	2,784	2,634	2,716	3.1	18.0
Metals, hardware, plumbing and heating equipment and supplies	1,659	1,713	1,745	1,683	1,798	6.8	8.4
Lumber and building materials	1,815	2,104	2,111	2,107	2,140	1.5	17.9
Farm machinery, equipment and supplies	611	743	818	788	813	3.2	33.0
Industrial and other machinery, equipment and supplies	3,180	3,568	3,511	3,590	3,643	1.5	14.6
Computers, packaged software and other electronic machinery	1,968	2,071	2,087	2,173	2,180	0.3	10.8
Other products	3,407	3,835	4,033	4,020	4,018	0.0	17.9
Newfoundland	178	186	192	194	196	0.7	10.0
Prince Edward Island	46	43	51	51	55	9.0	20.3
Nova Scotia	459	499	475	531	504	-5.2	9.7
New Brunswick	299	305	307	303	315	3.7	5.4
Quebec	4,630	4,939	4,994	4,930	5,035	2.1	8.8
Ontario	9,293	10,197	10,368	10,421	10,650	2.2	14.6
Manitoba	762	888	959	934	923	-1.2	21.2
Saskatchewan	680	873	913	931	914	-1.9	34.4
Alberta	2,035	2,460	2,538	2,531	2,617	3.4	28.6
British Columbia	2,737	2,934	2,927	2,802	2,908	3.8	6.2
Yukon	12	11	12	12	13	2.7	4.0
Northwest Territories	13	16	14	14	14	3.5	11.9
Inventories, all trade groups	31,218	33,201	33,172	33,601	33,886	0.8	8.5
Food products	2,356	2,492	2,505	2,543	2,559	0.6	8.6
Beverage, drug and tobacco products	1,626	1,759	1,726	1,763	1,840	4.4	13.1
Apparel and dry goods	1,045	1,138	1,098	1,100	1,094	-0.5	4.7
Household goods	1,480	1,405	1,413	1,439	1,451	0.8	-2.0
Motor vehicles, parts and accessories	3,781	3,829	3,795	3,850	3,914	1.7	3.5
Metals, hardware, plumbing and heating equipment and supplies	2,671	2,921	2,980	3,017	3,096	2.6	15.9
Lumber and building materials	3,039	3,056	3,089	3,222	3,205	-0.5	5.5
Farm machinery, equipment and supplies	1,578	1,890	1,940	1,991	1,967	-1.2	24.7
Industrial and other machinery, equipment and supplies	6,938	7,545	7,580	7,618	7,714	1.3	11.2
Computers, packaged software and other electronic machinery	1,923	1,992	1,964	1,950	1,951	0.1	1.5
Other products	4,780	5,174	5,082	5,108	5,094	-0.3	6.6

^r Revised figures.

^p Preliminary figures.

OTHER RELEASES

Export and import price indexes

July 1997

Current- and fixed-weighted export and import price indexes (1986=100) on a balance-of-payments basis are now available. Price indexes are listed from January 1986 to July 1997 for the 5 commodity sections and the major commodity groups (62 exports and 61 imports).

Current- and fixed-weighted U.S. price indexes (1986=100) are also available on a customs basis. Price indexes are listed from January 1986 to July 1997. Included with the U.S. commodity indexes are the 10 all-countries and U.S.-only standard international trade classification section indexes.

Indexes for the five commodity sections and the major commodity groups are also now available on a customs basis.

Available on CANSIM: matrices 3611-3616, 3618-3629, 3651 and 3685.

The July 1997 issue of *Canadian international merchandise trade* (65-001-XPB, \$19/\$188) will be available shortly. See *How to order publications*.

For further information on this release, contact Denis Pilon (613-951-4808), Price Index Unit, International Trade Division. ■

Railway carloadings

Ten-day period ending August 31, 1997

Carloadings of freight (excluding intermodal traffic) during the 10-day period ending August 31, 1997, increased 6.4% to 6.7 million tonnes from the same period of last year. The number of cars loaded increased 2.4%.

Intermodal traffic (piggyback) tonnage totalled 483 000 tonnes, a 2.7% increase from the same period of last year. The year-to-date figures were up 11.7%.

Total traffic (carloadings of freight and intermodal traffic) increased 6.1% during the period. This brought the year-to-date total to 173 million tonnes, up 6.9% from the previous year.

All year-to-date figures have been revised.

For further information on this release, contact Angus MacLean (613-951-2528; fax: 613-951-0579), Railway Transport Unit, Transportation Division. ■

Steel primary forms

Week ending September 13, 1997 (preliminary)

Steel primary forms production for the week ending September 13, 1997, totalled 295 825 metric tonnes, up 3.3% from the week-earlier 286 494 metric tonnes and up 16.2% from the year-earlier 254 568 metric tonnes. The cumulative total at the end of the week was 10 756 634 metric tonnes, an 8.0% increase compared with 9 963 624 metric tonnes for the same period in 1996.

For further information on this release, contact Huguette Montcalm (613-951-9827; Internet: monthug@statcan.ca), Manufacturing, Construction and Energy Division. ■

Stocks of frozen poultry meat

September 1, 1997 (preliminary)

Data for stocks of frozen poultry meat in storage as of September 1, 1997, are now available.

Available on CANSIM: matrices 5675-5677.

For further information on this release, contact Sandra Jarrett (613-951-3847; Internet: jarrsan@statcan.ca), Livestock and Animal Products Section, Agriculture Division. ■

PUBLICATIONS RELEASED

Canadian economic observer, September 1997
Catalogue number 11-010-XPB
(Canada: \$23/\$227; outside Canada: US\$23/US\$227).

Refined petroleum products, June 1997
Catalogue number 45-004-XPB
(Canada: \$21/\$206; outside Canada: US\$21/US\$206).

Consumer Price Index, August 1997
Catalogue number 62-001-XPB
(Canada: \$11/\$103; outside Canada: US\$11/US\$103).
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Release available on the Internet @
www.statcan.ca at 7:00 a.m.

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