



The Daily

Statistics Canada

Monday, March 1, 1999

For release at 8:30 a.m.

MAJOR RELEASES

- **National economic and financial accounts, 1998 and fourth quarter 1998** 2
Real economic growth accelerated to 1.1% in the fourth quarter of 1998, more than twice the rate of growth in the previous two quarters. Gross domestic product increased 3.0% for the year.
- **Canada's balance of international payments, 1998 and fourth quarter 1998** 10
Canada's seasonally adjusted current account deficit increased to \$5.2 billion in the fourth quarter of 1998, and reached \$18.4 billion for the year.
- **Gross domestic product by industry at factor cost, December 1998** 16
Gross domestic product advanced 0.4% in December, the fifth consecutive increase since a mid-year lull. The economy's strength in the final months of 1998 was partly due to strike-related rebounds.

PUBLICATIONS RELEASED

19



Statistics
Canada

Statistique
Canada

Canada

MAJOR RELEASES

National economic and financial accounts

1998 and fourth quarter 1998

Gross domestic product (GDP) grew 1.1% in the fourth quarter of 1998, more than twice the growth rate in each of the previous two quarters. For 1998, GDP rose 3.0%. The fourth-quarter acceleration in production was largely auto related, and reflects not only a rebound effect from summer work disruptions, but also a strong push to rebuild depleted inventories in Canada and south of the border. In response to U.S. demand, Canadian exports of motor vehicles soared nearly 25%.

Retailers and wholesalers rebuilt inventories, following a downward shift in the third quarter. Inventories of motor vehicles accounted for a large part of the increase, with surging imports and domestic production helping to reverse the third quarter's downward shift.

Gross domestic product at 1992 prices¹

	Change	Annualized change	Year-over-year change
	%		
First quarter 1998	0.8	3.2	3.9
Second quarter 1998	0.4	1.5	3.0
Third quarter 1998	0.4	1.7	2.3
Fourth quarter 1998	1.1	4.6	2.8
1998	3.0	...	3.0

¹ The change is the growth rate from one period to the next. The annualized change is the growth rate compounded annually. The year-over-year change is the growth rate of a given quarter compared with the same quarter in the previous year.

... Figures not applicable.

After notable weakness earlier in the year, housing investment began to regain strength, posting a 0.6% increase in the fourth quarter. Renewed strength in new housing construction and renovation activity more than offset a decline in resale activity.

Growth for business investment in machinery and equipment accelerated to 1.9% in the fourth quarter, with spending gains concentrated in computers and transportation equipment.

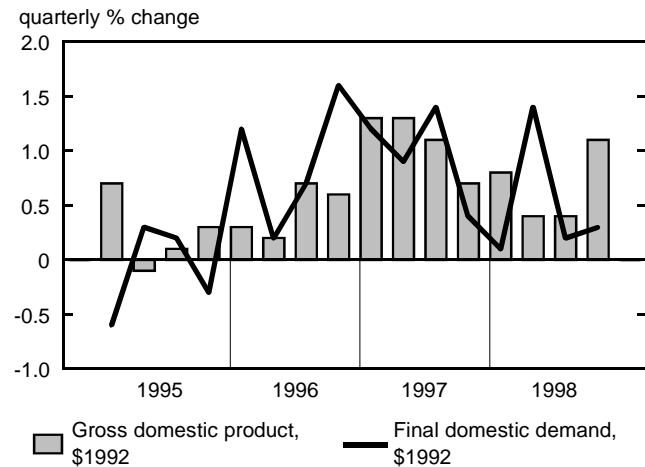
Corporate profits resumed growth after three consecutive quarterly declines. The motor vehicles, parts and accessories industry contributed to the increase, as revenues got a boost from increased export demand.

Personal incomes picked up strength, as wages and salaries bounced back from labour unrest in the third quarter. Consumer expenditure edged up 0.2%

in real terms, continuing the deceleration of the third quarter.

Economy-wide prices, as measured by the GDP chain price index, declined 0.4%.

Growth in GDP led by export gains

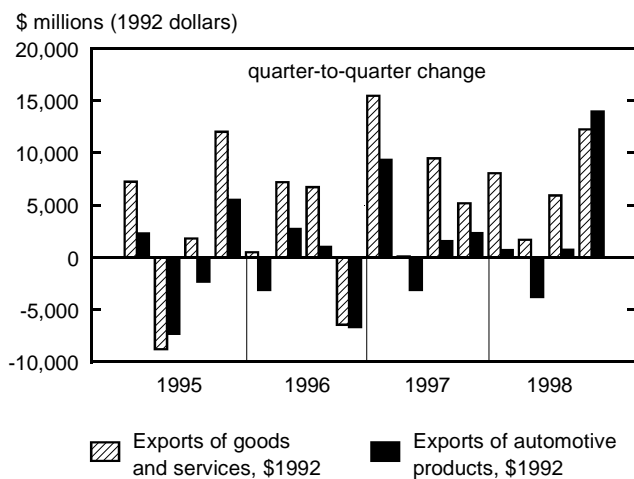


Exports of autos picked up speed

Exports of automotive products surged nearly 25% in the fourth quarter, as U.S. retailers rebuilt depleted stocks in the wake of the summer's General Motors strike. Other auto companies also responded to increased U.S. demand with extra shifts and new model launches.

There were also significant increases in exports of agricultural and fish products (+5.5%), forestry products (+4.4%) and commercial services (+2.7%).

Autos fuelled export growth



Inventories rebuilt

Retailers and wholesalers began to rebuild inventories in the fourth quarter following a significant downward shift in the third. The resulting swing in total non-farm business inventories added over \$6 billion to the GDP.

The retail sector recouped much of the inventory drawdown in the third quarter, with increased motor vehicle inventories accounting for most of the change. Surging imports and domestic production both contributed to the accumulation of auto stocks.

Wholesalers also built up inventories, particularly for durable goods. Manufacturers, however, liquidated stocks, with a reduction in holdings of durable goods (-\$1.7 billion) partially offset by lower accumulation of non-durable goods.

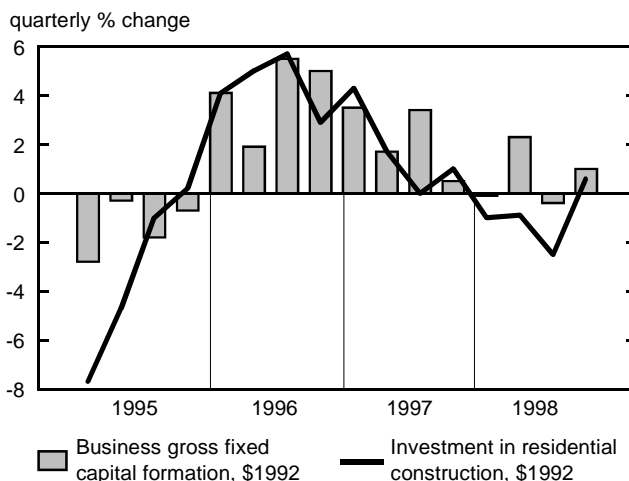
Housing picture started to brighten

After three consecutive quarterly declines, investment in residential construction increased 0.6% in the fourth quarter. Significant gains in new housing construction and renovation activity were partially offset by a drop in ownership transfer costs on existing homes.

New housing construction increased 3.3%, in tandem with rising urban housing starts. Housing starts showed significant strength in the quarter, particularly in Ontario where the quarterly increase approached 20%. Overall, housing starts still fell somewhat short of their first quarter peak of approximately 128,000 units (at annual rates).

Renovation activity regained strength, growing 1.5% following two quarterly declines. Declines in the resale market for housing partially offset construction gains, with ownership transfer costs dropping 8.0% after strong mid-year growth.

Housing construction regained strength



Investment in machinery and equipment strengthened

Business investment in machinery and equipment continued to post solid gains in the fourth quarter, rising 1.9%. A parallel rise in corporate borrowing was reflected in higher demand for funds raised on financial markets. Most of the investment growth came from computers and other office equipment, which jumped 5.0% after even stronger gains earlier in the year. Investment in transportation equipment other than motor vehicles climbed a robust 9.0%, topping the healthy growth rates in the previous two quarters.

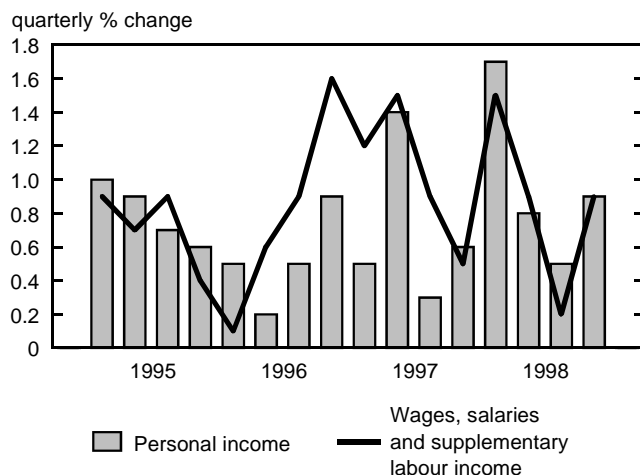
Business investment in non-residential structures edged down 0.2%, with advances in building construction nearly offsetting engineering construction declines.

Personal income picked up while consumer spending slowed

Personal income regained strength, growing 0.9% after slowing somewhat in the previous two quarters. Wages, salaries and supplementary labour income grew 0.9% following the more moderate increase (+0.2%) of a third quarter marked by strikes. Payroll gains were spread throughout a number of industries,

with notable increases in manufacturing, construction and commercial services. Gains in unincorporated business net income also boosted personal income in the fourth quarter.

Personal income growth bounced back



Growth in consumer spending slowed to 0.2%, continuing the third quarter's deceleration. Spending on durable goods levelled off, largely due to a decline in purchases of motor vehicles. Declines were registered in other goods purchases such as alcoholic beverages, electricity, clothing and footwear. Purchases of consumer services grew 0.6%, with an important increase in air transportation following the third-quarter airline strike.

Personal income gains, combined with slower growth in personal outlays, pushed up the saving rate to 0.8%.

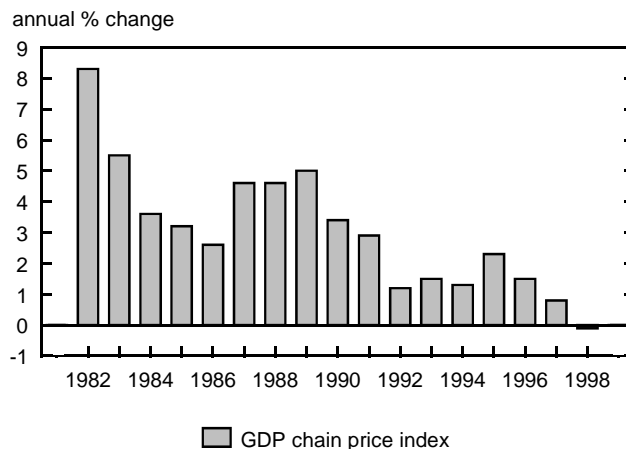
1998 Year in review

Economy-wide prices declined

The aggregate price level, as measured by the GDP chain price index, edged down 0.1% in 1998, the first annual price decline in decades. Sagging international demand pulled down prices of many primary products. Crude oil prices fell 27.4% in 1998, largely due to oversupply in world markets. Non-ferrous metal prices fell 13.4%, and wood prices slipped 15.0% over the year. Prices of agricultural products, particularly grains and hogs, also had important declines.

Import prices were comparatively strong (+3.8%) in 1998, largely due to exchange-rate effects. This was reflected in the chain price index for final domestic demand, up 1.2% for the year.

Economy-wide prices pulled down



Low prices, strikes took a bite out of corporate profits

Low commodity prices have taken a toll on corporate profits over the year, particularly in primary industries which have seen corporate earnings slashed. Overall, profits declined 5.3% in 1998, despite a stronger showing towards the end of the year. Profits plummeted in primary industries, most notably petroleum and gas, iron, steel and related products, as well as non-ferrous and primary metal products.

Profits in transportation services were affected by labour unrest as a mid-year airline strike and subsequent customer incentives pulled down corporate earnings. The auto industry also suffered from work stoppages due to strikes in the United States.

Personal income gained ground

Personal income advanced 3.8% in 1998, one of the best annual showings so far this decade, surpassed only by a 4.0% increase in 1995. Labour income contributed most to the increase, with a notable gain also in unincorporated business net income (+6.5%). Interest, dividends and other investment income strengthened throughout the year, posting 3.4% growth for 1998.

Increases in income taxes and other transfers to government (+5.8%) outpaced personal income

gains, leading to a lower growth rate for disposable income (+3.1%). Consumer spending advanced 4.0% in nominal terms, pushing the saving rate down to 1.2% for the year.

Solid growth in business investment in plant and equipment

Business investment in non-residential structures and equipment registered a solid 6.7% advance in 1998. Building construction grew 5.2%, while engineering construction activity cooled significantly (+0.2%) after a banner year in the oil and gas sector in 1997.

Business investment in machinery and equipment climbed a robust 9.8% for the year, led by computers and other office equipment for which purchases soared nearly 30%. A sizable advance also occurred in telecommunications equipment (+22.0%).

Available on CANSIM: matrices 701-726, 728-735, 737-744, 748-750, 796, 797, 6520-6585 and 6597-6624.

The fourth quarter 1998 issue of *National economic and financial accounts, quarterly estimates*

(13-001-XPB, \$44/\$145) will be available shortly. See *How to order publications*.

Detailed printed tables of unadjusted and seasonally adjusted quarterly income and expenditure accounts (13-001-PPB, \$50/\$180), financial flow accounts (13-014-PPB, \$50/\$180) and estimates of labour income (13F0016XPB \$20/\$200), including supplementary analytical tables and charts are available immediately. At 8:30 a.m. on release day, the complete quarterly income and expenditure accounts, financial flow accounts, and monthly estimates of labour income data sets can be obtained on microcomputer diskette. The diskettes (13-001-XDB, 13-014-XDB and 13F0016XDB) can also be purchased at a lower cost seven days after the official release date. To purchase any of these products, contact the client services officer (613-951-3810; iea-crd@statcan.ca), Income and Expenditure Accounts Division.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact the information officer (613-951-3640), Income and Expenditure Accounts Division. □

Gross domestic product, income-based

	1995	1996	1997	1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	Third to fourth quarter 1998
	seasonally adjusted at annual rates							% change at quarterly rates
	\$ millions							
Wages, salaries and supplementary labour income ¹	418,981	429,092	449,442	466,654	466,216	467,192	471,276	0.9
Corporation profits before taxes	75,572	73,684	83,458	79,010	78,644	77,832	80,052	2.9
Government business enterprise profits before taxes	6,895	6,507	6,736	7,276	7,368	7,700	7,964	3.4
Interest and miscellaneous investment income	50,868	50,118	48,151	45,653	45,112	45,680	45,824	0.3
Accrued net income of farm operators from farm production	2,192	3,582	1,385	1,809	1,652	1,612	2,504	55.3
Net income of non-farm unincorporated business, including rent	46,646	49,179	53,301	56,408	56,220	56,796	57,120	0.6
Inventory valuation adjustment ²	-2,364	-1,382	-1,638	-1,427	-788	-3,460	-3,028	432
Net domestic product at factor cost	598,790	610,780	640,835	655,383	654,424	653,352	661,712	1.3
Indirect taxes less subsidies	107,113	110,882	115,762	119,730	120,396	120,524	120,244	-0.2
Capital consumption allowances	100,858	105,706	110,418	114,963	114,392	114,964	116,172	1.1
Statistical discrepancy ²	17	1,629	-763	-1,686	-1,672	-2,420	-844	1,576
Gross domestic product at market prices	806,778	828,997	866,252	888,390	887,540	886,420	897,284	1.2

¹ Includes military pay and allowances.

² The change column reflects actual change in millions of dollars for these items.

Gross domestic product, expenditure-based

	1995	1996	1997	1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	Third to fourth quarter 1998
seasonally adjusted at annual rates								
	\$ millions at current prices							% change at quarterly rates
Personal expenditure on consumer goods and services	462,976	480,956	509,158	529,433	529,072	533,644	536,088	0.5
Durable goods	56,221	59,214	67,020	71,207	71,956	72,860	72,356	-0.7
Semi-durable goods	42,443	42,872	45,474	48,151	47,904	48,260	48,484	0.5
Non-durable goods	115,156	119,053	123,180	125,226	125,128	126,044	126,184	0.1
Services	249,156	259,817	273,484	284,849	284,084	286,480	289,064	0.9
Government current expenditure on goods and services	173,286	170,237	169,724	171,112	170,820	171,452	172,288	0.5
Government gross fixed capital formation	20,494	20,129	18,685	19,300	19,304	19,520	19,496	-0.1
Government inventories ¹	30	-2	5	-27	-28	-24	-20	4
Business gross fixed capital formation	116,062	124,267	143,184	149,735	150,232	149,632	151,996	1.6
Residential structures	36,185	39,745	45,228	45,156	45,508	44,328	45,060	1.7
Non-residential structures	34,046	35,490	39,032	40,736	40,660	40,752	41,256	1.2
Structures and equipment	45,831	49,032	58,924	63,843	64,064	64,552	65,680	1.7
Business investment in inventories ¹	8,809	2,034	8,672	5,393	9,020	-3,928	3,832	7,760
Non-farm ¹	8,730	1,437	10,070	5,425	8,444	-3,108	3,720	6,828
Farm ¹	79	597	-1,398	-32	576	-820	112	932
Exports of goods and services	302,264	321,000	344,146	368,883	359,656	369,160	388,396	5.2
Goods	264,751	279,703	301,104	323,398	314,376	323,908	341,596	5.5
Services	37,513	41,297	43,042	45,485	45,280	45,252	46,800	3.4
Deduct: Imports of goods and services	277,127	287,996	328,084	357,124	352,208	355,452	375,636	5.7
Goods	229,941	237,819	276,847	303,983	298,824	303,256	321,688	6.1
Services	47,186	50,177	51,237	53,141	53,384	52,196	53,948	3.4
Statistical discrepancy ¹	-16	-1,628	762	1,685	1,672	2,416	844	-1,572
Gross domestic product at market prices	806,778	828,997	866,252	888,390	887,540	886,420	897,284	1.2
Final domestic demand	772,818	795,589	840,751	869,580	869,428	874,248	879,868	0.6
\$ millions at 1992 prices								
Personal expenditure on consumer goods and services	442,879	453,130	471,525	484,434	485,052	486,888	487,812	0.2
Durable goods	53,028	55,205	61,926	66,224	66,728	67,632	67,572	-0.1
Semi-durable goods	42,326	42,661	44,485	46,661	46,640	46,784	46,676	-0.2
Non-durable goods	114,950	116,948	118,644	120,250	120,236	121,020	120,700	-0.3
Services	232,575	238,316	246,470	251,299	251,448	251,452	252,864	0.6
Government current expenditure on goods and services	166,401	162,211	160,972	162,046	161,964	162,244	162,708	0.3
Government gross fixed capital formation	19,696	19,150	17,589	18,385	18,356	18,664	18,692	0.2
Government inventories ¹	29	-	4	-23	-24	-20	-16	4
Business gross fixed capital formation	109,827	118,897	135,719	141,287	142,048	141,428	142,816	1.0
Residential structures	34,096	37,567	42,229	41,547	41,920	40,856	41,100	0.6
Non-residential structures	32,085	33,608	36,433	37,109	37,236	37,152	37,060	-0.2
Structures and equipment	43,646	47,722	57,057	62,631	62,892	63,420	64,656	1.9
Business investment in inventories ¹	8,031	1,767	8,293	5,404	8,180	-2,188	4,528	6,716
Non-farm ¹	7,593	1,207	8,711	4,805	7,424	-2,556	3,600	6,156
Farm ¹	438	560	-418	599	756	368	928	560
Exports of goods and services	259,188	274,504	296,364	320,301	314,708	320,620	332,848	3.8
Goods	224,582	237,306	258,677	280,980	275,380	281,628	292,808	4.0
Services	34,606	37,198	37,687	39,321	39,328	38,992	40,040	2.7
Deduct: Imports of goods and services	238,101	250,956	284,434	302,576	304,340	298,840	309,784	3.7
Goods	199,430	210,599	244,608	263,853	264,796	261,192	271,616	4.0
Services	38,671	40,357	39,826	38,723	39,544	37,648	38,168	1.4
Statistical discrepancy ¹	-37	-1,536	705	1,570	1,552	2,260	788	-1,472
Gross domestic product at market prices	767,913	777,167	806,737	830,828	827,496	831,056	840,392	1.1
Final domestic demand	738,803	753,388	785,805	806,152	807,420	809,224	812,028	0.3

¹ The change column reflects actual change in millions of dollars for these items.
- Nil or zero.

National accounts price and volume indexes

	1995	1996	1997	1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	Third to fourth quarter 1998
seasonally adjusted data								
	implicit price indexes, 1992=100							% change at quarterly rates
Personal expenditure on consumer goods and services	104.5	106.1	108.0	109.3	109.1	109.6	109.9	0.3
Government current expenditure on goods and services	104.1	104.9	105.4	105.6	105.5	105.7	105.9	0.2
Government gross fixed capital formation	104.1	105.1	106.2	105.0	105.2	104.6	104.3	-0.3
Business gross fixed capital formation	105.7	104.5	105.5	106.0	105.8	105.8	106.4	0.6
Exports of goods and services	116.6	116.9	116.1	115.2	114.3	115.1	116.7	1.4
Imports of goods and services	116.4	114.8	115.3	118.0	115.7	118.9	121.3	2.0
Gross domestic product	105.1	106.7	107.4	106.9	107.3	106.7	106.8	0.1
Final domestic demand	104.6	105.6	107.0	107.9	107.7	108.0	108.4	0.4
	chain price indexes, 1992=100							
Personal expenditure on consumer goods and services	104.8	106.4	108.1	109.7	109.4	110.0	110.3	0.3
Government current expenditure on goods and services	104.4	105.4	105.9	106.1	105.9	106.1	106.2	0.1
Government gross fixed capital formation	104.8	107.1	108.4	108.4	108.1	108.4	108.9	0.5
Business gross fixed capital formation	106.3	106.2	107.2	109.0	108.3	109.6	110.5	0.9
Exports of goods and services	118.1	118.6	118.5	118.9	120.1	121.9	121.7	-0.2
Imports of goods and services	117.7	117.0	118.4	122.9	120.8	124.9	127.1	1.8
Gross domestic product	105.2	106.8	107.6	107.5	108.3	108.1	107.7	-0.4
Final domestic demand	104.9	106.1	107.5	108.7	108.4	109.1	109.5	0.4
	chain Fisher volume indexes, 1992=100							
Personal expenditure on consumer goods and services	107.0	109.6	114.2	117.2	117.3	117.7	117.9	0.1
Government current expenditure on goods and services	98.2	95.6	94.9	95.5	95.5	95.7	96.0	0.3
Government gross fixed capital formation	104.0	100.0	91.9	95.1	95.4	96.3	95.7	-0.6
Business gross fixed capital formation	101.1	108.6	123.9	127.2	128.3	126.5	127.4	0.6
Exports of goods and services	135.2	143.0	153.4	163.6	160.3	162.1	170.5	5.2
Imports of goods and services	123.0	128.9	145.3	152.8	153.6	149.9	155.8	3.9
Gross domestic product at market prices	109.8	111.2	115.3	118.2	118.0	118.1	119.9	1.5
Final domestic demand	104.0	105.9	110.5	113.0	113.2	113.3	113.5	0.2

- Nil or zero.

Financial market summary table

	1995	1996	1997	1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	Third to fourth quarter 1998
					seasonally adjusted at annual rates			
	\$ millions				actual change			
Persons and unincorporated business	24,984	30,384	33,283	36,874	42,024	35,852	33,792	-2,060
Funds raised								
Consumer credit	6,718	7,265	9,429	9,028	9,768	8,792	8,984	192
Bank loans	973	1,169	857	3,668	5,524	2,392	3,068	676
Other loans	3,780	4,740	4,814	7,183	8,564	7,684	5,292	-2,392
Mortgages	13,513	17,210	18,183	16,995	18,168	16,984	16,448	-536
Non-Financial private corporations	25,943	32,871	52,868	66,209	61,172	67,488	78,328	10,840
Funds raised								
Bank loans	1,980	-1,044	5,882	7,968	6,924	5,164	11,248	6,084
Other loans	2,072	2,965	4,390	5,150	3,636	-1,828	9,168	10,996
Other short-term paper	2,041	3,624	5,086	7,012	6,700	4,800	6,576	1,776
Mortgages	-1,707	386	1,048	4,124	3,048	4,096	4,320	224
Bonds	11,212	6,514	13,433	13,816	21,212	17,372	11,108	-6,264
Shares	10,345	20,426	23,029	28,139	19,652	37,884	35,908	-1,976
Non-Financial government enterprises	-1,818	-2,847	-1,701	-1,115	-652	-4,500	1,780	6,280
Funds raised								
Bank loans	-825	-726	-590	168	840	576	-1,264	-1,840
Other loans	-477	343	-158	-248	-340	-904	1,004	1,908
Other short-term paper	-66	994	1,898	-492	-5,496	264	3,028	2,764
Mortgages	-6	-2	-	-	-	-	-	-
Bonds	-1,472	-3,455	-2,850	-543	4,140	-4,376	-804	3,572
Shares	1,028	-1	-1	-	204	-60	-184	-124
Federal government	25,348	12,389	-6,565	-12,170	-12,108	-10,972	-10,732	240
Funds raised								
Bank loans	-79	-7	-10	-7	-12	-4	-4	-
Other loans	-	27	-18	-	-	4	4	-
Canada short-term paper	-892	-20,777	-25,040	-19,973	-25,580	-14,676	-15,544	-868
Canada Saving Bonds	-1,152	2,031	-3,103	-2,957	-3,428	-1,760	-5,808	-4,048
Marketable bonds	27,471	31,115	21,606	10,767	16,912	5,464	10,620	5,156
Other levels of government	16,817	7,814	5,371	8,734	5,124	11,016	4,656	-6,360
Funds raised								
Bank loans	172	-106	145	155	1,072	1,376	-1,304	-2,680
Other loans	1,024	354	244	314	436	272	320	48
Other short-term paper	-1,504	-889	-1,734	1,099	1,652	2,792	-3,080	-5,872
Mortgages	276	93	-20	-	-	-8	-16	-8
Provincial bonds	16,494	7,910	6,354	7,345	2,428	6,252	9,288	3,036
Municipal bonds	420	537	336	-483	-472	260	-1,512	-1,772
Other bonds	-65	-85	46	304	8	72	960	888
Total funds raised by domestic non-financial sectors	91,274	80,611	83,256	98,532	95,560	98,884	107,824	8,940
Consumer credit	6,718	7,265	9,429	9,028	9,768	8,792	8,984	192
Bank loans	2,221	-714	6,284	11,952	14,348	9,504	11,744	2,240
Other loans	6,399	8,429	9,272	12,399	12,296	5,228	15,788	10,560
Canada short-term paper	-892	-20,777	-25,040	-19,973	-25,580	-14,676	-15,544	-868
Other short-term paper	471	3,729	5,250	7,619	2,856	7,856	6,524	-1,332
Mortgages	12,076	17,687	19,211	21,119	21,216	21,072	20,752	-320
Bonds	52,908	44,567	35,822	28,249	40,800	23,284	23,852	568
Shares	11,373	20,425	23,028	28,139	19,856	37,824	35,724	-2,100

- Nil or zero.

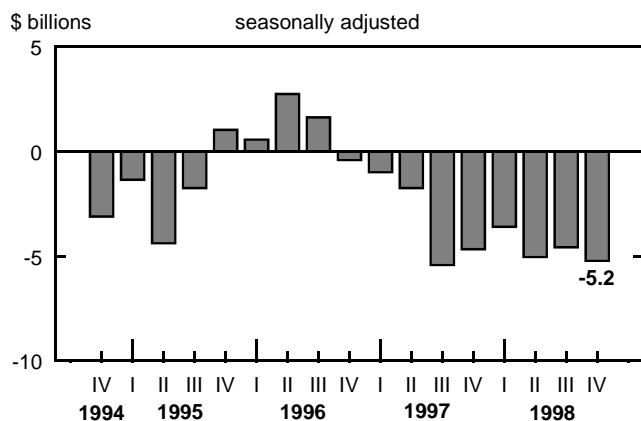
Canada's balance of international payments

1998 and fourth quarter 1998

Canada's current account deficit (on a seasonally adjusted basis) increased by \$0.6 billion in the fourth quarter to \$5.2 billion. For 1998, it reached \$18.4 billion. The quarterly level has been oscillating around \$4.5 billion since the second quarter of 1997. The fourth quarter increase was mainly due to a rise in earnings of non-resident companies from Canadian firms and to a smaller surplus on trade in goods, as imports rose more than exports.

In the financial account (not seasonally adjusted), Canadian assets abroad rose as portfolio and direct investors continued to accumulate sizable amounts of foreign assets. In addition, Canada replenished its international reserves, as the Canadian dollar held steady against most foreign currencies. Canadian liabilities also rose as foreign portfolio investors increased their holdings of Canadian bonds, stocks and money market instruments. Foreign direct investment remained high, although it was down \$3 billion from the third quarter.

Current account balance



Current account

Rise in payments to foreign direct investors

The deficit on investment income widened \$0.5 billion to \$8.5 billion (seasonally adjusted) in the fourth quarter, driven by profits in Canada earned by foreign direct investors. A strong performance in the auto sector contributed to the increase in direct investment

Note to readers

A current account deficit means that Canadian residents have spent more abroad than they have earned abroad, in the form of goods, services, investment income and transfers. In other words, there are more payments than receipts and this produces a shortfall (shown with a negative sign).

For financial transactions, the negative sign represents an increase in Canadian assets or a decrease in Canadian liabilities, and vice-versa for a positive sign. This convention simplifies the accounting entries: debit (increase in assets/decrease in liabilities) and credit (decrease in assets/increase in liabilities).

Also note that financial account transactions are presented on a net basis. For example, loan advances are netted against loan repayments.

earnings, which more than offset lower profits in finance and insurance.

Lower goods surplus driven by a rise in imports

The country's surplus on goods trade narrowed \$0.2 billion to \$5.0 billion in the final quarter of 1998, as imports advanced \$4.6 billion to \$80.4 billion. This rise was dominated by imports of automotive goods (mainly parts), though there were increases in all main import categories except energy.

Exports grew \$4.4 billion to \$85.4 billion. Export gains were almost exclusively for auto products, as trade rebounded from summertime shutdowns. The combination of lower energy exports and a small drop in machinery and equipment exports (the first in over three years) partly offset the pick-up in sales of auto products abroad.

The reduction in the goods surplus was focused on trade with the United States and Europe. However, export growth to non-OECD countries and reduced imports from Japan offered some counterbalance.

Capital and financial account

High Canadian portfolio and direct investment abroad continues

Canadian portfolio investors continued to acquire large amounts of foreign securities, investing \$8.5 billion in the fourth quarter. Acquisitions in the last three months of 1998 were equally split between bonds and stocks. The investment in bonds was concentrated in U.S. debt instruments.

Canadian firms' direct investment activity was again sizable at \$9.7 billion in the fourth quarter, but this was only about 60% of the massive investment seen in the third quarter. Two-thirds of the investment was directed

to acquisitions of existing firms, mainly located in the United States.

Foreign investment in Canadian securities remains strong

Foreign portfolio investors acquired \$9.3 billion worth of Canadian bonds, stocks and money market instruments. This brought total investment in securities to its highest level in five quarters. The bulk of this investment went to bonds, as both corporations and the federal government (for reserve purposes) placed substantial amounts in foreign markets.

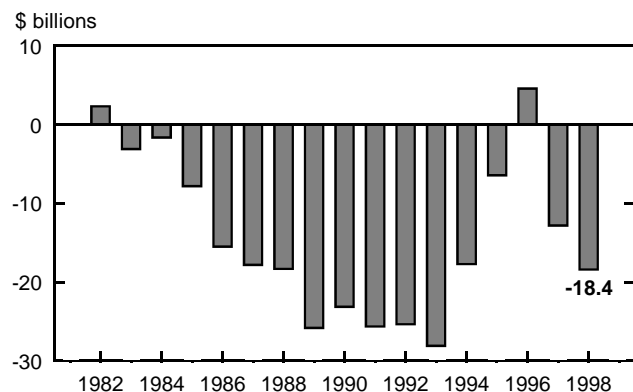
As in the third quarter, increased foreign holdings of Canadian stocks (\$2.9 billion) came entirely from new corporate treasury shares, as part of direct investment acquisitions of U.S. companies. Foreigners continued to reduce their holdings of Canadian shares, though at a lower rate than in the previous quarter. Non-residents also bought a small amount of money market paper in the quarter, mainly corporate paper.

Annual results

Current account

For 1998, Canadian residents continued to spend more than they earned abroad on goods, services, investment income and transfers. The deficit widened to \$18.4 billion, up \$5.6 billion from 1997, as the current account moved to more historical levels after the exceptional 1996 surplus of \$4.5 billion.

Current account balance, annual



The 1998 results were largely driven by a decline in the goods surplus, and, to a much lesser extent, by higher interest payments on foreign currency denominated corporate debt.

Goods surplus continues to slide

A goods surplus of \$19.4 billion was down from 1997 and less than half the all-time peak of \$41.9 billion two years ago. The reduced balance of trade in goods in 1998 reflected Canada's first deficit in basic industrial commodities, which was accompanied by a wider deficit on a range of consumer items. The 10-year surplus in auto products trade grew substantially, however, despite output disruptions in the summer months.

Behind the balances, imports outpaced exports, each on their way to record levels. Import gains were widespread, except for crude petroleum. Machinery and equipment topped the list of increases followed by automotive, industrial and consumer goods. The same product groups, in much the same order, drove export sales while crude and refined petroleum products decreased.

In 1998, Canadian traders increased their surplus with the United States and reduced their deficit with the United Kingdom. At the same time, they incurred a much higher deficit with countries outside the OECD. In addition, the annual surplus with Japan disappeared.

Higher interest payments reflect the lower value of the Canadian dollar

The deficit on investment income widened to \$30.2 billion, approaching the high set in 1995. The bulk of the increase resulted from record interest payments on non-resident holdings of corporate debt, which is largely denominated in foreign currencies and which was affected by the decline in the value of the Canadian dollar in 1998. Somewhat lower profits accruing to Canadian direct investment firms from abroad also contributed to the higher investment income deficit in 1998.

Lower travel deficit offsets deterioration in other service balances

The overall deficit on transactions in services fell slightly to \$8.4 billion during 1998 due to a substantial reduction in net travel payments. The travel deficit dropped by almost half to \$1.9 billion, the lowest level since 1987. The lower travel deficit partially reflected the change in the relative value of the Canadian dollar. Spending by U.S. travellers in Canada rose a full 25%, while Canadian travel expenditure in the United States

fell 3%. The lower value of the domestic currency did not discourage higher Canadian spending in overseas destinations; it also did not stimulate spending by overseas visitors to Canada, which fell for the second consecutive year.

The reduction in the travel deficit was sufficient to offset the increased deficits on transportation services (mainly waterborne) and on commercial services (mainly comprised of higher deficits on management, audio-visual services and royalties, together with lower surpluses for computer and information and also engineering and technical services).

Capital and financial account

Record investment in foreign securities by Canadians

Canadian investors bought a record amount of foreign securities, as the investment for the year rose to an unprecedented \$22 billion. The acquisition of \$14.9 billion in foreign stocks in 1998 was second only to the \$16.6 billion acquired in 1996. Two-thirds of the 1998 purchases consisted of U.S. shares, contrasting with mainly overseas investment over the past several years. Resident investors increased their holdings of foreign bonds for a fourth consecutive year. The record investment in 1998 of \$7.1 billion was mainly directed to U.S. government and corporate bonds.

Canadian businesses invest heavily abroad, with record foreign direct investment acquisitions

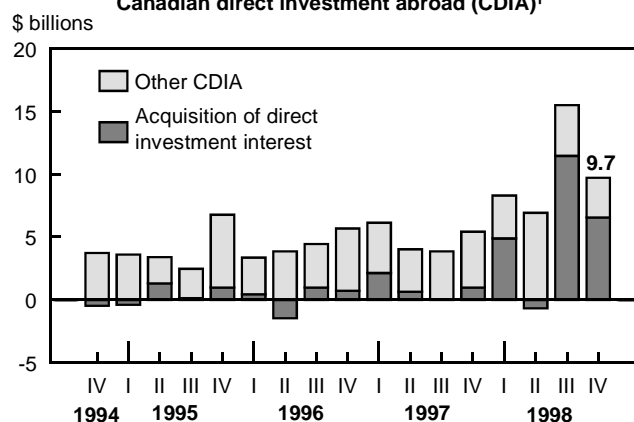
The \$39.8 billion invested in 1998 was double that of 1997, which had been the highest to that point. The record investment resulted mainly from acquisitions in the United States, and was dominated by a high-profile transaction in the high-tech industry.

Foreign firms also push direct investment in Canada to a new high

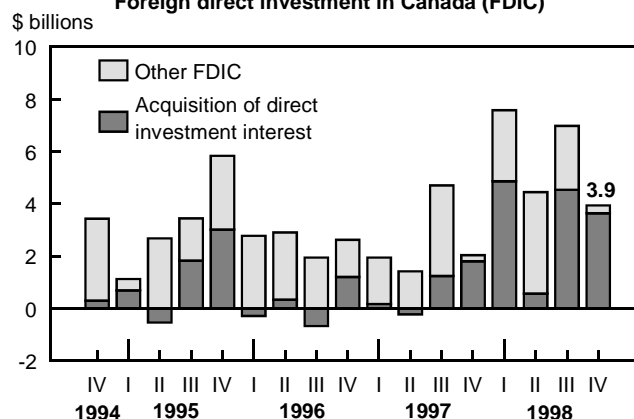
Foreign direct investment in Canada reached a record high in 1998, largely due to acquisitions of Canadian firms by American investors. The roughly \$23 billion flowing into Canada in 1998 was \$10 billion higher than the previous high in 1995. Although significant, it amounted to just over half the record activity in Canadian direct investment abroad.

Direct investment, quarterly

Canadian direct investment abroad (CDIA)¹



Foreign direct investment in Canada (FDIC)



¹ Reverse of balance-of-payment signs.

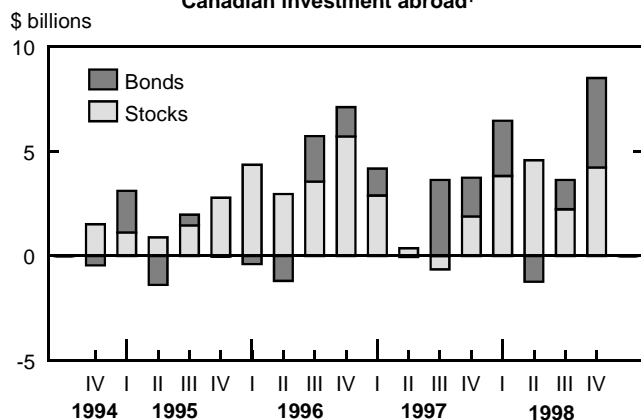
Foreign investors continue to buy Canadian securities

Foreign portfolio investors invested heavily in Canadian corporations, buying a sizable \$24.2 billion of Canadian bonds, stocks and money market instruments. The increase of bond purchases resulted entirely from new corporate issues placed in foreign markets. In contrast, non-resident holdings of government bonds declined, in line with the reduced demand for funds by Canadian governments.

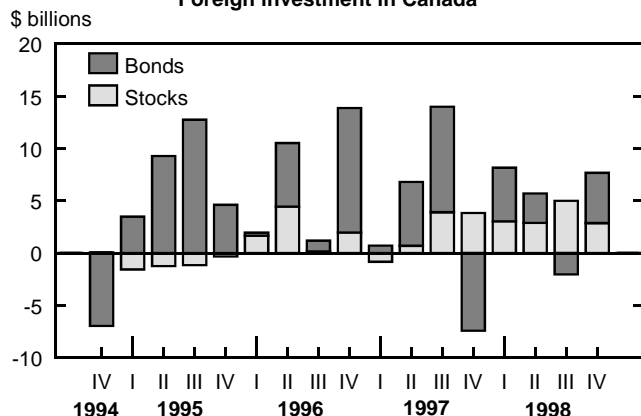
Investment in Canadian stocks came entirely from new corporate treasury shares, as part of direct investment acquisitions of two major U.S. companies. In fact, excluding these special purpose issues, foreign investors sold some of their holdings in 1998 after making substantial investments in 1996 and 1997.

Portfolio investment, quarterly

Canadian investment abroad¹



Foreign investment in Canada



¹ Reverse of balance-of-payments signs.

At year-end, foreign investors' asset holdings of Canadian short-term paper were largely unchanged from 1997. The differential on short-term federal government treasury bills began 1998 at about 100 basis points in favour of investment in the United States and shifted by year-end to 20 basis points in favour of Canada.

Canada's reserve assets fluctuate over the year

Canadian reserve assets fluctuated widely during the year as the Canadian dollar came under heavy downward pressure from major international currencies. Canada augmented its official international reserves by \$7.4 billion, similar to the sizable increase in 1996. Increased borrowing in foreign markets by the federal government financed this gain in reserves as it did in 1996. Most of the increase went to deposits and securities in other foreign currencies, as the Canadian dollar weakened more against European currencies than its U.S. counterpart.

Available on CANSIM: matrix 2325-2327, 2355, 2360-2377 and 3183.

For more information, or to enquire about the concept, methods, and data quality of this release, contact Patrick O'Hagan (613-951-1798), Balance of Payments and Financial Flows Division. □

Balance of payments

	Fourth quarter 1997	First quarter 1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	1997	1998
	not seasonally adjusted						
	\$ millions						
Current account							
Receipts							
Goods and services	87,917	86,544	92,029	91,864	96,654	342,673	367,091
Goods	78,631	77,446	80,946	78,169	86,840	301,101	323,400
Services	9,286	9,099	11,083	13,695	9,814	41,572	43,691
Investment income	7,768	7,934	7,962	6,994	7,527	29,722	30,416
Direct investment	3,432	3,688	3,538	2,615	3,089	13,253	12,930
Portfolio investment	875	893	934	923	914	3,397	3,663
Other investment	3,462	3,353	3,490	3,456	3,524	13,072	13,823
Current transfers	1,131	1,388	1,103	1,143	1,351	4,828	4,985
Current account receipts	96,816	95,867	101,095	100,000	105,531	377,223	402,492
Payments							
Goods and services	85,109	87,152	90,334	85,859	92,771	327,162	356,116
Goods	73,344	73,569	77,277	72,817	80,321	276,846	303,984
Services	11,765	13,583	13,057	13,042	12,450	50,316	52,132
Investment income	14,072	15,142	14,764	15,039	15,650	58,649	60,595
Direct investment	3,106	3,973	3,717	3,898	4,306	15,962	15,894
Portfolio investment	7,519	7,413	7,532	7,839	7,937	29,070	30,722
Other investment	3,447	3,755	3,515	3,302	3,407	13,617	13,979
Current transfers	1,003	1,273	1,010	942	980	4,227	4,204
Current account payments	100,184	103,567	106,108	101,841	109,400	390,038	420,915
Balances							
Goods and services	2,809	-608	1,695	6,005	3,883	15,511	10,975
Goods	5,288	3,877	3,669	5,352	6,519	24,255	19,416
Services	-2,479	-4,485	-1,974	653	-2,636	-8,744	-8,442
Investment income	-6,304	-7,208	-6,802	-8,046	-8,123	-28,927	-30,179
Direct investment	326	-285	-178	-1,283	-1,216	-2,709	-2,964
Portfolio investment	-6,644	-6,521	-6,599	-6,917	-7,024	-25,673	-27,059
Other investment	14	-402	-25	154	117	-545	-156
Current transfers	128	116	94	201	371	600	781
Current account balance	-3,367	-7,700	-5,013	-1,840	-3,869	-12,815	-18,423
Capital and financial account^{1, 2}							
Capital account	1,545	1,170	1,346	1,461	1,115	7,609	5,092
Financial account	10,675	12,903	-5,777	2,889	-4,017	12,261	5,998
Canadian assets, net flows							
Canadian direct investment abroad	-5,419	-8,301	-6,242	-15,495	-9,717	-19,426	-39,755
Portfolio investment	-3,732	-6,462	-3,336	-3,627	-8,501	-11,192	-21,927
Foreign bonds	-1,848	-2,637	1,235	-1,391	-4,276	-6,702	-7,068
Foreign stocks	-1,884	-3,826	-4,571	-2,236	-4,226	-4,491	-14,858
Other investment	-2,350	3,829	3,697	8,305	2,315	-21,088	18,146
Loans	855	5,091	-1,944	-527	10,696	-21,134	13,316
Deposits	-2,488	-2,247	1,500	6,594	-3,724	-2,788	2,124
Official international reserves	2,921	-6,422	3,539	1,228	-5,775	3,388	-7,430
Other assets	-3,638	7,407	603	1,010	1,118	-554	10,137
Total Canadian assets, net flows	-11,501	-10,935	-5,880	-10,818	-15,903	-51,706	-43,536
Canadian liabilities, net flows							
Foreign direct investment in Canada	2,033	7,578	4,447	6,975	3,938	9,876	22,936
Portfolio investment	-11	7,850	1,891	5,255	9,253	18,743	24,249
Canadian bonds	-7,399	5,112	2,820	-2,038	4,806	9,507	10,700
Canadian stocks	3,839	3,047	2,886	4,999	2,881	7,642	13,813
Canadian money market	3,549	-308	-3,815	2,293	1,565	1,594	-264
Other investment	20,154	8,409	-6,234	1,478	-1,305	35,348	2,348
Loans	-3,665	915	4,881	-35	-1,988	-951	3,773
Deposits	23,258	6,940	-11,694	842	660	34,109	-3,252
Other liabilities	561	554	579	671	23	2,190	1,827
Total Canadian liabilities, net flows	22,176	23,837	103	13,707	11,886	63,966	49,533
Total capital and financial account, net flows	12,220	14,073	-4,432	4,350	-2,902	19,870	11,090
Statistical discrepancy	-8,853	-6,373	9,445	-2,510	6,771	-7,054	7,333

¹ 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.

² Transactions are recorded on a net basis.

- Nil or zero.

Current account

	Fourth quarter 1997	First quarter 1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	1997	1998
	seasonally adjusted						
	\$ millions						
Receipts							
Goods and services							
Goods	77,665	78,428	78,595	80,977	85,401	301,101	323,400
Services	10,604	10,766	10,841	10,850	11,234	41,572	43,691
Travel	3,107	3,401	3,369	3,402	3,543	12,141	13,715
Transportation	2,075	2,033	2,050	2,020	2,045	8,323	8,148
Commercial services	5,170	5,076	5,163	5,173	5,390	20,100	20,802
Government services	253	255	259	256	256	1,008	1,025
Total	88,269	89,194	89,436	91,827	96,634	342,673	367,091
Investment income							
Direct investment	3,422	3,562	3,213	2,956	3,200	13,253	12,930
Interest	96	105	105	101	98	391	408
Profits	3,326	3,457	3,108	2,855	3,102	12,862	12,523
Portfolio investment	874	889	929	928	916	3,397	3,663
Interest	357	353	380	385	377	1,302	1,495
Dividends	518	537	549	544	538	2,095	2,168
Other investment	3,415	3,463	3,549	3,371	3,440	13,072	13,823
Total	7,711	7,914	7,691	7,256	7,555	29,722	30,416
Current transfers							
Private	509	584	553	590	563	2,082	2,290
Official	603	792	544	593	766	2,746	2,695
Total	1,113	1,376	1,097	1,183	1,329	4,828	4,985
Total receipts	97,093	98,484	98,224	100,266	105,518	377,223	402,492
Payments							
Goods and services							
Goods	73,697	73,042	74,706	75,813	80,423	276,846	303,984
Services	12,597	13,037	13,075	12,789	13,231	50,316	52,132
Travel	3,914	3,939	4,060	3,717	3,925	15,649	15,642
Transportation	2,922	3,114	2,982	3,026	2,999	11,514	12,121
Commercial services	5,618	5,834	5,886	5,902	6,164	22,576	23,786
Government services	144	150	147	143	143	577	584
Total	86,294	86,079	87,781	88,602	93,654	327,162	356,116
Investment income							
Direct investment	3,484	3,666	3,379	4,110	4,739	15,962	15,894
Interest	373	393	394	395	395	1,500	1,576
Profits	3,111	3,273	2,986	3,715	4,344	14,462	14,318
Portfolio investment	7,521	7,412	7,535	7,841	7,934	29,070	30,722
Interest	7,196	7,100	7,224	7,530	7,625	27,827	29,480
Dividends	325	312	310	311	309	1,243	1,242
Other investment	3,447	3,755	3,515	3,302	3,407	13,617	13,979
Total	14,452	14,833	14,429	15,252	16,080	58,649	60,595
Current transfers							
Private	474	500	497	488	492	1,834	1,976
Official	536	666	554	497	511	2,393	2,228
Total	1,010	1,166	1,050	985	1,003	4,227	4,204
Total payments	101,756	102,078	103,261	104,839	110,738	390,038	420,915
Balances							
Goods and services							
Goods	3,968	5,386	3,889	5,164	4,978	24,255	19,416
Services	-1,993	-2,271	-2,234	-1,939	-1,998	-8,744	-8,442
Travel	-807	-538	-691	-316	-382	-3,508	-1,927
Transportation	-847	-1,080	-931	-1,006	-955	-3,191	-3,972
Commercial services	-448	-757	-723	-730	-773	-2,477	-2,984
Government services	109	105	112	112	112	431	442
Total	1,974	3,115	1,655	3,225	2,980	15,511	10,975
Investment income							
Direct investment	-62	-104	-166	-1,154	-1,540	-2,709	-2,964
Interest	-277	-288	-289	-294	-298	-1,109	-1,168
Profits	215	184	122	-860	-1,242	-1,600	-1,795
Portfolio investment	-6,646	-6,523	-6,606	-6,912	-7,019	-25,673	-27,059
Interest	-6,839	-6,748	-6,845	-7,145	-7,248	-26,525	-27,985
Dividends	193	225	239	233	229	852	926
Other investment	-32	-292	34	70	33	-545	-156
Total	-6,741	-6,919	-6,738	-7,996	-8,525	-28,927	-30,179
Current transfers							
Private	35	84	56	102	70	248	314
Official	68	126	-9	96	256	352	468
Total	103	210	47	198	326	600	781
Current account	-4,664	-3,594	-5,037	-4,574	-5,219	-12,815	-18,423

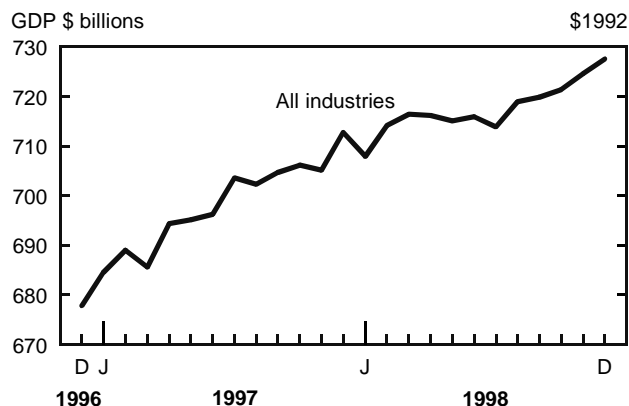
Gross domestic product by industry at factor cost

December 1998

Gross domestic product (GDP) advanced 0.4% in December, the fifth consecutive increase since a mid-year lull. The economy's strength in the final months of 1998 was partly due to strike-related rebounds.

Continued strong demand in the United States led to higher manufacturing and wholesaling output. The recent upswing in construction and gains in certain mining activities also extended into December, while work to correct Year 2000-related problems buoyed the computer services industry. Retail sales, which have been stagnating since April, edged down in December.

Economy capped the year with a solid advance



Pulp and paper, high automotive output, boosted manufacturing

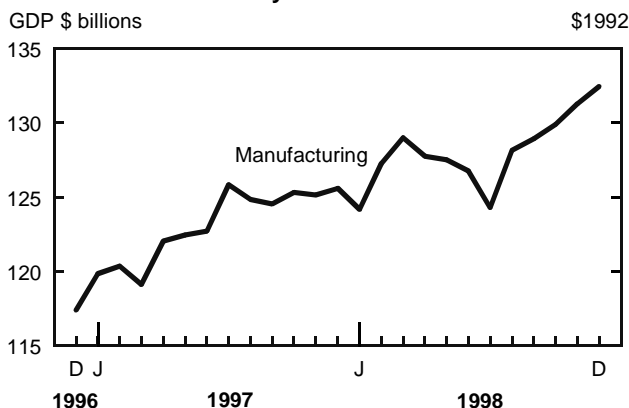
After four months of expansion, manufacturers reported another significant increase in output (+0.9%) in December. As in the past few months, industries with a strong U.S. market orientation reported the largest gains. Among them were makers of pulp and paper, automotive and primary metal products. December's overall increase in production was broadly-based, with 16 of 22 major industry groups – accounting for more than two-thirds of factory output – recording increases. These increases were partly offset by lower production of chemical, wood and electronic products.

Output of paper and allied products rose 7.3% in December. Newsprint production surged 12.8%, as several mills in Eastern Canada that had been closed because of a strike returned to full production, driving newsprint prices down.

Note to readers

The gross domestic product of an industry is the value added by labour and capital in transforming inputs purchased from other producers into outputs. The estimates presented here are seasonally adjusted at annual rates and are valued at 1992 prices.

Manufacturers spurred by end of newsprint strike, steady U.S. demand



Manufacturers of transportation equipment raised output 1.6% in December. Production of motor vehicles and parts rose 1.5% from already high levels, as strong consumer demand from the United States for Canadian-built models continued unabated, but at a slightly lower level than in November. Dealer inventories south of the border were still depleted at the end of the year despite efforts by producers to replenish them. Production in the railroad and rolling stock industry was also up significantly in December, following the completion of a number of large contracts.

Output of primary metal products rose 2.4% in December. Iron foundries increased production the most, as a result of strong auto-related demand. Makers of rolled steel, steel pipe and tube, and aluminum rolling mills raised output as well.

Manufacturing of chemicals fell 1.5% in December. The overall decline was dominated by lower production of pharmaceuticals, which partly erased a five-month string of gains in this industry.

Output of wood was down 2.6% in December. The decrease came about despite strong demand from the United States, where a building boom has led to a significant run-up in purchases of Canadian wood. Many sawmills ran out of quota allotment under the Canada-U.S. softwood lumber agreement before the

end of December and curtailed shipments in order to avoid punitive export tariffs.

Production of electrical and electronic products edged down 0.4% in December, as makers of telecommunications equipment reduced production at the end of the year. The decrease coincided with a steep drop in exports of these products. This decline was partly offset by an increase in the computer and peripheral equipment industry, the first in four months. An industry restructuring had led to declines in the previous three months.

Wholesalers buoyed by higher auto sales

Wholesaling activity increased 0.7% in December, led by stronger auto exports. This marked the 11th consecutive increase and helped wholesale activity grow in 1998 by 7.3% over the previous year. Distributors of non-farm machinery and other goods were also busier during December, while business dropped for computer and software dealers.

A disappointing December for retailers

Continued sluggish consumer demand in December prompted a 0.1% decline in retailing activity. Results in the latest month were mixed, with clothing and grocery stores experiencing a drop in sales volumes, while service stations, auto parts dealers and department stores enjoyed increased customer traffic. Sales by auto dealers, however, only increased marginally, as a drop in unit sales of new vehicles was offset by an increase in used autos, parts, leasing and repairs.

Retailing activity continued to be lacklustre



Retail sales have stagnated since April 1998. This lack of any upward momentum partly resulted from a slowing in sales of autos and a general flattening of activity in a number of areas, most notably department stores.

Upswing in construction continued

Construction activity rose 0.6% in December, led by the continued recovery of residential building activity following a strike-induced summer slump. While the latest gain was the fourth increase in five months, total construction activity remained 2.5% below its February 1998 peak.

Homebuilders had a good month, raising output 0.7%, the fifth consecutive increase. Nevertheless, there was a 1.0% drop in 1998, reflecting lower demand for housing. (Housing starts in 1998 were 6.6% below last year's levels.) Non-residential building activity advanced 0.6% in December, only partly reversing sharp declines in the previous two months.

Diamonds and drilling activity lifted a weak mining sector

Mining activity was up 0.7% in December, solely on the strength of new diamond extraction and oil and gas exploration. Diamond mining has expanded considerably since coming onstream in October 1998, lifting the entire non-metal mining subgroup despite lower potash and salt production. Otherwise, the mining sector was generally down, as raw material prices continued to be depressed.

Other industries

The finance industries were lifted by increased activity by banks and other financial institutions. Business services were buoyed by the increased activity of computer services companies working in Year-2000 related projects, as well as by a fourth consecutive monthly increase in miscellaneous business services. Output in the air transport industry receded somewhat in December, but remained at high levels in the wake of the September pilots' strike. Higher shipments of automotive goods buoyed both truck and rail carriers.

Available on CANSIM: matrices 4677-4681.

The December 1998 issue of *Gross domestic product by industry* (15-001-XPB, \$15/\$145) is scheduled for release in early March. See *How to order publications*.

For analytical information, or to enquire about the concepts, methods, and data quality of this release, contact Richard Evans (613-951-9145, evanric@statcan.ca). For information regarding

the purchase of data, contact Kim Lauzon (1 800 877-4623; lauzonk@statcan.ca), Industry Measures and Analysis Division.

Gross domestic product at factor cost by industry, at 1992 prices

	July 1998 ^r	Aug. 1998 ^r	Sept. 1998 ^r	Oct. 1998 ^r	Nov. 1998 ^r	Dec. 1998 ^p	Nov. to Dec. 1998	Dec. 1998	Dec. 1997 to Dec. 1998
seasonally adjusted									
	month-to-month % change						\$ change ¹	\$ level ¹	% change
All industries	-0.3	0.7	0.1	0.2	0.4	0.4	2,967	727,546	2.1
Goods-producing industries	-1.4	1.8	-0.1	-0.1	0.7	0.7	1,673	239,185	1.6
Agriculture	0.4	-0.1	-0.8	-0.4	0.1	0.3	39	11,891	-0.1
Fishing and trapping	-2.4	-8.0	-0.1	-3.6	-7.0	6.0	36	634	-6.8
Logging and forestry	2.7	3.2	-2.8	3.1	0.2	-1.6	-78	4,654	-4.3
Mining, quarrying and oil wells	-1.1	-0.8	-1.1	-3.0	0.9	0.7	181	26,844	-7.3
Manufacturing	-1.9	3.1	0.6	0.8	1.1	0.9	1,175	132,464	5.5
Construction	-1.2	0.6	0.4	-0.2	0.1	0.6	238	38,686	-0.7
Other utilities	-0.3	1.3	-2.6	-2.0	-0.1	0.3	82	24,012	-2.0
Services-producing industries	0.2	0.2	0.2	0.4	0.3	0.3	1,294	488,361	2.3
Transportation and storage	-0.9	0.9	-0.9	2.6	-0.1	0.2	66	32,791	-0.2
Communications	0.6	1.6	1.4	1.1	1.0	0.3	76	25,146	8.9
Wholesale trade	1.0	0.3	1.4	1.1	0.2	0.7	294	44,039	6.3
Retail trade	1.6	-0.3	0.8	-1.5	1.2	-0.1	-65	45,001	0.6
Finance and insurance	-0.2	0.1	0.1	-0.2	0.1	1.0	387	40,341	2.0
Real estate and insurance agent	0.1	0.1	0.0	-0.1	0.2	0.2	134	79,387	1.9
Business services	0.2	0.7	0.5	0.4	1.1	0.9	388	42,496	7.5
Government services	0.0	0.1	0.1	0.0	0.2	0.1	29	42,875	0.3
Education	-0.2	-0.9	-0.6	1.6	-0.1	-0.2	-63	40,046	-0.7
Health and social services	0.0	0.3	0.2	0.1	-0.2	0.2	89	48,509	0.5
Accommodation and food	0.4	-0.5	-0.7	1.7	1.0	-0.2	-35	18,906	2.0
Other services	0.1	0.2	0.4	0.0	-0.1	0.0	-6	28,824	1.8
Other aggregations									
Industrial production	-1.6	2.3	-0.1	-0.2	0.9	0.8	1438	183,320	2.4
Non-durable manufacturing	-1.0	1.4	0.2	0.0	0.5	1.1	648	57,773	3.7
Durable manufacturing	-2.7	4.6	0.9	1.3	1.5	0.7	527	74,691	6.9
Business sector	-0.3	0.9	0.2	0.2	0.5	0.5	2956	601,531	2.5
Non-business sector	0.0	-0.2	-0.1	0.5	0.1	0.0	11	126,015	0.1

^r Revised figures.

^p Preliminary figures.

¹ Millions of dollars at annual rate.

PUBLICATIONS RELEASED

Communications - cable statistics, vol. 28, no. 3,
1997

Catalogue number 56-001-XIB

(Canada: \$10/\$32; outside Canada: US\$10/US\$32).

All prices exclude sales tax.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; and -XPB or -XPE denote a paper version.

How to order publications

Simplify your data search with the *Statistics Canada Catalogue* (11-204-XPE, \$16; outside Canada: US\$16).

Its keyword index will guide you to statistics on Canada's social and economic activity.

Order publications by phone:

Please refer to the • Title • Catalogue number • Volume number • Issue number • Your VISA or MasterCard number.

In Canada and the United States call:

1-800-267-6677

From other countries call:

1-613-951-7277

To fax your order:

1-800-889-9734

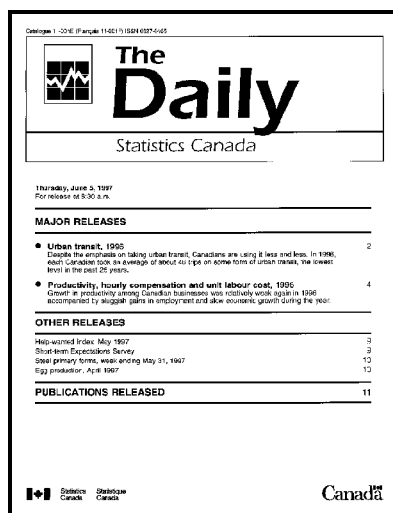
Address changes or account inquiries:

1-800-700-1033

To order a publication by mail write: Statistics Canada, Circulation Management, Operations and Integration Division, Ottawa, K1A 0T6. Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 7% GST and applicable PST.

To order by Internet: write to order@statcan.ca or download an electronic version by accessing Statistics Canada's Web site (www.statcan.ca), under the headings *Products and services*, *Downloadable publications*.

Authorized agents and bookstores also carry Statistics Canada's catalogued publications.



Statistics Canada's official release bulletin

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 access *The Daily* on the Internet, visit our site at <http://www.statcan.ca>. To receive *The Daily* each morning by E-mail, 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: Dan Smythe (613-951-1103, smytdan@statcan.ca)

Head of Official Release: Chantal Prévost (613-951-1088, prevcha@statcan.ca)

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 1999. Citation in newsprint, magazine, radio, and television reporting is permitted subject to the requirement that Statistics Canada is acknowledged as the source. Any other reproduction is permitted subject to the requirement that Statistics Canada is acknowledged as the source on all copies as follows: Statistics Canada, *The Daily*, catalogue 11-001E, along with date and page references.