

I·N·F·O·M·A·T

A W E E K L Y R E V I E W

Friday, November 7, 1986

OVERVIEW

■ Quarterly Trade Balance Continues Downward Trend

Growth of imports exceeds that of exports and the third quarter surplus registers a five year low.

■ Industrial Product Price Increases Remain Low

The index was up slightly on a monthly basis but the year-over-year rise was still under 1%.

■ Construction Materials Prices Push Up

Supply shortages, low inventories, and higher manufacturers' costs all contributed to the index's advance in September.

■ Domestic Travel on Upswing

A number of special occasions in the second quarter undoubtedly contributed to the positive trend in internal travel.

■ Sharp Turnaround in Raw Materials Price Index

Substantial increases in crude oil prices led to a reversal of the recent downward trend in raw material prices.

■ New Housing Prices Maintain Upward Trend

Upward movement is sustained for sixteenth consecutive month.

Quarterly Trade Balance

In the third quarter of 1986, the merchandise trade balance was \$1.5 billion, the lowest quarterly surplus in five years. From a record high in the fourth quarter of 1984, the Canadian trade surplus has generally followed a downward trend, declining in five of the last seven quarters. During this period the growth rate of imports has generally exceeded that of exports.

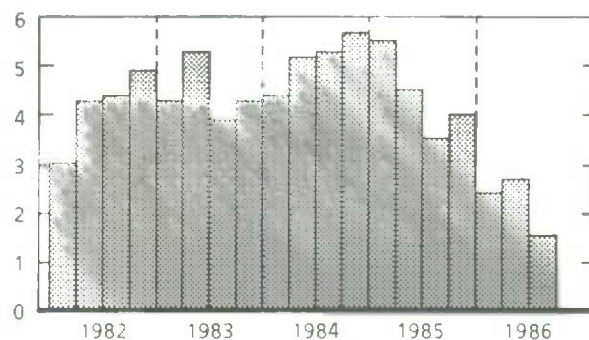
It is notable, though, that the merchandise trade balance climbed from a deficit of \$38 million in the first month of the third quarter to a surplus of \$1.1 billion in September. The last two months of solid growth were primarily due to improvements in the trade surplus with the United States.

In September, exports of passenger autos and chassis increased to a record value of \$1.7 billion, as normal production resumed at all plants. A large advance was also registered for industrial goods and materials. Although exports of wheat were up by \$36

(continued on page 2)

Merchandise Trade Balance

(billions of dollars, seasonally adjusted)



Statistics
Canada

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Canada

Canada

... Merchandise Trade

million, both prices and volumes were down significantly from the same period last year. Lower production of trucks and other motor vehicles contributed to a decrease of \$178 million in the value exported. Forestry products posted a major decline of \$61 million.

Imports were down slightly in September (0.5%), to \$9.2 billion. At the commodity level there were several large offsetting price movements. Imports of passenger autos and chassis rose \$270 million, while those of motor vehicle parts fell \$291 million. Large advances in the value of imports of trucks, aircraft, and crude petroleum were balanced by declines in the value of petroleum and coal products, other industrial machinery and equipment, and metal ores imported.

Merchandise Trade

	Apr.	May	June	July	Aug.	Sept.
	% change, previous month					
Imports	1.2	1.2	2.3	9.0	-6.2	-0.5
Exports	5.6	-5.1	-2.7	4.0	-0.7	5.5
	change, previous month					
Balance (millions of \$)	438	-622	-465	-435	538	580

For further information, contact International Trade Division at (613) 990-9647.

Industrial Product Price Index

Preliminary estimates show that the Industrial Product Price Index (IPPI, 1981 = 100) rose 0.3% in September, the largest of three consecutive monthly advances. This increase resulted primarily from higher prices in the wood, food and primary metal sectors. Petroleum and coal product prices, which have fallen since the start of the year, remained relatively stable.

The slight decrease in the petroleum and coal products component (-0.1%) was the smallest of nine consecutive monthly declines. Prices for these products were 26.1% lower than they were in September 1985.

Industrial Product Price Index

	Apr.	May	June	July	Aug.	Sept.
	% change, previous month					
Total	-0.7	-0.8	0.2	0.1	0.3	0.3
Products						
Softwood lumber	5.5	-2.7	-5.6	-0.6	6.0	4.2
Meat products	-0.4	0.6	0.0	1.2	5.8	0.8
Primary metal	0.4	0.6	0.8	-0.6	-0.1	0.8
Petroleum and coal	-10.9	-7.0	-1.5	-1.9	-1.8	-0.1

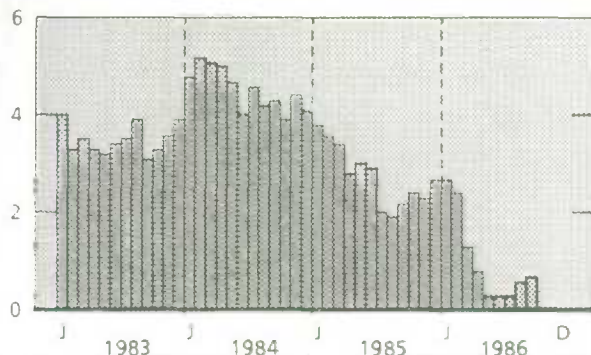
The ongoing strike in British Columbia by woodworkers was partially responsible for substantial increases in wood-sector prices. Softwood lumber prices advanced 4.2%, and softwood plywood and veneer rose 2.7% during the month.

Increasing for the fifth consecutive month, prices for meat products were up 0.8% from August. However, this advance was significantly lower than those recorded in the three preceding months. Higher ham, bacon, and beef prices were the main contributors to the increase in the current month. Dairy and fish prices were also up.

For further information, contact Prices Division at (613) 990-9606.

Industrial Product Price Index

(% change, previous year)



Construction Building Material Price Index

Supply shortages, low inventory levels and rising manufacturers' costs on some materials pushed up the price indexes for construction building materials in September. In particular, plywood, moulding, lumber and roof trusses recorded large price advances over the previous month.

Demand for these materials has been strong since June 1985. Wholesalers of lumber and building materials have reported year-over-year sales increases for 15 consecutive months. Their cumulative sales from January to August 1986 were 24.4% higher than the same period of 1985. Their sales to stock ratio in August was 1.22:1, the lowest level in more than four years.

In addition, a strike by woodworkers in British Columbia has effected the price and availability of softwood lumber and plywood.

The value of non-residential construction has been growing but at a more moderate rate than residential construction. Advances in the building material price indexes for these two types of construction show a similar pattern. Prices for residential building materials have been rising faster than non-residential materials. The residential index had a 12-month change of 8.1% in September, while the non-residential index was up 5.4%.

Construction Building Material Price Indexes

Non-residential	May	June	July	Aug.	Sept.
	% change, previous month				
Total materials	0.2	-0.1	-0.1	0.4	0.1
Architectural	0.1	0.0	-0.1	0.6	0.2
Structural	0.0	-0.2	-0.2	0.3	0.1
Mechanical	0.1	0.1	0.1	0.0	0.1
Electrical	0.8	0.0	0.1	0.2	0.3

Residential	May	June	July	Aug.	Sept.
	% change, previous month				
Total materials	0.2	-0.2	-0.2	0.7	0.5
Architectural	0.1	0.0	-0.2	0.5	0.5
Structural	0.3	-0.9	-0.4	1.4	1.0
Mechanical	0.1	0.2	0.0	-0.1	0.2
Electrical	0.8	-0.2	0.1	0.2	-0.2

For further information, contact Prices Division at (613) 990-9606.

Domestic Travel in Canada

Results from the second quarter 1986 Canadian Travel Survey indicate that the downward trend in domestic travel that was evident in the early 80's, and particularly acute in 1984, has come to a halt. The travel habits of Canadians appear to have returned to levels similar to 1979, which represented the peak of domestic travel.

During the second quarter of 1986, domestic travellers took an estimated 28 million trips throughout Canada. This resulted in a 23% jump over 1984 levels,

or an increase of approximately 5 million trips. In relation to the peak travel year (1979), there was virtually no change.

Canadians reported that 17.7 million of these journeys lasted at least one night. This was a 16% improvement over the low levels of 1984, but 7% lower than 1979. A number of special occasions in the second quarter, most notably the opening of Expo'86 in early May, undoubtedly contributed to such positive trends.

For further information, contact Education, Culture and Tourism Division at (613) 991-1513.

PUBLICATIONS RELEASED OCTOBER 31 TO NOVEMBER 6

CANSIM

Canadian Statistical Review, October 1986
Catalogue number 11-003E (Canada: \$20/\$200;
Other Countries: \$21.50/\$215)

HEALTH

Tuberculosis Statistics – Morbidity and Mortality,
1985 Catalogue number 82-212 (Canada \$8; Other
Countries: \$9)

INDUSTRY

Canned and Frozen Fruits and Vegetables, May
1986 Catalogue number 32-011 (Canada: \$4/\$40;
Other Countries: \$5/\$50)

Construction Type Plywood, August 1986 Catalogue
number 35-001 (Canada: \$4/\$40; Other Countries:
\$5/\$50)

**Factory Shipments of High Pressure Decorative
Laminate Sheet**, Quarter Ended September 1986
Catalogue number 47-005 (Canada: \$3/\$12; Other
Countries: \$4/\$16)

Industrial Chemicals and Synthetic Resins, August
1986 Catalogue number 46-002 (Canada: \$5/\$50;
Other Countries: \$6/\$60)

**Manufacturing Industries of Canada: Sub-
provincial Areas**, 1983 Catalogue number 31-209
(Canada: \$70; Other Countries: \$80)

Monthly Production of Soft Drinks, September 1986
Catalogue number 32-001 (Canada: \$2/\$20; Other
Countries: \$3/\$30)

Particleboard, Waferboard and Hardboard, August
1986 Catalogue number 36-003 (Canada: \$4/\$40;
Other Countries: \$5/\$50)

**Production and Shipments of Steel Pipe, Tubing
and Fittings**, August 1986 Catalogue number 41-011
(Canada: \$4/\$40; Other Countries: \$5/\$50)

Production and Stocks of Eggs and Poultry, August
1986 Catalogue number 23-003 (Canada: \$10/\$100;
Other Countries: \$11/\$110)

Rubber Products Industries, 1984 Catalogue number
33-206 (Canada: \$20; Other Countries: \$21)

Scientific and Professional Equipment Industries,
1984 Catalogue number 47-206 (Canada: \$20; Other
Countries: \$21)

Shipments of Animal and Poultry Feeds, Semi-
Annual Period Ended December 1985 Catalogue
number 32-004 (Canada: \$6/\$12; Other Countries:
\$7/\$14)

Steel Wire and Specified Wire Products, August
1986 Catalogue number 41-006 (Canada: \$4/\$40;
Other Countries: \$5/\$50)

INDUSTRY – continued

Stocks of Frozen Meat Products, October 1986
Catalogue number 32-012 (Canada: \$10/\$100; Other
Countries: \$11/\$110)

The Sugar Situation, September 1986 Catalogue
number 32-013 (Canada: \$4/\$40; Other Countries:
\$5/\$50)

Veneer and Plywood Industries, 1984 Catalogue
number 35-206 (Canada: \$20; Other Countries: \$21)

Wire and Wire Products Industries, 1984 Catalogue
number 41-216 (Canada: \$20; Other Countries: \$21)

INTERNATIONAL TRADE

**Preliminary Statement of Canadian International
Trade**, September 1986 Catalogue number 65-001P
(Canada: \$5/\$50; Other Countries: \$6/\$60)

LABOUR

Labour Force Information, October 1986 Catalogue
number 71-001P (Canada: \$5/\$50; Other Countries:
\$6/\$60)

Quarterly Estimates of Trusteed Pension Funds,
First Quarter 1986 Catalogue number 74-001
(Canada: \$10/\$40; Other Countries: \$11/\$44)

Unemployment Insurance Statistics, August 1986
Catalogue number 73-001 (Canada: \$12/\$120; Other
Countries: \$13/\$130)

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Building Permits, July 1986 Catalogue number
64-001 (Canada: \$20/\$200; Other Countries:
\$21/\$210)

Housing Starts and Completions, August 1986
Catalogue number 64-002 (Canada: \$15/\$150; Other
Countries: \$16/\$160)

Science Statistics, Vol. 10, No. 9: The Provincial
Research Organizations, 1985 Catalogue number
88-001 (Canada: \$6/\$60; Other Countries: \$7/\$70)

Science Statistics, Vol. 10, No. 10: R&D in the
Petroleum Industry, 1987 Estimate Catalogue number
88-001 (Canada: \$6/\$60; Other Countries: \$7/\$70)

SERVICES

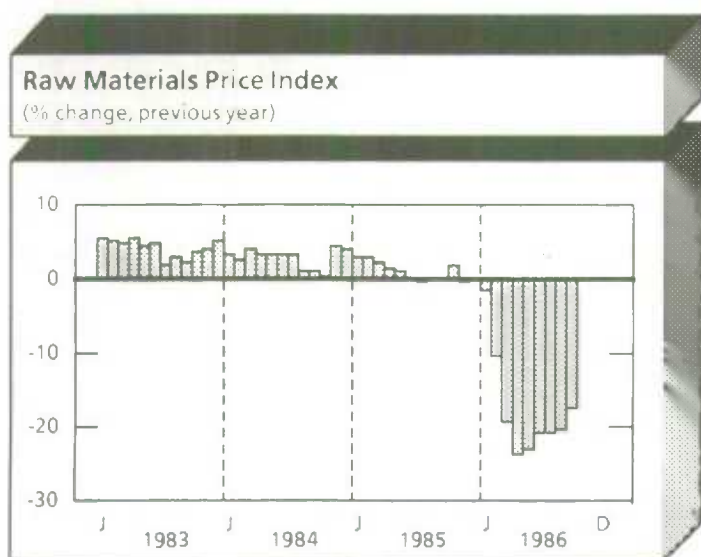
Restaurant, Caterer and Tavern Statistics, August
1986 Catalogue number 63-011 (Canada: \$5/\$50;
Other Countries: \$6/\$60)

TRANSPORTATION

Railway Carloadings, 7-day Period Ending October
14, 1986 Catalogue number 52-005 (Canada: \$75;
Other Countries: \$100)

Raw Materials Price Index

A sharp jump in crude oil prices caused a 3.8% increase in the Raw Materials Price Index (1981 = 100) during September. Crude oil prices were estimated to have risen 12.4% over the previous month, the second month-over-month increase since the beginning of the year.



The mineral fuels component (principally crude oil) which has had a dramatic effect on the RMPI since January, was down 40.3% from September 1985

and dragged the total index down 17.6%. Excluding the mineral fuels component, the RMPI rose 0.7% over August and 7.7% over September 1985.

The non-ferrous metals component also registered a significant advance. It rose 2.6%, to reach a level 6.3% higher than in September 1985. The main contributors to this change were precious metals, copper and zinc. Following large increases in June and July, which were primarily due to a run-up of lead and zinc prices, this component was down slightly in August.

Raw Materials Price Index

	Apr.	May	June	July	Aug.	Sept.
	% change, previous month					
Total	-7.7	-0.1	1.0	-0.9	-0.1	3.8
Mineral fuels	-16.7	-1.2	1.8	-4.1	-1.5	9.2
Excluding mineral fuels	-1.1	0.5	0.5	1.2	0.8	0.7

Following four large monthly increases, the animal and animal products component was unchanged in September. Hog prices, which were a source of upward pressure, declined for the first time in four months.

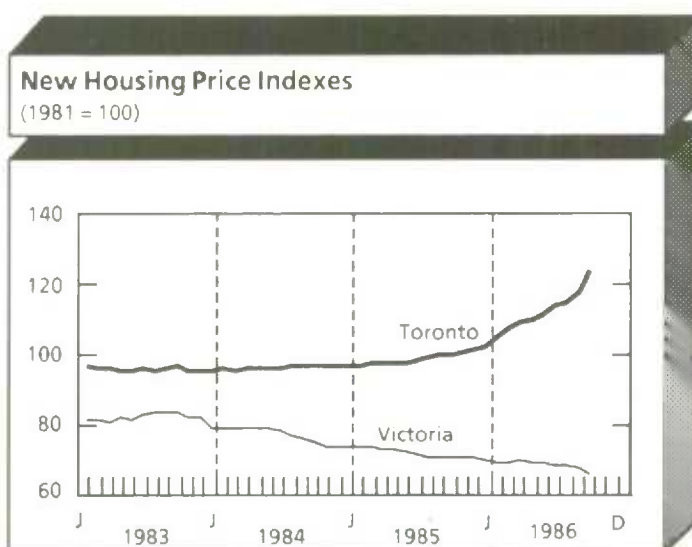
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New Housing Price Index

In September, the new housing price index was up 2.1% over August, continuing the upward movement evident for the last 16 months. Lower interest rates and the strong performance of the local economy has stimulated demand for residential housing in some regions of the country. The resulting supply shortages and low inventory levels of materials were the main source of the increase in the NHPI in September.

In particular, cities in southwestern Ontario have registered large monthly advances throughout 1986. Toronto had the highest monthly increase of 16 cities in September (4.6%). Compared to September 1985, the index for Toronto was up 22.1%, the largest annual increase since 1974. London, St. Catharines-Niagara, and Kitchener-Waterloo also recorded annual increases over 10%.

Victoria, on the other hand, recorded its sixth decrease (-0.6%) since the start of the year. Contractors in this city lowered their selling prices to stimulate sales.



For further information, contact Prices Division at (613) 990-9601.



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Aug.	430.14	431.69	2.4
Labour Income (\$ million)	July	22,653	22,801	4.7
Persons with Jobs (million)	Sept.	11.74	12.08	2.4
Unemployed	Sept.	1,127,000	1,201,000	-4.7
INVENTORIES				
Department Store (\$ million)	Aug.	3,996	3,937	14.8
Manufacturers' Owned (\$ million)	Aug.	33,863	33,828	-1.6
ORDERS				
Manufacturers' New Orders (\$ million)	Aug.	19,116	19,555	-6.2
Manufacturers' Unfilled Orders (\$ million)	Aug.	24,245	24,445	-1.2
PRICES				
Consumer Price Index (1981 = 100)	Sept.	133.3	133.3	4.1
New House Price Index (1981 = 100)	Sept.*	107.2	105.0	10.6
Raw Materials Price Index (1981 = 100)	Sept.*	93.9	90.8	-17.6
Excl. coal, crude oil, natural gas	Sept.*	105.8	105.2	7.7
Industrial Product Price Index (1981 = 100)	Sept.*	119.4	119.1	0.7
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	July	1,866	13,060	24.2
Housing Starts - Urban Centres (units)	Aug.	14,498	108,122	26.0
ENERGY				
Coal Production (thousand tonnes)	July	3,631	233,180	-8.1
Electricity Generation (gigawatt hours)	July	33,618	263,942	2.3
Natural Gas Production (million cubic metres)	July	7,129	60,158	-4.1
Petroleum Refining (thousand cubic metres)	Aug.	7,781	56,451	-0.2
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Sept.*	10,367	89,135	0.9
Imports - Balance of Payments Basis (\$ million)	Sept.*	9,037	83,713	10.0
SALES				
Department Store Sales (\$ million)	Aug.	976	7,261	6.0
Manufacturers' Shipments (\$ million)	Aug.	19,317	165,369	3.6
New Motor Vehicle Sales (\$ million)	Aug.	1,732	14,973	11.7
Retail Sales (\$ million)	Aug.	11,925	89,339	8.0

Statistics are in current dollars and are not seasonally adjusted.
* new this week.

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