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Friday, February 27, 1987

OVERVIEW

■ Industrial Corporations' Profits Continue to Fall

The major factor in the decline in profits in 1986 was a drop of \$7.3 billion in the profits of the mineral fuel and petroleum industries, which were hard hit by the slide in crude oil prices.

■ Consumer Price Index Up Slightly

Consumer prices advanced by 0.2% in January, the second month of marginal increases after substantial advances in October and November.

■ Retail Sales Moderate in 1986

At 7.8%, the annual increase in retail sales for 1986 was the lowest recorded since 1982. A sharp deceleration in sales by motor vehicle dealers was the main source of this decline in growth.

■ Wholesale Trade Remains Strong

Wholesale merchants' sales were up 11.5% in 1986, following a similar advance in 1985.

■ Deficit on International Travel Drops Sharply

In 1986, the deficit on international travel was reduced to \$1.1 billion, as Canadian earnings from international travel rose 27% over 1985.

■ Unemployment Insurance Payments Register Modest Advance

For the 1986 calendar year, benefit payments amounted to \$10.5 billion, up 2.8% from 1985.

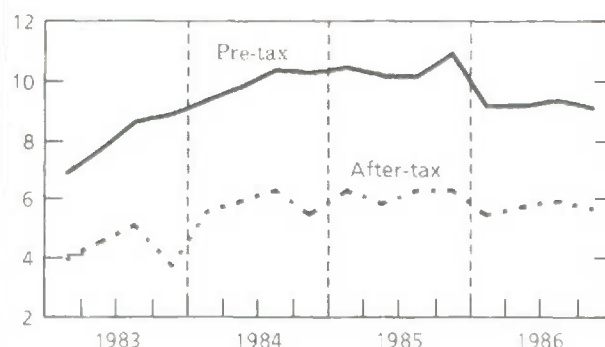
Industrial Corporations' Profits Continue to Fall

In 1986, pre-tax profits of industrial corporations were \$36.4 billion, compared to \$41.7 billion in 1985 and \$39.7 billion in 1984. The major factor in the decline in profits was a drop of \$7.3 billion in the profits of the mineral fuel and petroleum industries, which were hard hit by the slide in crude oil prices. For the remaining industries, profits increased by \$2.0 billion.

In the fourth quarter, seasonally adjusted pre-tax profits were \$9.0 billion, down slightly from the previous two quarters, and down 13% from the 1985 average quarterly level of \$10.4 billion. In the fourth quarter, a number of industries recorded profit increases, led by paper and allied products, transportation equipment and construction. The largest profit decreases in the fourth quarter were in mineral fuels and in distilleries.

(continued on page 2)

Industrial Corporations' Profit
(billions of dollars, seasonally adjusted)


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... Industrial Corporations' Profits

In the paper and allied products industries pre-tax profits increased to \$658 million from \$533 million in the previous quarter. Boosted by higher selling prices, sales of the industry remained strong (\$6.5 billion) in the fourth quarter.

Pre-tax profits in the transportation equipment industries rose 23% to \$570 million in the fourth quarter of 1986, but remained below the average quarterly levels of \$808 million and \$856 million in 1985 and 1984. The lower profit levels throughout 1986 were the result of lower profit margins rather than a weakness in sales. Sales were \$17.6 billion in the fourth quarter and averaged \$14.8 billion for 1986, both significantly higher than the quarterly averages of \$13.4 billion in 1985 and \$11.8 billion in 1984.

Led by strong housing activity, pre-tax profits of the construction industry increased \$81 million to \$360 million in the fourth quarter. During 1986, pre-tax profits averaged \$262 million per quarter, up slightly from \$237 million in 1985.

Profits of the distillery industry fell to \$44 million in the fourth quarter from \$552 million in the third. The decrease was accounted for by a return of dividend income to more normal levels in the fourth quarter following an exceptional increase in the third quarter.

The mineral fuels industry recorded a loss of \$12 million, down from a \$96 million profit in the third quarter. This was the fourth consecutive quarterly decline in profits. Sales of the industry levelled off in the third and fourth quarters at \$4.4 billion after dropping sharply earlier in 1986.

For further information, contact Industrial Organization and Finance Division at (613) 990-9843.

Consumer Price Index Up Slightly

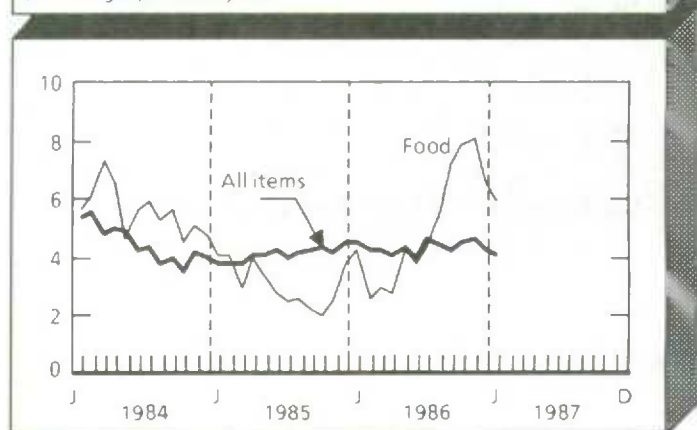
The Consumer Price Index (CPI, 1981=100) advanced by 0.2% between December and January. The modest increase in January followed a 0.1% gain for December. Four of the seven major component indexes advanced, led by the food index which rose 1.1%, while the indexes for housing, health and personal care, and tobacco products and alcoholic beverages posted much smaller gains. The year-to-year change was 3.9%, down from the 4.2% posted in the 12-month period ending in December.

Compared to a decrease of 0.2% reported in December, the food index rose by 1.1% in January. This was due to an advance in the index for food purchased from stores of 1.2% and a rise of 0.6% in the index for food purchased from restaurants. The increase posted for food purchased from stores resulted largely from an increase of 6.4% in fresh vegetable prices, due to a combination of seasonal price increases, poor domestic fall harvest of storage vegetables, and adverse weather conditions in key growing areas of the United States.

On a month-to-month basis, the all-items excluding food index remained unchanged in January. Indexes showing advances included housing (0.1%), health and personal care (0.4%) and tobacco products and alcoholic beverages (0.3%). The clothing index which declined 0.4% and the recreation, reading and education index, down 0.7%, balanced the upward price movements, while the transportation index remained unchanged.

Consumer Price Index

(% change, previous year)



Between December and January, changes in the all-items indexes for cities for which CPIs are published ranged from a drop of 0.3% in Victoria to an increase of 0.7% recorded in Regina. The lower than average change in Victoria resulted from declines in transportation, clothing and housing costs. In Regina, the higher than average increase was due mainly to increases in food, housing and transportation costs.

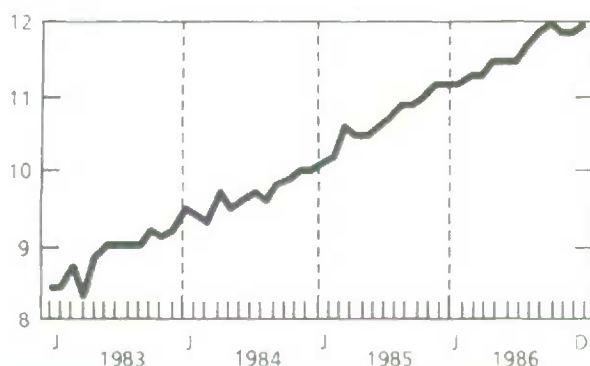
For further information, contact Prices Division at (613) 990-9606.

Retail Sales Moderate in 1986

Preliminary estimates indicate that retail sales, unadjusted for price change, reached \$139.7 billion in 1986, an increase of 7.8% over 1985. The annual increase in 1986 was down from the 11.5% growth recorded in 1985 and was the lowest increase recorded since 1982. The decline in growth was primarily due to a sharp deceleration in sales by motor vehicle dealers. In 1986, the value of their sales increased 10.2% compared to an average annual increase of 21.8% in the three previous years.

Retail Trade

(billions of dollars, seasonally adjusted)



Retail Trade

	1982	1983	1984	1985	1986
	% change, previous year				
Grocery & meat stores	8.7	5.6	6.2	6.4	4.7
Department stores	-0.1	7.1	4.2	5.7	5.2
Motor vehicle dealers	-12.9	19.3	21.2	24.8	10.2
All stores	3.5	8.8	9.3	11.5	7.9
All stores excl. motor vehicle dealers	7.0	7.0	6.9	8.6	7.3

The growth in 1986 was broadly based as 26 of the 28 trade groups recorded higher sales. The largest increases were reported by used car dealers (+20.0%), grocery, confectionery and sundries stores (+15.2%) and hardware stores (+14.5%). Service station sales were down a moderate 3.7% in 1986, following increases of 14.1% in 1985 and 8.7% in 1984. This downturn was mainly due to the decline in prices for gasoline.

Independent retailers reported sales of \$82.4 billion in 1986, an increase of 9.6% over 1985. Chain store sales amounted to \$57.3 billion, up 5.4% over 1985.

For further information, contact Industry Division at (613) 991-3551.

Wholesale Trade Remains Strong

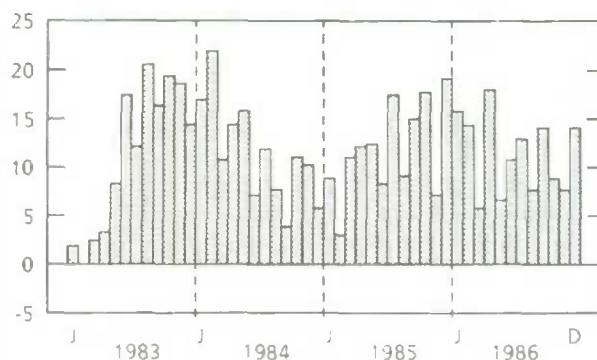
In December, wholesale merchants' sales were 14.3% above the levels recorded a year earlier. This year-over-year rise follows gains of 8.9% and 7.8% registered in October and November. For the year, sales were 11.5% above the level recorded in the previous year with all major trade groups registering sales increases.

Wholesalers of electrical and non-electrical machinery, equipment and supplies continued to have a significant impact on the overall increase in wholesale trade. Sales were especially strong in the opening months of 1986, but year-over-year increases dropped somewhat as the year progressed. However, total sales in 1986 were up 14.9% over 1985, similar to the advances registered in the three preceding years.

Lumber and building materials wholesale merchants have also contributed significantly to the overall advance in wholesale trade. Following two years of modest sales increases, cumulative sales were 24.7% higher than in 1985, reflecting the continuing strength of the residential construction sector.

Sales

(% change, previous year)



Generally, wholesale trade in British Columbia, the Yukon and Northwest Territories, and in Ontario has grown at a faster rate in 1986 than it did in 1985. In the Atlantic and Prairie provinces, and in Quebec, sales have increased throughout 1986 but at a slower pace than in 1985.

For further information, contact Industry Division at (613) 991-3537.

Deficit on International Travel Account Drops Sharply

Preliminary estimates for 1986 show that Canada's deficit on the travel account, which records payments by Canadians travelling abroad and receipts from international visitors to Canada, was \$1.1 billion, the lowest level since 1979.

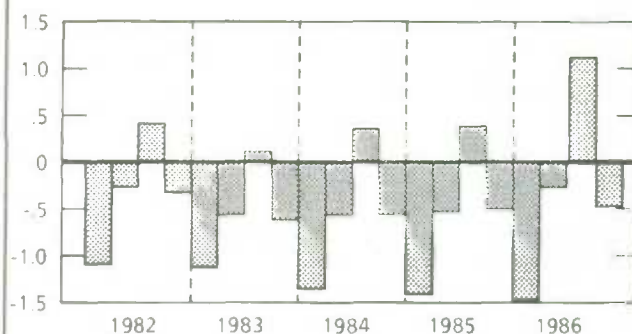
Total payments by Canadians travelling abroad increased by only 4.9% (to \$7.5 billion), the smallest increase since 1982. Almost 60% of these payments were made by Canadians travelling to the United States. The growth of expenditures by Canadians travelling to countries other than the U.S. has slowed for three consecutive years, while the growth of expenditures in the U.S. has accelerated.

Travel Account

	1982	1983	1984	1985	1986
	% change, previous year				
United States					
Receipts	-3.6	10.9	18.1	16.8	23.9
Payments	0.8	20.7	2.3	4.2	6.2
All other countries					
Receipts	4.2	-11.0	7.9	4.9	37.1
Payments	6.3	20.7	19.1	5.7	3.0
All countries					
Receipts	-1.0	3.1	15.0	13.4	27.4
Payments	2.7	20.7	8.2	8.7	4.9
Balance	15.1	71.7	-3.5	-1.0	-48.5

Travel Account Balance

(billions of dollars)



Canadian earnings (receipts) from international travel were 27% higher than in 1985. This increase was mainly due to an improvement in the travel account with the United States. In fact, receipts from U.S. residents travelling in Canada exceeded payments by Canadians travelling in the U.S. for the first time since 1974, giving Canada a small surplus of \$132 million.

Expenditures by U.S. residents have grown by at least 10% in each of the last four years. In 1986, they were up 24%, as Expo 86 and favourable exchange rates drew record numbers of U.S. tourists throughout the year.

For further information, contact International and Financial Economics Division at (613) 990-8933.

Unemployment Insurance Payments Register Modest Advance

Unemployment insurance benefits paid during December 1986 totalled \$979 million, up 24.4% from December 1985. Benefits paid are a function of the number of beneficiaries, the amount of weekly benefit, and the number of days available to process claims in any one month. The increase in benefits in December was mainly due to a greater number of processing days during the month.

For the 1986 calendar year, benefit payments amounted to \$10.5 billion, up 2.8% from 1985. The increase in payments was the result of a 5.9%

increase in the average weekly benefit which was partially offset by a 2.9% decrease in the number of benefit weeks.

Preliminary estimates of the number of beneficiaries in the week ending December 13, indicate a drop (-2.8%) from the same month a year earlier. Seasonally adjusted to expose short-term trends, the number of beneficiaries has been declining steadily since September. In making short-term comparisons, it is not uncommon to observe different trends between the beneficiaries data and the other data series as the information is not collected for the same time period.

For further information, contact Labour Division at (613) 991-4044.

PUBLICATIONS RELEASED FROM FEBRUARY 20 – 26

AGRICULTURE AND NATURAL RESOURCES

Agriculture Economic Statistics – Supplement III, 1986. Catalogue number 21-603E (Canada: \$5; Other Countries: \$6)

The Dairy Review, December 1986. Catalogue number 23-001 (Canada: \$10/\$100; Other Countries: \$11/\$110)

Farm Cash Receipts, January-December 1986. Catalogue number 21-001 (Canada: \$7/\$70; Other Countries: \$8/\$80)

Farm Product Price Index, December 1986. Catalogue number 62-003 (Canada: \$6/\$60; Other Countries: \$7/\$70)

CANADIAN CENTRE FOR JUSTICE STATISTICS

Juristat Service Bulletin – Custodial Remand in Canada – A National Survey, April 1 - June 30, 1985. Catalogue number 85-002 (Canada: \$2/\$10; Other Countries: \$3/\$15)

DEMOGRAPHY

Quarterly Estimates of Population for Canada, the Provinces and the Territories, October 1986. Catalogue number 91-001 (Canada: \$6/\$24; Other Countries: \$7/\$28)

INDUSTRY

Chemical and Chemical Products Industries – Printing Ink Industry, 1985 Census of Manufactures. Catalogue number 46-250B 3791 (Canada: \$4; Other Countries: \$5)

Construction Type Plywood, December 1986. Catalogue number 35-001

(Canada: \$4/\$40; Other Countries: \$5/\$50)

Crude Petroleum and Natural Gas Production, October 1986. Catalogue number 26-006 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Electrical and Electronic Products Industries – Electric Lamp (Bulb and Tube) Industry, 1985 Census of Manufactures. Catalogue number 43-250B 3333 (Canada: \$4; Other Countries: \$5)

INDUSTRY – Concluded

Footwear Statistics, December 1986. Catalogue number 33-002 (Canada: \$4/\$40; Other Countries: \$5/\$50)

Inventories, Shipments and Orders in Manufacturing Industries, November 1986. Catalogue number 31-001 (Canada: \$15/\$150; Other Countries: \$16/\$160)

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

Oil Pipe Line Transport, November 1986. Catalogue number 55-001 (Canada: \$8/\$80; Other Countries: \$9/\$90)

Paper and Allied Products – Stationery Paper Products Industry, 1985 Census of Manufactures. Catalogue number 36-250B 2792 (Canada: \$4; Other Countries: \$5)

Primary Metal Industries – Aluminum Rolling, Casting and Extruding Industry, 1985 Census of Manufactures. Catalogue number 41-250B 2961 (Canada: \$4; Other Countries: \$5)

Primary Metal Industries – Iron Foundries, 1985 Census of Manufactures. Catalogue number 41-250B 2941 (Canada: \$4; Other Countries: \$5)

Printing, Publishing and Allied Industries – Book Publishing Industry, 1985 Census of Manufactures. Catalogue number 36-251B 2831 (Canada: \$4; Other Countries: \$5)

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, October 1986. Catalogue number 35-003 (Canada: \$6/\$60; Other Countries: \$7/\$70)

Rigid Insulating Board, December 1986. Catalogue number 36-002 (Canada: \$4/\$40; Other Countries: \$5/\$50)

INTERNATIONAL AND FINANCIAL ECONOMICS

International Travel – Advance Information, December 1986. Catalogue number 66-001P (Canada: \$5/\$50; Other Countries: \$6/\$60)

Security Transactions with Non-residents, November 1986. Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$16/\$160)

PUBLICATIONS RELEASED FROM FEBRUARY 20 – 26 – Concluded

INTERNATIONAL TRADE

Summary of Canadian International Trade, December 1986. Catalogue number 65-001 (Canada: \$15/\$150; Other Countries: \$16/\$160)

LABOUR

Employment, Earnings and Hours, November 1986. Catalogue number 72-002 (Canada: \$35/\$350; Other Countries: \$36.50/\$365)

TRANSPORTATION

Canadian Civil Aviation, 1985. Catalogue number 51-206 (Canada: \$32; Other Countries: \$33)

Railway Carloadings, December 1986. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85)

Railway Carloadings, 7-day Period Ending February 7, 1987. Catalogue number 52-005 (Canada: \$75; Other Countries: \$100)

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Nov.	433.63	434.03	2.0
Labour Income (\$ million)	Nov.	22,626	22,890	4.6
Persons with Jobs (million)	Jan.	11.33	11.56	1.2
Unemployed (million)	Jan.	1.3	1.2	-0.4
INVENTORIES				
Department Store (\$ million)	Dec.	4,282	4,749	21.2
Manufacturers' Owned (\$ million)	Dec.	33,620	33,912	-1.4
ORDERS				
Manufacturers' New Orders (\$ million)	Dec.	19,897	20,461	2.0
Manufacturers' Unfilled Orders (\$ million)	Dec.	23,585	23,786	-0.5
PRICES				
Consumer Price Index (1981 = 100)	Dec.	134.9	134.7	4.2
New House Price Index (1981 = 100)	Dec.	110.3	109.7	12.3
Raw Materials Price Index (1981 = 100)	Dec.	95.0	94.5	-19.6
Excl. mineral fuels	Dec.	104.9	105.3	3.2
Industrial Product Price Index (1981 = 100)	Dec.	119.8	119.8	-0.2
CONSTRUCTION				
Building Permits (\$ million)	Oct.	2,166	20,441	24.4
Housing Starts – Urban Centres (units)	Nov.	15,536	156,647	23.3
ENERGY				
Coal Production (thousand tonnes)	Nov.	5,110	51,514	-7.7
Electricity Generation (gigawatt hours)	Nov.	41,066	411,042	2.3
Natural Gas Production (million cubic metres)	Nov.*	9,894	94,328	-3.0
FOREIGN TRADE				
Exports – Balance of Payments Basis (\$ million)	Dec.	10,030	121,079	0.7
Imports – Balance of Payments Basis (\$ million)	Dec.	8,672	111,516	8.5
SALES				
Department Store Sales (\$ million)	Dec.	1,945	12,668	5.2
Manufacturers' Shipments (\$ million)	Dec.	20,098	241,541	2.2
New Motor Vehicle Sales (\$ million)	Dec.	1,589	21,792	9.6
Refined Petroleum Products (thousand cubic metres)	Dec.*	7,229	77,999	0.4
Retail Sales (\$ million)	Dec.*	14,426	139,676	7.8

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

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* Anticipated dates of release only

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