

I·N·F·O·M·A·T

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

Friday, July 31, 1987

OVERVIEW

■ Canadian Stocks Still Favoured as a Foreign Investment Vehicle

Non-residents have expressed confidence in Canadian companies by making large net investments in Canadian stocks since the beginning of the year. In May, their net investment amounted to \$558 million.

■ Capital Expenditures Reflect Strong Economy

Following a very strong performance by the economy in the first quarter of 1987, businesses and governments have revised their planned capital expenditures for 1987 upwards by \$6.6 billion or 6.7%.

■ Economic Growth Continues

In May, gross domestic product at factor cost rose 0.2%, continuing the economic upswing that began in December 1986. The average level of GDP for April and May stands 1.2% above the first quarter of 1987.

■ Wholesale Trade Up 11.9% in May

Wholesalers serving the construction industry continued to report large year-over-year sales increases in May and were major contributors to the overall advance in wholesale trade.

■ Unemployment Insurance Beneficiaries Drop Sharply in Alberta

In May, the number of beneficiaries declined in all the western provinces, but Alberta registered the largest decrease (- 6.3%), continuing the downturn in unemployment insurance beneficiaries evident in that province since January 1987.

■ Fewer Civil Servants in the First Quarter of 1987

Total federal government employment decreased for the third consecutive quarter, dropping 2.1% from the first quarter of 1986.

Canadian Stocks Still Favoured as a Foreign Investment Vehicle

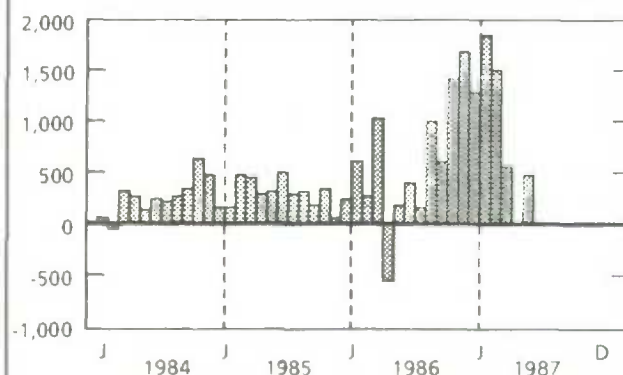
In May, non-residents invested \$558 million (on a net basis) in outstanding Canadian stock. Non-residents have expressed confidence in Canadian companies by making large net investments in their stocks since the beginning of the year. From January to May, net foreign investment in Canadian stocks totalled \$3.3 billion, compared to \$800 million in all of 1986.

Net investments from the United States, which are usually the main source of investment in Canadian stocks, have declined in recent months to only \$132 million in May. However, net investments from overseas countries have risen sharply to over \$400 million in the current month. The bulk of the overseas investment came from the United Kingdom and other European countries.

Non-residents reduced their holdings of Canadian bonds by \$65 million in May. Over the last three months, non-residents have registered a net reduction in their holdings of \$700 million. The bulk of this disinvestment resulted from trading with the United States.

(continued on page 2)

Net Sales of Canadian Securities
(millions of dollars)



Statistics
Canada

Statistique
Canada

Canada

... Canadian Stocks Still Favoured as a Foreign Investment Vehicle

The Japanese have also registered a small net disinvestment in recent months, contrasting sharply with large net investments that were made early in the year. Concerns about exchange rates, particularly between the Canadian dollar and the Japanese yen, are thought to be the main factor in this reversal as interest rates are still relatively high in Canada.

Canadian residents increased their holdings of outstanding foreign bonds by \$234 million in May, similar to the net investments recorded in the previous two months. These investments were largely channelled to the United States, principally into U.S. government securities. The net investment in outstanding foreign stocks was negligible in May (\$15 million), following a surge in investment in the previous month.

Security Transactions

	Jan.	Feb.	Mar.	Apr.	May
Net sales	millions of dollars				
Canadian Securities					
Bonds	1,300	522	-105	-561	-65
Common and preferred stocks	563	985	658	565	558
Total	1,863	1,507	553	4	493
Foreign Securities					
Bonds	-11	180	-221	-290	-234
Common and preferred stocks	157	17	-77	-258	-15
Total	146	197	-298	-548	-249

For further information, contact International and Financial Economics Division at (613) 990-9052 or order Security Transactions with Non-residents (catalogue number 67-002).

Capital Expenditures Reflect Strong Economy

Revised estimates of anticipated capital expenditures on new fixed assets in Canada during 1987 show greater investor confidence than the initial estimates released in March 1987. Businesses and governments now expect to spend a total of \$106 billion, up 10.8% from 1986 preliminary figures. The initial estimates supplied by these respondents indicated a moderate increase of 3.8% for 1987.

Following a very strong performance by the economy in the first quarter of 1987, respondents increased their planned capital expenditures by \$6.6 billion. Three industry groups were responsible for three quarters of this increase: housing; trade, finance and commercial services; and manufacturing.

- The trade-finance-commercial services industries intend to increase their spending by a further \$2.0 billion, to reach a level of \$20.2 billion for the year. A 17.8% gain over 1986 is concentrated in real estate development and other commercial services.
- Compared to a 14.5% decrease reported earlier, mining expenditures should reach \$6.8 billion, a drop of only 4.8% from 1986. Additions to programs for petroleum and gas drilling and gold mining account for this change.

- Manufacturers are now planning to spend \$15.9 billion, up 14.6% over 1986. The previous estimate indicated an 8.7% increase for total manufacturing.
- Overall, spending on new construction will rise 10.2% over 1986, to \$66.7 billion, while spending on machinery and equipment will advance 11.9%, to \$39.4 billion.
- All of the provinces and territories show additional strength in their revised intentions, with the exception of Prince Edward Island.
- The largest year-over-year increase is in Ontario (14.8%) where housing and real estate are the major contributors.
- Manufacturing is an important element underlying the advance in the other three provinces where growth exceeds the national average (British Columbia, Quebec and Saskatchewan).

For further information, contact Science, Technology and Capital Stock Division at (613) 991-2209 or order Private and Public Investment in Canada, Revised Intentions, 1987 (catalogue number 61-206).

... Wholesale trade

Wholesalers of electrical and non-electrical machinery, equipment and supplies reported an increase of 18.4% in the first five months of the year. Year-over-year increases in sales for this trade group had moderated in the closing months of 1986, but the advance in year-to-date sales for 1987 was in line with those recorded in the three preceding years.

Increases in wholesale trade were posted in all regions for the first quarter. Merchants in Ontario, where housing construction continues to gain strength, reported an advance of 16.8%, similar to sales gains in 1986. In the Atlantic and Prairie provinces and Quebec, sales improved significantly. Year-over-year increases registered for the first five months in these regions were higher than those reported in 1986.

For further information, contact Industry Division at (613) 991-3541 or order Wholesale Trade (catalogue number 63-008).

Unemployment Insurance Beneficiaries Drop Sharply in Alberta

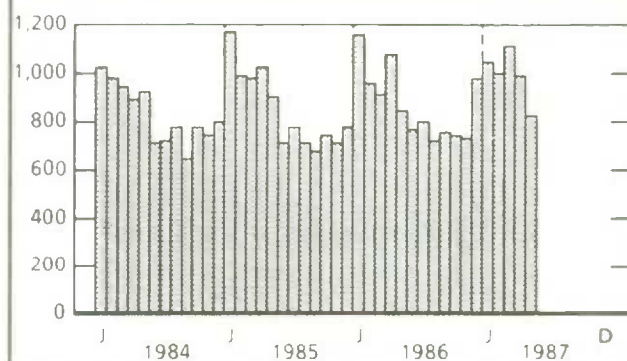
In May, seasonally adjusted estimates show that the number of beneficiaries receiving regular unemployment insurance benefits totalled 891,000, down 2.2% from the preceding month. The number of regular beneficiaries has generally been declining since February 1985, when it stood at 1,065,000.

The number of beneficiaries has been declining in the Western provinces, mirroring changes in the results of the Labour Force Survey, and indicating an improvement in economic conditions. Alberta, in particular, registered a monthly decline of 6.3% in May, continuing the trend to fewer beneficiaries evident since January 1987. British Columbia has showed a downward trend since November and registered a month-over-month decline of 2.6% in May. The number of beneficiaries also decreased in Manitoba, Saskatchewan, Quebec, Nova Scotia, Prince Edward Island and New Brunswick. Increases were recorded in the Territories, while in Newfoundland and Ontario there was little or no change.

Benefits paid during May totalled \$831 million, decreasing by 2.1% from May 1986. For the first five months of 1987, benefit payments amounted to \$5.0 billion, a slight increase of 0.2% from the same period last year. The year-to-date change resulted from an 6.1% increase in the average weekly benefit (to \$191.70 from \$180.63) which was partially offset by a 5.6% decrease in the number of benefit weeks (to 26 million from 27.6 million).

Benefit Payments

(millions of dollars)



A total of 202,000 claims for unemployment insurance benefits were received in May, down 8.8% from the same month last year. Since the start of 1987, the number of claims received totalled 1.2 million, a decrease of 6.9% compared to the same period last year.

For further information, contact Labour Division at (613) 991-4045 or order Unemployment Insurance Statistics (catalogue number 73-001).

Fewer Civil Servants in the First Quarter of 1987

- In the first quarter of 1987, total federal government employment was down for the third consecutive quarter, dropping 2.1% from the same period of 1986.
- Government employment is divided into two types: general government, which includes departments and special funds; and government enterprises, or crown corporations.
- There were 378,440 employees in departments and special funds in March 1987, down 0.7% from March 1986. This was the third consecutive quarter in which a decline in general government employment has been registered.
- Employment at Atomic Energy of Canada Limited was down 8.0% due to layoffs, while a number of other departments received a reduction in their authorised person-years.
- Government enterprise employment was also down, decreasing 4.6% from March 1986.
- This decrease results primarily from the sale of Canadair Limited, Transport Route Canada Incorporated, and Pecheries Cartier Incorporated to the private sector.

For further information, contact Public Institutions Division at (613) 990-1843 or order Federal Government Employment (catalogue number 72-004).

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	May*	440.24	437.90	3.5
Labour Income (\$ million)	Mar.	22,968	22,717	6.2
Persons with Jobs (million)	June	12.32	12.02	2.7
Unemployed (million)	June	1.1	1.2	-5.2
INVENTORIES				
Department Store (\$ million)	May	4,540	4,678	7.1
Manufacturers' Owned (\$ million)	May	33,811	33,767	0.3
ORDERS				
Manufacturers' New Orders (\$ million)	May	22,147	21,484	1.8
Manufacturers' Unfilled Orders (\$ million)	May	24,319	23,957	-1.8
PRICES				
Consumer Price Index (1981 = 100)	June	138.2	137.8	4.8
New House Price Index (1981 = 100)	May	119.0	118.0	16.0
Raw Materials Price Index (1981 = 100)	May	101.8	99.0	12.1
Excl. mineral fuels	May	110.0	105.6	7.1
Industrial Product Price Index (1981 = 100)	May	121.7	120.8	2.8
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	May	2,907	12,143	38.0
Housing Starts - Urban Centres (units)	May	24,944	82,734	36.6
ENERGY				
Coal Production (thousand tonnes)	Mar.	4,955	14,410	-4.3
Electricity Generation (gigawatt hours)	Mar.	44,123	134,545	5.7
Natural Gas Production (million cubic metres)	Mar.	10,131	30,160	0.1
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	May	10,501	50,672	-0.6
Imports - Balance of Payments Basis (\$ million)	May	9,512	46,309	0.4
SALES				
Department Store Sales (\$ million)	May	1,033	4,438	0.0
Manufacturers' Shipments (\$ million)	May	21,786	105,142	0.4
New Motor Vehicle Sales (\$ million)	May	2,306	9,912	7.2
Refined Petroleum Products (thousand cubic metres)	May	6,484	31,646	2.6
Retail Sales (\$ million)	May	13,469	58,081	7.6

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

PUBLICATIONS RELEASED FROM JULY 24 TO JULY 30

AGRICULTURE

Agriculture Economic Statistics Publication. Supplement 1, 1986. (Canada: \$5; Other Countries: \$6).

Farm Product Price Index, May 1987. Catalogue number 62-003 (Canada: \$6/\$60; Other Countries: \$7/\$70).

EDUCATION, CULTURE AND TOURISM

The Expanding Middle: The Aging of Elementary-Secondary Teachers, 1972-73 and 1985-86. Catalogue number 81-002 (Canada: \$4/\$40; Other Countries: \$5/\$50).

INDUSTRY

Clothing Industries - Children's Clothing Industry, 1985 Census of Manufactures. Catalogue number 34-252B 2451 (Canada: \$4; Other Countries: \$5).

Clothing Industries - Hosiery Industry, 1985 Census of Manufactures. Catalogue number 34-252B 2494 (Canada: \$4; Other Countries: \$5).

Clothing Industries - Women's Dress Industry, 1985 Census of Manufactures. Catalogue number 34-252B 2443 (Canada: \$4; Other Countries: \$5).

Construction Type Plywood, May 1987. Catalogue number 35-001 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Crude Petroleum and Natural Gas Production, March 1987. Catalogue number 26-006 (Canada: \$8/\$80; Other Countries: \$9/\$90).

Electrical and Electronic Products Industries - Communications and Energy Wire and Cable Industry, 1985 Census of Manufactures. Catalogue number 43-250B 3381 (Canada: \$4; Other Countries: \$5).

Electrical and Electronic Products Industries - Other Communication and Electronic Equipment Industries, 1985 Census of Manufactures. Catalogue number 43-250B 3359 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries - Custom Coating of Metal Products Industry, 1985 Census of Manufactures. Catalogue number 41-251B 3041 (Canada: \$4; Other Countries: \$5).

Fabricated Metal Products Industries - Heating Equipment Industry, 1985 Census of Manufactures. Catalogue number 41-251B 3071 (Canada: \$4; Other Countries: \$5).

Factory Sales of Electric Storage Batteries, May 1987. Catalogue number 43-005 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Food Industries - Other Dairy Products Industries, 1985 Census of Manufactures. Catalogue number 32-250B 1049 (Canada: \$4; Other Countries: \$5).

Food Industries - Tea and Coffee Industry, 1985 Census of Manufactures. Catalogue number 32-250B 1091 (Canada: \$4; Other Countries: \$5).

Footwear Statistics, May 1987. Catalogue number 33-002 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Industrial Chemicals and Synthetic Resins, May 1987. Catalogue number 46-002 (Canada: \$5/\$50; Other Countries: \$6/\$60).

Monthly Production of Soft Drinks, May 1987. Catalogue number 32-001 (Canada: \$2/\$20; Other Countries: \$3/\$30).

INDUSTRY - Concluded

Particleboard, Waferboard and Hardboard, May 1987. Catalogue number 36-003 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Production and Disposition of Tobacco Products, June 1987. Catalogue number 32-022 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Production and Sales of Phonograph Records and Pre-recorded Tapes in Canada, May 1987. Catalogue number 47-004 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Production, Sales and Stocks of Major Appliances, May 1987. Catalogue number 43-010 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Production and Shipments of Steel Pipe and Tubing, May 1987. Catalogue number 41-011 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Pulpwood and Wood Residue Statistics, May 1987. Catalogue number 25-001 (Canada: \$5/\$50; Other Countries: \$6/\$60).

Rigid Insulating Board, May 1987. Catalogue number 36-002 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Rubber and Plastic Products Industries - Plastic Pipe and Pipe Fittings Industry, 1985 Census of Manufactures. Catalogue number 33-250B 1621 (Canada: \$4; Other Countries: \$5).

Wood Industries - Prefabricated Wooden Buildings Industry, 1985 Census of Manufactures. Catalogue number 35-250B 2541 (Canada: \$4; Other Countries: \$5).

Wood Industries - Wooden Door and Window Industry, 1985 Census of Manufactures. Catalogue number 35-250B 2543 (Canada: \$4; Other Countries: \$5).

INTERNATIONAL AND FINANCIAL ECONOMICS

Current Economic Indicators, Vol. 3, No. 6, April 1987. Catalogue number 13-005 (Canada: \$10/\$100; Other Countries: \$11/\$110).

LABOUR

Employment, Earnings and Hours, April 1987. Catalogue number 72-002 (Canada: \$35/\$350; Other Countries: \$36.50/\$365).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Science Statistics Service Bulletin, Vol. 11, No. 8, the Regional Distribution of R&D in Canada, 1979 to 1985. Catalogue number 88-001 (Canada: \$6/\$60; Other Countries: \$7/\$70).

TRANSPORTATION

Air Carrier Operations in Canada, January-March 1986. Catalogue number 51-002 (Canada: \$20/\$80; Other Countries: \$21/\$84).

Air Charter Statistics, 1986. Catalogue number 51-207 (Canada: \$32; Other Countries: \$33).

Aviation Statistics Centre Service Bulletin, Vol. 19, No. 7, 1986-1987. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

Fuel Consumption Survey - Passenger Cars, Light Trucks and Vans, April-June 1986. Catalogue number 53-007. (Free)

Railway Operating Statistics, December 1986. Catalogue number 52-003 (Canada: \$9.50/\$95; Other Countries: \$10.50/\$105).

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KEY RELEASE CALENDAR: August 1987*

MON.	TUE.	WED.	THUR.	FRI.
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10 Farm Product Price Index, June Department Store Sales, June	11 Labour Income, April New Motor Vehicle Sales, June	12	13 Help-wanted Index, July Building Permits, June	14 Consumer Price Index, July International Trade, June
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24	25 Gross Domestic Product, June	26 Unemployment Insurance Statistics, June	27 Employment, Earnings and Hours, June	28 Security Transactions, June
31 Industrial Product Price Index, July Raw Materials Price Index, July				

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed, dates for other data series may vary slightly.

INFOMAT

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