

I·N·F·O·M·A·T

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

STATISTICS CANADA / STATISTIQUES CANADA
 OCT 5 1987

Friday, October 2, 1987

OVERVIEW

■ **Declining Exports Add to Automotive Trade Deficit**

In the first six months of 1987, foreign trade in automotive products recorded a deficit of \$933 million, up from \$209 million registered in the same period of 1986.

■ **Real Gross Domestic Product Continues to Expand**

In July, GDP at factor cost advanced 0.4%, marking the ninth consecutive monthly gain in economic activity. Most of the July growth originated in the finance, insurance and real estate industries.

■ **Manufacturing Shipments Surpass Previous Peak**

Most of the July improvement in manufacturing shipments (1.8%) originated in the industries producing non-durable goods, continuing the rising trend evident in these industries since May 1986.

■ **Raw Material Prices Maintain Upward Trend in August**

Rising prices for mineral fuels and non-ferrous metals were the main contributors to the fifth consecutive monthly advance in the raw materials price index.

■ **Industrial Product Prices Also Advance**

In August, the IPPI rose for the sixth month in a row. Rising petroleum and coal product prices were mainly responsible for the increase.

■ **Fewer Civil Servants in the Second Quarter of 1987**

Total federal government employment decreased for the fourth consecutive quarter, dropping 3.6% from the same period of 1986. General government employment was down 2.0%, while government enterprise employment dropped by 6.6%.

■ This issue also includes information on **Showcase, Security Transactions and Unemployment Insurance Statistics.**

Declining Exports Add to Automotive Trade Deficit

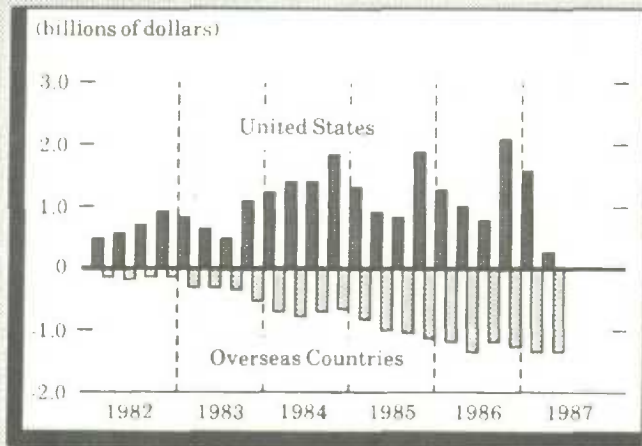
In the first six months of 1987, foreign trade in automotive products recorded a deficit of \$933 million, up from \$209 million registered in the same period of 1986. This deficit occurred in the second quarter as the first quarter recorded a small surplus. It was mainly attributable to a sharp decrease in exports. Sporadic temporary shutdowns of Canadian manufacturing plants have had considerable impact on the 1987 trade figures.

Total exports in the first six months decreased by \$1.0 billion to a level of \$17.6 billion. This drop was wholly attributable to a \$1.4 billion decrease in exports of cars to the United States. Exports of parts, on the other hand, rose slightly, increasing by \$226 million to \$6.4 billion.

Imports for the period from January to June 1987 also decreased compared to the same period of the previous year, dropping slightly to \$18.6 billion. (Imports from the United States account for close to 83% of the value of Canada's total imports of

(continued on page 2)

Automotive Trade Balance



... Deficit in Automotive Trade

automotive products). This decrease was mainly due to decreases of \$428 in imports of motor vehicle parts and \$187 million in imports of passenger cars.

Balance of Trade - Automotive Products

	January-June		Change
	1987	1986	
Millions of dollars			
United States			
Cars	2,520	3,660	-1,140
Trucks	1,681	1,932	-251
Parts	-2,535	-3,408	873
All countries			
Cars	742	1,928	-1,186
Trucks	1,527	1,785	-258
Parts	-3,400	-4,094	694

For further information, contact International Trade Division at (613) 990-9787.

Real Gross Domestic Product Continues to Expand

Gross Domestic Product at factor cost, in 1981 prices, advanced 0.4% in July, the ninth consecutive monthly gain in economic activity. Almost 80% of the GDP growth originated among the service-producing industries where output advanced 0.5%. Goods-producing industries increased 0.2% in July following a 1.3% gain the previous month.

Since January of this year, GDP has advanced 3.1% and in July stood 3.9% above the corresponding month of last year.

Service-producing Industries

Three-quarters of the July output gain among service-producing industries stemmed from substantial growth in the finance, insurance and real estate industry. Increased volume of shares traded on Canadian stock exchanges, as well as gains among banking institutions and insurance carriers accounted for much of the July growth among finance industries.

- Following four months of little or no growth, the community, business and personal services industry recorded a significant advance in July, mostly due to gains in business services and amusement and recreationservices.

Real Gross Domestic Product

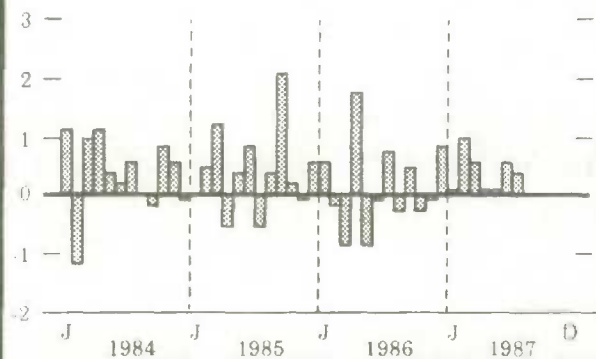
	Mar.	Apr.	May	June	July
	% change, previous month				
Real Gross Domestic Product	0.6	0.3	0.1	0.6	0.4
Goods industries	0.8	-0.1	0.2	1.3	0.2
Service industries	0.4	0.6	0.0	0.2	0.5

Trade in automotive products with the United States for January to June 1987 showed a surplus in the order of \$1.9 billion for Canada, a drop of \$479 million from the first six months of 1986. Canada's trade with the United States in automotive products has shown a positive balance since the fourth quarter of 1981. Figures for the first six months of 1987, however, indicate that Canada's trade in motor vehicle parts continues to show a large deficit (\$2.5 billion), while cars, trucks, tires and tubes all show a surplus.

The deficit in trade in automotive products with overseas countries increased by \$246 million, rising to a level of \$2.8 billion. Exports decreased slightly, while imports increased by \$232 million to \$3.2 billion. Imports of motor vehicle parts accounted for most of this increase, rising by \$200 million over the same period last year. Canada showed a trade deficit in all four categories of commodities.

Gross Domestic Product

(% change, previous month)



- Output of wholesale trade advanced 1.1% following a similar increase in June. Increased sales by wholesalers of industrial machinery and equipment, as well as wholesalers of food products were mainly responsible for the July gain.
- The communications industries advanced, partly due to increased activity in the postal service industry which was affected by rotating strikes in the latter half of June and first week of July.
- The only significant decline in July occurred in retail trade where output fell 1.3%, the sharpest drop in output since last October. Within retail trade, a decrease in new motor vehicles accounted for about 70% of the total decline and was

(continued on page 3)

... Real Gross Domestic Product

accompanied by a marked drop in sales of North American-built passenger automobiles. There were also declines for food and department stores.

Goods-producing Industries

The modest July output gain among goods-producing industries resulted mostly from increases in the construction, mining and utilities industries. Except for June when output advanced by 1.3%, the goods-producing industries have registered marginal growth since the beginning of the second quarter.

- However, residential construction activity continued to grow in July. The 2.4% advance in the current month marks the tenth consecutive monthly gain.
- The growth in mining was due to increased production of crude petroleum, natural gas, coal and services to mining. Exports of these commodities

were up substantially in the month. Oil and gas exploration activity continued to grow in July.

- Following gains in May and June, manufacturers' output dropped slightly in July. Most of the decline was due to lower production levels for manufacturers of transportation equipment, paper and allied products, machinery and equipment, and primary metals.
- In the transportation equipment industry, producers of motor vehicle parts and accessories as well as motor vehicles both reported significant production decreases. Exports of passenger automobiles and motor vehicle parts declined sharply in July.

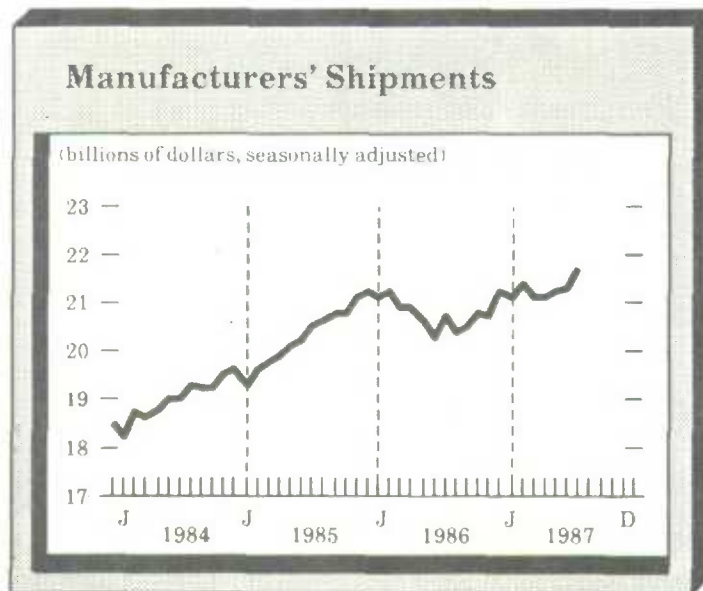
For further information, contact Industry Measures and Analysis Division at (613) 990-3673 or order *Gross Domestic Product by Industry* (catalogue number 15-001).

Manufacturing Shipments Surpass Previous Peak

In July, the seasonally adjusted value of shipments rose for the fourth consecutive month. Gaining 1.8% over June, the value of shipments reached \$21.7 billion and surpassed the previous peak recorded in February 1987.

The seasonally adjusted level of new orders and the backlog of unfilled orders also rose in July for the fourth consecutive month. New orders jumped 2.2%, to \$22.0 billion. The backlog of unfilled orders was valued at \$24.7 billion, 1.4% higher than in the previous month.

Most of the July improvement in shipments originated in the non-durable goods producing industries, continuing the rising trend evident in these industries since May 1986. Shipments by manufacturers of durable goods (automobiles, household appliances, etc.) have been relatively stable for the last four months, after peaking in February.



Manufacturing Activity

	Mar.	Apr.	May	June	July
	% change, previous month				
Shipments	-1.8	0.1	0.3	0.5	1.8
New orders	-2.4	1.3	0.5	0.7	2.2
Unfilled orders	-0.4	0.7	0.9	1.0	1.4
Inventory to shipments ratio	1.57	1.58	1.59	1.58	1.56

Seasonally adjusted inventories owned by manufacturers increased 1.0% to \$33.9 billion in July. This was the third increase in the last four months and contrasts with the gently declining trend experienced throughout 1986.

The ratio of inventory owned to shipments was 1.56:1 in July, down slightly from June. This marked the seventh consecutive month in which this ratio has remained below 1.60:1.

For further information, contact Industry Division at (613) 990-9832 or order *Inventories, Shipments and Orders in Manufacturing Industries* (catalogue number 31-001).

Raw Materials Prices Maintain Upward Trend in August

The Raw Materials Price Index (RMPI, 1981=100), which measures price changes in materials purchased by Canadian industry, registered its fifth consecutive rise (1.3%) on a month-over-month basis in August. Higher prices for mineral fuels and non-ferrous metals were the main contributors to this increase.

Raw Materials Price Index

	Apr.	May	June	July	Aug.
	% change, previous month				
Total	1.6	3.2	1.6	1.3	1.3
Mineral fuels	1.7	2.3	2.6	3.9	2.0
Total excluding mineral fuels	1.6	4.0	0.9	-0.5	0.9

Higher prices for crude oil continued to push up the mineral fuels component of the RMPI. It rose an estimated 2.0% from the level recorded in July. (Excluding mineral fuels, the RMPI increased 0.9% over the previous month.) Non-ferrous metal prices also rose in August (2.4%), due to higher copper, nickel and precious metals prices.

The RMPI was up 17.4% from August 1986, the fifth consecutive year-over-year advance. Contributing to this increase, mineral fuels have risen 36.6% between August 1986 and August 1987, reflecting the recovery of crude oil prices. Higher prices for copper, nickel, lead and precious metals have pushed the non-ferrous metals component up 19% over the 12-month period.

Further information, contact Prices Division at (613) 990-9607 or order Industry Price Indexes (catalogue number 62-011).

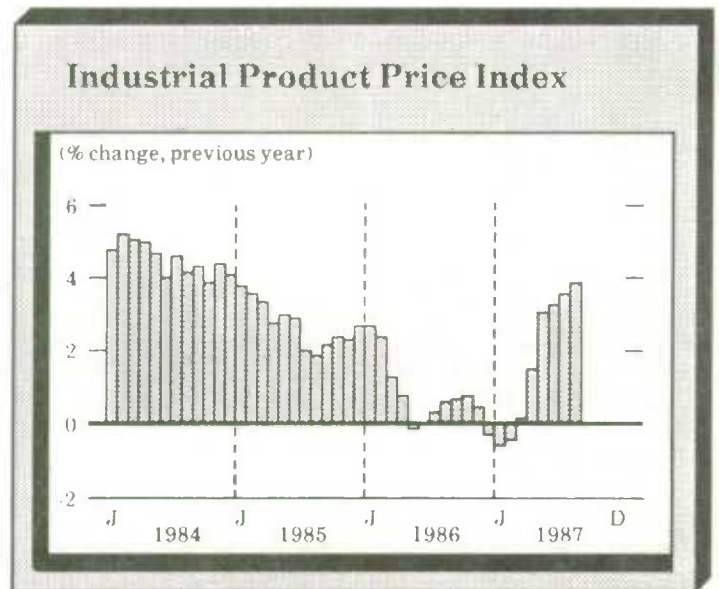
Industrial Product Prices Also Advance

In August, the Industrial Product Price Index (IPPI, 1981=100) registered a year-over-year increase for a sixth consecutive month. The 3.9% advance was slightly higher than those recorded in the three preceding months and was the largest 12-month increase recorded since the end of 1984.

Compared to the previous month, the IPPI was up 0.6% in August, rising for the sixth month in a row. The index for petroleum and coal products was mainly responsible for the increase.

Preliminary estimates indicate that prices for petroleum and coal products rose by 2.5% in August. After a trough of -30.4% in December, the year-over-year movement of this index was +8.6% in August.

Primary metal product prices rose 1.4%, marking the sixth straight month of growth. This increase was



due to higher aluminium, copper and nickel product prices and higher ferrous and non-ferrous scrap metal prices in August.

In the wood sector, prices for softwood lumber rose in August (2.1%), mainly as the result of increases in the prices to the export market. Prices for softwood plywood and veneer were up 4.1%, the second consecutive increase, after six months of declining prices.

For further information, contact Prices Division at (613) 990-9607 or order Industry Price Indexes (catalogue number 62-011).

Industrial Product Price Index

	Apr.	May	June	July	Aug.
	% change, previous month				
Total	0.7	0.7	0.3	0.5	0.6
Petroleum and coal products	0.9	-0.8	0.9	1.2	2.5
Total excluding coal and petroleum products	0.7	0.9	0.2	0.5	0.3

Fewer Civil Servants in the Second Quarter of 1987

- In the second quarter of 1987, total federal government employment decreased for the fourth consecutive quarter, dropping 3.6% 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 384,856 employees in departments and special funds in June 1987, down 2.0% from the second quarter of 1986. This was the fourth consecutive quarter in which a decline in general government employment has been registered.
- Major decreases were reported for Canada Harbour Place Corporation, where staff was reduced after Expo 86 closed, and Statistics Canada, where temporary employees hired to carry out the 1986 Census reached the end of their terms.
- Government enterprise employment (199,350) was also down, decreasing 6.6% from June 1986.
- This decrease results primarily from the sale of Canadair Limited, Transport Route Canada Incorporated, Pecheries Cartier Incorporated, Fishery Products International Limited and Teleglobe Canada to the private sector.

For further information, contact Public Institutions Division at (613) 991-1843 or order Federal Government Employment (catalogue number 72-004).

Transactions in Outstanding Securities with Non-residents

In July, net foreign investment in outstanding Canadian stocks amounted to \$574 million, a continuation of the large net investments recorded since the beginning of the year. Both the net investment and the gross value of trading activity (sales and purchases) increased by more than one-third from the amounts recorded in June. Geographically, there was a sharp

rise in net investment from the United States to \$375 million, while overseas investment remained unchanged at some \$200 million.

Non-residents acquired, on a net basis, \$172 million of outstanding Canadian bonds in July, up from a net investment of \$114 million in June. The net investment in these two months contrasted with an unusual net disinvestment totalling \$736 million in the March to May period of 1987. The net investment in the current month came largely from the United Kingdom and other European countries.

Canadian residents reduced their holdings of foreign stocks by \$383 million in July, reversing a net investment of a similar magnitude in June. This pattern of investment/disinvestment has prevailed throughout 1987. In the current month, residents reduced their holdings of United States stocks, but made further investments in overseas stocks.

Canadian residents reduced their holdings of foreign bonds by \$138 million in July in contrast to the net investments recorded in each of the previous four months. Gross trading activity in outstanding foreign bonds remained high.

Security Transactions

	Mar.	Apr.	May	June	July
Net sales	millions of dollars				
Canadian Securities					
Bonds	-115	-561	-65	114	172
Common and preferred stocks	658	565	558	426	574
Total	533	4	493	540	746
Foreign Securities					
Bonds	-222	-290	-234	-62	138
Common and preferred stocks	-104	-258	-14	-368	383
Total	-326	-548	-248	-430	521

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

NEW FROM STATISTICS CANADA

Small Area Data on Diskettes

For all users of sub-provincial data who want to access these data on microcomputer, Statistics Canada has produced Showcase.

Showcase brings together a wide range of socio-economic data, at the Census Division level, on IBM-compatible diskettes. A utility program that features menu selection of functions is included on the diskette to make it easy to:

- print or display subsets;
- compare many different geographical areas using similar data for various time periods;
- produce simple bar charts for one or more geographic areas;
- create new data items through arithmetic combinations of existing items and geographic aggregates; and
- transform the data into a format usable by other commercial software packages.

Data include: vital statistics, population estimates, incomes, unemployment, migration, building permits, farms and manufacturing industries.

Showcase is a reasonably priced package of interest to educators, economic development promoters, site selection teams and persons concerned with social issues. The total package for all Census Divisions in Canada is \$350. The four regional packages of all Census Divisions in Atlantic Canada, Quebec, Ontario and the Western Provinces are \$99 each.

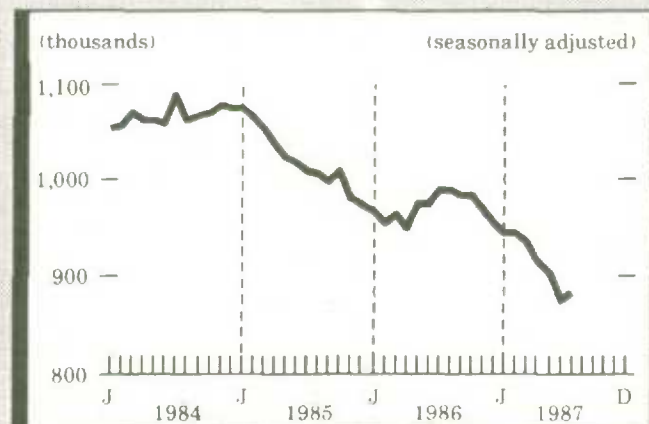
To order Showcase or obtain further information call Small Area and Administrative Data Division at (613) 990-9720.

Unemployment Insurance Statistics

For the week ending July 18, 1987, preliminary seasonally adjusted estimates show that the number of beneficiaries receiving regular unemployment insurance benefits totalled 884,000, up 0.9% from the preceding month. This was the first increase in the number of beneficiaries since August 1986.

Benefits paid during July totalled \$863 million. The 7.7% increase from July 1986 resulted from payments of \$120 million (retroactive to January 5, 1986) to persons affected by the introduction of Bill C-50, which allows persons receiving a pension to claim full UI benefits based on employment obtained after they retire. Without these special payments, benefits in July 1987 would have been \$743 million, representing a decrease of 7.2% from a year ago. For the first seven months of the year, benefit payments amounted to \$6.6 billion, up 0.9% from the same period last year. If the retroactive payments were excluded, year-to-date benefit payments would have been down 1.0%.

Beneficiaries - Regular Benefits



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

PUBLICATIONS RELEASED FROM SEPTEMBER 25 - OCTOBER 1

AGRICULTURE

Canadian Potato Production, September 1987. Catalogue number 22-008 (Canada: \$7/\$21; Other Countries: \$8/\$24).

The Dairy Review, July 1987. Catalogue number 23-001 (Canada: \$10/\$100; Other Countries: \$11/\$110).

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

CENSUS

Population and Dwelling Counts - New Brunswick, 1986. Catalogue number 92-112 (Canada: \$25; Other Countries: \$26).

Population and Dwelling Counts - Northwest Territories, 1986. Catalogue number 92-120 (Canada: \$20; Other Countries: \$21).

Population and Dwelling Counts - Saskatchewan, 1986. Catalogue number 92-116 (Canada: \$39; Other Countries: \$40.50).

Population and Dwelling Counts - Yukon, 1986. Catalogue number 92-119 (Canada: \$18; Other Countries: \$19).

Population - Federal Electoral Districts and Census Enumeration Areas, 1986. Catalogue number 92-103 (Canada: \$80; Other Countries: \$93).

Profiles - Federal Electoral Districts: Part I, 1986 Census. Catalogue number 94-125 (Canada: \$33; Other Countries: \$34.50).

EDUCATION, CULTURE AND TOURISM

Postgraduation Plans of 1984 and 1985 PH.D. Graduates, 1984 and 1985. Catalogue number 81-259 (Canada: \$20; Other Countries: \$21).

INCOME AND EXPENDITURE

National Income and Expenditure Accounts, Second Quarter 1987. Catalogue number 13-001 (Canada: \$15/\$60; Other Countries: \$16/\$64).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations: Financial Statistics, Second Quarter 1987. Catalogue number 61-003P (Canada: \$15/\$60; Other Countries: \$16/\$64).

INDUSTRY

Asphalt Roofing, July 1987. Catalogue number 45-001 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Coal and Coke Statistics, June 1987. Catalogue number 45-002 (Canada: \$8/\$80; Other Countries: \$9/\$90).

INDUSTRY - Concluded

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

Department Store Sales and Stocks, March 1987. Catalogue number 63-002 (Canada: \$13/\$130; Other Countries: \$14/\$140).

Gas Utilities, June 1987. Catalogue number 55-002 (Canada: \$10/\$100; Other Countries: \$11/\$110).

Merchandising Inventories, April 1987. Catalogue number 63-014 (Canada: \$12/\$120; Other Countries: \$13/\$130).

Mineral Wool Including Fibrous Glass Insulation, August 1987. Catalogue number 44-004 (Canada: \$4/\$40; Other Countries: \$5/\$50).

New Motor Vehicle Sales, May 1987. Catalogue number 63-007 (Canada: \$8/\$80; Other Countries: \$9/\$90).

Oils and Fats, July 1987. Catalogue number 32-006 (Canada: \$4/\$40; Other Countries: \$5/\$50).

Oil Pipe Line Transport, June 1987. Catalogue number 55-001 (Canada: \$8/\$80; Other Countries: \$9/\$90).

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

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

Production and Shipments of Blow-moulded Plastic Bottles, Quarter Ended June 30, 1987. Catalogue number 47-006 (Canada: \$5/\$20; Other Countries: \$6/\$24).

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

Steel Wire and Specified Wire Products, July 1987. Catalogue number 41-006 (Canada: \$4/\$40; Other Countries: \$5/\$50).

INTERNATIONAL TRADE

Summary of Canadian International Trade, July 1987. Catalogue number 65-001 (Canada: \$15/\$150; Other Countries: \$16/\$160).

JUSTICE

Canadian Crime Statistics, 1986. Catalogue number 85-205 (Canada: \$30; Other Countries: \$31.50).

LABOUR

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



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LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	July*	443.29	441.81	3.2
Labour Income (\$ million)	June	24,776	24,169	6.5
Persons with Jobs (million)	Aug.	12.43	12.42	2.9
Unemployed (million)	Aug.	1.1	1.2	-8.2
INVENTORIES				
Department Store (\$ million)	July	4,292	4,179	9.1
Manufacturers' Owned (\$ million)	July*	33,647	33,507	1.1
ORDERS				
Manufacturers' New Orders (\$ million)	July*	20,792	23,243	6.3
Manufacturers' Unfilled Orders (\$ million)	July*	24,565	24,315	0.6
PRICES				
Consumer Price Index (1981=100)	July	139.2	138.2	4.7
New House Price Index (1981=100)	July	120.1	119.6	15.6
Raw Materials Price Index (1981=100)	Aug.*	106.7	105.1	17.4
Excl. minerals fuels	Aug.*	111.4	110.0	6.2
Industrial Product Price Index (1981=100)	Aug.*	123.8	122.8	3.9
CONSTRUCTION				
			Year-to-date	
Building Permits (\$ million)	July	2,398	17,985	32.3
Housing Starts - Urban Centres (units)	July	21,529	127,900	36.6
ENERGY				
Coal Production (thousand tonnes)	June	4,963	28,569	-1.8
Electricity Generation (gigawatt hours)	June	36,174	246,122	6.9
Natural Gas Production (million cubic metres)	June	7,363	54,709	2.6
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	July	9,513	71,253	1.7
Imports - Balance of Payments Basis (\$ million)	July	9,582	66,402	1.2
SALES				
Department Store Sales (\$ million)	July	937	6,391	1.2
Manufacturers' Shipments (\$ million)	July*	20,542	148,917	1.9
New Motor Vehicle Sales (\$ million)	July	1,896	14,376	8.4
Refined Petroleum Products (thousand cubic metres)	July	7,032	45,510	3.2
Retail Sales (\$ million)	July	13,208	84,818	9.1

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

I.N.F.O.M.A.T

A Weekly Review

Published by the Communications Division
(Director: Tim Davis), Statistics Canada.

Senior Editor: Greg Thomson (613) 991-1103
Editor: Linda M^cCormick (613) 991-1088

R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2/\$100; other countries, \$3/\$150. To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6 or telephone Publication Sales at (613) 993-7276.

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