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STATISTICS
CANADA

Thursday, December 31, 1987

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OVERVIEW

■ Canada's Foreign Trade in Automotive Products Posts a Deficit

In the first nine months of 1987, international trade in automotive products posted a deficit of \$1.5 billion. From 1982 to 1986, trade in these commodities resulted in a yearly surplus for Canada. Year-to-date figures suggest that this trend will be reversed in 1987.

■ Non-resident Purchases of Canadian Stocks Fall With Share Prices

Concurrent with the dramatic fall in share prices on world markets, non-residents reduced their holdings of outstanding Canadian stocks by nearly \$300 million in October, contrasting sharply with the average investment of \$600 million recorded for the nine preceding months.

■ Manufacturing Shipments Still Rising

Manufacturing shipments rose to a new high in October, but there was a simultaneous decline in both the level of new orders and the backlog of unfilled orders during the month.

■ Retail Trade Maintains Upward Trend

In October, retail trade was up 1.7% over the previous month, maintaining the trend of rising sales (1.0% a month) noted throughout 1987.

■ Both Residential and Non-residential Construction Intentions Drop

Following an unanticipated advance in September, building permits issued for residential construction dropped 5.8% in October. Non-residential permits continued to decrease, dropping (-7.3%) for the fifth consecutive month.

■ Consumer Price Index Increases 0.4%

All major components of the CPI rose in November, but the principal sources of upward pressure were housing, food and transportation costs.

■ This issue also includes articles on Federal Government Employment and Wholesale Trade.

Canada's Foreign Trade in Automotive Products Posts a Deficit

In the first nine months of 1987, international trade in automotive products (cars, trucks and other motor vehicles, parts, tires and tubes) posted a deficit of \$1.5 billion. This deficit was larger by \$850 million than that recorded for the same period last year. From 1982 to 1986, trade in automotive products resulted in a yearly surplus for Canada. The figures to date seem to indicate that this trend will be reversed in 1987.

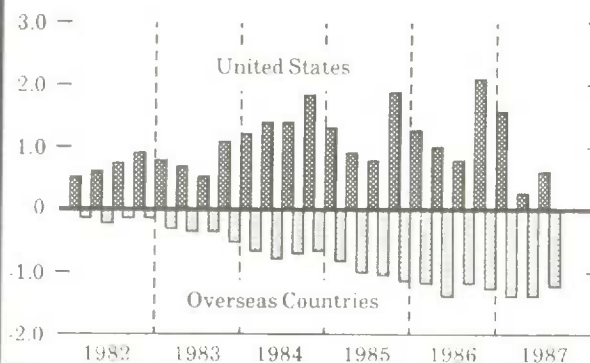
The increase in the overall deficit is mainly the result of a decrease of more than \$2 billion in Canada's surplus on trade in cars. The surplus dropped to \$430 million, from \$2.5 billion in the first nine months of 1986. Lower motor vehicle sales in the United States was a major factor in this decline. Overall, the balance of trade with the U.S. for cars was \$3.1 billion, 38% below the level recorded in the same period of 1986.

Trade in automotive products posted surpluses in January and February, but deficits have been recorded since then. Tax incentives in the United States which ended with the close of the 1986 calendar year stimulated production and therefore trade in the opening months of 1987.

(continued on page 2)

Automotive Trade Balance

(billions of dollars)



Statistics
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... Canada's Foreign Trade in Automotive Products Posts a Deficit

Exports (including re-exports) of all automotive products dropped \$1.9 billion below the level in the first nine months of 1986, falling to \$24.2 billion. This decrease was entirely attributable to the decline in car exports, which totalled \$9.5 billion, compared to \$11.7 billion in 1986. Total exports for the third quarter were \$6.6 billion, the lowest quarterly level since the fourth quarter of 1983.

Imports were also down, but the decline was less than the drop in exports. Overall, imports fell by \$1.1 billion and totalled \$25.6 billion. Parts imports decreased the most; reduced by \$1.3 billion, they amounted to \$13.5 billion. The drop in the value of imported parts was reflected in a decline in shipments by transportation equipment manufacturers and lower exports of passenger cars, particularly during the third quarter.

Based on unit sales of cars, the Japanese share of the Canadian import market was 25.7%, an increase from

Balance of Trade - Automotive Products

	January to September		Change
	1987	1986	
millions of dollars			
United States			
Cars	3,079	4,974	-1,895
Trucks	2,634	2,697	-63
Parts	-3,479	-4,863	1,384
All countries			
Cars	430	2,492	-2,062
Trucks	2,418	2,432	-14
Parts	-4,563	-5,861	1,298

the 20.9% share held during the same period of 1986. The Japanese share grew at the expense of North American models whose market share dropped to 63.4% from 65.8%, and the West German models whose share slid to 2.7% from 4.4% in the first nine months of 1986.

For further information, contact International Trade Division at (613) 951-9787.

Non-resident Purchases of Canadian Stocks Fall With Share Prices

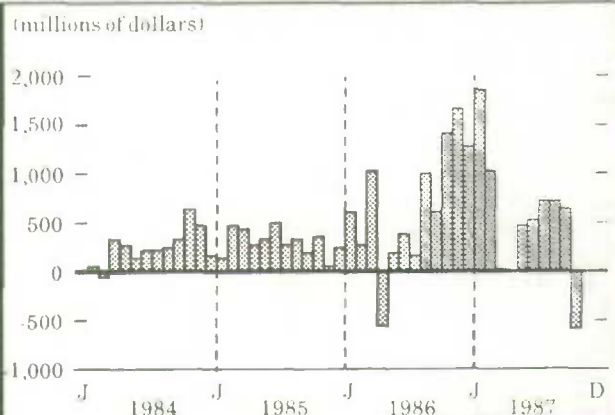
Concurrent with the dramatic fall in share prices on world markets, non-residents reduced their holdings of Canadian stocks by nearly \$300 million in October. Gross sales by non-residents jumped by over 50%, more than countering a slight increase in gross purchases of Canadian stocks. Net foreign investment in outstanding Canadian stocks had been strong in each month of the current year, averaging over \$600 million a month until October. This net disinvestment resulted from transactions with the United States.

A net disinvestment was also recorded from trade in outstanding Canadian bonds, amounting to some \$300 million. This contrasts with net investments over the previous four months of \$500 million. The net decline in foreign holdings of Canadian bonds came largely from transactions with the United Kingdom. Gross trading activity (sales and purchases) reached its highest level this year.

Security Transactions

	June	July	Aug.	Sept.	Oct.
Net sales	\$ millions				
Canadian Securities					
Bonds	114	191	61	124	-300
Stocks	423	573	685	519	-298
Total	537	764	746	642	-598
Foreign Securities					
Bonds	-62	141	129	-26	-485
Stocks	-369	307	437	-143	-395
Total	-431	448	566	-170	-879

Net Sales of Canadian Securities



In October, Canadian residents acquired, on a net basis, some \$400 million of outstanding foreign stocks, up from a net investment of \$143 million in the previous month. The investment in the current month was largely channelled into United States and British stocks. The net investment in British stocks was related to a share offering in the Canadian market.

Residents increased their holdings of foreign bonds by \$485 million, following a small investment in the previous month. These funds were invested in U.S. treasury securities.

For further information, contact International and Financial Economics Division at (613) 951-9052 or order Security Transactions with Non-residents (catalogue number 67-002).

Manufacturing Shipments Still Rising

Manufacturing shipments rose to a new high in October, but there was a simultaneous decline in both new orders and the backlog of unfilled orders for the first time since March 1987. Gains in transportation equipment industries, refined petroleum and coal products, and primary metals industries accounted for much of the increase in shipments. These advances were in accord with rising exports and new motor vehicle sales in October.

Preliminary estimates indicate that the seasonally adjusted value of shipments increased 1.9% in October to a level of \$22.7 billion. Continuous gains since April 1987 have pushed shipments to a new record level. New orders declined 0.5%, following a sharp increase in September. Apart from a small decline in August, new orders had increased every month since March. The

Manufacturing Activity

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Shipments	0.5	1.3	0.7	2.7	1.9
New orders	0.7	1.1	-0.3	4.1	-0.5
Unfilled orders	1.0	0.9	0.0	1.2	-0.9
Inventory to shipments ratio	1.58	1.56	1.56	1.53	1.50

For further information, contact Industry Division at (613) 951-9497 or order *Inventories, Shipments and Orders in Manufacturing Industries* (catalogue number 31-001).

Retail Trade Maintains Upward Trend

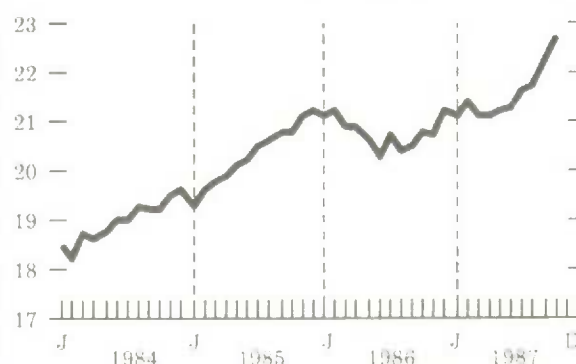
- Adjusted for seasonal fluctuations and the number of trading days, preliminary estimates indicate that retail sales totalled \$13.3 billion in October, up 1.7% from the previous month.
- This advance was the third consecutive monthly advance and was in line with the trend of generally rising sales observed during the year. Retail sales have grown an average of 1.0% a month since January.

Retail Trade

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Grocery & meat stores	1.8	-2.8	2.6	1.0	0.4
Department stores	2.8	-2.3	1.9	-2.2	1.7
Motor vehicle dealers	6.1	-2.4	3.2	-0.8	4.8
All stores	-2.5	-0.6	1.5	0.7	1.7
All stores excl. motor	1.6	-0.1	1.0	1.1	0.8

Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



backlog of unfilled orders was down 0.9% to \$24.6 billion in October. This decrease followed an upward trend that lasted from April to September.

Manufacturers' inventories continued to build, gaining 0.3% over the previous month. This was the sixth increase in the last seven months. However, the ratio of inventories to shipments fell to a new low of 1.50:1. This ratio has continued to decline despite the growth in inventories because of a strong upward trend in the value of shipments.

Retail Trade

(billions of dollars, seasonally adjusted)



- Retail sales, which account for more than half of the total demand in the economy, will be closely watched in the coming months for signs of weakness. Any slackening of demand is likely to indicate lower levels of industrial production.

... Retail Trade Maintains Upward Trend

- Retail trade figures total the sales of 28 different kinds of business. The group with the largest value of sales, motor vehicle dealers, is dependent on the consumer's level of discretionary income. Customers will usually defer big ticket purchases, such as a car, when their level of discretionary income is reduced. This factor combined with the importance of the automobile industry to the Canadian economy, makes motor vehicle sales a good leading indicator of economic activity.
- On the other hand, the second largest group, grocery and meat stores, sell goods that are essential and their level of sales is less susceptible to changes in overall economic performance. For example, the growth in grocery and meat store sales continued

throughout the most recent recession, albeit at a slower pace, while motor vehicle sales dropped by more than 10%.

- In October, the largest increases in the dollar value of sales were reported by motor vehicle dealers, department stores and family clothing stores.
- Excluding new and used motor vehicle dealers, retail sales rose 0.8% in October, following an increase of 1.1% in September.
- Actual sales for the first nine months of the year totalled \$124.0 billion, an increase of 9.4% over the corresponding period of 1986.

For further information contact Industry Division at (613) 951-3549 or order Retail Trade (catalogue number 63-005).

Both Residential and Non-residential Construction Intentions Drop

- In October, the seasonally adjusted value of building permits issued by Canadian municipalities was \$2.4 billion, down 6.4% from September.
- The estimated value of residential building permits dropped 5.8% in October, to \$1.5 billion.
- The slackening of residential activity was noted in both the single- and multi-family dwelling sectors.

Building Permits

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
Total	-5.9	-2.9	1.7	7.6	-6.4
Residential	-1.6	-7.6	5.5	4.7	-5.8
Non-residential	-8.5	-12.5	5.3	12.3	-7.3

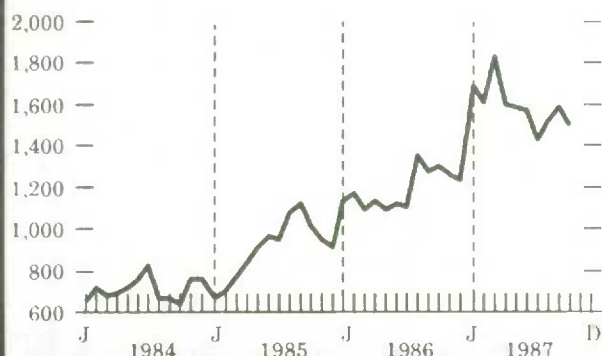
Permits issued for single-family dwellings were 5.5% lower than the level a month earlier and the value of multi-family dwelling permits was reduced by 6.4%.

- The value of permits issued for single-family dwellings dropped to \$1,003 million.
- The number of dwelling units authorized was down 7.5% in October. However, the annual rate (229,900) remained above 200,000 for the tenth consecutive month.
- Western Canada was the only region to register an increase in the number of dwelling units authorized, while all other regions recorded decreases.
- The estimated value of non-residential permits was down 7.3% from September.
- All components declined. The commercial sector registered a drop of 9.1%, the governmental sector was down 6.0% and the industrial sector decreased by 2.9%.

For further information, contact Science, Technology and Capital Stock Division at (613) 951-2583 or order Building Permits (catalogue number 64-001).

Residential Construction

(millions of dollars, seasonally adjusted)

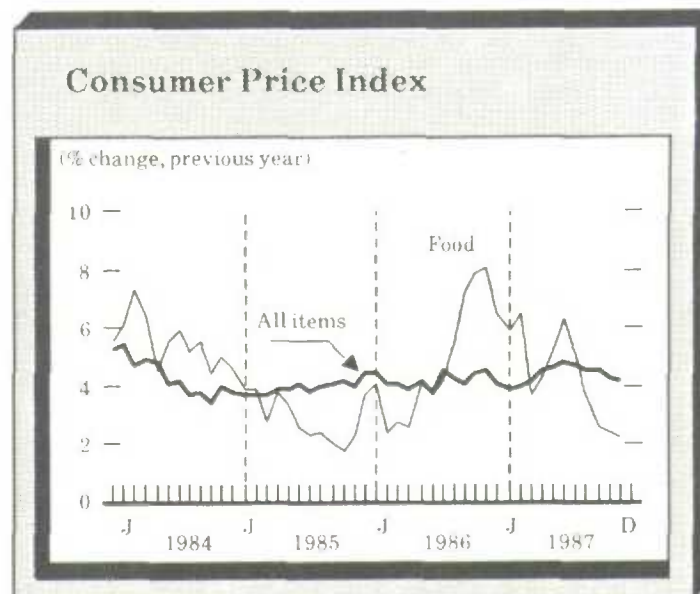


Consumer Price Index Increases 0.4%

The Consumer Price Index (1981=100) advanced by 0.4% in November. All major component indexes posted increases that ranged from 0.1% to 0.9%. A rise in the housing index accounted for one-third of the overall advance in the CPI, while advances in food and transportation each explained about one-fifth of the total rise. The upward movement of the clothing index also exerted a noticeable impact.

Within the housing index, the cost to own principal accommodation rose 0.3%, largely due to increases in mortgage interest rates, prices of new homes and repair costs. Rented accommodation also registered price increases as noticeable rent increases were reported in a number of cities.

The food index was up 0.5% in November, following an increase of 0.2% a month earlier and two consecutive decreases in preceding months. A large part of this increase was due to a 14.5% rise in fresh vegetable



prices, salad type vegetables in particular. Turkey, eggs and bakery products also recorded significant price advances.

Much of the increase in the transportation component was due to higher prices for new automobiles. The latest rise in auto prices was the net outcome of higher prices on most 1988 models and the termination of some manufacturers' rebates.

For further information, contact Prices Division at (613) 951-9606 or order *The Consumer Price Index* (62-001).

Consumer Price Index

	July	Aug.	Sept.	Oct.	Nov.
	% change, previous month				
All items	0.7	0.1	0.0	0.4	0.4
Food	0.2	-1.0	-0.5	0.2	0.5
All-items, excl. food	0.9	0.3	0.2	0.4	0.4

Federal Government Employment

In the third quarter of 1987, total federal government employment was down for the fifth consecutive quarter, dropping 1.4% from the same period of 1986. This decline reflects the government's objectives to reduce the size of the public service and to privatize some crown corporations. The largest actual changes in employment are itemized below:

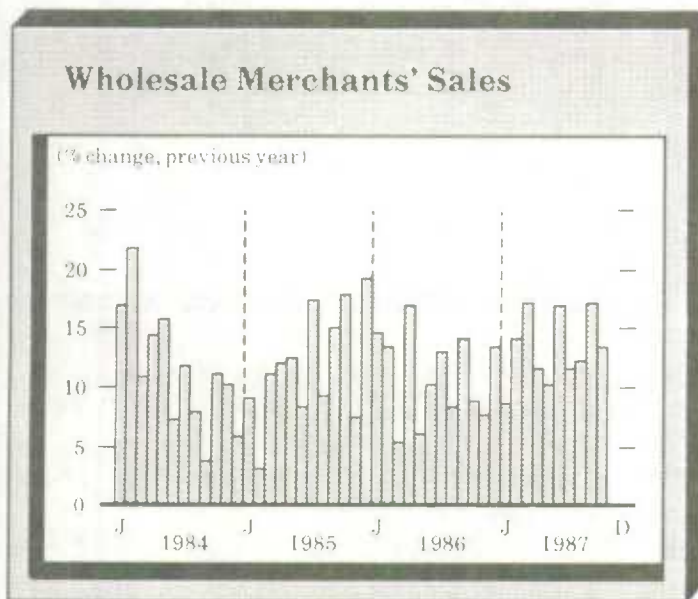
- A decline in Canada Harbour Place Corporation Inc. was caused by staff reductions after the closing of Expo 86.
- A decrease in employment in Statistics Canada was due to the termination in the latter part of 1986, of temporary staff previously hired for the June 1986 Census.
- At Atomic Energy of Canada Ltd. the decrease in staff was due to lay-offs during the year.
- A decline at National Revenue was to a large extent due to a reduction in temporary staff hired to process income tax returns.

- Growth in employment in the Department of Justice was due primarily to the transfer of employees to the Criminal Justice Policy Activity from the Solicitor General and hiring of employees for the newly created War Crimes and Refugee Determination Activities.
- An increase in employment at the Department of Communications was caused by the transfer of employees from the National Museum's National Programs Activity following its dissolution on September 1, 1987.
- The Royal Canadian Mounted Police have increased recruitment to meet the need for diplomatic security and police services under contract to provincial, territorial and municipal governments.
- Employment for crown corporations declined primarily as a result of the sale of Canadair Ltd., Transport Route Canada Inc., Fishery Products International and Teleglobe Canada during the year.

For further information, contact Public Institutions Division at (613) 951-1843 or order *Federal Government Employment* (catalogue number 72-004).

Wholesale Trade

In October, wholesale merchants' sales were up 13.6% over the same month a year earlier. The advance in the current month was slightly higher than the change in year-to-date sales. Cumulative sales for the first ten months of 1987 were 13.5% higher than in 1986.



The trade groups having the most significant impact on the overall sales advance in October included wholesalers of electrical and non-electrical machinery, equipment and supplies who recorded a sales increase of 20.9% from October 1986. From July to September, year-over-year sales increases reported by this group of merchants had been close to or over 30%. However, the increase in the current month was more in line with sales advances in the first six months of the year. Commodities handled by these merchants include many types of capital assets such as office machinery and equipment and materials used by the construction industry.

Other groups contributing to the overall advance in wholesale trade were "other" wholesalers and food wholesalers. Farm machinery, equipment and supplies were the only wholesalers to report a year-over-year drop in sales.

Increases in wholesale trade were posted in all regions in October, ranging from 25.0% in the Prairie provinces to 7.7% in Quebec. Generally, wholesale trade has been stronger in the Prairie and Atlantic provinces since June, while year-over-year sales advances in Ontario and Quebec have moderated.

For further information, contact Industry Division at (613) 951-3541 or order Wholesale Trade (catalogue number 63-008).

PUBLICATIONS RELEASED FROM DECEMBER 18 - 23

AGRICULTURE

Agriculture Economic Statistics - Supplement II, 1987. Catalogue number 21-603E (Canada: \$10; Other Countries: \$11).

Census of Agriculture - Ontario, 1986. Catalogue number 96-108 (Canada: \$61; Other Countries: \$71).

Census of Agriculture - Alberta, 1986. Catalogue number 96-111 (Canada: \$55; Other Countries: \$56.50)

CENSUS

Population and Dwelling Counts - Provinces and Territories - Quebec, 1986 Census. Catalogue number 92-113 (Canada: \$61; Other Countries: \$71).

INDUSTRIAL ORGANIZATION AND FINANCE

Corporations and Labour Unions Returns Act: Report for 1985, Part II - Labour Unions. Catalogue number 71-202 (Canada: \$25; Other Countries: \$26).

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

INDUSTRY

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

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

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

INDUSTRY - Concluded

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

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, September 1987. Catalogue number 35-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

INTERNATIONAL AND FINANCIAL ECONOMICS

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

PUBLIC INSTITUTIONS

Consolidated Government Finance, Fiscal year ended nearest to December 31, 1983 and advance data for 1984-1986. Catalogue number 68-202 (Canada: \$20; Other Countries: \$21).

Local Government Employment, April-June 1987. Catalogue number 72-009 (Canada: \$10/\$40; Other Countries: \$11/\$44).

TRANSPORTATION

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

Passenger Bus and Urban Transit Statistics, September 1987. Catalogue number 53-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Oct.*	450.97	447.40	4.4
Labour Income (\$ million)	Sept.	24,825	24,497	7.0
Persons with Jobs (million)	Nov.	12.05	12.16	3.8
Unemployed (million)	Nov.	1.0	1.0	-12.7
INVENTORIES				
Department Store (\$ million)	Oct.*	5,185	4,764	5.5
Manufacturers' Owned (\$ million)	Oct.*	33,879	33,777	2.0
ORDERS				
Manufacturers' New Orders (\$ million)	Oct.*	23,356	23,439	6.2
Manufacturers' Unfilled Orders (\$ million)	Oct.*	24,595	24,836	2.5
PRICES				
Consumer Price Index (1981 = 100)	Nov.*	140.4	139.8	4.2
New House Price Index (1981 = 100)	Oct.	122.5	122.0	13.2
Raw Materials Price Index (1981 = 100)	Oct.	104.4	106.0	11.3
Excl. minerals fuels	Oct.	111.8	111.6	6.8
Industrial Product Price Index (1981 = 100)	Oct.	124.3	124.0	3.7
CONSTRUCTION			Year-to-date	
Building Permits (\$ million)	Sept.*	2,815	23,363	27.8
Housing Starts - Urban Centres (units)	Oct.*	16,894	183,247	29.9
ENERGY				
Coal Production (thousand tonnes)	Sept.	5,479	43,673	5.9
Electricity Generation (gigawatt hours)	Sept.	34,846	355,129	6.7
Natural Gas Production (million cubic metres)	Sept.*	8,537	79,720	5.0
FOREIGN TRADE				
Exports - Balance of Payments Basis (\$ million)	Oct.	11,261	103,592	3.5
Imports - Balance of Payments Basis (\$ million)	Oct.	10,073	94,315	2.0
SALES				
Department Store Sales (\$ million)	Oct.*	1,118	9,529	1.2
Manufacturers' Shipments (\$ million)	Oct.*	23,597	216,547	3.6
New Motor Vehicle Sales (\$ million)	Oct.	2,222	20,344	9.2
Refined Petroleum Products (thousand cubic metres)	Oct.*	7,127	66,270	3.0
Retail Sales (\$ million)	Oct.*	13,759	124,015	9.4

Statistics are in current dollars and are not seasonally adjusted.

* new this week.



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KEY RELEASE CALENDAR: January 1988*

Monday	Tuesday	Wednesday	Thursday	Friday
4	5 Raw Materials Price Index, November Industrial Product Price Index, November	6	7 New Housing Price Index, November	8 Labour Force Survey, December
11 International Travel, November Farm Product Price Index, November	12 Composite Leading Indicator, October Labour Income, October New Motor Vehicle Sales, November	13 Department Store Sales, November	14 International Trade, November Help-wanted Index, December	15 Housing Starts, November
18	19 Consumer Price Index, December	20 Sales of Refined Petroleum Products, November	21 Retail Trade, November Inventories, Shipments and Orders, November	22 Building Permits, November Department Store Sales and Stocks, November
25 Wholesale Trade, November Crude Oil and Natural Gas, October	26 Gross Domestic Product, November Security Transactions, November	27 Unemployment Insurance Statistics, November	28 Employment, Earnings and Hours, November	29 Raw Materials Price Index, December Industrial Product Price Index, December

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

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