

# I·N·F·O·M·A·T

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

Friday, February 26, 1988

### OVERVIEW

STATISTICS STATISTIQUES  
CANADA CANADA

#### ■ Strong Growth in Industrial Corporations' Operating Profits Continues

In the fourth quarter of 1987, industrial profits were up 11% over the previous quarter, the fifth consecutive quarter of strong growth.

#### ■ Deficit on Travel Account Doubles in 1987

Following an exceptionally good year in 1986, the travel account deficit totalled \$2.5 billion in 1987. A strong rise in Canadian payments coupled with a slight drop in receipts produced the first increase in the deficit since 1983.

#### ■ 1987 Labour Market Revisited

The major trends in the 1987 labour market.

#### ■ Retail Sales Rise for the Fifth Consecutive Month

In December, retail sales increased 0.7% from the previous month. Total sales for the year were up 9.8% over 1986.

#### ■ Advance in Consumer Price Index Moderates Slightly

The year-over-year increase in the CPI between January 1987 and January 1988, was 4.1%, down slightly from the 4.2% rate reported in December.

This issue also includes an article on **Department Store Sales**.

### Strong Growth in Industrial Corporations' Operating Profits Continues

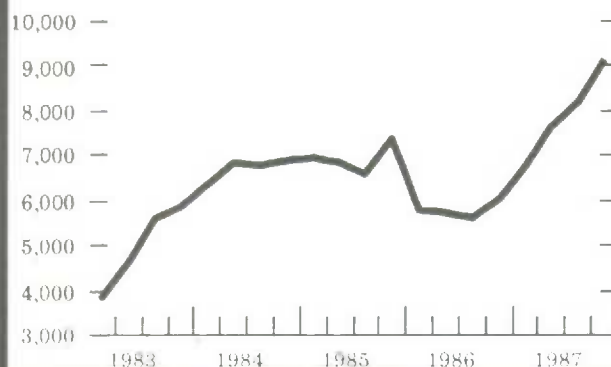
Preliminary data for the fourth quarter of 1987, show that seasonally adjusted operating profits of Canadian industrial corporations rose 11.0% from the previous quarter to reach \$9.1 billion. This was the fifth consecutive quarter of strong growth. Previous increases, starting with the fourth quarter of 1986, have ranged from 7% to 13%. This trend contrasts with the declines registered in the earlier quarters of 1986. While the growth rate of profits accelerated in the fourth quarter, the rate of sales growth decelerated to 2.2% from 3.4% in previous quarter.

For the year, operating profits were \$31.7 billion in 1987, compared to \$23.2 billion in 1986 and \$27.8 billion in 1985. The manufacturing industries recorded the largest increase in operating profits in 1987, followed by the mining industries and other industries. A factor in the recovery of profits in 1987 was the improvement in prices for paper, crude oil and metals. Profits rose \$1.8 billion in each of the paper and allied

(continued on page 2)

### Operating Profits

(millions, seasonally adjusted)



Statistics  
Canada

Statistique  
Canada

Canada

### **... Strong Growth in Industrial Corporations' Operating Profits Continues**

products industry and the combined mineral fuels and petroleum industries, \$1.0 billion in the metal mining industry, and \$0.9 billion in the chemicals industry. The balance of the profit increase was widely distributed among 34 other industries. The largest decline in annual profits was registered in the transportation equipment industry (\$1.0 billion), largely due to reduced sales of automobiles. Seven other industries also posted declines.

In the fourth quarter, the mining industries registered the largest rate of increase in operating profits by gaining 12.5%, compared to 10.9% in manufacturing industries and 10.7% in the other industries.

The metal mining, paper and allied products, and chemicals industries reflected the largest fourth quarter profit increases, accounting for over half of the total gain. The transportation equipment and primary metals industries also showed advances in profits. The largest profit decline was in the petroleum and coal industry, which partly offset substantial increases in the first three quarters of 1987.

Pre-tax profits (which unlike operating profits include investment income and other gains) were up 12.0% in the fourth quarter to \$13.1 billion, following an increase of 5.4% in the third quarter. Pre-tax profits rose strongly in the earlier quarters of 1987, after declining in the fourth quarter of 1986.

#### **Fourth Quarter 1987 – Industry Highlights**

**Metal Mining:** operating profits rose 63% to \$485 million from \$297 million in the previous quarter. Profits have risen steadily from a loss of \$42 million in

the first quarter of 1987. Improved metal prices contributed to the 16.2% increase in sales in the fourth quarter and to increases averaging 7.2% in the two previous quarters.

**Paper and Allied Products:** operating profits advanced 21%, to \$1.1 billion in the fourth quarter. Strong markets and rising prices helped sales of the industry grow almost 4% to \$7.9 billion. Both sales and profits have grown since mid-1985.

**Chemicals:** operating profits increased \$178 million to \$730 million in the fourth quarter, the fifth consecutive quarterly increase. As in previous quarters, improved operating margins were largely responsible for the increase.

**Transportation Equipment:** operating profits jumped from \$80 million to \$238 million in the fourth quarter, but remained well below the \$433 million average quarterly profit in 1986. Sales rose 8% to \$14.3 billion, slightly above the average for 1986.

**Primary Metals:** operating profits advanced strongly for the fourth consecutive quarter to a level of \$426 million. Sales rose 9.7%, reflecting continued strength in steel and aluminum prices.

**Petroleum and Coal:** operating profits of these two industries fell to \$832 million from \$1,039 million in the previous quarter, reflecting a recent softening in prices for crude oil. The fourth quarter level was still above the \$455 million average recorded during 1986, when crude oil prices were at their lowest level in several years.

*For further information contact Finance Division at (613) 951-9843 or order Industrial Corporations: Financial Statistics (catalogue number 61-003P).*

### **Deficit on Travel Account Doubles in 1987**

Unadjusted for seasonal variations, Canada's travel account recorded a deficit of \$698 million during the fourth quarter of the year. Combined with the results recorded during the first three quarters of the year, Canada's travel account registered an overall deficit of \$2,473 million in 1987.

While this imbalance was more than double the deficit recorded last year – a year that included Expo 86, terrorism, environmental pollution and a devaluation of the dollar – it was only 17% higher than the ones recorded in 1984 and 1985. The larger deficit of 1987 was a product of a slight drop in total receipts coupled with a strong rise in Canadian payments.

At \$4,151 million in 1987, receipts from the United States were down 8% from 1986, but remained 13% above the level posted in 1985. On a year-over-year basis, receipts from visitors from countries other than the U. S. rose throughout each of the quarters of 1987 to reach \$2,138 million, up 17% over 1986.

Total payments by Canadian residents increased markedly during the year. Travel payments to the United States were up by 16% to \$5,122 million, while payments to all other countries rose by 18% to \$3,640 million.

*For further information, contact Education, Culture and Tourism Division at (613) 951-8933 or order Travel Between Canada and Other Countries (catalogue number 66-001).*



## 1987 Labour Market Revisited

There has been considerable speculation about possible labour-market repercussions of the October collapse in stock market prices. As of December 1987, no deterioration in the labour market was evident. In fact, based on seasonally adjusted figures, employment in December was 90,000 higher than in October. Moreover, the employment increase from November to December (66,000) was the largest increase between these two months since 1978.

"The 1987 Labour Market Revisited", featured in the January issue of *The Labour Force*, examines the 1987 labour market scene, pinpointing the year's major trends.

### Highlights

- In 1987, employment in Canada rose by 320,000 with full-time jobs accounting for almost all of this increase. In a major departure from recent trends, full-time employment growth (3.1%) greatly exceeded the rise in part-time employment (0.7%).
- Continuing a long-established trend, 1987 employment growth was higher among women (3.7%) than among men (2.0%).

- Men accounted for all of the 2.0% rise in employment in the goods-producing sector. The rise in service employment (3.1%) originated mainly among women.
- Slow growth in part-time employment can be traced to a fall of 30,000 in the number of people working part-time because they could not find full-time work. The number working part-time voluntarily rose 3.2%, approximating the growth in full-time employment.
- New Brunswick, Quebec and Ontario all averaged employment growth over 3% in 1987. In contrast, all three Prairie provinces recorded increases of under 1%.
- The national unemployment rate continued to fall, declining to 8.9% in 1987 from 9.6% in 1986. Still, the rate remains well above the pre-recession level of 7.5% recorded in 1980 and 1981.
- The number of discouraged workers (persons not looking for work because they believe no work is available) dropped by almost 20% to 48,000 in 1987, the lowest level since 1977.

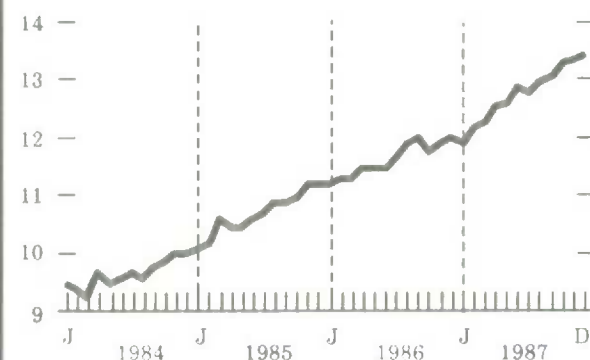
For further information contact Labour and Household Surveys Analysis Division at (613) 951-4616 or order *The Labour Force* (catalogue number 71-001).

## Retail Sales Rise for the Fifth Consecutive Month

- Adjusted for seasonal fluctuations and the number of trading days, preliminary estimates indicate that retail sales totalled \$13.5 billion in December 1987, an increase of 0.7% from the previous month.
- The increase in December was the fifth consecutive monthly advance and extended the trend of generally rising retail sales observed during the year. During the January to December 1987 period, retail trade advanced an average of 1.0% a month.
- The overall rise in December was primarily attributable to increases reported by motor vehicle dealers (1.9%), combination stores (1.0%) and general merchandise stores (6.6%). Sales by motor vehicle dealers increased for the third consecutive month, while combination store sales advanced for the fifth consecutive month.
- Preliminary estimates for the year indicate that retail sales advanced 9.8% to reach a level of \$153.7 billion. This was up from the 8.2% growth recorded in 1986, but lower than the 11.5% increase registered in 1985.

### Retail Trade

(billions of dollars, seasonally adjusted)



- Independent retailers reported sales of \$92.6 billion in 1987, an increase of 13.0% over 1986, whereas chain store sales amounted to \$61.1 billion, up 5.1% over 1986.

(continued on page 4)

### ... Retail Sales Rise for the Fifth Consecutive Month

- Unadjusted for seasonal variations, retail trade for December 1987 rose 12.0% over the same month last year to total \$16.2 billion.
- The two largest groups within retail trade recorded significant increases over December 1986: motor vehicle dealers (19.2%) and combination stores (12.7%).
- Department store sales were up 4.1% on a year-over-year basis, while service station sales rose 15.7%, the ninth consecutive monthly increase.

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

### Retail Trade

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Grocery & meat stores	2.7	1.1	1.0	1.0	1.0
Department stores	2.0	-2.1	1.8	1.5	0.6
Motor vehicle dealers	3.1	-1.0	3.5	0.3	1.9
All stores	1.5	0.6	1.7	0.6	0.7
All stores excl. motor	1.1	1.1	1.2	0.7	0.3

## Advance in Consumer Price Index Moderates Slightly

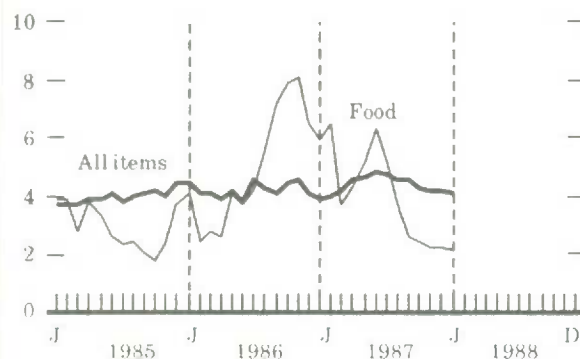
The year-over-year increase in the Consumer Price Index (1981=100), between January 1987 and January 1988, was 4.1%, down slightly from 4.2% observed for both of the previous 12-month periods, ending in November and December. The compound annual rate of increase, based on the seasonally adjusted index levels over the latest three-month period (October to January), was 3.8%, down from the increase of 4.1% reported for the previous three-month period ending in December.

The index increased by 0.2% between December and January to reach a level of 140.8. Four of the seven major component indexes increased in January, while the other three declined. Food and housing, which rose 1.1% and 0.5% respectively, provided the strongest upward pressure. A 1.5% decline in the transportation index and a 0.4% decline in the recreation, reading and education index were the major offsetting factors.

The food index rose, following a decline of 0.2% observed in December. The index for food purchased from stores rose 1.2% as a result of increases for a wide variety of food items with the largest contribution

### Consumer Price Index

(% change, previous year)



coming from a 16.5% increase in soft drink prices, following holiday sales activity in December. Other notable increases, which were reversals from last month, were observed for meat and 2%-milk, while bread and fresh vegetable prices continued to increase.

The housing index advance was largely due to increases in public utility charges. The telephone services index increased 3.9%, as the new 10% federal tax on long-distance telephone calls came into effect. Electricity rates rose noticeably in Ontario and Saskatchewan, and water rates increased in 35 separate municipalities across the country. In addition, the postal services index rose 7.0%.

### Consumer Price Index

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
All-items	0.0	0.3	0.5	0.1	0.2
Food	-0.5	0.2	0.5	-0.2	1.1
All-items, excl. food	0.2	0.4	0.4	0.1	0.1

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

## Department Store Sales and Stocks

Adjusted for seasonal fluctuations and the number of trading days, department store sales in December 1987 totalled \$1,101 million, an increase of 0.6% from the previous month. During the last three months of 1987, department store sales increased by 1.3% on a monthly basis, while in the first nine months sales fluctuated significantly with little overall growth.

Seasonally adjusted department store stocks totalled \$4,339 million at the end of December 1987, down 2.0% from November. This marks the third consecutive monthly decrease following five months of rising inventory levels. The ratio of inventories to sales stood at 3.94:1 in December, down from the average ratio of 4.17:1 observed in the 11 previous months.

Adjusted to remove the affect of the sale of Woodward Stores Ltd.'s food division, cumulative department store sales rose 3.8% in 1987 to a level of \$12,753 million. This marks the fifth consecutive year in which department store sales have increased, although the 1987 rise was down from the 5.7% growth recorded in 1986.

The market share held by major department stores has gradually declined over the last six years, reaching a low of 59.9% in 1987.

*For further information, contact Industry Division at (613) 951-3549 or order Department Store Sales and Stocks (catalogue number 63-002).*

## PUBLICATIONS RELEASED FROM FEBRUARY 19 - 25

### CENSUS

**Profiles - Census Tracts - Calgary: Part 1, 1986 Census.** Catalogue number 95-103 (Canada: \$24; Other Countries: \$25).

**Profiles - Census Tracts, London: Part 1, 1986 Census.** Catalogue number 95-125 (Canada: \$22; Other Countries: \$23).

**Profiles - Census Tracts, Montréal: Part 1, 1986 Census.** Catalogue number 95-129 Canada: \$52; Other Countries: \$62).

**Profiles - Census Tracts, North Bay: Part 1, 1986 Census.** Catalogue number 95-131 (Canada: \$20; Other Countries: \$21).

**Profiles - Census Tracts, Saint John: Part 1, 1986 Census.** Catalogue number 95-145 (Canada: \$20; Other Countries: \$21).

**Profiles - Census Tracts, Saskatoon: Part 1, 1986 Census.** Catalogue number 95-153 (Canada: \$20; Other Countries: \$21).

**Profiles - Census Tracts, Toronto: Part 1, 1986 Census.** Catalogue number 95-163 (Canada: \$49; Other Countries: \$59).

**Profiles - Census Tracts, Victoria: Part 1, 1986 Census.** Catalogue number 95-169 Canada: \$21; Other Countries: \$22).

### HEALTH

**Vital Statistics Quarterly, October-December 1986.** Catalogue number 84-001 (Canada: \$5/\$20; Other Countries: \$6/\$24).

### HOUSEHOLD SURVEYS

**Income Estimates for Subprovincial Areas, 1985.** Catalogue number 13-216 (Canada: \$25; Other Countries: \$26).

### INDUSTRY

**Coal and Coke Statistics, November 1987.** Catalogue number 45-002 Canada: \$9/\$90; Other Countries: \$10/\$100).

**Coal Mines, 1986.** Catalogue number 26-206 (Canada: \$20; Other Countries: \$21).

**Crude Petroleum and Natural Gas Production, October 1987.** Catalogue number 26-006 (Canada: \$9/\$90; Other Countries: \$10/\$100).

**Oil Pipe Line Transport, November 1987.** Catalogue number 55-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

**Paper and Allied Products Industries, 1985.** Catalogue number 36-250 (Canada: \$30; Other Countries: \$31.50).

**Primary Iron and Steel, October 1987.** Catalogue number 41-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

### INDUSTRY - Concluded

**Primary Iron and Steel, November 1987.** Catalogue number 41-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

**Vending Machine Operators, 1986.** Catalogue number 63-213 Canada: \$20; Other Countries: \$21).

### INTERNATIONAL TRADE

**Exports by Commodity, November 1987.** Catalogue number 65-004 (Canada: \$50/\$500; Other Countries: \$60/\$600).

**Imports by Commodity, November 1987.** Catalogue number 65-007 (Canada: \$50/\$500; Other Countries: \$60/\$600).

### JUSTICE

**Break and Enter in Canada, 1962-1986.** Catalogue number 85-002 Canada: \$3/\$15; Other Countries: \$4/\$20).

### LABOUR

**The Labour Force, January 1988.** Catalogue number 71-001 (Canada: \$22/\$220; Other Countries: \$24/\$240).

**Quarterly Estimates of Trusteed Pension Funds, Second Quarter 1987.** Catalogue number 74-001 Canada: \$10/\$40; Other Countries: \$11/\$44).

### PUBLIC INSTITUTIONS

**Local Government Employment, July-September 1987.** Catalogue number 72-009 (Canada: \$11.50/\$46; Other Countries: \$12.50/\$50).

**Local Government Finance, 1984.** Catalogue number 68-204 (Canada: \$25; Other Countries: \$26).

### SCIENCE, TECHNOLOGY AND CAPITAL STOCK

**Building Permits, October 1987.** Catalogue number 64-001 (Canada: \$20/\$200; Other Countries: \$21/\$210).

### SERVICES

**Telephone Statistics, November 1987.** Catalogue number 56-002 Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).





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**LATEST MONTHLY STATISTICS**

			Previous Month	% Change From Year Ago
<b>EMPLOYMENT, INCOME</b>				
Average Weekly Earnings (\$)	Dec.*	451.69	451.05	4.3
Labour Income (\$ million)	Nov.	24,618	24,907	6.9
Persons with Jobs (million)	Jan.	11.82	12.03	4.3
Unemployed (thousand)	Jan.	1,161	1,025	-13.5
<b>INVENTORIES</b>				
Department Store (\$ million)	Dec.*	4,031	5,133	-5.0
Manufacturers' Owned (\$ million)	Dec.	34,374	34,278	4.4
<b>ORDERS</b>				
Manufacturers' New Orders (\$ million)	Dec.	21,644	23,039	9.2
Manufacturers' Unfilled Orders (\$ million)	Dec.	24,221	24,573	2.9
<b>PRICES</b>				
Consumer Price Index (1981=100)	Jan.*	140.8	140.5	4.1
New House Price Index (1981=100)	Dec.	123.2	122.9	14.1
Raw Materials Price Index (1981=100)	Dec.	104.4	104.5	9.2
Excl. minerals fuels	Dec.	92.9	112.0	12.2
Industrial Product Price Index (1981=100)	Dec.	124.9	125.0	4.3
<b>CONSTRUCTION</b>				
Building Permits (\$ million)	Oct.	2,390	<b>25,755</b>	<b>23.8</b>
Housing Starts - Urban Centres (units)	Dec.*	14,089	<b>215,814</b>	<b>26.3</b>
<b>ENERGY</b>				
Coal Production (thousand tonnes)	Nov.*	5,976	<b>55,472</b>	<b>7.7</b>
Electricity Generation (gigawatt hours)	Nov.*	41,974	<b>436,223</b>	<b>6.1</b>
Natural Gas Production (million cubic metres)	Nov.*	10,862	<b>100,916</b>	<b>6.2</b>
<b>FOREIGN TRADE</b>				
Exports - Balance of Payments Basis (\$ million)	Dec.	11,263	<b>125,765</b>	<b>4.3</b>
Imports - Balance of Payments Basis (\$ million)	Dec.	10,301	<b>115,424</b>	<b>4.7</b>
<b>SALES</b>				
Department Store Sales (\$ million)	Dec.*	2,031	<b>12,753</b>	<b>3.8</b>
Manufacturers' Shipments (\$ million)	Dec.	21,996	<b>261,700</b>	<b>4.7</b>
New Motor Vehicle Sales (\$ million)	Dec.	1,718	<b>24,037</b>	<b>10.0</b>
Refined Petroleum Products (thousand cubic metres)	Dec.*	7,252	<b>80,214</b>	<b>2.9</b>
Retail Sales (\$ million)	Dec.*	16,212	<b>153,700</b>	<b>12.0</b>

Statistics are in current dollars and are not seasonally adjusted.

\* new this week.

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