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

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OVERVIEW

Real GDP Rises in April

Real gross domestic product at factor cost increased 0.1% in April, following a 0.9% gain in March. Most of the April growth originated among the goods-producing industries.

Continued Weakness in Retail Sales

Retail sales in April decreased 1.0% from March, resulting in no overall growth in the first four months of 1988. This contrasts with an average monthly increase of 1.0% recorded in the last four months of 1987.

Strong Foreign Investment in Canadian Bonds

In April, net foreign investment in outstanding Canadian bonds remained strong, exceeding \$1.0 billion. Non-residents have acquired, on a net basis, some \$4.5 billion of Canadian bonds in the last six months.

Higher Investment Spurs Strong Business Borrowing

Borrowing by non-financial private corporations nearly doubled in the first quarter 1988 compared to the previous year. The growth in household credit has slowed down, in line with the levelling off of expenditure on residential construction and consumer durables.

Acceleration in Average Weekly Earnings

Average weekly earnings were up 5.3% in April from a year earlier, the highest yearly percentage increase since the beginning of the survey in 1983.

Slower Growth in Wholesale Sales

Wholesale merchants' sales for April were 7.5% higher than a year earlier. The short-term trend in the growth of wholesale trade has levelled off in recent months after strong growth during 1987.

This issue also includes articles on **Unemployment Insurance Statistics**, and **Department Store Sales**.

Real GDP Rises in April

Gross domestic product at factor cost at 1981 prices increased 0.1% in April following a 0.9% gain in March. The occurrence of Easter in early April may have had an impact on the February-March-April monthly movements. The level of output in April 1988 was 4.2% above that of April 1987. Most of the April growth originated among the goods-producing industries, where output increased 0.4%, marking the third consecutive monthly gain. Services-producing industries, which account for 60% of GDP, declined 0.1% following a 1.1% increase in March.

Most goods-producing industries registered moderate output increases in April. Manufacturing output, which accounts for half of the output of the goods-producing industries, grew 0.2% in April. Most of the April gain, as was the case in March, was due to production increases by manufacturers of durable goods such as motor vehicle parts and accessories, primary metals and non-metallic mineral products. Revisions to source data have resulted in an upward revision to manufacturing production in the first quarter to 0.6% from the -0.1% reported last month. The impact of this revision on total GDP was marginal, raising the growth rate for the first quarter to 0.6% from 0.5%.

(continued on page 2)

GDP Goods- and Services-Producing Industries

(Index, 1981 = 100)



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... Real GDP Edges Up in April

A 0.6% output gain in the construction industry resulted from a 2.3% increase in non-residential building construction, continuing the upward trend noted since September 1987. Residential construction declined 0.5% in April, the fourth decline in the past five months. Output of mines, quarries and oil wells rose for the third consecutive month, mainly due to increased production of crude petroleum and natural gas.

Real Gross Domestic Product

	Dec.	Jan.	Feb.	Mar.	Apr.
	% change, previous month				
Real Gross Domestic Product	0.3	0.0	0.0	0.9	0.1
Goods-producing industries	0.4	-0.2	0.0	0.5	0.4
Service-producing industries	0.3	0.2	0.1	1.1	-0.1

The modest 0.1% decline among services-producing industries resulted mainly from output decreases in retail trade, wholesale trade, transportation and storage, and community, business and personal services.

Following a 2.5% gain in March, retail trade declined 1.3% in April; similar declines of 1.4% and 1.1% were recorded in January and February. Wholesale trade activity declined 1.2% in April following a 3.0% increase in March. A 1.1% decline in transportation and storage services resulted from output decreases in truck transport and air transport. Community, business and personal services declined slightly in April, after moderate increases in the first three months of the year. Finance, insurance and real estate services recorded its fifth consecutive monthly increase.

For further information order Gross Domestic Product by Industry (catalogue number 15-001) or contact Industry Measures and Analysis Division at (613) 951-3673.

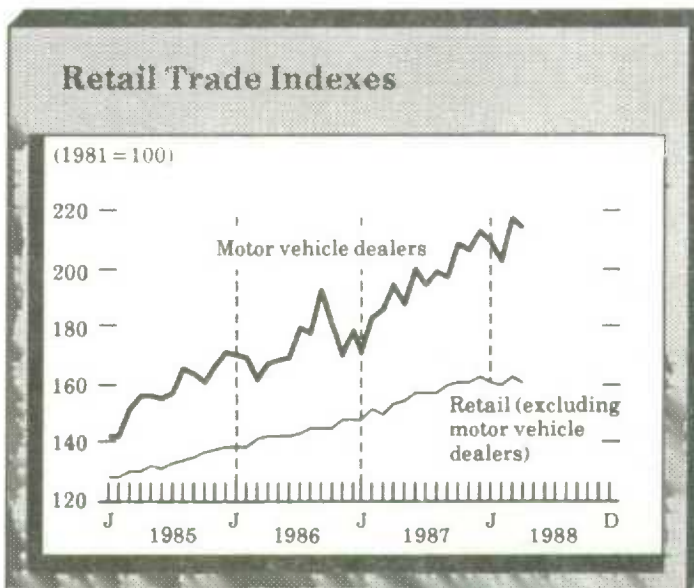
Continued Weakness in Retail Sales

Retail sales in April, after adjusting for seasonal fluctuations and the number of trading days, decreased 1.0% from March to a level of \$13.4 billion. In the first four months of 1988, retail trade experienced no overall growth, as declines in January, February and April offset a sharp gain in March. This is in contrast to an average monthly increase of about 1.0% recorded in the last four months of 1987.

Sales of food stores, department stores and motor vehicle dealers, which together account for more than half of retail sales, all registered declines in April. Food store sales, having recorded sluggish growth so far this year, declined 2.0% in April. Department store sales dropped 2.5% after a strong 3.7% gain in March. Motor vehicle dealer sales, after strong growth throughout 1987, recorded declines in three of the four months this year.

Partly offsetting these declines were increased sales of service stations, where the 3.1% advance in April was the first gain since September 1987. Sales of household appliance stores and those retail outlets selling furniture, radios, televisions and appliances recorded strong gains for the second consecutive month. Personal accessory stores also reported strong sales in April.

Retail Trade Indexes



With the exception of New Brunswick, which recorded an increase of 0.1% over March 1988, all other provinces and territories posted a decrease in sales in April, with declines ranging from 6.3% in the Yukon and Northwest Territories to 0.4% in British Columbia.

It should be noted that the March and April seasonal estimates have been adjusted for the occurrence of Easter in early April.

For further information order Retail Trade (catalogue 63-005) or contact Industry Division at (613) 951-3552.

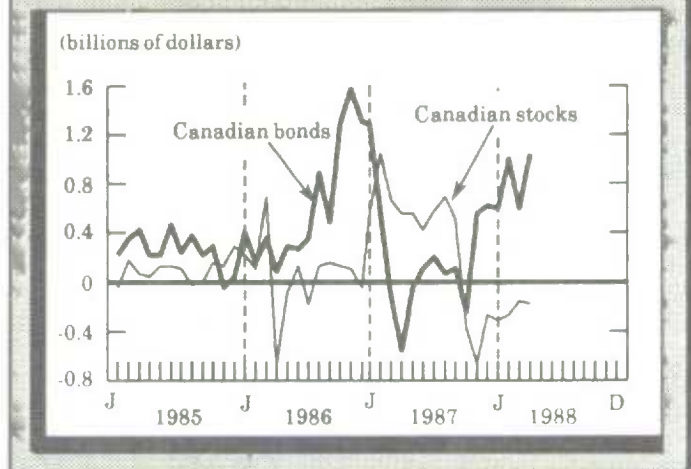
Strong Foreign Investment in Canadian Bonds

In April, net foreign investment in outstanding Canadian bonds remained strong, exceeding \$1 billion. Non-residents have been major investors in the last six months, acquiring on a net basis some \$4.5 billion of Canadian bonds, primarily Government of Canada issues. The net investment in the current month continued to be widely distributed geographically.

In stock trading, however, non-residents reduced their holdings of Canadian stocks for the seventh consecutive month. The net disinvestment amounted to \$175 million in April, bringing the cumulative reduction to \$2.2 billion. There were declines from all of the main geographical regions.

In April, residents acquired over \$300 million of foreign stocks, more than double the net investment of the previous month. These funds were largely directed to the United States. A net investment of a similar magnitude was also channelled into United States bonds, in contrast to a net disinvestment in the previous month. Canadian investment in outstanding foreign securities has been quite erratic in recent years, with monthly data frequently shifting between net buying and net selling of securities.

Net Sales of Outstanding Securities to Non-Residents



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

Higher Investment Spurs Strong Business Borrowing

Funds raised on credit markets by non-financial sectors of the Canadian economy during the first quarter of 1988 amounted to \$26.2 billion, an increase of 22% in nominal value over the same quarter a year earlier. During the same period, gross domestic product at current prices grew by 9.5%. Non-financial corporations in the private sector accounted for most of the increase as their demand for funds nearly doubled over the previous year. The increase in borrowing by the personal sector was approximately equal to the decline in government borrowing.

Borrowing by Domestic Non-Financial Sectors

	1987				1988
	Q1	Q2	Q3	Q4	Q1
millions of dollars					

Non-financial sectors

Personal Sector	4,557	12,433	9,370	11,690	6,834
Private Corporations	5,322	10,061	6,741	10,296	10,600
Government Enterprises	646	-308	931	-316	146
General Government	10,923	6,792	4,094	8,336	8,572

Total Domestic Non-financial	21,448	28,978	21,136	30,006	26,152
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The strength of the borrowing by non-financial private corporations reflected an upsurge in investment in plant and equipment. Net new issues of stocks declined to \$1 billion, about one-third the quarterly average of the three years prior to the plunge in stock prices, in October 1987. The growth in profits of private corporations has not been sufficient to finance the growth of their acquisition of fixed capital and the growth of their inventories. This, along with the uncertainty of stock markets, encouraged private corporations to rely increasingly on debt financing for their investment requirements, thus favoring shorter term borrowing in the form of bank loans and issues of short-term paper and bankers' acceptances.

Borrowing by the federal government was also predominantly shorter term. Net new issues of treasury bills amounted to \$6.4 billion, down 8% from the first quarter of 1987, while marketable bonds accounted for \$2 billion. Encashment of \$1.2 billion of Canada Savings Bonds reduced the total of funds raised from bonds to \$822 million, down to one-third of its level in the same period last year. The drop in federal government borrowing (down to just over \$7 billion from \$9 billion a year earlier) reflected deficit reduction which was in part due to an acceleration in tax collection.

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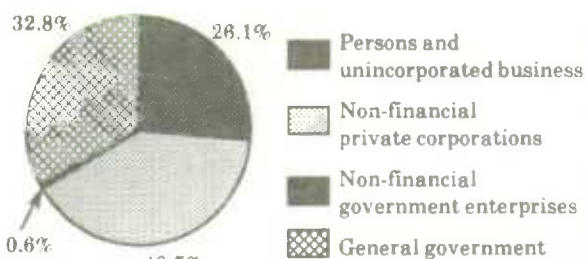
... Higher Investment Spurs

The financing requirement of other levels of government was also reduced. Provincial government borrowing in aggregate was characterized by an apparent switch from shorter-term to longer-term borrowing. However, the provinces which redeemed \$2.7 billion in treasury bills and short-term paper were not the same as those which issued a net \$3 billion in marketable bonds.

Demand for mortgages and consumer credit by households remained strong, with \$4 billion in new mortgage borrowing and \$1 billion in consumer credit. The quarterly rate of growth in levels outstanding of both instruments has slowed down from a year earlier, in line with the levelling off of expenditure on residential construction and consumer durables.

Borrowing by Domestic Non-Financial Sectors

First quarter 1988



Total borrowing
\$26 billion

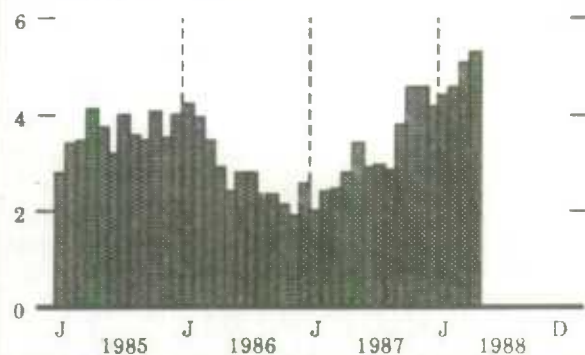
For further information, order *Financial Flow Accounts* (catalogue number 13-002P) or contact International and Financial Economics Division (613-951-9043).

Acceleration in Average Weekly Earnings

Average weekly earnings in Canadian industry were up 5.3% in April from a year earlier, the highest year-to-year percentage increase since the beginning of the survey in 1983. Employment growth strengthened in April, as total employment advanced 2.4% from a year earlier.

Average Weekly Earnings (Industrial Aggregate)

(% change, previous year)



Earnings growth continued to accelerate in April, rising for the fourth consecutive month. Community, business and personal services and manufacturing led the increase in earnings. Mines, quarries and oil wells had their third consecutive month of growth above 6%. Trade registered its highest year-to-year growth (5.2%) since December 1985. Ontario and Quebec recorded above average earnings growth in April, while below average gains were noted in Nova Scotia and Saskatchewan.

Industrial employment was estimated at 10,029,000 in April, an increase of 232,000 (2.4%) from April 1987. This marked the largest yearly increase since September 1987. Manufacturing and construction recorded an acceleration in year-over-year employment growth in April. Employment in construction was up 8.5% in April compared to a year earlier after sluggish growth during the preceding four months. Trade recorded an increase in employment of 70,000 from April 1987, the largest increase among all industry groups. Weak employment growth has characterized the service industries over the last couple of months.

Newfoundland reported relatively weak employment growth in April compared to Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and British Columbia, where larger than usual increases were recorded.

For further information order *Employment, Earnings and Hours* (catalogue number 72-002) or contact Labour Division at (613) 951-4090.

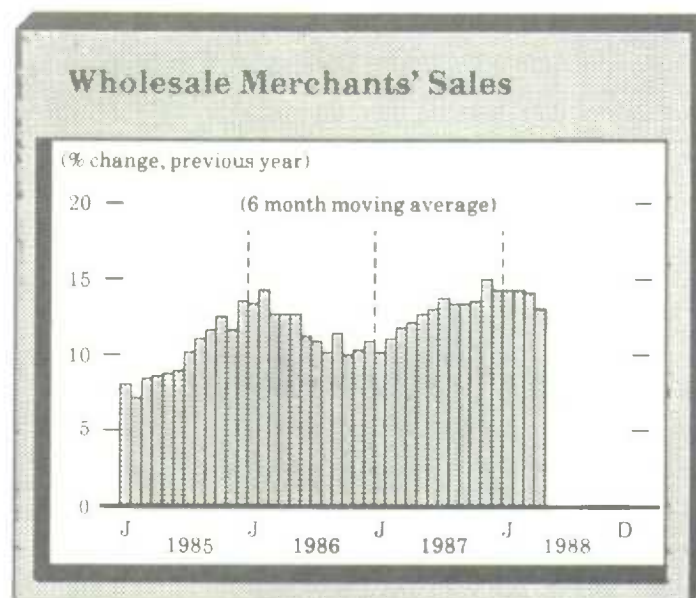
Slower Growth in Wholesale Sales

Wholesale merchants' sales for April were 7.5% higher than those reported a year earlier. In the first four months of 1988, cumulative sales were up 11.9% compared to the corresponding period in 1987.

In April, all major trade groups registered lower year-over-year sales than were recorded for March. The effect of Easter occurring in early April may have contributed to these lower sales, particularly among food wholesalers.

The short-term trend in the growth of wholesale trade has levelled off in recent months after strong growth during 1987. Buoyed by strong sales of machinery and equipment and food, the two largest components of wholesale trade, sales accelerated throughout 1987. Some moderating in the growth of sales of these commodities, coupled with slower growth in lumber and building materials and motor vehicles, resulted in more moderate growth rates in recent months.

Wholesale trade increases between April 1987 and April 1988 were posted in all regions, ranging from 11.9% in the Prairies to 6.2% in Ontario.



The inventory to sales ratio, which generally drops during the first part of the year, has remained at higher than usual levels.

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

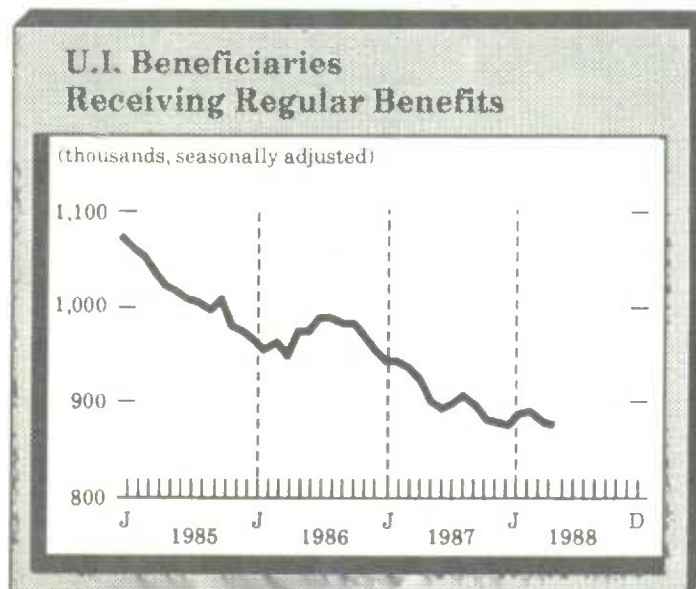
Slight Decrease in Number of UI Beneficiaries

For the week ending April 16, 1988, preliminary estimates show that the number of beneficiaries receiving regular unemployment insurance benefits totalled 877,000, a slight decrease from the preceding month. The number of beneficiaries increased slightly in January and February, but declined in March and April. Overall, it has remained stable since October 1987.

Between March and April 1988, the seasonally adjusted number of beneficiaries receiving regular benefits decreased 2.0% in Ontario, 1.8% in Alberta and 1.6% in Saskatchewan. It increased 2.9% in the Northwest Territories and 1.2% both in British Columbia and Manitoba. There was little change in the other provinces.

Adjusted for seasonal variations and the number of working days, benefit payments decreased 1.4% in April from the preceding month to \$882 million, while the number of benefit weeks remained virtually unchanged at 4.5 million during the same period.

Since the beginning of 1988, the number of claims received totalled 999,000 – a decrease of 0.7% from the same period a year earlier.



Note: The number of beneficiaries represents a count of persons who qualified for unemployment insurance benefits during a specific week of the reference month.

For further information, order Unemployment Insurance Statistics (catalogue number 73-001) or contact Labour Division (613-951-4045).

LATEST MONTHLY STATISTICS

			Previous Month	% Change From Year Ago
EMPLOYMENT, INCOME				
Average Weekly Earnings (\$)	Apr.*	461.06	458.74	5.3
Labour Income (\$ million)	Feb.	24,221	24,217	6.6
Persons with Jobs (million)	May	12.48	12.08	3.8
Unemployed (thousand)	May	1,035	1,085	-12.1
INVENTORIES				
Department Store (\$ million)	Apr.*	4,613	4,549	0.3
Manufacturers' Owned (\$ million)	Apr.	37,402	36,805	4.7
ORDERS				
Manufacturers' New Orders (\$ million)	Apr.	23,791	28,017	6.7
Manufacturers' Unfilled Orders (\$ million)	Apr.	26,746	26,508	17.4
PRICES				
Consumer Price Index (1981=100)	May	143.4	142.5	4.1
New House Price Index (1981=100)	Apr.	128.3	126.0	8.7
Raw Materials Price Index (1981=100)	May.*	99.5	97.2	-2.7
Excl. minerals fuels	May.*	114.6	114.1	4.2
Industrial Product Price Index (1981=100)	May.*	126.9	126.3	3.9
CONSTRUCTION			Year-to-date	
Building Permits (\$ million)	Feb.	1,915	3,335	15.9
Housing Starts - Urban Centres (units)	Apr.	17,834	50,277	-13.0
ENERGY				
Coal Production (thousand tonnes)	Apr.*	5,779	23,995	26.7
Electricity Generation (gigawatt hours)	Apr.*	38,964	179,438	3.6
Natural Gas Production (million cubic metres)	Mar.	11,184	35,009	15.8
FOREIGN TRADE				
Exports - Customs Basis (\$ million)	Apr.	11,003	44,544	11.5
Imports - Customs Basis (\$ million)	Apr.	10,312	44,973	21.0
SALES				
Department Store Sales (\$ million)	Apr.*	1,003	3,379	-0.4
Manufacturers' Shipments (\$ million)	Apr.	23,553	93,504	9.3
New Motor Vehicle Sales (\$ million)	Apr.	2,695	8,383	7.7
Refined Petroleum Products (thousand cubic metres)	May.*	6,777	32,631	3.7
Retail Sales (\$ million)	Apr.*	13,710	48,981	9.9

Statistics are in current dollars and are not seasonally adjusted.

** new this week.*

Department Store Sales Decrease

Adjusted for seasonal fluctuations and the number of trading days, department store sales in April 1988 totalled \$1,048 million, a decrease of 2.5% from the previous month. Although interrupted by a 3.7% increase in March, the trend of generally declining sales observed since the beginning of 1988 was further extended by the decrease in April.

The selling value of department store stocks totalled \$4,432 million at the end of April 1988, a decrease of 0.5% over March. This constituted the second consecutive monthly decrease in stocks. The ratio of inventories to sales stood at 4.23:1 in April, an increase from the average ratio of 4.19:1 observed in the three previous months.

Adjusted for the sale of Woodward Stores Ltd.'s food department to Canada Safeway Ltd., department store sales increased 1.2% over April 1987. (Not adjusted for structural changes, department store sales decreased 1.8%.)

On a provincial basis, adjusted for structural changes, six provinces posted decreases in April 1988 over the corresponding month in 1987. Increases were recorded in Ontario (+4.9%), Quebec (+3.1%), Prince Edward Island (+1.8%) and British Columbia (+1.7%).

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

PUBLICATIONS RELEASED FROM JUNE 24 - 30

AGRICULTURE

Farm Product Price Index, April 1988. Catalogue number 62-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

Field Crop Reporting Series, No. 4, Preliminary Estimates of Principal Field Crops Area, Canada. Catalogue number 22-002 (Canada: \$7.50/\$52; Other Countries: \$8.50/\$58).

CENSUS

Census Handbook - Reference, 1986 Census. Catalogue number 99-104E (Canada: \$18; Other Countries: \$19).

HEALTH

Mortality, Summary List of Causes, Vital Statistics, Vol III, 1986. Catalogue number 84-206 (Canada: \$31; Other Countries: \$32).

HOUSING, FAMILY AND SOCIAL STATISTICS

Canadian Social Trends, Summer 1988. Catalogue number 11-008E (Canada: \$8/\$32; Other Countries: \$9/\$36).

INDUSTRY

Canadian Forestry Statistics, 1985. Catalogue number 25-202 (Canada: \$25; Other Countries: \$26).

Coal and Coke Statistics, March 1988. Catalogue number 45-002 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Construction Type Plywood, April 1988. Catalogue number 35-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Corrugated Boxes and Wrappers, May 1988. Catalogue number 36-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Crude Petroleum and Natural Gas Production, February 1988. Catalogue number 26-006 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Electric Lamps, May 1988. Catalogue number 43-009 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Electric Power Statistics, March 1988. Catalogue number 57-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Industrial Chemicals and Synthetic Resins, April 1988. Catalogue number 46-002 (Canada: \$5/\$50; Other Countries: \$6/\$60).

Mineral Wool Including Fibrous Glass Insulation, May 1988. Catalogue number 44-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Non-metallic Mineral Products Industries, Primary Glass and Glass Containers Industry, 1986 Census of Manufactures. Catalogue number 44-250B 3561 (Canada: \$4; Other Countries: \$5).

Oils and Fats, April 1988. Catalogue number 32-006 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Paper and Allied Products, Paperboard Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2713 (Canada: \$4; Other Countries: \$5).

Particleboard, Waferboard and Hardboard, April 1988. Catalogue number 36-003 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Primary Metal Industries, Steel Pipe and Tube Industry, 1986 Census of Manufactures. Catalogue number 41-250B 2921 (Canada: \$4; Other Countries: \$5).

INDUSTRY - Concluded

Production and Inventories of Process Cheese and Instant Skim Milk Powder, May 1988. Catalogue number 32-024 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Production and Sales of Phonograph Records and Pre-Recorded Tapes in Canada, April 1988. Catalogue number 47-004 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Steel Wire and Specified Wire Products, January 1988. Catalogue number 41-006 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Transportation Equipment Industries, Aircraft and Aircraft Parts Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3211 (Canada: \$4; Other Countries: \$5).

Wood Industries, Coffin and Casket Industry, 1986 Census of Manufactures. Catalogue number 35-250B 2581 (Canada: \$4; Other Countries: \$5).

Wood Industries, Prefabricated Wooden Buildings Industry, 1986 Census of Manufactures. Catalogue number 35-250B 2541 (Canada: \$4; Other Countries: \$5).

INDUSTRY MEASURES AND ANALYSIS

Gross Domestic Product by Industry, March 1988. Catalogue number 15-001 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

INPUT-OUTPUT

System of National Accounts: Aggregate Productivity Measures, 1985-1986. Catalogue number 15-204 (Canada: \$28; Other Countries: \$29).

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, March 1988. Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$16/\$160).

Financial Flow Accounts, Financial Activity in Canada: Preliminary Data, First Quarter 1988. Catalogue number 13-002P (Canada: \$11.50/\$46; Other Countries: \$12.50/\$50).

Financial Flow Accounts, Fourth Quarter 1987. Catalogue number 13-002 (Canada: \$35/\$140; Other Countries: \$36/\$144).

INTERNATIONAL TRADE

Imports, Merchandise Trade, 1987. Catalogue number 65-203 (Canada: \$150; Other Countries: \$169.50).

SERVICES

Telephone Statistics, April 1988. Catalogue number 56-002 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Communications Service Bulletin, Vol. 18, No. 3, Broadcasting Statistics-Radio and Television, 1987. Catalogue number 56-001 (Canada: \$7.50/\$45; Other Countries: \$8.50/\$51).

TRANSPORTATION

Railway Carloadings, February 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Railway Carloadings, March 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Railway Carloadings, April 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).



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KEY RELEASE CALENDAR: July 1988*

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

I.N.F.O.M.A.T**A Weekly Review**

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