

# I·N·F·O·M·A·T

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

Friday, September 30, 1988

### OVERVIEW

#### ■ Economic Output Stabilizing

In July, gross domestic product was essentially unchanged for the second consecutive month. Economic growth had fluctuated markedly from March to May.

#### ■ Foreign Investment in Canadian Bonds Rebounds

Non-residents made a net investment of \$858 million in outstanding Canadian bonds in July, returning to the level of investment recorded prior to a large drop in June.

#### ■ Raw Material Prices Drop 2.3%

A sharp decline in crude oil prices in August was a major contributor to a second consecutive decline in the raw materials price index.

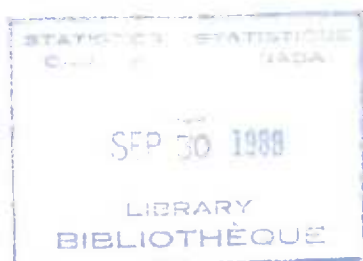
#### ■ Steady Growth in Average Weekly Earnings

The year-over-year increase in weekly earnings was 4.9% in July, equal to the average growth rate recorded in the first six months of 1988.

#### ■ Downward Trend in UIC Beneficiaries

The number of unemployment insurance beneficiaries was down 1.9% in July. The decline in beneficiaries which began in 1983 has slowed since the fall of 1987.

This issue **also** includes an article on **Wholesale Trade**.



### Economic Output Stabilizing

Gross domestic product, at 1981 prices, remained relatively unchanged in July from the level recorded in June. This follows gains of 0.1% in June and 0.6% in May. GDP in July stood 4.5% above the level of the corresponding month last year. The 0.3% growth in service-producing industries in July was offset by a 0.4% decline in the output of goods-producing industries.

The service-producing industries continued to be the main source of growth in the economy thus far in 1988, rising on average by 0.4% a month. The growth in service-producing industries in July originated mainly from increases in finance, insurance and real estate industries, transportation and storage, and retail trade.

The finance, insurance and real estate industries continued to record steady growth in July mainly as a result of increased government royalties on natural resources. This reflects growth in such industries as forestry, crude petroleum and natural gas extraction, and electric power generation.

Output of transportation and storage industries recovered in July after three consecutive monthly declines. The storage industry, due to increased grain

(continued on page 2)

### GDP Goods- and Services-Producing Industries

(Index, 1981 = 100)



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### ... Economic Output Stabilizing

movements, and air transport were the main contributors to the growth. Retail trade advanced 0.6% in July with increased sales by new motor vehicle dealers accounting for most of the gain.

The decline among goods-producing industries in July followed a decrease in June and continues the trend of weak growth evident since the beginning of the year. The decline in July was primarily concentrated in manufacturing which fell 1.3%. Smaller output decreases were recorded in agriculture, public utilities, fishing and construction.

Within manufacturing, producers of durable goods reported a 2.5% output decline, the largest monthly decrease since July 1982. Significant output decreases were recorded by manufacturers of transportation equipment and primary metals. This was partially offset by a small gain in output of non-durable manufacturers.

Within transportation equipment industries, production of auto parts and accessories fell sharply, following relatively steady growth throughout this year. A similar decline in exports of automobile parts was also recorded in July. Automobile and truck production for both the domestic and export market declined, consistent with lower auto and truck exports.

Production of primary metals fell 8.2% as output decreased in smelting and refining, iron and steel mills, and steel pipe and tube mills.

Mining output rose 2.0% in July due to increased production of crude petroleum, natural gas, iron ore, miscellaneous metal mines and coal mines. Forestry output increased 6.4% following a sharp decline in June.

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

## Foreign Investment in Canadian Bonds Rebounds

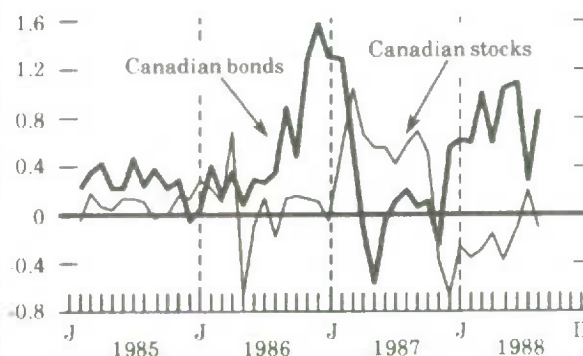
In July, net foreign investment in outstanding Canadian bonds amounted to \$858 million, up sharply from the low level recorded in the previous month. The net investment in the current month was more in line with the pattern prevailing since the beginning of the year. The year-to-date net investment was \$5.5 billion, more than double the amount invested in all of 1987. The United States and Japan were the major buyers of Canadian bonds in July.

### Security Transactions

Net sales	Mar.	Apr.	May	June	July
	millions of dollars				
<b>Canadian Securities</b>					
Bonds	600	1,053	1,088	295	858
Common and preferred stocks	-154	-379	-110	210	-103
<b>Total</b>	<b>446</b>	<b>674</b>	<b>978</b>	<b>505</b>	<b>755</b>
<b>Foreign Securities</b>					
Bonds	105	-334	-381	-99	543
Common and preferred stocks	-144	-319	324	17	-6
<b>Total</b>	<b>-39</b>	<b>-653</b>	<b>-57</b>	<b>-82</b>	<b>537</b>

### Net Sales of Outstanding Securities to Non-Residents

(billions of dollars)



United States residents are the major investors in Canadian bonds in 1988, overtaking the Japanese. So far they have been net investors in six of the last seven months, with investments topping \$1.7 billion. In 1987, United States residents reduced their holdings by \$600 million.

In July, Japanese residents were net investors in Canadian bonds for the fifth consecutive month. Their total investment of \$1.4 billion in the last five months follows an eleven-month period when they reduced their holdings.

(continued on page 3)



### ... Foreign Investment in Canadian Bonds Rebounds

Non-residents reduced their holdings of Canadian stocks by about \$100 million in July, contrasting with a net investment of \$200 million in June. The net investment in June was contrary to the recent trend which shows that non-residents have reduced their holdings of Canadian stocks in nine of the last ten months. The cumulative decline amounts to \$2.7 billion.

Canadian residents reduced their holdings of foreign bonds by \$543 million in July, compared to net investments in the three preceding months. Canadian residents invested more than \$800 million in foreign bonds in the second quarter. As usual, a large portion of these investments was in U.S. bonds.

Canadian residents acquired, on a net basis, \$6 million of foreign stocks, following a small dis-investment in the previous month. The gross value of stocks traded fell by 25% to its lowest monthly level since late 1985.

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

### Steady Growth in Average Weekly Earnings

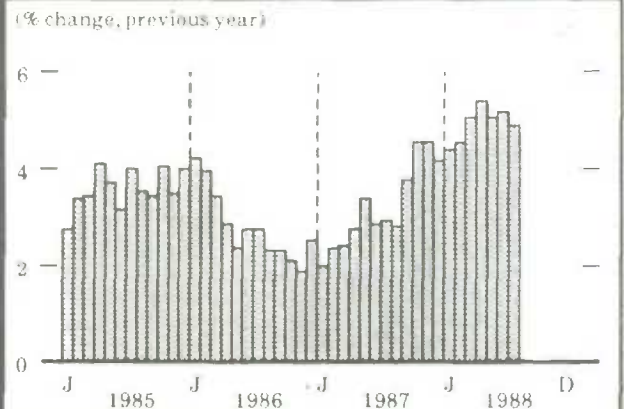
Average weekly earnings in July were up 4.9% from a year earlier, equal to the average yearly increase for the first six months of the year. The growth in earnings resulted mainly from increases in community, business and personal services, and manufacturing. Mines, quarries and oil wells registered their sixth consecutive month of year-to-year growth above 6%.

Ontario and Saskatchewan registered weaker earnings growth in July, while Manitoba and British Columbia showed some strengthening. Manitoba recorded its highest yearly increase in earnings since May 1987.

Industrial aggregate employment was estimated at 10,245,000 in July, a 2.0% increase from the level recorded a year earlier. The July increase was higher than the average monthly increase of 1.6% registered for the first six months of the year.

Forestry and trade showed higher than average employment gains in July, while manufacturing registered its lowest year-to-year growth since May 1987. Some weakening in construction was also evident in July after the gain noted in June. Transportation, communication and other utilities registered a larger than usual decrease due to a labour dispute.

#### Average Weekly Earnings (Industrial Aggregate)



## Downward Trend in UIC Beneficiaries

The number of beneficiaries receiving regular unemployment insurance benefits totalled 848,000 in July, a 1.9% decrease from the preceding month. The downward trend in the number of beneficiaries noted since 1983 has been slowing since the fall of 1987.

The decline in the number of beneficiaries was observed in most provinces in July. The Territories were the only regions where increases were reported.

Benefits paid in the first seven months of the year amounted to \$6.7 billion, up 1.1% from the corresponding period of 1987. The year-to-date change resulted from a 6.6% increase in the average weekly benefit payment to \$201.91, which was partially offset by a 5.1% decrease in the number of benefit weeks.

### U.I. Beneficiaries Receiving Regular Benefits

(millions, seasonally adjusted)



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

## Slower Growth in Wholesale Trade

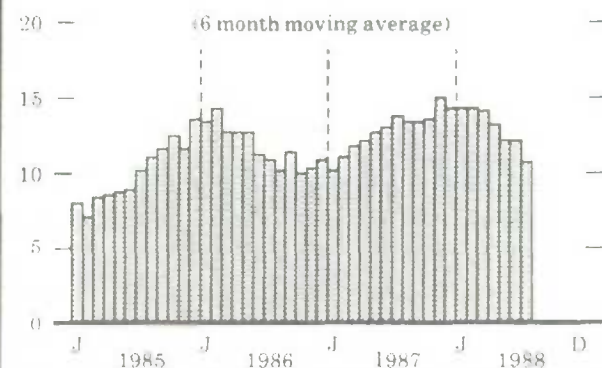
Wholesale sales for July 1988 were 2.8% higher than in July 1987. This represents the lowest year-to-year increase in more than five years and follows a 12.7% gain in June. The weakness in July sales was widespread with notable declines reported in wholesale sales of farm machinery, equipment and supplies, tobacco products, and motor vehicles imported from overseas.

For the first seven months of the year, wholesale trade was up 10.8% over the corresponding period a year earlier. Wholesalers of non-farm machinery, equipment and supplies led with a 19.5% increase in sales. Sales of metals, hardware, plumbing and heating equipment rose 17.3%, while wholesale sales of lumber and building materials were up 8.4%. Wholesalers of farm machinery and motor vehicles and accessories continued to report weak sales.

Inventory levels in July were 11.4% higher than those reported in July 1987. The ratio of inventories to sales at the end of July 1988 stood at 1.54:1, up from 1.42:1 a year earlier.

### Wholesale Merchants' Sales

(% change, previous year)

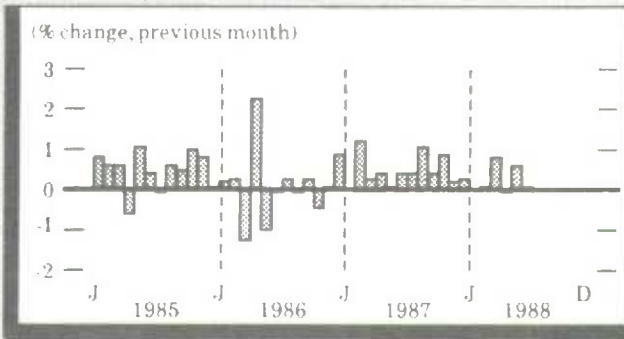


All five regions of Canada reported year-to-date sales up between 9% and 13% compared to year-earlier levels.

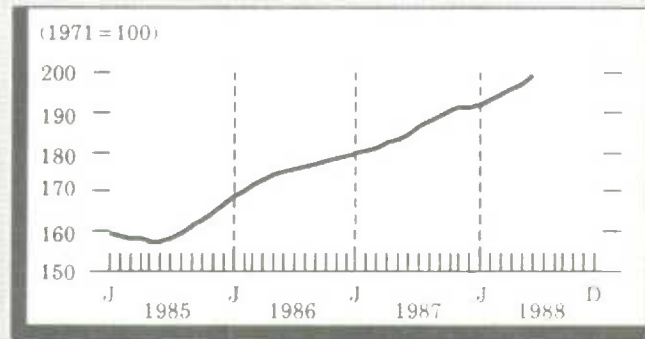
For further information, order *Wholesale Trade* (catalogue number 63-008) or contact Industry Division at (613) 951-3541.

## CURRENT TRENDS

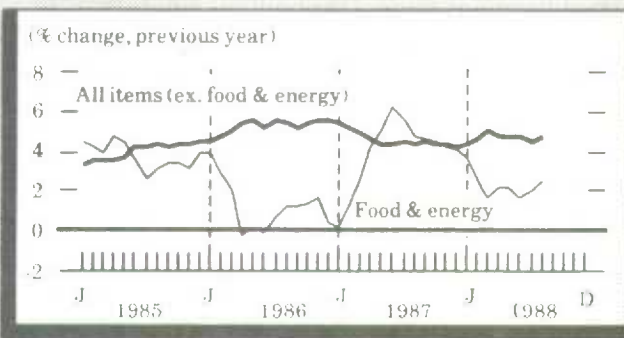
### Gross Domestic Product



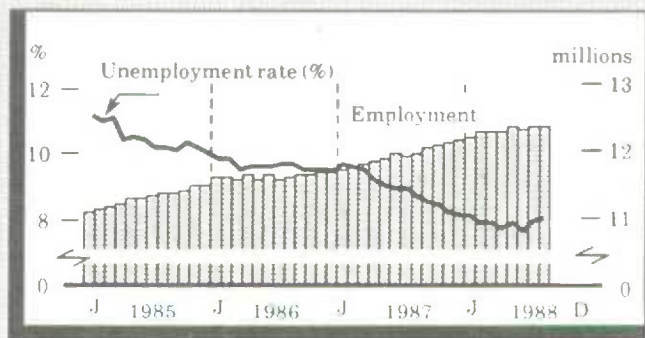
### Composite Leading Indicator



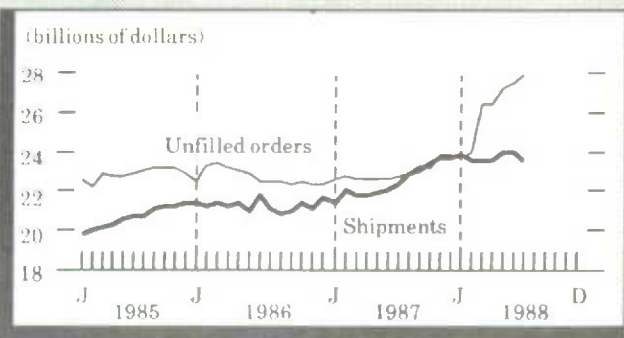
### Consumer Price Index



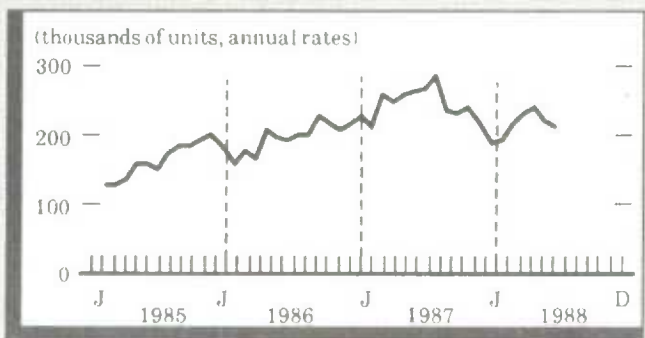
### Unemployment Rate and Employment



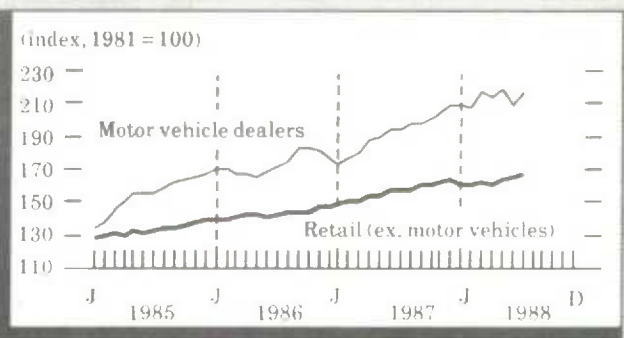
### Manufacturing



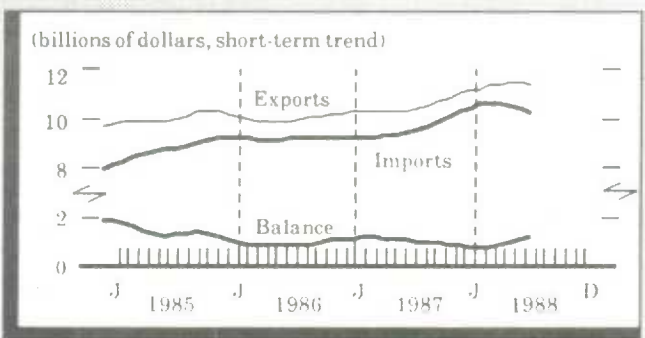
### Housing Starts



### Retail Sales



### Merchandise Trade





## PUBLICATIONS RELEASED FROM SEPTEMBER 23 TO 29

### DEMOGRAPHY

**Profiles, Census Divisions and Subdivisions, Saskatchewan: Part 2, 1986 Census.** Catalogue number 94-116 (Canada: \$110; Other Countries: \$126).

**Profiles, Census Divisions and Subdivisions, Yukon: Part 2, 1986 Census.** Catalogue number 94-122 (Canada: \$27; Other Countries: \$29).

### INDUSTRIAL ORGANIZATION AND FINANCE

**Financial Institutions, Financial Statistics, First Quarter 1988.** Catalogue number 61-006 (Canada: \$40/\$160; Other Countries: \$41.50/\$166).

### INDUSTRY

**Canned and Frozen Fruits and Vegetables, June 1988.** Catalogue number 32-011 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

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

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

**Department Store Sales and Stocks, January 1988.** Catalogue number 63-002 (Canada: \$13/\$130; Other Countries: \$14/\$140).

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

**Fabricated Metal Products Industries, Metal Closure and Container Industry, 1986 Census of Manufactures.** Catalogue number 41-251B 3042 (Canada: \$4; Other Countries: \$5).

**Fabricated Metal Products Industries, Metal Valve Industry, 1986 Census of Manufactures.** Catalogue number 41-251B 3092 (Canada: \$4; Other Countries: \$5).

**Fabricated Metal Products Industries, Prefabricated Portable Metal Buildings Industry, 1986 Census of Manufactures.** Catalogue number 41-251B 3032 (Canada: \$4; Other Countries: \$5).

**General Review of the Mineral Industries, 1986.** Catalogue number 26-201 (Canada: \$20; Other Countries: \$21).

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

**Inventories, Shipments and Orders in Manufacturing Industries, June 1988.** Catalogue number 31-001 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

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

**Monthly Production of Soft Drinks, August 1988.** Catalogue number 32-001 (Canada: \$2.50/\$25; Other Countries: \$3.50/\$35).

**Oil Pipe Line Transport, June 1988.** Catalogue number 55-001 (Canada: \$9/\$90; Other Countries: \$10/\$100).

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

**Other Manufacturing Industries, Button, Buckle and Clothes Fastener Industry, 1986 Census of Manufactures.** Catalogue number 47-250B 3992 (Canada: \$4; Other Countries: \$5).

**Paper and Allied Products Industries, Corrugated Box Industry, 1986 Census of Manufactures.** Catalogue number 36-250B 3732 (Canada: \$4; Other Countries: \$5).

**Other Manufacturing Industries, Clock and Watch Industry, 1986 Census of Manufactures.** Catalogue number 47-250B 3913 (Canada: \$4; Other Countries: \$5).

**Paper and Allied Products Industries, Other Paper Industries, 1986 Census of Manufactures.** Catalogue number 36-250B 2719 (Canada: \$4; Other Countries: \$5).

**Paper and Allied Products Industries, Paper Consumer Products Industry, 1986 Census of Manufactures.** Catalogue number 32-004 (Canada: \$4; Other Countries: \$5).

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

**Primary Iron and Steel, July 1988.** Catalogue number 41-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

**Production and Disposition of Tobacco Products, August 1988.** Catalogue number 32-022 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

**Production and Shipments of Steel Pipe and Tubing, July 1988.** Catalogue number 41-011 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

**Rubber and Plastic Products Industries, Other Plastic Products, 1986 Census of Manufactures.** Catalogue number 33-250B 1699 (Canada: \$4; Other Countries: \$5).

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

**The Sugar Situation, August 1988.** Catalogue number 32-013 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

**Wood Industries, Other Millwork Industries, 1986 Census of Manufactures.** Catalogue number 35-250B 2540 (Canada: \$4; Other Countries: \$5).

### LABOUR

**Unemployment Insurance Statistics, June 1988.** Catalogue number 73-001 (Canada: \$13/\$130; Other Countries: \$14/\$140).

### PRICES

**Industry Price Indexes, July 1988.** Catalogue number 62-011 (Canada: \$16.50/\$165; Other Countries: \$18.50/\$185).

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

# PUBLICATIONS RELEASED FROM SEPTEMBER 23 TO 29

## SCIENCE, TECHNOLOGY AND CAPITAL STOCK

**Building Permits**, March 1988. Catalogue number 64-001 (Canada: \$20/\$200; Other Countries: \$21/\$210).

## SERVICES

**Restaurant, Caterer and Tavern Statistics**, June 1988. Catalogue number 63-011 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

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

## TRANSPORT

**Aviation Statistics Centre Service Bulletin**, Vol 20, No. 9. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

**Passenger Bus and Urban Transit Statistics**, July 1988. Catalogue number 53-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

## LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
Gross Domestic Product (billion 1981 dollars)	July*	395	0.0%	4.5%
Composite Leading Indicator (1971 = 100)	June	199.2	0.8%	7.9%
Profits of Industrial Corporations (\$ billion)	2nd Q	9.80	7.2%	20.2%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	July*	13.8	-1.2%	7.4%
New Motor Vehicle Sales ('000 units)	July	131	5.9%	5.2%
Housing Starts ('000, annual rates)	July	211	-3.2%	-21.0%
<b>LABOUR</b>				
Employment (millions)	Aug.	12.4	0.0%	3.1%
Unemployment Rate (%)	Aug.	8.0	0.1	-0.7
Labour Income (\$ billion)	June	26.0	0.3%	6.7%
Average Weekly Earnings (\$)	July*	463.67	-0.3%	4.7%
<b>EXTERNAL TRADE</b>				
Merchandise Exports (\$ billion)	July	10.5	-12.4%	1.7%
Merchandise Imports (\$ billion)	July	9.0	-14.8%	-4.6%
Merchandise Trade Balance (\$ billion)	July	1.5	0.1	0.6
<b>MANUFACTURING</b>				
Shipments (\$ billion)	July*	23.5	-2.1%	5.3%
New Orders (\$ billion)	July*	23.8	-2.2%	5.3%
Unfilled Orders (\$ billion)	July*	27.8	1.2%	22.0%
Inventory/ Shipments Ratio	July*	1.59	0.05	0.01
Capacity Utilization (%)	2nd Q	81.5	0.2	2.8
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	Aug.*	144.9	0.3%	4.0%
Industrial Product Price Index (1981 = 100)	Aug.*	128.1	0.1%	3.5%
Raw Materials Price Index (1981 = 100)	Aug.*	96.1	-2.3%	-9.6%
New Housing Price Index (1981 = 100)	July	131.6	0.3%	9.6%

*Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.*

\* New this week.



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**KEY RELEASE CALENDAR: October 1988\***

Monday	Tuesday	Wednesday	Thursday	Friday
<b>3</b>	<b>4</b>	<b>5</b> Industrial Corporations Financial Statistics, 2nd quarter	<b>6</b> Composite Leading Indicator, July	<b>7</b> Labour Force, September Labour Income, July
<b>10</b> New Housing Price Index, August	<b>11</b> Farm Product Price Index, August	<b>12</b> Department Store Sales, August	<b>13</b> New Motor Vehicle Sales, August Help-wanted Index, September	<b>14</b> Consumer Price Index, September International Trade, August International Travel, August
<b>17</b> Housing Starts, August	<b>18</b>	<b>19</b>	<b>20</b> Retail Trade, August	<b>21</b> Department Store Sales and Stocks, August
<b>24</b> Inventories, Shipments and Orders, August Wholesale Trade, August	<b>25</b> Building Permits, August Crude Oil and Natural Gas, July	<b>26</b> Unemployment Insurance Statistics, August	<b>27</b> Employment, Earnings and Hours, August Security Transactions, August	<b>28</b> Sales of Refined Petroleum Products, September
<b>31</b> Gross Domestic Product, August Industrial Product Price Index, September Raw Materials Price Index, September				

\* 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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Senior Editor: Greg Thomson (613) 951-1116  
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