

I·N·F·O·M·A·T

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

Friday, October 21, 1988

OVERVIEW

■ Exports and Imports Rebound

Although the merchandise trade surplus was down by more than \$1 billion in August, exports and imports rebounded and the surplus (\$813 million) was in line with the average value recorded for January to June.

■ Retail Sales Continue to Rise

In August, retail sales rose 0.3%, the fourth consecutive monthly increase. This series of advances contrasts with the first four months of the year when there was no overall growth.

■ Marginal Increase in Consumer Prices

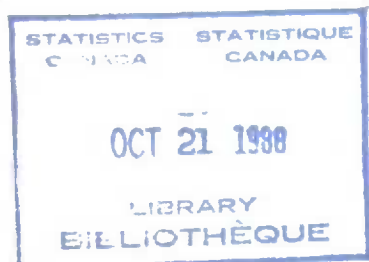
The consumer price index edged up 0.1% in September, the second consecutive month of slower growth.

■ Trends in Labour Income Per Worker

From 1975 to 1987, average labour income grew substantially in nominal terms, but when it was adjusted to account for inflation, growth was only 1.5%.

■ Lower Volume of International Travellers

The volume of foreign travellers to Canada dropped 2.1% in August, continuing the general downward movement noted since January 1988.



Exports and Imports Rebound

Canada posted an international merchandise trade surplus of \$813 million in August. This surplus was down more than \$1 billion from the level recorded in July and was more in line with the average monthly surplus for the January to June period. The cumulative trade surplus for the first eight months of the year was \$7.7 billion, slightly lower than in the corresponding period of 1987.

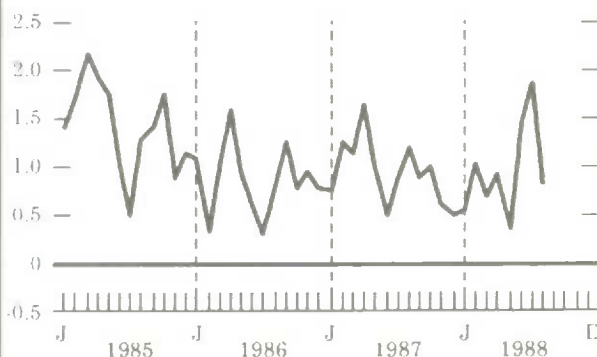
The bilateral trade balance with the United States followed very closely the change in the overall trade balance. The unusually large surplus registered in July on trade with the United States (\$2 billion) dropped sharply to \$1 billion in August. Excluding July, Canada's monthly surplus with the United States has ranged between \$1 and \$1.5 billion in 1988.

Sharply higher exports of passenger cars and metals and alloys boosted total exports to a record of \$12.1 billion in August. Recovering from the substantial decrease observed in July (partly attributable to a slowdown in Canadian production of automobiles), the value of exports was slightly higher than the level recorded in June. Faster growth in the U.S. economy in August probably contributed to stronger demand for Canadian products.

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Merchandise Trade Balance

(billions of dollars, seasonally adjusted)



... Exports and Imports Rebound

Imports amounted to \$11.3 billion in August, a marked increase over the level of \$8.9 billion recorded in July. Increased retail sales of imported cars contributed to the increase of more than \$400 million in automobile imports in July. In addition, the resumption of Canadian automotive production boosted imports of parts by more than \$700 million. Imports of machinery and equipment rose \$756 million, regaining the ground lost in July.

Merchandise Trade

	Apr.	May	June	July	Aug.
	% change, previous month				
Exports	-3.4	2.2	3.9	-10.3	12.5
Imports	-5.7	7.9	-5.7	-15.6	26.9
	change, previous month				
Balance	229	-568	1,094	415	-1,049

For further information, order the *Preliminary Statement of Canadian International Trade* (catalogue number 65-001P) or contact International Trade Division at (613) 951-1711.

Retail Sales Continue to Rise

Adjusted for seasonal fluctuations and the number of trading days, preliminary estimates indicate that retail sales totalled \$13.8 billion in August, a moderate increase of 0.3% over the previous month. With this advance, retail sales have risen for four consecutive months, the longest period of sustained growth since late 1985. During the May to August period, sales have increased 0.8% per month. Sales had fluctuated markedly in the opening months of 1988 (largely due to sharp movements in auto sales) and experienced no overall growth.

Department store sales rose 2.3% over the previous month, continuing the trend of fluctuating sales noted in 1988. Sales by motor vehicle dealers also continued to fluctuate, but in this case a decrease of 0.8% helped to offset the advances reported by other retail merchants.

Seven provinces and territories posted sales increases ranging from 3.2% in Prince Edward Island to 0.1% in Alberta. Quebec, Manitoba and Saskatchewan all registered declines.

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

Marginal Increase in Consumer Prices

In September, the Consumer Price Index (1981=100) edged up 0.1%, the second consecutive month of slower growth. The main sources of upward pressure were advances in the housing index and the recreation, reading and education index. However, declines in the transportation and food indexes almost entirely offset the overall effect of these increases.

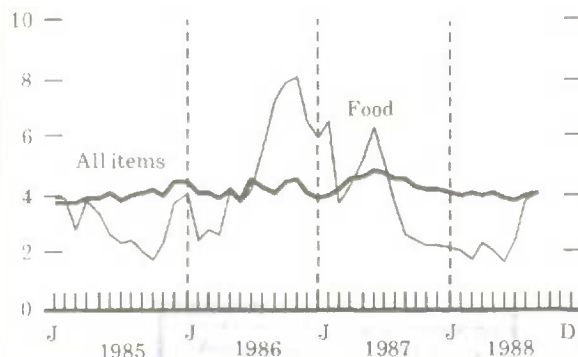
The year-over-year advance in the CPI in September was 4.1%, up slightly from the increase registered in August but in line with the average increase for 1988 (4.0%).

The housing index rose 0.3% for the second consecutive month, but this increase was slightly lower than the average monthly advance for 1988. The gain in the current month was mainly attributable to higher prices for new houses, mortgage interest costs, and home repair and maintenance costs.

Growth in the recreation, reading and education index accelerated for the third month in a row. The 1.0% rise in September was a result of higher cablevision charges, post-secondary school tuition fees, and magazine and book prices.

Consumer Price Index

(% change, previous year)



The transportation index continued to follow a downward trend, declining for the fourth time in five months. Its 0.6% decrease in September had a considerable dampening effect on the total index. It

(continued on page 3)

... Marginal Increase in Consumer Prices

resulted from a sharp drop in air fares which was largely due to seasonally lower excursion fares and the impact of fall "seat sale" activity.

The food index was down for the first time in six months. Much of the 0.2% decrease in September was

attributable to seasonally lower prices for fresh fruits and vegetables, as local crops became more abundant.

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

Trends in Labour Income Per Worker

Labour income provides a close approximation of the total labour compensation accrued to workers for services rendered. The feature article in the September issue of *The Labour Force* examines the trends in labour income per worker from 1975 to 1987.

Growth in average labour income during the period of the study was substantial in nominal terms (140%). However, when adjusted to account for inflation (using the consumer price index) growth was reduced to only 1.5%.

Most of the real growth occurred in the first two years of the study when average labour income rose

6.6%. After reaching a peak in 1977, labour income experience a downward trend until 1983. In the last few years, there have been some marginal increases.

The minor increase in labour income per worker was entirely attributable to supplementary labour income, which increased 32.7% in real terms of over the 13-year period. In comparison, real wages and salaries, which account for 90% of labour income, fell 1%.

In real terms, supplementary labour income accounted for a higher portion of labour income in 1987 (10%) than in 1975 (7%).

For further information, order the September issue of *The Labour Force* (catalogue number 71-001) or contact Labour and Household Surveys Analysis Division at (613) 951-4607

Lower Volume of International Travelers

The seasonally adjusted volume of foreign travellers to Canada dropped 2.1% in August, continuing the general downward movement experienced since January 1988.

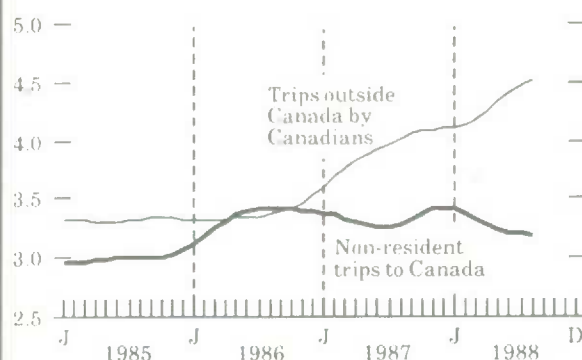
Total trips to Canada by United States residents decreased 2.3%. Total trips by U.S. residents, which had generally been climbing during the second half of 1987, reached a peak in January at the onset of the Olympics. A declining trend has persisted since then. The volume of trips to Canada by overseas residents, on the other hand, was unchanged in August.

Total international trips by Canadian residents were down slightly, reflecting a drop in visits to the United States. Trips to the U.S. were down marginally from the record posted in July, but the volume was the second highest reported in 1988. After a decline in the first two months of 1988, presumably reflecting the impact of the Winter Olympics, the level of Canadian visits to the U.S. has been rising.

Trips by Canadians to overseas countries rose 2.2% in August, to reach the highest level recorded since February 1988. The current increase represents a reversal of the downward movement observed since March.

International Travel

(millions of trips, short-term trend)



For further information, order *International Travel - Advance Information* (catalogue number 66-001P) or contact Education, Culture and Tourism Division at (613) 951-8933.

PUBLICATIONS RELEASED FROM OCTOBER 14 TO 20

AGRICULTURE

The Dairy Review, July 1988. Catalogue number 23-001 (Canada: \$11/\$110; Other Countries: \$12/\$120).

DEMOGRAPHY

Profiles, Census Divisions and Subdivisions, Alberta: Part 2, 1986 Census. Catalogue number 94-118 (Canada: \$60; Other Countries: \$70).

Profiles, Census Divisions and Subdivisions, British Columbia: Part 2, 1986 Census. Catalogue number 94-120 (Canada: \$85; Other Countries: \$98).

Profiles, Census Divisions and Subdivisions, Quebec: Part 2, 1986 Census. Catalogue number 94-110 (Canada: \$170; Other Countries: \$198).

Quarterly Demographic Statistics, April-June 1988. Catalogue number 91-002 (Canada: \$7/\$28; Other Countries: \$8/\$32).

EDUCATION, CULTURE AND TOURISM

Culture Statistics - Periodical Publishing, 1986-87. Catalogue number 87-203 (Canada: \$15; Other Countries: \$16).

INDUSTRY

Chemical and Chemical Products Industries, Plastic and Synthetic Resin Industry, 1986 Census of Manufactures. Catalogue number 46-250B 3731 (Canada: \$4; Other Countries: \$5).

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

Factory Sales of Electric Storage Batteries, August 1988. Catalogue number 43-005 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Footwear Statistics, August 1988. Catalogue number 33-002 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Gas Utilities, June 1988. Catalogue number 55-002 (Canada: \$11.50/\$115; Other Countries: \$12.50/\$125).

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

Paper and Allied Products Industries, Stationery Paper Products Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2792 (Canada: \$4; Other Countries: \$5).

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

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, July 1988. Catalogue number 35-002 (Canada: \$9/\$90; Other Countries: \$10/\$100).

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, July 1988. Catalogue number 35-003 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

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

Pulpwood and Wood Residue Statistics, August 1988. Catalogue number 25-001 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

Retail Trade, July 1988. Catalogue number 63-005 (Canada: \$16/\$160; Other Countries: \$17/\$170).

Rubber and Plastic Products Industries - Other Rubber Products Industries Including Tire and Tube Industry, 1986 Census of Manufactures. Catalogue number 33-250B 1598 (Canada: \$4; Other Countries: \$5).

Specified Domestic Electrical Appliances, August 1988. Catalogue number 43-003 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Transportation Equipment Industries, Boatbuilding and Repair Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3281 (Canada: \$4; Other Countries: \$5).

Transportation Equipment Industries, Motor Vehicle Steering and Suspension Parts Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3254 (Canada: \$4; Other Countries: \$5).

Transportation Equipment Industries, Motor Vehicle Wiring Assemblies Industry, 1986 Census of Manufactures. Catalogue number 42-251B 3252 (Canada: \$4; Other Countries: \$5).

INTERNATIONAL AND FINANCIAL ECONOMICS

Canadian Economic Observer, October 1988. Catalogue number 11-010 (Canada: \$20/\$200; Other Countries: \$22.50/\$225).

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

INTERNATIONAL TRADE

Imports by Commodity (U.S. Based), July 1988. Catalogue number 65-007 (Canada: \$50/\$500; Other Countries: \$60/\$600).

Preliminary Statement of Canadian International Trade, August 1988. Catalogue number 65-001P (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

JUSTICE

Juristat Service Bulletin, Vol. 8, No. 5, Policing Expenditures in Canada, 1987. Catalogue number 85-002 (Canada: \$3/\$15; Other Countries: \$4/\$20).

LABOUR

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

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

PRICES

Construction Price Statistics, Second Quarter 1988. Catalogue number 62-007 (Canada: \$16.50/\$66; Other Countries: \$17.50/\$70).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Capacity Utilization Rates in Canadian Manufacturing, Second Quarter 1988. Catalogue number 31-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

Housing Starts and Completions, June 1988. Catalogue number 64-002 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

Science Statistics Service Bulletin, Vol. 12, No. 8, Federal Government Personnel Engaged in Scientific and Technological (S&T) Activities, 1980-81 to 1988-89. Catalogue number 88-001 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

Science Statistics Service Bulletin, Vol. 12, No. 9, The Regional Distribution of R&D in Canada, 1979 to 1986. Catalogue number 88-001 (Canada: \$6.50/\$65; Other Countries: \$7.50/\$75).

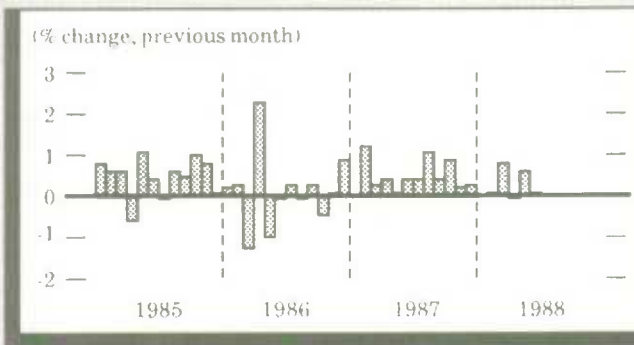
TRANSPORT

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

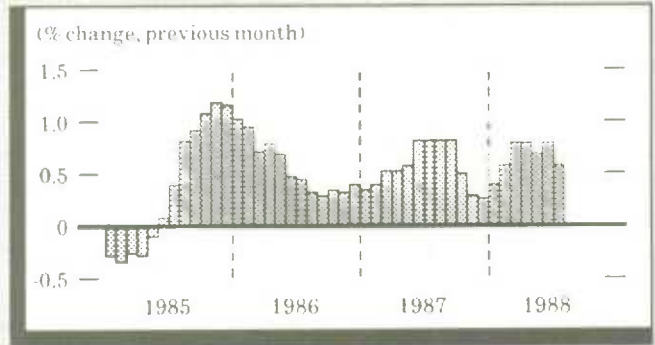
Railway Carloadings, August 1988. Catalogue number 52-001 (Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

CURRENT TRENDS

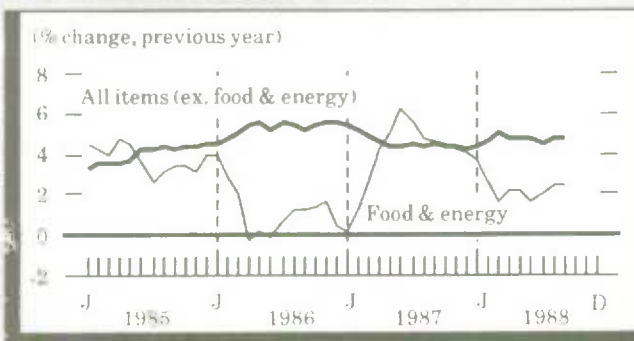
Gross Domestic Product



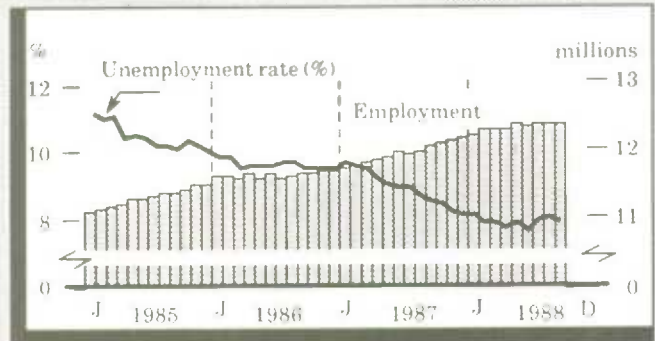
Composite Leading Indicator



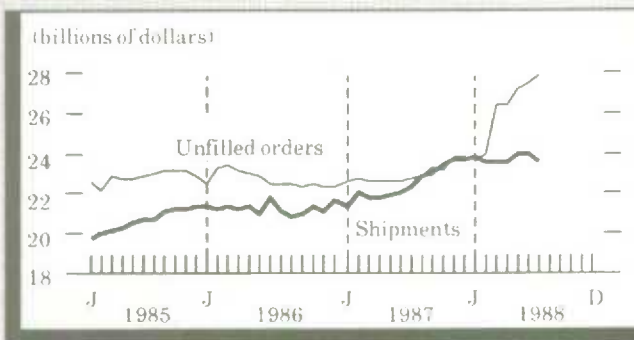
Consumer Price Index



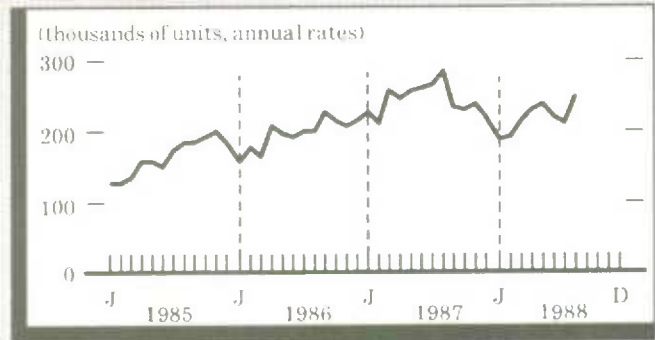
Unemployment Rate and Employment



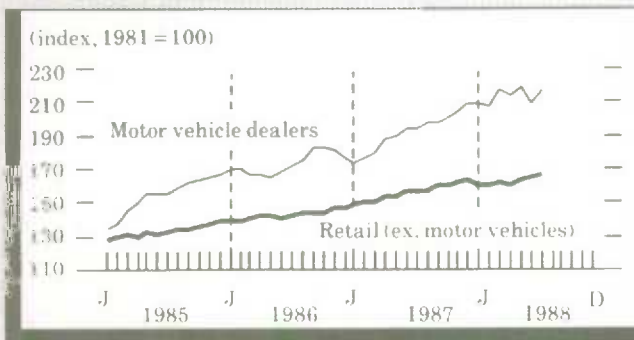
Manufacturing



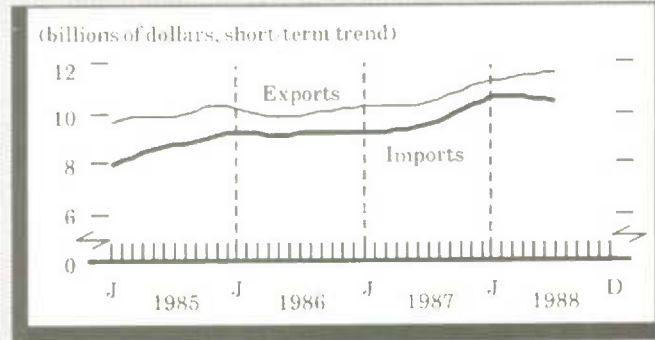
Housing Starts



Retail Sales



Merchandise Trade



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LATEST MONTHLY STATISTICS

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	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	July	395	0.0%	4.5%
Composite Leading Indicator (1971 = 100)	July	200.2	0.6%	7.8%
Profits of Industrial Corporations (\$ billion)	2nd Q	9.80	7.2%	20.2%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Aug.*	13.8	0.3%	6.5%
New Motor Vehicle Sales ('000 units)	Aug.	131	0.4%	-0.3%
Housing Starts ('000, annual rates)	Aug.*	249	18.0%	-12.0%
LABOUR				
Employment (millions)	Sept.	12.4	0.1%	2.8%
Unemployment Rate (%)	Sept.	7.8	-0.2	-0.7%
Participation Rate (%)	Sept.	66.7	-0.1	0.5
Labour Income (\$ billion)	July	26.0	0.1%	6.3%
Average Weekly Earnings (\$)	July	463.67	-0.3%	4.7%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Aug.*	12.1	12.5%	14.8%
Merchandise Imports (\$ billion)	Aug.*	11.3	26.9%	20.5%
Merchandise Trade Balance (\$ billion)	Aug.*	0.8	-1.0	-0.3
MANUFACTURING				
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
PRICES				
Consumer Price Index (1981 = 100)	Sept.*	145.0	0.1%	4.1%
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)	Aug.	132.8	0.9%	9.9%

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

* New this week.

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