

I·N·F·O·M·A·T

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

Friday, January 20, 1989

OVERVIEW

■ Exports and Imports Stabilized

In November, the value of exports was unchanged for the third consecutive month, while imports have changed very little in the last two months.

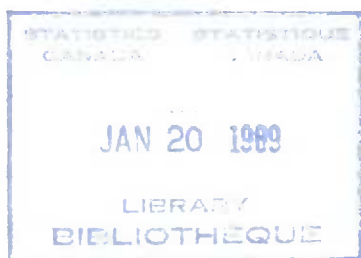
■ Consumer Price Index Unchanged

Following several months of slower growth, the CPI was unchanged in December as several offsetting price changes took place.

■ Number of Foreign Travellers on the Upswing

Non-resident trips to Canada have been rising between August and November, reversing the downward trend set in the first six months of the year.

This issue also includes an article on **Tariffs in Canada - United States Trade and Measurement of Canada's Level of Corporate Concentration.**



Exports and Imports Stabilized

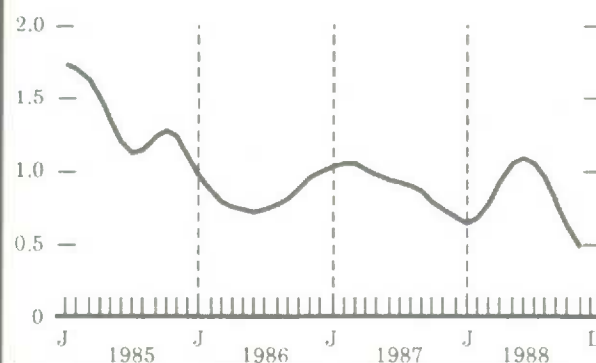
Exports totalled \$11.4 billion in November, little changed from the level in October. This was the third consecutive month in which exports have remained at approximately the same level. This slow growth coincides with the strengthening of the Canadian dollar against the United States dollar and a small increase in U.S. industrial production. In November, the commodity group registering the largest advance was machinery and equipment, while exports of automotive products posted a sharp decline.

Imports rose 1.1% over October, posting an increase after two consecutive declines. As in the case of exports, machinery and equipment accounted for the largest increase in imports, highlighting the continuing strength of business investment in Canada. Imports of motor vehicle parts declined substantially.

(continued on page 2)

Merchandise Trade Balance

(billions of dollars, short-term trend)



... Canadian International Trade

The merchandise trade balance showed a surplus of \$424 million in November, down slightly from the previous month. The cumulative trade surplus for the first eleven months of 1988 was \$9.1 billion, down \$1.4 billion from the same period last year.

Both exports and imports have stabilized in the last four months, after fluctuating widely between January and June.

Merchandise Trade

| | July | Aug. | Sept. | Oct. | Nov. |
|-----------------------|--------------------------|--------|-------|------|------|
| | % change, previous month | | | | |
| Exports | -9.4 | 12.3 | -5.6 | -0.2 | 0.1 |
| Imports | -15.0 | 27.3 | -3.9 | -0.2 | 1.1 |
| | change, previous month | | | | |
| Balance (millions \$) | 455 | -1,107 | -238 | 3 | -113 |

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

Consumer Price Index Unchanged

Following several months of slow growth, the Consumer Price Index (1981=100) was unchanged in December as a result of several offsetting price movements. Four of the seven major components posted increases and three registered declines. The greatest upward pressure came from housing, while the major downward pull was exerted by food and transportation.

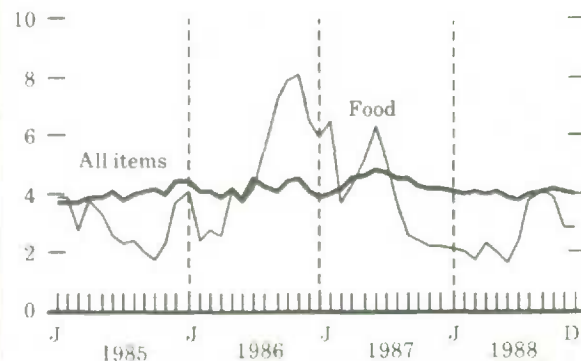
Housing prices rose 0.2%, with owned and rented accommodation both showing increases. A major part of the upward movement was primarily due to higher mortgage cost and new house prices. Lower seasonal rates for hotel/motel accommodation partially offset this upward movement.

Increases in food prices have flattened out noticeably in recent months. In December, this component was down (-0.3%) for the second consecutive month as prices for fresh fruits, soft drinks and turkey declined.

Following an increase in November, the transportation price index posted a decline, continuing the downturn noted in the last eight months. After a period of strong growth in early 1987, the index has remained relatively flat for the last 17 months. In the current month, lower rental and leasing charges and a continued decline in gasoline prices were reported.

Consumer Price Index

(% change, previous year)



On a year-over-year basis the CPI was up 4.0%, down marginally from the change registered in November. This rate matches the average year-over-year increase for 1988. The year-over-year increase in the food component was unchanged from the 2.9% registered in November.

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

Number of Foreign Travellers on the Upswing

In November, the seasonally adjusted volume of foreign travellers to Canada rose 3.8% over October, the largest monthly increase registered since Expo 86. Trips by United States residents were up 3.3% and trips by residents of other countries advanced 9.4%. Trips by non-residents to Canada have been rising in recent months, reversing the downward trend set in the first six months of the year.

The number of trips to Canada by United States residents was up sharply in November. After reaching a peak in January, the number of trips declined until September. The volume of trips by overseas residents to Canada rose 9.4% in November, continuing a pattern of steady growth.

(continued on page 3)

... International Travel

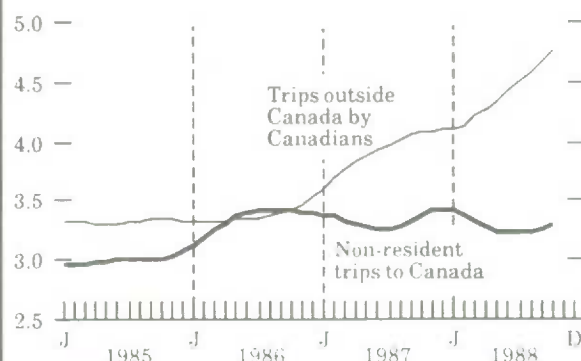
Total international trips by Canadian residents posted a significant increase (8.6%) in November, in line with the generally rising trend evident over the last two years. Travel to the U.S. recorded a notable advance, after declining slightly in October.

Trips by Canadians to overseas countries posted a decrease for the first time in four months, dropping 1.5% below October. The recent gains may indicate a reversal from the declining trend noted earlier in the year.

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

International Travel

(millions of trips, short-term trend)



Tariffs in Canada - United States Trade

A feature article in the January issue of the *Canadian Economic Observer* examines the general tariff and trade background between Canada and the United States prior to the historic free trade accord. After reviewing the broad trend of tariffs and trade since World War II, this paper examines the overall structure of Canada-U.S. tariffs in 1986, and commodity detail for 1985.

Highlights

- The underlying trend of Canadian tariff policy since World War II is towards a steady reduction of tariffs and trade barriers.
- In 1986, 73.1% of Canadian imports from the U.S. were duty-free, while 71.3% of U.S. imports were duty-free.

- The widely-cited McDonald Commission report in 1984 forecast that 80% of our exports to the U.S. would be duty-free in 1987. It seems unlikely that this forecast was met, as only 73% of trade was duty-free in 1986.
- Autos, which are duty-free under the terms of the auto pact, account for about half of duty-free trade.
- In 1986, the average tariff collected on dutiable imports was 10.1% in Canada and 3.3% in the U.S.
- In 1985, tariffs in Canada were highest for textiles, footwear, foodstuffs and chemical products. U.S. tariffs were relatively high for textiles, footwear, arms and ammunition, chemical products and wood products.

For further information, order *The January 1989 issue of the Canadian Economic Observer* (catalogue number 11-010) or contact International and Financial Economics Division at (613) 951-9162.

Canada's Level of Corporate Concentration

A feature article in the *Canadian Economic Observer* analyses corporate concentration among Canadian non-financial corporations using a number of sophisticated statistical measures.

Highlights from this report include:

- This study confirms that the distribution of Canadian corporate financial activity became more uneven and unequal between 1977 and 1986. However, there has been a decline in concentration in 1985-86.

- Most of the increase in concentration occurred between 1980 and 1984, and was followed by slight decreases in 1985 and 1986.
- From 1975 to 1986, the sales, assets and profits of Canada's 25 leading enterprises grew much faster than all other enterprises. The divergence for profit growth was the largest.
- The higher relative performance of the largest 25 enterprises was generally at the expense of the next 25 to 1,000 largest enterprises. The smallest enterprises, ranked 1,001 and higher, also showed an increased share of sales, assets and profits.

For further information, order the January issue of the *Canadian Economic Observer* or contact Industrial Organization and Finance Division at (613) 951-2608.

PUBLICATIONS RELEASED FROM JANUARY 13 TO JANUARY 19

CENSUS

Profiles - Census Tracts - Guelph: Part 2, 1986 Census. Catalogue number 95-110 (Canada: \$24; Other Countries: \$25).

EDUCATION, CULTURE AND TOURISM

Financial Statistics of Education, 1984-85. Catalogue number 81-208 (Canada: \$35; Other Countries: \$36).

International Travel, Touriscope, National and Provincial Counts, July - September 1988. Catalogue number 66-001 (Canada: \$35/\$140; Other Countries: \$36.50/\$146).

INCOME AND EXPENDITURE

National Income and Expenditure Accounts, Third quarter 1988. Catalogue number 13-001 (Canada: \$17.50/\$69; Other Countries: \$18.25/\$73).

INDUSTRY

Cement, November 1988. Catalogue number 44-001 (Canada: \$4.50/\$45; Other Countries: \$5.50/\$55).

Coal Mines, 1987. Catalogue number 26-206 (Canada: \$20; Other Countries: \$21).

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

Fruit and Vegetable Preservation Service Bulletin, Vol. 16, No. 23, Pack of Apples and Apple Products, 1987. Catalogue number 32-023 (Canada: \$7/\$115; Other Countries: \$8/\$125).

Fruit and Vegetable Preservation, Service Bulletin, Vol. 17, No. 11, Pack of Processed Peaches, 1988. Catalogue number 32-023 (Canada: \$7/\$115; Other Countries: \$8/\$125).

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

Non-metallic Mineral Products Industries - Abrasives Industry, 1986 Census of Manufactures. Catalogue number 44-250B 3571 (Canada: \$4; Other Countries: \$5).

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

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

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

Quarterly Report on Energy Supply-Demand in Canada, Second Quarter 1988. Catalogue number 57-003 (Canada: \$28.75/\$115; Other Countries: \$30.75/\$123).

Refined Petroleum Products, September 1988. Catalogue number 45-004 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

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

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

INTERNATIONAL AND FINANCIAL ECONOMICS

The Canadian Economic Observer, January 1989. Catalogue number 11-010 (Canada: \$20/\$200; Other Countries: \$22.50/\$225).

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), October 1988. Catalogue number 65-004 (Canada: \$50/\$500; Other Countries: \$60/\$600).

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

LABOUR

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

PRICES

Consumer Price Index, December 1988. Catalogue number 62-001 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

Capacity Utilization Rates in Canadian Manufacturing, Vol. 13, No. 3, Third Quarter 1988. Catalogue number 31-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

SMALL BUSINESS

Small Business in Canada: A Statistical Profile, 1984-1986. Catalogue number 61-231 (Canada: 24; Other Countries: \$25).

TRANSPORT

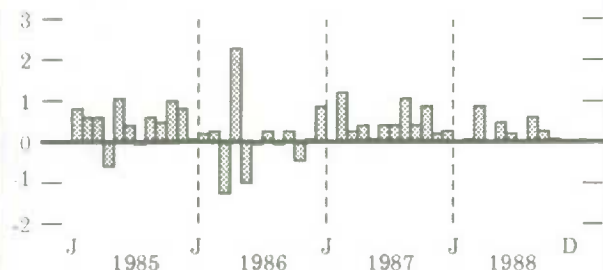
Aviation Statistics Centre Service Bulletin, October 1988. Catalogue number 51-004 (Canada: \$8.50/\$85; Other Countries: \$9.50/\$95).

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

CURRENT TRENDS

Gross Domestic Product

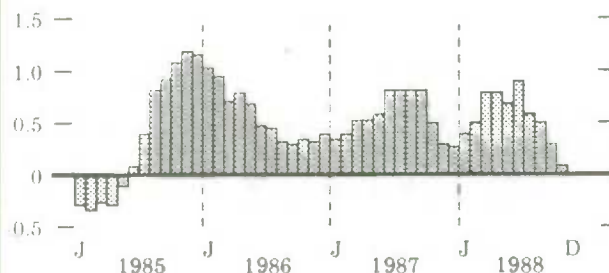
(% change, previous month)



GDP rose by only 0.1% in October, continuing the deceleration in output growth noted in September.

Composite Leading Indicator

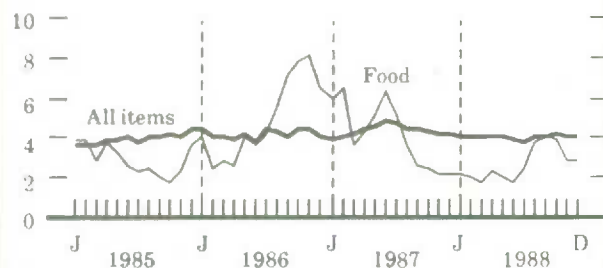
(% change, previous month)



The growth rate of the composite leading indicator decelerated for the fourth consecutive month in October.

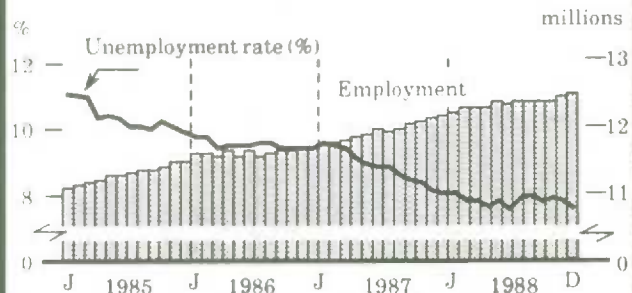
Consumer Price Index

(% change, previous year)



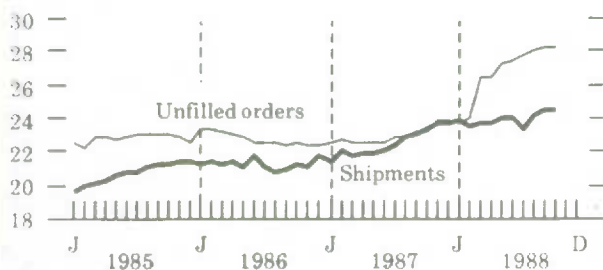
The CPI was up 4.1% on a year-over-year basis in November, marginally lower than the increase recorded in October.

Unemployment Rate and Employment



Following a period of relatively little change from June to October, employment has increased in each of the last two months.

Manufacturing



Following two months of notable growth, manufacturing shipments were down slightly in October.

Merchandise Trade

(billions of dollars, short-term trend)



Both exports and imports have stabilized in recent months.



1010717823

LATEST MONTHLY STATISTICS

| | Period | Level | Change Previous Period | Change Previous Year |
|---|--------|--------|------------------------------|----------------------------|
| GENERAL | | | | |
| Gross Domestic Product (billion 1981 dollars) | Oct. | 400 | 0.1% | 3.1% |
| Composite Leading Indicator (1971 = 100) | Oct. | 202.4 | 0.1% | 6.3% |
| Profits of Industrial Corporations (\$ billion) | 3rd Q | 9.30 | -4.3% | 10.5% |
| DOMESTIC DEMAND | | | | |
| Retail Trade (\$ billion) | Oct. | 14.0 | 0.6% | 5.7% |
| New Motor Vehicle Sales ('000 units) | Nov. | 128 | -0.1% | -4.1% |
| Housing Starts ('000, annual rates) | Nov. | 224 | 3.2% | -6.7% |
| LABOUR | | | | |
| Employment (millions) | Dec. | 12.5 | 0.2% | 2.3% |
| Unemployment Rate (%) | Dec. | 7.6 | -0.2 | -0.5 |
| Participation Rate (%) | Dec. | 66.9 | 0.0 | 0.4 |
| Labour Income (\$ billion) | Oct. | 26.6 | 0.6% | 6.8% |
| Average Weekly Earnings (\$) | Oct. | 470.09 | 0.2% | 4.0% |
| EXTERNAL TRADE | | | | |
| Merchandise Exports (\$ billion) | Nov.* | 11.4 | 0.1% | 3.8% |
| Merchandise Imports (\$ billion) | Nov.* | 11.0 | 1.1% | 5.3% |
| Merchandise Trade Balance (\$ billion) | Nov.* | 0.4 | -0.1 | -0.1 |
| MANUFACTURING | | | | |
| Shipments (\$ billion) | Oct. | 24.4 | -0.1% | 4.5% |
| New Orders (\$ billion) | Oct. | 24.3 | -1.5% | 4.5% |
| Unfilled Orders (\$ billion) | Oct. | 28.2 | -0.4% | 21.8% |
| Inventory/ Shipments Ratio | Oct. | 1.55 | 0.0 | 0.3 |
| Capacity Utilization (%) | 3rd Q | 81.6 | 0.0 | 1.3 |
| PRICES | | | | |
| Consumer Price Index (1981 = 100) | Dec.* | 146.1 | 0.0% | 4.0% |
| Industrial Product Price Index (1981 = 100) | Nov. | 129.3 | 0.4% | 3.4% |
| Raw Materials Price Index (1981 = 100) | Nov. | 93.4 | -0.6% | -10.7% |
| New Housing Price Index (1981 = 100) | Nov.* | 138.0 | 1.4% | 12.3% |

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

** New this week.*

I·N·F·O·R·M·A·T**A Weekly Review**

Published by the Communications Division
Statistics Canada.

Senior Editor: Greg Thomson (613) 951-1116
Editor: Linda McCormick (613) 951-1197

R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2/\$100; other countries, \$3/\$150. To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6 or telephone Publication Sales at 1-800-267-6677.

Published under the authority of the Minister of Supply and Services Canada. Statistics Canada should be credited when reproducing or quoting any part of this document.