

I·N·F·O·M·A·T

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

Friday, February 24, 1989

OVERVIEW

■ Manufacturing Shipments Rebound

Following two consecutive declines, the value of manufacturing shipments rose 3.4% in December to total \$24.9 billion.

■ Value of Exports and Imports Ease in December

Exports and imports have moved in tandem for the last six months, but imports have increased at a faster rate than exports.

■ Retail Sales Maintain Rising Trend

Retail sales were up 1.9% in December, extending the longest period of sustained growth since the last half of 1985.

■ Number of Foreign Travellers on the Upswing

Despite a decrease in December, trips to Canada by non-residents have been rising in recent months.

■ Farm Cash Receipts Show Some Improvement

Strengthening prices for cereals and oilseeds helped to boost farm cash receipts by 4% in 1988.

■ Seasonal Price Increases Bump Up CPI

Following several months of slower growth, the consumer price index was up 0.5% in January as food, transportation and housing prices increased.

This issue also includes an article on Unemployment Insurance.

Manufacturing Shipments Rebound

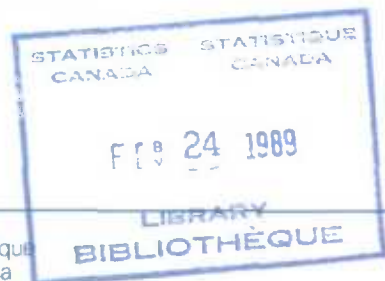
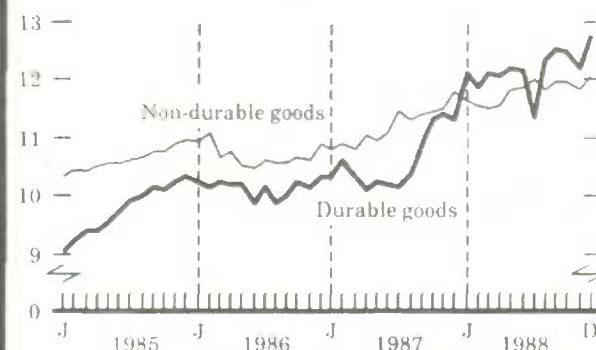
Following two consecutive declines, the seasonally adjusted value of shipments rose 3.4% in December. Growth was widespread with 18 of the 22 major groups reporting gains. Higher shipments by manufacturers of durable goods, particularly in the transportation equipment and primary metals industries, accounted for half of the December advance. The 7.2% increase in shipments by manufacturers of transportation equipment interrupted a five-month downturn.

Dropping 0.2% to \$38.1 billion, inventory levels were down in December for the first time since April. Inventories had risen from April to November, but the monthly growth rate had decelerated in recent months. Higher levels of shipments and the drop in inventories pushed the ratio of inventories to shipments down to 1.53. The December ratio almost matches the record lows registered from October 1987 to January 1988.

(continued on page 2)

Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



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... Manufacturing Shipments Rebound

The backlog of unfilled orders was up 1.4% in December, reaching \$29.3 billion. Since a decline in October, unfilled orders have resumed the upward trend observed from February to September. The main source of the rise in December came from the durable goods industries, particularly fabricated metal and electrical products.

Manufacturing Activity

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Shipments	3.4	1.2	-0.1	-1.7	3.4
New orders	3.3	0.7	-1.2	1.4	2.2
Unfilled orders	1.1	0.7	-0.2	2.4	1.4
Inventory to shipments ratio	1.56	1.55	1.55	1.59	1.53

For further information, order Monthly Survey of Manufacturing (catalogue number 31-001) or contact Industry Division at (613) 951-9832.

Value of Exports and Imports Ease in December

Exports were down 2.7% in December. This decline lowered the value of exports to \$11 billion, down from the average monthly level of \$11.3 billion for 1988. After peaking in August at \$12.1 billion, exports have declined and hovered around \$11 billion. The decrease in December was primarily attributable to lower exports of manufactured goods, which are generally more sensitive to exchange rate fluctuations. Exports of automotive products, in particular, were down almost \$160 million in December.

Merchandise Trade

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Exports	12.3	-5.5	-3.6	2.5	-2.7
Imports	27.3	-3.9	-1.3	2.0	-3.2
	change, previous month				
Balance (\$ millions)	-1,110	-232	-271	57	46

Imports were also down, dropping 3.2% below the level in November. The decrease was noted in a majority of commodity categories, although it was more pronounced in the finished products sector, particularly automotive products and machinery and equipment. Imports of machinery and equipment averaged \$3.3 billion a month in 1988, compared to \$2.7 billion a month in 1987.

In 1988, cumulative exports amounted to \$136 billion, \$9.8 billion higher than in 1987. This increase reflected an advance in automotive product exports of \$3.1 billion and in industrial goods exports of \$4.3 billion.

The cumulative value of imports rose \$12 billion to \$127.1 billion in 1988. The commodity groups which contributed most to this growth were machinery and equipment (\$6.9 billion) and industrial goods.

As a result of these movements, Canada's trade surplus totalled \$8.8 billion in 1988, a decrease of \$2.2 billion from 1987.

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 Maintain Rising Trend

Seasonally adjusted retail sales were up 1.9% in December to reach a level of \$14.3 billion. Retail sales have been following an upward trend for eight consecutive months, the longest sustained period of growth since the last half of 1985.

Motor vehicle dealers (the largest trade group) reported an increase of 4.3% in December, the third sizeable increase in the last four months. With strengthening sales in the third and fourth quarters, retailers of new and used automobiles reported annual sales growth of 11.5%.

(continued on page 3)

... Value of Exports and Imports Ease in December

Grocery store sales rose 1.2% in December, continuing the upward trend noted since May. On an annual basis, sales were up 4.1%, somewhat lower than the increases registered in the four preceding years.

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

Retail Trade

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
Grocery & meat stores	-0.6	1.0	2.2	-2.1	1.2
Department stores	2.4	0.9	0.5	-0.4	1.9
Motor vehicle dealers	-0.8	3.8	-2.5	2.8	4.3
All stores	0.0	1.6	0.4	0.0	1.9
All stores excl. motor	0.2	0.9	1.3	-0.7	1.2

Number of Foreign Travellers on the Upswing

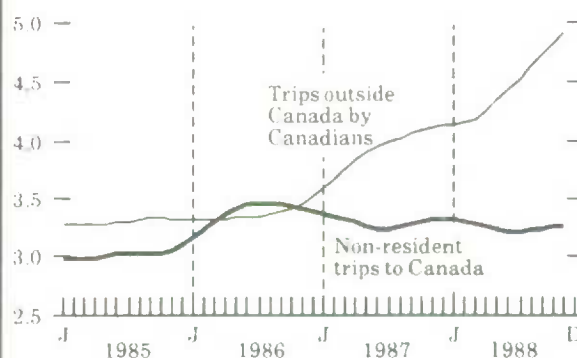
In December, the seasonally adjusted number of foreign travellers to Canada dropped by 2.5%, following the largest monthly increase registered since Expo 86. Trips by United States residents were down 2.4% and trips by residents of other countries declined 3.6%. Trips to Canada by non-residents had been rising in recent months, reversing the downward trend set in the first half of the year.

Underlying the trend set by non-residents were two different patterns that were related to country of origin. The number of trips to Canada by United States residents was down in December, resuming the declining trend noted from January to September. The volume of trips by overseas residents to Canada dropped, interrupting a pattern of steady growth.

Total international trips by Canadian residents posted an increase (1.6%) in December, in line with the generally rising trend evident over the last two years. Travel to the U.S., however, only showed marginal growth, following a notable advance in November.

International Travel

(millions of trips, short-term trend)



Trips by Canadians to overseas countries posted an increase. The rising trend that was visible in the second half of the year was interrupted by a slight decrease in November.

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

Farm Cash Receipts Show Some Improvement

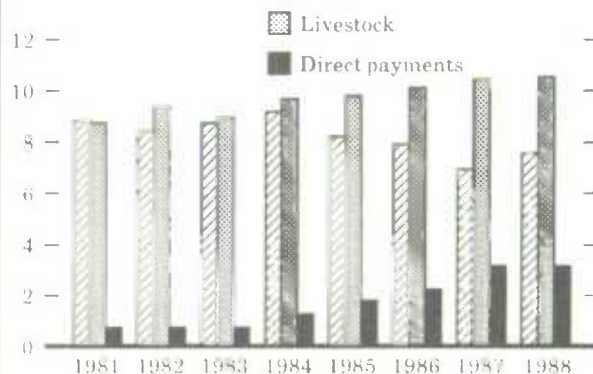
Farm cash receipts for 1988 totalled \$21.6 billion, up 4% over 1987. This was the third consecutive improvement in farm receipts. Higher crop and livestock receipts contributed to the advance.

Crop receipts rose 9% to \$7.6 billion. However, receipts were still at their second lowest level since 1981. Drought, in areas of Canada and the United States, affected production of grain and oilseeds and as a result prices have increased.

Livestock and animal product receipts were up slightly to a record level of \$10.6 billion. Higher receipts were registered for all livestock groups except hogs, where higher marketings failed to offset a 22% decline in prices.

Farm Cash Receipts

(billions of dollars)



... Farm Cash Receipts Show Some Improvement

Direct program payments were unchanged at \$3.2 billion. A \$703 million decline in Western Grain Stabilization payments was offset by higher payments under the Crop Insurance Act, the Agricultural Stabilization Act, and provincial stabilization programs.

For further information, order *Farm Cash Receipts* (catalogue number 21-001) or contact Agriculture Division at (613) 951-8706.

Seasonal Price Increases Bump Up CPI

Following several months of slower growth, the Consumer Price Index (1981=100) was up 0.5% in January. Six of the seven major components posted increases. The greatest upward pressure came from the food, transportation and housing components. On a year-over-year basis, the CPI was 4.3% higher than in January 1988.

Food prices rose 1.2%, the first increase in three months. Seasonally higher prices for some goods (fresh vegetables, chicken, soft drinks, dairy products and eggs) were major contributors to this rise.

The transportation component posted an increase in January (1.0%), contrasting with the downturn noted in the previous eight months. In the current month, higher public transportation prices and a slight increase in private transportation costs added to the advance of the overall index.

Consumer Price Index

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
All-items	0.1	0.5	0.3	0.0	0.5
Food	0.2	0.0	-0.4	-0.3	1.2
All-items, excl. food	0.1	0.5	0.5	0.1	1.2

The housing component rose 0.4%, with increases in the prices for owned and rented accommodation. Higher mortgage costs continued to be a factor in increased accommodation cost. Also widespread increases in utility rates pushed up the index level.

On a year-over-year basis the CPI was up 4.3%, up from the change registered in December (4.0%).

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

Number of UIC Beneficiaries Constant

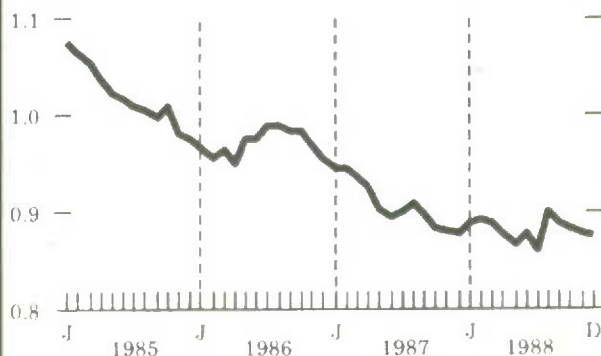
The number of beneficiaries receiving regular unemployment insurance benefits totalled 875,000 in December, virtually unchanged from the level recorded in November. The number of beneficiaries has been relatively stable for the last 12 months.

Seasonally adjusted total benefit payments increased (7.3%) for the third consecutive month. The number of benefit weeks was 9.9% higher than in the preceding month.

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

U.I. Beneficiaries Receiving Regular Benefits

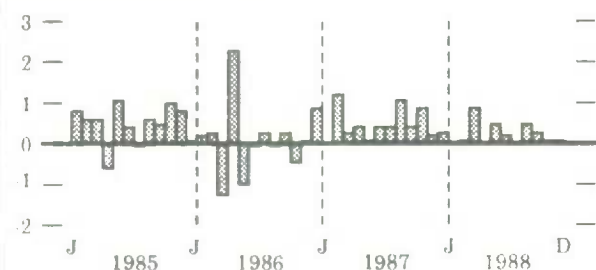
(millions, seasonally adjusted)



CURRENT TRENDS*

Gross Domestic Product

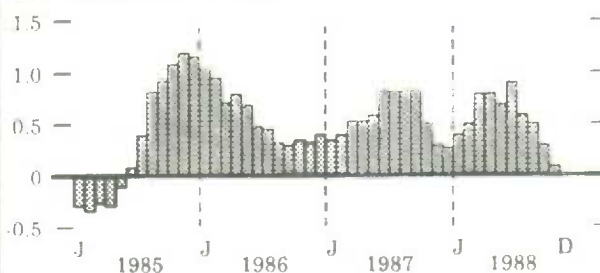
(% change, previous month)



Real GDP edged up 0.1% in November, continuing the trend to moderate output gains evident since June.

Composite Leading Indicator

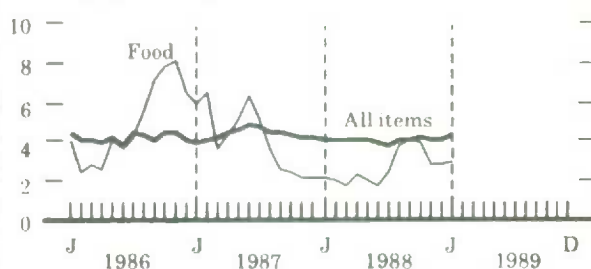
(% change, previous month)



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

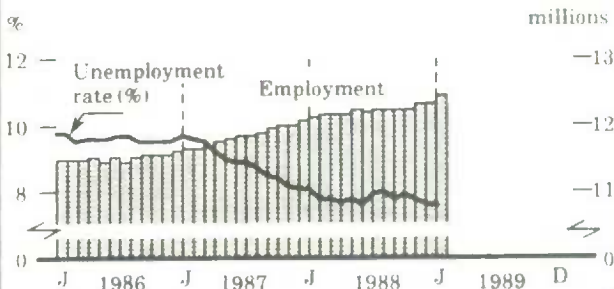
Consumer Price Index

(% change, previous year)



Following several months of slower growth, seasonal price increases bumped up the CPI in January.

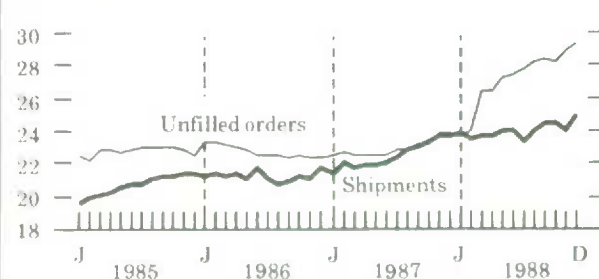
Unemployment Rate and Employment



Employment increased by 89,000 in January, the third consecutive month of stronger growth.

Manufacturing

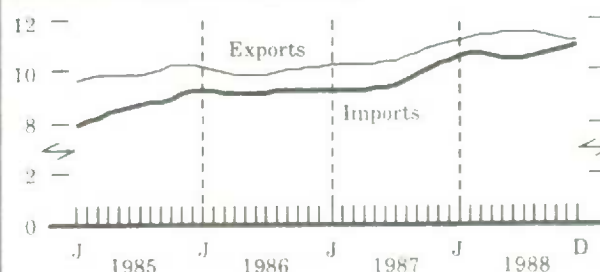
(billions of dollars)



Following two consecutive declines, the value of manufacturing shipments rose 3.4% in December to total \$24.9 billion.

Merchandise Trade

(billions of dollars, short-term trend)



Exports and imports have moved in tandem for the last six months, but imports have increased at a faster rate than exports.

* All series are seasonally adjusted except the consumer price index.

PUBLICATIONS RELEASED FROM FEBRUARY 17 TO FEBRUARY 23

AGRICULTURE

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

CENSUS

Profiles - Census Tracts - Oshawa: Part 2, 1986 Census. Catalogue number 95-134 (Canada: \$25; Other Countries: \$26).

Dimensions : Profile of Ethnic Groups, 1986 Census. Catalogue number 93-154 (Canada: \$49; Other Countries: \$59).

EDUCATION, CULTURE AND TOURISM

Culture Statistics - Film Industry, Preliminary Statistics, 1985-1986. Catalogue number 87-204 (Canada: \$20; Other Countries: \$21).

Travel-log, "Lifestyles" - A New Dimension for Travel Data, January 1989. Catalogue number 87-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

INCOME AND EXPENDITURE

A Guide to the Financial Flow and National Balance Sheet Accounts. Catalogue number 13-585E (Canada: \$36; Other Countries: \$37).

INDUSTRY

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

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

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

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

Fruit and Vegetable Production, December 1988. Catalogue number 22-003 (Canada: \$16.50/\$66; Other Countries: \$17.50/\$70).

Fruit and Vegetable Preservation, Pack of Canned Tomatoes and Tomato Products, 1988. Catalogue number 32-023 (Canada: \$7/\$115; Other Countries: \$8/\$125).

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

Merchandising Inventories, September 1988. Catalogue number 63-014 (Canada: \$13/\$130; Other Countries: \$14/\$140).

Monthly Production of Soft Drinks, January 1989. Catalogue number 32-001 (Canada: \$2.50/\$25; Other Countries: \$3.50/\$35).

Monthly Survey of Manufacturing, December 1988. Catalogue number 31-001 (Canada: \$16.50/\$165; Other Countries: \$17.50/\$175).

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

INDUSTRY - Concluded

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

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

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

Vending Machine Operators, Fiscal Year ended March 31, 1988. Catalogue number 63-213 (Canada: \$20; Other Countries: \$21).

Wholesale Trade, November 1988. Catalogue number 63-008 (Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

INTERNATIONAL AND FINANCIAL ECONOMICS

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

LABOUR

Employment, Earnings and Hours, November 1988. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$40.50/\$405).

The Labour Force, January 1989. Catalogue number 71-001 (Canada: \$17/\$170; Other Countries: \$20.40/\$204).

PRICES

The Consumer Price Index Reference Paper - Updating Based on 1986 Expenditures. Catalogue number 62-553 (Canada: \$44; Other Countries: \$46).

PUBLIC INSTITUTIONS

Federal Government Finance, 1986-87. Catalogue number 68-211 (Canada: \$25; Other Countries: \$26).

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

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

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

TRANSPORT

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

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

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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Nov.	400	0.1%	3.0%
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)	Dec.*	14.3	1.9%	5.9%
New Motor Vehicle Sales ('000 units)	Dec.	137	6.0%	6.5%
Housing Starts ('000, annual rates)	Dec.	220	-7.2%	0.5%
LABOUR				
Employment (millions)	Jan.	12.4	0.7%	2.5%
Unemployment Rate (%)	Jan.	7.6	0.0	-0.4
Participation Rate (%)	Jan.	67.2	0.3	0.6
Labour Income (\$ billion)	Nov.	26.9	0.9%	7.4%
Average Weekly Earnings (\$)	Nov.	469.90	0.2%	4.2%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Dec.*	11.0	-2.7%	3.1%
Merchandise Imports (\$ billion)	Dec.*	10.7	-3.2%	-1.8%
Merchandise Trade Balance (\$ billion)	Dec.*	0.4	0.0	-0.2
MANUFACTURING				
Shipments (\$ billion)	Dec.*	24.9	3.4%	4.9%
New Orders (\$ billion)	Dec.*	25.3	2.2%	3.8%
Unfilled Orders (\$ billion)	Dec.*	29.3	1.4%	23.2%
Inventory/ Shipments Ratio	Dec.*	1.53	-0.6	0.1
Capacity Utilization (%)	3rd Q	81.6	0.0	1.3
PRICES				
Consumer Price Index (1981 = 100)	Jan.*	146.8	0.5%	4.3%
Industrial Product Price Index (1981 = 100)	Dec.	129.5	0.0%	3.2%
Raw Materials Price Index (1981 = 100)	Dec.	93.6	0.5%	-9.7%
New Housing Price Index (1981 = 100)	Dec.	139.9	1.4%	13.6%

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

* New this week.

I·N·F·O·M·A·T**A Weekly Review**

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