Catalogue 11-002E (Français 11-002F) ISSN 0380-0547

Price: Canada, $2/$100 a year/Other Countries, $3/$150 a year

I•N•F•O•M•A•T

A WEEKLY REVIEW

Friday, March 31, 1989

OVERVIEW

Manufacturing Shipments Off Slightly

The value of shipments dropped slightly in January (-0.3%), after posting a substantial increase in December.

Capacity Utilization Rates in Manufacturing Near Record Levels

Canada's manufacturing industries operated at 83% of capacity in the fourth quarter, close to the cyclical peak of 84.2% recorded in the first quarter of 1988.

Exports and Imports Rebound

In January, the level of exports rose by $500 million, while imports were $300 million higher than in December.

Widespread Price Increases Push Up CPI

Following several months of slower growth, the consumer price index was up 0.7% in February, the largest monthly advance since July 1987.

Retail Sales Register Minor Setback

Retail sales fell marginally in January, interrupting the longest period of sustained growth since the last half of 1985.

Strong Foreign Investment Trend Resumed

Net foreign investment in outstanding Canadian bonds amounted to $1.2 billion in January, the largest in the recent period of strong investment flows.

This issue **also** includes information on **Financial Institutions, Unemployment Insurance** and **Average Weekly Earnings**.

Manufacturing Shipments Off Slightly

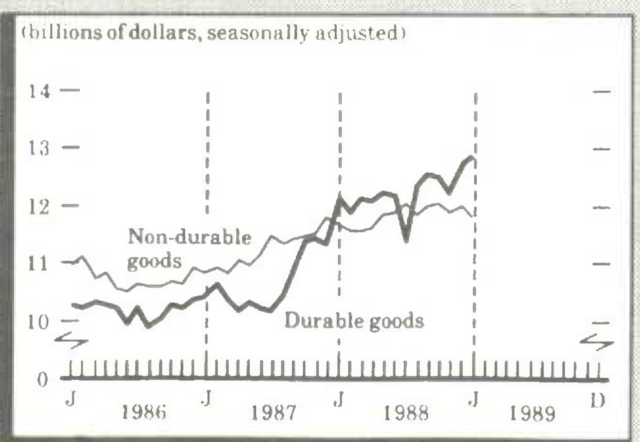
The seasonally adjusted value of shipments dropped slightly in January (-0.3%), after posting a substantial increase in December. This pattern of healthy increases followed by a short downturn was repeated throughout 1988, but the overall growth rate has slowed somewhat in recent months.

Decreases in shipments by the chemical products and food industries contributed to the 1.7% decline in shipments by the non-durable goods industries in January. Manufacturers of durable goods posted an increase (0.9%) for the second consecutive month, despite a decline in shipments of primary metals.

Following an interruption in December, the level of inventories resumed its rising trend in January. Rising 0.8%, inventories reached $38.5 billion. The transportation equipment and refined petroleum and coal products industries were the major contributors to the

(continued on page 2)

Manufacturers' Shipments



... Manufacturing Shipments Off Slightly

advance in January. The inventories to shipments ratio showed a slight increase, moving up to 1.56 during the month.

New orders declined in January; the 1.2% decline followed two consecutive monthly increases. Orders for durable goods rose for the third consecutive month, while new orders for non-durable goods were down for the third time in four months.

Unfilled orders advanced 0.9%, continuing to grow at rates similar to those posted since August. Fabricated metal products and transportation equipment were the main contributors to the January increase in unfilled orders. Manufacturers of durable goods have shown fairly steady increases for the last 12 months. Unfilled orders of non-durable goods, having posted notable fluctuations, have not behaved as consistently.

Manufacturing Activity

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
Shipments	1.2	0.0	-1.7	2.7	-0.3
New orders	0.7	-1.1	1.4	1.8	-1.2
Unfilled orders	0.7	-0.2	2.4	1.7	0.9
Inventory to shipments ratio	1.55	1.55	1.59	1.55	1.56

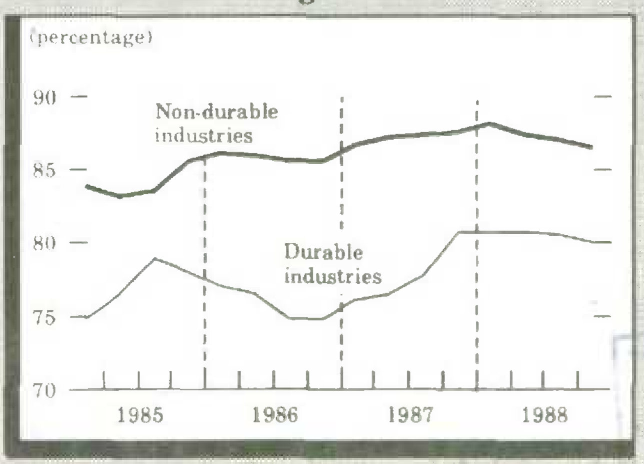
For further information, order Monthly Survey of Manufacturing (catalogue number 31-001) or contact Industry Division at (613) 951-9832.

Capacity Utilization Rates in Manufacturing Near Record Levels

Canada's manufacturing industries operated at 83% of capacity during the fourth quarter of 1988. Rates have decreased marginally in the last three quarters, but still compares with the cyclical peak of 84.2% recorded in the first quarter. High levels of production in many industries have been accompanied by larger investments in machinery and equipment, and as a result capacity utilization rates for some industries have dropped.

Capacity utilization rates for durable goods manufacturers dropped 0.7% (to 79.9%), a change of virtually no significance. Following strong growth in 1987, capacity utilization rates for this sector had stabilized early in 1988. Utilization rates for manufacturers of non-durable goods also decreased by a marginal 0.7% in the fourth quarter, the third consecutive decline.

Capacity Utilization Rates in Manufacturing



Capacity Utilization Rates

	4Q'87	1Q'88	2Q'88	3Q'88	4Q'88
	rate				
Total manufacturing	**83.9**	**84.2**	**83.8**	**83.6**	**83.0**
Durable goods	80.7	80.7	80.6	80.5	79.9
Non-durable goods	87.5	88.8	87.3	87.1	86.5

Even though the construction industry continued to grow in the quarter, building materials industries showed lower rates of capacity utilization. In the non-metallic mineral products industries, shipments were filled from inventories, producing a 0.3% decline in the industry utilization rate. A 1.5% decrease in the fabricated metal products industries' utilization rate coincided with slower growth in non-residential construction and continued the slight weakening noted in 1988.

While investment in machinery and equipment has been growing over the last few years, the producing industries all posted decreased utilization rates in the fourth quarter. The downturn occurred at the same time as increases in imports of machinery and equipment. For the two major industries producing goods for export the results were mixed. Capacity utilization rates in the paper and allied industries, which recorded a decrease of 2.5%, have ranged between 89% and 93% since the first quarter of 1986. The transportation equipment industries, on the other hand, posted an increase in utilization rates of 4.8%. Since early 1987, the rate for this industry has hovered around 70%.

For further information, order Capacity Utilization Rates in Canadian Manufacturing (catalogue number 31-003) or contact Science, Technology and Capital Stock Division at (613) 951-9685.

Exports and Imports Rebound

From December to January, the value of exports rose 4.9% or $500 million. A surge in exports of automobiles helped boost Canadian exports to a seasonally adjusted level of $11.9 billion. January was the sixth consecutive month to post exports levels in excess of $11 billion.

An upward trend in prices of certain metals resulted in significant gains in the total value exported. At the same time, a recent drop in prices for forestry products exerted downward pressure on the value of exports of wood pulp, newsprint and other wood products.

Imports rose to $11 billion, regaining the $300 million lost in December. Coinciding with the increase in automobile production, imports of motor vehicle parts advanced substantially in January. Imports of industrial goods also rose sharply.

As a result of these movements, Canada's trade surplus totalled $882 million in January, sharply above the level posted in December. Canada's surplus with its trading partners had fallen below $500 million in September and October, but has since recovered somewhat.

Merchandise Trade

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
Imports	-5.5	-1.5	4.5	-3.5	4.9
Exports	-3.7	-1.5	2.2	-2.8	2.0
	change, previous month				
Balance (millions $)	-250	-14	271	-107	241

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

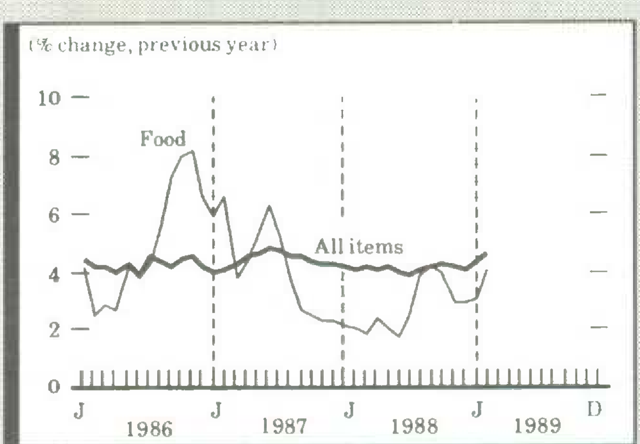
Widespread Price Increases Push Up CPI

Following several months of slower growth, the Consumer Price Index (1981 = 100) was up 0.7% in February, the largest monthly advance since July 1987. Six of the seven major component posted increases. The upward pressure was widespread but the clothing, housing, and food components each had a significant impact on the overall index. On a year-over-year basis, the CPI was 4.6% higher than in February 1988.

The clothing index advanced 2.3% in February as post-Christmas sales ended and new stock prices were higher. An increase of this magnitude is common at this time of year.

Food prices rose (0.8%) for the second consecutive month following three months of declining prices. Higher prices for fresh vegetables were the major contributors to this increase.

Consumer Price Index



Consumer Price Index

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
All-items	**0.5**	**0.3**	**0.0**	**0.5**	**0.7**
Food	0.0	-0.4	-0.3	1.2	0.8
All-items, excl. food	0.5	0.5	0.1	1.2	0.7

The housing component increased 0.5%, maintaining a trend of steadily rising prices. Costs for owned and rented accommodation both rose. Higher mortgage costs continued to be a factor in increased accommodation cost.

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

Retail Sales Register Minor Setback

Seasonally adjusted retail sales were down slightly in January (- 0.3%) to $14.3 billion. Retail sales had 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 a decrease of 4.5% in January, following three sizeable increases in the four preceding months. Excluding new and used motor vehicle dealers, retail sales rose by 1% in January.

Department store sales dropped 2.5% after posting a notable increase in December. Following a strong rising trend, department store sales appear to have flattened out in recent months.

Retail Trade

	Sept.	Oct.	Nov.	Dec.	Jan.
	% change, previous month				
Grocery & meat stores	1.0	2.2	-2.0	2.5	1.1
Department stores	0.9	0.4	-0.5	1.6	-2.5
Motor vehicle dealers	3.8	-2.8	2.7	4.4	-4.5
All stores	1.6	0.4	0.0	2.1	-0.3
All stores excl. motor	0.9	1.3	-0.7	1.5	0.9

Grocery store sales rose 1.1% in January, continuing their upward trend noted since May.

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

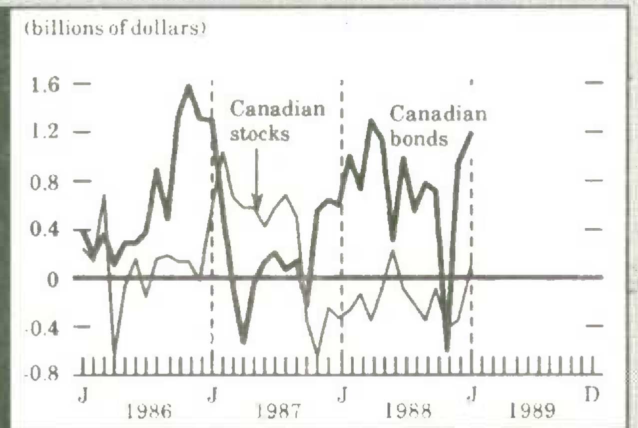
Strong Foreign Investment Trend Resumed

In January, net foreign investment in outstanding Canadian bonds amounted to $1.2 billion, returning to the trend of strong investment flows recorded throughout 1988. However, the net investment in January was the largest recorded in the last nine months. Its source was widely spread geographically, but residents of the United Kingdom, the United States and West Germany continued to be the most prominent investors.

Non-residents also increased their holdings of outstanding Canadian stocks in January, contrasting with a pattern of monthly disinvestments recorded since October 1987. The net investment of $87 million originated in the United States, as overseas investors continued to reduce their holdings.

Canadian residents increased their holdings of foreign bonds by $379 million in January, more than offsetting net disinvestments in the preceding two months. Residents continued to acquire foreign stocks during the month, but the size of the net acquisition was marginal.

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.

Financial Institutions

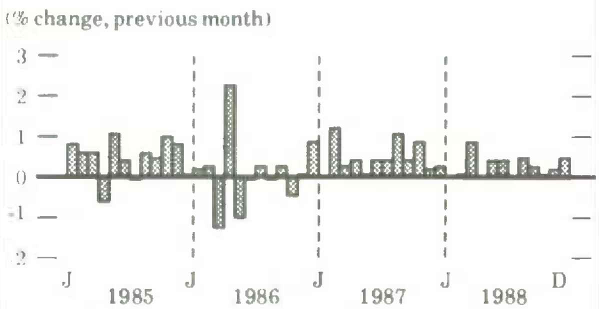
In the fourth quarter, property and casualty insurers reported an underwriting loss of $376 million, interrupting the trend to larger fourth quarter losses noted since 1986. However, net investment income continued to rise, reaching $522 million in the fourth quarter. Reflecting the increase in investment income, income before taxes and extraordinary intems increased to $146 million, double the profits recorded in the same quarter of 1987, but still lower than in 1986.

Canadian sales of investment funds stood at $2.4 billion in the fourth quarter, down from the $3.2 billion registered in the same quarter of 1987. Sales have been down for five consecutive quarters. Total assets of funds at market value were $31 billion, compared to $29 billion reported in the fourth quarter of 1987 just after the October readjustment in the stock market.

For further information, order Financial Institutions (catalogue number 61-006) or contact Industrial Organization and Finance Division at (613) 951-2512.

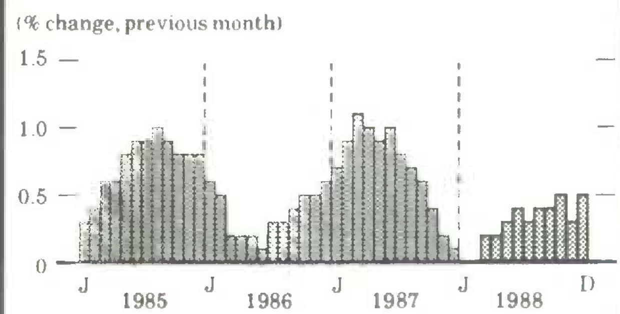
CURRENT TRENDS*

Gross Domestic Product



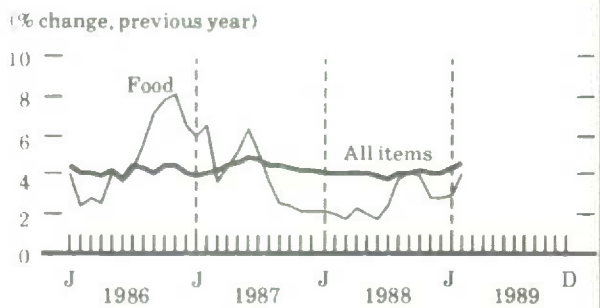
In December, gross domestic product rose 0.5%, as output of both the services- and goods-producing industries advanced.

Composite Leading Indicator



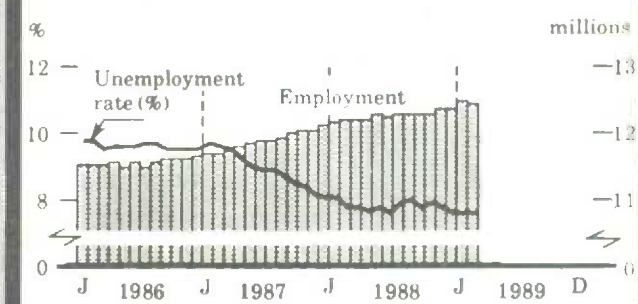
The composite leading indicator continued to register moderate growth in December.

Consumer Price Index



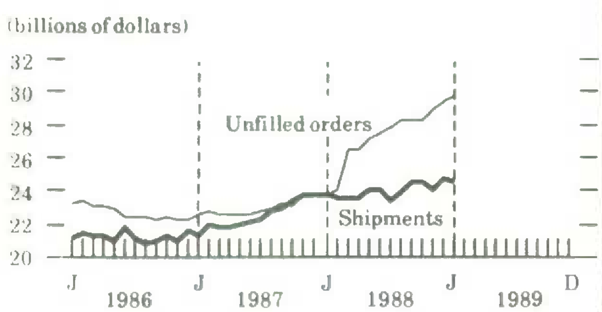
The CPI was up 0.7% in February, the largest monthly advance since July 1987.

Unemployment Rate and Employment



Following three consecutive months of strong growth, employment was down marginally in February.

Manufacturing



The value of manufacturing shipments dropped slightly in January, after posting a substantial increase in December.

Merchandise Trade

In January, the level of exports rose by $500 million, while imports were $300 higher than in December.

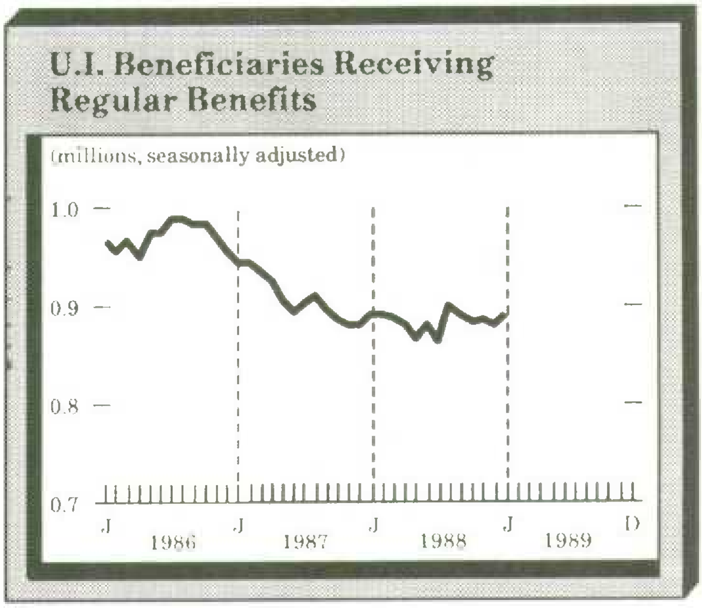
** All series are seasonally adjusted except the consumer price index.*

Number of UIC Beneficiaries Relatively Stable

The number of beneficiaries receiving regular unemployment insurance benefits totalled 890,000 in January, up 1.2% from the level recorded in December, but unchanged from a year earlier. Generally, the number of beneficiaries has been relatively stable for the last 12 months.

Seasonally adjusted benefit payments decreased following three consecutive advances. The number of benefit weeks dropped 9.3%, almost equivalent to the sharp increase posted in December.

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

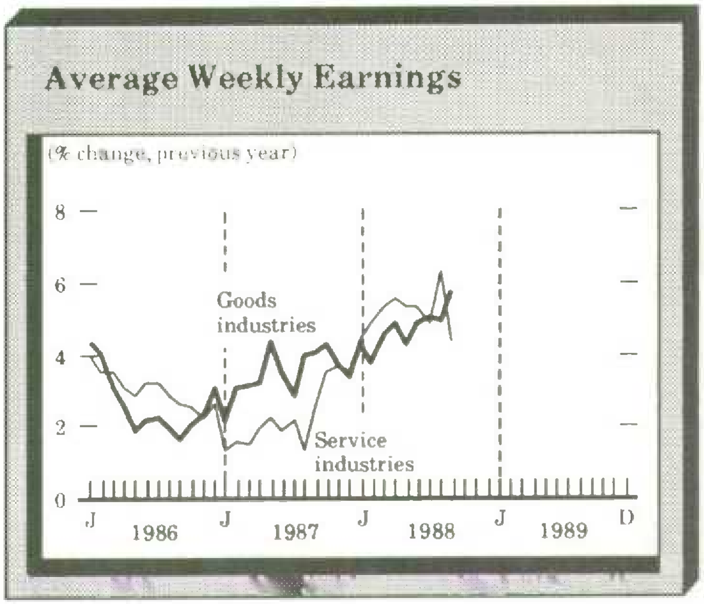


Average Weekly Earnings

In January, average weekly earnings were up 4.4% over the same month a year earlier. The growth rate had been slowing gradually over the previous eight months. Growth of average weekly earnings in the goods-producing industries moderated, while gains in the service-producing industries accelerated slightly relative to the three previous months.

The largest industry group in the services sector (community, business and personal services) registered sizeable increases in earnings in the first nine months of 1988. However, growth has moderated in the last three months, falling to 3.0%.

All industries contributed to the growth of earnings in the goods-producing sector. In the manufacturing industries, growth moderated in January, easing to a year-over-year increase of 5.0%.



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

PUBLICATIONS RELEASED FROM MARCH 17 TO MARCH 30

AGRICULTURE

Farm Input Price Index, Fourth Quarter 1988. Catalogue number 62-004 (Canada: $11.25/$45; Other Countries: $12.25/$49).

Farm Product Price Index, January 1989. Catalogue number 62-003 (Canada: $6.50/$65; Other Countries: $7.50/$75).

Field Crop Reporting Series, No. 2, March Intentions of Principal Field Crop Area, Canada. Catalogue number 22-002 (Canada: $10/$72; Other Countries: $11/$78).

CENSUS

The Nation – Families: Part 2, 1986 Census. Catalogue number 93-107 (Canada: $43; Other Countries: $53).

The Nation – Schooling and Major Field of Study, 1986 Census. Catalogue number 93-110 (Canada: $58; Other Countries: $68).

The Nation – Total Income: Individuals, 1986 Census. Catalogue number 93-114 (Canada: $30; Other Countries: $32).

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PUBLICATIONS RELEASED – Concluded

EDUCATION, CULTURE AND TOURISM

Education Statistics Bulletin, Vol. 11, No. 1, **The Class of 82 Revisited**. Catalogue number 81-002 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Public Libraries in Canada, 1985-1986. Catalogue number 87-205 (Canada: $28; Other Countries: $29).
Public Libraries in Canada, A Three Year Digest 1982-1984. Catalogue number 87-205S (Canada: $35; Other Countries: $36).
Touriscope – International Travel – Advance Information, Vol. 5, No. 1, January 1989. Catalogue number 66-001P (Canada: $5.50/$55; Other Countries: $6.50/$65).

HOUSING, FAMILY AND SOCIAL STATISTICS

Family Expenditure in Canada, 1986. Catalogue number 62-555 (Canada: $38; Other Countries: $46).
Youth in Canada, 1971-1986. Catalogue number 89-511 (Canada: $35; Other Countries: $36).

INDUSTRIAL ORGANIZATION AND FINANCE

Corporation Financial Statistics, 1986. Catalogue number 61-207 (Canada: $50; Other Countries: $51.50).

INDUSTRY

Cement, January 1989. Catalogue number 44-001 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Coal and Coke Statistics, December 1988. Catalogue number 45-002 (Canada: $9/$90; Other Countries: $10/$100).
Construction Type Plywood, January 1989. Catalogue number 35-001 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Crude Petroleum and Natural Gas Production, November 1988. Catalogue number 26-006 (Canada: $9/$90; Other Countries: $10/$100).
Department Store Sales and Stocks, August 1988. Catalogue number 63-002 (Canada: $13/$130; Other Countries: $14/$140).
Electric Lamps (Light Bulbs and Tubes), February 1989. Catalogue number 43-009 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Factory Sales of Electric Storage Batteries, January 1989. Catalogue number 43-005 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Fruit and Vegetable Preservation – Pack of Processed Blueberries, Vol 17, No. 19, 1988. Catalogue number 32-023 (Canada: $7/$115; Other Countries: $8/$125).
Fruit and Vegetable Preservation – Pack of Processed Mixed Vegetables, Vol. 17, No. 25, 1988. Catalogue number 32-023 (Canada: $7/$115; Other Countries: $8/$125).
Gas Utilities, November 1988. Catalogue number 55-002 (Canada: $11.50/$115; Other Countries: $12.50/$125).
Gas Utilities, Transport and Distribution Systems, 1987. Catalogue number 57-205 (Canada: $25; Other Countries: $26).
Industrial Chemicals and Synthetic Resins, January 1989. Catalogue number 46-002 (Canada: $5/$50; Other Countries: $6/$60).
Monthly Production of Soft Drinks, February 1989. Catalogue number 32-001 (Canada: $2.50/$25; Other Countries: $3.50/$35).
Monthly Survey of Manufacturing, January 1989. Catalogue number 31-001 (Canada: $16.50/$165; Other Countries: $17.50/$175).
Oils and Fats, January 1989. Catalogue number 32-006 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Particleboard, Waferboard and Hardboard, January 1989. Catalogue number 36-003 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Production and Disposition of Tobacco Products, February 1989. Catalogue number 32-022 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Production and Shipments of Blow-Moulded Plastic Bottles, Quarter Ended December 31, 1988. Catalogue number 47-006 (Canada: $6.25/$25; Other Countries: $7.25/$29).
Production and Shipments of Steel Pipe and Tubing, January 1989. Catalogue number 41-011 (Canada: $4.50/$45; Other Countries: $5.50/$55).

INDUSTRY – Concluded

Production, Sales and Stocks of Major Appliances, February 1989. Catalogue number 43-010 (Canada: $4.50/$45; Other Countries: $5.50/55).
Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, December 1988. Catalogue number 35-002 (Canada: $9/$90; Other Countries: $10/$100).
Pulpwood and Wood Residue Statistics, January 1989. Catalogue number 25-001 (Canada: $5.50/$55; Other Countries: $6.50/$65).
Shipments of Animal and Poultry Feeds – Semi-Annual, Semi-Annual Period Ended December 1988. Catalogue number 32-004 (Canada: $6/$12; Other Countries: $7/$14).
Steel Wire and Specified Wire Products, January 1989. Catalogue number 41-006 (Canada: $4.50/$45; Other Countries: $5.50/$55).
Wholesale Trade, December 1988. Catalogue number 63-008 (Canada: $5.50/$55; Other Countries: $6.50/$65).

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), December 1988. Catalogue number 65-004 (Canada: $50/$500; Other Countries: $60/$600).
Exports by Country (H.S. Based), January-December 1988. Catalogue number 65-003 (Canada: $75/$300; Other Countries: $85/$340).
Imports by Commodity (H.S. Based), December 1988. Catalogue number 65-007 (Canada: $50/$500; Other Countries: $60/$600).

INTERNATIONAL AND FINANCIAL ECONOMICS

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

LABOUR

Employment, Earnings and Hours, December 1988. Catalogue number 72-002 (Canada: $38.50/$385; Other Countries: $40.50/$405).
Profiles – Canada's Older Workers: A Profile of their Labour Market Experience, 1986. Catalogue number 71-208 (Canada: $10; Other Countries: $11).
The Labour Force, February 1989. Catalogue number 71-001 (Canada: $17/$170; Other Countries: $20.40/$204).
Unemployment Insurance Statistics, December 1988. Catalogue number 73-001 (Canada: $13/$130; Other Countries: $14/$140).

PUBLIC INSTITUTIONS

Local Government Employment, July-September 1988. Catalogue number 72-009 (Canada: $11.50/$46; Other Countries: $12.50/$50).
The Control and Sale of Alcoholic Beverages in Canada, Fiscal Year Ended March 31, 1987. Catalogue number 63-202 (Canada: $17; Other Countries: $18).

SCIENCE, TECHNOLOGY AND CAPITAL STOCK

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

SERVICES

Leisure and Personal Services, 1984 - 1986. Catalogue number 63-233 (Canada: $28; Other Countries: $30.50).
Restaurant, Caterer and Tavern Statistics, December 1988. Catalogue number 63-011 (Canada: $5.50/$55; Other Countries: $6.50/$65).
Telephone Statistics, 1987 Catalogue number 56-203 (Canada: $32; Other Countries: $33).

TRANSPORT

Aviation Statistics Centre, December 1988. Catalogue number 51-004 (Canada: $8.50/$85; Other Countries: $9.50/$95).
Passenger Bus and Urban Transit Statistics, January 1989. Catalogue number 53-003 (Canada: $6.50/$65; Other Countries: $7.50/$75).
Service Bulletin – Surface and Marine Transport, March 1989. Catalogue number 50-002 (Canada: $8.50/$85; Other Countries: $9.50/$95).

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Dec.	402	0.5%	3.4%
Composite Leading Indicator (1981 = 100)	Dec.	142.3	0.5%	3.5%
Profits of Industrial Corporations ($ billion)	4th Q	9.4	1.2%	-2.1%
DOMESTIC DEMAND				
Retail Trade ($ billion)	Jan.*	14.3	-0.3%	7.3%
New Motor Vehicle Sales ('000 units)	Jan.	123	-10.8%	-4.5%
Housing Starts ('000, annual rates)	Jan.	239	5.3%	20.1%
LABOUR				
Employment (millions)	Feb.	12.4	-0.2%	1.8%
Unemployment Rate (%)	Feb.	7.6	0.0	-0.2
Participation Rate (%)	Feb.	67.1	-0.1	0.3
Labour Income ($ billion)	Dec.	27.2	0.4%	8.4%
Average Weekly Earnings ($)	Jan.*	474.39	0.9%	4.4%
EXTERNAL TRADE				
Merchandise Exports ($ billion)	Jan.*	11.9	4.9%	9.6%
Merchandise Imports ($ billion)	Jan.*	11.0	2.9%	14.7%
Merchandise Trade Balance ($ billion)	Jan.*	0.9	0.2	0.4
MANUFACTURING				
Shipments ($ billion)	Jan.*	24.6	-0.3%	3.7%
New Orders ($ billion)	Jan.*	24.9	-1.2%	5.0%
Unfilled Orders ($ billion)	Jan.*	29.7	0.9%	24.9%
Inventory/ Shipments Ratio	Jan.*	1.56	0.01	0.04
Capacity Utilization (%)	4th Q*	83.0	-0.7	-1.1
PRICES				
Consumer Price Index (1981 = 100)	Feb.*	147.8	0.7%	4.6%
Industrial Product Price Index (1981 = 100)	Jan.	130.3	0.4%	2.9%
Raw Materials Price Index (1981 = 100)	Jan.	95.9	2.6%	-5.4%
New Housing Price Index (1981 = 100)	Jan.	141.2	0.9%	14.2%

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

Published by the Communications Division
Statistics Canada.

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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.