

I·N·F·O·M·A·T

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

Friday, April 28, 1989

OVERVIEW

■ Slower Growth in Gross Domestic Product

Gross domestic product was up 0.2% in February, one of the smallest of four consecutive increases.

■ Foreign Investment in Canadian Bonds Halved

In February, net foreign investment in outstanding Canadian bonds totalled \$435 million, less than half the amount recorded in each of the two preceding months.

■ Moderating Growth in Wholesale Trade

Wholesale merchants' sales were only up 4.6% in February on a year-over-year basis, continuing the deceleration in sales evident throughout 1988.

■ Retail Sales Post Marginal Gain

Retail sales were up only slightly in February, contrasting with the generally rising trend observed until the end of 1988.

■ Manufacturing Industries Report Mixed Results

Manufacturing shipments rose in February, but both new and unfilled orders fell, while the level of inventories rose.

■ Growth of Average Weekly Earnings Continues to Decelerate

Average weekly earnings were up 4% in February, continuing the trend to slower growth rates evident in the last ten months.

This issue **also** includes information on the **General Social Survey**.

Slower Growth in Gross Domestic Product

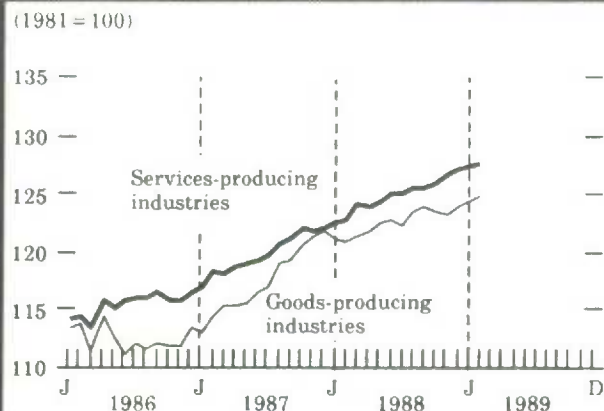
Real gross domestic product by industry increased 0.2% in February, the fourth consecutive month of growth. Except for an advance of 0.6% in December, the monthly increase in GDP has been 0.3% or less since September.

Output of the goods-producing industries rose 0.3%, the smallest of three consecutive increases. This moderate advance was due to higher levels of output in construction and mining, which were partially offset by declines in manufacturing and forestry.

The construction industries posted an advance of 2.1% as both residential and non-residential construction activity increased. Construction activity has risen for eight consecutive months, but there has been a noticeable strengthening in the last three months. Mining output rose 1.6% as natural gas production

(Continued on page 2.)

Output by Sector



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... Slower Growth in Gross Domestic Product

rebounded from a low level in January, when export demand dropped sharply. Although mining production has followed a downward trend since August 1988, it has posted two increases in the last three months.

Real Gross Domestic Product

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Real Gross Domestic Product	0.0	0.3	0.6	0.3	0.2
Goods-producing industries	-0.4	-0.2	0.7	0.5	0.3
Service-producing industries	0.3	0.5	0.5	0.2	0.1

Following consecutive monthly gains of 0.5% in November and December, output of the services-producing industries slowed to 0.2% in January and 0.1% in February. In February, the growth originated mainly in the community, business and personal services and the communications industries. The rise in community, business and personal services followed a slight decline in January. Telecommunications carriers accounted for virtually all of the growth in the communications industry by posting a large gain for the fourth month in a row.

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 Halved

In February, net foreign investment in outstanding Canadian bonds totalled \$435 million, less than half the amount recorded in each of the preceding two months. Long-term interest rates were virtually unchanged, while short-term rates continued to rise, causing a steeper inversion of the yield curve.

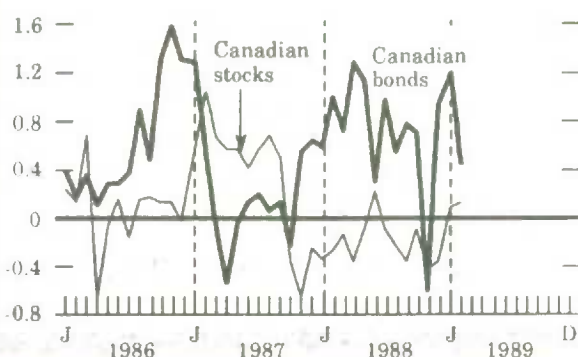
The downturn in investment reflected a disinvestment by United States residents, who reduced their holdings of Canadian bonds by \$163 million. U.S. residents were net investors in the previous two months. Overseas investors continued to increase their holdings, making a net investment of \$600 million in February. Most of this increase came from Japan, the United Kingdom and West Germany.

Security Transactions

	Oct.	Nov.	Dec.	Jan.	Feb.
	millions of dollars				
Net sales					
Canadian Securities					
Bonds	714	-614	938	1,195	435
Common and preferred stocks	-106	-450	-385	87	119
Total	608	-1,064	553	1,280	554
Foreign Securities					
Bonds	-261	105	166	-379	-348
Common and preferred stocks	327	-461	-83	-33	380
Total	66	-356	84	-412	31

Net Sales of Outstanding Securities to Non-Residents

(billions of dollars)



Non-residents were also net buyers of outstanding Canadian stocks in February, with a net investment of \$119 million. This increase was the second consecutive and contrasts with a pattern of monthly disinvestments recorded since October 1987. United States investors were net buyers during the last two months, while overseas investors continued to reduce their holdings.

Canadian residents increased their holdings of foreign bonds by \$348 million in February, similar to the amount invested a month earlier. These funds were invested in U.S. Government securities. Residents reduced their holdings of foreign stocks by nearly \$400 million. A takeover offer in the U.S. contributed to this decline.

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

Moderating Growth in Wholesale Trade

- Estimates for February indicate that wholesale merchants' sales were up only 4.6% over the same month a year earlier, continuing the deceleration in sales growth evident throughout 1988.
- For the first two months of 1989, cumulative sales were 6.6% higher than in the corresponding period of 1988. Most of the major trade groups recorded more moderate growth rates.
- The three largest trade groups recorded increases over February 1988, but four out of the nine major groups registered lower sales.

- Wholesalers of electrical and non-electrical machinery, equipment and supplies reported an increase of 5.1%, continuing the trend to slower sales growth noted in recent months.
- Food wholesalers reported a sales increase of 7.7%. This increase was lower than the rises posted in recent months.
- Wholesalers of lumber and building materials, whose sales growth slowed in 1988, reported a year-to-year decline in sales (-16.1%) for the fourth time in five months.
- Dealers in farm machinery, equipment and supplies continued to report poor sales performance. Dealers in motor vehicles and accessories also reported weakening sales.

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

Retail Sales Post Marginal Gain

Seasonally adjusted retail sales were up slightly in February (0.2%) to \$14.2 billion. Retail sales were down in the first two months of 1989, a contrast with the generally rising trend observed in 1988, especially marked in the last half of the year.

Sales by motor vehicle dealers (the largest trade group) edged up 0.1% in February, following a decline in the preceding month. Excluding new and used motor vehicle dealers, retail sales rose by 0.2% in February.

Department store sales also registered a minor increase (0.4%), continuing the pattern of little or no growth noted in recent months.

Grocery store sales were off 0.9%, a break in the upward trend noted since May.

Retail Trade

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Grocery & meat stores	2.2	-1.9	2.3	0.9	-0.9
Department stores	0.4	-0.5	1.5	-2.4	0.4
Motor vehicle dealers	-2.8	2.3	5.5	-5.6	0.1
All stores	0.4	0.0	2.3	-0.9	0.2
All stores excl. motor	1.3	-0.7	1.4	0.4	0.2

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

Motor Vehicle Accidents Greater Risk to Personal Safety

An estimated one in five Canadians (3.8 million persons) reported at least one accident in 1987. In total, these persons reported having 5.1 million accidents serious enough to have disrupted a person's normal activities for at least half a day, or to have resulted in out of pocket expenses of \$200 or more.

Motor vehicle traffic accidents accounted for one out of three accidents reported (33%). Accidents which occurred during sports or leisure activities were the second most common (23%), followed by work-related accidents (21%) and then accidents occurring in and around the home (13%). Other accidents accounted for the remaining 10%.

Persons who drink alcohol on a regular basis were more likely to have experienced one or more accidents during the past three years than those who did not.

An estimated one in four Canadians (4.8 million persons) reported that they were victims of at least one crime. In total, these persons reported 5.4 million separate victimization incidents in 1987. Personal victimizations (theft of personal property, sexual assault, robbery, assault) comprised the majority (54%), while household victimizations (break and enter, motor vehicle theft, theft of household property, vandalism) made up 39% of the total.

(Continued on page 4.)

... Motor Vehicle Accidents Greater Risk

Although actual rates of personal victimization are greater for men and decline with age, the concern for personal safety is highest among women and the elderly. More urban Canadians feel unsafe walking alone after dark than their rural counterparts.

Only 8% of the population believed that the level of crime in their neighbourhood was higher than in other areas in Canada, while the majority (57%) believed it was lower.

Growth of Average Weekly Earnings Continues to Decelerate

In February, average weekly earnings were up 4.0% over the same month a year earlier. The growth rate has been slowing over the last ten months. Growth of average weekly earnings in the goods-producing industries continued to moderate. Growth in the service-producing industries also slowed, after strengthening in 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 2.4%.

All industries, except forestry, contributed to the growth of earnings in the goods-producing sector. In the manufacturing industries, growth accelerated in February, registering a year-over-year increase of 5.3%.

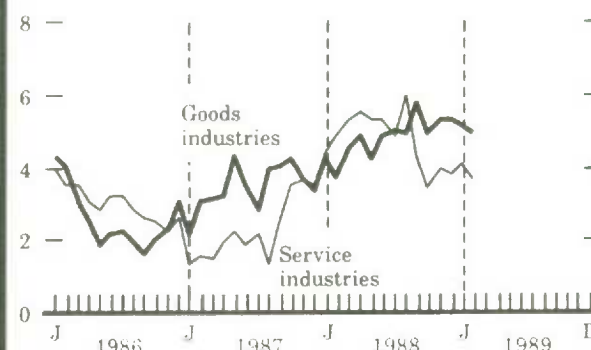
*For further information, order **Employment, Earnings and Hours** (catalogue number 72-002) or contact Labour Division at (613) 951-4090.*

The 1988 General Social Survey collected unique information on personal risk: accidents and criminal victimizations meeting certain screening criteria and occurring during the calendar year 1987. The sample survey collected information directly from the population on all incidents, whether they were reported to health or security personnel or not.

For further information contact Housing, Family and Social Statistics Division at (613) 951-9180 or Doug Norris (613) 951-2572.

Average Weekly Earnings

(% change, previous year)



Manufacturing Industries Report Mixed Results

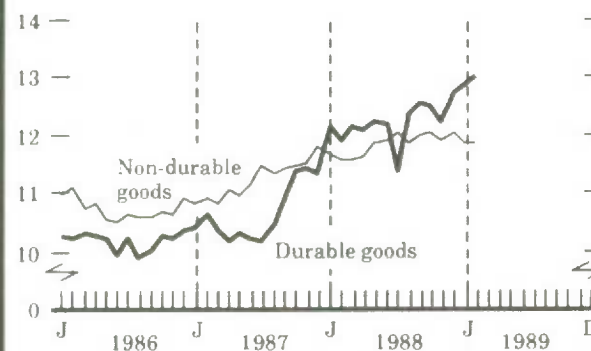
The seasonally adjusted value of shipments rose in February (0.5%), after posting a slight decrease in January. Shipments by the non-durable goods industries rose in February. Manufacturers of durable goods posted an increase (0.8%) for the third consecutive month.

Following an interruption in December, the level of inventories resumed its rising trend. The increase of 0.4% in February was in line with the growth rates posted since October and slightly below those posted earlier in 1988. The primary metals and electronic products industries were the major contributors to the advance in February. The inventories to shipments ratio was unchanged from January at 1.56.

New orders were down in February, the first decline in four months. Generally, new orders had followed an upward trend from June to January. The 3.2% decline in February stemmed primarily from the capital goods and construction-related industries. Orders for durable goods were down for the first time in four months.

Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



(Continued on page 5.)

... Manufacturing Industries Report Mixed Results

Unfilled orders dropped 1.1%, after strong advances from August to January. Fabricated metal products and transportation equipment were the main contributors to the February decrease, after being the major source of growth in January. Manufacturers of durable goods had shown fairly steady increases for the previous 12 months.

Manufacturing Activity

	Oct.	Nov.	Dec.	Jan.	Feb.
	% change, previous month				
Shipments	0.0	-1.6	2.8	-0.2	0.5
New orders	-1.1	1.6	1.6	0.5	-3.2
Unfilled orders	-0.2	2.6	1.6	2.1	-1.1

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

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (billion 1981 dollars)	Feb.*	404	0.2%	3.7%
Composite Leading Indicator (1981 = 100)	Jan.	143.3	0.5%	4.2%
Profits of Industrial Corporations (\$ billion)	4th Q	9.4	1.2%	-2.1%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Feb.*	14.2	0.2%	8.0%
New Motor Vehicle Sales ('000 units)	Feb.	123	0.5%	-0.6%
Housing Starts ('000, annual rates)	Feb.	228	-4.6%	12.3%
LABOUR				
Employment (millions)	Mar.	12.4	0.2%	2.0%
Unemployment Rate (%)	Mar.	7.5	-0.1	-0.2
Participation Rate (%)	Mar.	67.0	-0.1	0.3
Labour Income (\$ billion)	Jan.	27.3	0.2%	7.2%
Average Weekly Earnings (\$)	Feb.*	474.44	0.0%	4.0%
EXTERNAL TRADE				
Merchandise Exports (\$ billion)	Feb.	11.5	-5.1%	3.1%
Merchandise Imports (\$ billion)	Feb.	11.0	-0.9%	8.4%
Merchandise Trade Balance (\$ billion)	Feb.	0.4	-0.4	-0.5
MANUFACTURING				
Shipments (\$ billion)	Feb.*	24.8	0.5%	5.9%
New Orders (\$ billion)	Feb.*	24.5	-3.2%	3.5%
Unfilled Orders (\$ billion)	Feb.*	29.7	-1.1%	23.9%
Inventory/Shipments Ratio	Feb.*	1.56	0.00	0.01
Capacity Utilization (%)	4th Q	83.0	-0.7	-1.1
PRICES				
Consumer Price Index (1981 = 100)	Mar.	148.5	0.5%	4.6%
Industrial Product Price Index (1981 = 100)	Feb.	130.5	0.0%	3.6%
Raw Materials Price Index (1981 = 100)	Feb.	98.3	2.5%	-0.8%
New Housing Price Index (1981 = 100)	Feb.	144.7	2.5%	15.9%

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

** New this week.*

CURRENT TRENDS*

Gross Domestic Product

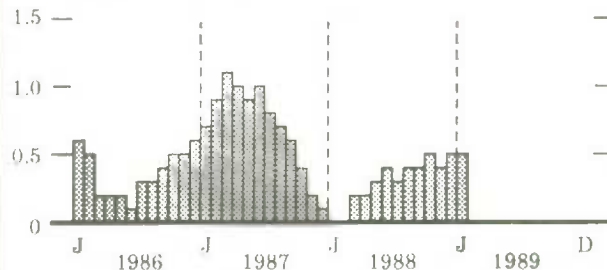
(% change, previous month)



Gross domestic product was up 0.2% in February, one of the smallest of four consecutive increases.

Composite Leading Indicator

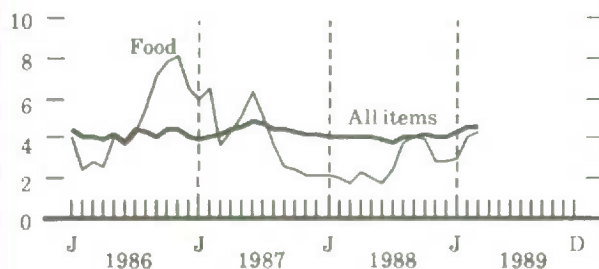
(% change, previous month)



The leading indicator advanced 0.5% in January, similar to the gains registered since September.

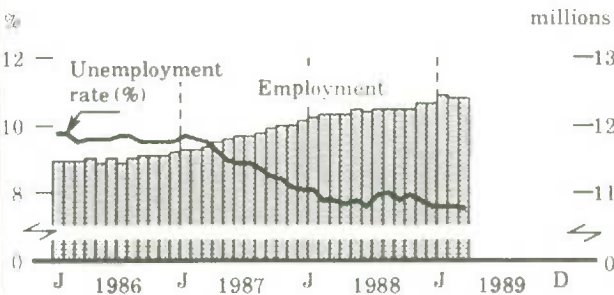
Consumer Price Index

(% change, previous year)



Increases in consumer prices slowed somewhat in March, after accelerating in each of the previous three months.

Unemployment Rate and Employment



Despite some slight changes in March, labour market conditions have been relatively stable in 1989.

Manufacturing

(billions of dollars)



Manufacturing shipments rose in February, but both new and unfilled orders fell, while the level of inventories rose.

Merchandise Trade

(billions of dollars, short-term trend)



Exports dropped 5.1% in February, continuing the fluctuating but slightly rising trend noted since January 1988.

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

PUBLICATIONS RELEASED FROM APRIL 21 TO APRIL 27

AGRICULTURE

Cereals and Oilseeds Review, January 1989. Catalogue number 22-007 (Canada: \$13.10/\$131; Other Countries: \$15.70/\$157).

Field Crop Reporting Series No. 3 - Stocks of Canadian Grain, March 31, 1989. Catalogue number 22-002 (Canada: \$76; Other Countries: \$91).

Fur Production, 1987-1988. Catalogue number 23-207 (Canada: \$32; Other Countries: \$38).

EDUCATION, CULTURE AND TOURISM

Touriscope, Vol. 44, No. 4 - **International Travel: National and Provincial Counts**, October-December 1988. Catalogue number 66-001 (Canada: \$36.75/\$147; Other Countries: \$40.50/\$162).

Travel-log - Touriscope, Spring 1989. Catalogue number 87-003 (Canada: \$10/\$40; Other Countries: \$11/\$44).

HEALTH

Atlas of Cancer Mortality in British Columbia, 1956-1983. Catalogue number 82-565 (Canada: \$35; Other Countries: \$36).

Nursing in Canada, 1987. Catalogue number 83-226 (Canada: \$15; Other Countries: \$16).

INDUSTRY

Cement, February 1989. Catalogue number 44-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Construction Type Plywood, February 1989. Catalogue number 35-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Corrugated Boxes and Wrappers, March 1989. Catalogue number 36-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Electric Power Statistics, January 1989. Catalogue number 57-001 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Electric Power Statistics, 1987. Catalogue number 57-202 (Canada: \$26; Other Countries: \$31).

Gas Utilities, December 1988. Catalogue number 55-002 (Canada: \$12.10/\$121; Other Countries: \$14.50/\$145).

Industrial Chemicals and Synthetic Resins, February 1989. Catalogue number 46-002 (Canada: \$5.30/\$53; Other Countries: \$6.40/\$64).

Monthly Production of Soft Drinks, March 1989. Catalogue number 32-001 (Canada: \$2.60/\$26; Other Countries: \$3.10/\$31).

Monthly Survey of Manufacturing, February 1989. Catalogue number 31-001 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

Oils and Fats, February 1989. Catalogue number 32-006 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Paper and Allied Products Industries - Newsprint Industry, 1986 Census of Manufactures. Catalogue number 36-250B 2712 (Canada: \$4; Other Countries: \$5).

Particleboard, Waferboard and Hardboard, February 1989. Catalogue number 36-003 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Primary Iron and Steel, February 1989. Catalogue number 41-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Production and Disposition of Tobacco Products, March 1989. Catalogue number 32-022 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$57).

INDUSTRY - Concluded

Production and Shipments of Steel Pipe and Tubing, February 1989. Catalogue number 41-011 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, January 1989. Catalogue number 35-002 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

Pulpwood and Wood Residue Statistics, February 1989. Catalogue number 25-001 (Canada: \$5.80/\$58; Other Countries: \$7/\$70).

Quarterly Report on Energy Supply-Demand in Canada, 1988-III. Catalogue number 57-003 (Canada: \$30.25/\$121; Other Countries: \$36.25/\$145).

Steel Wire Specified Wire Products, February 1989. Catalogue number 41-006 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Wholesale Trade, January 1989. Catalogue number 63-008 (Canada: \$5.80/\$58; Other Countries: \$7/\$70).

INTERNATIONAL AND FINANCIAL ECONOMICS

System of National Accounts - The Input-Output Structure of the Canadian Economy, 1985. Catalogue number 15-201 (Canada: \$40; Other Countries: \$42).

System of National Accounts - The Input-Output Structure of the Canadian Economy in Constant Prices, 1985. Catalogue number 15-202 (Canada: \$40; Other Countries: \$42).

INTERNATIONAL TRADE

Exports by Commodity, January 1989. Catalogue number 65-004 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

Imports by Commodity, January 1989. Catalogue number 65-007 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

JUSTICE

Profile of Courts in Canada, 1987-1988. Catalogue number 85-511E (Canada: \$41; Other Countries: \$49).

LABOUR

Quarterly Estimates of Trusteed Pension Funds, Third Quarter 1988. Catalogue number 74-001 (Canada: \$10.50/\$42; Other Countries: \$12.50/\$50).

Unemployment Insurance Statistics, January 1989. Catalogue number 73-001 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

PUBLIC INSTITUTIONS

Federal Government Employment, April-June 1988. Catalogue number 72-004 (Canada: \$23/\$92; Other Countries: \$27.50/\$110).

TRANSPORT

Passenger Bus and Urban Transit, February 1989. Catalogue number 53-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).



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KEY RELEASE CALENDAR: MAY 1989*

Monday	Tuesday	Wednesday	Thursday	Friday
1 Composite Leading Indicator, February	2	3 Help-wanted Index, April	4	5 Labour Force, April International Travel, March
8 Business Conditions, 2nd Quarter Labour Income, February	9 New Housing Price Index, March	10	11 Farm Product Price Index, March	12
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29 Industrial Corporations, 1 st Quarter Retail Trade, March Refined Petroleum Products, March	30 Department Store Sales and Stocks, March Crude Petroleum and Natural Gas, February	31 Farm Cash Receipts, March Farm Net Income, 1988 Unemployment Insurance Statistics, March Gross Domestic Product, March Industrial Product Price Index, April Raw Material Price Index, April		

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

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