

# I·N·F·O·M·A·T

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

Friday, June 30, 1989

### OVERVIEW

#### ■ Foreign Investment in Canadian Bonds Drops

In April, non-residents reduced their holdings of outstanding Canadian bonds by nearly \$1 billion, in contrast to a net investment of similar magnitude in March.

#### ■ Average Weekly Earnings Rise

In April, average weekly earnings were up 4.2% from the same month a year earlier. Year-over-year growth in earnings has been steady.

#### ■ Wholesale Trade Increases Marginally in April

Wholesale merchants' sales were \$16.0 billion in April, up 2.1% from the same month a year earlier. This continues the overall slowing of year-over-year growth noted in recent months.

#### ■ Financial Institutions Report First Quarter Drop in Income

In the first quarter of 1989, property and casualty insurers reported a drop in pre-tax income of \$90 million from the same period in 1988.

#### ■ Population Growth Rate Increases

Between April 1, 1988 and March 31, 1989, Canada's population grew by 317,600 persons, to 26.2 million. This represents an annual growth rate of 12.2 per thousand.

#### ■ This issue also includes information on Manufacturing Shipments, Unemployment Insurance Beneficiaries, Sales of Refined Petroleum Products, and Production of Crude Oil and Natural Gas.

### Foreign Investment in Canadian Bonds Drops

In April, non-residents reduced their holdings of Canadian bonds by nearly \$1 billion, in contrast to a net investment of similar magnitude in March. The decrease originated from the United States and Japan. Japanese residents reduced their holdings of Canadian bonds by over \$600 million, offsetting a net investment of similar proportions in the previous three months.

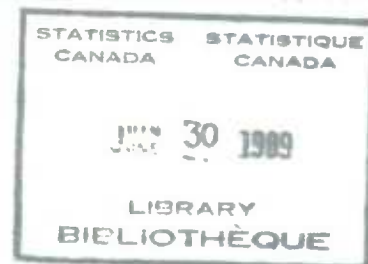
Non-residents, however, continued to invest in Canadian stocks, with a net investment of \$221 million in April. This marked the fourth consecutive month in which non-residents were net buyers of Canadian stocks. The United States continued to be the main purchaser.

Canadian residents reduced their holdings of foreign bonds by \$242 million. Because of large investments in the first two months of the year, however, there was a net investment for the year to date of nearly \$300 million.

*(continued on page 2)*

### Securities Transactions with Non-residents (April 1989)

	Sales to Non-residents	Purchases from Non-residents	Net Sales
(\$ billions)			
Canadian bonds	5.2	6.2	-0.9
Canadian stocks	1.5	1.3	0.2
<b>Total</b>	<b>6.7</b>	<b>7.5</b>	<b>-0.7</b>
Foreign bonds	5.4	5.2	0.2
Foreign stocks	1.7	1.8	-0.1
<b>Total</b>	<b>7.1</b>	<b>6.9</b>	<b>0.1</b>



### ... Foreign Investment in Canadian Bonds Drops

Residents invested a net \$115 million in foreign stocks. This was in contrast to a small net disinvestment in March. The net investment in the current month was channelled into the United States market. As in recent years, Canadian trading in foreign securities continues to exhibit an erratic pattern, with

monthly data frequently shifting between net buying and net selling of securities.

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

### Average Weekly Earnings Rise

In April, average weekly earnings were up 4.2% from the same month a year earlier. Year-over-year growth in earnings has been steady at around 4.1% since November. The growth of average weekly earnings in the goods-producing industries rose sharply in April to return to December's level, after four consecutive monthly declines. Growth in the services sector has been fluctuating since October.

In April, all industries contributed to the growth of earnings in the goods-producing sector. The largest increase occurred in forestry (7.7%). Growth in the largest group in the goods sector (manufacturing) continues to fluctuate, rising slightly in April after a sharp decline in March.

In the services sector, all industries contributed to the year-over-year growth of earnings in April. The largest industry group in the services sector (community, business, and personal services) has fluctuated in a manner identical to the services sector.

### Average Weekly Earnings

(% change, previous year)



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

### Wholesale Trade Increases in April

Wholesale merchants' sales were \$16.0 billion in April, up 2.1% from the same month a year earlier. This continues the overall slowing of year-over-year growth noted in recent months. In the first four months of 1989, cumulative sales were up 2.9% from the corresponding period in 1988.

Two of the three largest trade groups recorded year-over-year increases in sales: electrical and non-electrical machinery, equipment and supplies (7.0%), and food (8.1%).

Four of the other trade groups registered decreases from a year earlier: farm machinery, equipment and

supplies (-29.3%), tobacco, drugs and toilet preparations (-12.3%), lumber and building materials (-4.9%) and apparel, dry goods, furniture and general merchandise (-0.1%).

Inventory levels in April were 0.3% lower than those reported a year earlier. The ratio of inventories to sales at the end of the month stood at 1.47:1, down from 1.50:1 in April 1988.

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



## Financial Institutions Report First Quarter Drop in Income

In the first quarter of 1989, property and casualty insurers reported a drop in pre-tax income of \$90 million from the same period in 1988. Income fell to \$206 million from \$297 million a year earlier, and from \$388 for the first quarter of 1987. By contrast, net investment income rose to \$502 million for the first quarter, compared to \$463 million for the same period in 1988, and \$394 million in the first quarter of 1987. Insurers reported an underwriting loss of \$296 million, compared to a loss of \$166 million for the first quarter a year earlier, and a loss of \$6 million in the first quarter of 1987.

Redemptions of investment funds rose sharply to \$3.6 billion in the first quarter, compared with \$2.7 billion for the same period in 1988. Almost entirely as a result of the higher rate of redemptions, net redemptions (redemptions minus sales) stood at \$426 million in the first quarter, compared with net sales (sales minus redemptions) of \$361 million for the same quarter a year earlier. Total assets of funds at market value were \$31.8 billion, compared with \$30.9 billion a year earlier.

For further information, order *Financial Institutions* (catalogue number 61-006) or contact the Industrial Organization and Finance Division at (613) 951-9851.

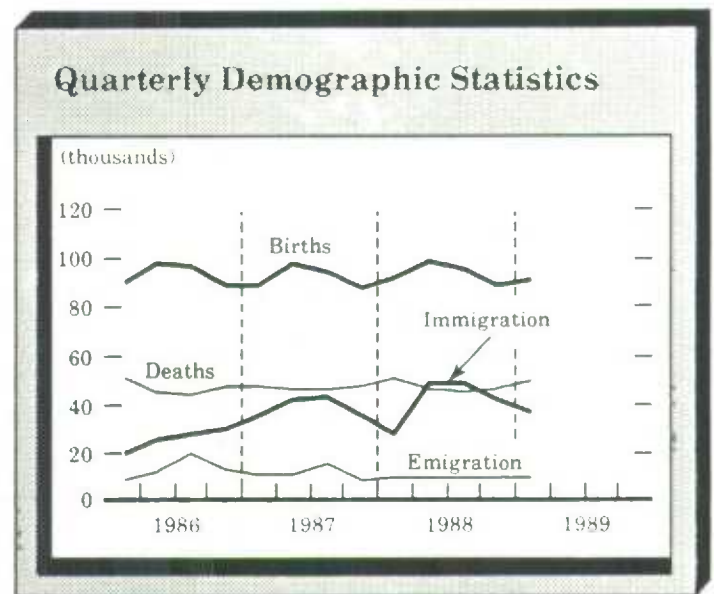
## Population Growth Rate Increases

Between April 1, 1988 and March 31, 1989, Canada's population grew by 317,600 persons, to 26.2 million. This represents an annual growth rate of 12.2 per thousand, compared to 11.2 per thousand for the previous year.

Natural increase (births over deaths) accounted for 59.7% of total population growth, a slight decrease from the rate posted a year earlier (64.3%). Net migration represented 40.3% of the total increase in population, compared to 35.7% in the previous year.

On a provincial level, British Columbia experienced the highest growth rate (23.8 per thousand). Ontario accounted for nearly half of the increase in the number of Canadians. Alberta registered a significant improvement in its growth rate, rising to 14.6 per thousand from 5.7 per thousand a year earlier. Saskatchewan was the only province to post a negative growth rate, at -5.6 per thousand.

British Columbia displayed the highest rate of net interprovincial migration (10.9 per thousand); Ontario and Prince Edward Island also recorded positive figures. Saskatchewan and Manitoba were among the provinces with the highest losses, with respective net interprovincial migration rates of -16.3 and -10.2 per thousand, a



deterioration from year-earlier levels of -11.9 and -4.9 per thousand, respectively.

For further information, order *Quarterly Demographic Statistics* (catalogue number 91-002) or contact the Demography Division at (613) 951-2320.

## Manufacturing Shipments Rise

The seasonally adjusted value of shipments rose in April (1.1%) after posting a slight decrease in March. Recent months have been characterized by a fluctuating pattern of change.

Inventories fell for the first time since June 1987 (-0.5%). Growth had been slowing since January. Electrical and electronic products, machinery and food

### Manufacturing Activity

	Dec.	Jan.	Feb.	Mar.	Apr.
% change, previous month					
Shipments	1.9	-0.4	0.9	-0.5	1.1
New orders	0.7	-1.3	0.0	0.7	-3.9
Unfilled orders	1.4	0.7	1.0	1.0	-2.8

(Continued on page 4)

### ... Manufacturing Shipments Rise

industries were major contributors to the decrease in inventories. As a result of the increase in April shipments and the decrease in inventories, the inventories-to-shipments ratio decreased for the first time this year, from 1.57:1 to 1.54:1.

New orders were down 3.9%, the largest decrease in 12 months. Except for a decline in January, new orders were generally increasing over the previous five months. Orders for durable goods were down a sharp 9.7%, the largest decrease in 12 months.

Unfilled orders declined for the first time in five months. The rate of growth had been slowing since November. The main contributors to the decrease were the primary metal, transportation equipment and machinery industries. Durable goods manufacturers experienced the largest drop (-3.0%) since September 1982.

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

### Unemployment Beneficiaries Increase

In April, the number of beneficiaries receiving regular unemployment insurance benefits totalled 909,000, up 1.1% from the preceding month. The number of beneficiaries has been rising steadily this year.

Total benefit payments rose 4.2% to \$962 million, offsetting a sharp decrease in March. The number of benefit weeks increased 4.7% to 4.4 million, fluctuating around the current level since May 1987.

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

#### Unemployment Insurance Statistics

	Beneficiaries (thousands)	Amount paid (\$ millions)	Weeks of benefit (millions)
April	909	962	4.4
March	900	923	4.2
February	892	961	4.4
January 1989	895	966	4.3

### Sales of Refined Petroleum Products Increase

In May, seasonally adjusted sales of refined petroleum products totalled 7.3 million cubic metres, an increase of 1.7% from April. This monthly total represents the highest volume since November 1988. Sales have shown an overall increase since February.

Only two of the four main products contributed to the April increase. Following a decrease of 4.3% in April, May sales of motor gasoline were up 2.3%. This continues a fluctuating trend observed in recent months. Light fuel sales posted a gain of 0.6% following a decline in sales volumes in April. Heavy fuel sales, down 4.0%, posted their third consecutive decline. Diesel fuel sales registered the largest decrease, falling 8.0% below April levels. This drop only slightly offset the overall rising trend observed in this sector over the last four months.

#### Refined Petroleum Products

	Feb.	Mar.	Apr.	May	% change, previous month
(millions of cubic metres)					
<b>Total, all products</b>	<b>7.1</b>	<b>7.2</b>	<b>7.2</b>	<b>7.3</b>	<b>1.7</b>
Motor gasoline	2.9	3.0	2.9	2.9	2.3
Diesel fuel oil	1.4	1.5	1.6	1.4	-8.0
Light fuel oil	0.5	0.6	0.6	0.6	0.6
Heavy fuel oil	0.8	0.8	0.7	0.7	-4.0

*For further information, order Refined Petroleum Products (catalogue number 45-004), or contact the Industry Division at (613) 951-3652.*

## Production of Crude Oil Down, Natural Gas Up

Production of crude oil and equivalent hydrocarbons amounted to 8.2 million cubic metres in March, a decrease of 4.6% from the same month in 1988. The trend has fluctuated since November; however, this represents the second consecutive decrease from the corresponding period in 1988.

Exports of crude oil were also down, posting a decline of 6.6%. This represents the third consecutive decrease in exports this year. Imports of crude oil were down for

the first time this year (-30.0%) from the same period a year ago. Similarly, refinery receipts decreased 8.0% from March 1988.

Marketable production of natural gas stood at 8.8 billion cubic metres, a year-over-year increase of 9.4%. Exports rose for the first time this year (3.4%). Sales of natural gas in Canada, including direct sales, maintained their pattern of growth, posting a 14.9% increase over March of last year.

*For further information, order Crude Oil and Natural Gas Production (catalogue number 26-006) or contact the Industry Division at (613) 951-3562.*

## PUBLICATIONS RELEASED FROM JUNE 23 TO JUNE 29

### AGRICULTURE

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

**Farm Cash Receipts**, January-March 1989. Catalogue number 21-001 (Canada: \$10.50/\$42; Other Countries: \$12.50/\$50).

**Farm Product Price Index**, April 1989. Catalogue number 62-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

**The Dairy Review**, April 1989. Catalogue number 23-001 (Canada: \$11.60/\$116; Other Countries: \$13.90/\$139).

### CENSUS

**The Nation: Population and Dwelling Characteristics - Mobility Status and Interprovincial Migration**, 1986 Census. Catalogue number 93-108 (Canada: \$41; Other Countries: \$43).

**The Nation: Language: Part 2**, 1986 Census. Catalogue number 93-103 (Canada: \$54; Other Countries: \$64).

### EDUCATION, CULTURE AND TOURISM

**Touriscope - International Travel: National and Provincial Counts**, January-March 1989. Catalogue number 66-001 (Canada: \$36.75/\$147; Other Countries: \$40.50/\$162).

### INDUSTRY

**Construction in Canada**, 1987-1989. Catalogue number 64-201 (Canada: \$37; Other Countries: \$44).

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

**Department Store Sales and Stocks**, January 1989. Catalogue number 63-002 (Canada: \$13.70/\$137; Other Countries: \$16.40/\$164).

**Direct Selling in Canada**, Fiscal Year Ended March 31, 1988. Catalogue number 63-218 (Canada: \$21; Other Countries: \$25).

**Gas Utilities**, March 1989. Catalogue number 55-002 (Canada: \$12.10/\$121; Other Countries: \$14.50/\$145).

**Mineral Wool Including Fibrous Glass Insulation**, May 1989. Catalogue number 44-004 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

**Production and Inventories of Process Cheese and Instant Skim Milk Powder**, May 1989. Catalogue number 32-024 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

**Production, Sales and Stocks of Major Appliances**, May 1989. Catalogue number 43-010 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

**Production, Shipments and Stocks on Hand of Sawmills in British Columbia**, April 1989. Catalogue number 35-003 (Canada: \$6.80/\$68; Other Countries: \$8.20/\$82).

**The Sugar Situation**, May 1989. Catalogue number 32-013 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

### INDUSTRY MEASURES AND ANALYSIS

**System of National Accounts - Gross Domestic Product by Industry**, March 1989. Catalogue number 15-001 (Canada: \$12.10/\$121; Other Countries: \$14.50/\$145).

### INTERNATIONAL AND FINANCIAL ECONOMICS

**Financial Flow Accounts: Highlights**, First Quarter 1989. Catalogue number 13-014 (Canada: \$12/\$48; Other Countries: \$14.50/\$58).



## INTERNATIONAL TRADE

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

**Imports by Country (H.S. Based),** January-March 1989. Catalogue number 65-006 (Canada: \$78.75/\$315; Other Countries: \$94.50/\$378).

**Summary of Canadian International Trade (H.S. Based),** April 1989. Catalogue number 65-001 (Canada: \$17.30/\$173; Other Countries: \$20.80/\$208).

## LABOUR

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

## POPULATION STUDIES

**Quarterly Demographic Statistics,** January-March 1989. Catalogue number 91-002 (Canada: \$7.25/\$29; Other Countries: \$8.75/\$35).

## TRANSPORT

**Surface and Marine Transport: Service Bulletin, Vol. 5, No. 4, Motor Carrier Freight, Quarterly Trucking Survey,** Quarters 2 and 3, 1988. Catalogue number 50-002 (Canada: \$8.90/\$71; Other Countries: \$10.60/\$85).

## LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
Gross Domestic Product (\$ billion, 1981)	Mar.	403	-0.3%	2.5%
Composite Leading Indicator (1981 = 100)	Mar.	144.8	0.3%	5.1%
Profits of Industrial Corporations (\$ billion)	1st Q	9.5	2.7%	3.3%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	Apr.	14.4	2.3%	5.7%
New Motor Vehicle Sales ('000 units)	Apr.	134	8.6%	3.3%
Housing Starts ('000, annual rates)	Mar.	226	2.3%	4.6%
<b>LABOUR</b>				
Employment (millions)	May	12.4	0.0%	1.6%
Unemployment Rate (%)	May	7.7	-0.1	-1.3
Participation Rate (%)	May	67.1	0.2	0.3
Labour Income (\$ billion)	Feb.	27.6	1.1%	7.5%
Average Weekly Earnings (\$)	Apr.*	480.84	0.6%	4.2%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	Apr.	11.4	-1.7%	4.4%
Merchandise Imports (\$ billion)	Apr.	11.3	0.8%	6.4%
Merchandise Trade Balance (\$ billion)	Apr.	0.1	-	-
<b>MANUFACTURING</b>				
Shipments (\$ billion)	Apr.*	24.8	1.1%	4.7%
New Orders (\$ billion)	Apr.*	23.9	-3.9	0.7%
Unfilled Orders (\$ billion)	Apr.*	31.4	-2.8%	23.9%
Inventory/ Shipments Ratio	Apr.*	1.54	-1.9%	0.00
Capacity Utilization (%)	1st Q	83.7	-0.4	-1.6
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	May	150.5	1.0%	5.0%
Industrial Product Price Index (1981 = 100)	Apr.	130.9	-0.1%	3.2%
Raw Materials Price Index (1981 = 100)	Apr.	101.7	1.4%	3.9%
New Housing Price Index (1981 = 100)	Apr.	148.4	0.9%	15.7%

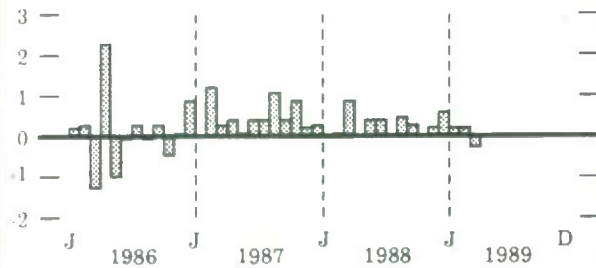
*Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.*

\* New this week.

## CURRENT TRENDS\*

## Gross Domestic Product

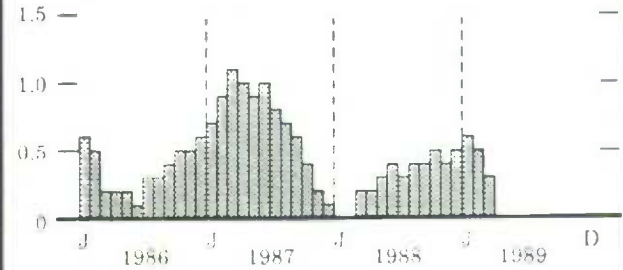
(% change, previous month)



Gross domestic product was down 0.3% in March, the first significant monthly decrease since October 1986.

## Composite Leading Indicator

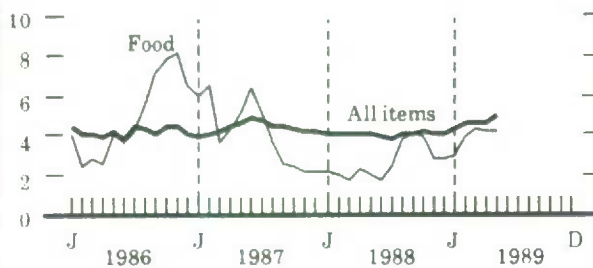
(% change, previous month)



In March, the composite leading indicator rose 0.3% from February, the lowest increase since July 1988.

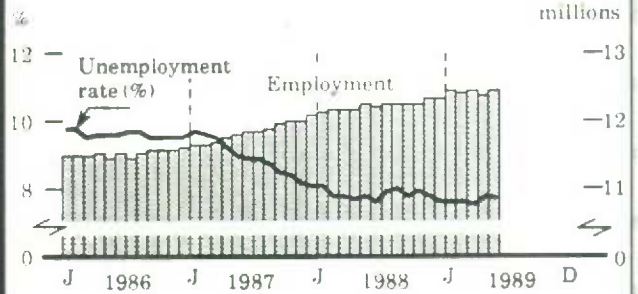
## Consumer Price Index

(% change, previous year)



The CPI was 1.0% higher in May, the highest monthly rise since June of 1983.

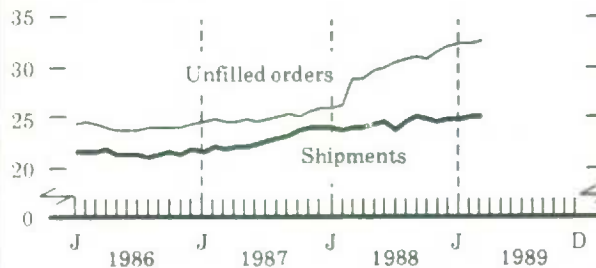
## Unemployment Rate and Employment



The employment level rose by 62,000 in May, offsetting a decline of similar magnitude in April.

## Manufacturing

(billions of dollars)



The value of shipments fell 0.7% in March, following six months of fluctuating but moderate growth overall.

## Merchandise Trade

(billions of dollars, short-term trend)



In April, merchandise exports were down 1.7%, the third consecutive monthly decrease.

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



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**KEY RELEASE CALENDAR: JULY 1989\***

Monday	Tuesday	Wednesday	Thursday	Friday
3	4	5 Help-wanted Index, June	6 Composite Leading Indicator, April	7 Labour Force Survey, June Industrial Corporations: Financial Statistics, 1st Quarter Housing Starts, May
10 New Motor Vehicle Sales, May New Housing Price Index, May	11 Department Store Sales, May	12 Farm Product Price Index, May	13	14 Consumer Price Index, June International Trade, May Foreign Trade in Auto- motive Products, 1st Quarter
17 Travel Between Canada & Other Countries, May	18	19	20	21 Building Permits, April
24 Retail Trade, May	25 Monthly Survey of Manufacturing, May Wholesale Trade, May	26 Security Transactions with Non-residents, May Unemployment Insurance Statistics, May	27 Public and Private Invest- ments, Revised Intentions for 1989 Employment, Earnings and Hours, May Sales of Refined Petroleum Products, June	28 Gross Domestic Product, May Crude Petroleum and Natural Gas, April
31 Industrial Product Price Index, June Raw Materials Price Index, June Major Release Dates, August				

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

**I·N·F·O·M·A·T****A Weekly Review**

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