

I·N·F·O·M·A·T

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

Friday, July 21, 1989

OVERVIEW

■ Continued Investment in Computer-Assisted Equipment

Manufacturers spent \$1.9 billion or 23% of their total processing equipment expenditure on computer-assisted machines in 1987, continuing the rising trend evident since the survey's inception in 1985.

■ Trade Position Strengthens

Growth in merchandise exports outpaced imports in May, leading to an improved trade balance.

■ Slowdown in Rising Consumer Prices

The consumer price index rose 0.5% in June, down from the substantial increase posted in May.

■ Retail Trade Edges Up

Following a strong advance in April, retail sales increased a further 0.4% in May.

■ Downturn in International Travellers to Canada

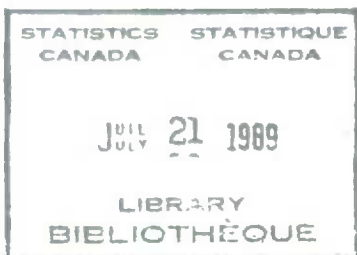
The volume of foreign travellers to Canada decreased 2.7% in May, the third monthly decline since the start of the year.

Continued Investment in Computer-Assisted Equipment

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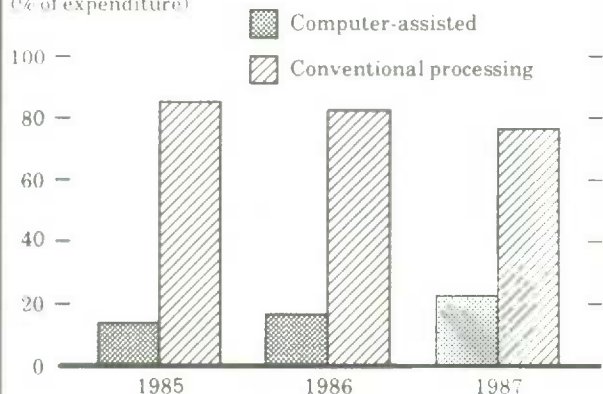
Detailed data on capital expenditures for machinery and equipment by asset type are now available for 1987. Collected as part of the private and public investment survey, information on acquisitions of 30 different types of machinery are provided by 54 industries (which accounted for 83% of total expenditures on machinery and equipment).

(continued on page 2)



Investment in Processing Equipment

(% of expenditure)



Statistics Canada
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Canada

... Manufacturers Continue to Invest

Highlights

- In the manufacturing sector, expenditures on machinery and equipment were up 6.8% over 1986. Tooling showed a marked advance with the transportation equipment industries accounting for most of the \$412 million increase.
- Manufacturers spent \$8.4 billion on processing equipment in 1987; \$1.9 billion or 23% was invested in computer-assisted processing equipment. The proportion of expenditures on computer-assisted equipment has risen from 14% in 1985.

- The manufacturing industries with the highest portions of investment in computer-assisted processing equipment were electrical products (58%), wood (37%), metal fabricating (33%), primary metal (29%), and transportation equipment (29%).
- Increased spending in the utilities sector resulted from additional purchases of communications and related equipment (\$450 million) and aircraft (\$244 million). These increases were partially offset by a drop of \$128 million on acquisitions of rolling stock (rail, subway and rapid transit).

For further information, contact Science, Technology and Capital Stock Division at (613) 951-2590.

Trade Position Strengthens

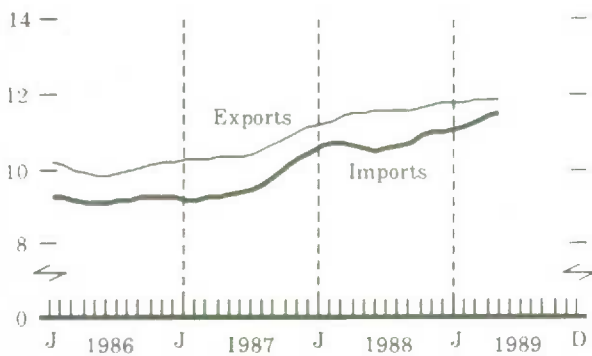
Seasonally adjusted merchandise exports were up 6.2% in May to \$12.1 billion. This was the first increase in four months. Higher exports of industrial goods, particularly ores, metals and alloys led the advance. On a year-to-date basis, exports were 4.7% above levels recorded a year earlier.

Merchandise Trade

	Jan.	Feb.	Mar.	Apr.	May
	% change, previous month				
Imports	2.1	-0.4	1.3	1.6	3.2
Exports	6.4	-2.4	-2.1	-2.0	6.2
	change, previous month				
Balance (millions \$)	503	-251	-395	-413	353

Merchandise Trade

(billions of dollars, short-term trend)



Imports were up 3.1% in May to \$11.7 billion. The value of imports has risen for three consecutive months, with the pace of growth accelerating each month. Machinery and equipment continued to account for the recent increase in imports. For the first five months of 1989, imports were 6.6% higher than in the same period a year earlier.

Due to the strength in the value of exports over imports, Canada's trade balance increased to \$394 million in May. A higher trade surplus with the United States contributed to the improved position.

For further information order Preliminary Statement of Canadian of International Trade (H.S. Based), catalogue number 65-001P) or contact International Trade Division at (613) 951-9647.

Growth in Consumer Price Index Eases

In June, the consumer price index (1981=100) rose 0.5%, a more moderate rise than in the previous month. Five of the seven major component indexes increased, but the advance in transportation accounted for over half of the rise in the total index. On a year-over-year basis, the CPI was up 5.4%.

The transportation index rose 1.5%, due mainly to increases in federal and provincial taxes, gasoline prices and insurance premiums. This advance, which continues an upward trend, represents the largest increase since November 1988. Higher fares for air and rail travel contributed to a gain in public transportation costs.

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... Growth in Consumer Price Index Eases

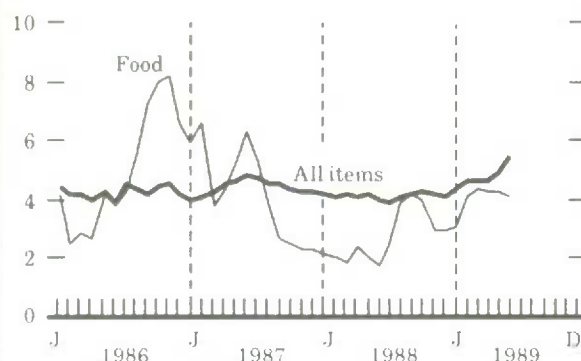
Food prices were up 0.7% as a result of higher prices for fresh vegetables, chicken and meat. Over the past several months, food costs have been rising at a faster rate than earlier in the year.

The housing index continued to move upwards at a pace similar to previous months, rising 0.4% during June. Increases in mortgage interest costs and, to a lesser extent higher prices for new homes, influenced the advance. A decline in the clothing index of 0.5% was the result of widespread promotional pricing for women's and men's wear.

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

Consumer Price Index

(% change, previous year)



Retail Trade Slightly Higher

Retail sales increased 0.4% in May to \$14.5 billion. This is the second consecutive rise and follows a period of declining sales during the first three months of the year. Nearly two-thirds of the trade groups reported higher sales.

Department store sales led the advance (2.5%), followed by service stations (2.0%) and combination stores (0.9%). All three groups have registered steady growth since January. Following a strong April rise, sales by motor vehicle dealers (the largest trade group) continued to fluctuate, declining 1.3% in May. Increases have followed decreases for this group since January.

For further information, order *Retail Trade* (catalogue number 63-005) or contact Industry Division at (613) 951-9682.

Retail Trade

(billions of dollars, seasonally adjusted)



International Travellers to Canada Continue to Decline

The seasonally adjusted volume of foreign travellers to Canada decreased 2.7% in May, the third monthly decline in the last five months. An upward trend noted since mid-1988 halted at the start of 1989.

In May, the number of international trips by Canadian residents rose 3.3% over April, the second consecutive monthly increase. The number of Canadians travelling abroad has been rising since 1987, but recently there has been a deceleration in the growth rate.

The raw travel data show that while tourist trips (overnight visits) by Canadians have risen sharply, the number of travellers returning to Canada after less than 24 hours has registered very rapid growth. This trend has been particularly noticeable in British Columbia, Ontario and New Brunswick.

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

PUBLICATIONS RELEASED FROM JULY 14 TO JULY 20

EDUCATION, CULTURE AND TOURISM

Touriscope, Vol. 5, No 5, International Travel - Advance Information, May 1989. Catalogue number 66-001P (Canada: \$5.80/\$58; Other Countries: \$6.40/\$64).

HOUSING, FAMILY AND SOCIAL STATISTICS

The Characteristics of Dual-earner Families, 1985. Catalogue number 13-601 (Canada: \$25; Other Countries: \$30).

INDUSTRY

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

Factory Sales of Electric Storage Batteries, May 1989. Catalogue number 43-005 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Footwear Statistics, May 1989. Catalogue number 33-002 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

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

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

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

Primary Textile Industries, 1986. Catalogue number 34-250 (Canada: \$32; Other Countries: \$38).

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

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

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

INTERNATIONAL AND FINANCIAL ECONOMICS

Security Transactions with Non-residents, April 1989. Catalogue number 67-002 (Canada: \$15/\$150; Other Countries: \$18/\$180).

LABOUR

Employment, Earnings and Hours, April 1989. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$46.20/\$462).

PRICES

Consumer Prices and Price Indexes, January-March 1989. Catalogue number 62-010 (Canada: \$17.25/\$69; Other Countries: 20.75/\$83).

PUBLIC INSTITUTIONS

Provincial and Territorial Government Employment, April-June 1988. Catalogue number 72-007 (Canada: \$17.25/\$69; Other Countries: \$20.75/\$83).

TRANSPORT

Railway Operating Statistics, April 1989. Catalogue number 52-003 (Canada: \$10/\$100; Other Countries: \$12/\$120).

Service Bulletin Aviation, Vol. 21, No. 7, Highlights, April 1989. Catalogue number 51-004 (Canada: \$8.90/\$89; Other Countries: \$10.70/\$107).

CURRENT TRENDS*

Gross Domestic Product

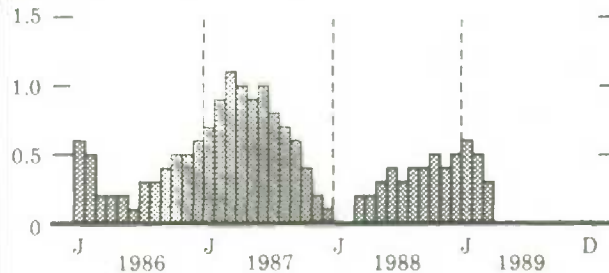
(% change, previous month)



The average growth rate for March and April was 0.1%, in line with the moderate growth at the start of 1989.

Composite Leading Indicator

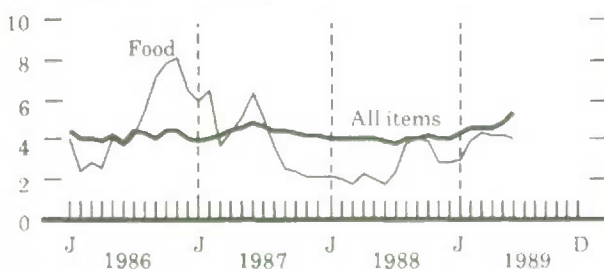
(% change, previous month)



Growth in the composite leading indicator continued to slow in April, dropping to 0.1%.

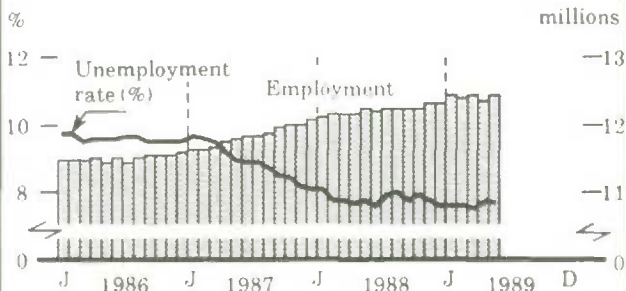
Consumer Price Index

(% change, previous year)



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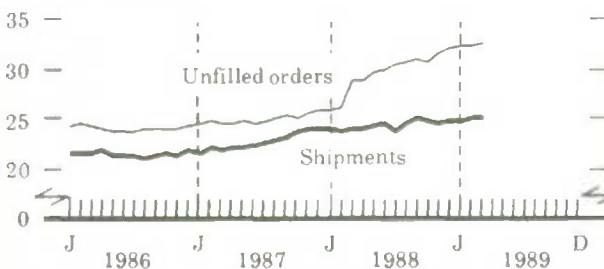
Unemployment Rate and Employment



The employment level rose by 58,000 in June, an increase of similar magnitude to May.

Manufacturing

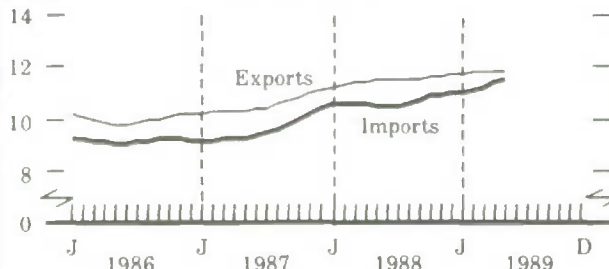
(billions of dollars)



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

Merchandise Trade

(billions of dollars, short-term trend)



Growth in merchandise exports outpaced imports in May, leading to an improved trade balance.

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



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LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1981)	Apr.	405	0.5%	3.1%
Composite Leading Indicator (1981 = 100)	Apr.	145.0	0.1%	4.9%
Profits of Industrial Corporations (\$ billion)	1st Q	9.5	2.7%	3.3%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	May*	14.5	0.4%	6.3%
New Motor Vehicle Sales ('000 units)	May	132	1.8%	-1.9%
Housing Starts ('000, annual rates)	May	190	-8.2%	-17.4%
LABOUR				
Employment (millions)	June	12.5	0.5%	2.2%
Unemployment Rate (%)	June	7.3	-0.4	-2.7%
Participation Rate (%)	June	67.0	-0.1	0.8%
Labour Income (\$ billion)	Apr.	28.6	0.2%	7.9%
Average Weekly Earnings (\$)	Apr.	480.84	0.6%	4.2%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	May*	12.1	6.2%	5.2%
Merchandise Imports (\$ billion)	May*	11.7	3.1%	6.7%
Merchandise Trade Balance (\$ billion)	May*	0.4	0.4	-0.1
MANUFACTURING				
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	-0.03	0.02
Capacity Utilization (%)	1st Q	83.7	-0.4	-1.6
PRICES				
Consumer Price Index (1981 = 100)	June*	151.3	0.5%	5.4%
Industrial Product Price Index (1981 = 100)	May	131.1	0.0%	2.8%
Raw Materials Price Index (1981 = 100)	May	103.0	1.4%	3.7%
New Housing Price Index (1981 = 100)	May	148.8	0.3%	14.5%

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

* New this week.

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