

# I·N·F·O·M·A·T

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

Friday, October 27, 1989

### OVERVIEW

#### ■ Manufacturers' Post First Increase in Shipments Since May

Manufacturing shipments were up 0.3% in August to \$24.0 billion. This was the first time shipments have grown since May.

#### ■ Non-residents Invest Heavily in Canadian Securities

In August, non-residents invested a record amount in Canadian bonds and stocks, more than making up for lower investment levels in July.

#### ■ Modest Growth in Retail Sales

Retail sales rose 0.2% in August, in line with the relatively poor performance of the last four months.

#### ■ Wholesale Trade Still Posting Marginal Advances

The August increase of 3.7% in wholesale trade interrupted the steady deceleration in sales growth evident for the last year and a half.

#### ■ Moderate Rise in Consumer Price Index Maintained

The CPI was up 0.1% in September, matching the advance posted in August but much smaller than the increases registered in the three preceding months.

#### ■ Downward Trend in UIC Beneficiaries Interrupted

The number of beneficiaries receiving regular benefits was up 1.5% in August, contrasting with the gentle downward trend observed in recent months.

### Manufacturers' Post First Increase in Shipments Since May

Manufacturers' shipments rose slightly in August, rising 0.3% over July. This was the first increase since May. The transportation equipment industries, which had reported lower shipments in June and July, partially recovered in the month and accounted for most of the advance in total shipments. Following a jump of 9.5% in July, refined petroleum and coal products industries posted the largest decline in shipments.

Unfilled orders, which are the cumulative value of orders awaiting delivery of goods at month's end, were down 0.8% in August. Unfilled orders have declined in four of the last five months, a contrast with the recent upward trend.

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### Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



### ... Manufacturers' Post First Increase in Shipments Since May

Inventories were also down, dropping 0.3%. This was the fourth decrease in inventory levels in five months. The inventory-to-shipment ratio dropped slightly, but remained within the narrow range (around 1.55) held over the last year. This stability indicates that manufacturers have been controlling their inventory levels very closely.

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

### Manufacturing Activity

	Apr.	May	June	July	Aug.
	% change, previous month				
Shipments	1.0	1.0	-0.4	-0.6	0.3
New orders	-4.4	3.1	-0.7	3.4	-2.5
Unfilled orders	-3.0	-1.5	-1.7	1.5	-0.8
Inventory to shipments ratio	1.55	1.54	1.54	1.56	1.55

### Non-residents Invest Heavily in Canadian Securities

In August, non-residents invested heavily in both Canadian bonds and stocks, acquiring on a net basis, \$2.8 billion of Canadian bonds and over \$600 million in Canadian stocks.

Net foreign investment in outstanding Canadian bonds increased sharply to a record \$2.0 billion, reflecting a surge in investment from Japan. Residents of Japan invested \$1.1 billion in outstanding bonds in contrast to a large net disinvestment in the previous four months. Net investment from the United States and Asia was also strong in the current month.

Sales to non-residents of new bonds, net of retirements, were \$0.8 billion, a shift from a net disinvestment of similar magnitude in the previous month. Sales of new bonds increased, and retirements were down considerably from an unusually high level in July.

Net foreign investment in Canadian stocks totalled \$641 million in August, the largest amount this year. This investment came mostly from trading in the secondary market with United States residents. The gross value of stocks traded (sales and purchases) increased by 33%.

### Security Transactions

	Apr.	May	June	July	Aug.
	millions of dollars				
Net sales					
Canadian Securities					
Bonds	-1,304	-222	1,899	187	2,782
- outstanding	-983	-338	116	1,051	1,970
- new issues	-320	116	1,782	-864	812
Stocks	289	160	208	551	641
<b>Total</b>	<b>-1,015</b>	<b>-62</b>	<b>2,106</b>	<b>738</b>	<b>3,423</b>
Foreign Securities					
Bonds	240	-148	348	527	-1,441
Stocks	-149	281	-434	-360	-16
<b>Total</b>	<b>91</b>	<b>133</b>	<b>-86</b>	<b>167</b>	<b>-1,456</b>

Canadian residents invested \$1.4 billion in foreign bonds in August, which more than offset net disinvestment in the previous two months. The net investment in the current month was channelled into U.S. treasury securities. Net investment in foreign stocks, however, was negligible, following large net investments in June and July.

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

### Modest Growth in Retail Sales

Seasonally adjusted retail sales increased 0.2% in August to \$14.5 billion. The largest trade groups were responsible for this modest growth. During the last four months, sales have been weak and included a drop in July.

Motor vehicle dealers with sales of \$3.0 billion are the largest trade group. Their sales were up slightly (0.1%) in August, after posting declines in the three previous months. Generally, sales of motor vehicles have been edging down in 1989.

### Retail Trade

	Apr.	May	June	July	Aug.
	% change, previous month				
Grocery and meat stores	0.5	1.0	0.7	0.6	0.0
Department stores	1.1	2.5	-0.3	-1.1	1.4
Motor vehicle dealers	4.0	-1.8	-2.0	-1.9	0.1
All stores	1.9	0.6	0.1	-0.3	0.2

(continued on page 3)

## ... Modest Growth in Retail Sales

Food stores reported no change in their level of sales in August, contrasting with a pattern of steady increases evident since March 1989. Compared to August 1988, sales were up 10.7% while the consumer price index showed that prices for food purchased from stores were only 2.3% higher.

Department store sales were up 1.4% over the previous month, resuming the rising trend noted from February to May.

## Wholesale Trade Still Posting Marginal Advances

In August, wholesale merchants' sales were up 3.7% over the same month a year earlier, interrupting the deceleration in sales growth evident for the preceding 19 months. The three largest trade groups registered increases, while three of the remaining six groups reported declining sales. In the first eight months of 1989, cumulative sales were up 3.7% from the corresponding period of 1988.

Food wholesalers reported a sales increase of 4.2%, one of the lowest increase noted since April 1988. The slower growth rate in recent months has been accompanied by an acceleration in inventory buildup and a marginally higher stock-to-sales ratio.

Wholesalers of electrical and non-electrical machinery, equipment and supplies reported sales that were 2.2% higher than in August of 1988. Although the increase was modest it followed a year-over-year decline in sales in July.

Wholesalers of lumber and building materials registered faster sales growth for the third consecutive month, following a 9-month downturn. Their sales were down on a year-over-year basis from October to May. The other group of wholesalers servicing the construction

## Trend in UIC Beneficiaries Interrupted

In August, the seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits was up 1.5% over the level recorded in July. This increase contrasts with a marginally downward trend observed in recent months.

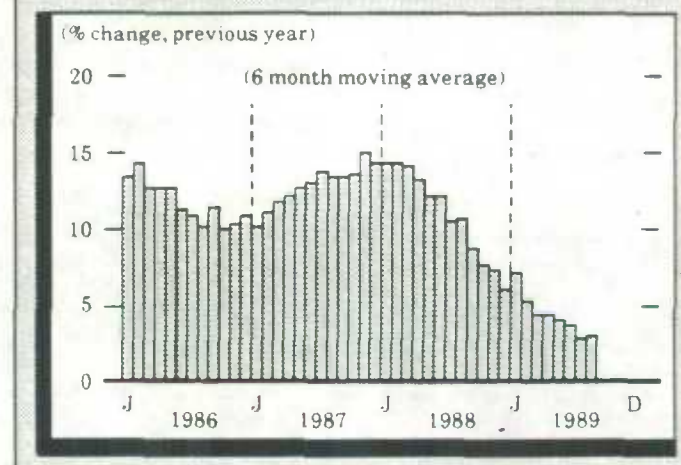
Year-to-date figures show that benefits payments were up 7.0% over the same period in 1988. Higher average weekly benefits (6.5%) were the primary contributor to this advance as the average number of beneficiaries and weeks of benefit have only risen slightly in 1989.

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

The smaller trade groups had mixed results. In general, clothing and shoe store sales had eased in July and August. Household furniture and appliance stores continued to post modest growth, while hardware stores continued to register fairly strong growth.

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

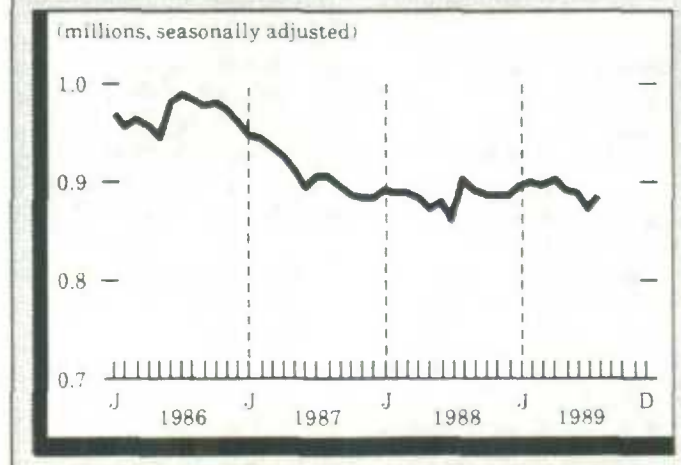
### Wholesale Merchants' Sales



industry (metal, plumbing and heating equipment) continued to report relatively strong sales growth (9.8%).

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

### U.I. Beneficiaries Receiving Regular Benefits



## Moderate Rise in Consumer Price Index Maintained

The Consumer Price Index (1981=100) was up 0.1% in September, matching the advance for August but much smaller than the increases registered in the preceding three months. The marginal growth was the result of a decline in the food component. Four of the other six major components posted increases and the remaining two were unchanged.

The food component fell 0.4% in September, its second consecutive decline following eight monthly increases. As in August, the drop was largely due to a seasonal decrease in fresh vegetable prices. These seasonal declines were greater than those registered in 1988 because the domestic harvest was generally better than the drought-reduced harvest of 1988.

The component posting the largest advance was recreation, reading and education where an average advance of 7.1% in university tuition fees boosted the component in every province except Quebec.

## Consumer Price Index

	May	June	July	Aug.	Sept.
	% change, previous month				
All-items	1.0	0.5	0.7	0.1	0.1
Food	0.6	0.7	0.9	-0.6	-0.4
Transportation	1.1	1.5	1.2	-0.4	0.0

The transportation component was unchanged in September, contrasting with the rising trend evident from January to July and the decline posted in August. Higher private transportation costs offset a decrease in public transportation costs.

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

## PUBLICATIONS RELEASED FROM OCTOBER 20 TO 26

### AGRICULTURE

**Report on Fur Farms, 1988.** Catalogue number 23-208 (Canada: \$32; Other Countries: \$38).

### HOUSEHOLD SURVEYS

**Homeowner Repair and Renovation Expenditure in Canada, 1987.** Catalogue number 62-201 (Canada: \$25; Other Countries: \$30).

### INDUSTRY

**Clothing Industries, 1986.** Catalogue number 34-252 (Canada: \$32; Other Countries: \$38).

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

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

**Electric Lamps (Light Bulbs and Tubes), September 1989.** Catalogue number 43-009 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

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

**Production and Disposition of Tobacco Products, September 1989.** Catalogue number 32-002 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

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

### INDUSTRY MEASURES AND ANALYSIS

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

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

### JUSTICE

**Juristat Service Bulletin, Vol. 9, No. 4: Policing Expenditures in Canada, 1988.** Catalogue number 85-002 (Canada: \$3.70/\$37; Other Countries: \$4.40/\$44).

### LABOUR

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

### SERVICES

**Communications Service Bulletin, Vol. 19, No. 6: Telecommunications Statistics, Second Quarter, 1989.** Catalogue number 56-001 (Canada: \$7.20/\$47; Other Countries: \$9.30/\$56).

### TRANSPORT

**Aviation Service Bulletin, July 1989.** Catalogue number 51-004 (Canada: \$8.90/\$89; Other Countries: \$10.70/\$107).

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

**Railway Carloadings, August 1989.** Catalogue number 52-001 (Canada: \$7.90/\$79; Other Countries: \$9.50/\$95).

## CURRENT TRENDS\*

## Gross Domestic Product

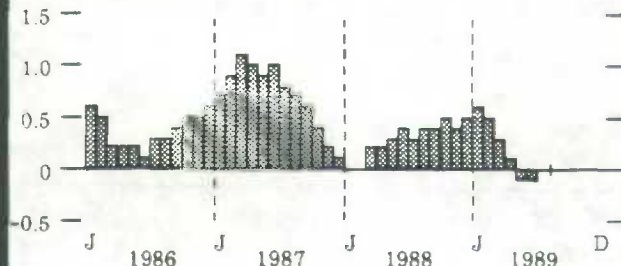
(% change, previous month)



Real gross domestic product rose 0.1% in July, continuing the pattern of sluggish growth evident since the start of the year.

## Composite Leading Indicator

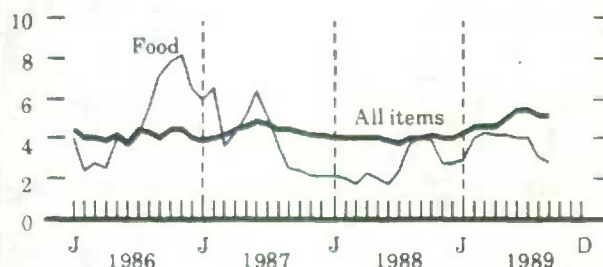
(% change, previous month)



The composite leading indicator was unchanged in July after falling slightly in May and June.

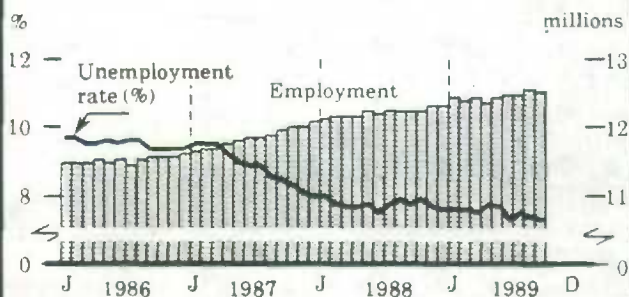
## Consumer Price Index

(% change, previous year)



The year-over-year change in the CPI was 5.2% in September, unchanged from August.

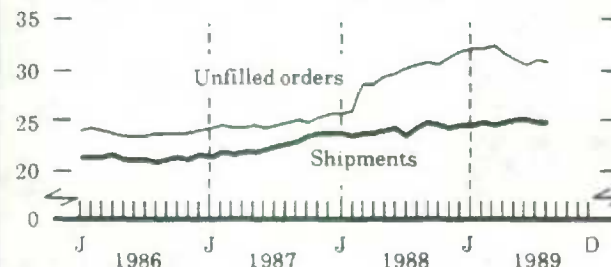
## Unemployment Rate and Employment



The unemployment rate was slightly lower in September than in most months since January.

## Manufacturing

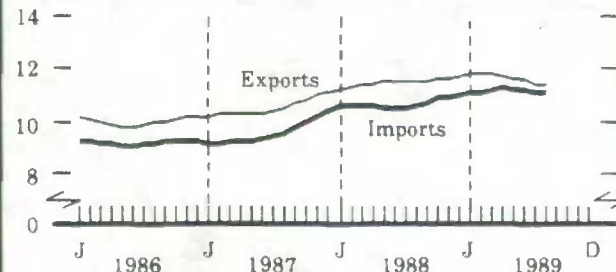
(billions of dollars)



Manufacturing shipments were up 0.3% in August to \$24.0 billion. This was the first time shipments have grown since May.

## Merchandise Trade

(billions of dollars, short-term trend)



The value of merchandise trade rose significantly in August, following two consecutive monthly declines.

\* 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
<b>GENERAL</b>				
Gross Domestic Product (\$ billion, 1981)	July	411	0.1%	2.5%
Composite Leading Indicator (1981 = 100)	July	144.9	0.0%	3.9%
Profits of Industrial Corporations (\$ billion)	2nd Q	8.4	-11.9%	3.3%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	Aug.*	14.5	0.2%	5.1%
New Motor Vehicle Sales ('000 units)	Aug.	120	-0.3%	-7.1%
Housing Starts ('000, annual rates)	Aug.	197	-5.2%	-8.8%
<b>LABOUR</b>				
Employment (millions)	Sept.	12.5	-0.2%	2.2%
Unemployment Rate (%)	Sept.	7.3	-0.1	-0.5
Participation Rate (%)	Sept.	67.0	-0.2	0.3
Labour Income (\$ billion)	July	29.2	-0.6%	8.2%
Average Weekly Earnings (\$)	July	487.20	-0.4%	5.0%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	Aug.	11.5	3.4%	-4.0%
Merchandise Imports (\$ billion)	Aug.	11.3	6.7%	1.0%
Merchandise Trade Balance (\$ billion)	Aug.	0.2	-0.3	-0.4
<b>MANUFACTURING</b>				
Shipments (\$ billion)	Aug.*	24.8	0.3%	2.2%
New Orders (\$ billion)	Aug.*	24.6	-2.5%	0.1%
Unfilled Orders (\$ billion)	Aug.*	30.6	0.8%	0.6%
Inventory/ Shipments Ratio	Aug.*	1.55	-0.01	0.01
Capacity Utilization (%)	2nd Q	82.2	-0.5	-1.5
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	Sept.*	152.6	0.1%	5.2%
Industrial Product Price Index (1981 = 100)	Aug.	131.1	-0.1%	1.8%
Raw Materials Price Index (1981 = 100)	Aug.	101.8	-0.2%	6.6%
New Housing Price Index (1981 = 100)	Aug.	150.0	-0.1%	13.0%

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

\* New this week.

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Editor: Linda McCormick (613) 951-1197

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