

# I·N·F·O·M·A·T

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

Friday, November 24, 1989

### OVERVIEW

#### ■ Shipments Strengthen For Second Consecutive Month

Manufacturing shipments rose 1.0% in September, posting a significant increase for the second month in a row.

#### ■ Non-residents Increase Their Holdings of Canadian Bonds

In September, non-residents continued to invest heavily in Canadian bonds, with a net investment of \$1.5 billion.

#### ■ Building Permits Post Second Advance

Following a jump of almost 20% in July, the value of building permits issued by municipalities rose a further 9.1% in August.

#### ■ Modest Growth in Retail Sales

Retail sales increased 1.7% in September, following four months of relatively weak sales.

#### ■ Number of Tourists Edges Up Again

In September, the volume of foreign travellers rose slightly for the third time in four months.

#### ■ Growth in Consumer Prices Accelerates

On a month-over-month basis the consumer price index was up 0.4% in October, a greater increase than those registered in the two preceding months.

This issue also includes information on **Wholesale Trade**.

### Shipments Strengthen For Second Consecutive Month

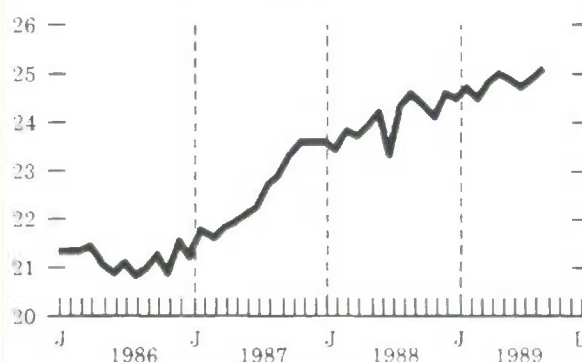
Manufacturers' shipments rose 1.0% in September, a significant increase for the second month in a row. With these two advances, the level of shipments has completely recovered from the declines recorded in June and July. In September, 14 of the 22 major industry groups recorded increases.

The largest gains were registered in the transportation equipment and electrical and electronic equipment industries. The transportation equipment industry reported higher shipments for the second consecutive month following a two-month downturn. The electrical and electronic products industries recorded strong growth in the first quarter which was partially offset by a weakening trend in the second quarter and most of the third. However, the advance in September pushed the value of shipments by these industries past the previous peak recorded in April.

*(continued on page 2)*

### Manufacturers' Shipments

(billions of dollars, seasonally adjusted)



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### ... Shipments Strengthen for Second Consecutive Month

Inventory levels were unchanged from the levels posted in August. The growth rate of inventories has been slowing since the Spring and declined on a month-over-month basis in August. The inventories to shipments ratio decreased slightly to 1.54 in September. The ratio has remained stable for the last 11 months.

The downward trend in unfilled orders was sustained in September, dropping 1.2% below the preceding month. This was the fifth decline in six months. New orders rose in September, continuing the pattern of large fluctuations noted over the last 12 months.

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

### Canadian Industries Ranked by Value of Shipments in 1988

Rank	Major Group	Industry	Shipments	Rank	Major Group	Industry	Shipments
			\$ billions				\$ billions
1	32	Transportation Equipment	49.1	11	31	Machinery (except electrical machinery)	9.9
2	10	Food	36.9	12	35	Non-Metallic Mineral Products	7.8
3	27	Paper and Allied Products	24.9	13	24	Clothing	6.4
4	29	Primary Metal	22.1	14	30	Other Manufacturing	6.0
5	37	Chemical and Chemical Products	21.9	15	11	Beverage	5.6
6	33	Electrical and Electronic Products	17.7	16	16	Plastic Products	5.4
7	30	Fabricated Metal Products (except machinery and transportation equipment)	17.3	17	26	Furniture and Fixture	4.7
8	25	Wood Products	14.7	18	19	Textile Products	3.4
9	36	Petroleum and Coal Products	13.4	19	18	Primary Textiles	3.3
10	28	Printing and Publishing	12.3	20	15	Rubber Products	2.6
				21	12	Tobacco Products	1.9
				22	17	Leather and Allied Products	1.3

### Non-residents Increase Their Holdings of Canadian Bonds

In September, non-residents continued to invest heavily in Canadian bonds, with a net investment of \$1.5 billion. This investment came mostly from transactions in the domestic market, where non-residents were major buyers in both the secondary and primary markets. Non-residents invested \$1 billion in outstanding bonds, compared to \$1.9 billion in August. This decline was largely offset, however, by a sharp rise in sales of domestic new issues to non-residents, which increased from \$0.4 billion to \$1.1 billion.

The net investment in the current market was widely distributed geographically. In the secondary market, net investment from Japan totalled \$300 million, compared to over \$1 billion in August.

Net foreign investment in Canadian stocks amounted to less than \$200 million, compared to some \$600 million in each of the previous two months. This decline resulted from the tendering of foreign-owned shares under a takeover offer, causing the net investment from the United States to fall to its lowest level this year. Overseas investors continued to reduce their holdings of Canadian stocks.

Residents acquired, on a net basis, nearly \$500 million of foreign stocks in September, bringing the net amount invested in the last four months to \$1.2 billion.

### Security Transactions

	May	June	July	Aug.	Sept.
	millions of dollars				
Net sales					
Canadian Securities					
Bonds	-220	1,443	233	2,718	1,533
- outstanding	-337	119	1,051	1,893	1,046
- new issues	117	1,324	-818	825	487
Stocks	182	198	549	677	179
Total	-38	1,641	782	3,395	1,712
Foreign Securities					
Bonds	-150	348	526	-1,441	-462
Stocks	274	-403	-336	-17	-485
Total	124	-55	190	-1,458	-947

Three-quarters of the net investment in the current month was channelled into United States equities. Net investment in foreign bonds was similarly strong at \$462 million, and included sizeable investments in overseas bonds. This follows a record net investment of \$1.4 billion in August.

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

## Building Permits Post Second Advance

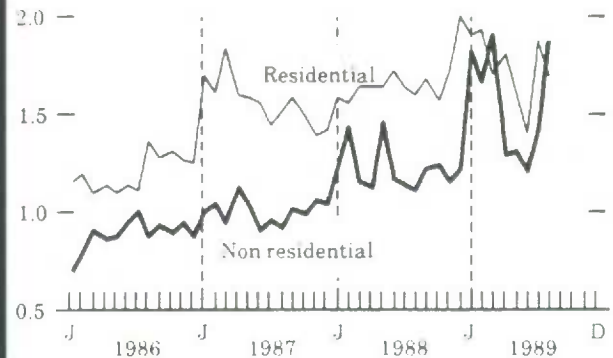
Following a jump of almost 20% in July, the value of building permits issued rose a further 9.1% in August. These increases followed several months of sharply slower growth in both residential and non-residential activity. Unlike July when the increase was concentrated in the residential sector, non-residential construction was entirely responsible for the increase in August.

Following three months of little change and a moderate growth in July, the value of non-residential permits rose 33.6% in August. All components in this sector increased. The commercial component showed the strongest increase (38.9%). The industrial sector also registered strong growth of 35.9%, following a sizeable gain in July. Institutional permits increased 12.3%.

The value of residential permits had jumped sharply in July, before resuming the sharp downturn noted since the first of the year. Residential permits fell 9.4% on a month-over-month basis in August. This weakening was observed in both the single-family and multiple-family components and was evident in all regions except the Atlantic provinces.

### Building Permits

(billions of dollars, seasonally adjusted)



For further information, order *Building Permits* (catalogue number 64-001) or contact Science, Technology and Capital Stock Division at (613) 951-1664.

## Modest Growth in Retail Sales

Seasonally adjusted retail sales increased 1.7% in September. This was the largest monthly advance since April. During the preceding four months sales were weak and dropped in July. In total, retail sales rose 0.5% in the third quarter, compared to an increase of 2.1% in the second quarter.

Sales by motor vehicle dealers advanced 6.6% over August. Their sales were up slightly (0.6%) in August, after posting declines from May to July. Generally, sales of motor vehicles have been edging down in 1989.

Food store sales recorded a gain of 1.4% over August. This advance indicates a resumption of the pattern of steady increases evident since March 1989. Sales were down in August.

### Retail Trade

	May	June	July	Aug.	Sept.
% change, previous month					
Grocery & meat stores	1.0	0.7	0.6	-1.3	1.4
Department stores	2.5	-0.3	-1.1	1.4	-1.4
Motor vehicle dealers	-1.8	-2.0	-2.0	0.6	6.6
All stores	0.6	0.1	-0.3	0.0	1.7

Department store sales were down 1.4% from the previous month, continuing the trend of fluctuating sales noted since May.

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

## Numbers of Tourists Edge Up Again

The seasonally adjusted volume of foreign travellers to Canada staying for one or more nights rose slightly in September for the third time in four months. Generally, the number of international tourists had declined from January to June. The increase in September was the

result of larger numbers of visitors from both the United States and other countries. The number of United States residents rose for the fifth time since the start of the year, while the number of tourists from other countries increased for the second month in a row.

(continued on page 4)



### ... Numbers of Tourists Edge Up Again

Trips of one or more nights by Canadian residents to the United States continued to follow a rising trend in September. Volume had dropped in June. Travel to all other overseas countries declined for three months in a row during the summer. However, more residents travelled abroad in September than August.

The United States continued to attract Canadian visitors. The volume of trips lasting less than 24 hours increased by more than 100,000 in September. With a few exceptions, total trips to the United States have been rising sharply since the end of 1986.

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

### Change in Overnight Trips

	May	June	July	Aug.	Sept.
	% change, previous month				
Non-resident travellers from					
All Countries	-2.4	0.8	-3.8	0.3	1.5
-United States	-2.8	1.3	-4.6	-0.2	0.8
-Other Countries	-0.7	-1.3	-0.5	2.5	4.4
Resident Travellers to					
All Countries	1.0	-1.8	2.8	0.3	0.5
-United States	0.5	-2.0	3.5	0.8	0.3
-Other Countries	3.9	-1.1	-0.7	-2.0	1.6

### Growth in Consumer Prices Accelerates

The Consumer Price Index (1981=100) was up 0.4% in October. This increase was greater than those posted in the two preceding months (0.1%). Six of the seven major components showed increases.

The food component rose 0.4% in October, following two consecutive declines. The drops in the two previous months were largely due to a seasonal decrease in fresh vegetable prices.

The housing component registered the largest advance (0.8%) as annual increases in property taxes averaged 6.6%. Changes in property tax rates, which accounted for two-thirds of this increase, regularly affect the CPI in October.

The transportation component dropped 0.2% in October, in line with a decline in August and no change in September. Lower gasoline prices and air and rail fares contributed to the decline in the current month.

### Consumer Price Index

	June	July	Aug.	Sept.	Oct.
	% change, previous month				
All-items	0.5	0.7	0.1	0.1	0.4
Food	0.7	0.9	-0.6	-0.4	0.4
Transportation	1.5	1.2	-0.4	0.0	-0.2

The year-over-year increase in the CPI was 5.1%, down slightly from the increase registered in September. The year-over-year change in the CPI has moderated since June.

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

### Wholesale Trade Edges Down

In September, wholesale merchants' sales were down 0.3% from the same month a year earlier, continuing the deceleration in sales growth evident for the preceding 20 months. Five of the nine major trade groups posted lower sales, but the three largest trade groups registered increases. In the first nine months of 1989, cumulative sales were up 3.2% from the corresponding period of 1988.

Food wholesalers reported a sales increase of 4.5%, one of the lowest increases noted since April 1988. Despite the slower growth, the stock-to-sales ratio was unchanged from September 1988.

Wholesalers of electrical and non-electrical machinery, equipment and supplies reported sales that were 1.8% higher than in September 1988. Although the increase was modest it was slightly higher than the year-over-year advance registered in August.

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

## PUBLICATIONS RELEASED FROM NOVEMBER 17 TO 23

### AGRICULTURE

**Fruit and Vegetable Production**, October 1989. Catalogue number 22-003 (Canada: \$17.20/\$69; Other Countries: \$20.70/\$83).

### CENSUS

**The Nation - Employment Income: Individuals**, 1986 Census. Catalogue number 93-115 (Canada: \$31; Other Countries: \$33).

### EDUCATION, CULTURE AND TOURISM

**International Student Participation in Canadian Education**, 1988. Catalogue number 81-261 (Canada: \$19; Other Countries: \$23).

**Touriscope - International Travel**, 1988. Catalogue number 66-201 (Canada: \$32; Other Countries: \$35).

### GENERAL

**A User Guide to the Canadian System of National Accounts**, November 1989. Catalogue number 13-589E (Canada: \$25; Other Countries: \$30).

**Canada Year Book**, 1990. Catalogue number 11-402E (Canada: \$55; Other Countries: \$70).

### INDUSTRIAL ORGANIZATION AND FINANCE

**Financial Institutions - Financial Statistics**, Second Quarter 1989. Catalogue number 61-006 (Canada: \$42/\$168; Other Countries: \$50.50/\$202).

**Industrial Corporations: Financial Statistics**, Second Quarter 1989. Catalogue number 61-003 (Canada: \$52.50/\$210; Other Countries: \$63/\$252).

### INDUSTRY

**Crude Petroleum and Natural Gas Production**, July 1989. Catalogue number 26-006 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

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

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

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

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

### INDUSTRY

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

**Oil Pipe Line Transport**, August 1989. Catalogue number 55-001 (Canada: \$9.50/\$95; Other Countries: \$11.40/\$114).

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

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

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

### INDUSTRY MEASURES AND ANALYSIS

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

### INTERNATIONAL TRADE

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

### PRICES

**The Consumer Price Index**, October 1989. Catalogue number 62-001 (Canada: \$8.90/\$89; Other Countries: \$10.70/\$107).

### TRANSPORT

**Aviation Statistics Centre Service Bulletin, Vol. 21, No. 11: Aviation**, August 1989. Catalogue number 51-004 (Canada: \$8.90/\$89; Other Countries: \$10.70/\$107).

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

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

**Surface and Marine Transport Service Bulletin, Vol. 5, No. 7: Motor Carrier Freight Quarterly Trucking Survey**, Quarter 1, 1989. Catalogue number 50-002 (Canada: \$8.90/\$71; Other Countries: \$10.60/\$85).



## CURRENT TRENDS\*

## Gross Domestic Product

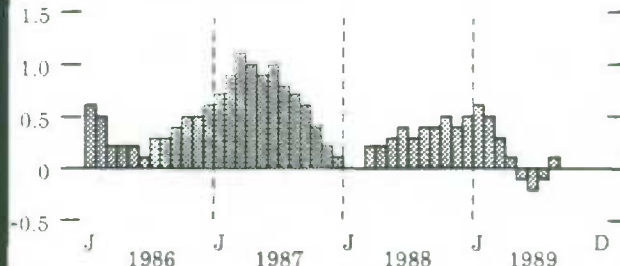
(% change, previous month)



Real gross domestic product rose 0.3% in August, after growing sluggishly since the start of the year.

## Composite Leading Indicator

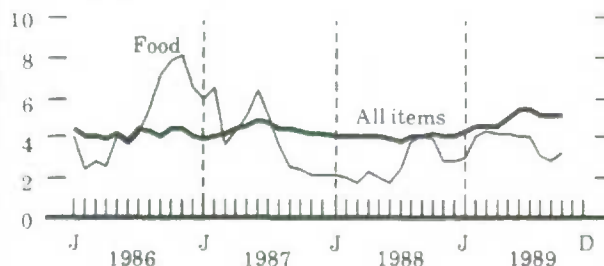
(% change, previous month)



The composite leading indicator rose 0.1% in August, its first increase since April.

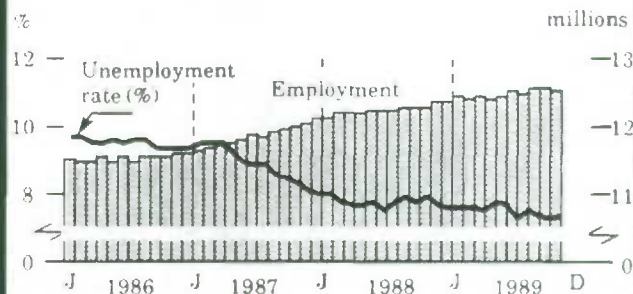
## Consumer Price Index

(% change, previous year)



The year-over-year change in the CPI was 5.1% in October, down slightly from September.

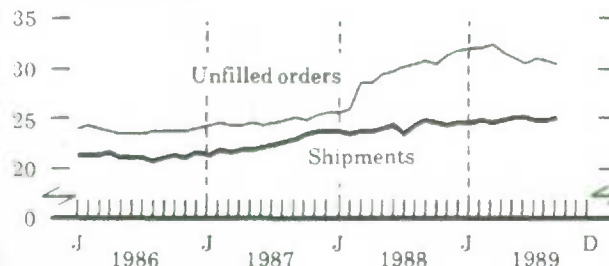
## Unemployment Rate and Employment



Labour market conditions were basically unchanged in October.

## Manufacturing

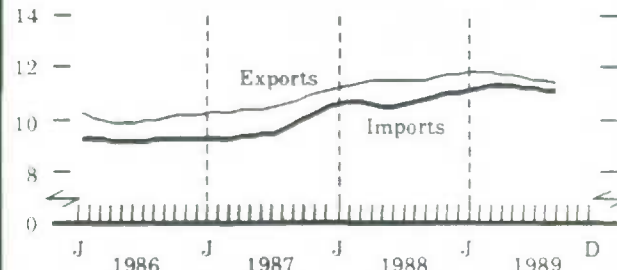
(billions of dollars)



Manufacturing shipments rose 1.0% in September, posting a significant increase for the second month in a row.

## Merchandise Trade

(billions of dollars, short-term trend)



The values of both exports and imports were down for the second time in four months in September.

\* 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)	Aug.	412	0.3%	2.4%
Composite Leading Indicator (1981 = 100)	Aug.	144.8	0.1%	3.5%
Profits of Industrial Corporations (\$ billion)	2nd Q	8.4	-11.9%	3.3%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	Sept.*	14.7	1.7%	5.2%
New Motor Vehicle Sales ('000 units)	Sept.	133	10.6%	-0.3%
Housing Starts ('000, annual rates)	Sept.	226	10.2%	-4.6%
<b>LABOUR</b>				
Employment (millions)	Oct.	12.5	0.0%	2.2%
Unemployment Rate (%)	Oct.	7.4	0.1	-0.5
Participation Rate (%)	Oct.	66.9	-0.1	0.2
Labour Income (\$ billion)	Aug.	29.4	0.8%	8.1%
Average Weekly Earnings (\$)	Aug.	489.06	0.2%	5.0%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	Sept.	11.3	-2.8%	-1.3%
Merchandise Imports (\$ billion)	Sept.	11.1	-2.2%	-7.1%
Merchandise Trade Balance (\$ billion)	Sept.	0.3	-0.1	-0.3
<b>MANUFACTURING</b>				
Shipments (\$ billion)	Sept.*	25.1	1.0%	2.1%
New Orders (\$ billion)	Sept.*	24.8	0.6%	0.0%
Unfilled Orders (\$ billion)	Sept.*	30.3	-1.2%	-1.0%
Inventory/ Shipments Ratio	Sept.*	1.54	-0.01	0.01
Capacity Utilization (%)	2nd Q	82.2	-0.5	-1.5
<b>PRICES</b>				
Consumer Price Index (1981 = 100)	Oct.*	153.2	0.4%	5.1%
Industrial Product Price Index (1981 = 100)	Sept.	130.9	-0.2%	1.5%
Raw Materials Price Index (1981 = 100)	Sept.	99.2	-2.6%	4.4%
New Housing Price Index (1981 = 100)	Sept.	150.8	0.5%	11.5%

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

\* New this week.

**I·N·F·O·R·M·A·T****A Weekly Review**

Published by the Communications Division  
Statistics Canada.

Senior Editor: Greg Thomson (613) 951-1116  
Editor: Linda McCormick (613) 951-1197

R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada, \$2.10/\$105; other countries, \$2.50/\$126. To subscribe: send money order or cheque payable to the Receiver General for Canada/Publication Sales, Statistics Canada, Ottawa, Ontario K1A 0T6. To order by telephone dial: 1-800-267-6677 within Canada or 613-951-9277 from all other countries.

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