



I·N·F·O·M·A·T

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

Friday, April 27, 1990

OVERVIEW

■ Partial Recovery in Manufacturing Shipments

Manufacturers' shipments were up 1.9% in February, following a decline of 4.7% in January.

■ Foreign Investment in Bonds Continues

Non-residents continued to invest in Canadian bonds in February, but the net investment was well below the average for the previous six months.

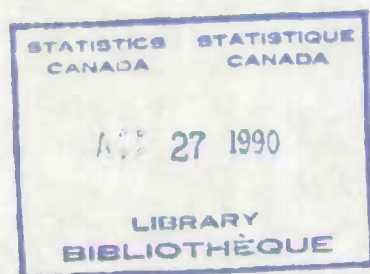
■ More Moderate Growth in Consumer Prices

The consumer price index rose 0.3% in March, much lower than the advances registered in the opening months of the year.

■ Unemployment Insurance Beneficiaries Decrease

The number of unemployment insurance beneficiaries declined in February, reversing the rising trend evident from September to December.

This issue also includes information on Federal Government Employment.



Partial Recovery in Manufacturing Shipments

Following a substantial reduction in January, manufacturers reported an increase in shipments of 1.9% in February. This advance recovered less than half of the decrease in January. Excluding the transportation equipment sector, shipments were off 0.5%, the fifth decrease in a row.

Inventory levels rose (0.2%) for the second consecutive month. Manufacturers had reduced their inventories throughout the fall and kept them stable in December, before letting them rise slightly in the last two months.

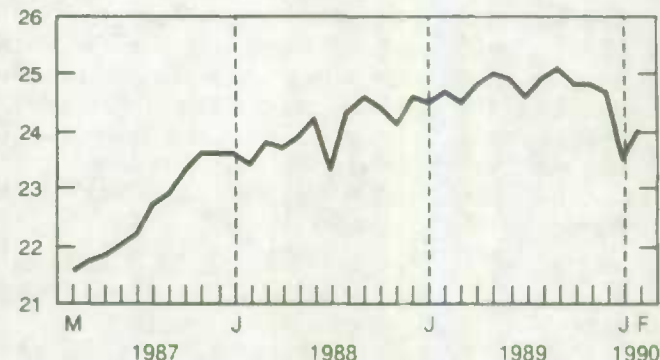
The inventories to shipments ratio started to edge down following a sizeable jump in January. At 1.61 it was well above 1.55 where it had been hovering for more than a year.

Unfilled orders were down after rising in January. Unfilled orders have fluctuated for the last six months and shown marginal growth.

(continued on page 2)

Manufacturers' Shipments

Billions of dollars, seasonally adjusted



... Partial Recovery in Manufacturing Shipments

New orders, on the other hand, were unchanged in February, after posting substantial declines in the three preceding months. New orders have been trending downward for seven months.

For further information, order *Monthly Survey of Manufacturing* (catalogue number 31-001) or contact *Industry Division* at (613) 951-9497.

Foreign Investment in Bonds Continues

In February, net foreign investment in Canadian bonds totalled \$630 million, well below the strong investments which averaged \$2.0 billion a month since August.

New bond sales to non-residents totalled \$762 million in February. This net investment was down from January but in line with the levels registered throughout most of the fall. Net foreign investment in outstanding Canadian bonds dropped by \$132 million, the first decline since May 1989.

Net foreign investment in Canadian stocks amounted to \$224 million, up from the net investment of \$161 million in January.

Canadian residents reduced their holdings of foreign bonds by \$550 million, contrasting with a net investment of a similar amount in January. Residents also reduced their holdings of foreign stocks (\$50 million).

More Moderate Growth in Consumer Prices

The consumer price index (1981=100) rose 0.3% in March, modest growth when compared with the advances of 0.8% and 0.6% registered in the first two months of the year. The index had posted moderate growth from August to November. All seven major components increased in March, but housing and clothing were the principal contributors to the increase in the total index.

The housing index was up 0.3% mainly as a result of rising mortgage costs. New housing prices also increased slightly during the month.

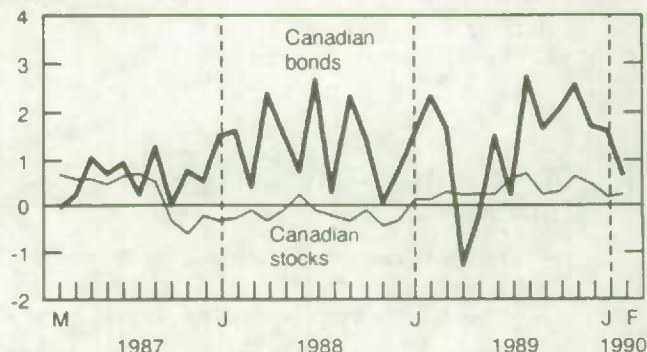
The clothing index was up for the third consecutive month in March. The increase of 0.9% was attributable to the introduction of seasonal lines and the end of some promotional pricing.

Manufacturing Activity

	Oct.	Nov.	Dec.	Jan.	Feb.
% change, previous month					
Shipments	-1.5	0.2	-0.5	-4.7	1.9
New Orders	3.5	-2.8	-2.8	-1.6	0.0
Unfilled Orders	2.7	0.1	-1.8	0.7	-0.7
Inventory/shipments ratio	1.55	1.55	1.55	1.63	1.61

Security Transactions

Billions of dollars



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

Consumer Price Index

	Nov.	Dec.	Jan.	Feb.	Mar.
% change, previous month					
All-items	0.3	-0.1	0.8	0.6	0.3
Food	-0.1	-0.6	2.6	0.9	0.2
Clothing	-0.4	-0.8	0.6	1.3	0.9
Transportation	1.3	0.0	0.8	0.5	0.3

The food component posted a modest gain of 0.2% after two large increases.

The year-over-year increase in the consumer price index was 5.3% in March, down slightly from 5.4% in February.

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

Unemployment Insurance Beneficiaries Decrease

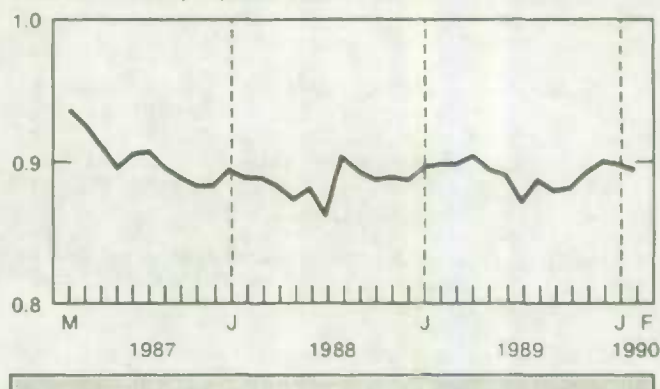
The seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits eased 0.6% to stand at 892,000 in February. This decline reverses the rising trend registered from from September to December on a month-to-month basis.

The number of benefit weeks rose to 4.5 million, up 3.7% over January. This was a marked contrast with the tendency to very slow growth evident in 1989. Total benefit payments were also up sharply.

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

U.I. Beneficiaries Receiving Regular Benefits

Millions, seasonally adjusted



Federal Government Employment Increases

Employment in the general federal government, which excludes government enterprises, increased 0.7% to 370,000 between December 1988 and December 1989. The average annual increase in general government employment between 1980 and 1988 was also 0.7%.

Permanent employment increased by 0.3% between December 1988 and December 1989, mainly due to the staffing requirements of the new GST and Refugee Determination programs. This growth in permanent employment represents a change from the trend of the last five years. Since 1985, the government's expenditure reduction program had resulted in decreases in the number of permanent employees.

Term employment, on the other hand, maintained a trend evident since 1986 and increased 10

PUBLICATIONS RELEASED FROM APRIL 20 TO 26 - Continued

INDUSTRY

Oils and Fats, February 1990. Catalogue number 32-006 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Primary Iron and Steel, February 1990. Catalogue number 41-001 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Production and Disposition of Tobacco Products, March 1990. Catalogue number 32-022 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

Quarterly Report on Energy Supply-Demand in Canada, 1989 - III. Catalogue number 57-003 (Canada: \$30.25/\$121; Other Countries: \$36.25/\$145).

Retail Trade, December 1989. Catalogue number 63-005 (Canada: \$16.80/\$168; Other Countries: \$20.20/\$202).

The Sugar Situation, March 1990. Catalogue number 32-013 (Canada: \$4.70/\$47; Other Countries: \$5.60/\$56).

INTERNATIONAL AND FINANCIAL ECONOMICS

Canadian Economic Observer, April 1990. Catalogue number 11-010 (Canada: \$21/\$210; Other Countries: \$25.20/\$252).

INTERNATIONAL TRADE

Exports by Commodity (H.S. Based), January 1990. Catalogue number 65-004 (Canada: \$52.50/\$525; Other Countries: \$63/\$630).

JUSTICE

Drug Trafficking, 1988. Catalogue number 85-002 (Canada: \$3.70/\$37; Other Countries: \$4.40/\$44).

Violent Offences by Young Offenders, 1986-87 to 1988-89. Catalogue number 85-002 (Canada: \$3.70/\$37; Other Countries: \$4.40/\$44).

LABOUR

Employment, Earnings and Hours, January 1990. Catalogue number 72-002 (Canada: \$38.50/\$385; Other Countries: \$46.20/\$462).

TRANSPORTATION

Aviation Statistics Centre Service Bulletin, April 1990. Catalogue number 51-004 (Canada: \$8.90/\$89; Other Countries: \$10.70/\$107).

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product (\$ billion, 1981)	Jan.	416	-0.2%	2.0%
Composite Leading Indicator (1981 = 100)	Jan.	146.3	0.1%	1.7%
Profits of Industrial Corporations (\$ billion)	4 th Q	6.8	-7.0%	-25.3%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Jan.	16.5	2.0%	5.3%
New Motor Vehicle Sales ('000 units)	Feb.	114	-10.4%	-8.5%
LABOUR				
Employment (millions)	Mar.	12.6	-0.1%	1.3%
Unemployment Rate (%)	Mar.	7.2	-0.5	-0.3
Participation Rate (%)	Mar.	66.7	-0.5	-0.3
Labour Income (\$ billion)	Jan.	30.7	0.9%	9.1%
Average Weekly Earnings (\$)	Jan.	499.63	0.6%	5.4%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Feb.	11.7	0.7%	-1.1%
Merchandise Imports (\$ billion)	Feb.	11.4	4.5%	4.0%
Merchandise Trade Balance (\$ billion)	Feb.	0.3	-0.4	-0.6
MANUFACTURING				
Shipments (\$ billion)	Feb.*	24.0	1.9%	-2.9%
New Orders (\$ billion)	Feb.*	23.8	0.0%	-4.0%
Unfilled Orders (\$ billion)	Feb.*	30.6	-0.7%	-4.3%
Inventory/Shipments Ratio	Feb.*	1.61	-0.02	0.06
Capacity Utilization (%)	4 th Q	80.3	-1.3	-2.4
PRICES				
Consumer Price Index (1981 = 100)	Mar.*	156.3	0.3%	5.3%
Industrial Product Price Index (1981 = 100)	Jan.	130.4	0.1%	-0.3%
Raw Materials Price Index (1981 = 100)	Jan.	100.3	1.2%	3.0%
New Housing Price Index (1981 = 100)	Feb.	153.7	0.1%	6.2%

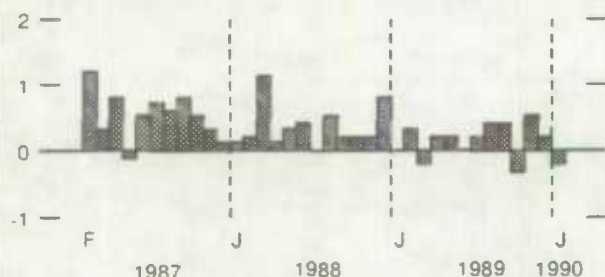
Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.

* New this week.

CURRENT TRENDS*

Gross Domestic Product

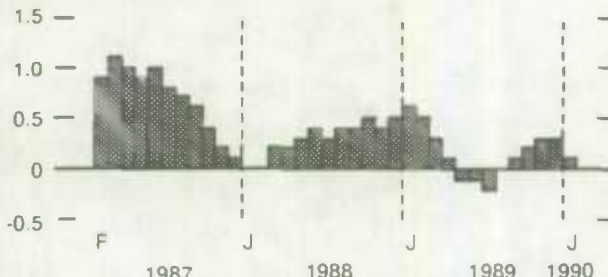
% change, previous month



Real GDP decreased 0.2% in January following a deceleration in growth in the preceding months.

Composite Leading Indicator

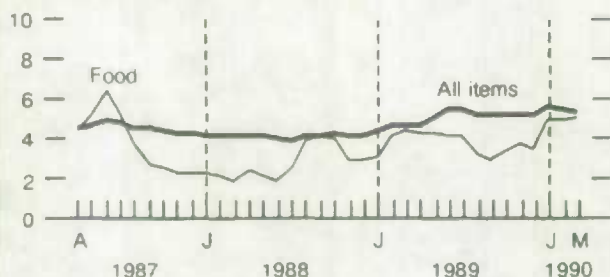
% change, previous month



The growth in the composite leading indicator slowed in January to 0.1% from 0.3%.

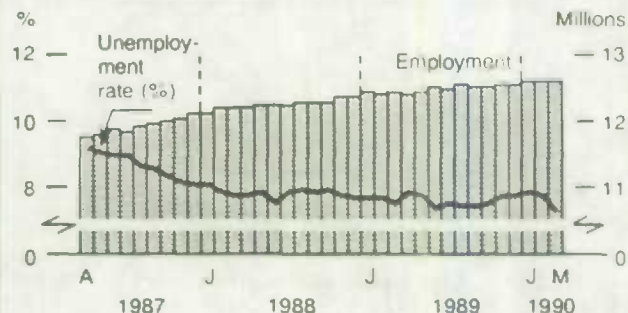
Consumer Price Index

% change, previous year



Growth in the CPI continued to slow in March, dropping to 5.3%.

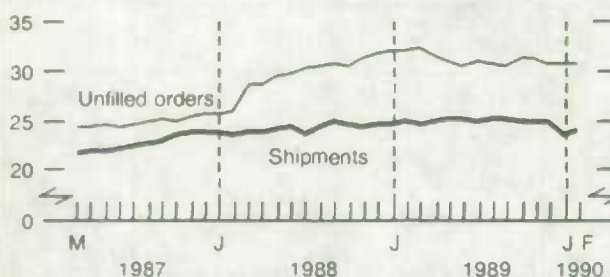
Unemployment Rate and Employment



A large decline in unemployment pushed the unemployment rate down to 7.2% in March.

Manufacturing

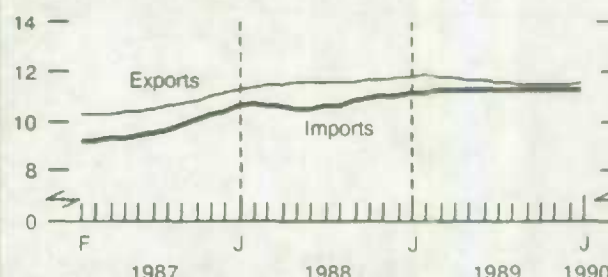
Billions of dollars



Manufacturers' shipments were up 1.9% in February, partially recovering from the decline in January.

Merchandise Trade

Billions of dollars, short-term trend



Exports increased for the third consecutive month in January, while imports were down for the third month in a row.

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



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KEY RELEASE CALENDAR: MAY 1990*

Monday	Tuesday	Wednesday	Thursday	Friday
	1 Business Conditions Survey, 2 nd quarter	2 Building Permits, February	3 Wholesale Trade, February	4
7 Composite Leading Indicator, February	8	9 Help-wanted Index, April Labour Income, February New Housing Price Index, March	10 Farm Product Price Index, March	11 Labour Force Survey, April International Travel, March
14	15 New Motor Vehicle Sales, March	16 Department Store Sales, March	17 International Trade, March	18 Consumer Price Index, April
21	22	23	24 Retail Trade, March	25 Security Transactions, March Building Permits, March International Travel Account, 1 st quarter
28 Survey of Manufacturing, March	29 Industrial Corporation: Financial Statistics, 1 st quarter	30 Unemployment Insurance Statistics, March	31 Gross Domestic Product, March Industrial Product Price Index, April Raw Materials Price Index, April Employment, Earning and Hours, March Sales of Refined Petroleum Products, April Farm Net Income, 1989	

* 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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