



I·N·F·O·M·A·T

A WEEKLY REVIEW

Friday, May 18, 1990

OVERVIEW

■ Exports Continue to Grow

Exports rose 1.9% in March, the third consecutive monthly advance.

■ Labour Market Conditions Unchanged

Employment continued to grow in April, while unemployment posted a modest increase and the unemployment rate was unchanged.

■ Sharp Growth in Demand for Credit

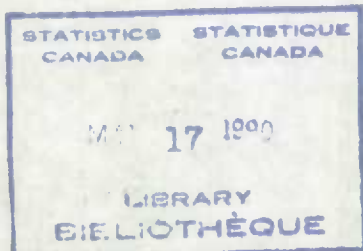
The credit market debt of non-financial sector increased \$110 billion in 1989, in line with the growth registered in each of the two preceding years.

■ Motor Vehicle Sales Still Registering Wide Swings

Strong growth in March followed a significant decline in motor vehicle sales in February and further extended the period of fluctuating sales.

■ Number of International Tourists Growing Slowly

In March, the number of foreign travellers staying overnight in Canada rose slightly to continue the mild upward trend noted since the middle of 1989.



Exports Continue to Grow

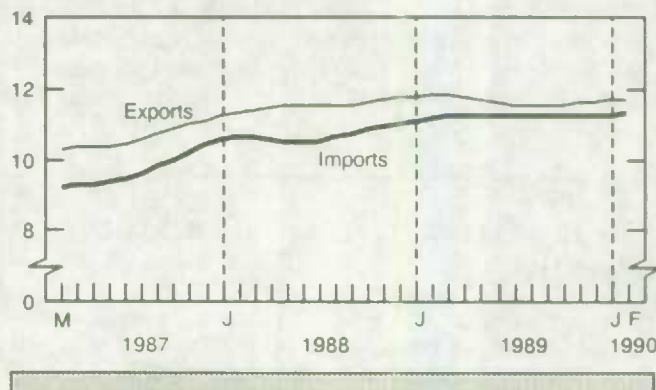
Strong sales to the United States pushed total exports to \$11.9 billion in March, an increase of 1.9% over the previous month. Exports have now risen for three consecutive months. Exports of automotive products registered the largest growth in March, increasing by more than \$600 million. Following temporary plant closures early in 1990, Canadian production has gradually expanded as inventory levels declined. Also, a recovery in U.S. motor vehicle production resulted in a gain of almost \$150 million in exports of parts. Wheat exports, which dropped off slightly in February, edged up to nearly \$400 million.

Contrasting with an increase of 5.3% in February, imports were down 1.7%, to total \$11.4 billion. Imports from Japan and the E.E.C. showed the sharpest drops, whereas imports from the United States rose marginally. Imports of most

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Merchandise Trade

Billions of dollars, short-term trend



... Exports Continue to Grow

major commodity groupings were somewhat lower than levels posted in February. One exception was automotive products, which registered an advance of 13%. The sharpest decreases occurred in imports of machinery and equipment (-5.5%) and crude petroleum (-23.5%).

The balance of trade showed a surplus of \$471 million in March, up more than \$400 million over February. This surplus was very close to the average for the last five months. The increase in March was attributable to the trade balance with the United States, which climbed to \$1.0 billion from \$842 million in February.

Merchandise Trade

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
Imports	-8.1	1.5	-0.3	5.3	-1.7
Exports	0.1	-1.4	1.0	0.5	1.9
Balance (millions \$)	748	421	575	53	471

For further information, order the Preliminary Statement of Canadian International Trade (65-001P) or contact International Trade Division at (613) 951-1711.

Labour Market Conditions Unchanged

The results from the April labour force survey show no change in labour market conditions. A large number of individuals left the labour force in March and re-entered in April. The majority of the re-entrants joined the ranks of employed Canadians, therefore unemployment only posted a moderate rise of 12,000. The unemployment rate remained at 7.2%, its lowest level in the current expansion.

Employment was up by 56,000 in April, the third advance in four months. The gains were concentrated among persons 25 years of age and over. Except for a marginal decline in December, adult employment has grown each month since July 1989. Gains in female employment accounted for the largest part of the current advance, continuing the trend of faster employment growth evident in recent months. In 1988 and early 1989, male employment was growing at a slightly faster rate.

Employment for persons aged 15 to 24 declined as it has in most months in the last year. Although the decline in April of 5,000 was minor, it was the fifth consecutive drop. The last extended decline in youth unemployment occurred in 1981 and 1982.

Labour Force

	Dec.	Jan.	Feb.	Mar.	Apr.
	Change, previous month				
Labour force ('000)	-10	60	6	-91	68
Employment ('000)	-16	42	22	-17	56
15-24 years ('000)	-15	-12	-5	-19	-5
25 years & over ('000)	-1	54	27	2	61
Unemployment ('000)	6	18	-19	-74	12
Unemployment rate	7.7	7.8	7.7	7.2	7.2

The service sector continues to keep employment levels buoyant, adding 59,000 in April. This gain was offset somewhat by a decline of 45,000 in manufacturing, the second notable monthly decrease. Since August, manufacturing employment has dropped by 122,000 or 5.7%.

For further information, order Labour Force Information (catalogue number 71-001P) or contact Household Surveys Division at (613) 951-4720.

Sharp Growth in Demand for Credit

The credit market debt of domestic non-financial sectors reached \$1,208 billion by the end of 1989. The \$110 billion raised in 1989 was in line with the growth in each of the two previous years. The sharp growth in 1989 was attributable to a 16% increase in the debt of non-financial private corporations. This pushed up corporate debt-to-equity ratios for the second consecutive annual increase, following a five-year downturn.

In the face of rising interest rates, there was considerable demand for short-term funds, reminiscent of borrowing patterns early in the decade. The prime rate on business loans has increased 375 basis points in the last two years, following a fairly consistent downward trend noted since the end of the 1981-82 recession.

Acceleration in indebtedness was also evident in the ratio of total credit market debt to gross domestic product. This ratio advanced to 1.82 from

(continued on page 3)

... Sharp Growth in The Demand for Credit

1.73 in 1987, continuing the steep upward trend that began in the mid-seventies. The growth reflects among other things, government deficits, the substitution by the corporate sector of debt for equity in external financing and higher levels of personal borrowing.

Total assets on the national balance sheet amounted to \$5,272 billion or about eight times gross domestic product. The ratio of financial assets to non-financial assets has increased markedly from

1983 to the present (rising to 1.47 from 1.20), reflecting an expansion when reliance on the financial system was more substantial.

Note: The national balance sheet accounts include significant revisions to capital stock components of national wealth. The revisions were the result of new service lives in non-residential structures and machinery and equipment.

For further information, contact Economic Conditions, Integration and Wealth Accounts Division at (613) 951-9043.

Motor Vehicle Sales Still Registering Wide Swings

Seasonally adjusted sales of new motor vehicles totalled 121,000 units in March, up 6.3% over February. The sharp advance following a decrease in February was in line with the fluctuating sales levels in recent months and the general downward trend in sales evident over the last 15 months.

Higher sales were posted for both commercial vehicles and passenger cars. Commercial vehicle sales gained 11.7%, contrasting with the trend of softer sales noted in 1989. Commercial vehicle sales climbed steadily from 1982 to 1988, before levelling off. Signs of weakening sales first appeared in June of 1989.

Car sales rose for the third time in four months, countering but not overcoming the decline in monthly sales registered in February. Sales of North American-built cars advanced 4.5%, while

Motor Vehicle Sales

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
Passenger cars	0.8	0.6	4.2	-6.4	3.7
North American	2.6	3.0	0.7	-7.5	4.5
Imported	-3.6	-4.3	12.2	-4.1	2.1
Commercial vehicles	9.3	-10.1	17.9	-16.3	11.7
Total	1.6	-3.1	8.7	-9.9	6.3

import sales grew 2.1%. Imports dropped off sharply in 1988, before registering a partial recovery in 1989. North American-built cars have weakened over the last 15 months.

For further information, order New Motor Vehicle Sales (catalogue number 63-007) or contact Industry Division at (613) 951-3552.

Number of International Travellers Growing Slowly

In March, the seasonally adjusted number of foreign travellers staying in Canada for one or more nights continued the mild rising trend observed since the middle of 1989. Visitors from the United States were entirely responsible for the growth in March as the number of tourists from other countries was down slightly for the second month in a row.

Trips of one or more nights by Canadian residents to the United States increased, the fifth month in a row of no discernible trend. Overnight travel to other countries rose for the first time in three months.

The volume of trips to Canada lasting less than 24 hours resumed the rising trend that was interrupted by declines in December and February. The number of Canadian residents returning to the country after an absence of less than 24 hours had dropped sharply in February before increasing 1.1% in March. The decrease in February coincided with a narrowing of the Canada-United States exchange rate and followed a large gain in January.

Change in Overnight Travel

	Nov.	Dec.	Jan.	Feb.	Mar.
	% change, previous month				
Non-resident travellers from					
All Countries	0.6	-1.0	4.0	-0.9	2.5
-United States	0.6	-1.1	3.7	-0.7	3.3
-Other Countries	-0.7	-0.7	5.4	-1.5	-0.7
Resident Travellers from					
All Countries	4.3	-1.4	6.0	-3.6	1.9
-United States	5.0	-2.1	7.5	-3.9	2.0
-Other Countries	0.8	2.3	-1.6	-1.9	1.2

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 MAY 11 TO 17

AGRICULTURE

Farm Product Price Index, March 1990. Catalogue Number 62-003 (Canada: \$7.10/\$71.00; United States: US\$8.50/US\$85.00; Other Countries: US\$9.90/US\$99.00).

Livestock Report, April 1, 1990. Catalogue number 23-008 (Canada: \$16.50/\$66.00; United States: US\$19.75/US\$79.00; Other Countries: US\$23.00/US\$92.00).

INDUSTRIAL ORGANIZATION AND FINANCE

Industrial Corporations - Financial Statistics, Fourth Quarter 1989. Catalogue number 61-003 (Canada: \$55.25/\$221.00; United States: US\$66.25/US\$265.00; Other Countries: US\$77.25/US\$309.00).

INDUSTRY

Construction Type Plywood, March 1990. Catalogue number 35-001 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Crude Petroleum and Natural Gas Production, January 1990. Catalogue number 26-006 (Canada: \$10.00/\$100.00; United States: US\$12.00/US\$120.00; Other Countries: US\$14.00/US\$140.00).

Factory Sales of Electric Storage Batteries, March 1990. Catalogue number 43-005 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Footwear Statistics, March 1990. Catalogue number 33-002 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Fruit and Vegetable Preservation Service Bulletin - Pack of Processed Beans, Green and Wax, 1989. Catalogue number 32-023 (Canada: \$7.80/\$127.00; United States: US\$9.30/US\$152.00; Other Countries: US\$10.90/US\$178.00).

Gas Utilities, January 1990. Catalogue number 55-002 (Canada: \$12.70/\$127.00; United States: US\$15.20/US\$152.00; Other Countries: US\$17.80/US\$178.00).

Industrial Chemicals and Synthetic Resins, March 1990. Catalogue number 46-002 (Canada: \$5.60/\$56.00; United States: US\$6.70/US\$67.00; Other Countries: US\$7.80/US\$78.00).

Monthly Production of Soft Drinks, April 1990. Catalogue number 32-001 (Canada: \$2.70/\$27.00; United States: US\$3.20/US\$32.00; Other Countries: US\$3.80/US\$38.00).

Oil Pipe Line Transport, February 1990. Catalogue number 55-001 (Canada: \$10.00/\$100.00; United States: US\$12.00/US\$120.00; Other Countries: US\$14.00/US\$140.00).

Oils and Fats, March 1990. Catalogue number 32-006 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Particleboard, Wagerboard and Fibreboard, March 1990. Catalogue number 36-003 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Production and Shipments of Steel Pipe and Tubing, March 1990. Catalogue number 41-011 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

Pulpwood and Wood Residue Statistics, March 1990. Catalogue number 25-001 (Canada: \$6.10/\$61.00; United States: US\$7.30/US\$73.00; Other Countries: US\$8.50/US\$85.00).

Steel Wire and Specified Wire Products, March 1990. Catalogue number 41-006 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

INVESTMENT AND CAPITAL STOCK

Private and Public Investment in Canada, Intentions 1990. Catalogue number 61-205 (Canada: \$30.00; United States: US\$36.00; Other Countries: US\$42.00).

INTERNATIONAL TRADE

Preliminary Statement of Canadian International Trade (H.S. Based), March 1990. Catalogue number 65-001P (Canada: \$10.00/\$100.00; United States: US\$12.00/US\$120.00; Other Countries: US\$14.00/US\$140.00).

INTERNATIONAL TRAVEL

Travel-log - Touriscope, Spring 1990. Catalogue number 87-003 (Canada: \$10.00/\$40.00; Other Countries: \$12.00/\$48.00).

SERVICES, SCIENCE, AND TECHNOLOGY

Science Statistics Service Bulletin, Vol. 14, No. 2, Federal Government Expenditures on Scientific Activities, 1990-91. Catalogue number 88-001 (Canada: \$7.10/\$71.00; United States: US\$8.50/US\$85.00; Other Countries: US\$9.90/US\$99.00).

TRANSPORTATION

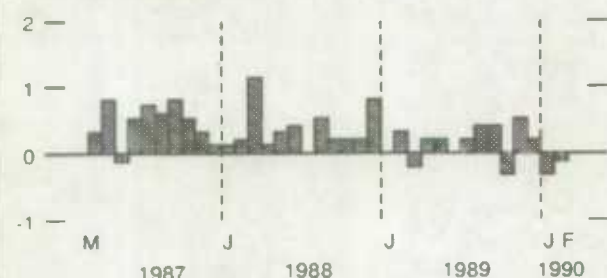
Passenger Bus and Urban Transit Statistics, March 1990. Catalogue Number 53-003 (Canada: \$7.10/\$71.00; United States: US\$8.50/US\$85.00; Other Countries: US\$9.90/US\$99.00).

Railway Carloadings, March 1990. Catalogue number 52-001 (Canada: \$8.30/\$83.00; United States: US\$10.00/US\$100.00; Other Countries: US\$11.60/US\$116.00).

CURRENT TRENDS*

Gross Domestic Product

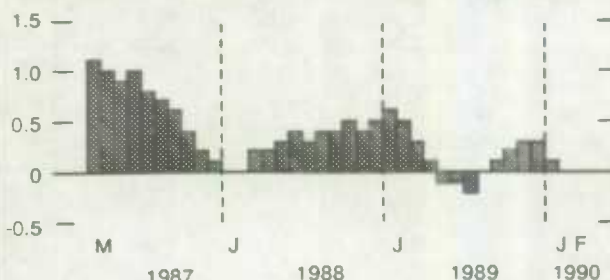
% change, previous month



Real gross domestic product posted a marginal decrease in February for the second consecutive month.

Composite Leading Indicator

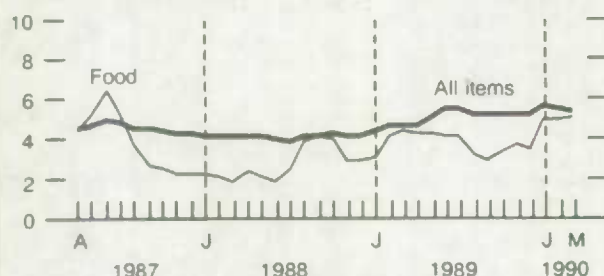
% change, previous month



The indicator was unchanged in February, consistent with the slowdown noted in recent months.

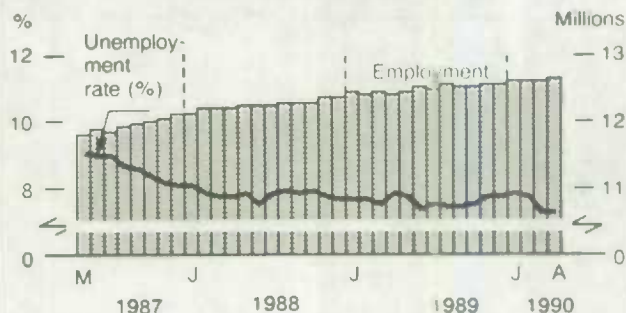
Consumer Price Index

% change, previous year



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

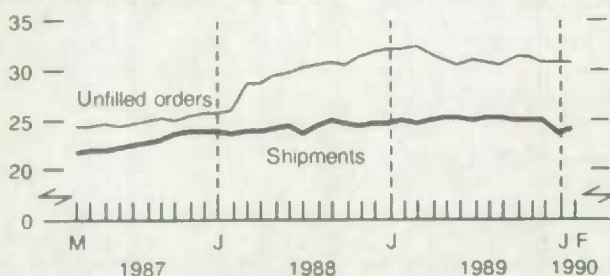
Unemployment Rate and Employment



Employment continued to grow in April, while unemployment posted a modest increase and the unemployment rate was unchanged.

Manufacturing

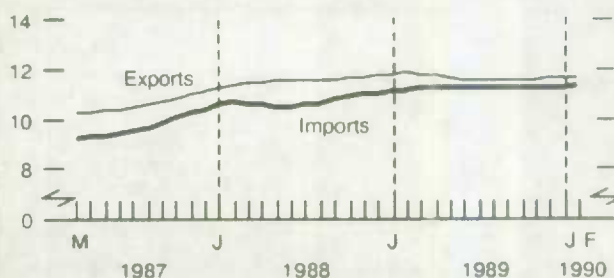
Billions of dollars



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

Merchandise Trade

Billions of dollars, short-term trend



Exports rose for the fifth consecutive month in February, while the gain in imports followed two months of no change.

* 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)	Feb.	415	-0.1%	1.4%
Composite Leading Indicator (1981 = 100)	Feb.	146.3	0.0%	1.7%
Profits of Industrial Corporations (\$ billion)	4th Q	6.8	-7.0%	-25.3%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	Feb.	16.3	-1.1%	3.8%
New Motor Vehicle Sales ('000 units)	Mar.*	121	6.3%	8.5%
LABOUR				
Employment (millions)	Apr.*	12.6	0.1%	1.3%
Unemployment Rate (%)	Apr.*	7.2	0.0	-0.5
Participation Rate (%)	Apr.*	67.0	0.3	0.1
Labour Income (\$ billion)	Feb.	30.9	0.7%	8.7%
Average Weekly Earnings (\$)	Feb.	498.81	-0.4%	5.1%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Mar.*	11.9	1.9%	2.9%
Merchandise Imports (\$ billion)	Mar.*	11.4	-1.7%	2.2%
Merchandise Trade Balance (\$ billion)	Mar.*	0.5	0.5	0.1
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 (%)	4th 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)	Mar.	131.6	-0.1%	0.2%
Raw Materials Price Index (1981 = 100)	Mar.	105.0	1.3%	3.7%
New Housing Price Index (1981 = 100)	Mar.	154.0	0.2%	4.7%

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

* New this week.

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