Friday, June 29, 1990

## OVERVIEW

- Record Foreign Investment in Canadian Bonds
In April, non residents invested, on a net basis, $\$ 2.7$ billion in Canadian bonds, matching the monthly record of August 1989 and in sharp contrast to small net investments in the previous two months.
- Decline in Retail Trade

Preliminary estimates indicate that retail sales declined $1.0 \%$ in April to $\$ 16.3$ billion.

- Capacity Utilization Rates Still Decreasing
In the first quarter, capacity utilization in the manufacturing sector dropped to $80.4 \%$ from $82 \%$ in the previous quarter.
- Construction Activity Continues to Decline

The preliminary value of building permits dropped $12.6 \%$ in April, to $\$ 2.9$ billion. This was a third consecutive drop.

- Moderate Growth of Department Store Sales
Department store sales were up 3.5\% over last year's level in April and totalled $\$ 1.2$ billion.
- Wholesale Sales Down

In March, wholesale merchants' sales were down $0.5 \%$ from February. This was their first decline since October 1989.

E Number of Unemployment Insurance Beneficiaries Rises
In April, the number of beneficiaries receiving regular unemployment insurance benefits totalled 897,000 , up $0.5 \%$ from the previous month.

## Record Foreign Investment in Canadian Bonds

In April 1990, non-residents invested, on a net basis, $\$ 2.7$ billion in Canadian bonds, matching the monthly record of August 1989 and in sharp contrast to small net investments in the previous two months.

New bond sales to non-residents in April remained strong at $\$ 2.7$ billion as Canadian borrowers continued to tap foreign markets. Some two-thirds of new issues were in U.S. dollars issued in the U.S. market. As in the previous month, provincial governments and their enterprises were the major borrowers abroad. Retirements declined to $\$ 634$ million from $\$ 1.5$ billion in March, leaving net new foreign placements at a level over $\$ 2.0$ billion, the highest monthly level in recent years. Net investment in outstanding Canadian bonds increased by $\$ 647$ million in April, a shift from the net disinvestment totalling some $\$ 500$ million for the previous two months.
(continued on page 2)



## ... Record Foreign Investment in Bonds

Net foreign investment in Canadian stocks declined by $\$ 165$ million in April, the first reduction in holdings by non-residents since December 1988. Some of the reduction was attributable to Canadian companies repurchasing their shares from United States investors.

Investment by residents in foreign stocks declined by $\$ 139$ million in April. Recent monthly movements of foreign stocks have tended to be small
and volatile. The continued investment in overseas stocks ( $\$ 92$ million) was more than offset by net sales of U.S. stocks ( $\$ 231$ million). However, investment by residents in foreign bonds amounted to $\$ 703$ million in April, reversing their net sales of some $\$ 900$ million for the previous two months.

For further information order Security Transactions with Non-residents (catalogue 67-002) or contact Balance of Payments Division at (613) 951-1864.


Cumulative retail sales for the first four months of 1990 amounted to $\$ 59.0$ billion, up $4.2 \%$ over the corresponding period in 1989.
For further information, order Retail Trade (catalogue number 63-005) or contact Industry Divisionat (613) 951-3552.

## Capacity Utilization in Canadian Manufacturing Industries

Capacity utilization in the manufacturing sector dropped to $80.4 \%$ in the first quarter of 1990, from $82 \%$ in the fourth quarter of 1989 mainly due to decreasing production. Of the 18 industries posting lower rates, all can attribute the change to a decrease in production. The first quarter of 1990 marks the seventh consecutive quarter that capacity utilization has fallen and the rate of decrease has been accelerating over the last four quarters.

The utilization rate in the durable goods manufacturing industries decreased $2.3 \%$ in the first quarter of 1990. Production fell in the building materials industries despite increased activity in construction in the first quarter. In the wood industries, capacity utilization dropped $1.2 \%$, while in the non-metallic mineral products industries the rate decreased $0.6 \%$. Capacity utilization decreased $2.5 \%$ in the primary metal industries following a combined drop of $3.6 \%$ in the last two quarters. Even though exports of passenger cars increased, shipments and production in the transportation equipment manufacturing industries dropped substantially, resulting in capacity utilization falling 8.3\%. The furniture and fixtures industries also posted a drop ( $-4.4 \%$ ).

## ... Capacity Utilization in Canadian

## Manufacturing Industries

Two groups in durable goods posted an increase this month. As investment in office machines expanded, capacity utilization in the electrical and electronic products industries grew $3.9 \%$ and stood at 87.2 , the highest rate in the durable goods sector. In the machinery industries, capacity utilization rose $0.1 \%$.

In the non-durable goods manufacturing industries, the capacity utilization rate dropped $1.8 \%$ in the first quarter to $83.1 \%$. Drops were noted in the rubber products industries $(-5.2 \%)$ and in the plastic products industries ( $-4.5 \%$ ). As well, capacity utilization fell $3.1 \%$ in the primary textile industries and $1.9 \%$ in the paper and allied industries. It also declined in the clothing industries ( $-3.1 \%$ ) and the food industries ( $-1.3 \%$ ).

Capacity utilization was up $1.1 \%$ in refined petroleum and coal products and reached $93.3 \%$, while chemical products posted a slight increase in capacity utilization.

## Capacity Utilization Rates in Manufacturing



For further information, order Capacity Utilization Rates in Canadian Manulacturing (catalogue 31-003) or contact Investment and Capital Stock Division at (613) 951-9685.

## Construction Activity Continues to Decline

The preliminary value of building permits issued dropped $12.6 \%$ on a month-to-month basis in April, to $\$ 2.9$ billion. Both the residential and nonresidential sectors were responsible for this third consecutive drop.

Residential permits declined sharply as a result of a decrease in the single-family dwelling sector $(-16.4 \%)$ and to a lesser extent the multi-family dwelling sector, down $3.3 \%$. All five regions registered losses.

The value of non-residential building permits fell $12.5 \%$ in April, consistent with the general downward trend noted since September which had been interrupted by increases in March and December. Both the commercial and industrial sectors posted decreases, $-24.4 \%$ and $-5.3 \%$, respectively. The institutional sector was up $13.3 \%$. On a regional basis, losses in the value of nonresidential building permits were recorded in all regions.

## Building Permits



For further information, order Building Permits (catalogue number 64-001) or contact Investment and Capital Stock Division at (613) 951-2583.

## Moderate Growth of Department Store Sales

Seasonally adjusted, department store sales were up 3.5\% over last year's level in April and totalled $\$ 1.2$ billion. This increase was slightly above the average yearly growth rate of the previous three months. Sales had been generally decelerating since May 1989 when year-over-year growth was above $9 \%$.

Stocks reached $\$ 4.8$ billion at the end of April, $2.7 \%$ over last year's level. This growth was slower than the average rate for the last six months ( $4.6 \%$ ).

The ratio of stocks to sales stood at $4.05: 1$, a slight increase from the average ratio of 4.04:1 observed in the three previous months.
For further information, order Department Store Sales and Stocks or contact Industry Division at (613) 951-3552.

## Department Store Sales

\% change, previous year


## Wholesale Sales Down

In March, seasonally adjusted wholesale merchant's sales were down $0.5 \%$ from February. This was their first decline since October 1989.

Six of the nine trade groups posted lower sales in March. In particular, wholesalers of hardware and plumbing supplies registered a decline of $2.8 \%$, their second consecutive decrease after a large advance in January. As well, wholesale merchants of non-farm machinery, equipment and supplies reported a decrease of $0.6 \%$ after two months of strong growth.

The most important increases in sales were reported by merchants of apparel and dry goods ( $1.9 \%$ ) and farm machinery and equipment ( $1.6 \%$ ).

On a year-over-year basis, sales were up by $0.1 \%$, after ten months of yearly declines averaging $2.3 \%$. Prior to that, rates of growth in sales of wholesale merchants had been decelerating since late 1987.

## NEW FROM STATISTICS CANADA

## Aggregate Productivity Measures, 1988

In addition to the regular labour productivity indicators, the 1988 issue of Aggregate Productivity Measures features a special article presenting new experimental multifactor productivity estimates for the business sector of the Canadian economy from 1961 to 1988 and for 24 business sector industries up to 1986.

The most basic concept productivity, that of output per person employed is compared to the traditional industry multifactor productivity measures and to the new interindustry multifactor productivity measures.

Output per person employed exhibits larger productivity gains than industry multifactor productivity, as it attributes to efficiency gains what, in fact, results from increased uses of other productive factors.

The alternative interindustry multifactor productivity applies to vertically integrated groups of industries. It takes into account the productivity gains realized within an industry as well as within all industries directly or indirectly supplying that industry. In other words, interindustry multifactor productivity takes into account all the primary inputs which have been used in the business sector of the economy as a whole to produce the goods and services of a given industry.

Order System of National Accounts: Aggregate Measures of Productivity (catalogue 15-204). Contact Aldo Diaz at (613) 951-3687.

## PUBLICATIONS RELEASED FROM JUNE 22 TO 28

## BALANCE OFPAYMENTS

Financial Flow Accounts, First Quarter 1990. Catalogue number 13-014 (Canada: $\$ 12.50 / \$ 50.00$; United States: US\$15.00/US\$60.00; Other Countries: US\$17.50/US $\$ 70.00$ ).

## EDUCATION, CULTURE AND TOURISM

Touriscope - International Travel: National and Provincial Counts January-March 1990. Catalogue number 66-001 (Canada: $\$ 38.50 / \$ 154.00$; United States: US\$46.25/US\$185.00; Other Countries: US $\$ 54.00 / \mathrm{US} \$ 216.00$ ).

## INDUSTRY

Canned and Frozen Fruits and Vegetables Monthly, February 1990. Catalogue number 32-011 (Canada: $\$ 5.00 / \$ 50.00$; United States: US $\$ 6.00 / \mathrm{US} \$ 60.00$; Other Countries: US $\$ 7.00 /$ US\$70.00).

Corrugated Boxes and Wrappers, May 1990. Catalogue number 36-004 (Canada: $\$ 5.00 / \$ 50.00$; United States: US\$6.00/ US $\$ 60.00$; Other Countries: US $\$ 7.00 / \mathrm{US} \$ 70.00$ ).

Department Store Monthly Sales, Including Concessions, by Province and Metropolitan Area, March 1990. Catalogue number 63-004 (Canada: \$2.70/\$27.00; United States: US\$3.20.00/ US $\$ 32.00$; Other Countries: US\$3.80/US $\$ 38.00$ ).

Mineral Wool Including Fibrous Glass Insulation, May 1990. Catalogue number 44-004 (Canada: $\$ 5.00 / \$ 50.00$; United States: US $\$ 6.00 / \mathrm{US} \$ 60.00$; Other Countries: US $\$ 7.00 / \mathrm{US} \$ 70.00$ ).

Production and Disposition of Tobacco Products, May 1990. Catalogue number 32-022 (Canada: $\$ 5.00 / \$ 50.00$; United States: US $\$ 6.00$ / US\$6.00; Other Countries: US\$7.00/US $\$ 70.00$ ).

Production, Shipments and Stocks on Hand of Sawmills East of the Rockies (Excluding Newfoundland and Prine Edward Island), April 1990. Catalogue number 35-002 (Canada: $\$ 10.00$ / $\$ 100.00$; United States: US $\$ 12.00 /$ US $\$ 120.00$; Other Countries: US\$14.00/US\$140.00).

Production, Shipments and Stocks on Hand of Sawmills in British Columbia, April 1990. (Canada: $\$ 7.10 / \$ 71.00$; United States: US\$8.50/ US $\$ 85.00$; Other Countries: US\$9.90/US\$99.00).

Refined Petroleum Products, March 1990. Catalogue number 45-004 (Canada: $\$ 18.20 / \$ 182.00$; United States: US\$21.80/US\$218.00; Other Countries: US $\$ 25.50 / \mathrm{US} \$ 255.00$ ).

The Sugar Situation, May 1990. Catalogue number 32-013 (Canada: $\$ 5.00 / \$ 50.00$; United States: US $\$ 6.00 / \mathrm{US} \$ 60.00$; Other Countries: US\$7.00/US\$70.00).

## INPUT-OUTPUT

System of National Accounts - Aggregate Productivity Measures, 1988. Catalogue number 15-204 (Canada: $\$ 40.00$; United States: US $\$ 48.00$; Other Countries: US\$56.00).

## INTERNATIONAL TRADE

Exports by Country (H.S. Based), JanuaryMarch 1990. Catalogue number 65-003 (Canada: $\$ 82.75 / \$ 331.00$; United States: US\$99.25/ US\$397.00; Other Countries: US\$115.75/ US\$463.00).

## INVESTMENT AND CAPITAL STOCK

Building Permits, Annual summary 1989. Catalogue number 64-203 (Canada: $\$ 56.00$; United States: US\$67.00; Other Countries: US\$78.00).

## LABOUR

Employment, Earnings and Hours, March 1990. Catalogue number 72-002 (Canada: $\$ 38.50 / \$ 385.00$; United States: US\$46.20/US\$462.00; Other Countries: US $\$ 53.90 / \mathrm{US} \$ 539.00$ ).

## SERVICES

Telephone Statistics, April 1990. Catalogue number 56-002 (Canada: \$8.30/\$83.00; United States: US $\$ 10 / \mathrm{US} \$ 100.00$; Other Countries: US\$11.60/US\$116.00).

## TRANSPORTATION

Railway Operating Statistics, December 1989. Catalogue number 52-003 (Canada: $\$ 10.50 / \$ 105.00$; United States: US $\$ 12.60 / \mathrm{US} \$ 126.00$; Other Countries: US\$14.70/US\$147.00).

Railway Operating Statistics, January 1990. Catalogue number 52-003 (Canada: $\$ 10.50 / \$ 105.00$; United States: US\$12.60/US\$126.00; Other Countries: US\$14.70/US\$147.00).

Service Bulletin - Surface and Marine Transport, June 1990. Catalogue number 50-002 (Canada: \$9.40/\$75.00; United States: US\$11.15/ US\$90.00; Other Countries: US\$13.15/US $\$ 105.00$ ).

## CURRENT TRENDS*

## Gross Domestic Product



In March, real gross domestic product registered a slight increase for the second consecutive month.

## Consumer Price Index

\% change, previous year


The year-over-year increase in the consumer price index was $4.5 \%$ in May.

## Manufacturing



Manufacturers' shipments decreased $0.7 \%$ in April after two consecutive increases.

Composite Leading Indicator
\% change, previous month


The composite leading indicator fell by $0.1 \%$ in March as it had in February. It had posted marginal gains since last summer.

## Unemployment Rate and Employment



Employment was at a level of $12,604,000$ in May, down 45,000 from April after generally increasing during the preceding six months.

## Merchandise Trade



Exports were down in April, after three
consecutive increases.

## Number of Unemployment Insurance Beneficiaries Rises

In April, the seasonally adjusted number of beneficiaries receiving regular unemployment insurance benefits totalled 897,000 , up $0.5 \%$ from the preceding month after an even smaller increase in March.

Increases in Ontario (2.7\%), the Yukon (1.9\%), and the Northwest Territories ( $1.7 \%$ ) were partly offset by declines in British Columbia (2.4\%), Alberta (2.4\%), Prince Edward Island ( $2.3 \%$ ) and Saskatchewan (2.2\%).

Total benefit payments remained virtually the same at $\$ 1.0$ billion in April, following a small increase in March.
For further information, order Unemployment Insurance Satistics (catalogue 73-001) or contact Labour Division at (613) 951-4044

## U.I. Beneficiaries Receiving Regular Benefits



## LATEST MONTHLY STATISTICS

$\left.\begin{array}{llll}\hline & & & \begin{array}{c}\text { Change } \\ \text { Previous } \\ \text { Period }\end{array} \\ \hline & \text { Period } & \text { Change } \\ \text { Previous } \\ \text { Year }\end{array}\right]$

[^0]KEY KELEASE CALENDAR: JULY 1990*

| Monday | Tuesday | Wednesday | Thursday | Friday |
| :---: | :---: | :---: | :---: | :---: |
| 2 | 3 | 4 | 5 | 6 |
|  | Composite Leading Indicator, April | Help-wanted Index, June |  | Labour Force Survey, June <br> Labour Income, April |
| 9 | 10 | 11 | 12 | 13 |
| New Motor Vehicle Sales, May | New Housing Price Index, May | Farm Product Price Index, May |  | International Travel, May |
| 16 | 17 | 18 | 19 | 20 |
|  | International Trade, May |  |  | Consumer Price Index, June <br> Retail Trade, May <br> Wholesale Trade, May |
| 23 | 24 | 25 | 26 | 27 |
| Department Store Sales and Stocks, May | Survey of Manufacturing, May | Unemployment Insurance Statistics, May | Building Permits, May <br> Private and Public Investment, Revised Intentions 1990 <br> Security Transactions, May | Farm Input Price Index, $2^{\text {nd }}$ Quarter |
| 30 | 31 |  |  |  |
|  | Gross Domestic Product Industrial Product Price Raw Materials Price Inde Employment, Earnings a | actor Cost by Industry, May x, June une <br> Hours, May |  |  |

* 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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[^0]:    Note: All series are seasonally adjusted with the exception of average weekly earnings and the price indexes.

    - New this week.

