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Catalogue 11-002E (Français 11-002F) ISSN 0380-0547

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A WEEKLY REVIEW

Friday, August 24, 1990

OVERVIEW

- **Shipments Continue to Rise**

  Seasonally adjusted manufacturers' shipments increased 1.7% in June while unfilled orders continued to decline.

- **Retail Sales Recover**

  In June, retail sales were up 0.8%, the largest monthly gain since January. However, this increase was not enough to offset sharp declines in April and May.

- **Consumer Price Index Decelerates**

  In July, the Consumer Price Index increased 4.2% year-over-year, continuing the deceleration started in February.

- **Exports Rise while Imports Drop**

  Preliminary estimates for June indicate that merchandise exports reached a new high of $12.8 billion, an increase of 5.3% over May.

- **Further Decline of Wholesale Sales**

  In May, seasonally adjusted sales of wholesale merchants were down 1.8% from April. This third consecutive decline was broadly based.

- **Department Store Sales Increase**

  In June, seasonally adjusted department store sales reached $1.2 billion, an increase of 3.0% over May.

Shipments Continue to Rise

Seasonally adjusted manufacturers' shipments increased 1.7% in June, following a small rise in May. The cumulative increase since February has almost compensated for the sharp drop posted in January. However, shipments for the first six months of 1990 were lower than for the corresponding period last year.

The rise in shipments was broadly based: 16 of the 22 trade groups posted increases, although most registered declines in May. Electrical and electronic products, fabricated metal products and food industries contributed most to the overall June increase.

Unfilled orders declined for the seventh time in the last eight months, this time by 0.3%. Decreases in electrical and electronic products and machinery and fabricated metal industries were partially offset by an increase in transportation equipment industries.

(continued on page 2)

Manufacturers' Shipments

... Shipments Continue to Rise

New orders were up 0.5%, following stronger gains in April and May.

Inventory levels decreased for the fourth consecutive month. Refined petroleum and coal, electrical and electronic products and primary metal industries accounted for most of the June decrease.

The ratio of inventories to shipments declined from 1.53 in May to 1.50 in June. It had posted slight fluctuations in the previous two months.

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

Retail Sales Recover

In June, retail sales were up 0.8%, the largest monthly gain since January. However, this increase was not enough to offset sharp declines in April and May.

The retail increase in June was broadly based: 11 of the 16 trade groups registered increases. Sales of motor vehicles increased 1.9%, following a marginal drop in May and a sharp drop in April. The rise in sales of women's clothing was strong enough to offset the declines of the previous two months. Sales by general merchandise stores rose 1.9%, interrupting the generally declining trend evident since February.

Sales of household furniture and appliance stores dropped 1.8%, extending the generally declining trend evident since August 1989. Sales of household furnishings and sales of automotive parts and accessories also continued to drop.

Retail Trade

	Feb.	Mar.	April	May	June
	% change, previous month				
Supermarkets and grocery stores	0.4	-1.1	1.6	-1.1	0.1
General merchandise stores	0.2	-1.1	0.5	-2.7	1.9
Motor vehicle dealers	-4.2	3.7	-6.3	-0.1	1.9
All stores	-0.5	0.4	-1.4	-1.0	0.8
All stores excl. motor	0.6	-0.5	0.1	-1.2	0.5

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

Consumer Price Index Decelerates

The year-over-year increase of the Consumer Price Index from July 1989 to July 1990 was 4.2%, down slightly from the year-over-year rise of 4.3% observed in June. This marked the fifth consecutive month in which the CPI registered declining year-over-year rates of increase from the 5.5% posted in January and February of this year.

The housing index rose 4.1%, with a 5.3% increase in the shelter component tempered by a 2.5% increase of the household operations component and a marginal rise in the household furnishings component. Increases in the shelter component have been above those of the overall housing index since early 1989.

The food index rose by 3.9%, in line with the average of the previous three months.

The health and personal care index advanced 5.2%, a somewhat slower increase than in May and June. The 7.1% rise of the tobacco and alcohol products index was still slowing from 7.6% in May.

Consumer Price Index

	Mar.	April	May	June	July
	% change, previous month				
All-items	0.3	0.0	0.5	0.4	0.5
Food	0.3	-0.8	0.3	1.4	0.7
Clothing	0.9	0.1	-0.6	0.6	-0.1
Transportation	0.3	-0.3	0.2	0.3	1.4

Twelve months of higher increases ended in April as the effect of new taxes introduced in the previous year no longer affected the year-over-year comparisons.

The advance of the all-items index was above 5% in Calgary, Vancouver and Victoria. In Saint John and Montreal, it was below 3.5%.

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

Exports Rise while Imports Drop

Preliminary estimates for June indicate that merchandise exports reached a new high of $12.8 billion, an increase of 5.3% over May and a substantially higher level than the average of the previous twelve months.

A $711 million increase in automobile exports made up most of the overall increase; however, exports of automobile products in the first half of 1990 were still below those for the first half of last year. In forest products, a 7.4% increase in exports was not enough to offset the drop in May.

Imports dropped 4.0% to $11.0 billion, the lowest level since July of last year. In May, imports declined slightly but have been generally increasing since November.

The most important decline in imports occurred in the machinery and equipment, the largest drop in twelve months. This decline coincided with the recently announced downward revisions to capital spending intentions. A decline in imports of automobile products, particularly motor vehicle parts, was not enough to outweigh the increase in May.

As a result of the strong increase in exports and the sharp decline in imports, the trade surplus rose to $1.7 billion, its highest level in the past five years. The surplus with the United States almost tripled from May while deficits were registered with Canada's other principal trading partners.

For further information, order the Preliminary Statement of International Trade (catalogue number 65-001P) or contact International Trade Division at (613) 951-9607.

Further Decline of Wholesale Sales

In May, seasonally adjusted sales of wholesale merchants were down 1.8%. This third consecutive monthly decline was broadly based: eight of the nine trade groups posted lower sales.

The 3.2% decline registered by wholesalers of other products (farm and forest products; industrial, household and agricultural chemicals; paper products) had the strongest impact on the decline in total sales. This was the third consecutive decline for this group of wholesalers. Sales by wholesalers of non-farm machinery also declined for the third consecutive month, this time by 1.4%. The 3.9% decline for wholesalers of metals, hardware, plumbing and heating supplies was sharper than the average decrease of 2.4% in the previous three months. Sales of motor vehicles, parts and accessories declined 2.6%, a sharper drop than in the previous two months.

Sales by wholesalers of farm machinery, equipment and supplies increased marginally.

For further information, order Wholesale Trade (catalogue number 63-008) or contact Industry Division at (613) 951-3540.

Department Store Sales Increase

In June, seasonally adjusted department store sales reached $1.2 billion, an increase of 3.0% over May. Over the last three months, sales have fluctuated markedly, resulting in a marginal quarterly rise. In the previous quarter, sales decreased 0.6%.

Department store stocks recovered from the small decline registered in May. Over the last three months, stocks have fluctuated slightly around a level of $4.8 billion. In the previous quarter, they registered larger fluctuations around a lower level.

The ratio of stocks to sales stood at 4.06, a slight decline from the average of 4.08 for the previous three months.

For further information, order Department Store Sales and Stocks (catalogue number 63-002) or contact Industry Division at (613) 951-3552.

PUBLICATIONS RELEASED FROM AUGUST 20 TO 23

AGRICULTURE

Farm Product Price Index, June 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).

Fruit and Vegetable Production, August 1990. Catalogue number 22-003 (Canada: $18.00/$72.00; United States: US$21.50/US$86.00; Other Countries: US$25.25/US$101.00).

HOUSEHOLD SURVEYS

The Labour Force, July 1990. Catalogue number 71-001 (Canada: $17.90/$179.00; United States: US$21.50/US$215.00; Other Countries: US$25.10/US$251.00).

INDUSTRY

Canned and Frozen Fruits and Vegetables, June 1990. Catalogue number 32-011 (Canada: $5.00/$50.00; United States: US$6.00/US$60.00; Other Countrie: US$7.00/US$70.00).

Coal and Coke Statistics, May 1990. Catalogue number 45-002 (Canada: $10.00/$100.00; United States: US$12.00/US$120.00; Other Countries: US$14.00/US$140.00).

Construction Type Plywood, June 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).

Electric Power Statistics, May 1990. Catalogue number 57-001 (Canada: $10.00/$100.00; United States: US$12.00/US$120.00; Other Countries: US$14.00/US$140.00).

Monthly Production of Soft Drinks, July 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).

Monthly Survey of Manufacturing, June 1990. Catalogue number 31-001 (Canada: $17.30/$173.00; United States: US$20.80/US$208.00; Other Countries: US$24.20/US$242.00).

Primary Iron and Steel, June 1990. Catalogue number 41-001 (Canada: $5.00/$50.00; United States: US$6.00/US$60.00; Other Countries: US$7.00/US$70.00).

Production and Disposition of Tobacco Products, July 1990. Catalogue number 32-022 (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, June 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).

Retail Trade, May 1990. Catalogue number 63-005 (Canada: $14.40/$144.00; United States: US$17.30/US$173.00; Other Countries: US$20.20/US$202.00).

Service Bulletin, Fruit and Vegetable Preservation – Pack of Processed Asparagus, 1989 and 1990. 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).

INVESTMENT AND CAPITAL STOCK

Private and Public Investment in Canada, Revised intentions 1990. Catalogue number 61-206 (Canada: $30.00; United States: US$36.00; Other Countries: US$42.00).

PRICES

Construction Price Statistics, First Quarter 1990. Catalogue number 62-007 (Canada: $18.00/$72.00; United States: US$21.50/US$86.00; Other Countries: US$25.25/US$101.00).

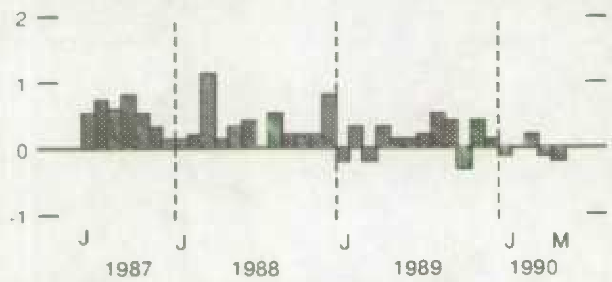
TRANSPORTATION

Air Carrier Traffic at Canadian Airports, January – March 1988 and 1989. Catalogue number 51-005 (Canada: $30.50/$122.00; United States: US$36.50/US$146.50; Other Countries: US$42.75/US$171.00).

CURRENT TRENDS*

Gross Domestic Product

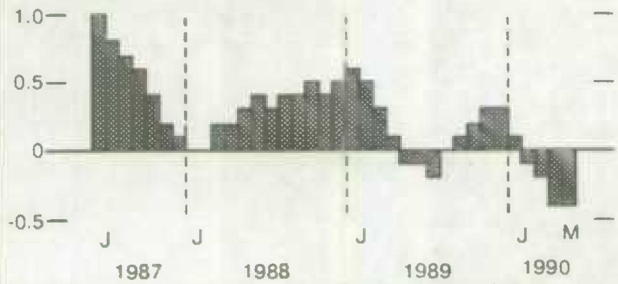
% change, previous month



Real Gross Domestic Product fell 0.2% in May, following a drop of 0.1% in April.

Composite Leading Indicator

% change, previous month



In May, the composite leading indicator fell by 0.4% as it had in April. Smaller drops were registered in March and in February.

Consumer Price Index

% change, previous year

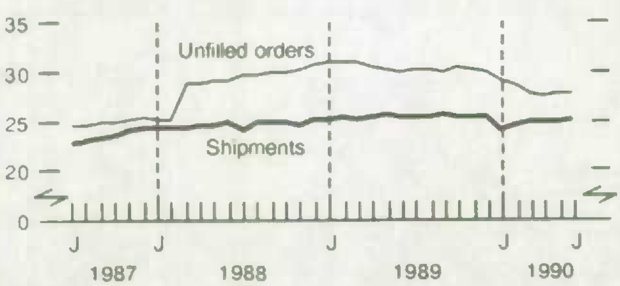
In July, the Consumer Price Index increased 4.2% year-over-year, continuing the deceleration started in February.

Unemployment Rate and Employment

In July, the labour force grew by 61,000. Three quarters of the increase was translated into higher numbers of unemployed.

Manufacturing

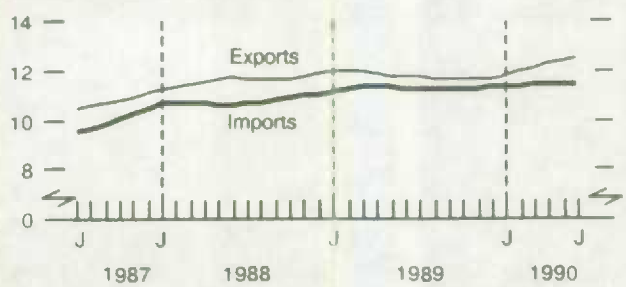
Billions of dollars



Seasonally adjusted manufacturers' shipments increased 1.7% in June while unfilled orders continued to decline.

Merchandise Trade

Billions of dollars, short-term trend



In June, merchandise exports reached a new high of $12.8 billion, an increase of 5.3% over May.

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

LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
GENERAL				
Gross Domestic Product ($ billion, 1981)	May	415	-0.2%	1.2%
Composite Leading Indicator (1981 = 100)	May	144.2	-0.4%	-0.5%
Profits of Industrial Corporations ($ billion)	1st Q	6.2	-1.5%	-51.6%
DOMESTIC DEMAND				
Retail Trade ($ billion)	June*	16.2	0.8%	0.5%
New Motor Vehicle Sales ('000 units)	June	117	6.1%	-3.9%
LABOUR				
Employment (millions)	July	12.6	0.1%	1.2%
Unemployment Rate (%)	July	7.8	0.3	0.3
Participation Rate (%)	July	67.0	0.2	0.0
Labour Income ($ billion)	May	31.9	1.1%	9.6%
Average Weekly Earnings ($)	May	507.83	0.3%	5.3%
INTERNATIONAL TRADE				
Merchandise Exports ($ billion)	June*	12.8	5.3%	11.5%
Merchandise Imports ($ billion)	June*	11.0	-4.0%	0.1%
Merchandise Trade Balance ($ billion)	June*	1.7	1.1	1.3
MANUFACTURING				
Shipments ($ billion)	June*	25.1	1.7%	-1.1%
New Orders ($ billion)	June*	25.0	0.5%	0.9%
Unfilled Orders ($ billion)	June*	27.7	-0.3%	-7.5%
Inventory/ Shipments Ratio	June*	1.50	-0.03	-0.01
Capacity Utilization (%)	1st Q	80.4	-1.6	-4.1
PRICES				
Consumer Price Index (1986 = 100)	July*	119.8	0.5%	4.2%
Industrial Product Price Index (1981 = 100)	June	131.7	-0.1%	0.2%
Raw Materials Price Index (1981 = 100)	June	98.9	-0.7%	-3.6%
New Housing Price Index (1986 = 100)	June	143.6	-1.4%	1.4%

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

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A Weekly Review

Published by the Communications Division
Statistics Canada.

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Catalogue: 11-002E. Price: Canada: $2.50 per issue, $125.00 annually; United States: US$3.00 per issue, US$150.00 annually; Other Countries: US$3.50 per issue, US$175.00. 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 613-951-7277 from all other countries.