



# IN·F·O·M·A·T

## A WEEKLY REVIEW

Friday, August 31, 1990

### OVERVIEW

#### ■ Foreign Investment Rebounds

In June, non-residents increased their holdings of Canadian bonds by \$2.2 billion after a record net disinvestment in the previous month.

#### ■ Profits Continue to Fall

In the second quarter, operating profits of industrial corporations fell 24% to \$4.6 billion, the lowest level in over seven years.

#### ■ Farm Cash Receipts Recover

Farm cash receipts for the first half of 1990 reached \$11.0 billion, up 1% from the same period last year.

#### ■ Number of Unemployment Insurance Beneficiaries Unchanged

In June, the seasonally adjusted number of individuals receiving regular unemployment insurance benefits was virtually unchanged at 936,000.

#### ■ Travel Deficit Worsens

In the second quarter, Canada's seasonally adjusted travel deficit increased slightly over the first quarter, reaching \$1.1 billion.

### Foreign Investment Rebounds

In June, non-residents increased their holdings of Canadian bonds by \$2.2 billion after a record net disinvestment in the previous month. Net new issues made up three-quarters of the net investment, with the balance going to the secondary market.

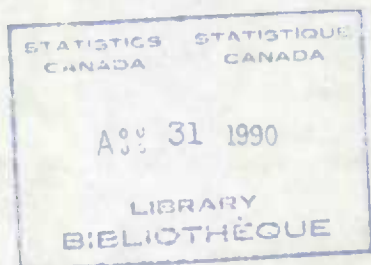
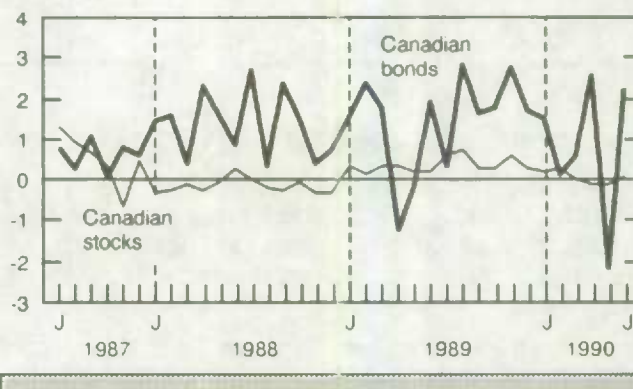
New bond sales rose sharply to \$2.8 billion from \$1.6 billion in May. Half of the investment in new issues was in domestic issues of the Government of Canada. Retirements of \$1.1 billion were in line with the monthly average of \$1 billion in the first half of 1990.

In the secondary market, non-residents increased their holdings of outstanding Canadian bonds by \$0.5 billion, a major turnaround from the sharp net disinvestment in May.

(continued on page 2)

### Security Transactions

Billions of dollars



### ... Foreign Investment Rebounds

Foreign investment in new issues of Canadian stocks was partially offset by a net disinvestment in the secondary market. This resulted in a net increase in holdings of Canadian stocks of \$29 million in June, following two months of declines totalling some \$300 million.

Residents purchased a net \$433 million in foreign bonds, reversing a net sale of \$282 million in the previous month. For the third consecutive month, residents reduced their holdings of foreign stocks. The net decline in June amounted to \$49 million, mainly in U.S. stocks.

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

## Profits Continue to Fall

In the second quarter, operating profits of industrial corporations fell 24% to \$4.6 billion, the lowest level in over seven years. This followed a 4.5% profit slide in the first quarter and average declines of 12% in the final three quarters of 1989.

The decrease in profits was widespread: 35 of the 46 industry groups registered declines, while eight had higher profits and three remained unchanged. The largest declines are outlined below.

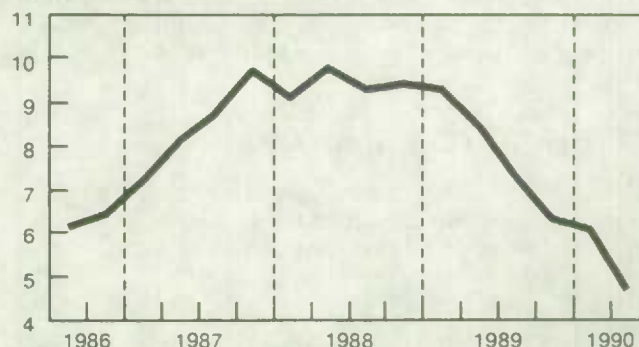
In the mineral fuels industry, operating profits fell \$420 million, resulting in the seventh loss in the past eight quarters. Weak demand and low prices reduced operating profits in the paper industry from \$410 million to \$126 million, their lowest level since 1985. In the petroleum and coal industry, lower commodity prices have eroded profits since 1987. In the second quarter, the industry registered its first loss (\$19 million) in twenty-five years.

Profits in the construction industry fell to \$206 million after averaging about \$400 million per quarter in 1989.

In the transportation sector, lower operating expenses resulted in an operating loss of \$39 million,

### Operating Profits

Billions of dollars, seasonally adjusted



\$173 million less than the first quarter loss. This industry has recorded losses in five of the past six quarters.

For further information, order *Industrial Corporations: Financial Statistics* (catalogue number 61-003P) or contact *Industrial Organization and Finance Division* at (613) 951-9843.

## Farm Cash Receipts Recover

Farm cash receipts for the first half of 1990 reached \$11.0 billion, up 1% from the same period last year. Higher crop and livestock receipts more than compensated for a large decline in direct program payments.

Crop receipts rose 10% to \$4.6 billion, with higher wheat receipts more than offsetting declines in canola and barley receipts. Despite a drop in prices, wheat receipts doubled as wheat marketings recovered from the low levels in the first half of 1989, which reflected reduced supplies as a result of the 1988 drought. Canola receipts declined 22% and barley receipts dropped 26%; both declines resulted from lower marketings as well as lower prices.

Livestock and animal product receipts rose 6% to \$5.6 billion as a result of increases in hog, cattle and poultry receipts. Hog receipts increased 19%, with a strong increase in prices more than offsetting a slight decline in marketings. Cattle receipts rose by 8% due to a 59% increase in international export receipts. Since 1988, the proportion of international exports of live cattle in total cattle receipts has nearly doubled from the average of the previous seven years.

In the first half of 1990, direct program payments were 45% lower than in the same period last year.

For further information, order *Farm Cash Receipts* (catalogue number 21-001) or contact *Agriculture Division* at (613) 951-8706.



## Number of Unemployment Insurance Beneficiaries Unchanged

In June, the seasonally adjusted number of individuals receiving regular unemployment insurance benefits was 936,000, virtually unchanged from May. In the previous twelve months, the number of beneficiaries had oscillated within a narrow range of 878,000 to 899,000.

After little change in May, total benefit payments increased 4.0% to \$1.1 billion. The number of benefit weeks increased 1.9% after a larger increase in May.

For further information, order *Unemployment Insurance Statistics* (catalogue 73-001) or contact Labour Division at (613) 951-4044.

### U.I. Beneficiaries Receiving Regular Benefits

Millions, seasonally adjusted



## Travel Deficit Worsens

In the second quarter, Canada's seasonally adjusted travel deficit increased slightly over the first quarter, reaching \$1.1 billion. This was attributable to growth in the travel deficit with the United States. Receipts from the United States, which account for nearly 60% of Canada's travel receipts, edged up by 1% in the second quarter, but payments to the United States increased 2%. Increases in receipts from other countries were offset by equal increases in payments.

After showing a marked improvement during Expo 86, the travel account deficit has generally been increasing, apart from the slight recovery brought about by the Winter Olympics in the first quarter of 1988.

For further information, order *Travel Between Canada and Other Countries* (catalogue number 66-001) or contact Education, Culture and Tourism Division at (613) 951-8933.

## NEW FROM STATISTICS CANADA



### Perspectives on Labour and Income Autumn 1990

The new edition of Statistics Canada's quarterly journal on labour and income issues has been released.

This issue of *Perspectives on Labour and Income* contains a special supplement on the labour market during the first six months of 1990. The edition also features studies on labour income, alcohol and drug use, government transfer payments, household expenditures and shifting patterns of unemployment distribution.

Each quarter, *Perspectives on Labour and Income* uses results from several data sources to examine and offer insights on emerging issues. Articles trace recent labour market developments as well as current income and wealth issues.

The Autumn issue of *Perspectives on Labour and Income* (catalogue number 75-001E) is now available. For further information on this release, contact Household Surveys Division at (613) 951-9456.

## PUBLICATIONS RELEASED FROM AUGUST 24 TO 30

### AGRICULTURE

**Field Crop Reporting Series - No. 5: Stocks of Canadian Grain at July 31, 1990.** Catalogue number 22-002 (Canada: \$12.00/\$80.00; United States: US\$14.00/US\$96.00; Other Countries: US\$16.00/US\$112.00).

### EDUCATION, CULTURE AND TOURISM

**Education Statistics Bulletin - Financial Statistics of Community Colleges, Vocational Schools and Paramedical Training in Hospitals, 1987-1988.** Catalogue number 81-002 (Canada: \$4.90/\$49.00; United States: US\$5.90/US\$59.00; Other Countries: US\$6.90/69.00).

### HOUSEHOLD SURVEYS

**Perspectives on Labour and Income, Autumn 1990.** Catalogue number 75-001E (Canada: \$13.25/\$53.00; United States: US\$16.00/US\$64.00; Other Countries: US\$18.50/US\$74.00).

### INCOME AND EXPENDITURE ACCOUNTS

**System of National Accounts - National Income and Expenditure Accounts, Quarterly Estimates 1983 Q1 - 1990 Q1.** Catalogue number 13-001 (Canada: \$20.00/\$80.00; United States: US\$24.00/US\$96.00; Other Countries: US\$28.00/US\$112.00).

### INDUSTRY

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

**Electric Lamps (Light Bulbs and Tubes), July 1990.** Catalogue number 43-009 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

**Gas Utilities, May 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).

**Gypsum Products, July 1990.** Catalogue number 44-003 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

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

**Oil Pipe Line Transport, May 1990.** Catalogue number 55-001 (Canada: \$10.00/\$100.00; United States: US\$12.00/US\$120; Other Countries: US\$14.00/US\$140.00).

**Production and Stocks of Tea, Coffee and Cocoa, Quarter Ended June 1990.** Catalogue number 32-025 (Canada: \$6.75/\$27.00; United States: US\$8.00/US\$32.00; Other Countries: US\$9.50/US\$38.00).

### INDUSTRY - Concluded

**Production, Sales and Stocks of Major Appliances, July 1990.** Catalogue number 43-010 (Canada: \$5.00/\$50.00; United States: US\$6.00/US\$60.00; Other Countries: US\$7.00/US\$70.00).

**Production, Shipments and Stocks on Hand of Sawmills East of the Rockies, June 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, June 1990.** Catalogue number 35-003 (Canada: \$7.10/\$71.00; United States: US\$8.50/US\$85.00; Other Countries: US\$9.90/US\$99.00).

**Quarterly Shipments of Office Furniture Products, Quarter Ended June 30, 1990.** Catalogue number 35-006 (Canada: \$6.75/\$27.00; United States: US\$8.00/US\$32.00; Other Countries: US\$9.50/US\$38.00).

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

### INTEGRATION AND WEALTH ACCOUNTS

**Canadian Economic Observer, August 1990.** Catalogue number 11-010 (Canada: \$22.00/\$220; United States: US\$26.00/US\$260.00; Other Countries: US\$31.00/US\$310.00).

### INTERNATIONAL TRADE

**Imports by Commodity, June 1990.** Catalogue number 65-007 (Canada: \$55.10/\$551.00; United States: US\$66.10/US\$661.00; Other Countries: US\$77.10/US\$771.00).

**Summary of Canadian International Trade, June 1990.** Catalogue number 65-001 (Canada: \$18.20/\$182.00; United States: US\$21.80/US\$218.00; Other Countries: US\$25.50/255.00).

### JUSTICE

**Juristat, Youth Crime in Canada, 1986-1988.** Catalogue number 85-002, vol. 10, no. 12 (Canada: \$3.90/\$78.00; United States: US\$4.70/US\$94.00; Other Countries: US\$5.45/US\$109.00).

### LABOUR

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

### SERVICES, SCIENCE AND TECHNOLOGY

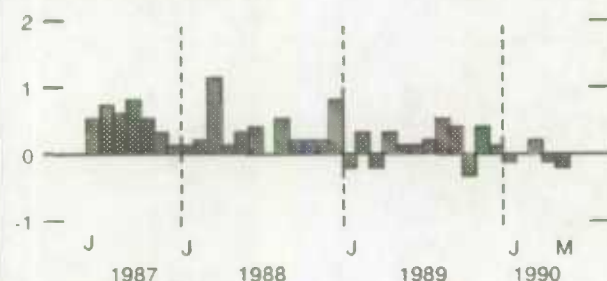
**Service Industry Bulletin - Leisure and Personal Services, Preliminary Estimates 1988.** Catalogue number 63-015 (Canada: \$7.20/\$43.00; United States: US\$8.65/US\$52.00; Other Countries: US\$10.00/US\$60.00).



## CURRENT TRENDS\*

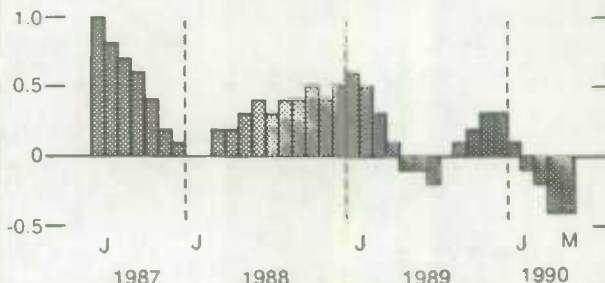
### Gross Domestic Product

% change, previous month



### Composite Leading Indicator

% change, previous month

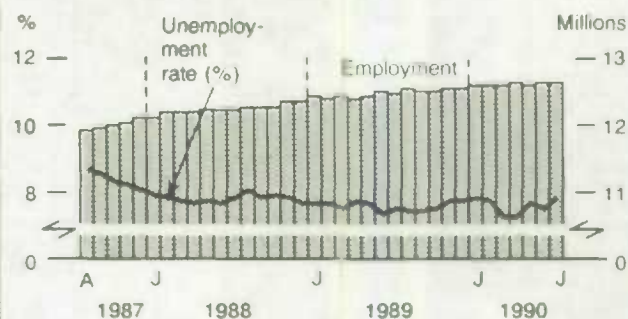


### Consumer Price Index

% change, previous year

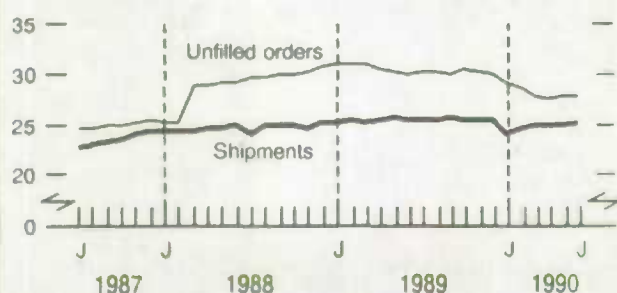


### Unemployment Rate and Employment



### Manufacturing

Billions of dollars



### Merchandise Trade

Billions of dollars, short-term trend



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

# LATEST MONTHLY STATISTICS

	Period	Level	Change Previous Period	Change Previous Year
<b>GENERAL</b>				
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)	2nd Q*	4.6	-24%	-53%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	June	16.2	0.8%	0.5%
New Motor Vehicle Sales ('000 units)	June	117	6.1%	-3.9%
<b>LABOUR</b>				
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%
<b>INTERNATIONAL TRADE</b>				
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
<b>MANUFACTURING</b>				
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
<b>PRICES</b>				
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.

## KEY RELEASE CALENDAR: SEPTEMBER 1990\*

Monday	Tuesday	Wednesday	Thursday	Friday
3	4 Composite Leading Indicator, June	5 Help-wanted Index, August	6	7 Labour Force Survey, August
10 New Motor Vehicle Sales, July New Housing Price Index, July	11 Labour Income, June Farm Product Price Index, July	12	13	14 Consumer Price Index, August International Travel, July
17	18 International Merchandise Trade, July	19	20	21 Survey of Manufacturing, July Retail Trade, July
24 Department Store Sales and Stocks, July	25 Wholesale Trade, July	26 Security Transactions, July Unemployment Insurance Statistics, July	27 Industrial Corporations: Financial Statistics, 2 <sup>nd</sup> Quarter Building Permits, July	28 Gross Domestic Product, July Industrial Product Price Index, August Raw Materials Price Index, August Employment, Earnings and Hours, July Financial Institutions: Financial Statistics 2 <sup>nd</sup> Quarter

\* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

## I·N·F·O·M·A·T

### A Weekly Review

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Senior Editor: Greg Thomson (613) 951-1116  
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