

IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, November 23, 1990

OVERVIEW

■ Shipments and Orders Continue to Decline

Shipments and orders decreased in response to strikes and weakness in the demand for manufactured products.

■ Retail Sales Post Second Straight Drop

In September, seasonally adjusted retail sales fell 0.2%, the second consecutive decline.

■ Merchandise Trade Surplus Rises

Following two consecutive months of decline, merchandise exports increased by 3.6% in September, while imports declined for a second straight month.

■ Oil Price Hike, Property Taxes Boost Consumer Price Index

The Consumer Price Index posted a year-over-year change of 4.8% in October, up sharply from the increase of 4.2% registered in each of the previous three months.

■ Trusteed Pension Funds Report Stronger Asset Gains

In 1989, the book value of the assets of trusteed pension funds rose 12.3%, to \$177 billion.

■ Wholesale Trade Still Falling

Seasonally adjusted sales of wholesale merchants were down 1.0% in August, the sixth consecutive decline.

Shipments and Orders Continue to Decline

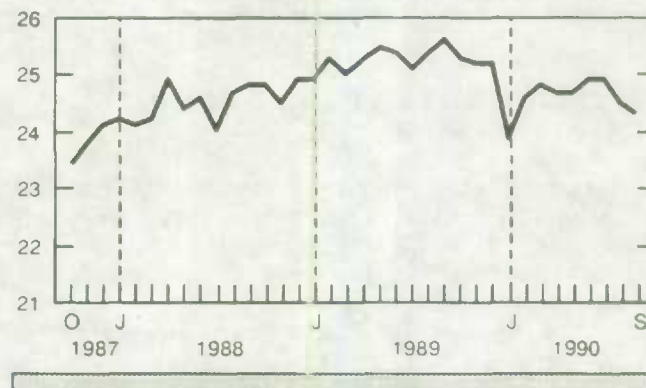
Canadian manufacturers' shipments decreased 0.8% to \$24.3 billion in September 1990. This third straight decline was concentrated in transportation equipment, wood and paper and allied products industries as weak demand and strikes affected the motor vehicle, paper and steel industries. The value of shipments in the refined petroleum and coal products industries increased, reflecting the price increases that followed the outbreak of the Middle East crisis. Cumulative shipments for the first nine months of 1990 were estimated at \$221.4 billion, 2.8% lower than the value for the corresponding period in 1989.

Inventories increased 0.8% to \$37.3 billion in September. This was the first increase for inventories since February refined petroleum and coal products industries contributed the most to this increase, reflecting once again the increase in the price of crude oil.

(continued on page 2)

Manufacturers' Shipments

Billions of dollars, seasonally adjusted



... Shipments and Orders Continue to Decline

The inventories to shipments ratio increased from 1.51 in August to 1.53 in September.

Unfilled orders decreased by 0.6% to a level of \$27.7 billion, following three months of little change. Decreases in the electrical and electronic products as well as machinery industries were partially offset by increases in transportation equipment industries.

New orders fell 1.6% to \$24.2 billion. The September drop in new orders was sharper than the previous two declines, which followed three months of positive but declining growth rates.

For more information order *Monthly Survey of Manufacturing* (catalogue number 31-001) or contact Industry Division, at (613) 951-9834.

Retail Sales Post Second Consecutive Decline

In September, seasonally adjusted retail sales decreased by 0.2% to \$16.2 billion, the second consecutive monthly decline. Retail sales have fluctuated markedly during the first nine months of 1990 but with no overall growth, as September sales were virtually unchanged from the December 1989 level.

Motor vehicle and recreational vehicle dealers' sales fell 1.3%. During 1990, they have registered large fluctuations but with a generally declining trend. Excluding motor vehicle and recreational vehicle dealers, retail sales increased 0.1% in September.

Sales of men's clothing stores fell sharply (11.9%) in September. In the first five months of 1990, sales declined on average by 0.5% per month, followed by three months of relatively strong growth averaging 2.0% per month. A 1.3% decrease for service stations followed modest gains in August and July and fluctuating but generally declining sales in the first six months of the year.

Sales of supermarkets and grocery stores increased 0.9% in September, following average gains of 0.7% in the previous four months.

Retail Trade

	May	June	Jul.	Aug.	Sept.
	% change, previous month				
Grocery & meat stores	-1.1	0.2	2.0	-0.1	0.9
Men's clothing	0.0	0.6	1.6	3.8	-11.9
Motor vehicle dealers	-0.2	1.7	-0.3	-1.7	-1.3
All stores	-1.0	0.8	0.5	-0.2	-0.2
All stores excl. motor	-1.3	0.5	0.7	0.2	0.1

Six provinces registered sales declines in September, ranging from 3.1% in Nova Scotia to 0.3% in Ontario. Notable gains were reported in Prince Edward Island (+3.8%) and Alberta (+0.6%).

Cumulative retail sales for the first nine months of 1990 amounted to \$142.1 billion, up 1.5% over the corresponding period in 1989.

For further information, order *Retail Trade* (catalogue number 63-005) or contact Industry Division, at (613) 951-3551.

Merchandise Trade Surplus Rises

Following two consecutive months of decline, merchandise exports increased by 3.6% in September, to \$12.2 billion. Significant growth in exports occurred in the energy products sector. Exports of crude petroleum more than doubled, chiefly as a result of higher prices caused by the situation in the Middle East.

Imports declined for a second month in September, dropping by 3.4% to a level of \$10.8 billion. Large decreases in automotive products, primarily cars, contributed over three-quarters of

the decline in imports. Total car imports in September were the lowest recorded since July 1989, probably reflecting consumer uncertainty. Imports of machinery and equipment were also down in September, which is consistent with the general slowdown in the economy. The value of crude oil imports rose 29% due to higher import prices.

The opposite movement of exports and imports generated an increase in the trade surplus of \$797.4 million in September, following declines of \$848.3 million in July and \$367.1 million in August. The surplus registered in September stood at \$1.5 billion.

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... Merchandise Trade Surplus Rise

The increase in Canada's trade surplus was almost totally accounted for by an improvement in the merchandise trade balance with the United States. Canada registered trade balance deficits with all of its other major trading partners.

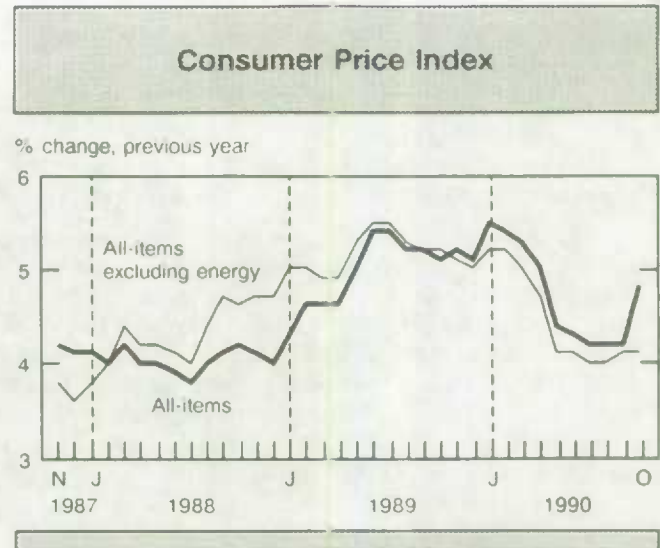
For further information on international trade statistics, order "Preliminary Statement of Canadian International Trade" (catalogue number 65-001P) or contact International Trade Division, at (613) 951-9647.

Oil Price Hike, Property Taxes Boost Consumer Price Index

The Consumer Price Index posted a year-over-year change of 4.8% in October, up sharply from the increase of 4.2% registered in each of the previous three months. The all-items index excluding food and energy rose 4.3%, slightly faster than the 4.1% noted in September.

The food index advanced 4.0% year-over-year, compared to the rise of 3.9% reported for September. The latest change resulted from increases of 3.7% in the index for food purchased from stores and 5.0% in the index for food purchased from restaurants. The housing index rose 4.3%. A significant upward pressure came from an increase of 8.7% in property taxes, noticeably greater than the 6.7% increase reported last year.

The transportation index rose 6.0%, compared to an average increase of 4.0% in the previous four months. Gasoline prices rose 19.5% over last year's after five months of year-over-year increases near 9%. Over a third of the increase was attributable to the sharp rise in the price of crude oil that followed the start of the Middle East crisis.



The index for recreation, reading and education rose 5.2%, its highest year-over-year rise since December 1988. The index for tobacco products and alcohol advanced 8.2%, significantly faster than in the four previous months.

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

Trusteed Pension Funds Report Stronger Asset Gains

In 1989, the book value of the assets held by trustee pension funds, which constitute over four-fifths of all assets invested by employer-sponsored pension plans in the capital and financial markets was estimated at \$177.1 billion, an increase of 12.3% from the previous year. This growth was largely attributable to a significant increase in the income generated from profits on the sale of securities and to a transfer of \$1.6 billion from the consolidated revenue account for the Province of Ontario into the trustee pension fund system. Excluding this amount, the growth rate was 11.3%, up from the low of 9.9% recorded in 1988 but still below the rates recorded in previous years.

The assets were held on behalf of approximately 3.6 million active pension plan members, 5.2% more than in 1988, plus an undetermined number of persons who had retired or left their employment. The number of active members has doubled since 1970, but most of the growth in membership occurred from 1970 to 1979. Assets per active member increased from approximately \$17,000 in 1980 to \$49,500 in 1989 (from \$28,800 to \$49,500 in constant 1989 dollars).

The major forms of investment were still bonds (46% of assets), stocks (28%) and short-term holdings including cash (11%). Pension fund managers showed regained confidence in the capital markets. The amounts invested in stocks and bonds increased 16% and 14% respectively in 1989,

(continued on page 4)

... Trusted Pension Funds Report Stronger Asset Gains

compared with growth rates of less than 10% the previous year. The amount invested in real estate recorded the highest growth (27%) of any of the assets components, following more modest increases from 1986 to 1988. However, this type of investment continues to represent less than 3% of the assets of trusted pension funds.

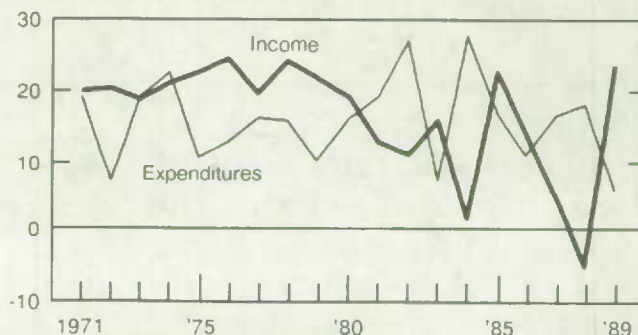
Income of trusted pension funds was estimated at \$27.4 billion in 1989, up 23% from the previous year. Approximately 30% of this increase was due to the transfer from the Province of Ontario into the trusted pension fund system.

In 1989, trusted pension fund expenditures were estimated at \$9.7 billion, up 5.5% from 1988.

The number of trusted pension funds recorded a third successive decrease, following increases each year from 1980 to 1986. Smaller funds, i.e. those with less than five active members, were responsible for half of this year's decline. Public sector funds, while accounting for only a small proportion of the total number of trusted pension funds, held over one-half of the assets and covered more than 44% of all active plan members.

Trusted Pension Funds

% change, previous year



For further information, order *Trusted Pension Funds: Financial Statistics* (catalogue number 74-201) or contact Labour Division at (613) 951-4033 or by FAX at (613) 951-4087.

Wholesale Trade Still Falling

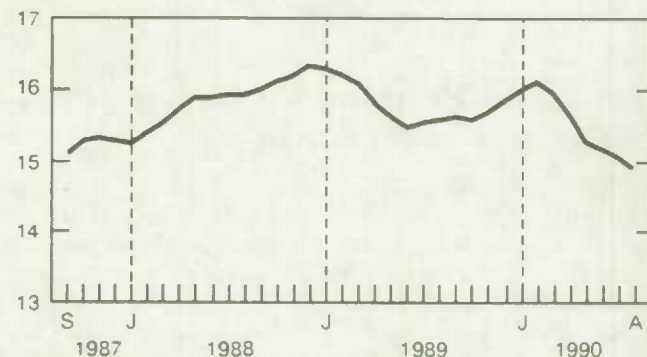
Seasonally adjusted sales of wholesale merchants were down 1.0% in August, to \$14.9 billion. This and declines in the previous five months added up to a cumulative fall of 7.4% since March.

Six of the nine trade groups registered lower sales in August. Wholesalers of machinery, equipment and supplies (excluding farm machinery) registered a drop of 2.6% in sales, the sixth in a row for a total decline of 14.7% since March. Sales by wholesalers of lumber and building materials fell 2.5% from August and have been declining since November 1989 (a cumulative drop of 11.2%). Wholesalers of metals, hardware, plumbing and heating equipment and supplies reported a decline of 2.4%. Sales for this group were more than 25% lower than in early 1989, when they started declining.

Eight provinces registered declines in August, ranging from -2.7% in Manitoba to -0.1% for Saskatchewan and Prince Edward Island. Increases were recorded in Newfoundland (+1.8%), New Brunswick (+0.6%) and Yukon and Northwest Territories(+0.1%).

Wholesale Trade

Billions of dollars, seasonally adjusted

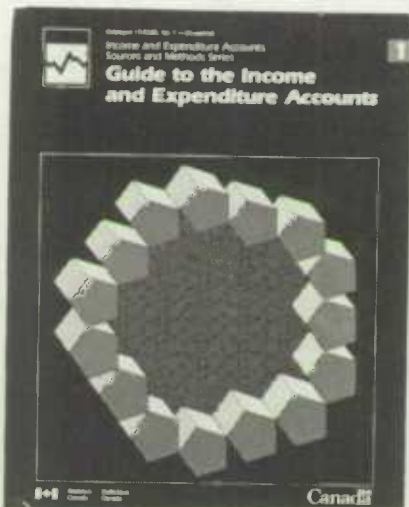


For further information, order *Wholesale Trade* (catalogue number 63-008) or contact Industry Division at (613) 951-3540.

PUBLICATIONS RELEASED FROM NOVEMBER 16 TO 22

Division/Publication title	Period	Catalogue Number	Price/Subscription		
			Canada (\$CAN)	United States	Other Countries
				\$US	
AGRICULTURE					
Farm Product Price Index	September 1990	62-003	7.10/71.00	8.50/85.00	9.90/99.00
EDUCATION, CULTURE AND TOURISM					
Education Statistics Bulletin – Federal Expenditures in Support of Education and Training, Vol. 12, No7	1982-83 to 1989-90	81-002	4.90/49.00	5.90/59.00	6.90/69.00
Touriscope – Travel Between Canada and Other Countries	1989	66-201	34.00	41.00	48.00
HOUSEHOLD SURVEYS					
The Labour Force	October 1990	71-001	17.90/179.00	21.50/215.00	25.10/251.00
INDUSTRY					
Construction Type Plywood	September 1990	35-001	5.00/50.00	6.00/60.00	7.00/70.00
Gas Utilities: Transport and Distribution Systems	1989	57-205	27.00	32.00	38.00
Monthly Survey of Manufacturing	September 1990	31-001	17.30/173.00	20.80/208.00	24.20/242.00
Oils and Fats	September 1990	32-006	5.00/50.00	6.00/60.00	7.00/70.00
Oil Pipe Line Transport	August 1990	55-001	10.00/100.00	12.00/120.00	14.00/140.00
Production and Disposition of Tobacco Products	October 1990	32-022	5.00/50.00	6.00/60.00	7.00/70.00
Production and Shipments of Steel Pipe and Tubing	September 1990	41-011	5.00/50.00	6.00/60.00	7.00/70.00
Quarterly Report on Energy Supply-Demand in Canada	First Quarter 1990	57-003	31.75/127.00	38.00/152.00	44.50/178.00
Steel Wire and Specified Wire Products	September 1990	41-006	5.00/50.00	6.00/60.00	7.00/70.00
INTERNATIONAL TRADE					
Preliminary Statement of Canadian International Trade	September 1990	65-001P	10.00/100.00	12.00/120.00	14.00/140.00
JUSTICE					
Juristat – Decisions and Dispositions in Youth Court, Vol. 10 No 10	1986-1990	85-002	3.90/78	4.70/94	5.45/109
LABOUR					
Unemployment Insurance Statistics	August 1990	73-001	14.70/147.00	17.60/176.00	20.60/206.00
PRICES					
Construction Price Statistics	Second Quarter 1990	62-007	18.00/72.00	21.50/86.00	25.25/101.00
Consumer Prices and Price Indexes	April-June 1990	62-010	18.00/72.00	21.50/86.00	25.25/101.00
The Consumer Price Index	October 1990	62-001	9.30/93.00	11.20/112.00	13.00/130.00
SERVICES, SCIENCE AND TECHNOLOGY					
Science Statistics – Regional Distribution of Federal Expenditures on Science and Technology	1988-89	88-001	7.10/71.00	8.50/85.00	9.90/99.00
Traveller Accommodation Statistics	1985-1987	63-204	22.00	26.00	31.00
TRANSPORTATION					
Service Bulletin – Aviation, Vol. 22, No. 11.	October 1990	51-004	9.30/93.00	11.20/112.00	13.00/130.00
Trucking in Canada	1988	53-222	45	54	63

NEW FROM STATISTICS CANADA

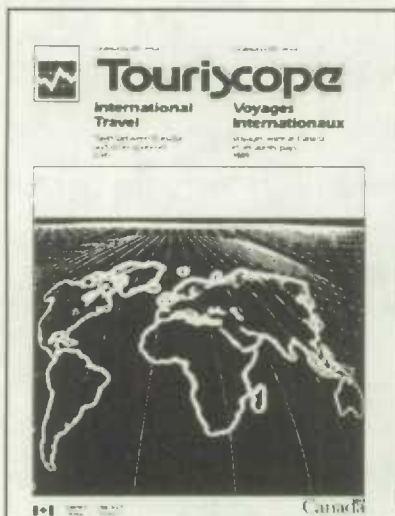


Guide to the Income and Expenditure Accounts

What is the Gross Domestic Product and how is it calculated? What data sources are used? What is the difference between GDP and GNP? How do the national accounts price indexes compare with other indexes, such as the Consumer Price Index? What does it mean to say that the accounts have been 'rebased'? What is the relationship between the provincial GDPs and the national GDP? How reliable are the accounts estimates? These and many other questions about the national accounts are answered in Statistics Canada's new publication, the Guide to the Income and Expenditure Accounts.

The successor to the well-known 'Orange Book' published 15 years ago, this 164-page volume provides a thorough explanation of the national accounts. All economic and business analysts should have a copy of this important reference book.

For additional information, order your copy of the Guide to the Income and Expenditure Accounts (catalogue number 13-603E), or contact Denise Bisson (613) 951-3819 or your nearest Regional Reference Centre.



International Travel

1989

The new edition of Statistics Canada's annual report on travel between Canada and other countries has been released. This issue of International Travel presents international travel market information by origin, destination, purpose of trip, expenditures, length of stay and other characteristics. It contains 33 tables, some of which cover a period of ten years. Here are some of its highlights:

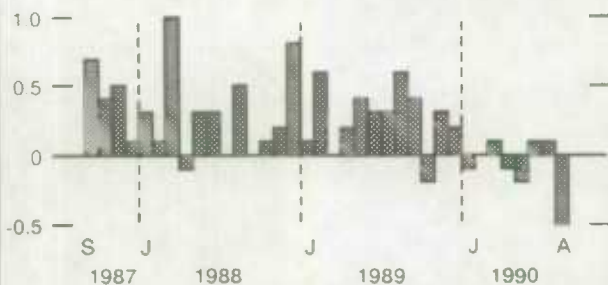
- In 1989, Canada's international travel deficit stood at a record \$3.5 billion, reflecting the strong rise in Canadian travel outside the country.
- In 1989, total travel receipts rose 5% \$7.2 billion. Receipts from the United States increased marginally (0.2%) while receipts from other countries rose 12%.

The 1989 issue of International Travel - Travel Between Canada and Other Countries (catalogue number 66-201) is now available. For further information on this release, contact Education, Culture and Tourism Division at (613-951-8933).

CURRENT TRENDS*

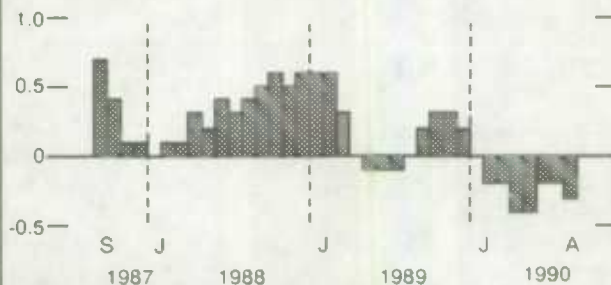
Gross Domestic Product

% change, previous month



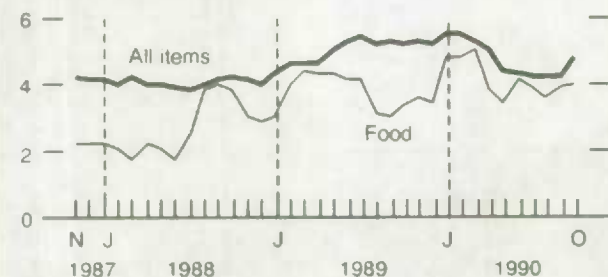
Composite Leading Indicator

% change, previous month

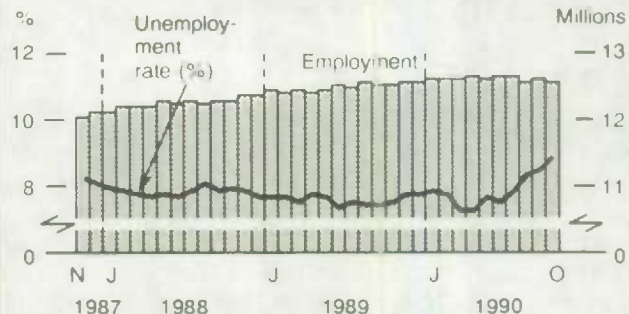


Consumer Price Index

% change, previous year

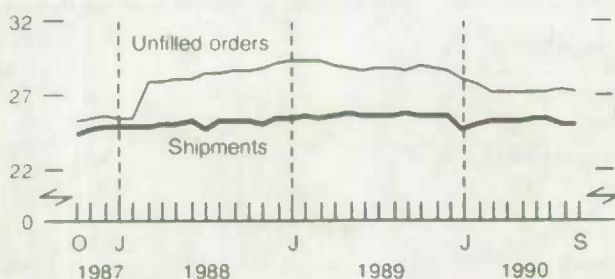


Unemployment Rate and Employment



Manufacturing

Billions of dollars



Merchandise Trade

Billions of dollars



*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, 1986)	August	509	-0.5%	0.2%
Composite Leading Indicator (1981 = 100)	August	143.2	-0.3%	-1.0%
Profits of Industrial Corporations (\$ billion)	2nd Q	4.6	-24%	-53%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	August	16.3	-0.2%	0.3%
New Motor Vehicle Sales ('000 units)	Sept.	109	-2.6%	-17.3%
LABOUR				
Employment (millions)	October	12.6	-0.3%	0.2%
Unemployment Rate (%)	October	8.8	0.4	1.3
Participation Rate (%)	October	67.1	0.0	0.1
Labour Income (\$ billion)	August	31.9	0.2%	6.4%
Average Weekly Earnings (\$)	August	519.03	0.8%	6.0%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	Sept.*	12.2	3.6%	4.0%
Merchandise Imports (\$ billion)	Sept.*	10.8	-2.1%	-4.0%
Merchandise Trade Balance (\$ billion)	Sept.*	1.5	0.8	0.9
MANUFACTURING				
Shipments (\$ billion)	Sept.*	24.3	-0.8%	-4.9%
New Orders (\$ billion)	Sept.*	24.2	-1.6%	5.0%
Unfilled Orders (\$ billion)	Sept.*	27.7	-0.6%	-7.4%
Inventory/ Shipments Ratio	Sept.*	1.53	0.02	0.03
Capacity Utilization (%)	2nd Q	79.7	-0.5	-5.3
PRICES				
Consumer Price Index (1986 = 100)	October*	121.2	0.8%	4.8%
Industrial Product Price Index (1986 = 100)	Sept.	109.9	0.7%	0.6%
Raw Materials Price Index (1986 = 100)	Sept.	118.5	10.3%	11.8%
New Housing Price Index (1986 = 100)	Sept.	139.3	-1.3%	-2.6%

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

* New this week.

I·N·F·O·M·A·T

A Weekly Review

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