



# I·N·F·O·M·A·T

## A WEEKLY REVIEW

Friday, January 25, 1991

### OVERVIEW

#### ■ Merchandise Trade Data Consistent with Recession

In November, exports declined by 6.7%, but since imports dropped by 9.3%, the trade surplus went up to \$1.3 billion.

#### ■ Consumer Prices Post First Monthly Decline in One Year

In December, the Consumer Price Index declined slightly, for the first time in one year. On a year-over-year basis, the index increased 5.0%, as in November.

#### ■ Retail Trade Maintains Downward Trend

Seasonally adjusted retail sales decreased 0.3% to \$16.1 billion in November, the fourth consecutive decline.

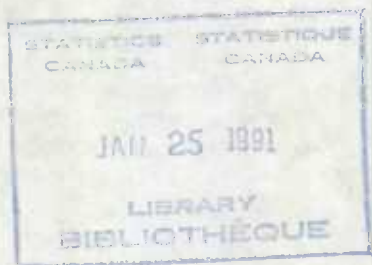
#### ■ Decline in Wholesale Trade Slows

Sales of wholesale merchants continued to fall in October, although at a slower pace than in the previous seven months.

#### ■ Strong Growth in Insurers' Profits

Property and casualty insurers reported profits (before tax and extraordinary items) of \$353 million in the third quarter of 1990, an increase of 11.4% from the previous year.

This issue also includes information on **Industrial Corporations Financial Statistics**.



### Merchandise Trade Data Consistent with Recession

In November, both exports and imports behaved in line with recessionary expectations.

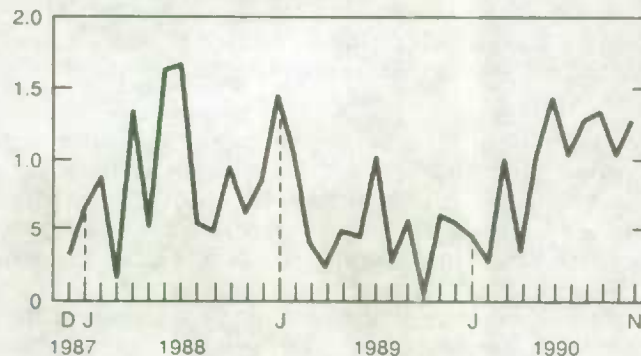
Exports fell 6.7% from the record level attained in October, primarily as a result of lower exports to the United States. The largest decline occurred in the automotive products sector, which dropped by 16.1% in November, more than offsetting the gain posted in October. Exports of industrial goods and materials declined by 8.7% and machinery and equipment registered a decrease of 8.6%. Crude petroleum exports continued to rise but the increase was more than offset by declines for natural gas and other energy products.

Following a sharp increase in October, imports dropped by 9.3% in November. The decrease in imports of machinery and equipment accounted for

(continued on page 2)

#### Merchandise Trade Balance

Billions of dollars, seasonally adjusted



### ... Merchandise Trade Data Consistent with Recession

almost 40 per cent of the total decline in imports. In the previous five months, imports for that group had fluctuated, but generally declined. Imports of industrial goods and materials also dropped substantially in November.

The trade surplus rose by \$243.5 million to a level of \$1.3 billion, in line with the average of the previous five months. Canada posted a merchandise trade surplus with the U.S. (\$2.0 billion), and trade deficits with all other major trading partners.

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

## Consumer Prices Post First Monthly Decline in One Year

In December, the Consumer Price Index dropped slightly from November, the first decline in one year. Four of the seven major components decreased.

The food index fell by 0.4%, as a drop of 0.8% in prices of food purchased from stores was partly offset by a rise for food purchased in restaurants. The clothing index declined by 0.6%, faster than the decline registered in November. Although part of the decline is linked to seasonal promotional activity, a large part of it seems to be in response to decreased consumer spending.

The housing index fell by 0.1%. The owned accommodation component dropped slightly. Traveller accommodation prices posted a seasonal decline. Household operations costs decreased by 0.5%.

The health and personal care index rose 0.5% as a result of higher prices for non-prescribed medicine and personal care supplies. An increase of 0.2% for the recreation, reading and culture index was

### Consumer Price Index

	Aug.	Sept.	Oct.	Nov.	Dec.
	% change, previous month				
All-items	0.1	0.3	0.8	0.6	-0.1
Food	-0.9	-0.2	0.5	0.1	-0.4
Clothing	1.4	-0.5	0.2	-0.4	-0.6
Transportation	-0.1	0.1	1.4	2.5	0.1

mainly due to price hikes for books and daily newspapers, as well as higher admission charges for movies and for the use of recreational facilities.

The transportation index posted a 0.1% rise, as a sharp increase in air fares was virtually offset by a large seasonal drop in automobile rental rates and a decline in gasoline prices.

On a year-over-year basis, the index increased 5.0%, as in November.

For further information, order *Consumer Price Index* (catalogue number 62-001), or contact Prices Division at (613) 951-3353.

## Retail Trade Maintains Downward Trend

Seasonally adjusted retail sales decreased 0.3% to \$16.1 billion in November, continuing the generally declining trend observed in the previous eight months.

Motor vehicle and recreational vehicle dealers' sales fell by 0.8%, the fifth consecutive decline. A 0.3% decrease in supermarket and grocery stores was the second consecutive decline following fluctuating but generally increasing sales since the beginning of 1990. Sales of other semi-durable stores (which include book and stationery stores, florists, hardware stores, toy and hobby shops and gift stores, etc.) fell by 1.3%, the seventh consecutive decline. General merchandise stores registered a drop of 0.5%, partly offsetting the gain posted in October.

### Retail Trade

	July	Aug.	Sept.	Oct.	Nov.
	% change, previous month				
Supermarkets & grocery stores	1.9	0.3	0.7	-1.0	-0.3
General merchandise stores	1.1	-0.1	-0.1	0.9	-0.5
Motor vehicle dealers	-0.8	-2.0	-1.8	-3.1	-0.8
All stores	0.4	-0.3	-0.3	-0.2	-0.3

The only gains offsetting these November decreases were increases for automotive parts, accessories and services (2.2%), women's clothing stores (0.4%) and household furnishings stores (0.4%).

For further information, order *Retail Trade* (catalogue number 63-005) or contact Industry Division at (613) 951-9236.



## Decline in Wholesale Trade Slows

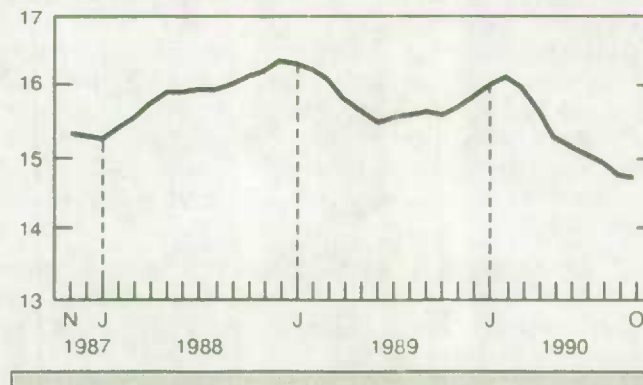
Seasonally adjusted sales of wholesale merchants fell by 0.3% in October to \$14.7 billion. The October decline was smaller than the seven preceding consecutive decreases.

Seven of the nine industry groupings posted declines. Sales of farm machinery continued to decrease, posting a cumulative fall of 14.4% from the level in March. Sales of other machinery declined by 1.1% to \$3.2 billion, and were 16.7% lower than February's level. Wholesalers of lumber and building materials posted their eleventh consecutive drop (1.1%). Sales of metals, hardware, plumbing and heating equipment decreased by 0.6%, in line with the decline registered in September, but significantly lower than the average drop in the seven previous months (3.0%). Sales of apparel and dry goods declined by 6.5%, contributing to a cumulative decline of 22.4% since April.

Sales of motor vehicles posted a fourth consecutive increase and are now 3.9% above their June level.

## Wholesale Trade

Billions of dollars, seasonally adjusted



Large declines were registered in Prince Edward Island, Nova Scotia, New Brunswick, British Columbia, Yukon, and in the Northwest Territories. Changes in other provinces were less than 1.0%.

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

## Strong Growth in Insurers' Profits

Property and casualty insurers reported profits (before tax and extraordinary items) of \$353 million in the third quarter of 1990, an increase of 11.4% from the previous year. Year-over-year declines had been registered in the previous three quarters. Underwriting losses grew to \$236 million, an increase of 3.5% over the previous year, following much larger year-over-year gains in the third quarters of 1988 and 1989. Net investment income rose to \$589 million, an increase of 8.1% from the previous year.

Sales of investment funds (including reinvestment of income) increased to \$3.3 billion, up 10% from the previous year. Redemptions registered a 25% year-over-year increase, and reached \$3.0 billion. Consequently, net sales slowed to \$332 million, a decline of 43.2% from the previous year. Total assets of funds at market value were \$34.2 billion, unchanged from the third quarter of 1989.

For further information, order *Financial Institutions* (catalogue number 61-006) or contact Industrial Organization and Finance Division at (613) 951-2637.

## High Price for Crude Oil Boosts Industrial Corporations' Profits

Revised figures indicate that seasonally adjusted operating profits of Canadian industrial corporations rose 12.5% to \$5.1 billion in the third quarter of 1990. This was the first quarterly increase since the final quarter of 1988, but was largely the result of higher crude oil prices. Excluding the mineral fuels and the petroleum and coal industries, overall operating profits in the third quarter were actually down 13.6% from the second quarter.

Drops in dividend income and capital gains resulted in a 3.9% decline in pre-tax profits in the third quarter. This followed decreases of 4.1% in the second quarter and 12.5% in the first quarter of 1990.

The value of sales by industrial corporations increased by 0.4% to \$240 billion, following declines of 0.3% and 0.2% in the other two quarters of 1990.

Unadjusted total assets of large corporations (with assets exceeding \$10 million) rose 2.0% to \$637.5 billion. This increase exceeded the average of the previous six quarters. Long-term corporate investments jumped by 4.3%, the largest quarterly advance in several years.

Total liabilities were up 2.3% to \$390.7 billion, the largest increase since the third quarter of 1989. Bond financing was up 3.0%, after two quarters of little growth. Long-term bank loans rose 3.7%, faster than the average increase of the two previous quarters.

Profitability, as measured by the rate of return on shareholders' equity, declined to 6.6%, from 7.1% in the previous two quarters. This is well below the average return of 12.1% in 1988, and it is the lowest rate since 1982. The long-term debt to equity ratio rose to 61.3%, the highest since the first quarter of 1986. The increase is attributable to the \$5.6 billion jump in long-term debt levels in the third quarter of 1990.

**Note :** Beginning with the release of fourth quarter 1990 results in mid-March, the publications *Financial Institutions* (catalogue number 61-006) and *Industrial Corporations* (catalogue number 61-003) will be amalgamated in *Quarterly Financial Statistics for Enterprises* (catalogue number 61-008). About 30 industries will be reclassified according to the 1980 Canadian Standard Industrial Classification for Companies and Enterprises rather than the 1960 and 1980 Standard Industrial Classification. Financial ratios will be published in addition to the balance sheet and income statement.

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

## PUBLICATIONS RELEASED FROM JANUARY 18 TO 24, 1991

Division/Publication title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
AGRICULTURE					
Cereals and Oilseeds Review	October 1990	22-007	13.80/138	16.60/166	19.30/193
CENSUS					
Census - A Profile of The Disabled in Canada	1986	98-126	10		11
EDUCATION, CULTURE AND TOURISM					
Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities	1990-1991 Preliminary	81-258P	22	26	31
Touriscope - International Travel - Advance Information	November 1990	66-001P	6.10/61	7.30/73	8.50/85



## PUBLICATIONS RELEASED (Concluded)

Division/Publication title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
<b>HOUSEHOLD SURVEYS</b>					
The Labour Force	December 1990	71-001	17.90/179	21.50/215	25.10/251
<b>INDUSTRY</b>					
Crude Petroleum and Natural Gas Production	September 1990	26-006	10/100	12/120	14/140
Department Store Monthly Sales, Including Concessions, by Province and Metropolitan Area	October 1990	63-004	2.70/27	3.20/32	3.80/38
Electric Power Statistics	October 1990	57-001	10/100	12/120	14/140
Monthly Production of Soft Drinks	December 1990	32-001	2.70/27	3.20/32	3.80/38
Monthly Survey of Manufacturing	November 1990	31-001	17.30/173	20.80/208	24.20/242
Oils and Fats	November 1990	32-006	5/50	6/60	7/70
Primary Iron and Steel	October 1990	41-001	5/50	6/60	7/70
Production and Shipments of Steel Pipe and Tubing	November 1990	41-011	5/50	6/60	7/70
Quarterly Report on Energy Supply-Demand in Canada	1990-II	57-003	31.75/127	38/152	44.50/178
<b>INTEGRATION AND WEALTH ACCOUNTS</b>					
Canadian Economic Observer	January 1991	11-010	22/220	26/260	31/310
<b>INTERNATIONAL TRADE</b>					
Exports by Commodity	October 1990	65-004	55.10/551	66.10/661	77.10/771
Preliminary Statement of Canadian International Trade	November 1990	65-001P	10/100	12/120	14/140
<b>LABOUR</b>					
Employment, Earnings and Hours	October 1990	72-002	38.50/385	46.20/462	53.90/539
<b>PRICES</b>					
Farm Product Price Index (1986 = 100)	November 1990	62-003	7.10/71	8.50/85	9.90/99
The Consumer Price Index	December 1990	62-001	9.30/93	11.20/112	13/130
<b>SERVICES, SCIENCE AND TECHNOLOGY</b>					
Science Statistics Service Bulletin, Vol. 15, No 1, R&D Expenditures of Private Non-Profit (PNP) Organizations	1989	88-001	7.10/71	8.50/85	9.90/99
<b>TRANSPORTATION</b>					
Service Bulletin - Aviation - Aviation Statistics Centre	January 1991	51-004	9.30/93	11.20/112	13/130

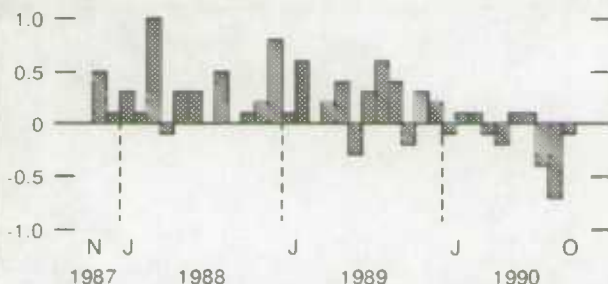


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## CURRENT TRENDS\*

## Gross Domestic Product

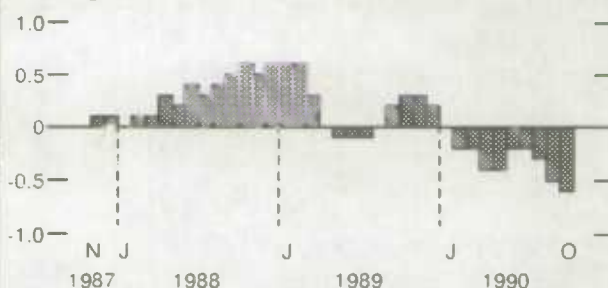
% change, previous month



Real Gross Domestic Product at factor cost slid a further 0.1% in October after dropping 0.7% in September and 0.4% in August.

## Composite Leading Indicator

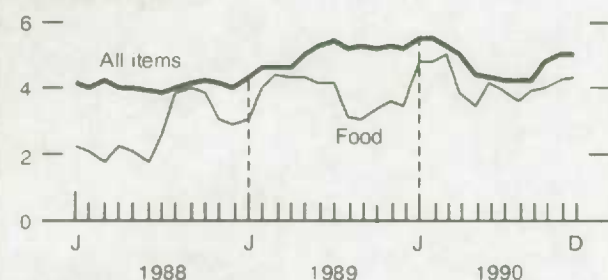
% change, previous month



In October, the composite leading indicator fell by 0.6%, the ninth consecutive drop.

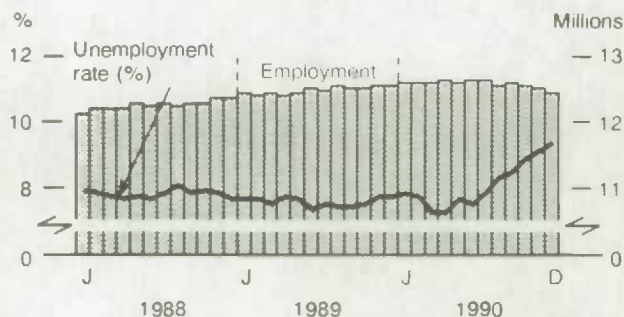
## Consumer Price Index

% change, previous year



In December as in November, the Consumer Price Index registered a year-over-year increase of 5.0%.

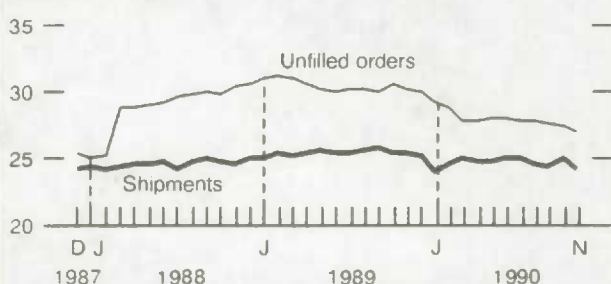
## Unemployment Rate and Employment



The December unemployment rate (9.3%) was the highest in three years. Employment continued to decline.

## Manufacturing

Billions of dollars



In November manufacturing shipments fell 3.0% to \$24.1 billion. Unfilled orders maintained their downward trend.

## Merchandise Trade

Billions of dollars



In November, exports declined by 6.7% and imports dropped 9.3%.

\*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, 1986)	October	506	-0.1%	-0.7%
Composite Leading Indicator (1981 = 100)	October	141.7	-0.6%	-2.5%
Profits of Industrial Corporations (\$ billion)	3rd Q	5.2	13.6%	-29.5%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	November*	16.1	-0.3%	-1.0%
New Motor Vehicle Sales ('000 units)	November	99	-1.9%	-18.1%
<b>LABOUR</b>				
Employment (millions)	December	12.4	-0.5%	-0.9%
Unemployment Rate (%)	December	9.3	0.2	1.6
Participation Rate (%)	December	66.7	-0.2	-0.4
Labour Income (\$ billion)	October	32.3	0.7%	6.7%
Average Weekly Earnings (\$)	October	522.80	0.6%	5.2%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	November*	12.0	-6.7%	2.8%
Merchandise Imports (\$ billion)	November*	10.7	-9.3%	-3.3%
Merchandise Trade Balance (\$ billion)	November*	1.3	0.2	0.7
<b>MANUFACTURING</b>				
Shipments (\$ billion)	November	24.1	-3.0%	-4.5%
New Orders (\$ billion)	November	23.8	-2.8%	-4.3%
Unfilled Orders (\$ billion)	November	27.0	-0.9%	-10.6%
Inventory/ Shipments Ratio	November	1.55	0.05	0.04
Capacity Utilization (%)	3rd Quarter	78.0	-1.1	-5.5
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	December*	121.8	-0.1%	5.0%
Industrial Product Price Index (1986 = 100)	November	110.6	0.1%	1.7%
Raw Materials Price Index (1986 = 100)	November	131.5	3.1%	24.2%
New Housing Price Index (1986 = 100)	November	136.5	-1.2%	-5.5%

*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

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