



# IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, April 26, 1991

## OVERVIEW

### ■ Non-resident Investment Remains Strong

In February, non-residents invested \$1.7 billion in Canadian securities, in line with the large investments prevailing since October 1990.

### ■ Tax Changes Still Boosting CPI

The all-items Consumer Price Index for Canada increased 0.4% in March. Were it not for a large increase in the federal excise tax on cigarettes, the CPI would have declined.

### ■ Government Revenues Increase Faster Than Expenditures

In 1990/1991, consolidated total revenues for all levels of government rose 7.7% to \$272.6 billion, while consolidated government expenditures rose by 5.9% to \$305 billion. Revenues have consistently grown faster than expenditures since 1983.

### ■ Retail Trade: Largest Gain in One Year

After a large drop in January linked with the GST, retail sales rose by 1.6% in February. This was the largest increase since January 1990.

### ■ Wholesale Trade Increases

Wholesale trade increased by 1.4% to \$13.6 billion in February, following a sharp decline in January. Wholesale trade maintained a generally declining trend throughout 1990.

### ■ Regular Unemployment Insurance Beneficiaries at Eight-year High

In February, the seasonally adjusted number of persons who received regular unemployment insurance benefits increased by 4.4% to 1.2 million, the highest level since April 1983.

## Non-resident Investment Remains Strong

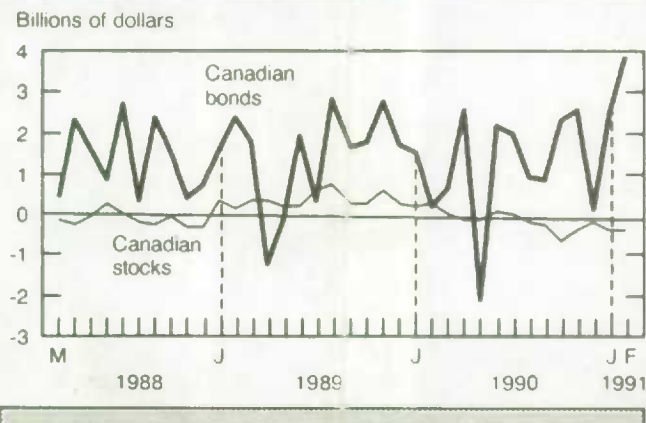
In February, non-residents invested \$1.7 billion in Canadian securities, in line with the large investments prevailing since October 1990. The net foreign investment was again entirely directed into new Canadian bonds with sizeable disinvestments recorded in both Canadian money-market paper and stocks.

Net investment by non-residents in Canadian bonds reached a record \$3.9 billion, up sharply from the sizeable investment in January. In these two months foreign investment was concentrated in new issues; a small investment was recorded in the secondary bond market.

Non-residents reduced their holdings of Canadian money-market paper by \$1.8 billion in February. The net disinvestment was concentrated in Government of Canada treasury bills, which non-residents had been accumulating in the previous six months.

(continued on page 2)

### Security Transactions



### ... Non-resident Investment Remains Strong

Non-residents continued to reduce their holdings of Canadian stocks (-\$0.5 billion), bringing to \$2.7 billion the net disinvestment over the last eight months.

Residents acquired a net amount of \$0.6 billion of foreign securities, in contrast to the net sales of both bonds and stocks totalling \$0.4 billion in January. Slightly more than half of the net investment was in U.S. equities.

For further information, order *Canada's International Transactions in Securities* (catalogue number 67-002) or contact *Balance of Payments Division* at (613) 951-1864.

### Tax Changes Still Boosting CPI

After posting no change in February, the all-items Consumer Price Index for Canada increased 0.4% in March. Four of the components registered increases, while two posted declines and one remained unchanged.

The major upward pressure came from a 20.3% increase in prices for cigarettes, due mainly to an increase in the federal excise tax. Had prices for tobacco products remained unchanged, the all-items CPI would have declined.

The clothing component rose by 1.3%, largely due to the introduction of new spring lines.

After having remained unchanged in February, the food component rose by 0.3% in March. Higher prices were posted for both food purchased from restaurants and food purchased from stores.

The transportation component fell by 1.2%, largely as a result a decline in gasoline prices (-5.1%). March was the fourth consecutive month in which gasoline prices fell.

The housing component dropped slightly (-0.2%), the second consecutive decline. Lower home maintenance and repair charges, homeowners' insurance premiums and new house prices, as well as a large drop in fuel oil prices contributed to the decline.

The year-over year increase in the all-items CPI was 6.3%, up slightly from 6.2% in February.

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

## PROVINCIAL PERSPECTIVES

### The Consumer Price Index, Percentage change, March 1991/1990

Province	All-items	Food	Energy	All items excluding Food and Energy	Housing
Canada	6.3	5.1	6.3	6.5	4.7
Newfoundland	7.1	5.8	13.8	6.6	6.4
Prince Edward Island	9.2	7.2	26.5	7.6	8.3
Nova Scotia	7.8	5.9	17.5	7.1	5.6
New Brunswick	7.2	5.6	15.3	6.6	6.9
Quebec	8.0	3.4	10.7	9.1	7.1
Ontario	5.1	4.7	5.1	5.1	3.3
Manitoba	6.0	5.5	4.8	6.2	5.8
Saskatchewan	5.2	6.5	-2.8	5.6	4.2
Alberta	6.8	7.4	0.9	7.3	6.2
British Columbia	6.3	8.9	2.9	6.0	3.8

\* Data are not seasonally adjusted.

## Government Revenues Increase Faster Than Expenditures

On a financial management system basis, consolidated total revenues of all levels of government amounted to \$272.6 billion in 1990/1991. This represented an annual increase of 7.7%, less than the average for the previous four years. Per-capita revenues rose 6.2% to \$10,192.

Of all the major revenue sources, personal income taxes increased most rapidly, at 11.5% per year over the period from 1985/1986 to 1990/1991.

The share of personal income taxes in total government revenues rose from 31.5% to 35.8% between 1985/1986 and 1990/1991. In that period, the share of consumption taxes rose to 20.8% from

19.4%. By contrast, the share of corporation income tax in consolidated government revenue fell from 7.4% to 7.1% in the same period and the proportion of revenues from natural resources declined to 2.2% from 4.4%.

Consolidated government expenditures registered an annual increase of 5.9% in 1990/1991, somewhat less than in the previous four years. The share of health and social services in consolidated government expenditures rose slightly, from 33% in 1985/1986 to 34.9% in 1990/1991. Over the same period, debt charges showed the largest increase in relative share of expenditures, having grown from 17.9% of total consolidated expenditures to 20.0%.

*For further information, contact Public Institutions Division at (613) 951-8561.*

## Retail Trade: Largest Increase One Year

After a large drop in January which was linked to the GST and a moderate gain in December, retail sales rose by 1.6% in February. This was the largest increase since January 1990.

The rise was broadly based as 12 of the 16 trade groups registered increases. The trade groups related to apparel, furniture, appliances and furnishings reported higher than average increases, following unusually large declines in January.

General merchandise stores reported an increase of 5.6%, while sales of household furniture and appliance stores jumped by 17.6%. Clothing stores other than those catering specifically to men or women also posted a sharp increase (17.0%).

Partly offsetting these increases were lower sales by gasoline service stations (-9.0%). This was

the fourth consecutive decline for that trade group. Supermarkets and grocery stores posted a fifth consecutive decline (-1.0%). Sales of motor vehicle and recreational vehicle dealers fell for the eighth consecutive month, this time by 1.2%.

Only three provinces reported lower sales in February (see accompanying Provincial Perspectives table).

**Note:** *Estimates for retail and wholesale trade for 1991 exclude the GST. Prior to 1991, estimates included the Federal Sales Tax (FST). An estimate of the amount of FST in retail sales has been calculated for total sales in Canada for 1990. However, at the provincial or trade group level, data for 1991 are not strictly comparable to those for previous years.*

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

## Wholesale Trade Increases

Wholesale trade increased by 1.4% to \$13.6 billion in February, following a sharp decline in January. Wholesale trade maintained a generally declining trend throughout 1990.

Increases were noticed in most trade groups but three groups accounted for four-fifths of the rise. Wholesalers of food, beverage, drug and tobacco products reported an increase of 1.9%. Sales by wholesalers of apparel and dry goods rose 14.2%. Wholesalers of farm machinery, equipment and supplies posted a gain of 17.9%.

Sales of lumber and building materials (-3.2%) and household goods (-4.0%) continued to decline. Only two provinces registered declines (see accompanying Provincial Perspectives table).

Inventories were \$23.2 billion, 0.3% higher than in the previous month. The ratio of inventories to sales fell from 1.72 in January to 1.70 in February.

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

## PROVINCIAL PERSPECTIVES

### Retail and Wholesale Trade, February 1991

	Retail Sales		Wholesale Sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	14,790	1.6	13,642	1.4
Newfoundland	289	2.0	151	1.9
Prince Edward Island	64	5.9	28	-0.4
Nova Scotia	491	4.1	318	3.3
New Brunswick	397	2.1	234	4.9
Quebec	3,660	2.6	3,424	1.3
Ontario	5,404	0.6	5,571	1.0
Manitoba	514	-3.0	442	5.5
Saskatchewan	438	-0.4	455	9.1
Alberta	1,531	-1.8	1,353	-0.4
British Columbia	1,943	3.0	1,650	0.0

### Regular Unemployment Insurance Beneficiaries at Eight-year High

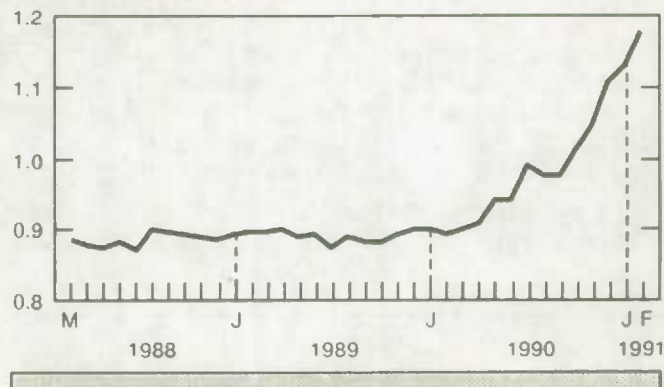
In February, the seasonally adjusted number of persons who received regular unemployment insurance benefits increased by 4.4% to 1.2 million, the highest level since April 1983. The February increase was slightly sharper than those in the four previous months.

Total benefit payments rose 1.4% to \$1.3 billion. This increase was slightly smaller than the average for the previous six months. After a sharp increase in January, the number of benefit weeks fell by 7.2% to 5.8 million.

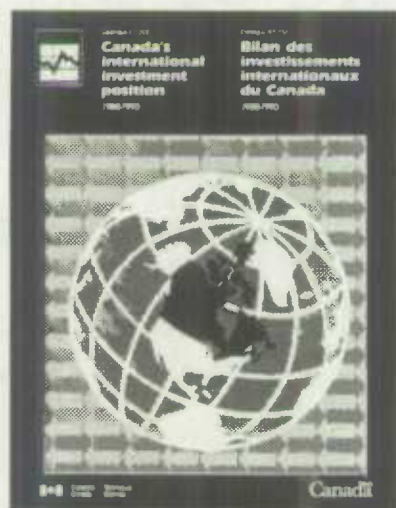
For further information, order *Unemployment Insurance Statistics* (catalogue number 73-001) or contact Labour Division at (613) 951-4044 (FAX: 951-4087).

### U.I. Beneficiaries Receiving Regular Benefits

Millions, seasonally adjusted



## NEW FROM STATISTICS CANADA



### Canada's International Investment Position 1988-1990

Statistics Canada has just released a new publication entitled *Canada's International Investment Position, 1988-1990*. It contains detailed data on Canada's external assets and liabilities. It also includes tables on Canadian direct investment abroad and foreign direct investment by country and industry up to 1989 as well as a series on ownership and control of capital employed in non-financial industries in Canada.

Its two feature articles analyze foreign investment in the Canadian bond market from 1978 to 1990 and Canadian portfolio investment in foreign stocks and bonds from 1984 to 1990.

Here are some highlights of the publication:

- In 1990, Canada had net international liabilities of \$259 billion, a 10% increase over 1989. This increase was sharper than the average for the previous three years (7.0%)
- Although the United States remained Canada's major creditor in 1990, the European Economic Community and Japan increased their shares of Canada's liability sharply.
- American direct investment in Canada rose by 4% to \$79 billion, while Canadian direct investment in the United States rose by 3% to \$52 billion.
- Direct investment activity with the EEC grew dramatically in 1990. Canadian direct investment in EEC countries rose 22% to \$18 billion, while direct investment in Canada by EEC countries increased by 13% to \$30 billion.

*For further information, order Canada's International Investment Position (catalogue number 67-202) or contact Balance of Payments Division at (613) 951-1871.*

# PUBLICATIONS RELEASED FROM APRIL 19 TO 25, 1991

Division/title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
				\$US	
AGRICULTURE					
The Dairy Review	February 1991	23-001	12.20/122	14.60/146	17.10/171
BALANCE OF PAYMENTS					
Canada's International Investment Position	1988-1990	67-202	37	44	52
EDUCATION, CULTURE AND TOURISM					
Touriscope – International Travel – Advance Information	February 1991	66-001P	6.10/61	7.30/73	8.50/85
INCOME AND EXPENDITURE ACCOUNTS					
Provincial Economic Accounts	Annual Estimates 1985-1989	13-213	40	48	56
INDUSTRY					
Cement	February 1991	44-001	5/50	6/60	7/70
Department Store Sales and Stocks	September 1990	63-002	14.40/144	17.30/173	20.20/202
Quarterly Report on Energy Supply-demand in Canada	1990-111	57-003	31.75/127	38/152	44.50/178
Monthly Survey of Manufacturing	February 1991	31-001	17.30/173	20.80/208	24.20/204
Pack of Canned Tomatoes and Tomato Products	1990	32-237	13	16	18
Primary Iron and Steel	February 1991	41-001	5/50	6/60	7/70
Production and Disposition of Tobacco Products	March 1991	32-022	5/50	6/60	7/70
Production, Shipments and Stocks on Hand of Sawmills in British Columbia	February 1991	35-003	7.10/71	8.50/85	9.90/99
INTERNATIONAL TRADE					
Exports by Commodity	January 1991	65-004	55.10/551	66.10/661	77.10/771
LABOUR					
Employment, Earnings and Hours	January 1991	72-002	38.50/385	46.20/462	53.90/539
PRICES					
Industry Price Indexes	February 1991	62-011	18.20/182	21.80/218	25.50/255
The Consumer Price Index	March 1991	62-001	9.30/93	11.20/112	13/130
SERVICES, SCIENCES, AND TECHNOLOGY					
Indicators of Science and Technology	1990	88-002	18/72	21.50/86	25.25/101
Restaurant, Caterer and Tavern Statistics	December 1990	63-011	6.10/61	7.30/73	8.50/85
SOCIAL SURVEY METHODS					
Survey Methodology – A Journal of Statistics Canada	December 1990	12-001	35	42	49
TRANSPORTATION					
Service Bulletin – Aviation – Aviation Statistics Centre	April 1991	51-004	9.30/93	11.20/112	13/130

## CURRENT TRENDS

### Gross Domestic Product

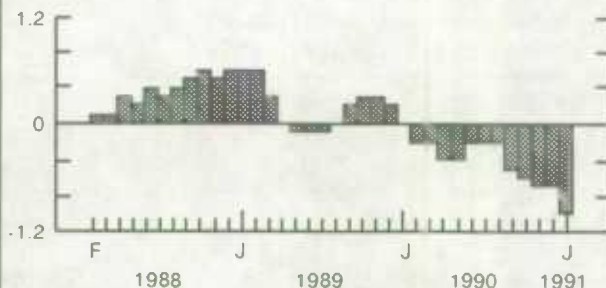
% change,  
previous month



Real Gross Domestic Product at factor cost dropped by 0.9% in January. This was the sharpest monthly drop since the start of the recession.

### Composite Leading Indicator

% change,  
previous month



In January, the composite leading indicator fell by 1.0%, the steepest drop since the indicator started declining twelve months ago.

### Consumer Price Index

% change,  
previous year



In March, the Consumer Price Index posted a year-over-year increase of 6.3%, slightly higher than in February.

### Unemployment Rate

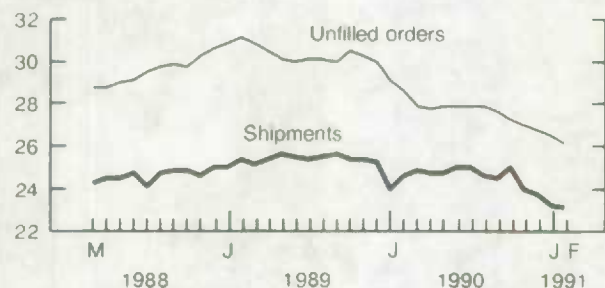
%



In March, the unemployment rate rose to 10.5%, as a result of increased participation in the labour force.

### Manufacturing

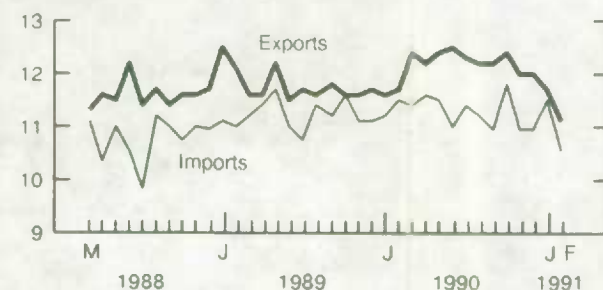
Billions  
of dollars



Manufacturing shipments declined by 0.3% in February, following sharper decreases in the previous three months. Unfilled orders fell 1.4%, the seventh straight drop.

### Merchandise Trade

Billions  
of dollars



Substantial decreases for exports and imports in February were consistent with the recession in Canada and the United States.

**Note:** 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)	January	498	-0.9%	-2.8%
Composite Leading Indicator (1981 = 100)	January	138.4	-1.0%	-5.2%
Profits of Industrial Corporations (\$ billion)	3rd Q	5.2	13.6%	-29.5%
<b>DOMESTIC DEMAND</b>				
Retail Trade (\$ billion)	January	14.7	7.6%	-10.0%
New Motor Vehicle Sales ('000 units)	February	104.7	-5.6%	-7.3%
<b>LABOUR</b>				
Employment (millions)	March	12.3	0.0%	-2.4%
Unemployment Rate (%)	March	10.5	0.3	3.3
Participation Rate (%)	March	66.5	0.1	-0.2
Labour Income (\$ billion)	January	31.8	-0.1%	3.1%
Average Weekly Earnings (\$)	January	526.02	0.6%	5.0%
<b>INTERNATIONAL TRADE</b>				
Merchandise Exports (\$ billion)	February	11.1	-5.2%	-5.5%
Merchandise Imports (\$ billion)	February	10.5	-8.7%	-9.2%
Merchandise Trade Balance (\$ billion)	February	0.6	0.4	0.4
<b>MANUFACTURING</b>				
Shipments (\$ billion)	February	23.1	-0.3%	-6.1%
New Orders (\$ billion)	February	22.7	-1.2%	-5.6%
Unfilled Orders (\$ billion)	February	26.1	-1.4%	-8.8%
Inventory/ Shipments Ratio	February	1.59	0.01	0.03
Capacity Utilization (%)	4th Quarter	74	-3.6	-7.8
<b>PRICES</b>				
Consumer Price Index (1986 = 100)	March*	125.5	0.4%	6.3%
Industrial Product Price Index (1986 = 100)	February	110.8	-0.3%	1.2%
Raw Materials Price Index (1986 = 100)	February	110.3	-3.5%	1.4%
New Housing Price Index (1986 = 100)	February	130.3	-2.3%	-11.0%

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

\* New this week.



# June 4

## CENSUS DAY

# KEY RELEASE CALENDAR: MAY 1991

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3 Composite Leading Indicator, February
6 Business Conditions Survey, April	7	8 Help-wanted Index, April Labour Income, February Farm Input Price Index, 1st Quarter	9 New Housing Price Index, March	10 Labour Force Survey, April Farm Product Price Index, March
13	14	15 International Travel, March	16 New Motor Vehicle Sales, March	17 Consumer Price Index, April International Merchandise Trade, March
20	21	22 Retail Trade, March	23 International Transactions in Securities, March Wholesale Trade, March	24 International Travel Account, 1st Quarter Department Store Sales and Stocks, March
27	28	29 Industrial Product Price Index, April Raw Materials Price Index, April Unemployment Insurance Statistics, March	30 Building Permits, March Employment, Earnings and Hours, March Farm Cash Receipts, January-March	31 Real Gross Domestic Product at Factor Cost by Industry, March

## I·N·F·O·M·A·T

### A Weekly Review

Published by the Communications Division  
Statistics Canada.

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R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario K1A 0T6.

Catalogue: 11-002E. Price: Canada: \$2.50 per issue, \$125.00 per year; United States: US\$3.00 per issue, US\$150.00 per year; 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.

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