



IN·F·O·M·A·T

A WEEKLY REVIEW

Friday, January 24, 1992

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OVERVIEW

■ Heavy Foreign Investment in Canadian Securities Continues

In November, non-residents invested a further \$3.0 billion in Canadian securities after a record \$6.2 billion investment in October.

■ CPI: 1991 Ends With Lower Rate

The year-over-year increase in the Consumer Price Index stood at 3.8% in December, the lowest rate posted since July 1988.

■ Exports and Imports Reflect Sluggish Economic Conditions

Decreases for exports and imports in November were consistent with slackening demand in Canada and the United States.

■ Trips Abroad Up But Foreign Visits Down

All cross-border trips by Canadian residents continued to increase in November while the number of foreign visitors to Canada declined.

■ Wholesale Trade Registers Growth

Sales of wholesale merchants rose 0.5% to a level of \$15.0 billion in November, posting the first increase in three months.

■ Retail Sales Post Modest Increase

Seasonally adjusted retail sales increased 0.7% to \$14.8 billion in November, partly offsetting the 1.7% decrease recorded in October.

■ Department Store Sales Up Slightly

Following three months of declining sales, department store sales were up 0.8% to \$1,063 million in November.

Heavy Foreign Investment in Canadian Securities Continues

In November, non-residents invested a further \$3.0 billion in Canadian securities after a record \$6.2 billion investment in October. The foreign net investment was divided between Canadian bonds and money market paper as non-residents continued their investment in new government bonds and resumed their net buying of Government of Canada treasury bills.

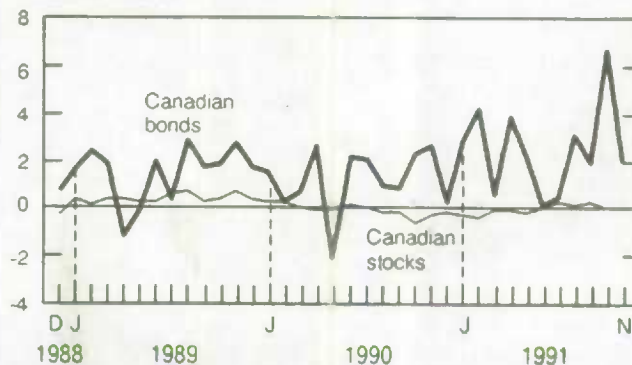
Net foreign investment in Canadian bonds totalled \$1.9 billion, in line with the average net monthly investments of 1991 though much lower than the exceptional \$6.7 billion invested in October.

New bond sales to non-residents, at \$4.2 billion, remained substantial. The bulk of the foreign financing went into a few large issues of the provincial and federal governments ranging from \$0.4 to \$1.1 billion.

(continued on page 2)

Security Transactions

Billions of dollars



Statistics
Canada

Statistique
Canada

Canada

... Heavy Foreign Investment in Canadian Securities Continues

After selling a net \$0.5 billion in October, non-residents invested \$1.2 billion in the Canadian money market, resuming their pattern of net investment which prevailed since June. Most of the investment was directed to Government of Canada paper (\$1.1 billion).

Net foreign investment in Canadian stocks declined for the second consecutive month, down \$56

million in November. U.S. residents accounted for the net disinvestment as trading was balanced for overseas investors.

Canadian residents increased their holdings of foreign securities by \$1.0 billion after having sold a net \$0.7 billion in October. Residents acquired \$0.7 billion of foreign stocks and \$0.3 billion of foreign bonds.

For further information, contact Balance of Payments Division at (613) 951-1864.

CPI: 1991 Ends With Lower Rate

The all-items Consumer Price Index fell by 0.5% to a level of 126.4 in December, offsetting a rise of 0.4% recorded in November. Of the seven major components, four registered decreases and three remained unchanged. The year-over-year increase in the CPI stood at 3.8%, down sharply from the 6.8% rise noted when the GST was introduced in January.

The food index fell each month from July to October, rose 0.2% in November and declined again by 0.8% in December. A 1.2% drop in the index for food purchased from stores reflected a fall in fresh fruit prices (6.8%) and in fresh vegetable prices (3.4%). The all-items excluding food index decreased by 0.4% in December after rising by 0.4% in November.

Most of the 1.0% decline in the transportation index was attributable to lower prices for gasoline (-3.5%) and new automobiles (-1.0%). December marked the third consecutive month in which

gasoline prices fell. Following three consecutive monthly declines, the clothing index slipped 0.9% in December. The fall was due to a 0.7% decrease in the women's wear index and a 1.8% drop in the men's wear index, as retailers resorted to promotional pricing to try to stimulate consumer spending.

Seasonally reduced rates for hotel/motel accommodation, lower owned accommodation charges and a drop in prices for selected household textiles and appliances accounted for most of the 0.2% decline in the housing index.

The recreation, reading and education index remained unchanged as a fall in the prices of photographic goods and home entertainment equipment was completely offset by higher prices for reading material.

For further information, order Consumer Price Index (catalogue number 62-001) or contact Prices Division at (613) 951-9606. (See also "Current Trends" chart on page 7.)

PROVINCIAL PERSPECTIVES: CONSUMER PRICES

The Consumer Price Index, Percentage change, December 1991/1990 *

Province/territory	All-items	Food	Transportation	All items excluding Food and Energy	Housing
Canada	3.8	2.2	-2.4	5.0	3.4
Newfoundland	3.0	-1.2	-2.0	5.6	2.6
Prince Edward Island	4.7	2.2	0.3	6.1	3.5
Nova Scotia	3.1	2.0	-1.7	4.5	1.9
New Brunswick	3.9	1.3	0.1	5.5	2.7
Quebec	5.4	1.6	-1.5	7.1	4.4
Ontario	3.1	1.3	-2.6	4.0	3.1
Manitoba	3.3	3.2	-3.5	4.4	4.3
Saskatchewan	2.6	2.8	-4.5	3.9	2.4
Alberta	3.7	3.6	-2.9	4.7	3.6
British Columbia	3.6	5.1	-2.7	4.4	2.3
Yukon	4.8	4.6	-0.8	5.6	4.1
Northwest Territories	4.6	4.6	0.3	5.5	2.3

* Data are not seasonally adjusted.

Exports and Imports Reflect Sluggish Economic Conditions

Both exports and imports posted declines in November but as imports fell faster than exports, the merchandise trade balance improved from \$147 million in October to \$294 million, after recovering from the deficit of \$242 million registered in September.

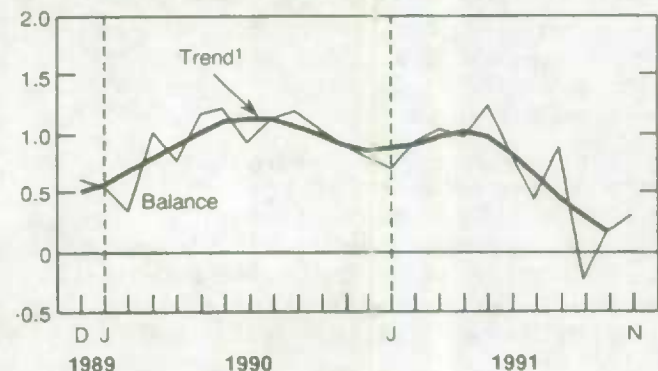
Total merchandise exports decreased by 1.5% to \$11.6 billion in November, their lowest level in eight months. After rising by \$100 million in October, exports of automotive products fell by \$162 million in November. The erosion of sales in the U.S. market of passenger autos and chassis continued, but the increase in exports of trucks and parts which started in early 1991 showed no signs of interruption. Exports of industrial goods and materials continued to decline, falling \$34 million, while exports of forestry products went up by \$63 million compared to a previous fall of \$82 million.

In November, seasonally adjusted imports dropped by 2.8% to \$11.3 billion, falling for the second consecutive month. Imports had shown signs of an upward trend in the second quarter of 1991 that has come to a virtual standstill.

Increases were recorded in imports of forestry products, aircraft, agricultural goods, and imports on account of special transactions. But these increases were more than offset by declines in imports of industrial goods and materials (-\$139

Merchandise Trade Balance

Billions of dollars, seasonally adjusted



¹ The short-term trend represents a weighted average of the data.

million), automotive products (-\$102 million) and machinery and equipment other than aircraft (-\$108 million). Energy products showed a drop of \$75 million and imports of consumer goods were down \$30 million.

For further information, order *Preliminary Statement of Canadian International Trade* (catalogue number 65-001P) or contact International Trade Division at (613) 951-9647. (See also "Current Trends" chart on page 7.)

Trips Abroad Up But Foreign Visits Down

After the declines witnessed during the labour disputes in September, all cross-border trips by Canadian residents continued to advance in November while the number of foreign visitors to Canada declined.

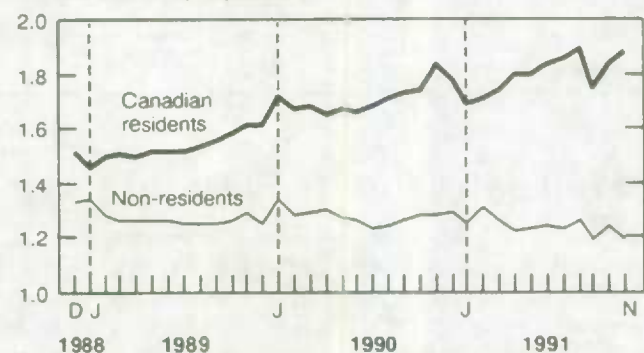
Following a jump of 8.8% in October, same-day automobile visits by Canadian residents to the United States increased 3.8% in November, reaching a record seasonally adjusted level of 5.22 million trips. This type of travel also peaked in November 1990.

Overnight trips by Canadians to the U.S. rose 2.0% to 1.62 million after posting a 5.9% increase in October. Meanwhile, the recent upward trend in similar trips to other countries continued as the number of trips was up 5.2% to 256,000 in November.

The slight downward trend in non-resident travel to Canada, evident throughout 1991, persisted in November. The number of travellers from the U.S. on trips of one or more nights to Canada fell 4.3% to 953,000 in November, partially

Trips of One or More Nights between Canada and Other Countries

Millions, seasonally adjusted



offsetting the 5.5% increase posted in October. At the same time, comparable trips by residents of other countries were down 1.2% to 236,000, the third consecutive monthly decline.

For further information order *International Travel - Advance Information* (catalogue number 66-001P) or contact Education, Culture and Tourism Division at (613) 951-8933.

Wholesale Trade Registers Growth

Seasonally adjusted wholesale merchants' sales totalled \$15.0 billion in November, up 0.5% from the October revised level. This represents the first increase in three months. On a year-over-year basis, sales rose 3.4%.

Out of the nine trade groups, five posted higher sales in November compared to two in October. Wholesalers of machinery, equipment and supplies recorded the largest gain (in dollar terms), rising 1.4%. Suppliers of lumber and building materials posted a 2.6% increase and sales of food, beverage, drug and tobacco products advanced by 0.8%.

Wholesalers' sales of motor vehicles, parts and accessories fell 1.9%, the second consecutive monthly decline while sales of metals, hardware, plumbing and heating equipment and supplies were down 0.6%, the fourth straight monthly decrease.

All provinces and territories, except Alberta and British Columbia, posted sales increases ranging from 0.5% in Ontario to 7.2% in the Yukon and the Northwest Territories.

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

PROVINCIAL PERSPECTIVES

Retail and Wholesale Trade, November, 1991

Seasonally adjusted	Retail Sales		Wholesale Sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	14,800	0.7	15,034	0.5
Newfoundland	291	3.0	170	2.4
Prince Edward Island	60	2.5	38	2.1
Nova Scotia	482	0.9	369	1.7
New Brunswick	380	1.0	247	2.7
Quebec	3,650	1.0	3,743	0.6
Ontario	5,423	0.5	6,184	0.5
Manitoba	512	2.4	513	1.8
Saskatchewan	430	1.9	500	0.9
Alberta	1,548	1.9	1,370	-0.9
British Columbia	1,952	-0.7	1,883	-0.1
Yukon	15	3.0	19	7.2
Northwest Territories	31	3.3		

Retail Sales Post Modest Increase

Following a 1.7% decrease in October, seasonally adjusted retail sales were up 0.7% to \$14.8 billion in November. Half of the 16 trade groups posted increases ranging from 0.2% for clothing stores to 4.1% for motor vehicle and recreational vehicle dealers. In the last four months, retail sales have fluctuated markedly, primarily due to volatile sales of motor vehicle and recreational vehicle dealers.

Excluding motor vehicle and recreational vehicle sales, retail sales slipped 0.2% in November. The 4.1% gain in sales posted by this group followed a drop of 6.7% in October and a rise of 4.3% in September.

Gasoline service stations reported a decrease of 3.5%, the fourth consecutive decline, while sales of automotive parts, accessories and services fell 1.8%, offsetting an increase of 1.8% in October. The drop in sales for supermarkets and grocery stores was similar to that of the previous month (-0.3%).

Partly offsetting these decreases were higher sales by drug and patent medicine stores (3.3%). This represents the fourth straight monthly increase for this group. General merchandise stores posted a 1.0% rise in sales following no growth in October and a 2.7% fall in September.

Cumulative retail sales for the first 11 months amounted to \$161.5 billion, down 2.2% from the corresponding period in 1990.

(continued on page 5)

... Retail Sales Post Modest Increase

All provinces and territories, except British Columbia, registered sales gains in November, ranging from 3.3% in the Northwest Territories, followed closely by Newfoundland and the Yukon (both 3.0%) to 0.5% in Ontario.

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

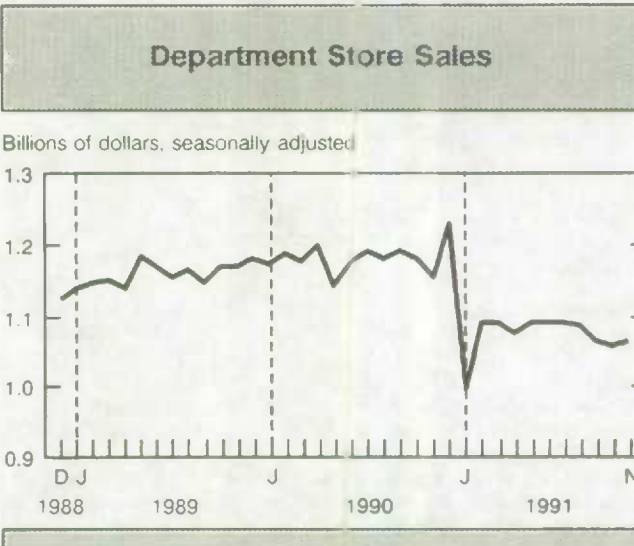
Department Store Sales Up Slightly

Following three months of declining sales, seasonally adjusted department store sales (including concessions) totalled \$1,063 million in November, up 0.8% from the previous month's total of \$1,055 million. This increase was not large enough to offset the downward trend observed since the beginning of 1991.

Reversing the previous month's movement, increases were recorded in 23 of the 40 major commodity lines in November. The largest increase was posted in the gasoline, oil, auto accessories, repairs and supplies category (9.8%), offsetting October's decline of 8.8%. Other gains include: floor coverings (7.3%), television, radio and music (5.7%), food and kindred products (5.1%) and women's and misses' coats and suits (4.7%).

Notable declines were registered by the major appliances category (6.6%) and hardware, paints and wallpaper (6.0%).

Department store stocks totalled \$5,171 million, 0.7% higher than the revised October value of \$5,133 million.



For further information, order *Department Store Sales and Stocks* (catalogue number 63-002) or contact Industry Division at (613) 951-3559.

PUBLICATIONS RELEASED FROM JANUARY 17 TO 23, 1992

Division/title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
AGRICULTURE					
Farm Product Price Index	November 1991	62-003	7,10/71	8,50/85	9,90/99
CURRENT ECONOMIC ANALYSIS					
Canadian Economic Observer	January 1992	11-010	22/220	26/260	31/310
EDUCATION, CULTURE AND TOURISM					
International Travel, Advance Information	November 1991	66-001P	6.10/61	7.30/73	8.50/85
International Travel	July-September 1991	66-001	38.50/154	46.25/185	54/216
HOUSEHOLD SURVEYS					
The Labour Force	December 1991	71-001	17.90/179	21.50/215	25.10/251
INDUSTRY					
Coal and Coke Statistics	October 1991	45-002	10/100	12/120	14/140
Construction Type Plywood	November 1991	35-001	5/50	6/60	7/70
Department Store Monthly Sales by Province and Metropolitan Area	October 1991	63-004	2.70/27	3.20/32	3.80/38
Department Store Sales and Stocks	August 1991	63-002	14.40/144	17.30/173	20.20/202
Electric Power Statistics, Vol. 1	1990	57-204	27	32	38
Gas Utilities	September 1991	55-002	12.70/127	15.20/152	17.80/178
Monthly Production of Soft Drinks	December 1991	32-001	2.70/27	3.20/32	3.80/38
Monthly Survey of Manufacturing	November 1991	31-001	17.30/173	20.80/208	24.20/242
New Motor Vehicle Sales	June 1991	63-007	14.40/144	17.30/173	20.20/202
New Motor Vehicle Sales	July 1991	63-007	14.40/144	17.30/173	20.20/202
Oils and Fats	November 1991	32-006	5/50	6/60	7/70
Oil Pipe Line Transport	October 1991	55-001	10/100	12/120	14/140
Pulpwood and Wood Residue Statistics	November 1991	25-001	6.10/61	7.30/73	8.50/85
Retail Trade	October 1991	63-005	18.20/182	21.80/218	25.50/255
Wholesale Trade	October 1991	63-008	14.40/144	17.30/173	20.20/202
INDUSTRIAL ORGANIZATION AND FINANCE					
Quarterly Financial Statistics for Enterprises	Third Quarter 1991	61-008	23/92	27.50/110	32.25/129
INTERNATIONAL TRADE					
Exports by Commodity	October 1991	65-004	55.10/551	66.10/661	77.10/771
Preliminary Statement of Canadian International Trade	November 1991	65-001P	10/100	12/120	14/140
INVESTMENT AND CAPITAL STOCK					
Building Permits	October 1991	64-001	22,10/221	26,50/265	30,90/309
LABOUR					
Unemployment Insurance Statistics	October 1991	73-001	14.70/147	17.60/176	20.60/206
PRICES					
The Consumer Price Index	December 1991	62-001	9.30/93	11.20/112	13/130
STANDARDS					
Amendments for 1991 - Standard Classification of Goods	1988	12-580E	39	47	55
TRANSPORTATION					
Air Carrier Traffic at Canadian Airports	April-June 1990	51-005	30.50/122	36.50/146	42.75/171
Aviation Statistics Centre Service Bulletin, Vol. 24, No. 1	January 1992	51-004	9.30/93	11.20/112	13/130

CURRENT TRENDS

Gross Domestic Product

% change,
previous month



GDP at factor cost edged up 0.1% in October. Service-producing industries posted a 0.3% increase but goods-producing industries fell 0.2%.

Composite Leading Indicator

% change,
previous month



The composite leading indicator continued to advance in October, rising 0.6%, the seventh straight monthly increase.

Consumer Price Index

% change,
previous year



In December, the year-over-year increase in the all-items CPI stood at 3.8%, the lowest rate posted since July 1988, while the food index advanced 2.2%.

Unemployment Rate

%



In December, the unemployment rate remained at 10.3 for the third consecutive month.

Manufacturing

Billions
of dollars



Canadian manufacturers' shipments rose 0.6% to \$23.1 billion in November, but unfilled orders were down 0.3% to \$24.0 billion, resuming the pattern of monthly declines evident since April 1989.

Merchandise Trade

Billions
of dollars



Both exports and imports posted declines in November. Exports fell 1.5% to \$11.6 billion while imports dropped 2.8% to \$11.3 billion.

Note: 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)	October	505	0.1%	0.2%
Composite Leading Indicator (1981 = 100)	October	143.5	0.6%	1.2%
Profits of Industrial Corporations (\$ billion)	3rd Quarter	13.0	10.0%	-22.2%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	November*	14.8	0.7%	-6.0%
New Motor Vehicle Sales ('000 units)	November	101.3	9.6%	2.6%
LABOUR				
Employment (millions)	December	12.3	-0.2%	-1.0%
Unemployment Rate (%)	December	10.3	0.0	1.0
Participation Rate (%)	December	65.8	-0.2	-0.9
Labour Income (\$ billion)	October	32.8	0.4%	3.7%
Average Weekly Earnings (\$)	October	551.35	0.8%	5.3%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	November*	11.6	-1.5%	-3.3%
Merchandise Imports (\$ billion)	November*	11.3	-2.8%	1.9%
Merchandise Trade Balance (\$ billion)	November*	0.29	0.15	-0.61
MANUFACTURING				
Shipments (\$ billion)	November	23.1	0.6%	-2.5%
New Orders (\$ billion)	November	23.1	0.2%	-0.2%
Unfilled Orders (\$ billion)	November	24.0	-0.3%	-8.1%
Inventory/ Shipments Ratio	November	1.49	-0.01	-0.11
Capacity Utilization (%)	3rd Quarter	72.0	1.4	-6.4
PRICES				
Consumer Price Index (1986 = 100)	December*	126.4	-0.5%	3.8%
Industrial Product Price Index (1986 = 100)	November	107.5	-0.1%	-3.1%
Raw Materials Price Index (1986 = 100)	November	103.6	1.0%	-17.3%
New Housing Price Index (1986 = 100)	November	133.9	-0.4%	-3.5%

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

* New this week.

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