

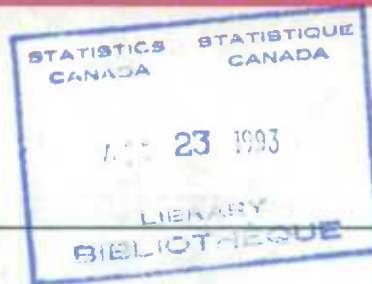


I·N·F·O·M·A·T

A WEEKLY REVIEW

NOT FOR LOAN
NE S'EMPRUNTE PAS

Friday, April 23, 1993



OVERVIEW

■ **Consumer Spending in Retail Stores Declines in February**

Seasonally adjusted retail sales fell 0.7% in February after a strong increase of 1.9% in January. Despite the decline, the trend increased by 0.4% in February.

■ **Pressure on Consumer Prices Eases in March**

The year-over-year increase in the Consumer Price Index was 1.9% in March. While slightly higher than the rates experienced throughout 1992, it was considerably lower than February's 14-month high of 2.3%.

■ **Residential Sector Keeps Down Planned Construction Activity**

The seasonally adjusted value of building permits issued in Canada fell 1.4% in February, due entirely to a sharp drop in the residential sector.

■ **Manufacturers Record Strong Gain in Shipments**

The seasonally adjusted value of Canadian manufacturers' shipments rose by 1.6% in February to \$24.7 billion, the fourth increase in five months.

■ **After a Sharp Upswing in January, Merchandise Trade Balance Falls**

Seasonally adjusted merchandise exports decreased by 1.5% in February while imports climbed by 4.9%, pushing Canada's trade balance to \$1.1 billion from \$2.0 billion in January.

■ **Canada's Net Worth Increases Marginally in 1992**

Canada's net worth - total assets less liabilities - grew a modest 1% in 1992 to \$2.1 trillion, due mainly to weak growth in tangible assets.

Consumer Spending in Retail Stores Declines in February

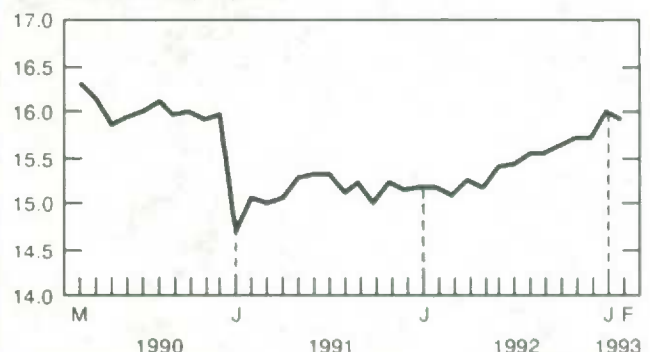
Seasonally adjusted retail sales fell by 0.7% in February to \$15.9 billion after rising by 1.9% in January and no change in December. The trend for retail sales has been rising steadily since March 1992, increasing by 0.4% in February. Sales were up 5.0% from their year-earlier level of \$15.1 billion, the ninth straight month to have a year-over-year increase.

The February weakness was broadly based as sales declined in all major groups except drugstores. The decline was led by the general merchandise (-2.4%) and automotive (-0.5%) groups.

The decrease in sales reported by general merchandise stores contrasted with the rises in both

*(continued on page 2)***Retail Trade**

\$ billions, seasonally adjusted

Statistics
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Canada

Canada

... Consumer Spending in Retail Stores Declines in February

December (0.3%) and January (2.4%). The trend for general merchandise store sales remained flat in February after falling for five months.

The 0.5% decline in sales for automotive retailers partly counterbalanced a 1.6% gain in January. Due to a drop of 5.3% in unit sales of new motor vehicles in February, sales by motor vehicle and recreational vehicle dealers fell 2.3% after increasing by 1.6% in January. Partly offsetting this decrease were higher sales by gasoline service stations (2.8%) and automotive parts, accessories and service stores (2.0%). The trend for sales by

automotive retailers increased by 0.5% in February, the twelfth straight monthly increase.

Seven provinces posted lower sales, with declines ranging from 0.9% in Ontario to 5.7% in Newfoundland. Notable increases were reported by the Yukon (4.1%), Prince Edward Island (2.4%) and British Columbia (2.0%). In comparison with February 1992, sales were higher in the Yukon and Northwest Territories and in all provinces except Newfoundland (-5.0%).

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

Pressure on Consumer Prices Eases in March

The year-over-year increase in the all-items Consumer Price Index (CPI, 1986=100) was 1.9% in March. While slightly higher than the rates experienced throughout 1992, it was considerably lower than February's 14-month high of 2.3%.

Between February and March, the all-items CPI inched down by 0.1% to 129.9 after increasing by 0.4% in January and by 0.3% in February. The major downward pressure came from the food index while the clothing component exerted the largest upward influence.

The food index decreased by 0.4% mainly because of price wars in grocery stores in Western Canada. The index for food purchased from stores declined 0.6% in March after four months of price increases. Within that component, lower prices were recorded for fresh fruits, fresh meat, dairy products and eggs while higher prices were posted for fresh vegetables. Promotional pricing by some restaurant chains helped push the index for food purchased from restaurants down 0.1%, marking its

first decline since June 1987 when a tax change lowered prices.

The clothing index rose 0.3% in March, as all major clothing components showed increases, led by clothing materials which increased by 1.0%.

The recreation, reading and education index moved up by 0.1%, due mainly to a seasonal price increase of 2.5% for travel tours. In February, prices for travel tours had climbed 9.2%. Higher fares to Florida destinations from all points of Canada, as well as rate increases to Mexico and South American destinations from Montreal, explained the March increase.

A 1.6% rise in public transportation prices pushed the transportation index up 0.1%. A 1.6% plunge in gasoline prices helped moderate the rise. The housing index showed no change in March, because of offsetting price movements among its components.

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.)

Residential Sector Keeps Down Planned Construction Activity

The seasonally adjusted value of building permits issued in Canada decreased for the third time in four months, by 1.4% in February to a level of \$2.1 billion. This decline pushed February's total 5.5% below the value of building permits issued in February 1992.

The value of residential building permits fell by 7.6% after decreasing by 7.9% in January. At \$1.3 billion, the February figure was 10.8% below its year-earlier level. Ontario recorded a second straight monthly decrease in planned residential

construction, this time by 14.8%. Québec (-10.0%), the Atlantic (-10.0%) and Prairie (-6.1%) regions recorded declines which more than offset increases in January. British Columbia reported the only increase in planned residential construction in February, but the 6.2% rise follows a sharp drop in January (-23.5%).

The value of residential building permits dropped 14.1% to \$300 million in the multi-family dwelling sector and was down by 5.4% to \$1.0 billion in the single-family dwelling sector.

In the non-residential sector, the value of building permits rose by 9.9% in February, rebounding from a drop of 23.4% in January.

(continued on page 3)

... Residential Sector Keeps Down Planned Construction Activity

At \$835 million, the value was 4.1% above its year-earlier level, the third straight month to have a year-over-year increase.

Two components of the non-residential sector were on the rise: planned construction activity for institutional projects jumped 44.0% to \$349 million and commercial projects were up by 0.9% to \$358 million. The value of building permits for industrial projects plummeted 21.1% to \$129 million after increasing by 17.5% in December and by 10.8% in January.

The Prairies continued to register gains (50.6%) in the non-residential sector, propelled by \$20 million in permits issued for each of the three components. Ontario (43.2%) and the Atlantic region (26.5%) also recorded increased activity in the non-residential sector.

Manufacturers Record Strong Gain in Shipments

The value of Canadian manufacturers' shipments rose by 1.6% in February to a seasonally adjusted level of \$24.7 billion, more than offsetting a 0.4% decline posted in January. Twelve of 22 industry groupings registered higher shipment levels, but transportation equipment (6.0%) and wood industries (4.4%) accounted for most of the increase.

The trend for shipments has been increasing steadily since March 1992, but at a slower pace in the last three months. Trends in 10 major groups showed increases, with particularly strong gains in the transportation equipment, wood and primary metal industries.

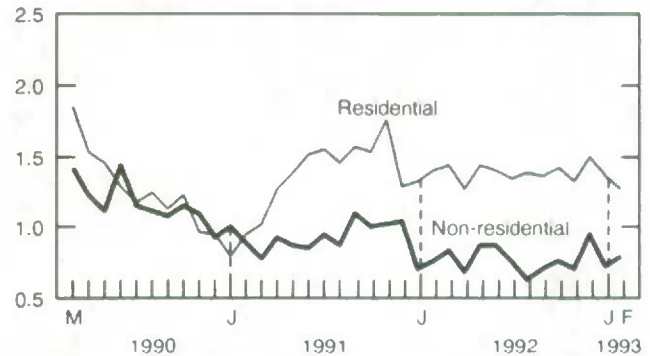
The level of unfilled orders climbed by 5.0% to \$22.6 billion, rebounding from a 0.5% decrease in January. This gain was the sharpest monthly increase in five years. Large increases in transportation equipment (9.3%) industries accounted for most of the jump in the backlog of orders. The trend for unfilled orders, which had been falling since April 1989, has been increasing over the last three months.

New orders also rebounded, rising by 6.4% to \$25.8 billion, mainly because of increased demand in the transportation equipment industries. The trend for new orders rose every month since March 1992, but at a slower pace over the last three months.

Inventory levels edged down by 0.2% to \$33.6 billion after decreasing by 1.1% in January. The steepest declines were noted in electrical and

Building Permits

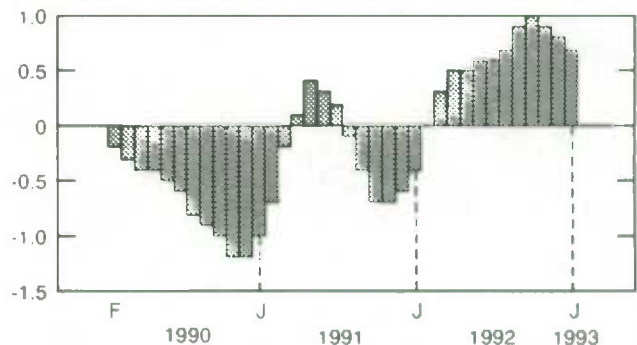
Billions of dollars, seasonally adjusted



For further information, order *Building Permits* (catalogue number 64-001) or contact *Investment and Capital Stock Division* at (613) 951-2025.

Shipments

Monthly percentage change in trend, seasonally adjusted



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

electronic products (-1.5%), chemicals (-1.3%) and primary metal (-1.2%) industries. The clothing (+3.3%) and wood (+1.5%) industries had the largest increases. The trend for inventories declined for the third straight month.

The inventories to shipments ratio declined from 1.39 in January to an historical low of 1.36 in February.

For further information, order *Monthly Survey of Manufacturing* (catalogue number 31-001), or contact *Industry Division* at (613) 951-9832. (See also "Current Trends" chart on page 7.)

After a Sharp Upswing in January, Merchandise Trade Balance Falls

After increasing substantially in December and January, seasonally adjusted merchandise exports declined by \$225 million in February to a level of \$14.4 billion. Exports of most commodity groups posted declines, the most significant being a \$258 million drop in exports of industrial goods and a \$73 million decrease in forestry products. Increased exports of automotive products, up by \$139 million, and agricultural products, which rose by \$57 million, moderated the overall decline.

The trend for exports increased for the fifteenth consecutive month to some 18% above its January 1992 level. The trend for exports of forestry products rose for the eighth month in a row, this time by almost 2%. Lumber and sawmill products have risen by 46% over the last year because of both price and volume increases. The aftermath of Hurricane Andrew, as well as reduced timber supplies in the United States, have boosted demand for Canadian lumber.

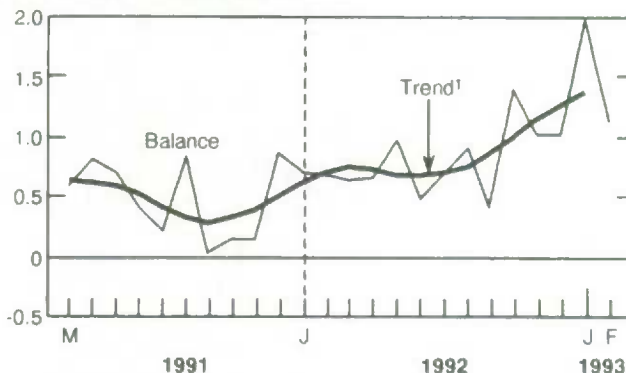
Automotive products continued their upward trend, this time rising by 3.5%. The trend for exports of agricultural products declined for the sixth straight month as wheat exports dropped a further 15% to about half their level of January 1992.

Imports more than recovered from January's decline of 3.0%, climbing by \$626 million in February to \$13.3 billion. Virtually all of the increase came from imports of machinery and equipment (\$296 million) and automotive products (\$264 million).

The trend for imports advanced for the thirteenth consecutive month and stood 12% higher than in January 1992. Most of the continued growth stemmed from imports from the United States, which have been increasing for over a year. The trend for imports of automotive products have also increased for more than a year, and the latest

Merchandise Trade Balance

Billions of dollars, seasonally adjusted



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

increase of 1.5% brought it to some 16% above its January 1992 level.

In contrast, the trends decreased for imports of all components of machinery and equipment other than aircraft and other transportation equipment. Even imports of office machines, which had been on an upward trend for a full year, fell marginally, but their level remained over 23% higher than in January 1992.

Canada's merchandise trade balance totalled \$1.1 billion in February, a decrease of \$850 million from January, but this level is comparable to the average monthly balances registered during the fourth quarter of 1992.

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.)

Canada's Net Worth Increases Marginally in 1992

In 1992, total national assets amounted to \$6.1 trillion, up 4% from 1991. Canada's national wealth, the value of all assets excluding natural resources, was \$2.4 trillion, of which \$300 billion was accounted for by non-resident claims. Canada's net worth - total assets less liabilities - grew a modest 1% in 1992 to \$2.1 trillion, due mainly to weak growth in tangible assets. This amounted to \$76,300 on a per capita basis, down from \$77,000 at the end of 1991.

Note to Users

The *National Balance Sheet Accounts* preliminary release includes estimates for 1992 with no revisions to data for prior years.

Total assets of the personal sector grew at a slightly slower pace than in 1991. Mutual fund shares and, to a lesser extent, life insurance and pension fund claims, accounted for most of the increase in financial assets.

(continued on page 5)

... Canada's Net Worth Increases Marginally in 1992

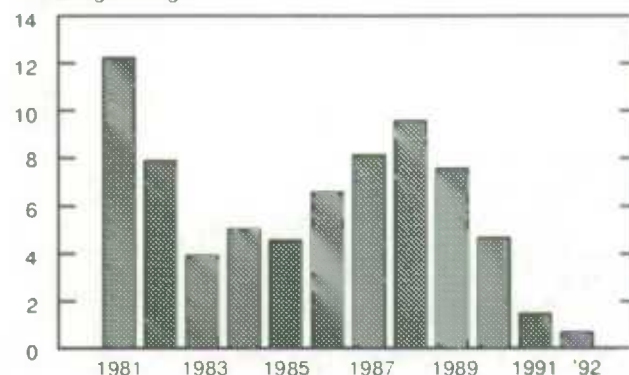
Household debt (consumer credit plus mortgage credit) continued to grow more rapidly than disposable income. Household debt was \$14,900 per person in 1992, up from \$14,200 in 1991, and reached a record 86% of personal disposable income. The elevated debt-to-income ratio was one reason for the slowness of the recovery in consumer demand during the year. On the other hand, interest payments declined substantially relative to income over this same period, as mortgages were refinanced at lower rates, which had an offsetting effect.

Governments accounted for the largest share of net new borrowing during the year, while demand by non-financial corporations continued to weaken as in the previous two years. Much of the activity on credit markets in 1992 involved refinancing existing debt.

The debt of all governments – federal, provincial and local – totalled \$590 billion, up 9.9% from 1991. This brought the public debt per capita to \$21,200, an increase of 8.2% from 1991.

National Net Worth

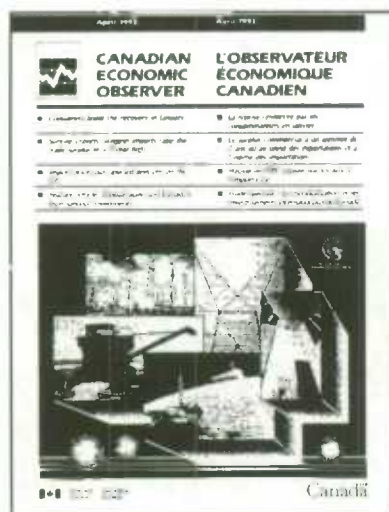
Percentage change



Note: National balance sheet

For further information, order *National Balance Sheet Accounts, Preliminary Estimates 1992* (uncatalogued, \$25) or contact *National Accounts and Environment Division* at (613) 951-3789.

NEW FROM STATISTICS CANADA



Canadian Economic Observer

The April issue of *Canadian Economic Observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, major economic events in March and a feature article, "Globalisation and Canada's International Investment Position." A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and major industrial nations.

The April issue of *Canadian Economic Observer* (catalogue number 11-010, \$22/\$220) can now be ordered from *Publication Sales* at (613) 951-7277. For more information, call *Philip Cross* (613-951-9162), *Current Analysis Section*.

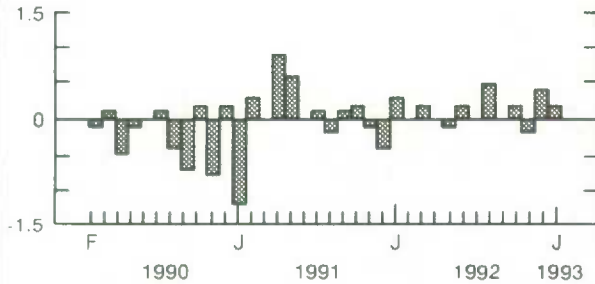
PUBLICATIONS RELEASED FROM APRIL 16 TO 22, 1993

Division/title	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (\$Cdn.)	United States	Other Countries
			\$US		
AGRICULTURE					
The Dairy Review	February 1993	23-001	12.20/122	14.60/146	17.10/171
BALANCE OF PAYMENTS					
Canada's Balance of International Payments	Fourth Quarter 1992	67-001	27.50/110	33/132	38.50/154
Canada's International Transactions in Securities	January 1993	67-002	15.80/158	19/190	22.10/221
CURRENT ECONOMIC ANALYSIS					
Canadian Economic Observer	April 1993	11-010	22/220	26/260	31/310
EDUCATION, CULTURE AND TOURISM					
Performing Arts	1990-91	87-209	30	36	42
HOUSEHOLD SURVEYS					
The Labour Force	March 1993	71-001	17.90/179	21.50/215	25.10/251
INDUSTRY					
Canned and Frozen Fruits and Vegetables - Monthly	February 1993	32-011	5/50	6/60	7/70
Electric Lamps (light bulbs and tubes)	March 1993	43-009	5/50	6/60	7/70
Energy Statistics Handbook	April 1993	57-601	300	360	420
Monthly Production of Soft Drinks	March 1993	32-001	2.70/27	3.20/32	3.80/38
Monthly Survey of Manufacturing	February 1993	31-001	17.30/173	20.80/208	24.20/242
New Motor Vehicle Sales	January 1993	63-007	14.40/144	17.30/173	20.20/202
Pack of Apple and Apple Products	1991	32-241	13	16	18
Refined Petroleum Products	January 1993	45-004	18.20/182	21.80/218	25.50/255
Vending Machine Operators	Fiscal Year Ended March 31, 1992	63-213	22	26	31
INTERNATIONAL TRADE					
Exports by Commodity	January 1993	65-004	55.10/551	66.10/661	77.10/771
Preliminary Statement of Canadian International Trade	February 1993	65-001P	10/100	12/120	14/140
LABOUR					
Employment, Earnings and Hours	January 1993	72-002	28.50/285	34.20/342	39.90/399
PRICES					
Consumer Price Index	March 1993	62-001	9.30/93	11.20/112	13/130
TRANSPORTATION					
Passenger Bus and Urban Transit Statistics	February 1993	53-003	7.10/71	8.50/85	9.90/99
Aviation Statistics Centre Service Bulletin, Vol. 25, No. 4	April 1993	51-004	9.30/93	11.20/112	13/130

CURRENT TRENDS

Gross Domestic Product

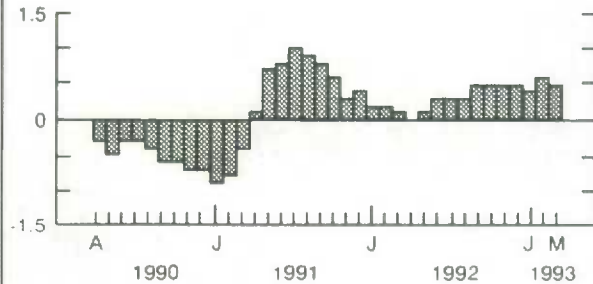
% change,
previous month



Economic growth continued in January: real gross domestic product at factor cost advanced 0.2% after a gain of 0.4% in December.

Composite Leading Indicator

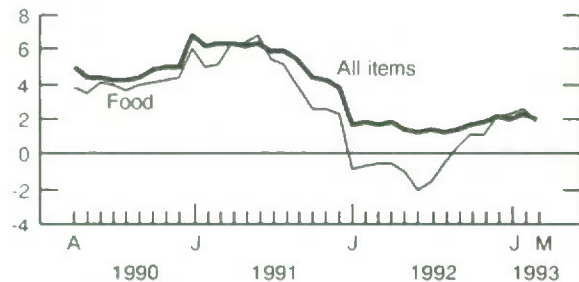
% change,
previous month



The composite leading indicator continued its steady growth, rising by 0.5% in March.

Consumer Price Index

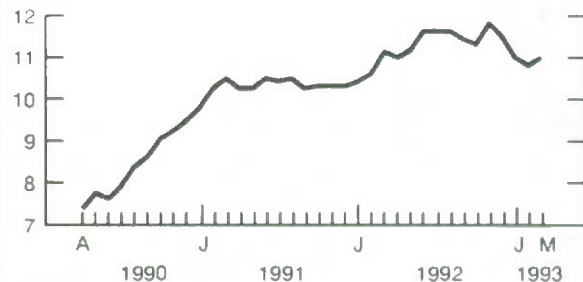
% change,
previous year



The year-over-year increase in the all-items CPI was 1.9% in March, considerably lower than February's 14-month high of 2.3%. The food index rose by 1.7%.

Unemployment Rate

%



In March, the unemployment rate advanced to 11.0% from 10.8% in February.

Manufacturing

Billions
of dollars



Canadian manufacturers' shipments rose by 1.6% in February to \$24.7 billion. The level of unfilled orders increased by 5.0%, rebounding from a 0.5% decrease in January.

Merchandise Trade

Billions
of dollars



The seasonally adjusted value of merchandise exports decreased by 1.5% in February to \$14.4 billion while imports climbed by 4.9% to \$13.3 billion, pushing Canada's trade balance to \$1.1 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)	January	507.4	0.2%	1.6%
Composite Leading Indicator (1981 = 100)	March	150.5	0.5%	4.5%
Operating Profits of Enterprises (\$ billion)	4th Quarter	8.6	-18.9%	-12.8%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	February*	15.9	-0.7%	5.0%
New Motor Vehicle Sales ('000 units)	February	90.5	-5.3%	-11.5%
LABOUR				
Employment (millions)	March	12.4	0.4%	1.3%
Unemployment Rate (%)	March	11.0	0.2	-0.2
Participation Rate (%)	March	65.3	0.3	-0.3
Labour Income (\$ billion)	January	33.0	0.2%	2.9%
Average Weekly Earnings (\$)	January	556.35	-0.1%	2.6%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	February*	14.4	-1.5%	16.3%
Merchandise Imports (\$ billion)	February*	13.3	4.9%	13.4%
Merchandise Trade Balance (\$ billion)	February*	1.1	-0.9	0.4
MANUFACTURING				
Shipments (\$ billion)	February*	24.7	1.6%	9.6%
New Orders (\$ billion)	February*	25.8	6.4%	14.7%
Unfilled Orders (\$ billion)	February*	22.6	5.0%	0.9%
Inventory/ Shipments Ratio	February*	1.36	-0.03	-0.17
Capacity Utilization (%)	4th Quarter	77.6	2.4	4.1
PRICES				
Consumer Price Index (1986 = 100)	March*	129.9	-0.1%	1.9%
Industrial Product Price Index (1986 = 100)	February	111.7	0.0%	3.3%
Raw Materials Price Index (1986 = 100)	February	110.6	2.1%	10.0%
New Housing Price Index (1986 = 100)	February	134.9	0.3%	1.0%

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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