



Infomat

A Weekly Review

Friday, July 22, 1994

OVERVIEW

Auto Dealers Lead May Retail Gains

Retail sales picked up in May after consumers slowed their spending in April. The rise came from all retail sectors but was led mainly by the automotive sector.

Sales by Wholesale Merchants Continue to Increase

In May, sales by wholesale merchants rose for the fourth straight month. Wholesaling activity increased in eight of the nine major trade groups.

Manufacturers Register Third Straight Monthly Rise in Shipments

Widespread increases helped manufacturers boost shipments for the third month in a row in May, after a five-month winter slump.

Growth of Composite Index Slows

The growth of the leading index eased from 0.6% in May to 0.5% in June, a slowdown from more rapid increases since October 1993.

No Increase in Consumer Prices in June

In June, consumers paid the same amount for the consumer price index's (CPI) basket of goods and services as they did in June 1993.

Cross-border Car Trips at a Five-year Low

The downward trend in same-day cross-border car trips continued in May. Canadians made 3.1 million same-day car trips to the United States, the lowest level since August 1988.

Imports Climb to Record High While Exports Fall

Record imports in May brought Canada its first merchandise trade deficit since November 1991.

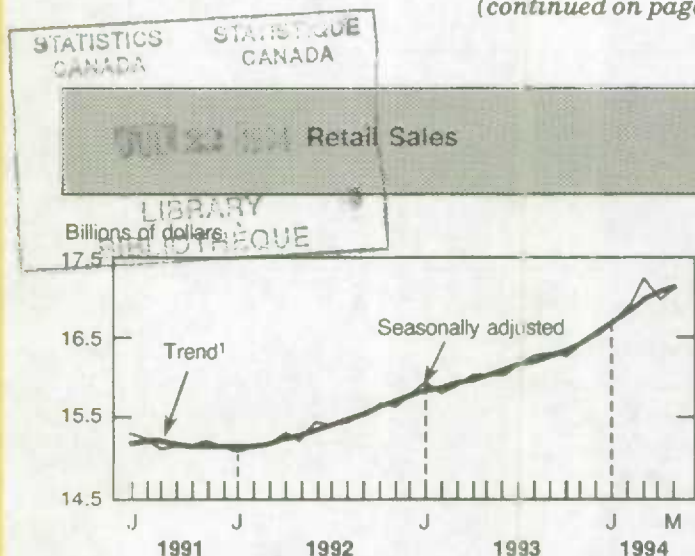
Auto Dealers Lead May Retail Gains

After declining by 1.7% in April, seasonally adjusted retail sales rose 1.0% in May to \$17.1 billion. This was the sixth increase in the last seven months. Unadjusted retail sales for the first five months of the year totalled \$79.0 billion, up 6.5% from the corresponding period in 1993.

Since mid-1993, changes in total retail sales have been generally dominated by the automotive, general merchandise, and food sectors. The trends in these sectors have been increasing but at a slower pace over the last three months. In 1994, the trends in all sectors of retail trade have been positive, including clothing and furniture stores which had reported weak sales in the last quarter of 1993.

In May, all retail sectors recorded increases. The largest gain was in the automotive sector. Despite this increase, consumers have been slowing their spending on automotive products in the last three months. Sales by motor vehicle and recreational vehicle dealers rose 2.3% in May after a drop of 4.0% in April. Gasoline service stations recorded a 0.6% increase after a 0.9% decline in April.

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¹ Trend represents smoothed seasonally adjusted data.

... Auto Dealers Lead May Retail Gains

Spending in food stores increased in six of the last seven months. Sales by supermarkets and grocery stores led the latest increase with a 1.0% gain, more than offsetting a 0.4% decline in April.

From 1993 to the first quarter of 1994, all provinces registered fluctuating retail sales around

a generally upward trend. In May, Québec posted the largest increase (2.9%) which more than offset a 2.5% drop in April. On a year-over-year basis, retail sales were down only in the Yukon (-2.7%).

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

Sales by Wholesale Merchants Continue to Increase

In May, seasonally adjusted sales by wholesale merchants totalled \$18.9 billion, up 1.5% from April and 13.5% above their May 1993 level. This was the fourth consecutive monthly increase.

Increases were widespread, occurring in eight of the nine major trade groups. Sales by wholesalers of machinery, equipment and supplies (other than farm machinery) led the growth, rising by 2.3% to \$4.5 billion. Sales by this group, which account for 24% of total sales, were 24.6% above their year-earlier level.

Sales by distributors of "other products" (agricultural and industrial chemicals, books and newspaper), which represent 16% of total sales, rose by 2.0% in May to \$3.1 billion and stood 15.8% above their May 1993 level.

Among other groups which displayed a strong performance, wholesalers of metals, hardware,

plumbing and heating equipment reported a 3.6% increase in sales, to \$1.4 billion. Aside from a small decline in October 1993, sales for this group have been increasing steadily over the last 12 months.

The only decline was registered by wholesalers of lumber and building materials (-0.5%). A reduction in exports of lumber as well as a decrease in housing starts may have slowed the selling activity by these wholesalers.

Only three provinces and the territories experienced lower sales in May. Québec and Ontario - which together represent 65% of total sales - registered the strongest growth. For Québec, this marked the fifth consecutive monthly gain. Sales in Ontario increased for the fourth month in a row. In British Columbia, sales continued to expand, rising for the fifth consecutive month.

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

PROVINCIAL PERSPECTIVES

Retail and Wholesale Trade, May 1994 Seasonally Adjusted

	Retail Sales		Wholesale Sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	17,134	1.0	18,873	1.5
Newfoundland	284	0.3	187	0.5
Prince Edward Island	73	1.0	46	-2.1
Nova Scotia	536	-1.3	400	0.2
New Brunswick	413	1.1	260	1.4
Québec	4,204	2.9	4,383	2.2
Ontario	6,306	0.6	7,888	2.2
Manitoba	554	-3.6	604	-1.5
Saskatchewan	512	-2.1	576	-2.4
Alberta	1,820	-0.1	1,800	0.7
British Columbia	2,378	2.4	2,708	1.0
Yukon	17	1.2	20	-1.9
Northwest Territories	39	-0.6		

Manufacturers Register Third Straight Monthly Rise in Shipments

The seasonally adjusted value of shipments rose 1.5% in May to \$28.3 billion. Manufacturers posted their third strong increase in a row (for a total gain of 6.9%) after five months of no net growth. The value of shipments for the first five months of 1994 was \$136.6 billion, 7.4% higher than in the same period in 1993.

Fifteen of the 22 major industry groups, accounting for 81% of total shipments, reported increases in May. Food producers contributed most to the higher shipment numbers (3.0%). This reflected higher sales by fish producers and canola manufacturers. Strong demand from foreign sources, notably the United States, also helped

Manufacturers' Shipments, May 1994

Unadjusted Data (Adjusted Data Not Available by Province)

Province	Total	
	\$ millions	% change, previous year
Canada	30,258	14.7
Newfoundland	108	3.4
Prince Edward Island	81	41.2
Nova Scotia	463	4.4
New Brunswick	633	3.2
Québec	7,218	12.9
Ontario	15,876	15.7
Manitoba	648	17.4
Saskatchewan	406	9.8
Alberta	2,168	20.1
British Columbia	2,648	14.2

manufacturers increase shipments of refined petroleum and coal products (5.2%), wood (3.9%), fabricated metals (2.8%), and machinery (2.8%).

Inventory levels grew for the eighth successive month, by 0.5% in May to \$37.5 billion. Most of the increase over the last 14 months occurred in the wood products industry as manufacturers stocked up in response to high prices and anticipated construction activity. Manufacturers of fabricated metal products, machinery, and transportation equipment have also boosted inventory levels over the past year.

Despite the latest increase in inventory levels, the inventories to shipments ratio has fallen from 1.34 in April to 1.32 in May.

The backlog of unfilled orders declined for the first time in six months, down a slight 0.2% in May to \$31.2 billion. Unfilled orders had increased by \$3.3 billion in the previous five months as large contracts were received in the transportation equipment industries. Numerous smaller contracts were awarded to manufacturers of machinery, primary and fabricated metals, and electrical and electronic products.

New orders fell 1.4% in May to \$28.2 billion after three months of increases totalling 7.3%. Manufacturers of transportation equipment (-3.6%), electrical and electronic products (-8.8%), machinery (-13.8%), and primary metals (-4.9%) recorded the largest drops.

Note to users

The values of shipments, inventories and orders were revised back to January 1991.

For further information, order *Monthly survey of manufacturing* (catalogue number 31-001) or contact Industry Division at (613) 951-9834. (See also "Current Trends" chart on page 9.)

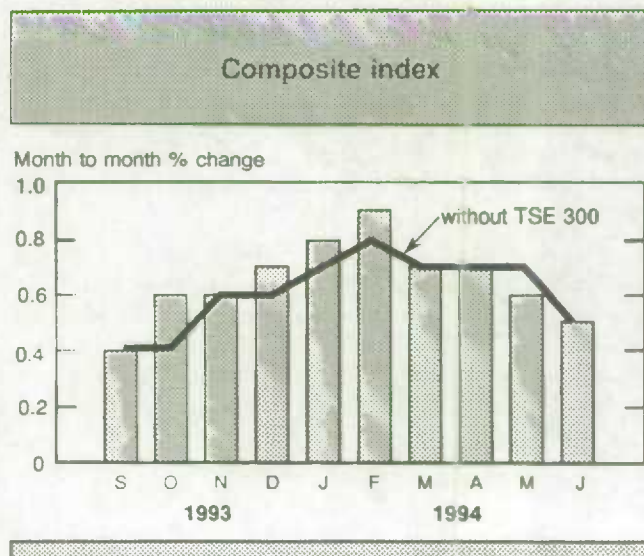
Growth of Composite Index Slows

The growth of the leading index continued to slow, declining from a 29-month peak of 0.9% set in February to 0.5% in June. This marked its lowest rate of increase since September 1993. The weakness in June was not confined to just the stock market: the average for the other nine components slowed to 0.5% growth from 0.7% growth.

Eight of the 10 components continued to grow, although moderate increases were the rule for those related to final demand. Business spending, however, remained vigorous.

Household demand lost some of its recent buoyancy. Auto sales led the slowdown for durable goods, which advanced by 1.2% in April, down from

(continued on page 4)



... Growth of Composite Index Slows

a seven-year high of 1.7% in March. The deceleration accompanied higher interest rates. Growth remained positive for the housing index, rising by 0.5%. Housing was buttressed by starts in Western Canada, where employment rose rapidly in May and June. Furniture and appliance sales gained 0.4%.

New orders for durable manufactured goods rose a sharp 1.3% as most industries benefited from recent widespread gains in demand. Orders have now regained their peak levels set in the 1980s. Manufacturers have increased inventories to keep up with demand. This pushed the ratio of shipments to inventories of finished goods down slightly for the second straight month. The average workweek recovered all of the ground lost in the last recession,

rising to 39.1 hours. Employment in services accelerated in June due to the largest gain in business demand since 1975.

The stock market index fell again in June (-1.2%), led by interest rate sensitive stocks. The real money supply moderated from the seven-year high growth rates set in the spring.

The growth of the U.S. leading indicator eased after a pickup at the start of the year. The outlook for Canadian exports remains positive, however, as most of the components related to manufacturing continued to rise.

For further information, order Canadian economic observer (catalogue number 11-010) or contact Current Economic Analysis Division at (613) 951-3627. (See also "Current Trends" chart on page 9.)

No Increase in Consumer Prices in June

In June, consumers paid the same amount for the consumer price index's (CPI) basket of goods and services as they did in June 1993. This was the lowest year-over-year movement since 1961, excepting May when the basket cost 0.2% less than it did in May 1993.

Offsetting factors caused the unchanged level in June. Year-over-year price increases for new cars and trucks, auto insurance, rent, tuition fees, property taxes, and air fares were offset by price declines for tobacco products and food purchased from stores. Lower mortgage interest costs helped moderate the rise in housing charges, even though June represented the first month since May 1991 when new mortgages had, on average, higher interest charges than existing mortgages.

Energy prices showed a 0.3% year-over-year rise in June after seven consecutive months of annual declines. Gasoline and fuel oil prices remained below the level in June 1993, but price increases for piped gas and electricity more than offset these declines.

On a monthly basis, the all-items index (1986=100) advanced 0.2% between May and June to a level of 130.2, counterbalancing a 0.2% decline in May. Five of the seven major components registered increases. The health and personal care

index fell 0.4% while the tobacco products and alcoholic beverages index remained unchanged.

The cost of transportation rose 0.6% in June, mostly due to a 3.1% rise in gasoline prices. Gasoline prices have risen without interruption since February 1994 after falling in most months of 1993. Air fares also rose, mainly for selected destinations in the United States, and train fares reflected seasonal increases.

Consumers paid 0.2% more for food. Prices rose for fresh vegetables, pork, poultry, coffee, and selected dairy and bakery products. However, consumers paid less for beef, fish, soft drinks, and selected fresh fruit. Housing charges increased 0.2% as homeowners faced higher maintenance and repair charges and tenants experienced a marginal increase in rents. Prices of household textiles and appliances also rose noticeably.

After falling in April and May, clothing prices rose 0.5% in June. Much of the increase was in women's wear, particularly for sportswear, jewellery, and footwear. The recreation, reading and education index edged up by 0.1%, mainly because of higher prices for reading material. Lower prices for recreational equipment partly offset the increases.

For further information, order The consumer price index (catalogue number 62-001) or contact Prices Division at (613) 951-9606. (See also "Current Trends" chart on page 9.)

(Provincial Perspectives on page 5)

PROVINCIAL PERSPECTIVES: CONSUMER PRICES

The Consumer Price Index, Percentage Change, June 1994/1993 *

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	0.0	-0.1	0.3	0.3	5.1
Newfoundland	1.4	1.4	-1.4	-0.8	8.1
Prince Edward Island	-0.5	1.1	-4.9	-0.4	3.8
Nova Scotia	0.9	3.8	-0.2	0.5	6.1
New Brunswick	0.0	1.7	0.0	-0.4	4.2
Québec	-1.5	0.8	-1.3	0.2	2.6
Ontario	-0.2	-1.9	-0.2	0.0	6.4
Manitoba	1.1	0.5	1.7	1.1	3.6
Saskatchewan	1.5	1.8	5.4	1.0	5.4
Alberta	1.3	0.2	3.0	0.5	4.2
British Columbia	2.1	1.5	2.6	0.7	5.7
Yukon	2.4	0.2	3.2	1.5	3.5
Northwest Territories	2.0	4.1	-1.7	0.2	5.2

* Data are not seasonally adjusted.

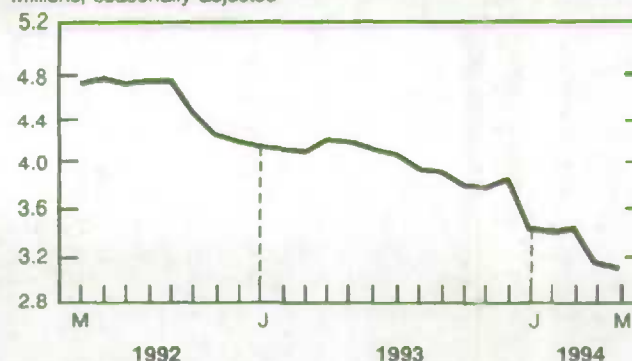
Cross-border Car Trips at a Five-year Low

Fewer Canadians crossed the American border in May. Same-day car trips, a key indicator of cross-border shopping, dropped to 3.1 million, the lowest level since August 1988. Same-day cross-border car trips by Canadians have been declining steadily since February 1992 after peaking at 5.3 million in November 1991.

The weakening Canadian dollar, which has fallen to about US72 cents from more than US88 cents in November 1991, and rising U.S. gasoline prices have together contributed to the downtrend in same-day cross-border car trips. In recent months, the federal government, together with a

Same-day Trips by Canadian Residents to the United States, by Automobile

Millions, seasonally adjusted



International Travel Between Canada and Other Countries

May 1994, Seasonally Adjusted

	('000)	% change, previous month	% change, previous year
One or More Night Trips			
Non-resident Travellers:			
United States	1,039	-0.3	4.1
Other Countries	283	2.2	6.8
Total	1,322	0.3	4.7
Residents of Canada:			
United States	1,321	0.2	-11.7
Other Countries	275	-2.9	0.2
Total	1,596	-0.4	-9.8
Auto Re-entries			
Residents of Canada:			
Same-day	3,085	-1.1	-26.2
Overnight	904	0.7	-15.3

number of provincial governments, cut tobacco taxes, reducing sharply the price of Canadian cigarettes.

The downtrend in Canadian residents' overnight trips abroad continued. Canadians made 1.6 million overnight trips abroad, by all modes of travel, down 0.4% from April. A rise of 0.2% in the number of trips to the United States was more than offset by a 2.9% drop in the number of trips to countries other than the United States. Overnight travel by Canadians to the U.S. has been generally decreasing since January 1992.

The flow of foreign travellers to Canada continued to improve. This type of travel was relatively constant between late 1986 and early 1993, and then it began inching upward in April 1993. In May 1994, the number of trips by travellers from countries other than the United

(continued on page 6)

... Cross-border Car Trips at a Five-year Low

States rose 2.2%, a continuation of an upward trend evident since August 1992. The increase more than offset a 0.3% decrease in the number of trips by Americans who stayed overnight in Canada.

In comparison with May 1993, the number of overnight visits from France were up substantially

(up 24.4% to 44,000), followed by Japan (up 16.1% to 44,000), and Australia (up 17.0% to 11,000).

For further information, order International travel advance information (catalogue number 66-001P) or contact Education, Culture and Tourism at (613) 951-1791.

Imports Climb to Record High While Exports Fall

Because imports were higher than exports, Canada's merchandise trade balance fell in May to a deficit of \$316 million, down from a surplus of \$1.1 billion in April. There were trade deficits with all principal trading areas except the United States. However, the trade surplus with the United States shrank to \$1.7 billion in May from \$2.2 billion in April.

On a balance of payments basis, the value of merchandise imports grew by \$989 million, reaching a record \$17.0 billion. Higher imports of machinery and equipment and of automotive products reflected an upturn in domestic production and contributed most to the overall gain.

The value of merchandise exports fell by \$436 million to \$16.7 billion, after rising by a total of \$1.4 billion in the previous three months. Increased exports of automotive products and machinery to the United States were more than offset by declines in exports in most other commodity sectors.

Underlying trends

Growth in the imports trend slowed between October and December 1993 but has been on an upswing since, due largely to surging imports from the United States. The trend for imports has been most influenced by growth in the machinery and equipment sector in 1994. Most groupings within that sector have shown increases, with the exception of agricultural machinery.

The trend for total exports accelerated in 1994, after a lull in the fall of 1993. The automotive products trend, which was negative from November 1993 to January 1994, has been rising ever since. This decline and recovery reflected production cutbacks as assembly plants retooled for the 1995 model year. Industrial goods have also contributed significantly to the post-autumn rise in exports.

For further information, order Canadian international merchandise trade (catalogue number 65-001) or contact International Trade Division at (613) 951-9647. (See also "Current Trends" chart on page 9.)

PUBLICATIONS RELEASED FROM JULY 15 TO 21, 1994

Division/title of publication	Period	Catalogue Number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other Countries
			US\$		
AGRICULTURE					
The dairy review	April 1994	23-001	14/138	17/166	20/194
BALANCE OF PAYMENTS					
Canada's international transactions in securities	April 1994	67-002	17/170	21/204	24/238
EDUCATION, CULTURE AND TOURISM					
Education quarterly review, Vol. 1, No. 2	Summer 1994	81-003	15/60	18/72	21/84
Sound recording	1992-93	87-202	24	29	34
Touriscope: international travel - advance information, Vol. 10, No. 5	May 1994	66-001P	7/70	9/84	10/98
INDUSTRY					
Department store sales and stocks	March 1994	63-002	16/160	20/192	23/224
Monthly survey of manufacturing	May 1994	31-001	19/190	23/228	27/266
Oils and fats	May 1994	32-006	6/60	8/72	9/84
Particleboard, waferboard and fibreboard	May 1994	36-003	6/60	8/72	9/84
Primary iron and steel	May 1994	41-001	6/60	8/72	9/84
Pulpwood and wood residue statistics	May 1994	25-001	7/70	9/84	10/98
Refined petroleum products	April 1994	45-004	20/200	24/240	28/280
INVESTMENT AND CAPITAL STOCK					
Building permits	May 1994	64-001	24/240	29/288	34/336
PRICES					
Average prices of selected farm inputs	June 1994	62-012	8/48	10/58	12/68
Farm input index	First quarter 1994	62-004	20/80	24/96	28/112
The consumer price index	June 1994	62-001	10/100	12/120	14/140
SERVICES, SCIENCE AND TECHNOLOGY					
Cable television	1992	56-205	28	34	40
TRANSPORTATION					
Passenger bus and urban transit statistics	May 1994	53-003	8/80	10/96	12/112

NEW FROM STATISTICS CANADA

Focus on Canada series: the self-employed

Is being self-employed an attractive economic alternative or a condition imposed on people by circumstances beyond their control? *The self-employed*, one of 11 reports in the *Focus on Canada* series from the 1991 Census, profiles two types of self-employed workers in Canada: those with paid help and those without. The author analyzes these groups in terms of demographics, labour characteristics, industries, occupations and incomes.

The *Focus on Canada* series is distributed exclusively by Prentice Hall Canada Inc., 1870 Birchmount Road, Scarborough, Ontario M1P 2J7. Copies of *The self-employed* (catalogue number 96-316E, \$12) may be ordered by toll-free telephone at 1-800-567-3800 or by fax at 1-416-299-2529.

Focus on Canada series

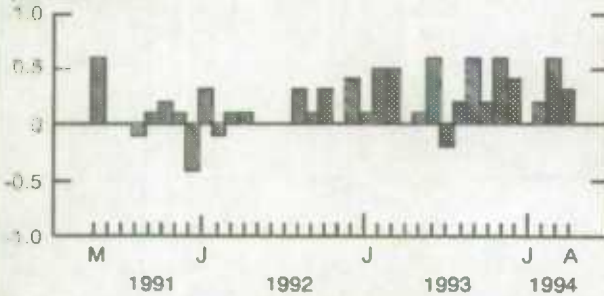
Some of the most popular publications generated from the 1991 Census database are contained in the *Focus on Canada* series. Two reports from this series are available: *Families in Canada* (catalogue number 96-307E, \$12) and *Family income in Canada* (catalogue number 96-318E, \$12).

The *Focus on Canada* series is distributed exclusively by Prentice Hall Canada Inc., 1870 Birchmount Road, Scarborough, Ontario M1P 2J7. Copies may be ordered by toll-free telephone at 1-800-567-3800 or by fax at 1-416-299-2529.

CURRENT TRENDS

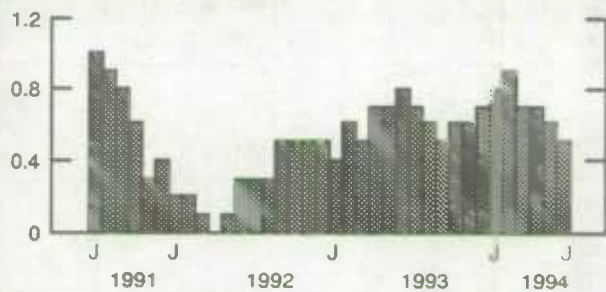
Gross Domestic Product

% change,
previous month



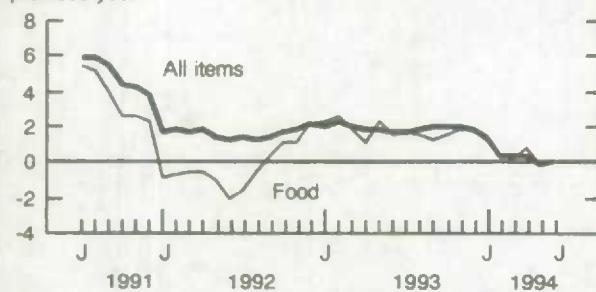
Composite Index

% change,
previous month



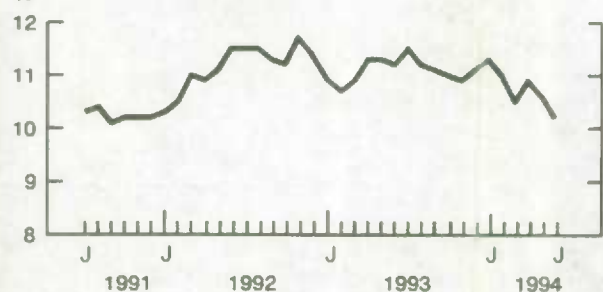
Consumer Price Index

% change,
previous year



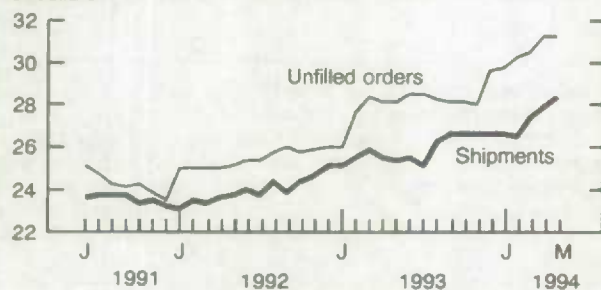
Unemployment Rate

%



Manufacturing

Billions
of dollars



Merchandise Trade

Billions
of dollars



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)	April	532.8	0.3%	3.6%
Composite Leading Indicator (1981 = 100)	June*	166.4	0.5%	8.1%
Operating Profits of Enterprises (\$ billion)	1st Quarter	16.7	18.9%	37.7%
DOMESTIC DEMAND				
Retail Trade (\$ billion)	May*	17.1	1.0%	6.8%
New Motor Vehicle Sales ('000 units)	May	103.8	1.2%	3.0%
LABOUR				
Employment (millions)	June	12.6	0.1%	1.4%
Unemployment Rate (%)	June	10.3	-0.4	-1.0
Participation Rate (%)	June	64.7	-0.4	-0.8
Labour Income (\$ billion)	April	33.7	0.5%	2.4%
Average Weekly Earnings (\$)	April	566.66	0.3%	1.9%
INTERNATIONAL TRADE				
Merchandise Exports (\$ billion)	May*	16.7	-2.5%	13.1%
Merchandise Imports (\$ billion)	May*	17.0	6.2%	20.2%
Merchandise Trade Balance (\$ billion)	May*	-0.32	-1.43	-0.93
MANUFACTURING				
Shipments (\$ billion)	May*	28.3	1.5%	11.7%
New Orders (\$ billion)	May*	28.2	-1.4%	11.5%
Unfilled Orders (\$ billion)	May*	31.2	-0.2%	11.2%
Inventory/ Shipments Ratio	May*	1.32	-0.02	-0.07
Capacity Utilization (%)	1st Quarter	79.2	-0.1	1.3
PRICES				
Consumer Price Index (1986 = 100)	June*	130.2	0.2%	0.0%
Industrial Product Price Index (1986 = 100)	May	117.2	0.3%	4.6%
Raw Materials Price Index (1986 = 100)	May	121.2	3.3%	5.2%
New Housing Price Index (1986 = 100)	May	136.0	-0.1%	0.1%

Note: All series are seasonally adjusted with the exception of the price indexes.

* New this week.

I·N·F·O·M·A·T

A Weekly Review

Published by the Communications Division Statistics Canada,
10-N, R.H. Coats Bldg, Ottawa, Ontario K1A 0T6.

Editor: Louise Larouche (613) 951-1197

Head of Official Release: Jacques Lefebvre (613) 951-1088

Catalogue: 11-002E. Price: Canada: \$3.00 per issue, \$130.00
per year; United States: US\$4.00 per issue, US\$156.00 per year;
Other Countries: US\$4.00 per issue, US\$182.00. Canadian
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Receiver General for Canada/Publication Sales, Statistics
Canada, Ottawa, Ontario K1A 0T6. To order by telephone dial:
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