



Infomat

A Weekly Review

Friday, January 27, 1995

OVERVIEW

■ Foreigners sell record amounts of Canadian bonds

Non-residents continued to sell large amounts of Canadian bonds, leading to the second significant disinvestment of Canadian securities in three months.

■ Number of U.I. beneficiaries lowest in 13 years

In November, the number of Canadians who received unemployment insurance benefits declined 3.1% from October, reaching the lowest level since February 1982.

■ Slow start to Christmas shopping

The Christmas shopping season got off to a slow start as retail sales dipped slightly in November.

■ Wholesale trade picks up

Following two slow months, wholesale merchants' sales regained momentum in November, returning to the stronger growth rates that have characterized most of 1994.

■ Consumer prices rise

December's consumer prices rose 0.2% from the previous month and from December 1993. Car insurance premiums, air fares, and fresh vegetable prices all increased from November.

■ Trade surplus stays high

Continuing the upward trend, exports surged in November led by trucks, machinery and equipment, and energy. Imports, based mostly on auto parts, were also high.

Foreigners sell record amounts of Canadian bonds

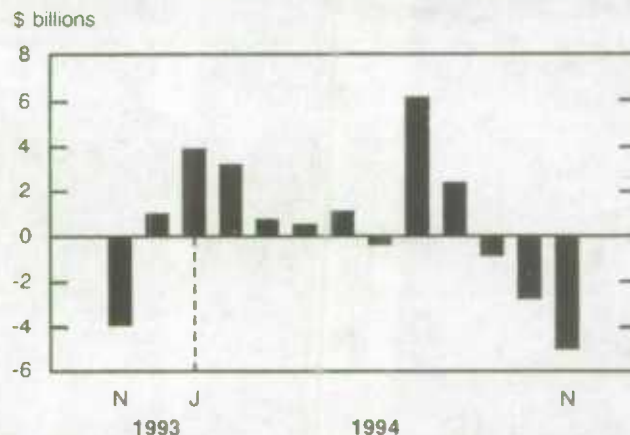
Non-residents sold \$2.2 billion more Canadian securities than they bought in November. This was the second significant disinvestment in three months as they continued to sell large amounts of Canadian bonds. Foreigners did, however, invest heavily in Government of Canada treasury bills.

For the third month in a row, foreigners reduced their holding of Canadian bonds, with the November disinvestment climbing to a record \$4.9 billion. The selling was focused on existing federal bonds and came from a wide variety of countries. The market was very active, as gross trading (sales plus purchases) increased 25% to \$71 billion. This followed two months of declining trading volume.

Canadian borrowers (mostly the provinces), who had already fulfilled their financing requirements, reduced the amount they issued in foreign markets from a \$4.3 billion monthly average during the first 10 months of 1994, to \$0.5 billion in November.

(continued on page 2)

Foreign investment in Canadian bonds



... Foreigners sell record amounts of Canadian bonds

Attracted by higher interest rates, foreign investors bought \$3.0 billion more than they sold of Canadian money market paper in November. Investors from the United Kingdom and Asia led the buying of Government of Canada Treasury bills; those from the United States were sellers. Gross trading with non-residents continued heavily in the Canadian money market, as the trading volume rose 25% to reach a record \$83 billion.

Foreign investment in Canadian stocks levelled off with a marginal disinvestment of \$0.3 billion. This followed a strong build-up in Canadian equities

by foreigners over the past two and a half years. The net selling in November coincided with a general weakening in Canadian stock prices.

After reducing their holdings for two months, Canadian investors resumed their investment in foreign securities, purchasing \$0.6 billion more than they sold. The investment was led by Canadian mutual funds and pension funds, which continued to favour overseas stocks.

For further information, order Canada's international transactions in securities (catalogue 67-002) or contact Balance of Payments Division at (613) 951-1864.

Number of U.I. beneficiaries lowest in 13 years

In November, 843,000 Canadians received regular unemployment insurance benefits, down 3.1% from October. This is the lowest level since February 1982.

Except for Prince Edward Island, the number of beneficiaries declined in every province and territory. The amount of regular benefits paid and the number of claims received also dropped.

Between October and November, the number of people who submitted claims for U.I. benefits dropped 1.0% to 242,000, continuing the trend, which has been generally declining since the February 1991 peak.

U.I. beneficiaries receiving regular benefits,

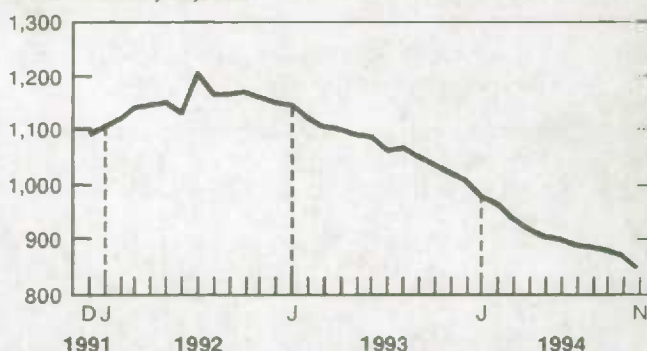
November 1994

(Seasonally adjusted)

Province/Territory	Total ('000)	% change, previous month	% change, previous year
Canada	843	-3.1	-17.6
Newfoundland	46	-3.3	-20.6
Prince Edward Island	11	1.0	-15.4
Nova Scotia	47	-1.9	-9.8
New Brunswick	50	-1.1	-10.8
Quebec	287	-2.6	-14.7
Ontario	209	-3.5	-24.4
Manitoba	22	-5.6	-18.8
Saskatchewan	17	-7.1	-21.7
Alberta	58	-5.1	-15.6
British Columbia	94	-0.9	-14.0
Yukon	2	-1.5	-26.8
Northwest Territories	1	-2.1	-4.2

U.I. beneficiaries receiving regular benefits

'000, seasonally adjusted



Note to users

Persons seeking U.I. benefits have to file a claim, but to qualify they must meet certain conditions: they must have experienced an interruption of earnings, be capable of and available for work, and be able to find suitable employment. Unless otherwise noted, data in this article are seasonally adjusted.

The amount of regular and special benefits paid in November (\$1.1 billion) was down 16.7% from the same month a year ago. The year-to-date total of \$14.6 billion was 12.9% less than during the same period last year.

For further information, order Unemployment insurance statistics (catalogue 73-001) or contact Labour Division at (613) 951-4046.

Slow start to Christmas shopping

The Christmas shopping season got off to a slow start as seasonally adjusted retail sales dipped slightly (-0.3%) in November to \$17.5 billion, after a 1.9% rise in October. Retail sales have been volatile over the past six months, with a pattern of alternating ups and downs. Nevertheless, sales in November were 2.4% higher than in May, continuing a trend that has been rising since early 1992.

November's largest value declines were in food, furniture, and general merchandise; its most notable advance was in the automotive sector, which posted its fourth consecutive monthly increase.

Spending in the food sector (which represents 25% of total retail trade) declined 0.8%, after a 2.0% gain in October. While food retailers had been contributing significantly to total retail growth since the spring of 1992, over the last half of 1994 their sales have slowed and at times have fallen.

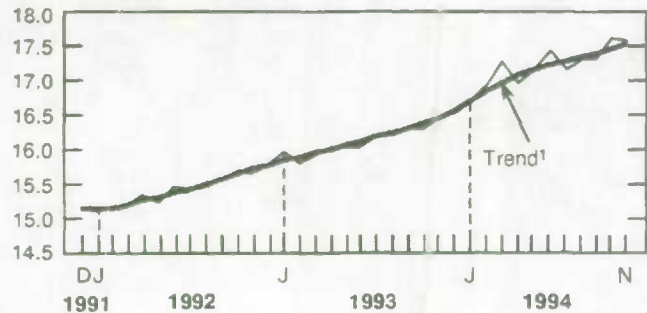
Furniture sales dropped 2.7%, making this sector (5% of total retail sales) the second largest contributor to the overall November decrease. The slump in furniture sales coincided with other indicators of a weakening housing market.

The general merchandise sector (10% of total retail trade) dropped 1.0%, after a 3.3% increase in October. Sales by general merchandise stores have slowed in recent months after steady growth since mid-1993.

In the automotive sector (which comprises new and used cars; gasoline service stations; and parts, accessories, and services outlets) sales edged up 0.4%. Despite lower sales of new cars, motor vehicle dealers recorded an increase of 0.7%, due mostly to higher prices and rising sales of used vehicles.

Retail sales

\$ billions, seasonally adjusted



¹ Trend represents smoothed seasonally adjusted data.

Most of the provinces and territories posted monthly declines in November, with the largest in Prince Edward Island. Increases occurred in Ontario, New Brunswick, and the Northwest Territories. In Ontario, sales jumped 0.9%, a fourth consecutive monthly rise and the highest rate of growth in two years.

Early indications of December's retail sales were varied. Department store sales were about 5.0% higher than November's, and the number of new motor vehicles sold increased nearly 9.0%. However, employment in trade declined 0.3%.

In the United States, retail sales slowed down in the last two months of 1994. After advancing 0.2% in November, sales fell 0.1% in December, the first decline since April 1994.

For further information, order Retail trade (catalogue 63-005) or contact Industry Division at (613) 951-9682.

Wholesale trade picks up

Following two slow months, wholesale merchants' sales regained momentum in November, returning to the stronger growth rates that have characterized most of 1994. Seasonally adjusted November sales rose 1.5% from October, to \$20.1 billion. Wholesalers in all nine trade groups recorded higher sales. This was also the case in all provinces and regions including British Columbia, where sales had been weak in recent months due to labour disputes.

Since the beginning of 1994, sales have risen unabatedly for wholesalers of metals, hardware, plumbing, and heating equipment, reaching \$1.6 billion in November to stand 29.3% above the same period in 1993. Wholesalers of other products, such as those handling agricultural inputs, industrial

chemicals, paper and paper products, also recorded strong growth. These increased sales are consistent with Canadian manufacturing and export figures, which were up substantially over the past year.

Inventory levels totalled \$29.4 billion in November, up 1.1% from October's revised figures. Seven of the nine trade groups posted increases, the largest of which, in dollar terms, were in other machinery, equipment and supplies; and food, beverage, drug and tobacco products. The inventories-to-sales ratio remained unchanged at 1.47.

For further information, order Wholesale trade (catalogue 63-008) or contact Industry Division at (613) 951-9683.

(continued on page 4)

PROVINCIAL PERSPECTIVES

Retail and wholesale trade, November 1994
Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	17,561	-0.3	20,086	1.5
Newfoundland	287	-2.5	179	0.7
Prince Edward Island	72	-5.6	47	1.1
Nova Scotia	549	-0.4	423	0.5
New Brunswick	420	0.7	280	4.8
Quebec	4,207	-0.1	4,474	2.0
Ontario	6,562	0.9	8,648	1.5
Manitoba	587	-1.3	670	1.1
Saskatchewan	535	-2.3	615	3.8
Alberta	1,838	-0.5	1,956	0.3
British Columbia	2,447	-2.4	2,773	1.4
Yukon	16	-0.9	21	5.0
Northwest Territories	40	1.0		

Consumer prices rise

In December 1994, the consumer price index was 0.2% higher than the year before. However, with tobacco products excluded, average consumer prices rose 1.6% over this period. Increases in new vehicle prices, auto insurances, air fares, gas, rent for accommodation, and educational fees contributed most to the index's 12-month rise.

Compared with December 1993, changes in consumer prices ranged from a low of -1.6% in Quebec to a high of 2.0% in British Columbia. With tobacco products excluded, the index varied between 0.7% in Quebec to 2.3% for both British Columbia and Alberta.

December's 0.2% month-over-month rise centred on car insurances, air fares, and fresh vegetable prices. Declines in the prices of gas, fresh fruit, and traveller accommodation moderated the overall gain.

Car insurance premiums jumped 3.8%, with the increase coming entirely from Ontario. As rates rose for the holiday season, air fares advanced 8.8%. And a 5.8% rise in fresh vegetable prices, which followed a 13.1% hike in November, pushed up the food

Note to users

With the January 1995 CPI, expenditure weights will be updated, the population coverage expanded, provincial series emphasized, and the commodity classification modified. The time base will remain at 1986 = 100.

The "CPI excluding tobacco products" has been featured separately because of the differences between its 12-month changes and those of the all-items CPI. These differences resulted from significant tax reductions by the federal and some provincial governments on tobacco products in early 1994. Beginning in February 1995, the 12-month movements in the CPI will stop reflecting the impact of the cut in cigarette taxes.

index. In contrast, gas prices dropped 2.7% to virtually eliminate November's increase, and fresh fruit prices (mainly oranges and grapefruit) benefitted from a 5.3% seasonal decline. Traveller accommodation charges fell 3.6% as motels and hotels moved to off-season rates.

(Continued on page 5)

...Consumer prices rise

Housing costs rose 0.2%, mostly as a result of higher piped gas prices and mortgage financing costs, which have increased for the seventh time in seven months. Furniture and household textiles also contributed to the rising cost of housing.

Across Canada, monthly changes in the index varied between declines of 0.2% (in Prince Edward Island, Nova Scotia and New Brunswick) and a rise of 0.5% (in Alberta).

For further information, order The consumer price index (catalogue 62-001) or contact Prices Division at (613) 951-9606. (See also "Current trends" on page 8.)

PROVINCIAL PERSPECTIVES

The Consumer price index, December 1994
% change, previous year*

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	0.2	0.3	2.3	0.5	5.0
Newfoundland	1.4	3.0	4.6	0.3	6.9
Prince Edward Island	-0.9	-1.2	-0.7	0.5	4.5
Nova Scotia	-0.2	1.1	0.9	-0.2	5.7
New Brunswick	0.3	1.9	0.1	0.6	5.3
Quebec	-1.6	0.2	0.2	0.5	2.3
Ontario	0.2	-0.5	2.2	0.5	5.7
Manitoba	1.4	1.4	3.8	0.8	4.7
Saskatchewan	1.7	1.8	3.4	1.5	4.3
Alberta	1.8	1.7	2.9	0.7	5.5
British Columbia	2.0	1.6	6.1	0.4	6.8
Yukon	1.4	-0.1	6.1	1.6	5.0
Northwest Territories	2.3	4.9	6.6	0.8	6.2

* Data are not seasonally adjusted.

Trade surplus stays high

Continuing a three-year upward trend, exports grew to over \$20 billion in November, with trucks, machinery and equipment, and energy leading the increase. Imports – mostly in auto parts – were also strong at \$18 billion, more than recovering from their slight downturn in September and October.

Canada's trade surplus remained strong, virtually unchanged from October at \$2.1 billion. The trade surplus with the United States reached a record \$3.0 billion. Canada also continued to run a trade surplus with Japan but recorded deficits with all other trading partners.

Truck exports soared (34%), in line with rising truck sales in the United States; car exports grew by a more modest 4.5%. Most of the strength in November's machinery and equipment exports came from aircraft, telecommunications equipment, and office machines – up 23% collectively and destined primarily for the U.S. market. Coal and crude petroleum contributed most to the 7% advance in energy exports. Exports of pulp continued the rising trend of the past 12 months, while those of lumber fell. Restraining the overall growth were declining exports of precious metals and, to a lesser extent, agricultural products.

(continued on page 6)

...Trade surplus stays high

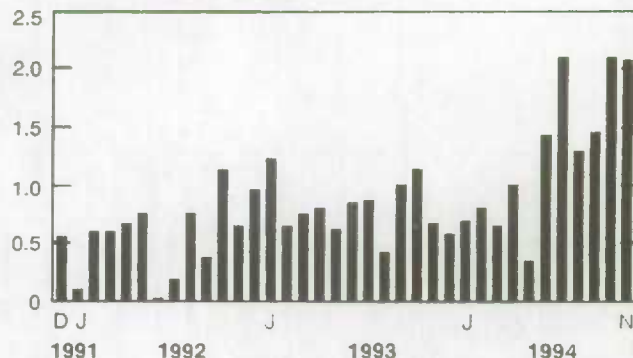
Imports of auto parts rose 24%, reflecting Canada's strong automotive production and, possibly, some producers' planned cutbacks for December. Office machine, communications equipment, and specialized tool imports collectively increased 5.7%. Healthy imports of raw materials (metals, metal ores, chemicals and textiles) reflected a strong Canadian manufacturing sector. The only major import drops occurred for coal and crude petroleum, which together fell 31%.

Note to users

Merchandise trade is only one component of the current account of Canada's balance of payments. Other components include services transactions, investment income and transfers. In the third quarter of 1994, the overall merchandise trade surplus of \$4.6 billion contrasted with a current account deficit of \$5.1 billion.

Merchandise trade balance

\$ billions, seasonally adjusted



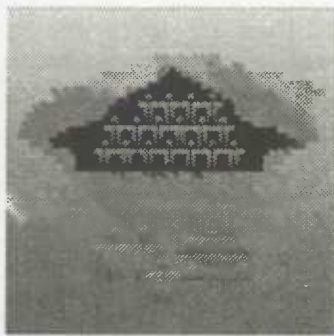
For further information, order Canadian international merchandise trade (catalogue 65-001) or contact International Trade Division at (613) 951-9647. (See also "Current trends" on page 8.)

NEW FROM STATISTICS CANADA



Projections démographiques
Population
Projections
for Canada,
Provinces
and Territories
1993-2016

Projections démographiques
pour le Canada,
les provinces
et les territoires
1993-2016



1-800-267-6878

Canada

Population projections for Canada, the provinces and territories 1993-2016

Canada's population will keep growing. But as we move into the 21st century it will become increasingly older, and the proportion of young people will shrink dramatically. These are some of the emerging demographic trends revealed from a new set of projections in *Population projections for Canada, provinces and territories, 1993-2016*.

These projections provide information for planners, policy makers and those interested in demographic changes and related social issues. These new projections use 1993 preliminary population estimates adjusted for net census undercoverage. They take into account emerging demographic trends and the changing composition of population.

Population projections for Canada, provinces and territories, 1993-2016 (catalogue 91-520, \$50) is now available. For further information, contact M.V. George at (613) 951-9580 or Lucette Dell'Oso at (613) 951-2304, Population Projections Section, Demography Division.

The labour market: Year-end review

Perspectives on Labour and Income announces the advance release of its supplement, "The labour market: Year-end review". This supplement summarizes changes and trends in the labour market during 1994. It can be ordered today via fax service only, for \$30 (Visa or MasterCard). To reserve your copy, contact Suzanne David at (613) 951-4628 or fax your name, fax number and credit card number to her at (613) 951-4179, Labour and Household Surveys Analysis Division.

The scheduled release date for the Spring 1995 issue of *Perspectives on Labour and Income* (catalogue 75-001E, \$14/\$56) including "The labour market: Year-end review" is early March.

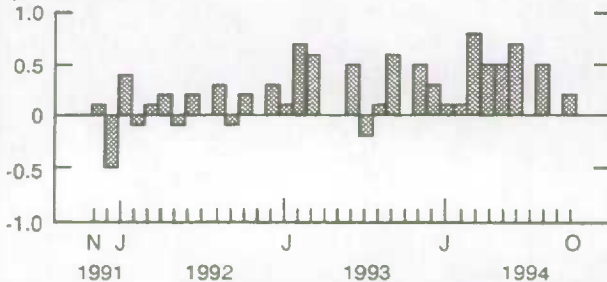
PUBLICATIONS RELEASED FROM JANUARY 20 TO 26, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
The dairy review	November 1994	23-001	14/138	17/166	20/194
EDUCATION, CULTURE AND TOURISM					
Touriscope - international travel	November 1994	66-001P	7/70	9/84	10/98
DEMOGRAPHY					
Population projections for Canada, provinces and territories	1993-2016	91-520	50	60	70
HOUSEHOLD SURVEYS					
The labour force	December 1994	71-001	20/200	24/240	28/280
INDUSTRY					
Canned and frozen fruits and vegetables	November 1994	32-011	6/60	8/72	9/84
Monthly production of soft drinks	December 1994	32-001	3/30	4/36	5/42
Monthly survey of manufacturing	November 1994	31-001	19/190	23/228	27/266
Pack of processed beans, green and wax	1994	32-238	14	17	20
Primary iron and steel	November 1994	41-001	6/60	8/72	9/84
Production and disposition of tobacco products	December 1994	32-022	6/60	8/72	9/84
Wholesale trade	October 1994	63-008	16/160	20/192	23/224
INTERNATIONAL TRADE					
Canadian international merchandise trade	November 1994	65-001	19/182	22/219	26/255
LABOUR					
Employment, earnings and hours	October 1994	72-002	29/285	35/342	40/399
NATIONAL ACCOUNTS AND ENVIRONMENT					
Financial flow accounts	3rd quarter 1994	13-014	35/140	42/168	49/196
PRICES					
Industry price indexes	November 1994	62-011	20/200	24/240	28/280
The consumer price index	December 1994	62-001	10/100	12/120	14/140
TRANSPORTATION					
Railway carloadings	October 1994	52-001	10/100	12/120	14/140
Railway operating statistics	October 1994	52-003	12/120	15/144	17/168

CURRENT TRENDS

Gross domestic product

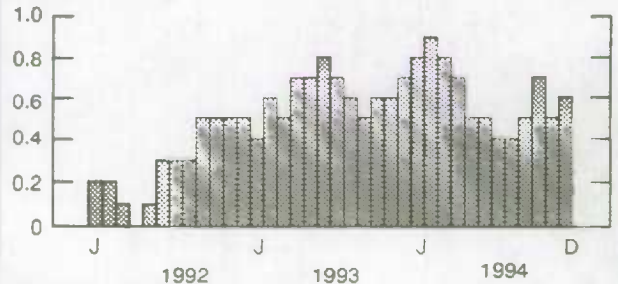
% change,
previous month



Real gross domestic product at factor cost grew 0.2% in October.

Composite index

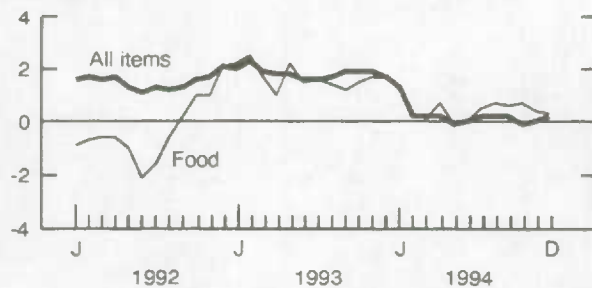
% change,
previous month



The 0.6% growth of the composite index in December was about the same as the average posted since September.

Consumer price index

% change,
previous year



Consumers paid 0.2% more for goods and services in December 1994 than the year before. Food prices rose by 0.3%.

Unemployment rate

%



In December, the unemployment rate remained unchanged at 9.6%.

Manufacturing

\$ billions



Manufacturers' shipments jumped 4.0% in November to \$31.5 billion. The level of unfilled orders dipped slightly (-0.2%) to \$33.3 billion.

Merchandise trade

\$ billions



The value of merchandise exports increased by \$633 million in November, to \$20.2 billion. Imports rose by \$656 million, to \$18.1 billion.

Note: All series are seasonally adjusted except the consumer price index.

LATEST MONTHLY STATISTICS

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product (\$ billion, 1986)	October	535.6	0.2%	4.1%
Composite index (1981 = 100)	December	171.7	0.6%	7.6%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	November*	17.6	-0.3%	6.8%
New motor vehicle sales ('000 units)	November	104.3	-4.3%	0.4%
LABOUR				
Employment (millions)	December	12.8	0.0%	2.9%
Unemployment rate (%)	December	9.6	0.0 ⁺	-1.6 ⁺
Participation rate (%)	December	64.9	-0.1 ⁺	-0.2 ⁺
Labour income (\$ billion)	October	34.3	-0.3%	3.3%
Average weekly earnings (\$)	October	568.20	0.0%	2.0%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	November	20.2	3.2%	27.0%
Merchandise imports (\$ billion)	November	18.1	3.8%	18.8%
Merchandise trade balance (all figures in \$ billion)	November	2.1	0.0	1.4
MANUFACTURING				
Shipments (\$ billion)	November	31.5	4.0%	18.5%
New orders (\$ billion)	November	31.4	2.5%	18.7%
Unfilled orders (\$ billion)	November	33.3	-0.2%	19.0%
Inventory/ shipments ratio	November	1.24	-0.04	-0.12
Capacity utilization (%)	3rd quarter	82.9	1.6	5.3
PRICES				
Consumer price index (1986 = 100)	December*	131.6	0.2%	0.2%
Industrial product price index (1986 = 100)	November	122.2	0.8%	7.2%
Raw materials price index (1986 = 100)	November	124.8	2.2%	13.2%
New housing price index (1986 = 100)	November	135.9	-0.1%	-0.3%

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

* new this week

⁺ percentage point



1010182034

KEY RELEASE CALENDAR: February 1995*

Monday	Tuesday	Wednesday	Thursday	Friday
			2 Business conditions survey: Canadian manufacturing industries, January December 31 grain stocks	3 Building permits December
6	7	8	9 Help-wanted index, January New motor vehicle sales, December	10 Labour force survey, January
13 New housing price index, December	14	15 Travel between Canada and other countries, December	16 Monthly survey of manufacturing, December Composite index January	17 Canadian international trade, December
20	21 Retail trade, December	22 Wholesale trade, December Farm cash receipts, Fourth quarter	23 Canada's international transactions in securities, December Private and public investment in Canada, 1993-1995	24 Industrial product price index, January Raw materials price index, January
27 International travel account, Fourth quarter 1994	28 Consumer price index, January Unemployment insurance statistics December Employment, earnings and hours, December			

* Release dates for International Trade, the Consumer Price Index and the Labour Force Survey are fixed; dates for other data series may change.

I·N·F·O·M·A·T**A Weekly Review**

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