



# Infommat

## A Weekly Review

Friday, April 21, 1995

### OVERVIEW

#### Trade surplus virtually unchanged

Both exports and imports fell in February, leaving the merchandise trade surplus virtually unchanged from the month before.

#### Composite index continues its moderate growth

The composite index rose by 0.5% in March, maintaining an 11 month string of moderate increases.

#### Manufacturing shipments fall

Weakening demand for motor vehicles and wood in both Canada and the United States led to falling shipments in February.

#### National wealth grows in 1994

The growth in Canada's national wealth in 1994 reflected the pick-up in economic activity during the year.

#### Trips to Canada ever more popular

Overnight travel to Canada by foreigners reached a new high in February.

#### Trade surplus virtually unchanged

Following last month's surge, exports fell 4.4% in February, to \$21.5 billion as demand for many goods, especially autos, moderated. Imports also dropped, down 5.0% to \$19.1 billion. The decline came as automotive, industrial goods, and machinery imports fell, following two months of exceptional growth. The merchandise trade surplus remained virtually unchanged at \$2.4 billion.

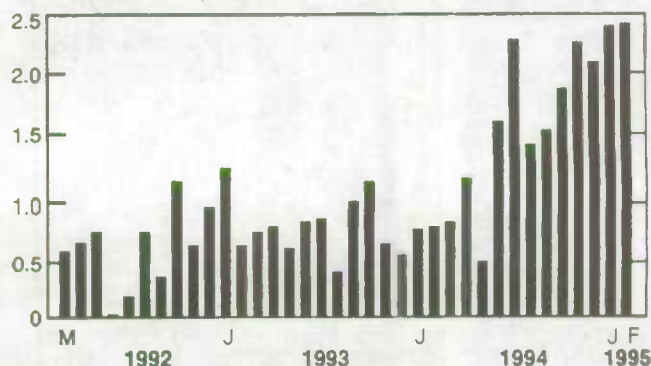
Canada's trade surplus with the United States and Japan shrank, while for the first time since 1988, there was a small trade surplus with non-OECD countries. Growing demand for Canadian wood pulp and industrial goods has helped improve Canada's balance of trade with non-OECD countries over the past year.

The decline in February's exports was largely influenced by reduced shipments of autos – especially to the United States. A 9.9% drop in car and a 17.8% fall in truck exports reflected slower vehicle sales south of the border. So far this year, however, automotive exports remain 52.4% above their 1994 level. The exports of agricultural products, forestry and energy products, wood pulp, and paper also declined.

(continued on page 2)

#### Merchandise trade balance

\$ billions, seasonally adjusted



### ... Trade surplus virtually unchanged

Following two exceptional months of growth, import demand for automotive products retracted somewhat in February. Reflecting slower domestic sales, car and truck imports fell 17.9% and 2.9% respectively. Parts imports also declined, as did the shipments of domestically produced cars. Compared with February 1994, automotive imports have grown by more than a third. Industrial goods and machinery equipment imports fell from January as did energy and forestry products.

### Note to users

*Merchandise trade is only one component of the current account of Canada's balance of payments. The current account also includes trade in services. In the fourth quarter of 1994, an overall merchandise trade surplus of \$6.2 billion contrasted with a current account deficit of \$5.4 billion.*

*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.)*

## Composite index continues its moderate growth

The composite index rose by 0.5% in March, maintaining an 11 month string of moderate increases. Growth was concentrated in manufacturing buoyed by exports; housing was the only one of the 10 components to decline. However, half of the components posted little or no change, reflecting growing inertia in domestic spending.

New orders for manufacturers of durable goods expanded 2.2%, slightly less than the previous month's increase. The ratio of shipments to

inventories, however, continued to rise rapidly, fuelled by surging auto exports.

Housing starts dropped sharply, leading to the largest dip in the housing index in two years. Consumer spending on durable goods remained steady.

The stock market picked up after four straight monthly decreases, while the money supply expanded for the first time in six months.

*For further information, order Canadian economic observer (catalogue 11-010) or contact Current Economic Analysis Division at (613) 951-3627. (See also "Current trends" on page 8.)*

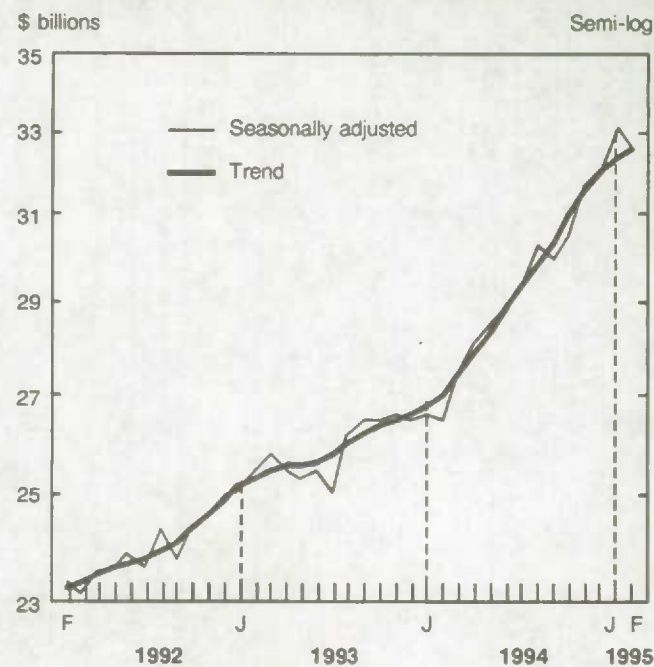
## Manufacturing shipments fall

Weakening demand for motor vehicles and wood in both Canada and the United States led the fall in manufacturing shipments (-1.3% to \$32.6 billion) in February. Overall, manufacturers in 10 of the 22 major groups (accounting for 65% of shipments) recorded declines while those in the remaining 12 posted increases.

Motor vehicle shipments dropped 3.8% due to reduced North American demand, which in turn resulted from climbing interest rates and higher prices for new models. Wood products declined by 7.6% as rising interest rates and buyers' job concerns lead to falling housing starts. Despite the drop in shipments, wood producers built up inventories, partly in anticipation of increased demand from Japan and the United States.

Compared with a year ago, February's shipments were 23% or \$6.2 billion higher. The backlog of unfilled orders continued to increase, up 12.5% (\$3.8 billion) from February 1994. These indicators mirror those recently reported for the U.S. manufacturing sector. There, as in Canada, manufacturing remains strong but the pace of economic activity has slowed somewhat from 1994's robust growth.

### Shipments



(continued on page 3)



### ... Manufacturing shipments fall

For the past two years, manufacturers have built up inventory levels with raw materials accounting for the lion's share. Inventory levels continued to swell in February, rising 1.6% to \$41.4 billion. Potential raw material price increases and the threat of a nation-wide rail strike spurred some manufacturers to stock up. Others were stockpiling finished products in anticipation of pent-up demand.

Falling shipments, combined with rising inventory levels, boosted the inventory-to-shipments ratio to 1.27, up from last month's record low of 1.23.

Unfilled orders rose 0.6% driven by foreign demand for machinery (5.2%), fabricated metals (3.5%) and electrical and electronic products (1.7%). After four strong monthly increases, new orders dropped 1.0%, largely in response to stalled motor vehicle sales.

*For further information, order Monthly survey of manufacturing (catalogue 31-001) or contact Industry Division at (613) 951-9832. (See also "Current trends" on page 8.)*

### Manufacturers' shipments, February 1995

Unadjusted data (Adjusted data not available by province)

Province	\$ millions	% change, previous year
<b>Canada</b>	<b>30,082</b>	<b>23.6</b>
Newfoundland	77	-2.8
Prince Edward Island	40	15.6
Nova Scotia	429	6.7
New Brunswick	586	14.5
Quebec	7,183	21.6
Ontario	16,290	27.6
Manitoba	613	24.6
Saskatchewan	356	14.9
Alberta	1,998	20.2
British Columbia	2,504	15.4

### National wealth grows in 1994

In 1994, the growth in Canada's national wealth (4% to \$2.7 trillion) reflected the pick-up in economic activity during the year and the accumulation of assets such as cars, factories, computers, houses, household appliances, trucks, highways, and developed land. This was the second year of strong growth in the nation's wealth.

National net worth (national wealth less Canada's net indebtedness to non-residents) grew 4%, to \$2.4 trillion. Foreigners have a net claim of about 12% on the nation's wealth; however, these claims have been rising more slowly since 1992 than before. In 1994, net worth reached \$81,300 per capita, \$1,900 more than in 1993.

Turning to the financial side of the balance sheet, credit market debt of domestic sectors grew 6% in 1994, as the aggregate demand for funds remained high. This demand was sustained by increased corporate financing activity, as governments reduced their borrowing.

Businesses increased their holdings of tangible assets by over 3% in 1994, more rapidly than in 1993. This was reflected in machinery and equipment, and non-farm inventories, up 4% and 7% respectively. The growth in corporate debt also accelerated, as financing activity and capital investment approached pre-recession levels. However, equity outpaced debt, leaving room for a further rise in capital expenditure. Share issues remained high and, combined with improved profits, led to a declining debt-to-equity ratio.

#### Note to users

*National wealth includes buildings, capital equipment, consumer durable goods and residential, commercial and agricultural land. It excludes natural resources such as metal and mineral assets, timber and public land.*

*Credit market debt includes bank and other loans, consumer credit, mortgages, as well as all types of short-term paper and bonds issued on markets.*

Households continued to record the fastest growth (5%) in tangible assets in the economy. Personal wealth accounted for just over 50% national wealth. Debt grew about 5%, pushing the ratio of consumer credit and mortgages outstanding to a high of 91% of after-tax income. Still, total assets continued to increase at about the same pace as liabilities, so that net worth rose by almost 5% (4% after inflation).

Canada's net international indebtedness totalled \$339 billion at the end of 1994. However, the growth in net indebtedness has slowed in recent years, due mainly to increased domestic investment in foreign securities by financial institutions. As a result, the growth rate of national wealth moved much closer to that of international indebtedness. The last time wealth grew faster than net foreign debt was in 1989.

*For further information, contact National Accounts and Environment Division at (613) 951-3640. An analytical document including tables and charts for 1994 is available (\$50). In addition, data is also available on diskette.*

## Trips to Canada ever more popular

In February, a record 1.4 million foreigners visited Canada for at least one night. Of these, 1.1 million were Americans and 317,000 were overseas travellers.

The weak Canadian dollar has stimulated higher spending in Canada by foreigners, contributing to reducing Canada's international travel account deficit, which stood at \$6.0 billion in 1994. The travel account deficit peaked at \$8.2 billion in 1992.

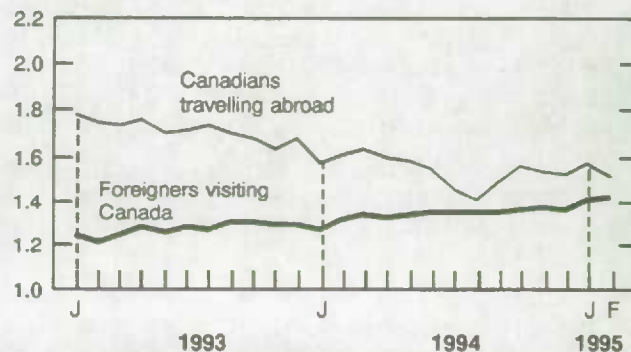
Same-day car trips to Canada by Americans continued to increase, reaching 2.0 million in February, the highest level since December 1986. These types of trips have been on the rise since early 1994.

As for Canadians, they travelled less to foreign destinations in February, for a total 1.5 million overnight trips, a drop of 3.5% compared with January. Of these trips, 1.2 million were to the United States. Overnight trips to the United States have been declining since late 1991. Overnight travel to overseas destinations decreased marginally in February, to 296,000 trips. This type of travel has generally been increasing since June 1991.

Same-day car trips by Canadians to the United States, often used as an indicator of cross-border shopping, fell by 5.0% from January to 2.9 million trips, the lowest number since March 1988.

### Overnight trips

Millions, seasonally adjusted



### Note to users

Month-to-month comparisons use seasonally adjusted data (data adjusted for variations that repeat annually and for variability caused by different volumes of travellers associated with different days of the week). Year-over-year comparisons use unadjusted data, which are the actual traffic counts.

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

### International travel between Canada and other countries, February 1995

	('000)	% change, previous month	('000)	% change, previous year
	Seasonally adjusted		Unadjusted	
Canadian trips abroad				
Auto trips to the United States				
Same-day	2,873	-5.0	2,247	-15.9
One or more nights	781	-10.3	407	-12.6
Total trips, one or more nights				
United States <sup>1</sup>	1,209	-4.3	806	-7.2
Other countries <sup>2</sup>	296	-0.1	325	6.0
Travel to Canada				
Auto trips from the United States				
Same-day	1,955	0.4	1,334	22.6
One or more nights	744	1.6	339	8.8
Total trips, one or more nights				
United States <sup>1</sup>	1,097	1.3	520	8.6
Other countries <sup>2</sup>	317	1.3	145	15.7

<sup>1</sup> Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.

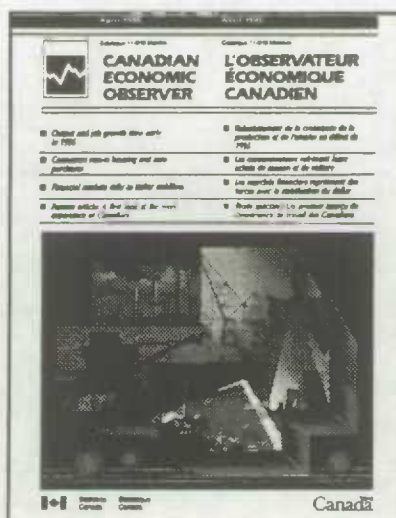
<sup>2</sup> Figures for other countries exclude same-day entries by land only, via the United States.



# PUBLICATIONS RELEASED FROM APRIL 13 TO 20, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
<b>BALANCE OF PAYMENTS</b>					
Canada's international transactions in securities	January 1995	67-002	17/170	21/204	24/238
<b>CURRENT ECONOMIC ANALYSIS</b>					
Canadian economic observer	April 1995	11-010	22/220	27/264	31/308
<b>EDUCATION, CULTURE AND TOURISM</b>					
Focus on culture	Spring 1995	87-004	7/26	8/32	10/37
Touriscope - International travel advance information	April 1995	66-001P	7/70	9/84	10/98
Touriscope - International travel (national and provincial counts)	4 <sup>th</sup> quarter 1994	66-001	42/168	51/202	59/236
<b>INDUSTRY</b>					
Canned and frozen fruits and vegetables	February 1995	32-011	6/60	8/72	9/84
Gross domestic products by industry	January 1995	15-001	14/140	17/168	20/196
Monthly survey of manufacturing	February 1995	31-001	19/190	23/228	27/266
Non-metal mines	1993	26-224	24	29	34
Pack of apples and apple products	1993	32-241	14	17	20
Particleboard, waferboard and fibreboard	February 1995	36-003	6/60	8/72	9/84
Primary iron and steel	February 1995	41-001	6/60	8/72	9/84
Quarterly reports on energy supply - Demand in Canada	3 <sup>rd</sup> quarter 1994	57-003	34/136	41/164	48/191
Refined petroleum products	January 1995	45-004	20/200	24/240	28/280
<b>INTERNATIONAL TRADE</b>					
Exports by commodity	January 1995	65-004	60/600	72/720	84/840
Imports by commodity	January 1995	65-007	60/600	72/720	84/840
<b>LABOUR AND HOUSEHOLD SURVEY ANALYSIS</b>					
Work absence rates	1977-1994	71-535	40	48	56

## NEW FROM STATISTICS CANADA



### Canadian economic observer

April 1995

The April 1995 issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a summary of the current economic conditions and a feature article on the work experience of Canadians.

A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

*The April 1995 issue of Canadian economic observer (catalogue 11-010, \$22/\$220) is now available. For further information contact Cynthia Bloskie at (613) 951-3634, Current Analysis Group.*

### Annual estimates of employment, earnings and hours 1983-1994

*Annual estimates of employment, earnings and hours, 1983-1994* contains 12 years of annual average data on number of employees, average weekly and hourly earnings, payrolls and much more. Data are available at national, provincial and territorial levels, and are classified for more than 200 industry groups.

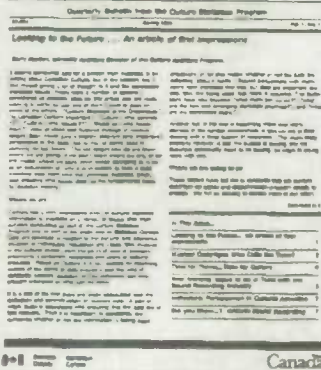
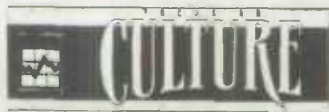
This handy reference includes a feature article, "1994 year-end review". Employment expanded significantly in 1994, for the first time in four years, as Canadian businesses added 175,000 employees to their payrolls and earnings rose 1.8%, significantly more than the inflation rate of 0.2%. In addition, overtime hours increased 12.2%, for a second consecutive year.

*Annual estimates of employment, earnings and hours, 1983-1994* is now available in print (72F0002XPB, \$75) and on diskette (72F0002XDB, \$100). As a set they can be purchased at a \$25 savings (10-3000XZB, \$150).

*For further information or to order, contact Labour Division at (613) 951-4090, fax: (613) 951-4087. On the Internet, place your order at [orders@statcan.ca](mailto:orders@statcan.ca) and request more information at [philpat@statcan.ca](mailto:philpat@statcan.ca).*



## NEW FROM STATISTICS CANADA



### Focus on culture Spring 1995

A feature article in the Spring 1995 issue of Focus on Culture, Statistics Canada's quarterly bulletin on culture, examines attendance at cultural events by Canadians here and abroad. The likelihood of a traveller attending a play or concert is looked at in relation to trip length, purpose of trip, and destination.

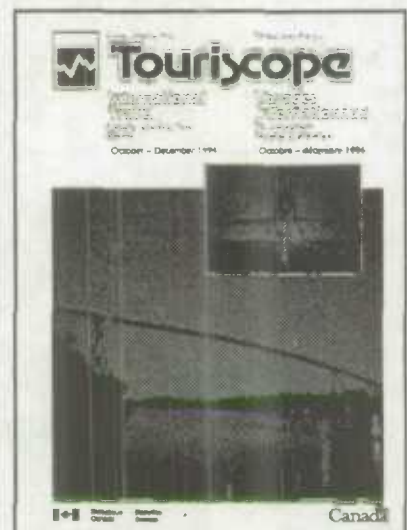
Additional articles discuss the new direction of the Culture Statistics Program and assess the importance of Statistics Canada's data to the work of the Copyright Board of Canada. As well, highlights of the newly released 1993-94 data on sound recording are featured. As usual, selected cultural indicators appear: this issue covers participation in cultural activities.

*The Spring (Vol. 7 No. 1) issue of Focus on culture (catalogue 87-004, \$7/\$26) is now available. For further information, contact Mary Cromie at (613) 951-6864, Education, Culture and Tourism Division.*

### Touriscope: International travel (national and provincial counts) Fourth quarter 1994

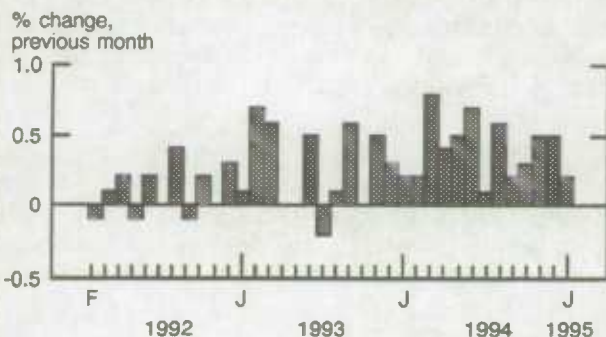
Touriscope reviews recent trends in international travel, presenting preliminary quarterly estimates of the receipts and payments in the travel account. This report contains tables and charts of monthly data (on a province of entry basis) for the past two years.

*The fourth quarter 1994 issue of Touriscope: International travel (national and provincial counts) (catalogue 66-001, \$42/\$168) is now available. This is the last issue of the publication. For further information, contact Ruth Martin at (613) 951-1791, Education, Culture and Tourism Division.*



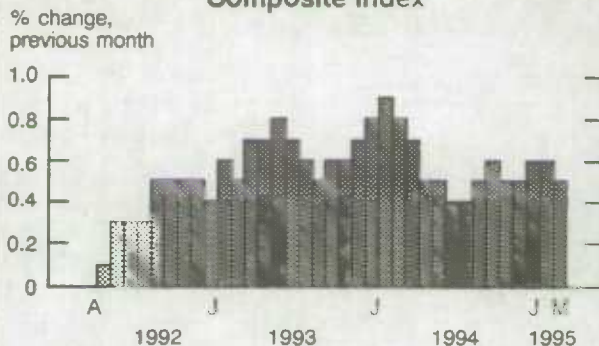
## CURRENT TRENDS

Gross domestic product



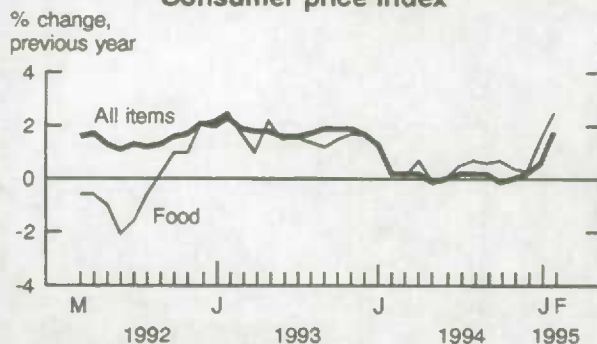
Real gross domestic product at factor cost grew 0.2% in January.

Composite index



In March 1995, the composite index continued to grow moderately, up 0.5% from the month before.

Consumer price index



Consumers paid 1.8% more for goods and services in February 1995 than the year before. Food prices rose by 2.5%.

Unemployment rate



In March, the unemployment rate increased 0.1 percentage points to 9.7%.

Manufacturing



Manufacturers' shipments fell 1.3% in February to \$32.6 billion. The level of unfilled orders grew by 0.6% to \$34.1 billion.

Merchandise trade



The value of merchandise exports fell 4.4% in February, to \$21.5 billion. Imports dropped 5.0% to \$19.1 billion.

**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	546.4	0.2%	5.1%
Composite index (1981 = 100)	March*	174.3	0.5%	6.6%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
<b>DOMESTIC DEMAND</b>				
Retail trade (\$ billion)	January	17.9	0.8%	7.1%
New motor vehicle sales ('000 units)	February	101.2	-0.6%	-6.0%
<b>LABOUR</b>				
Employment (millions)	March	13.5	0.1%	2.3%
Unemployment rate (%)	March	9.7	0.1 <sup>†</sup>	-0.9 <sup>†</sup>
Participation rate (%)	March	65.1	0.0 <sup>†</sup>	-0.1 <sup>†</sup>
Labour income (\$ billion)	January	34.8	-0.3%	4.2%
Average weekly earnings (\$)	December	572.69	0.3%	2.5%
<b>INTERNATIONAL TRADE</b>				
Merchandise exports (\$ billion)	February*	21.5	-4.4%	36.7%
Merchandise imports (\$ billion)	February*	19.1	-5.0%	27.9%
Merchandise trade balance (all figures in \$ billion)	February*	2.4	0.0	1.7
<b>MANUFACTURING</b>				
Shipments (\$ billion)	February*	32.6	-1.3%	23.3%
New orders (\$ billion)	February*	32.8	-1.0%	21.6%
Unfilled orders (\$ billion)	February*	34.1	0.6%	12.5%
Inventory/ shipments ratio	February*	1.27	0.04	-0.12
Capacity utilization (%)	4th quarter	84.8	0.9 <sup>†</sup>	4.6 <sup>†</sup>
<b>PRICES</b>				
Consumer price index (1986 = 100)	February	132.7	0.5%	1.8%
Industrial product price index (1986 = 100)	February	126.3	0.2%	8.8%
Raw materials price index (1986 = 100)	February	131.8	0.8%	17.2%
New housing price index (1986 = 100)	February	135.4	-0.3%	-0.4%

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

\* new this week

† percentage point

## I·N·F·O·M·A·T

### A weekly review

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