



Infomat

A Weekly Review

Friday, May 26, 1995

OVERVIEW

Foreign investment in Canadian securities rebounds

In March, foreigners purchased a net \$3.8 billion in Canadian securities. This sizeable investment was in line with the seesaw pattern of foreign investment that has prevailed since mid-1994.

Consumer prices up in April

In April, consumers paid 2.5% more for the CPI's basket of goods and services than in April 1994.

Retail sales fall for third straight month

Retail sales fell for a third consecutive month in March, as high interest rates and uncertainty in the job market caused consumers to hold back on purchases.

Wholesale merchants' sales sluggish

In March, higher interest rates in Canada and the United States, and disruptions caused by the rail strike helped push wholesale merchants' sales down 0.1%.

Merchandise trade surplus falls

Both exports and imports fell in March. The trade surplus with the United States was unchanged, while the balance with Japan increased.

Foreign investment in Canadian securities rebounds

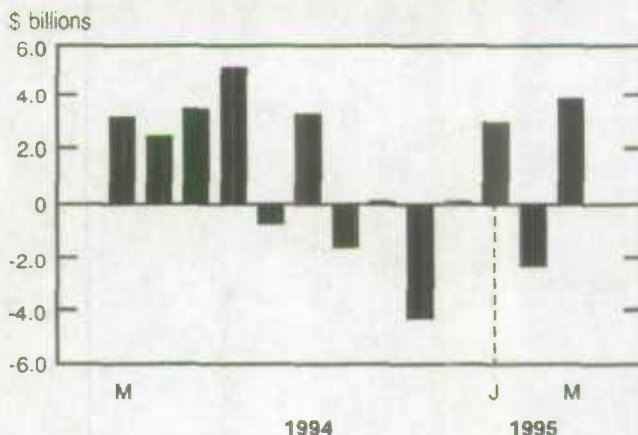
In March, non-residents purchased a net \$3.8 billion in Canadian securities. This sizeable investment was a continuation of the seesaw pattern of investment and disinvestment that has prevailed since mid-1994. At the same time, net Canadian investment in foreign securities came to a halt after purchases of \$4.7 billion over the previous four months.

The heavy foreign buying of \$3.5 billion of Canadian short-term instruments more than reversed February's major disinvestment of \$2.1 billion. The investment, largely concentrated in Government of Canada treasury bills, was widespread geographically. Trading activity (purchases and sales) rebounded sharply to \$64 billion from \$49 billion in February.

Foreign investors bought a moderate \$0.9 billion in Canadian bonds, all in new issues, which reached their highest level in six months. This was the third consecutive month foreigners invested in Canadian bonds.

(continued on page 2)

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

... Foreign investment in Canadian securities rebounds

Foreigners withdrew a further \$0.6 billion from Canadian stocks in March. This brought their net selling to \$2.6 billion over the past five months. The net disinvestment was split between American and overseas investors. Canadian stock prices, as

measured by the TSE 300 Index, registered a strong 4.5% gain, the best monthly advance in over a year. Trading activity rose 14% to \$6.3 billion.

For further information, order Canada's international transactions in securities (catalogue 67-001) or contact Don Granger, Balance of Payments Division at (613) 951-1864.

Consumer prices up in April

In April, consumers faced higher annual price increases for goods and services than in recent months. The consumer price index (CPI) rose 2.5%, compared with 2.2% in March and 1.8% in February. Prices rose for gasoline, new model vehicles, vehicle insurance, fresh vegetables, coffee, restaurant meals, mortgage interest costs, and rents. The price of personal care supplies fell, while clothing and footwear prices were unchanged.

The monthly increase in the CPI rose slightly from 0.2% in March to 0.3% in April. Higher fresh vegetable prices (13.4%), caused mainly by an abnormally heavy spring rainfall along the central California coast, and higher gasoline prices (3.7%) were the main contributors to the increase. Since

April 1994, gasoline prices have risen 8.9%. Also up were clothing and footwear prices, and mortgage interest costs.

By region, Quebec and Yellowknife recorded the largest monthly movements (0.7% and 0.5% respectively), while New Brunswick and British Columbia saw their indexes drop 0.1%. Year-over-year price changes were above the national average in Manitoba, British Columbia, Yellowknife, Ontario, and Alberta. Whitehorse registered the smallest annual change.

For further information, order The consumer price index (catalogue 62-001) or contact Sandra Shadlock, Prices Division at (613) 951-9606. (See also "Current trends" on page 7.)

PROVINCIAL PERSPECTIVES

The Consumer price index, April 1995

% change, previous year*

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	2.5	3.7	2.7	1.2	5.5
Newfoundland	1.8	3.7	3.5	1.5	4.5
Prince Edward Island	1.8	0.3	7.5	2.9	6.8
Nova Scotia	1.8	0.9	4.3	2.2	6.4
New Brunswick	2.3	2.7	3.9	2.8	6.9
Quebec	2.2	3.7	2.2	1.5	4.0
Ontario	2.6	3.8	2.7	1.6	6.0
Manitoba	3.0	2.8	4.9	2.8	5.6
Saskatchewan	2.2	2.4	3.7	1.4	5.9
Alberta	2.6	4.7	1.7	0.5	7.1
British Columbia	2.8	5.4	1.8	-0.5	5.7
Yukon	1.5	-0.1	3.8	1.5	5.2
Northwest Territories	2.7	3.7	4.8	1.6	6.2

* Data are not seasonally adjusted.

Retail sales fall for third straight month

Cash registers remained quiet in March as retail sales fell for a third consecutive month. This year's weak trend contrasts with the general growth observed between early 1992 and November 1994. High interest rates and uncertainty in the job market caused consumers to hold back on purchases.

Retail sales fell 0.7% to \$17.5 billion after a 0.3% decline in February. The drop came from all sectors, especially automotive, food, and clothing.

Sales in the automotive sector dropped 0.8% – a third consecutive monthly decline. Low consumer confidence, high interest rates and higher new car prices prompted consumers to reduce their spending on motor vehicles. Meanwhile, spending in the food sector fell 1.0%, offsetting February's 0.5% gain. Food retailers' sales have experienced slower growth since mid-1994. In the clothing sector, sales declined 1.5%, the first decrease in the last five months.

Eight provinces reported falling monthly retail sales. The largest drops in dollar terms were in Ontario (-0.9%) and Alberta (-1.3%). The Ontario decline was only the second drop since June 1994. Sales in Manitoba and British Columbia remained unchanged. However, on a year-over-year basis, Ontario and British Columbia had the highest sales increases.

In the first quarter of 1995, retail sales grew a slight 0.1% over the preceding quarter. The gain was substantially weaker than in the three previous quarters. The clothing and general merchandise sectors were the main contributors to the growth; lower sales in the automotive and drug sectors partly offset these gains.

Wholesale merchants' sales sluggish

In March, higher interest rates in Canada and the United States, and disruptions caused by the rail strike helped push wholesale merchants' sales down 0.1%. This followed a 1.0% rise in February and a 0.2% gain in January. Inventory levels rose moderately, following two months of large buildups.

Wholesalers' total sales fell to \$20.8 billion, as five of the nine trade groups (accounting for about 63% of all sales) posted lower sales in March. Lumber and building materials declined the most (-1.9%), the result of weak residential construction and lower lumber exports. After eight straight months of growth, dealers of other machinery, equipment and supplies posted their first decline (-0.7%). The average monthly sales increase in the first quarter of 1995 was much lower than in the previous quarter.

Retail sales

\$ billions, seasonally adjusted



Data prior to 1991 have been adjusted to remove the Federal sales tax to be comparable to January 1991 and subsequent data.

Note to readers

This release presents seasonally adjusted data, which facilitates comparisons by removing the effects of seasonal variations and the number of trading days.

Early indications of April sales are mixed. Compared with April 1994, department stores sales were up while the number of new motor vehicles sold was down. Employment in trade increased 0.5% from March 1995. In the United States, retail sales decreased 0.4% in April after increasing 1.1% in March.

For further information, order Retail trade (catalogue 63-005) or contact John Svab, Industry Division at (613) 951-3549.

Inventory levels reached \$30.3 billion in March, up 0.6% from February. Stocks for six of the nine trade groups increased, with the largest rise coming from other products (agricultural and industrial chemicals, books, newspaper, and other products). The inventories-to-sales ratio increased from 1.44 in February to 1.45 in March.

Regionally, Ontario and Quebec wholesalers registered sharp year-over-year gains, helped by a strong American economy throughout 1994 and by Canadian business investment. In March, these two provinces posted slight decreases. Wholesalers in British Columbia recorded lower sales, while all Atlantic provinces registered strong increases.

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

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PROVINCIAL PERSPECTIVES

Retail and wholesale trade, March 1995

Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change from previous month	\$ millions	% change from previous month
Canada	17,547	-0.7	20,849	-0.1
Newfoundland	285	-0.6	198	7.6
Prince Edward Island	73	-1.3	40	3.0
Nova Scotia	532	-1.7	441	2.9
New Brunswick	407	-1.0	300	4.3
Quebec	4,134	-0.4	4,790	-0.1
Ontario	6,600	-0.9	8,898	-0.1
Manitoba	595	0.0	673	-4.5
Saskatchewan	512	-3.6	802	5.0
Alberta	1,798	-1.3	1,890	-2.1
British Columbia	2,551	0.0	2,793	-0.5
Yukon	18	0.7	25	9.8
Northwest Territories	41	0.8		

Merchandise trade surplus falls

Both exports and imports declined in March, and the merchandise trade surplus fell slightly. The trade surplus with the United States was unchanged, while the balance with Japan increased. Canada ran a trade deficit with all other trading partners.

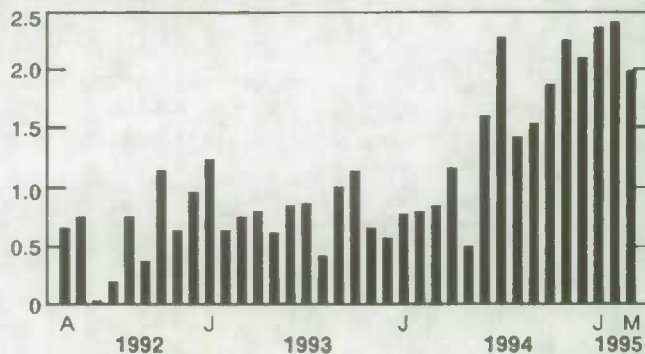
Exports fell to \$20.8 billion in March, a 4.6% drop from February. Reduced shipments of cars (-7.5%) and trucks (-9.0%) - reflecting continued weakness in U.S. auto sales - accounted for nearly half of the decline. Other decreases occurred in grain and lumber exports, and machinery and equipment. In contrast, exports of most energy products and industrial goods were up.

Imports dropped 2.9% to \$18.8 billion. The decline was concentrated in cars and parts from the United States and reflected slowing domestic car sales - a trend which has endured since January. Outside of the auto sector, Canada's import picture was brighter. Imports, excluding autos, actually grew 1.5% as the demand for machinery, and aircraft and communications equipment recovered from last month's dip. Natural resource imports advanced as well, with crude petroleum surging nearly 24%.

For further information, order Canadian international merchandise trade (catalogue 65-001) or contact Suzie Carpentier, International Trade Division at (613) 951-9647. (See also "Current trends" on page 7.)

Trade balance

\$ billions, seasonally adjusted



Note to readers

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 surplus of \$6.2 billion contrasted with a current account deficit of \$5.4 billion.

PUBLICATIONS RELEASED FROM MAY 19 TO 25, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
Production of poultry and eggs	1994	23-202	36	44	51
DEMOGRAPHY					
Quarterly demographic statistics	Oct.-Dec. 1994	91-002	10/32	12/39	14/45
EDUCATION, CULTURE AND TOURISM					
Touriscope: International travel, advance information	March 1995	66-001P	7/70	9/84	10/98
INDUSTRY					
Electric lamps (light bulbs and tubes)	April 1995	43-009	6/60	8/72	9/84
Energy statistics handbook	May 1995	57-601	330	400	460
Mineral wool including fibrous glass insulation	April 1995	44-004	6/60	8/72	9/84
Monthly survey of manufacturing	March 1995	31-001	19/190	23/228	27/266
Shipments of plastic film and bags manufactured from resin	1st Quarter 1995	47-007	10/32	12/39	14/45
Wholesale trade	February 1995	63-008	18/180	22/216	26/252
INTERNATIONAL TRADE					
Canadian international merchandise trade	March 1995	65-001	19/182	22/219	26/255
INVESTMENT AND CAPITAL STOCK					
Building permits	March 1995	64-001	24/240	29/288	34/336
Capital expenditure by type of asset	1993	61-223	40	48	56
PRICES					
The consumer price index	April 1995	62-001	10/100	12/120	14/140
TRANSPORTATION					
Surface and marine transport	Vol. 11, no. 4	50-002	11/80	14/96	16/112

NEW FROM STATISTICS CANADA



Selection versus evolutionary adaptation: Learning and post-entry performance

This research paper investigates the challenges faced by new firms in the manufacturing sector relative to firms that already exist (incumbents) – for example, challenges related to labour productivity and wage rates.

A number of conclusions emerge. New firms are smaller than incumbents; they also have lower labour productivity and lower wage rates. Profiles of entrants indicate that the wage disadvantage of new firms disappears as they mature.

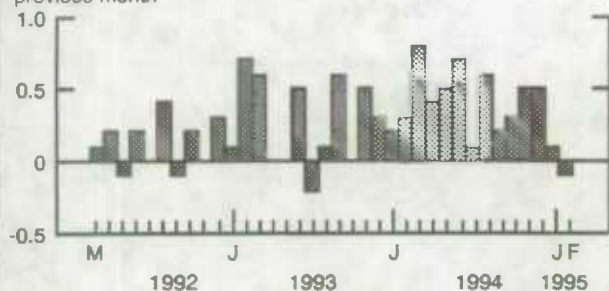
Small new firms have high failure rates. However, this is not all bad because those that fall by the wayside are generally the least efficient. High exit rates then improve the performance of the group of remaining entrants.

Selection versus evolutionary adaptation: Learning and post-entry performance, *Analytical Studies Branch research paper no. 72* is now available free. To order a copy, or for further information, contact Lucienne Sabourin at (613) 951-4676, Analytical Studies Branch.

CURRENT TRENDS

Gross domestic product

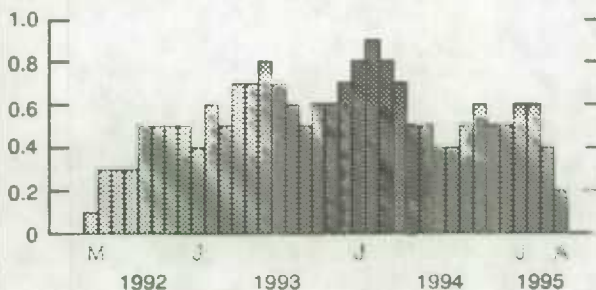
% change,
previous month



Real gross domestic product fell 0.1% in February as economic activity receded for the first time since July 1993.

Composite index

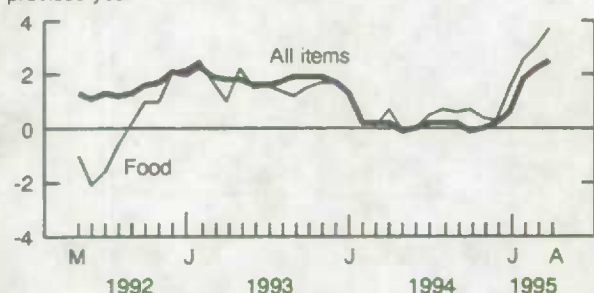
% change,
previous month



In April 1995, the composite index continued to grow moderately, up 0.2% from the month before.

Consumer price index

% change,
previous year



Consumers paid 2.5% more for goods and services in April 1995 than the year before. Food prices rose by 3.7%.

Unemployment rate

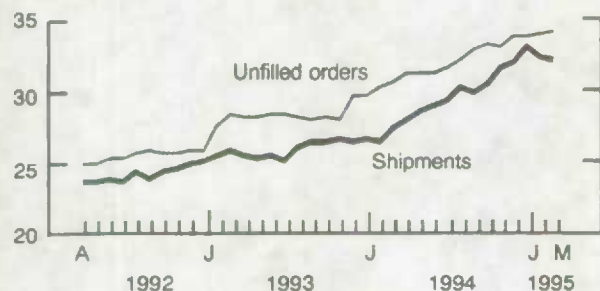
%



In April, the unemployment rate fell 0.3 percentage points to 9.4%.

Manufacturing

\$ billions



Manufacturers' shipments fell 0.6% in March to \$32.2 billion. The level of unfilled orders grew by 0.4% to \$34.3 billion.

Merchandise trade

\$ billions



The value of merchandise exports fell 4.6% in March, to \$20.8 billion. Imports dropped 2.9% to \$18.8 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)	February	544.8	-0.1%	4.6%
Composite index (1981 = 100)	April	174.5	0.2%	6.0%
Operating profits of enterprises (\$ billion)	3rd quarter	20.2	11.4%	48.5%
DOMESTIC DEMAND				
Retail trade (\$ billion)	March*	17.5	-0.7%	2.4%
New motor vehicle sales ('000 units)	March	99.1	-1.7%	-7.4%
LABOUR				
Employment (millions)	April	13.5	0.0%	2.2%
Unemployment rate (%)	April	9.4	0.3 [†]	-1.6 [†]
Participation rate (%)	April	64.9	-0.2 [†]	-0.5 [†]
Labour income (\$ billion)	January	34.8	-0.3%	4.2%
Average weekly earnings (\$)	December	572.69	0.3%	2.5%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	March*	20.8	-4.6%	23.1%
Merchandise imports (\$ billion)	March*	18.8	-2.9%	17.3%
Merchandise trade balance (all figures in \$ billion)	March*	2.0	-0.4	1.1
MANUFACTURING				
Shipments (\$ billion)	March	32.2	-0.6%	17.8%
New orders (\$ billion)	March	32.4	-0.9%	17.2%
Unfilled orders (\$ billion)	March	34.3	0.4%	12.3%
Inventory/ shipments ratio	March	1.31	0.03	-0.05
Capacity utilization (%)	4th quarter	84.8	0.9 [†]	4.6 [†]
PRICES				
Consumer price index (1986 = 100)	April*	133.4	0.3%	2.5%
Industrial product price index (1986 = 100)	March	127.6	0.6%	9.3%
Raw materials price index (1986 = 100)	March	132.4	0.5%	16.5%
New housing price index (1986 = 100)	March	135.3	-0.1%	-0.6%

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

* new this week

[†] percentage point

KEY RELEASE CALENDAR: June 1995*

Monday	Tuesday	Wednesday	Thursday	Friday
			1 Perspectives on labour and income, Summer	2 People in Canadian agriculture
5 Industrial capacity utilization rates, First quarter Environmental perspectives: studies and statistics	6 Building permits, April General social survey: education, work and retirement, 1994	7 Survey on smoking in Canada, fourth quarter 1994	8 Help-wanted index, May New housing price index, April	9 Labour force survey, May New motor vehicle sales, April
12 National economic and financial accounts, First quarter Balance of international payments, First quarter	13 Canadian social trends, Summer	14	15 Composite index, May Travel between Canada and other countries, April	16 Consumer price index, May
19	20 Retail trade, April	21 Canadian international trade, April Wholesale trade, April	22 Canadian economic observer, June	23
26 Canada's international transactions in securities, April	27 Industrial product price index, May Raw materials price index, May	28 Monthly survey of manufacturing, April Unemployment insurance statistics, April	29 Employment, earnings and hours, April	30 Real gross domestic product at factor cost by industry, April Field crop reporting series: seeded area, principal field crops

* 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

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