



Infommat

A Weekly Review

Friday, August 25, 1995

OVERVIEW

■ Foreigners invest in Canadian bonds

In June, non-residents' investment of \$1.7 billion in Canadian securities went entirely into bonds.

■ Consumers pay more for goods and services

In July, consumers paid 2.5% more than they did a year ago for goods and services.

■ Retail sales advance in June

In June, retail sales rose for the third straight month. Sales have now returned to their December 1994 level.

■ Wholesale trade weak in first half of 1995

In June, despite a 0.1% increase from May, sales by wholesale merchants were 2.3% below the February 1995 peak.

■ We're watching less television

On average, Canadians watched 22.7 hours of television a week in 1994, a drop of about 30 minutes from 1990 and down about 90 minutes from 1984.

■ Film and video industry more successful than ever

The Canadian film production industry recorded its best-ever performance in 1993/94.

Foreigners invest in Canadian bonds

In June, non-residents invested \$1.7 billion in Canadian securities, virtually reversing their May withdrawal. The investment went entirely into Canadian bonds, as non-residents sold short-term paper and stocks. Since January, foreigners have invested \$12 billion in Canadian securities, less than half the \$25 billion invested during the same period in 1994. Meanwhile, in June, Canadian investors bought \$0.3 billion of foreign securities after three months of selling.

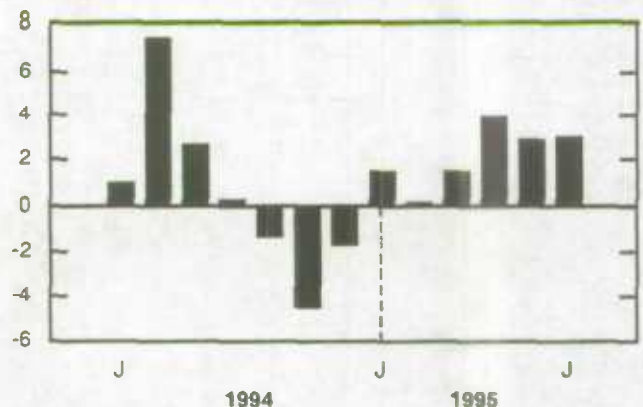
Non-residents purchased a net \$2.9 billion of Canadian bonds. They continued to buy federal bonds (\$3.8 billion), helped by a \$1.6 billion acquisition of existing bonds, their largest investment in the secondary market in nearly two years. They sold \$0.9 billion of other bonds, mainly issues of the provinces and their enterprises.

Foreigners bought \$3.8 billion of new bond issues for the fourth straight month. This was partly offset by higher retirements of \$2.4 billion. Following a massive

(continued on page 2)

Foreign investment in Canadian bonds

\$ billions



... Foreigners invest in Canadian bonds

\$4.4 billion sell-off in May, non-residents sold \$0.4 billion of Canadian money market instruments. Their erratic monthly investment pattern since January resulted in a net investment of \$2.2 billion. In June, foreigners sold \$1.4 billion of Government of Canada treasury bills but bought \$1.1 billion of commercial paper issued by other governments.

Foreigners sold a further \$0.8 billion of Canadian stock, the largest of eight consecutive monthly disinvestments which totalled \$3.8 billion.

Canadian stock prices, as measured by the TSE 300 index, rose 2.8%, matching a similar gain in U.S. stock prices. Trading activity with non-residents shot up by over one-third to \$8.9 billion, reaching levels not seen since February 1994.

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

Consumers pay more for goods and services

In July, consumers across Canada paid 2.5% more than they did a year ago for the goods and services included in the consumer price index. This compares with increases of 2.7% in June and 2.9% in May. The decline in the annual rate between May and July was associated with the goods rather than the services sector.

Major contributors to July's year-over-year increase included higher prices for new vehicles, gasoline, auto insurance, mortgage interest charges, and traveller accommodation. Prices were lower for clothing and footwear, recreational equipment, and some fresh vegetables.

Between June and July, a 0.2% rise in prices was dominated by a 17.9% jump in traveller accommodation rates. This surge, one of the largest recorded since the start of the series in 1973, was

partly due to the arrival of the peak tourist season. Air fares also rose for selected domestic and international routes. Gasoline prices, which climbed 11.5% between January and May, fell 1.9% in July.

Clothing and footwear prices declined for the third straight month. Food prices were unchanged, as grocery store prices dropped slightly, while prices of restaurant meals rose 0.2%. Prices for household paper products and newspapers and magazines continued to rise. Maintenance and repair charges, and the cost of renting increased, while new house prices and mortgage charges fell.

By region, annual increases ranged from 1.5% in Newfoundland to 2.8% in both Manitoba and British Columbia. Monthly changes varied between a drop of 0.2% in New Brunswick and a rise of 0.7% in British Columbia.

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

PROVINCIAL PERSPECTIVES

Consumer price index, July 1995 % change, previous year*

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	2.5	2.5	0.9	1.4	4.9
Newfoundland	1.5	0.7	3.8	1.3	5.1
Prince Edward Island	2.3	-0.1	6.0	3.1	5.7
Nova Scotia	2.1	-0.2	2.6	2.1	6.2
New Brunswick	1.7	-1.2	4.9	3.2	5.7
Quebec	2.4	1.6	0.2	1.6	3.4
Ontario	2.7	3.6	0.5	1.5	5.6
Manitoba	2.8	2.4	1.5	2.7	4.2
Saskatchewan	2.1	1.0	1.5	2.1	4.6
Alberta	2.3	2.4	-1.1	1.2	5.5
British Columbia	2.8	3.6	2.7	0.4	4.4
Whitehorse	1.7	1.6	2.1	-0.5	5.3
Yellowknife	3.4	5.1	5.8	3.3	4.5

* Data are not seasonally adjusted.

Retail sales advance in June

Retail sales rose 0.6% to \$17.8 billion, the third consecutive monthly increase. These advances offset declines in each month of the first quarter, returning sales to the December 1994 level.

Monthly sales increased in three of the seven sectors - automotive, general merchandise, and clothing - accounting for 52.7% of the total. In the automotive sector, sales rose 1.9% as lower interest rates pushed new and used motor vehicle sales up by 3.0%. Sales declined in the food and drug sectors, while the furniture sector remained almost unchanged (-0.1%).

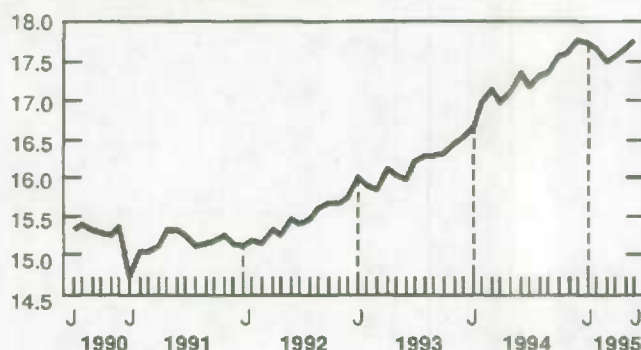
In the first half of 1995, sales rose in most provinces. British Columbia (9.1%) and Ontario (6.2%) led the gain. In both provinces, the advance was dominated by the automotive, clothing and food sectors.

In Quebec, sales fell 1.5% due to lower sales in the automotive, food, and drug sectors.

So far, indicators of July sales are not encouraging. Estimates indicate a drop in department store sales and in the number of new motor vehicles sold. These two categories account for about one-third of total retail sales. Trade employment fell 0.7% from

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.

June 1995 and retail sales in the United States dropped 0.1% after rising 0.8% in June.

For further information, order Retail trade (catalogue 63-005) or contact John Svab, Industry Division at (613) 951-9862.

Wholesale trade weak in first half of 1995

Despite some monthly fluctuations, including a 0.1% increase in June (to \$20.3 billion), sales by wholesale merchants have slowed considerably in 1995. Sales in June were 2.3% below the peak reached in February 1995. This contrasts with the 24.8% increase in monthly sales experienced between May 1993 and February 1995. Year-over-year sales were up 5.5%. Inventories continued to rise in June.

Wholesalers recorded higher sales in 6 of the 11 trade groups (accounting for about 55% of all sales). The largest increase came from wholesalers of other products (including pulp, paper and other paper products, and agricultural and industrial chemicals), which rose 2.1% (\$75 million). For the first half of the year, wholesalers of other products posted an 18.3% gain compared with the year-earlier period. This increase was mainly due to higher prices.

Partly offsetting the monthly increase was a 1.7% decline posted by wholesalers of industrial machinery, equipment and supplies. Since January, sales by wholesale merchants of lumber and building materials fell 15.4%.

Between February and June, sales fell in all regions except Prince Edward Island, New Brunswick and Newfoundland. The decline was greatest in Quebec.

In June, inventories rose for the 16th straight month, up 0.8% to \$30.8 billion, a two-year high. During the first half of 1995, weak demand and rising inventories increased the inventories-to-sales ratio from 1.44 in January to 1.52 in June, the highest ratio in two years. The rate of growth of the ratio, however, has slowed in recent months, as wholesalers attempt to control inventory levels in light of sluggish sales.

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

(continued on page 4)

... Wholesale trade weak in first half of 1995

PROVINCIAL PERSPECTIVES

Retail and wholesale trade, June 1995

Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change, previous month	\$ millions	% change, previous month
Canada	17,771	0.6	20,269	0.1
Newfoundland	289	-1.1	186	0.1
Prince Edward Island	77	0.7	52	7.2
Nova Scotia	535	-0.8	420	-5.2
New Brunswick	423	1.1	294	2.0
Quebec	4,068	-0.5	4,492	-0.6
Ontario	6,676	0.9	8,861	0.3
Manitoba	618	0.1	697	1.8
Saskatchewan	548	1.3	688	-0.8
Alberta	1,866	0.2	1,845	-0.1
British Columbia	2,610	2.6	2,709	1.3
Yukon	18	1.1	13	5.3
Northwest Territories	42	0.7	12	-9.6

We're watching less television

Canadians watched an average of 22.7 hours of television per week in 1994, a drop of about half an hour from 1990 and about one and a half hours over the past decade. Viewers under 25 recorded the largest decline. Children aged 2 to 11 averaged 17.7 hours of viewing in 1994, down about one and half hours from 1990.

Television viewing fell in all regions. The only exceptions were Nova Scotia, where average viewing edged up slightly, and Quebec, where the average remained stable at 25.7 hours a week, the highest in Canada. Albertans spent the least time in front of the television, averaging 20.5 hours a week.

Francophone women over the age of 60 watched an average of 44.8 hours of television a week in 1994, the highest of any group in the country and up from 42.1 hours in 1990.

Canadian news and public affairs won a substantial increase in audience share, rising from 16% in 1990 to 19% in 1994. Among francophones, the share rose from 19% to 27.3%. Francophones continued to watch far more domestic programming than anglophones (64% versus about 25%).

Note to readers

This release is a joint effort involving the Marketing Analysis Division of the Canadian Radio-television and Telecommunications Commission, the Broadcasting Policy Branch of Canadian Heritage and the Culture Sub-division of Statistics Canada.

The survey data were collected from a sample of Canadians aged two years and over. Although data for each respondent cover only one week, data from three separate weeks in November 1994 were combined to produce the final analysis file.

Comedy and drama continued to draw the most viewers by far. The largest audience share, particularly among anglophone viewers, went to foreign shows. Sports audiences were considerably lower in 1994, likely due in part to a labour dispute which wiped out part of the National Hockey League season.

For further information, contact Pina La Novara, Education, Culture and Tourism Division at (613) 951-1573.

Film and video industry more successful than ever

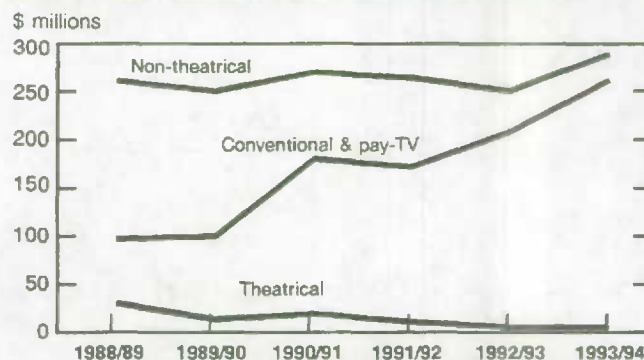
The Canadian film production industry recorded its best-ever performance in fiscal year 1993/94, generating almost \$734 million in production revenue, up 46.9% from 1989/90. The jump was mostly due to tremendous growth in domestic film exports and in consumer demand for home entertainment services.

Since 1990, exports of Canadian film and video soared 85%, reaching \$148.8 million in 1993/94. Increasing exports of films produced for the television market, up 80% from 1991/92, are likely to keep fuelling this expansion. Made-for-TV productions accounted for 81% of total exports in 1993/94.

Producers reported total private and public investment of \$829.9 million in films and videos in 1993/94. Foreign investment accounted for 23% of total investment, up from 14% in 1991/92. Over the same period, the share of direct investment by the federal government fell from 20% to 13%.

The non-theatrical sector (which includes advertising and educational markets) remained the most lucrative for producers, earning them \$288.0 million in 1993/94. However, its share of revenue has steadily declined from about 50% in 1989/90 to 39% in 1993/94, while conventional and pay-TV's share of revenue has risen from less than 20% to 35% over the same period. The theatrical market

Film production revenue by selected markets



accounted for less than \$4 million, or under 1%, of total production revenue.

Film and video producers reported profits of \$86.8 million, up 43.7% from a year earlier. This represents 9% of total revenue, unchanged from the previous year. Revenue from motion picture laboratories and post-production services rose 4% from 1992/93. Their total expenses dropped slightly, resulting in slightly higher profit before taxes.

For further information, contact Pina La Novara, Education, Culture and Tourism Division at (613) 951-1573.

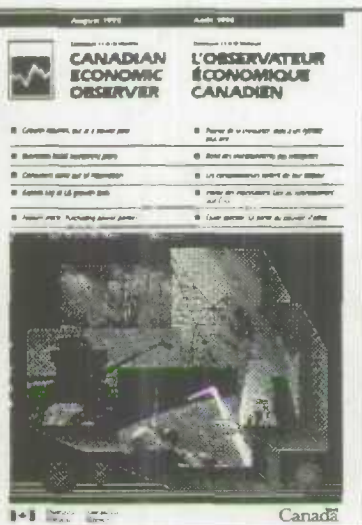
NEW FROM STATISTICS CANADA

Canadian economic observer August 1995

The August issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a summary of current economic conditions and major events in July. This month's feature article examines purchasing power parities.

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



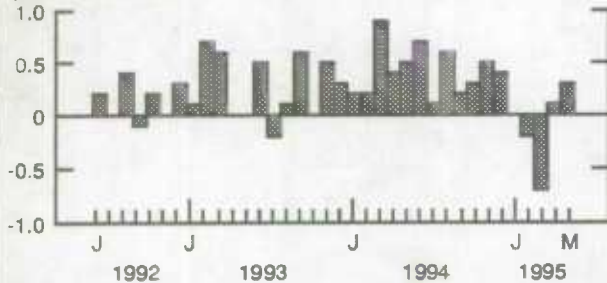
PUBLICATIONS RELEASED FROM AUGUST 18 TO 24, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
				US\$	
AGRICULTURE					
Field crop reporting series no. 5: July 31 estimates of production of principal field crops	Vol. 74, no. 5	22-002	15/85	18/102	21/119
The dairy review	June 1995	23-001	14/138	17/166	20/194
CURRENT ECONOMIC ANALYSIS					
Canadian economic observer	August 1995	11-010	22/220	27/264	31/308
EDUCATION, CULTURE AND TOURISM					
Touriscope: International travel, advance information	Vol. 11, no. 6	66-001P	7/70	9/84	10/98
INDUSTRY					
Consumption of containers and other packaging supplies by the manufacturing industries	1993	31-212	28	34	40
Gas utilities	May 1995	55-002	16/160	20/200	23/230
Monthly production of soft drinks	July 1995	32-001	3/30	4/36	5/42
Monthly survey of manufacturing	June 1995	31-001	19/190	23/228	27/266
Non-metallic mineral products industries	1993	44-250	38	46	54
Production and disposition of tobacco products	July 1995	32-022	6/60	8/72	9/84
Refined petroleum products	May 1995	45-004	20/200	24/240	28/280
Shipments of plastic film and bags manufactured from resin	2 nd quarter 1995	47-007	10/32	12/39	14/45
INTERNATIONAL TRADE					
Canadian international merchandise trade	June 1995	65-001	19/182	22/219	26/255
LABOUR					
Employment, earnings and hours	May 1995	72-002	31/310	38/372	44/434
PRICES					
Farm input price index	2 nd quarter 1995	62-004	24/80	29/96	34/112
Industry price indexes	June 1995	62-011	21/210	26/252	30/294
The consumer price index	July 1995	62-001	10/100	12/120	14/140
SERVICES, SCIENCE AND TECHNOLOGY					
Restaurant, caterer and tavern statistics	March 1995	63-011	7/70	9/84	10/98
Restaurant, caterer and tavern statistics	April 1995	63-011	7/70	9/84	10/98
Science statistics service bulletin: Federal government expenditures on scientific activities, 1995/96	Vol. 19, no. 4	88-001	8/76	10/92	12/107
TRANSPORTATION					
Railway operating statistics	December 1994	52-003	12/120	15/144	17/168

CURRENT TRENDS

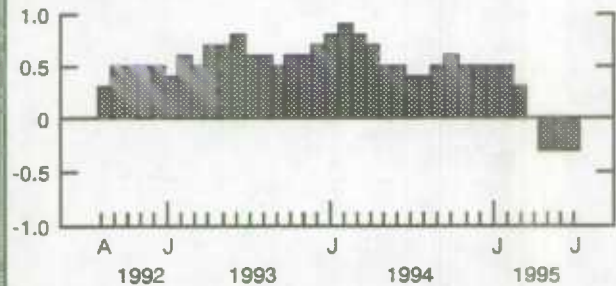
Gross domestic product

% change,
previous month



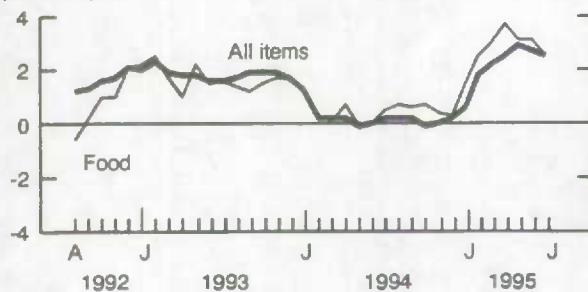
Composite index

% change,
previous month



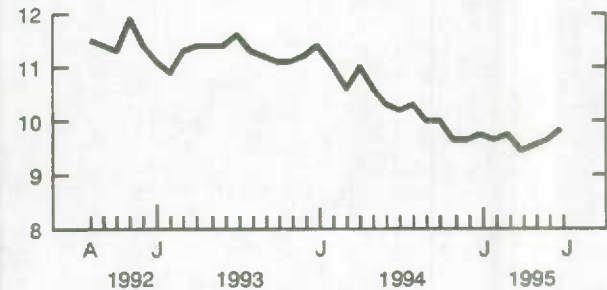
Consumer price index

% change,
previous year



Unemployment rate

%



Manufacturing

\$ billions



Merchandise trade

\$ billions



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)	May	542.8	0.3%	2.4%
Composite index (1981 = 100)	July	172.0	-0.3%	2.9%
Operating profits of enterprises (\$ billion)	1st quarter	23.7	6.2%	42.2%
DOMESTIC DEMAND				
Retail trade (\$ billion)	June*	17.8	0.6%	2.4%
New motor vehicle sales ('000 units)	June	97.9	3.6%	-9.5%
LABOUR				
Employment (millions)	July	13.5	-0.1%	1.2%
Unemployment rate (%)	July	9.8	0.2 [†]	-0.4 [†]
Participation rate (%)	July	64.9	0.0 [†]	-0.4 [†]
Labour income (\$ billion)	May	34.5	0.0%	2.9%
Average weekly earnings (\$)	May	570.87	0.4%	0.9%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	June	20.6	0.9%	12.4%
Merchandise imports (\$ billion)	June	18.7	-2.1%	9.8%
Merchandise trade balance (all figures in \$ billion)	June	1.9	0.6	0.6
MANUFACTURING				
Shipments (\$ billion)	June	32.0	-0.4%	10.4%
New orders (\$ billion)	June	31.4	-1.9%	7.7%
Unfilled orders (\$ billion)	June	33.8	-1.8%	8.9%
Inventory/ shipments ratio	June	1.38	0.01	0.07
Capacity utilization (%)	1st quarter	84.8	0.0 [†]	4.3 [†]
PRICES				
Consumer price index (1986 = 100)	July*	134.0	0.2%	2.5%
Industrial product price index (1986 = 100)	June	128.9	0.7%	8.3%
Raw materials price index (1986 = 100)	June	132.4	-0.2%	6.9%
New housing price index (1986 = 100)	June	134.5	-0.3%	-1.2%

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

* new this week

† percentage point

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A weekly review

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

Editor: Anna Kemeny (613) 951-1197

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

Catalogue: 11-002E. Price: Canada: \$4.00 per issue, \$140.00
per year; United States: US\$5.00 per issue, US\$168.00 per year;
Other Countries: US\$5.00 per issue, US\$196.00. Canadian
customers please add 7% GST.

To subscribe: send money order or cheque payable to the
Receiver General for Canada/Publication Sales, Statistics
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KEY RELEASE CALENDAR: September 1995*

Monday	Tuesday	Wednesday	Thursday	Friday
	5 Building permits, July 1995 Perspectives: Employment prospects for high school graduates	6 Help-wanted index, August 1995 Federal government finances, FMS basis 1994-95 revised estimates, 1995-96 estimates	7 E-Stat, 1995 Industrial capacity utilization rates, Second quarter 1995 Field crop reporting series: July 31 grain stocks Estimates of labour income, June 1995	8 Labour force survey, August 1995
11 New housing price index, July 1995	12 New motor vehicle sales, July 1995 Family data, 1993	13 Services indicators, Second quarter 1995 National population health survey	14 Composite index, August 1995	15 Consumer price index, August 1995 Travel between Canada and other countries, July 1995
18 Monthly survey of manufacturing, July 1995	19	20 Canadian international trade, July 1995 Retail trade, July 1995	21 Wholesale trade, July 1995 Canadian economic observer, September 1995	22
25 Canada's international transactions in securities, July 1995	26 Unemployment insurance, July 1995	27 Industrial product price index, August 1995 Raw materials price index, August 1995	28 Employment, earnings and hours, July 1995 Senior families, 1993	29 Real gross domestic product by industry, July 1995 Performing arts, 1993-94

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

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