

# Infomat

Catalogue 11-002E (Français 11-002F) ISSN 0380-0547



## A Weekly Review

Friday, September 22, 1995

### OVERVIEW

#### ■ Consumers spend less on goods

Consumers spent less on goods in July as retail sales declined for the first time in four months.

#### ■ Wholesale trade slips, inventories keep rising

Sales by wholesalers were down in July and inventories continued to rise, resulting in the highest inventories-to-sales ratio in two years.

#### ■ Exports, imports down

Both exports and imports declined in July and shipments were down to all trading partners.

#### ■ Manufacturers' shipments flat in July

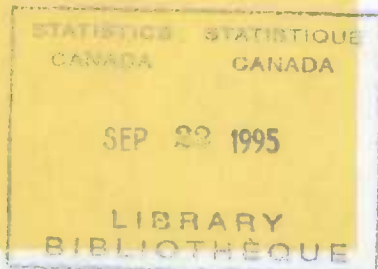
Manufacturers' shipments fell slightly in July, extending the lull that has so far marked 1995.

#### ■ Inflation rate slows

In August, the annual inflation rate, as measured by the CPI, slowed for a third straight month.

#### ■ Canadians' travel abroad declines

Canadians made 3.1% fewer overnight trips abroad in July.



### Consumers spend less on goods

Consumers spent less on goods in July as retail sales declined for the first time in four months. Retail sales slipped 0.3% to \$17.7 billion after a 0.4% increase in June. The relatively flat 1995 trend in retail trade contrasts with the general growth observed from early 1992 to November 1994.

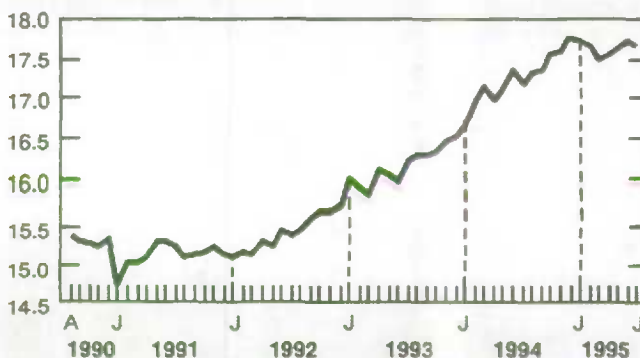
July's sales declined in four of the seven sectors, accounting for almost 60% of total sales. The automotive, clothing and general merchandise sectors decreased the most in dollar terms. Partly offsetting these drops were higher sales reported by the other retail, food, and furniture sectors.

Despite lower interest rates, sales in the automotive sector (including new and used car dealers, gasoline service stations, and parts, accessories and services outlets) dropped 0.8% after rising in May and June. Automotive sector retailers recorded increases from February 1992 until November 1994. Over the last eight months, however, their sales have levelled off.

(continued on page 2)



\$ 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.



Statistics  
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Canada

### ... Consumers spend less on goods

Sales in the clothing sector slowed in recent months after strong growth since early 1994. Three of the four components declined: women's clothing stores (-7.6%), shoe stores (-3.3%) and men's clothing stores (-1.4%). The decline in women's clothing was particularly significant and more than offset the 5.6% rise in June.

July's decline in sales was concentrated in six provinces and territories. The largest drops in dollar terms occurred in British Columbia (-2.2%) and Ontario (-0.7%). Retailers in New Brunswick, Manitoba and Saskatchewan have shown sustained

growth over the latest four months. Quebec's retailers recorded a 1.1% increase in July after five declines in the previous six months.

Early indications of August sales are optimistic. Estimates indicate a rise in the number of new motor vehicles sold. In addition, employment in trade increased 0.5% from July to August 1995. In the United States, retail sales increased 0.6% in August after a 0.4% decline in July.

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

### Wholesale trade slips, inventories keep rising

Following almost two years of growth, wholesalers are feeling the effects of a slowing economy in 1995. In July, sales by wholesalers were down 0.3%, though they were still 4.1% above the July 1994 level. Meanwhile, inventories continued to rise, resulting in the highest inventories-to-sales ratio in two years (1.54). The increasing ratio indicates a slower turnover rate for goods and increased costs to the wholesaler.

July's decline - the fourth in five months - pushed sales down to \$20.2 billion. Of the 11 trade groups, only 4 registered lower sales, but these were significant. The largest drops were recorded by

wholesalers of metals, hardware, plumbing, and heating equipment and supplies (-3.5% or \$57 million) and wholesalers of lumber and building materials (-2.9% or \$48 million).

The rise in inventories was the seventh straight monthly increase, up 0.8% to \$31.1 billion. The most significant growth in current dollar terms was in lumber and building materials (2.9% or \$92 million). Weak sales since the beginning of the year, paired with rising inventory levels, have resulted in a 6.9% increase in the inventories-to-sales ratio over the past six months.

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

## PROVINCIAL PERSPECTIVES

### Retail and wholesale trade, July 1995

Seasonally adjusted

	Retail sales		Wholesale sales	
	\$ millions	% change, previous month	\$ millions	% change, previous month
Canada	17,663	-0.3	20,150	-0.3
Newfoundland	294	1.4	187	0.6
Prince Edward Island	75	-1.7	37	-26.3
Nova Scotia	525	-0.8	453	5.8
New Brunswick	426	0.7	290	-1.3
Quebec	4,106	1.1	4,424	-1.3
Ontario	6,579	-0.7	8,843	0.6
Manitoba	626	1.1	627	-9.3
Saskatchewan	561	1.6	660	-1.1
Alberta	1,855	-0.4	1,841	0.1
British Columbia	2,555	-2.2	2,762	0.7
Yukon	19	0.2	13	-12.1
Northwest Territories	42	-0.6	13	8.0



## Exports, imports down

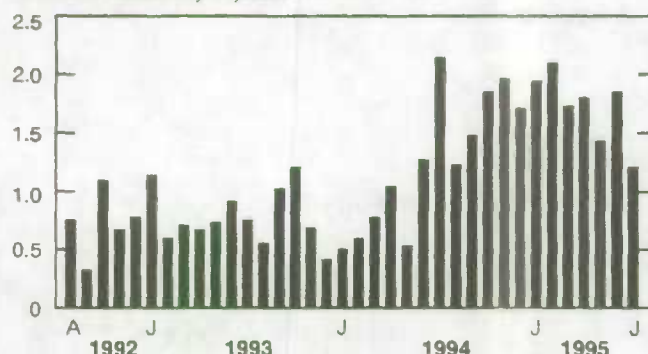
Exports declined 7.1% in July, falling to \$19.0 billion after rising slightly in June. Shipments to all trading partners were down, most notably to the United States and non-OECD countries. Imports decreased 4.4% to \$17.7 billion with imports from the EU and non-OECD countries falling the most. The merchandise trade surplus dropped to \$1.2 billion from \$1.9 billion in June.

Two-thirds of July's drop in exports resulted from car and truck plants closing their doors for longer than normal, to allow for vacation and model changeover. In all, automotive exports declined 18.2%, with passenger cars down 28.0% and trucks off 14.9%. Despite similar shutdowns in the United States, auto parts exports moved ahead for a third consecutive month, advancing 1.5%. Exports of wheat, crude oil, industrial goods and machinery all dropped, while forestry products – led by lumber and paper – advanced, remaining a bright spot in the Canadian export picture.

Declines in imports were widespread, with the deepest cuts coming from machinery and energy. Machinery and equipment imports fell 6.1%, following the downward trend of the past six months. Lower demand for crude oil (-31.1%) contributed most to dampened energy imports. Continued weakness in automotive imports reflected a 49% drop in U.S. production of light vehicles. As in Canada, most assembly plants south of the border closed to accommodate employee vacations and retooling. The imports of food and consumer goods also contracted.

Trade balance

\$ billions, seasonally adjusted



### Note to readers

*Merchandise trade is only one component of Canada's balance of payments, which also includes trade in services. In the second quarter of 1995, the overall merchandise trade surplus of \$5.0 billion contrasted with a current account deficit of \$5.7 billion.*

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 9.)

## Manufacturers' shipments flat in July

Manufacturers' shipments fell slightly (-0.1%) to \$31.9 billion in July (seasonally adjusted), extending the lull that has so far marked 1995. The decrease was concentrated in 8 of the 22 major groups (representing only 33% of total shipments). Shipments are now 2.8% lower than the last peak, reached in January, but 8.3% higher than in July 1994.

The drop, largely caused by a decline in the auto sector, was almost offset by an increase in the other manufacturing industries. Shipments of motor vehicles fell 10.2% as sluggish demand and longer-than-normal summer plant closures dampened manufacturing activity.

Significant increases were recorded in the primary metals (7.9%), electrical and electronic products (5.2%) and paper and allied products (3.6%) industries. Strength in the paper and allied products industry stemmed only partly from higher prices,

### Manufacturers' shipments, July 1995

Unadjusted data (adjusted data not available by province)

Province	\$ millions	% change, previous year
Canada	27,917	8.2
Newfoundland	176	19.1
Prince Edward Island	68	13.7
Nova Scotia	488	0.6
New Brunswick	702	18.5
Quebec	6,887	10.2
Ontario	13,521	6.7
Manitoba	594	6.2
Saskatchewan	375	2.6
Alberta	2,270	8.5
British Columbia	2,828	9.3

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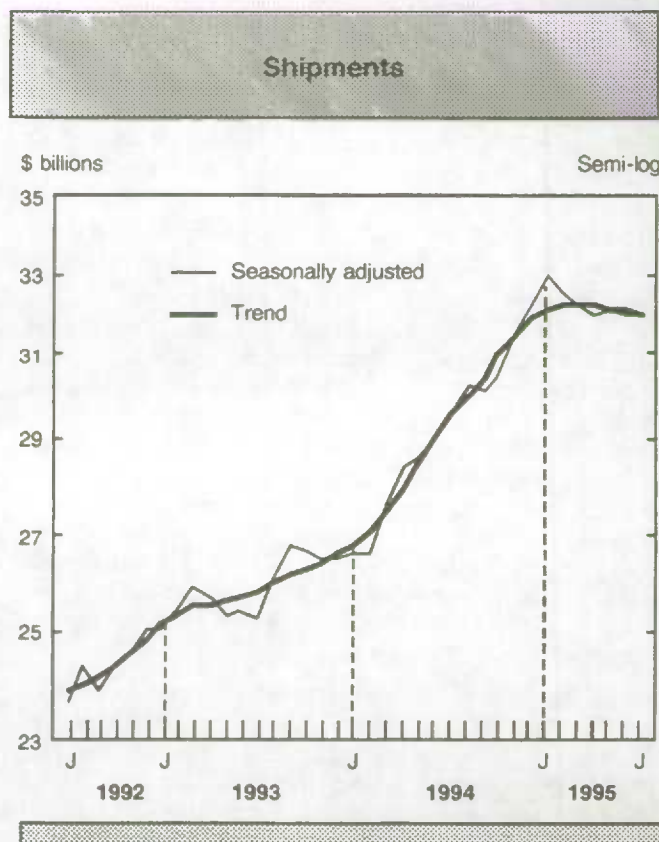
### ... Manufacturers' shipments flat in July

Inventories rose 1.2% in July, following a small decline in June, which interrupted 20 months of increases. Motor vehicles accounted for almost half the increase in total inventories. Manufacturers have been accumulating supplies in anticipation of the new model year, after having reduced them prior to the summer vacation period. As well, July's below-average shipments may not have reduced finished product inventories as expected.

The inventories-to-shipments ratio rose from 1.38 to 1.40, its sixth consecutive monthly increase. This returned the ratio to its February 1994 level.

Unfilled orders climbed 1.4% in July, following a significant decline in June which had interrupted 17 months of growth. After June's negative showing, new orders rose 3.1% in July, led by aircraft and parts, and primary metals.

For further information, order Monthly survey of manufacturing (catalogue 31-001) or contact Robert Traversy, Industry Division at (613) 951-9497. (See also "Current trends" on page 9.)



### Inflation rate slows

After peaking at 2.9% in May, the annual increase in the consumer price index slowed to 2.3% in August.

Lower crude petroleum and fresh vegetable prices contributed most to the deceleration. The annual change in gasoline prices dropped from 11.7% in May to -1.4% in August, while the change in fresh vegetable prices fell from 22.2% in April to -12.4% in August. Prices also fell for energy and clothing, while some other food items, air fares, and mortgage interest charges also contributed to the slowing of the annual rate. Consumers encountered much higher price increases for new vehicles, vehicle insurance premiums, mortgage loans, tuition fees, and household paper supplies.

Between July and August, consumer prices fell 0.1%. Sharp price drops were recorded for fresh vegetables (-22.1%) and gasoline (-2.9%). Although vegetable prices usually decline in August when local crops arrive on the market, this August's drop

was unusually large, mostly because of excellent domestic harvests. The fall in gasoline prices followed smaller drops in June and July. More moderate declines were observed for beef, air transportation, mortgage loans and personal care supplies.

Clothing and footwear prices rebounded 1.0%, partly due to previously discounted prices returning to normal levels. Paper product prices, rising since January, advanced 2.7% in August. Auto insurance premiums rose 1.2%, their largest monthly increase so far this year.

By province, annual increases varied between 0.9% in New Brunswick to 2.8% in Manitoba. Monthly decreases were noted in all provinces, ranging from -0.5% to -0.1%.

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 9.)

(continued on page 5)



## ... Inflation rate slows

## PROVINCIAL PERSPECTIVES

Consumer price index, August 1995  
% change, previous year\*

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	2.3	1.8	-1.5	1.3	4.0
Newfoundland	1.1	-1.0	2.8	1.2	4.4
Prince Edward Island	1.8	-2.0	5.4	2.8	6.1
Nova Scotia	1.2	-3.0	0.3	1.7	4.7
New Brunswick	0.9	-3.4	3.5	2.6	4.5
Quebec	2.1	0.9	-2.2	1.5	2.3
Ontario	2.5	2.8	-1.5	1.3	5.1
Manitoba	2.8	2.3	-1.0	2.7	3.0
Saskatchewan	1.9	0.7	-0.7	2.1	3.6
Alberta	2.2	3.1	-6.1	1.0	3.4
British Columbia	2.5	2.2	0.8	0.3	3.7
Yukon	1.2	0.7	1.4	-0.6	4.7
Northwest Territories	3.4	2.7	5.6	3.2	4.2

\* Data are not seasonally adjusted.

## Canadians' travel abroad declines

In July, Canadians made 1.5 million overnight trips abroad, down 3.1% from June. Trips of one or more nights abroad have been decreasing since December 1991, driven by the downward trend in travel by Canadians to the United States.

The increase in the personal exemptions allowed on goods bought while travelling outside Canada, which came into effect in mid-June 1995, did not tempt more Canadians to travel south of the border. Overnight trips to the United States fell 4.0% to 1.2 million. This type of travel peaked at 1.8 million trips in December 1991, when the Canadian dollar stood at US87 cents. The dollar was valued at US73 cents in July 1995.

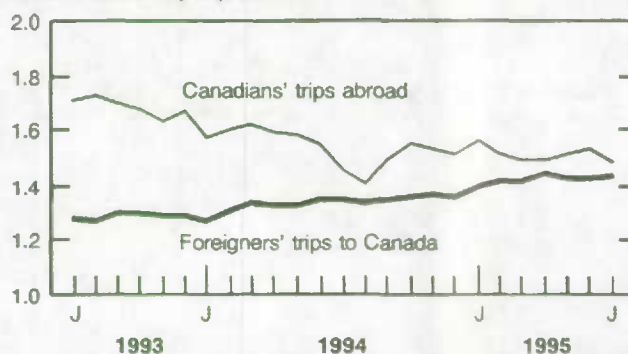
The number of same-day car trips by Canadians to the United States, often used as an indicator of cross-border shopping, fell 0.5% to 3.0 million in July. This number has been relatively stable since April 1994.

The number of overnight trips to Canada by overseas residents rose 0.3% in July to a new peak of 326,000. Trips to Canada of at least one night by Americans remained at 1.1 million.

While overseas visitors accounted for only 5% of foreign overnight visits in 1972, their share stood at 23% in July 1995. Since overseas residents tend to make longer trips to Canada than Americans (in the

### Overnight trips

Millions, seasonally adjusted



### Note to readers

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.

(continued on page 6)

### ... Canadians' travel abroad declines

first quarter of 1995, the average length of stay was nine nights compared with three), the economic impact of an increase in their numbers is much greater than that of a comparable rise in the number of U.S. visitors. In the first quarter of 1995, overseas visitors spent an average C\$1,047 per overnight trip, compared with C\$350 for Americans.

Same-day cross-border car trips by Americans rose 0.6% to 1.9 million in July. These trips, which have been on the rise between January 1994 and February 1995, have been fluctuating recently.

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

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

	('000)	% change, previous month	('000)	% change, previous year
	seasonally adjusted		unadjusted	
<b>Canadian trips abroad</b>				
Auto trips to the United States				
Same-day	3,017	-0.5	3,826	-3.3
One or more nights	805	-0.4	1,472	1.2
Total trips, one or more nights				
United States <sup>1</sup>	1,183	-4.0	1,871	0.1
Other countries <sup>2</sup>	295	0.5	275	4.4
<b>Travel to Canada</b>				
Auto trips from the United States				
Same-day	1,877	0.6	2,874	4.8
One or more nights	747	0.2	1,659	-2.8
Total trips, one or more nights				
United States <sup>1</sup>	1,102	0.2	2,261	-1.3
Other countries <sup>2</sup>	326	0.3	656	11.2

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

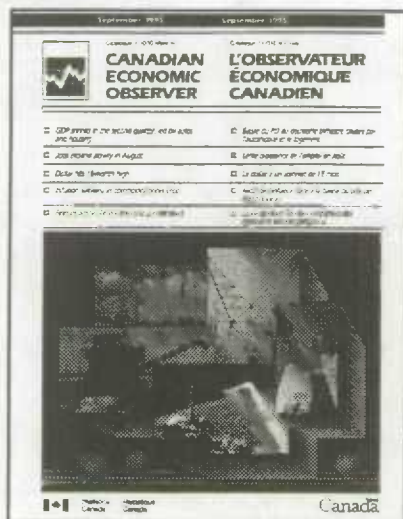
<sup>2</sup> Figures for other countries exclude same-day entries by land only via the United States.

# PUBLICATIONS RELEASED FROM SEPTEMBER 15 TO 21, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
BALANCE OF PAYMENTS					
Canada's balance of international payments	Second quarter 1995	67-001	36/120	44/144	51/168
CURRENT ECONOMIC ANALYSIS					
Canadian economic observer	September 1995	11-010	22/220	27/264	31/308
EDUCATION, CULTURE AND TOURISM					
Education quarterly review	Fall 1995	81-003	20/66	24/80	28/93
Touriscope: International travel	July 1995	66-001P	7/70	9/84	10/98
HEALTH STATISTICS					
Divorces					
Microfiche version	1993	84-2130XMB	25	30	35
Paper version	1993	84-2130XPB	30	36	42
HOUSEHOLD SURVEYS					
The labour force	August 1995	71-001	23/230	28/276	33/322
HOUSING, FAMILY AND SOCIAL STATISTICS					
Canadian social trends	Autumn 1995	11-008E	9/34	11/41	12/48
INDUSTRY					
Chemical and chemical products industries	1993	46-250	38	46	54
Monthly production of soft drinks	August 1995	32-001	3/30	4/36	5/42
Monthly survey of manufacturing	July 1995	31-001	19/190	23/228	27/266
Primary iron and steel	July 1995	41-001	6/60	8/72	9/84
INDUSTRY MEASURES AND ANALYSIS					
Gross domestic product by industry	June 1995	15-001	14/140	17/168	20/196
LABOUR					
Employment, earnings and hours	June 1995	72-002	31/310	38/372	44/434
TRANSPORTATION					
Air carrier operations in Canada	July-September 1994	51-002	30/99	36/119	42/139
Oil pipeline transport	June 1995	55-001	11/110	14/132	16/154



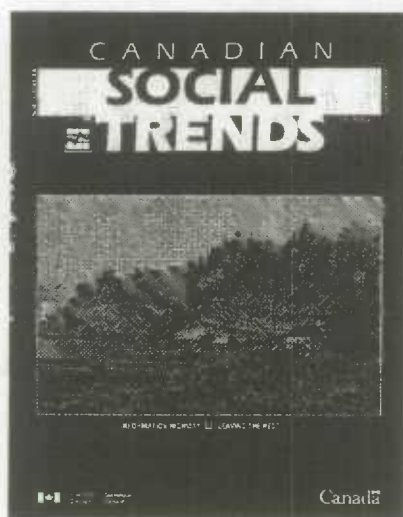
## NEW FROM STATISTICS CANADA



### Canadian economic observer September 1995

The September issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, current economic events, and a feature article on recent trends in payroll taxes. 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 September issue of Canadian economic observer (catalogue 11-010) is now available. For further information, call Cynthia Bloskie at (613) 951-3634, Current Analysis Group.*



### Canadian social trends Autumn 1995

The feature articles in the Autumn 1995 issue of *Canadian social trends* are: "Preparing for the information highway: Information technology in Canadian households"; "Employment of people with disabilities"; "Leaving the nest? The impact of family structure"; "Alcohol use and its consequences"; and, "Vancouver's diverse and growing population."

Each quarter, *Canadian social trends* integrates data from many sources to examine emerging social trends and issues. It also features the latest social indicators, as well as information about Statistics Canada's products and services.

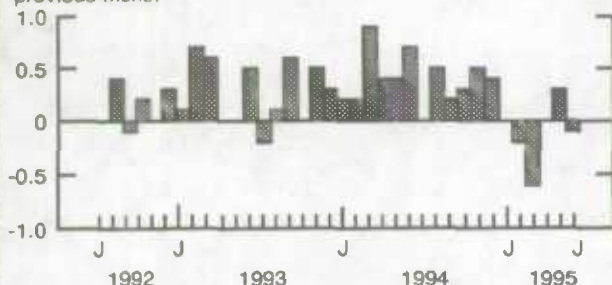
*The Autumn 1995 issue of Canadian social trends (catalogue 11-008E) is now available. For further information, contact Cynthia Silver at (613) 951-2556, Housing, Family and Social Statistics Division.*



## CURRENT TRENDS

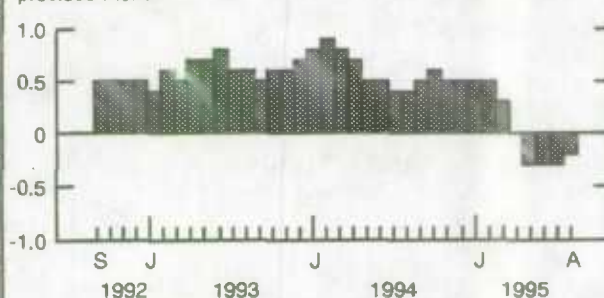
### Gross domestic product

% change,  
previous month



### Composite index

% change,  
previous month



### Consumer price index

% change,  
previous year



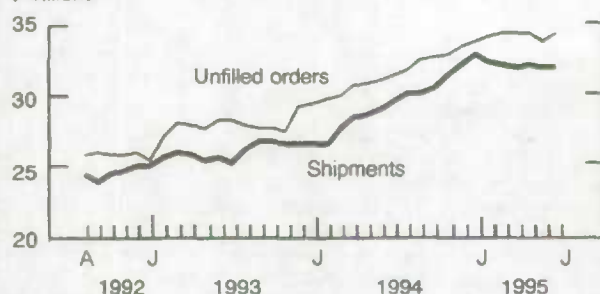
### Unemployment rate

%



### Manufacturing

\$ billions



### Merchandise trade

\$ billions



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



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## LATEST MONTHLY STATISTICS

	Period	Level	Change, previous period	Change, previous year
<b>GENERAL</b>				
Gross domestic product (\$ billion, 1986)	June	540.6	-0.1%	1.3%
Composite index (1981=100)	August	171.8	-0.2%	2.4%
Operating profits of enterprises (\$ billion)	2nd quarter	23.5	-0.7%	25.1%
<b>DOMESTIC DEMAND</b>				
Retail trade (\$ billion)	July*	17.7	-0.3%	2.9%
New motor vehicle sales ('000 units)	July	91.8	-5.7%	-8.5%
<b>LABOUR</b>				
Employment (millions)	August	13.5	0.2%	1.2%
Unemployment rate (%)	August	9.6	-0.2 <sup>†</sup>	-0.7 <sup>†</sup>
Participation rate (%)	August	64.8	-0.1 <sup>†</sup>	-0.6 <sup>†</sup>
Labour income (\$ billion)	June	35.0	0.9%	2.8%
Average weekly earnings (\$)	June	573.72	0.6%	0.9%
<b>INTERNATIONAL TRADE</b>				
Merchandise exports (\$ billion)	July*	19.0	-7.1%	1.6%
Merchandise imports (\$ billion)	July*	17.7	-4.4%	7.5%
Merchandise trade balance (all figures in \$ billion)	July*	1.2	-0.6	-0.9
<b>MANUFACTURING</b>				
Shipments (\$ billion)	July*	31.9	-0.1%	8.3%
New orders (\$ billion)	July*	32.4	3.1%	8.5%
Unfilled orders (\$ billion)	July*	34.4	1.4%	9.5%
Inventory/ shipments ratio	July*	1.40	0.02	0.11
Capacity utilization (%)	2nd quarter	83.3	-1.5 <sup>†</sup>	-0.2 <sup>†</sup>
<b>PRICES</b>				
Consumer price index (1986=100)	August*	133.8	-0.1%	2.3%
Industrial product price index (1986=100)	July	128.9	-0.1%	7.8%
Raw materials price index (1986=100)	July	130.7	-1.5%	4.2%
New housing price index (1986=100)	July	134.4	-0.1%	-1.2%

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

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.

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ANSI Z39.48 - 1984.