



Infomat

A Weekly Review

Friday, December 1, 1995

OVERVIEW

■ Foreigners buy small amounts of Canadian securities

In September, foreigners purchased a small amount of Canadian securities as they continued to buy bonds and sell stocks.

■ Inflation rate stable

In October, consumer prices rose 2.4% from the year before. The CPI's annual changes have been relatively stable around this rate for four months in a row.

■ Raw material prices continue to fall

Raw material prices fell for the fourth straight month in October, but were still higher than the year before.

■ Rising dollar lowers industrial prices

In October, industrial prices slipped below September's level. An increase in the value of the Canadian dollar contributed to the 12-month change to fall to +6.3%.

■ Corporate profits continue to climb

Corporate profits rose 3.2% in the third quarter of 1995.

■ Accidents on the decline, but costs are considerable

Despite a decline in accident rates between 1988 and 1993, the cost of accidents was considerable.

Foreigners buy small amounts of Canadian securities

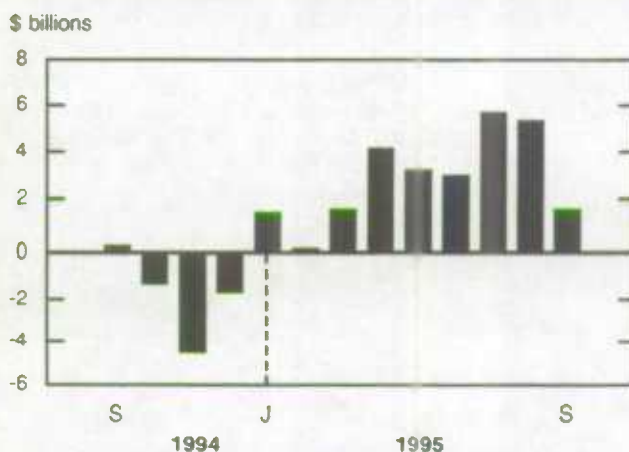
In September, foreign investors channelled a small \$0.3 billion into Canadian securities, as they continued to buy bonds and sell stocks. Meanwhile, Canadians continued to acquire stocks and resumed their investment in bonds.

Although foreign investment in Canadian bonds remained significant at \$1 billion, it was much lower than the substantial \$5 billion purchased in both July and August. In September, foreigners bought \$3.7 billion of new issues, redeemed \$2.1 billion of maturing bonds, and sold \$0.6 billion of outstanding bonds.

The investment in new issues was evenly spread among federal, corporate and provincial issues. The currency of issue was likewise split between Canadian and U.S. dollars and a variety of other foreign currencies. This contrasted with recent months, when the bulk of new issues was denominated in U.S. dollars and Japanese yen.

(continued on page 2)

Foreign investment in Canadian bonds



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... Foreigners buy small amounts of Canadian securities

Foreigners also sold a small amount (\$0.2 billion) of Canadian money market instruments, continuing the minor investment-disinvestment flow that has prevailed since June 1995. They bought \$0.2 billion of Government of Canada treasury bills and sold \$0.4 billion of other money market paper.

Foreign investors continued to sell Canadian stock (-0.5 billion), bringing their total disinvestment to \$5.0 billion since November 1994. September's selling was split between U.S. and overseas investors. This differed from July and August when the bulk of selling came from overseas investors. Trading activity with non-residents fell to

\$6.4 billion, the third consecutive monthly decline from June's high of \$8.9 billion. Canadian stock prices as measured by the TSE 300 index rose a small 0.3% in September, well below the strong 4.0% climb in U.S. stocks.

Canadians purchased \$0.7 billion in foreign securities: \$0.5 billion in foreign bonds (mainly U.S. treasuries) and \$0.2 billion in overseas stocks. In recent years, investment in foreign stocks has followed a steady plan, while investment in foreign bonds has been erratic.

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.

Inflation rate stable

In October, higher prices for new vehicles, vehicle insurance, mortgage loans and paper products pushed the consumer price index up 2.4% over the same month last year. The annual inflation rate has ranged between 2.3% and 2.5% since July. Lower cigarette taxes kept the rate down at the beginning of the year, after which it surged to a peak of 2.9% in May. Consumers benefitted from lower prices for piped gas, fresh produce, women's wear and computer equipment.

Between September and October, consumer prices fell 0.1%. A 1.7% annual rise in property taxes prevented the rate from falling further. While the increase in property taxes was larger than last year's, the two advances were the lowest since October 1980. By province, changes in property taxes ranged from a decline of 1.7% in Nova Scotia to a rise of 3.5% in New Brunswick.

Traveller accommodation rates fell by 9.8% in October, although they remained well above their year-earlier level. This larger-than-normal autumn decline followed an exceptional 17.9% July increase, which was attributed to a rise in the number of

foreigners visiting Canada and a drop in the number of Canadians travelling abroad.

Gasoline prices, falling between April and August, resumed their decline in October (-1.5%) as a result of gasoline price wars in nearly all the provinces. Piped gas rates fell for the fifth month this year. Prices dropped for women's clothing, while they rose for men's and children's.

Prices rose for paper supplies, beer purchased from stores, and personal care supplies. Prices of household paper supplies have increased every month this year, while higher costs for raw materials and packaging were behind the increase in beer prices.

By province, annual increases ranged from 1.2% in Nova Scotia and New Brunswick to 2.7% in Ontario. On a monthly basis, only Prince Edward Island, Newfoundland and Saskatchewan posted declines.

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 8.)

(continued on page 3)

PROVINCIAL PERSPECTIVES

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

Province/territory	All-items	Food	Energy	Housing	Transportation
Canada	2.4	1.9	0.7	0.8	5.3
Newfoundland	1.6	1.4	0.1	0.8	3.1
Prince Edward Island	2.4	0.2	2.2	1.8	5.4
Nova Scotia	1.2	-2.6	-0.2	1.4	4.4
New Brunswick	1.2	-1.5	0.8	1.5	3.3
Quebec	2.3	1.7	1.1	1.6	3.8
Ontario	2.7	3.0	1.2	0.6	7.1
Manitoba	2.6	2.1	-0.7	2.1	3.2
Saskatchewan	1.9	0.9	-0.8	1.9	3.6
Alberta	2.1	1.1	-2.4	0.9	4.9
British Columbia	1.9	2.3	0.7	-0.5	3.7
Whitehorse	0.9	1.1	-1.1	-1.1	3.8
Yellowknife	3.2	3.5	7.3	3.2	4.0

* Data are not seasonally adjusted.

Raw material prices continue to fall

In October raw material prices fell a substantial 2.7%, the fourth consecutive monthly decline. The drop was led by lower prices for crude oil, wood, and metals. The 12-month change fell from +18.4% in January to +1.8% in October. Excluding mineral fuels, raw material prices dropped 2.0% from September while the 12-month change fell to +3.1% from +5.5% in September.

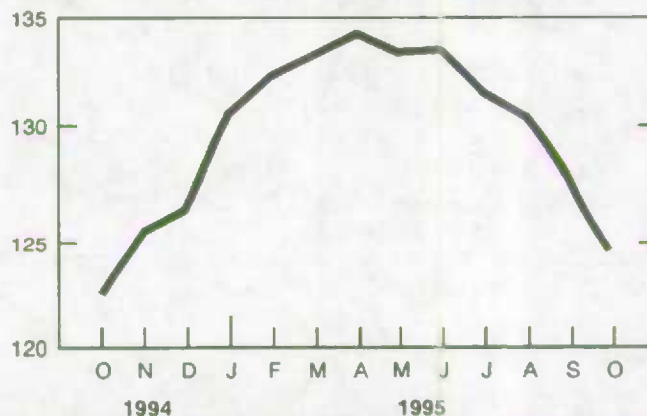
Crude oil prices fell 5.1% to a 1995 low, returning them to their October 1994 level. The drop was due mainly to reduced demand from oil refineries and increased supply from most producing areas, particularly the North Sea. If suppliers continue to increase production, and if Iraq returns to the world market, further downward pressure will be put on oil prices.

Wood prices fell 3% in October and more than 15% between June and October. The decline was the result of lower North American construction activity, a slowing in the demand for pulpwood and comfortable inventory levels of wood chips. Newsprint demand remained strong, with potential price increases on the horizon, although newspaper publishers have moved to narrower and lighter paper to cut costs.

Falling metal prices (-3%) were led by copper, aluminum and gold. Platinum prices were down almost 9%. The weakness in metal prices becomes

Raw material prices

Index (1986 = 100)



Note to readers

The raw materials price index (RMPI) reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in world markets. Also, unlike the industrial product price index, the RMPI includes goods that are not produced in Canada.

(continued on page 4)

... Raw material prices continue to fall

becomes even more pronounced with the declining prices for scrap metals – copper, aluminum, lead and even iron and scrap steel.

Grain and oilseed prices rose 4.5% and 2.1% respectively. Wheat and soybeans were the main contributors. Higher grain prices mostly reflected very strong demand for wheat, because of worldwide

shortages, and the export tax on grains imposed by the European Union in order to conserve its own supplies. Lower prices for potatoes, raw tobacco, coffee and sugar offset these increases.

For further information, order Industry price indexes (catalogue 62-011) or contact Prices Division at (613) 951-3350, fax: (613) 951-2848.

Rising dollar lowers industrial prices

In October, exchange rate movements were an important factor in slowing the 12-month change in industrial prices to +6.3%. This resumed the downward trend which started in January 1995. Declines in the 12-month price changes of primary non-ferrous metal products, pulp and paper, and chemicals also contributed to the drop.

Between September and October, industrial prices fell 0.5%, mainly because lower prices for non-ferrous metals, softwood lumber, and gasoline and fuel oil. Despite the drop in non-ferrous metal prices, overall primary metal prices were 5% higher than in October 1994.

The 2.2% advance in the Canadian dollar against the U.S. dollar affected exporters of motor vehicles, lumber, pulp, paper, and non-ferrous metal products. If the effect of the Canadian dollar's rise were excluded, the monthly drop in industrial prices would have been about 0.1%.

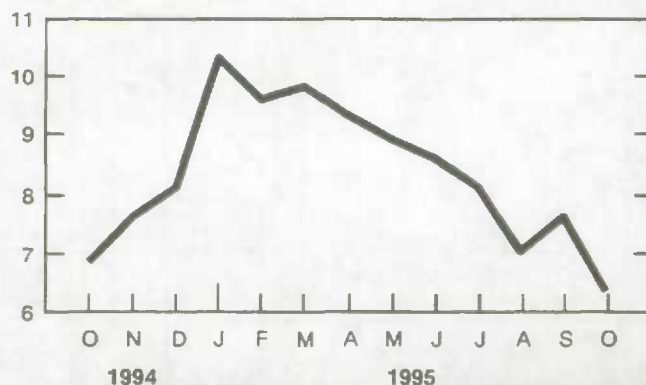
The higher Canadian dollar is partially masking price increases for motor vehicles and paper products. Domestic prices for automobiles made in Canada rose 3.6% in October, while export prices of automobiles increased only 0.7%. Pulp prices rose 3.7% while newsprint declined 0.8%. Excluding the rise of the Canadian dollar, pulp and newsprint prices rose 5% and 0.3% respectively.

Weaknesses in the domestic economy – a low level of construction and relatively weak auto sales – also affect industrial prices. Improved American industrial production during the August to October period and a lower American unemployment rate in October may improve the situation.

For further information, order Industry price indexes (catalogue 62-011) or contact Prices Division at (613) 951-3350, fax: (613) 951-2848.

Industrial product prices

% change, previous year



Note to readers

The industrial product price index (IPPI) reflects the prices producers receive as goods leave their plants. It does not reflect what consumers pay. Unlike the consumer price index, the IPPI excludes indirect taxes and all costs (including transportation, wholesale, and retail) that occur from the time a good leaves a plant until a final user takes possession.

Since Canadian export producers often quote their prices in foreign currencies, changes in the exchange rate affect the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar changes the IPPI by about 0.2%.

Corporate profits continue to climb

Corporate profits rose 3.2% to \$25.0 billion in the third quarter of 1995. After double-digit growth in 1994, profits rose an average of 2% in each of the first three quarters of 1995. Despite this slower growth, third-quarter profits were 20% above their year-earlier levels.

Operating profits of non-financial corporations rose 3.5%, following no growth earlier in the year. Twelve of 22 industries posted increases. The advance was led by the pulp and paper industry (28% to \$3.3 billion), which benefitted from thriving demand and prices. Excluding this industry, non-financial operating profits were unchanged.

Strong domestic and foreign demand advanced profits in the electronic equipment and computer services industry by \$0.5 billion to \$0.7 billion. Motor vehicle industry profits rose 18% to \$1.7 billion, reversing the slump of the previous two quarters. On the down side, sluggish crude oil and natural gas prices cut petroleum and natural gas profits by 22% to \$2.5 billion.

Financial industries recorded a 2.2% advance in operating profits, following an 18% jump in the second quarter. With these gains, profits in the financial sector surpassed their previous peaks. Profits grew in four of the eight industries. Operating profits of chartered banks increased for the fifth time in seven quarters, rising \$0.2 billion to \$2.2 billion.

The debt-to-equity ratio improved for a fifth straight quarter. Total borrowings rose \$1.5 billion, while shareholder equity expanded by \$9.4 billion. Return on equity rose to 8.17%, following the second

Operating profits

\$ billions, seasonally adjusted



Note to readers

Operating profits exclude capital gains or expense deductions for income taxes, interest on borrowing and asset write-offs. Investment income is excluded from the operating profits of non-financial industries, but is included in the operating profits of financial industries.

quarter's slide to 8.07%. In 1988, before the recession, corporations were reaping returns of over 14%.

For further information, order Quarterly financial statistics for enterprises (catalogue 61-008) or contact Gail Sharland, Industrial Organization and Finance Division at (613) 951-9843.

Accidents on the decline, but costs are considerable

In 1993, about 3.9 million Canadians aged 15 and over reported having at least one accident during the previous year, for a total of 4.8 million separate incidents. Motor vehicle accidents and sports accidents each accounted for 27% of all incidents, followed by work accidents (21%) and home accidents (14%).

The overall accident rate reported in 1993 was 223 for every 1,000 individuals, down from 254 in 1988. This decline was largely attributable to fewer motor vehicle accidents among 15- to 24-year-olds. One factor may have been a lower level of alcohol consumption. Random spot checks for impaired driving and tighter controls on adolescent drivers may also have had an impact.

Note to readers

This article is based on data from Statistics Canada's 1988 and 1993 General Social Surveys. The sample was composed of 10,385 households.

Despite the decline in the accident rates, the cost was considerable. Four out of every five accidents resulted in an injury, almost half of which required medical attention in a hospital, usually on an out-patient basis. Between April 1, 1992 and March 31, 1993, the average daily cost on in-patient care in general hospitals was \$610. Based on this average, in-patient hospital costs associated with accidents amounted to about \$1.5 billion. This figure does not include costs for ambulatory care or follow-up treatment.

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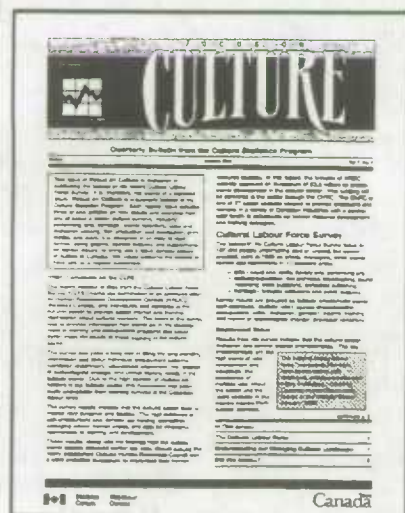
... Accidents on the decline, but costs are considerable

Out-of-pocket expenses totalled \$791 million. In 1993, nearly one-third (1.5 million) of all accidents resulted in financial loss. Motor vehicle accidents accounted for almost 70%, or \$543 million, of total out-of-pocket expenses, for which individuals do not expect reimbursement.

The average out-of-pocket expense for each accident was \$662, but amounts varied by type of accident. Motor vehicle accidents were by far the most costly, averaging \$882, followed by home (\$453), work (\$433) and sports (\$249) accidents.

For further information, order Health reports, vol. 7, no. 2 (catalogue 82-003) or contact Health Statistics Division at (613) 951-1746.

NEW FROM STATISTICS CANADA



Focus on culture Autumn 1995

The Autumn 1995 issue of *Focus on culture*, a quarterly bulletin, features a major article on Canada's cultural labour force based on a detailed Culture Statistics Program survey commissioned by Human Resources Development Canada.

The article analyses many characteristics of the 1993 cultural labour force, including levels of education (45% of those surveyed had university degrees), employment status (29% were self-employed), technological change and related training, income and multiple job holdings.

This issue of *Focus*, which combines text with a number of tables, represents the only published version of these data that Statistics Canada will be producing.

The Autumn 1995 (vol.7, no.3) issue of *Focus on culture* (catalogue 87-004, \$8/\$26) is now available. For further information, contact Mary Cromie at (613) 951-6864, Culture Statistics Program.

PUBLICATIONS RELEASED FROM NOVEMBER 24 TO 30, 1995

Division/title of publication	Period	Catalogue number	Price: Issue/Subscription		
			Canada (Cdn.\$)	United States	Other countries
			US\$		
AGRICULTURE					
The dairy review	July-September 1995	23-001	35/115	42/138	49/161
EDUCATION, CULTURE AND TOURISM					
Focus on culture	Autumn 1995	87-004	8/26	10/32	12/37
INDUSTRY					
Construction type plywood	September 1995	35-001	6/60	8/72	9/84
Corrugated boxes and wrappers	October 1995	36-004	6/60	8/72	9/84
Mineral wool including fibrous glass insulation	October 1995	44-004	6/60	8/72	9/84
Pipeline transport	August 1995	55-001	11/110	14/132	16/154
Production and disposition of tobacco products	October 1995	32-022	6/60	8/72	9/84
Production and stocks of tea, coffee and coca	3 rd quarter 1995	32-025	10/32	12/39	14/45
Production, shipments and stocks on hand of sawmills east of the Rockies	September 1995	35-002	11/110	14/132	16/154
Production, shipments and stocks on hand of sawmills in British Columbia	September 1995	35-003	8/80	10/96	12/112
Quarterly shipments of office furniture products	3 rd quarter, 1995	35-006	10/32	12/39	14/45
The sugar situation	October 1995	32-013	6/60	8/72	9/84
Wholesale trade	September 1995	63-008	18/180	22/216	26/252
INTERNATIONAL TRADE					
Canadian international merchandise trade	September 1995	65-001	19/182	22/219	26/255
PRICES					
Consumer prices and price indexes	January-March 1995	62-010	24/80	29/96	34/112
SERVICES, SCIENCE AND TECHNOLOGY					
Science statistics: industrial research and development, 1991 to 1995	vol. 19, no. 7	88-001	8/76	10/92	12/107
Science statistics: total spending on research and development in Canada, 1971 to 1995 and provinces, 1979 to 1993	vol. 19, no. 8	88-001	8/76	10/92	12/107
Telephone statistics	September 1995	56-002	9/90	11/108	13/126
TRANSPORTATION					
Railway operating statistics	June 1995	52-003	12/120	15/144	17/168

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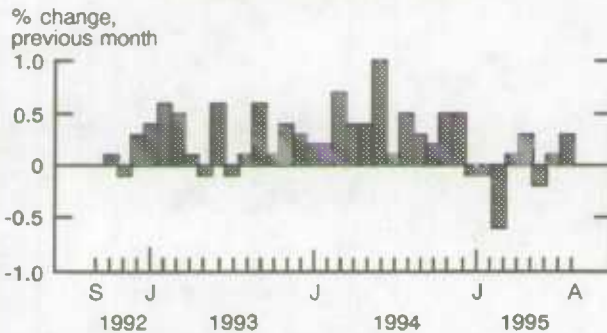
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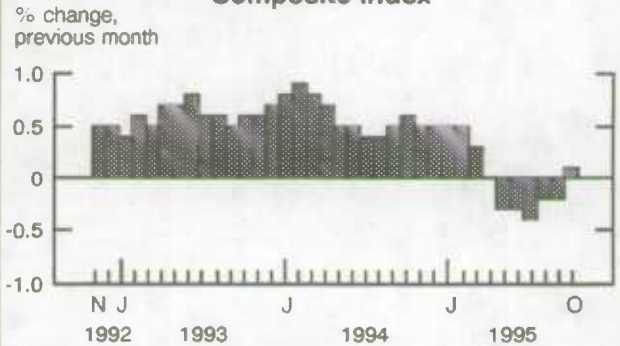
CURRENT TRENDS

Gross domestic product



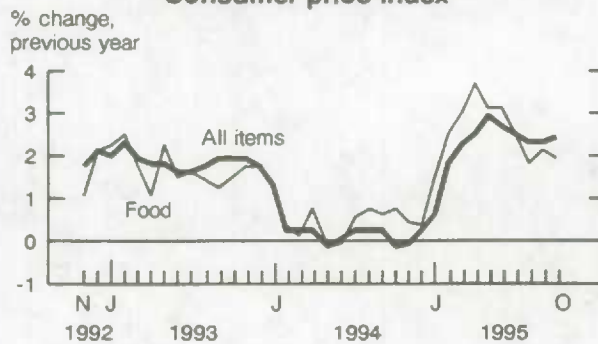
Real gross domestic product rose 0.3% in August.

Composite index



The composite index edged up by 0.1% in October.

Consumer price index



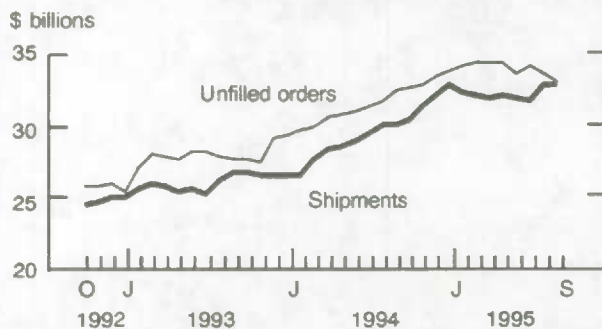
Consumers paid 2.4% more for good and services in October 1995 than the year before. Food prices rose by 1.9%.

Unemployment rate



In October, the unemployment rate rose 0.2 percentage points to 9.4%.

Manufacturing



Manufacturers' shipments were unchanged at \$32.9 billion in September. The level of unfilled orders fell 1.9% to \$33.0 billion.

Merchandise trade



The value of merchandise exports was stable at \$21.4 billion in September. Imports fell 1.4% to \$18.5 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)	September*	544.2	0.2%	1.2%
Composite index (1981 = 100)	October	171.3	0.1%	0.9%
Operating profits of enterprises (\$ billion)	3rd quarter*	25.0	3.2%	20.3%
DOMESTIC DEMAND				
Retail trade (\$ billion)	September	17.9	0.1%	3.2%
New motor vehicle sales ('000 units)	September	105.2	2.0%	-0.2%
LABOUR				
Employment (millions)	October	13.6	0.1%	1.3%
Unemployment rate (%)	October	9.4	0.2†	-0.6†
Participation rate (%)	October	64.8	0.3†	-0.4†
Labour income (\$ billion)	August	35.0	0.6%	3.1%
Average weekly earnings (\$)	September*	575.74	0.3%	1.2%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	September	21.4	0.0%	12.3%
Merchandise imports (\$ billion)	September	18.5	-1.4%	5.4%
Merchandise trade balance (all figures in \$ billion)	September	2.9	0.3	1.4
MANUFACTURING				
Shipments (\$ billion)	September	32.9	0.0%	9.6%
New orders (\$ billion)	September	32.2	-0.5%	4.9%
Unfilled orders (\$ billion)	September	33.0	-1.9%	1.7%
Inventory/ shipments ratio	September	1.37	0.01	0.06
Capacity utilization (%)	2nd quarter	83.3	-1.5†	-0.2†
PRICES				
Consumer price index (1986 = 100)	October	133.8	-0.1%	2.4%
Industrial product price index (1986 = 100)	October*	129.0	-0.5%	6.3%
Raw materials price index (1986 = 100)	October*	124.5	-2.7%	1.8%
New housing price index (1986 = 100)	September	134.2	-0.1%	-1.5%

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
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