



Infommat

A Weekly Review

Friday, April 19, 1996

OVERVIEW

◆ Shipments fall, inventories rise

Despite continuing growth in unfilled orders, shipments fell and inventories rose in February as sluggish demand took its toll on manufacturers.

◆ Sales of motor vehicles advance

Car and truck sales both increased in February.

◆ Foreigners' trips to Canada reach record high

In February, the number of overnight trips by foreigners rose 2.5% to 1.4 million trips.

◆ Families in flux

Though the distribution of different types of families in Canada is fairly stable, individual families are undergoing a great deal of change.

◆ Governments cut spending on culture

In 1993-94, spending on culture by all levels of government fell, halting eight straight years of growth.

Shipments fall, inventories rise

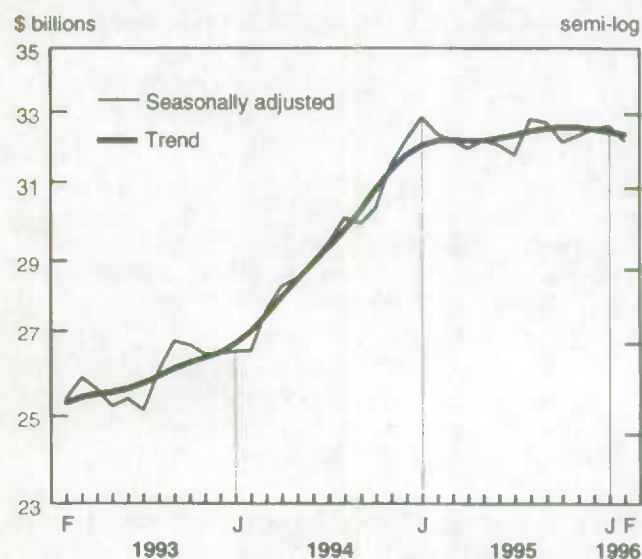
Despite continued growth in unfilled orders, shipments fell and inventories rose in February as sluggish demand took its toll on manufacturers. Declines were especially pronounced in two export-oriented industries: paper and allied products, and motor vehicles.

Moderate gains made by manufacturers over the last three months were all but lost in February as shipments fell 1.3% to \$32.2 billion. Shipments have not displayed any sustained upward momentum since January 1995, and now stand 2.0% below the peak reached then. Eleven of the 22 major groups, accounting for 69.9% of total shipments, recorded declines.

Weakness was most pronounced in the paper and allied products (-5.5%) and the motor vehicle (-1.8%) industries, but the machinery aircraft and parts, and other transportation equipment industries also fell significantly. The fall in shipments of paper and allied products can be partly attributed to a 3.7% decline in prices. February's drop was the fourth decline in the last five months.

(continued on page 2)

Shipments



... Shipments fall, inventories rise

The fall in shipments of motor vehicles, while not large, showed that sluggish demand and strike action were still hindering production in February. This tenth decline since January 1995 left motor vehicle shipments 15.4% below the peak achieved at that time. These decreases were partly offset by increases in the motor vehicle parts (+1.9%), plastic products (+3.4%), and refined petroleum and coal products (+1.0%) industries.

After two months of no growth, inventories turned upward in February, climbing 0.5% to \$45.1 billion. Increases occurred in the aircraft and parts, the electrical and electronic parts, and the refined petroleum and coal products industries. In the paper and allied products industries, inventory accumulation continued (+0.4%), although more slowly than before. This was the nineteenth increase in as many months, and leaves inventories 31.5% higher than they were in February 1995.

According to the most recent Business Conditions Survey, manufacturers in general were not happy with the level of finished product inventories at the beginning of January, and felt they might have to cut both production and employment in the first quarter as a result.

The increase in inventories and decline in shipments pushed the inventories-to-shipments ratio from 1.38 to 1.40.

Manufacturers' shipments, February 1996

Unadjusted data (adjusted data not available by province)

Province	\$ millions	% change, previous year
Canada	31,011	3.0
Newfoundland	113	37.3
Prince Edward Island	39	-2.4
Nova Scotia	518	18.6
New Brunswick	589	2.7
Quebec	7,208	0.5
Ontario	17,078	4.5
Manitoba	645	7.4
Saskatchewan	350	-1.7
Alberta	2,093	4.3
British Columbia	2,375	-4.3

The backlog of unfilled orders, a key determinant of future shipments, increased for the third time in a row. The most significant advances were recorded in the aircraft and parts industry and the fabricated metal products industry.

For further information, order *Monthly survey of manufacturing* (catalogue 31-001-XPB) or contact Robert Traversy, Industry Division at (613) 951-9497. (See also "Current trends" on page 6.)

Sales of motor vehicles advance

New motor vehicle sales rose 3.4% in February, partially offsetting January's decline. Sales were 0.9% below the February 1995 level, but remained above the 1995 monthly average. Since reaching a peak in September 1995, the sales trend has been relatively flat and slightly downward.

Passenger car sales rose 3.2% in February following a 6.4% drop in January. Truck sales increased 3.6%, reversing January's 2.1% decline. From February 1995, truck sales advanced 3.0% while car sales fell 3.8%.

After plunging 22.1% in January, sales of passenger cars built overseas rose 4.0% in February. Despite this gain, February sales were substantially below their year-earlier level. Sales of overseas cars in February 1996 were nearly 75% below the February 1991 level.

Meanwhile, transplants (North American assembly plants operated by automakers other than the Big Three) have taken root in North America. Market share for these cars has tripled since February 1993. Overall sales of cars built in North America rose 3.1% from January, the third gain in four months.

The Big Three automakers have been selling a higher proportion of trucks (52%) than passenger cars for the latest six months. Also, the Big Three reported the strongest gains in passenger car sales between January and February (4.4%). The other automakers reported a 1.1% increase, their third gain in four months.

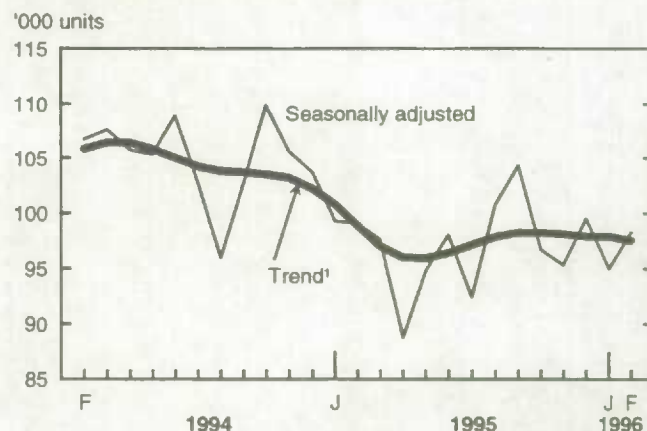
Sales reports released by the automotive industry indicate that overall sales will remain flat in March, with increasing truck sales offsetting falling car sales.

Note to readers

Motor vehicles are divided into two categories: passenger cars and trucks. Passenger cars include cars used for personal and commercial purposes. Trucks include minivans, sport utility vehicles, light and heavy trucks, vans, coaches and buses.

All data have been seasonally adjusted unless otherwise specified.

New motor vehicle sales



¹ The short-term trend represents a moving average of the data.

For further information, order *New motor vehicle sales* (catalogue 63-007-XPB) or contact Mary Beth Lozinski, Industry Division at (613) 951-9824.

Foreigners' trips to Canada reach record high

Foreigners made a record 1.4 million trips of one or more nights to Canada in February, up 2.5% from the previous month.

Overnight trips both by Americans (+2.1%) and overseas residents (+3.8%) accounted for this increase. The number of overnight trips by Americans reached the highest level recorded in over seven years (the Canadian dollar averaged US73 cents in February), while the number of overnight trips by overseas residents, generally increasing since mid-1992, remained below October 1995's record level.

International travel between Canada and other countries, February 1996

	('000) % change, previous month		('000) % change, previous year	
	seasonally adjusted		unadjusted	
Canadian trips abroad				
Auto trips to the United States				
Same day	3,096	2.1	2,481	10.4
One or more nights	787	-2.0	414	1.7
Total trips, one or more nights				
United States ¹	1,318	2.2	915	14.0
Other countries	311	1.1	352	8.2
Travel to Canada				
Auto trips to the United States				
Same day	2,043	2.6	1,502	12.6
One or more nights	715	9.0	345	1.8
Total trips, one or more nights				
United States ¹	1,096	2.1	556	6.6
Other countries ²	349	3.8	166	16.7

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

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

Americans made 2.0 million same-day car trips to Canada in February, the highest level recorded since June 1981 when the Canadian dollar was worth US83 cents. Since dropping to a

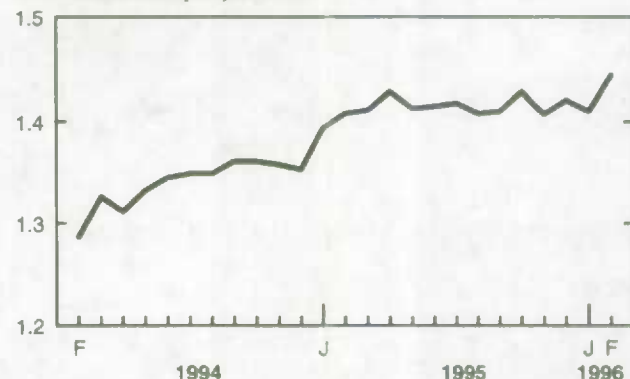
Note to readers

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

Overseas countries are countries other than the United States.

Foreigners' overnight trips to Canada

Millions, seasonally adjusted



recent low of 1.5 million trips in January 1994, this type of travel has risen 41%.

The number of Canadians' same-day car trips to the United States rose 2.1% to 3.1 million trips. This type of travel has been relatively stable since mid-1994, remaining well below the peak of 5.4 million trips reached in November 1991 when the Canadian dollar was worth US88 cents.

Canadians made a record 311,000 trips to overseas countries, continuing the long-term upward trend. Overnight trips to the United States have dropped from a December 1991 high of 1.8 million trips to their most recent low of 1.1 million trips in August 1994. Since then they have been inching upward, reaching 1.3 million trips in February.

For further information, order **International travel, advance information** (catalogue 66-001-PPB) or contact Ruth Martin, Education, Culture and Tourism Division at (613) 951-1791; fax: (613) 951-2909.

Note to readers

The data presented in this article come from the Survey of Labour and Income Dynamics, which interviews the same 31,000 adults over a period of six years. The survey collects data on people's jobs, income changes and family events over time. In the first stage, (January 1993) background information, including marital history, ethnocultural traits, fertility, schooling and work history, was collected.

Families in flux

Though the distribution of different types of families in Canada is fairly stable from one year to the next, there is a great deal of change within individual families. These changes are usually related to significant events, such as leaving the parental home, forming a couple or separating.

In 1993, one in seven Canadians aged 15 and over experienced some change in who they lived with during the year. An estimated 378,000 Canadians began to live together as couples, while 253,000 people separated from a common-law or marriage partner. Both those forming new unions and those separating were predominantly in their 20s or 30s.

(continued on page 4)

... Families in flux

One in 10 people who formed a new union brought children from a previous relationship into their new family unit, creating a stepfamily. Most of the people who did this were women, as they were much more likely to keep their children after a separation.

In 1993, 200,000 people started a family. In other words, they began the year with no children and, by year-end, they had an infant child. By contrast, 148,000 parents became empty nesters: their last (or only) son or daughter moved out. Adult children may, however, move back. While 5% of young people left a parent's home during 1993, another 1% moved back.

Only 6% of people aged 65 or over living in private dwellings experienced a change in their family membership in 1993, compared with 16% of adults aged 15 to 64. For those seniors who experienced a change in family membership, the reasons were often the same as for younger people, such as adult children

leaving home. For a minority, the reasons were related more specifically to advancing age, including the death of a spouse or the spouse moving into an institution. About 20,000 seniors began living with relatives other than a spouse during the year. About two-thirds joined a son or daughter.

The economic consequences of family change can be considerable. An obvious example is loss of a breadwinner in a family that depends heavily on that person's income, or a change in eligibility of family members for government benefits based on family characteristics or income. But in fact, almost every family change will affect resources, as well as the adults and children dependent on these resources.

For further information, order a free copy of the vol. 5, no. 1 issue of *Dynamics* (catalogue 75-002-XPB) or contact Réjean Lasnier, Households Surveys Division at (613) 951-5266; fax: (613) 951-5266; the Internet: dynamics@statcan.ca.

Governments cut spending on culture

Spending on culture by all levels of government totalled \$5.8 billion in 1993-94, down about 1% from the previous year. This drop halted eight straight years of growth, during which spending rose at an annual average rate of 5.2%. However, when inflation is taken into account, all-government spending on culture has actually been falling since 1989-90. In 1993-94, real spending on culture fell 2.3%.

After peaking at \$2.9 billion in 1990-91, federal spending on culture has declined, on average, 0.2% per year. In 1993-94, it dropped by 1.8%. Federal spending on culture fell in six provinces and territories, led by Manitoba and Quebec. In the remaining regions, outlays rose the most in Newfoundland and the Northwest Territories.

Overall federal spending on broadcasting was unchanged at \$1.5 billion, although expenditures in a number of regions actually fell. Spending on all other categories declined by: 9% on film and video, book and periodical publishing, and sound recording; 1% on heritage activities; 6% on the museum sector; and 1% on the arts (including performing arts, visual arts and crafts, and arts education). The decline in arts expenditures was attributable to visual arts and crafts, and was concentrated in Quebec and Ontario.

The 1.8% drop in provincial/territorial cultural spending in 1993-94 ended eight straight years of increases. Spending fell in Saskatchewan, Ontario, Alberta, Manitoba, and Quebec and rose

Government expenditures on culture, by level of government

(Millions of dollars)

	1988-89	1992-93	1993-94	% change, 1992-93 to 1993-94
Federal	2,746	2,879	2,828	-1.8
Provincial and territorial	1,560	1,970	1,934	-1.8
Municipal ¹	999	1,363	1,413	3.7
All levels of government (current \$) ²	5,034	5,877	5,824	-0.9
All levels of government (constant 1986 \$) ²	4,665	4,650	4,543	-2.3

¹ Municipal spending is on a calendar-year basis. For example, 1993-94 represents 1993.

² Expenditures are net of inter-governmental transfers.

in the remaining regions. Total spending decreased on heritage activities (-7.9%) and arts (-1.8%), and rose on cultural industries (+1.5%) and libraries (+3.3%).

Municipalities were the only governments to increase cultural spending in 1993-94 (+3.7%). This continued the upward trend of the previous eight years and was largely the result of increased funding for libraries, which have averaged about three-quarters of the total municipal cultural budget since 1984. Municipal cultural spending rose in all regions except Ontario and the Yukon.

For further information on this release, order *Focus on culture* (catalogue 87-004-XPB) or contact Mary Cromie, Education, Culture and Tourism Division at (613) 951-6864.

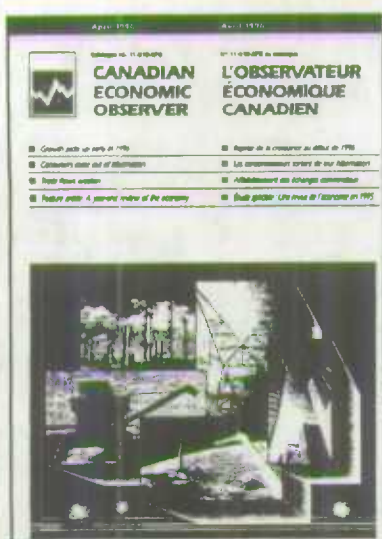
New from Statistics Canada

Canadian economic observer

April 1996

The April 1996 issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, the major current economic events in March, and a feature article on economic developments in 1995. 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 1996 issue of *Canadian economic observer* (catalogue 11-010-XPB, \$22/220) is now available. For more information, call Dominique Pérusse, Current Analysis Group at (613) 951-1789, the Internet: ceo@statcan.ca.



Survey of labour and income dynamics

1993

The Survey of Labour and Income Dynamics has released its first longitudinal data, portraying changes in families that occurred in 1993. Future releases will deal with other aspects of change in the jobs, incomes and family events of Canadians.

Customs retrievals of the data can now be obtained on a cost-recovery basis. In brief, the topics covered by the survey include income, labour-related information (job characteristics, jobless periods and absences from work), demographics, family relationships and educational activity.

For further information, order *Dynamics* (catalogue 75-002-XPB) or contact Réjean Lasnier, Household Surveys Division at (613) 951-5266; fax: (613) 951-3012; the Internet: dynamics@statcan.ca.

Aggregate productivity measures

1994

The 1994 issue of *Aggregate productivity measures* provides updated data on productivity, compensation and unit cost for most industries of the business sector. The highlights include a comparison of Canadian and U.S. productivity and unit labour costs; a more detailed analysis is presented for 15 manufacturing industries.

The 1994 report introduces new productivity estimates associated with the final demand categories of expenditures. Also included in this edition is a feature article titled "Methodology used to produce advance estimates of multifactor productivity indexes for the Canadian aggregate business sector."

The publication's tables have been redesigned to give a better perspective on the sources of economic growth. At the industry level, the tables of multifactor productivity measures now show indexes of inputs from the KLEMS (capital, labour, energy, materials and services) database and an index of gross output (replacing the corresponding partial productivity indexes that appeared in the previous issue).

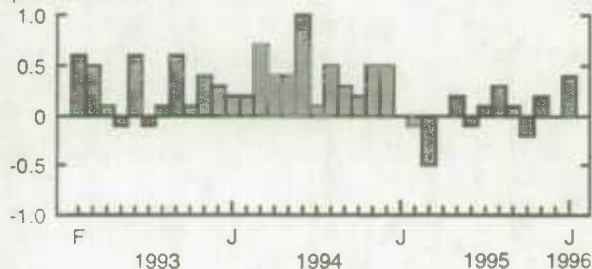
The 1994 issue of *Aggregate productivity measures* (catalogue 15-204-XPE, \$44) is now available. For further information, contact Jean-Pierre Maynard at (613) 951-3654, Input-Output Division.



Current trends

Gross domestic product

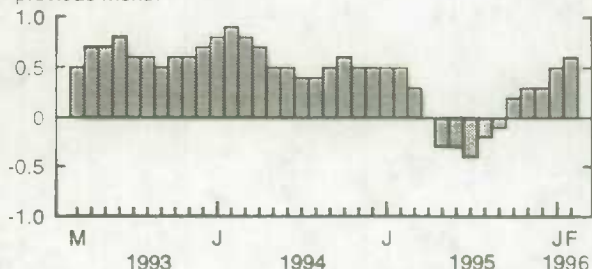
% change,
previous month



Real gross domestic product at factor cost increased 0.4% in January.

Composite index

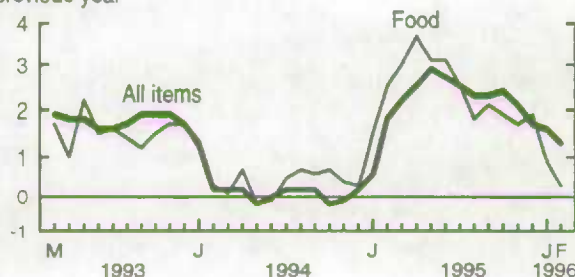
% change,
previous month



The composite index continued to rise in February, up 0.6% from the month before.

Consumer price index

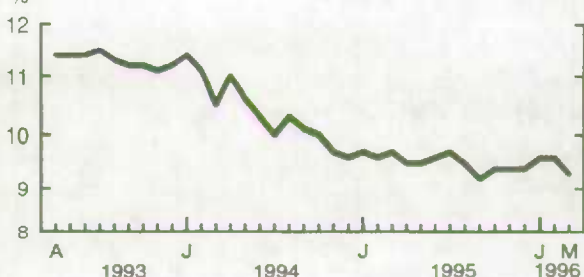
% change,
previous year



Consumers paid 1.3% more for goods and services in February 1996 than the year before. Food prices rose by 0.3%.

Unemployment rate

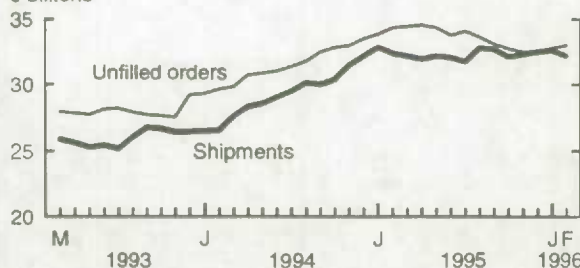
%



In March, the unemployment rate fell by 0.3 percentage points to 9.3%.

Manufacturing

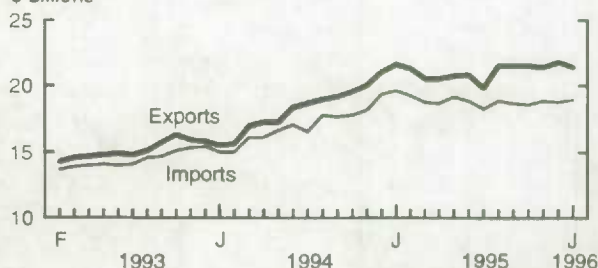
\$ billions



Manufacturers' shipments fell 1.3% to \$32.2 billion in February. The level of unfilled orders rose 0.7% to \$33.0 billion.

Merchandise trade

\$ billions



The value of merchandise exports fell from December's record to \$21.4 billion in January. Imports advanced to \$18.9 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)	January	546.0	0.4%	0.4%
Composite index (1981=100)	February	174.6	0.6%	0.8%
Operating profits of enterprises (\$ billion)	4th quarter	23.7	0.5%	0.5%
Capacity utilization (%)	4th quarter	82.9	-0.7†	-2.8†
DOMESTIC DEMAND				
Retail trade (\$ billion)	January	17.7	0.3%	-0.1%
New motor vehicle sales ('000 units)	February*	98.2	3.4%	-0.9%
LABOUR				
Employment (millions)	March	13.7	-0.1%	1.3%
Unemployment rate (%)	March	9.3	-0.3†	-0.4†
Participation rate (%)	March	64.8	-0.3†	-0.3†
Labour income (\$ billion)	January	35.7	1.1%	3.1%
Average weekly earnings (\$)	January	580.84	0.6%	1.7%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	January	21.4	-1.8%	-1.3%
Merchandise imports (\$ billion)	January	18.9	0.7%	-4.2%
Merchandise trade balance (all figures in \$ billion)	January	2.6	-0.5	0.1
MANUFACTURING				
Shipments (\$ billion)	February*	32.2	-1.3%	-0.6%
New orders (\$ billion)	February*	32.4	-1.3%	-1.4%
Unfilled orders (\$ billion)	February*	33.0	0.7%	-4.0%
Inventory/shipments ratio	February*	1.40	0.02	0.10
PRICES				
Consumer price index (1986=100)	February	134.4	0.1%	1.3%
Industrial product price index (1986=100)	February	129.7	-0.2%	1.9%
Raw materials price index (1986=100)	February	130.6	1.6%	-1.2%
New housing price index (1986=100)	February	132.4	-0.5%	-2.2%

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

* new this week.

† percentage point.

Infomat

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BALANCE OF PAYMENTS					
Canada's international transactions in securities	January 1996	67-002-XPB	17/170	21/204	24/238
CURRENT ECONOMIC ANALYSIS					
Canadian economic observer	April 1996	11-010-XPB	22/220	27/264	31/308
INDUSTRIAL ORGANIZATION AND FINANCE					
Inter-corporate ownership	1996	61-517-XPB	350	420	490
Quarterly financial statistics for enterprises	4th quarter 1995	61-008-XPB	33/110	40/132	47/154
INDUSTRY					
Oils and fats	February 1996	32-006-XPB	6/60	8/72	9/84
Pack of apple and apple products	1994	32-241-XPB	14	17	20
Particleboard, oriented strandboard and fibreboard	February 1996	36-003-XPB	6/60	8/72	9/84
Primary iron and steel	February 1996	41-001-XPB	6/60	8/72	9/84
Production and shipments of steel pipe and tubing	February 1996	41-011-XPB	6/60	8/72	9/84
INTERNATIONAL TRADE					
Imports by commodity					
Microfiche version	January 1996	65-007-XMB	35/350	42/420	49/490
Paper version	January 1996	65-007-XPB	75/750	90/900	105/1,050
INVESTMENT AND CAPITAL STOCK					
Building permits	February 1996	64-001-XPB	24/240	29/288	34/336
LABOUR					
Employment, earnings and hours	January 1996	72-002-XPB	31/310	38/372	44/434
Quarterly estimates of trustee pension funds	3rd quarter 1995	74-001-XPB	18/60	22/72	26/84

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