

The Daily

Statistics Canada

Friday, August 14, 1987

Major Releases

Consumer Price Index, July 1987	2
● The CPI year-to-year increase was 4.7%, down slightly from the rate of 4.8% reported in June.	
Preliminary Statement of Canadian International Trade, June 1987	10
● Imports increased by \$885 million in June, rising to \$10.0 billion – their highest level ever.	
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● There was a dramatic upswing in the optimism of Canadian manufacturers heading into the third quarter of 1987.	

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Major Releases

Consumer Price Index

July 1987

National Highlights

The all-items Consumer Price Index (CPI) for Canada advanced by 0.7% between June and July, attaining a level of 139.2 (1981=100). Six of the seven major component indexes advanced, with the largest impact coming from a 3.1% increase for the transportation index. The clothing index declined slightly over the month.

The seasonally adjusted all-items index rose 0.7% in July following increases of 0.4% in June, 0.5% in May and 0.3% in April.

With respect to the annual rate of price change, the signals were mixed. The year-over-year change between July 1986 and July 1987 was 4.7%, down very slightly from the rate of 4.8% posted for the 12-month period ending in June. On the other hand, the compound annual rate of change based on the seasonally adjusted levels over the latest three-month period (April to July) was 6.6%, up markedly from the 5.1% result recorded for the period ending in June.

Food

This month's result represents the 27th consecutive year that the food index has increased between June and July, this time by 0.2%. This gain was due to increases for both food purchased from stores (0.2%) and food purchased from restaurants (0.6%). This latter index follows the usual pattern of menu price increases for January and July.

The increase in the food purchased from stores index was the result of price gains recorded for processed items such as cooked meats, cured meats, and bakery and cereal products. Fresh meat prices remained relatively stable while fresh vegetable and fresh fruit prices declined during the month. Seasonal factors were mainly responsible for the decreases in both fresh fruit and fresh vegetables. The fresh vegetable index, which declined 2.9%, included price decreases of 23.1% for lettuce, 26.7% for cucumbers and

Note to Users

The recent Saskatchewan Budget introduced a seven cent a litre sales tax on gasoline which is refundable to all Saskatchewan residents upon the submission of receipts for non-commercial use. For the calculation of the CPI, the final price to the consumer net of discounts is used rather than posted prices. The price exclusive of the new tax is therefore the most appropriate price for CPI purposes, since most people are expected to submit the majority of their invoices. Thus, the gasoline indexes for Regina and Saskatoon are lower than might have been expected by some users.

21.4% for cabbage, moderated partially by a 16.2% increase in potato prices. The 0.5% fall in fresh fruit prices included a 14.4% decline in the price of bananas, partially offset by a 5.6% increase in apple prices. Coffee prices fell (-1.3%) for the eighth consecutive month as prices on the commodities futures market have dropped to a six-year low.

Over the 12-month period July 1986 to July 1987, the food index advanced by 5.2% compared to the year-over-year increase of 6.3% recorded in June. A 5.8% increase in the index for food purchased from stores, following an increase of 7.1% in June, combined with a 3.5% increase in the index for food purchased from restaurants (3.9% in June) accounted for the latest year-to-year increase in the food index.

All-items excluding Food

On a month-to-month basis, the all-items excluding food index rose 0.9% for July compared to 0.1% for June. Five of the component indexes posted increases, while clothing showed a decline during the month. A substantial portion of this month's increase comes from travel-related categories including air fares and hotel and motel rates.

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The Consumer Price Index and Major Components (Not Seasonally Adjusted), Canada
(1981 = 100)

	Indexes			Percentage change July 1987 from	
	July 1987	June 1987	July 1986	June 1987	July 1986
All-items	139.2	138.2	132.9	0.7	4.7
Food	134.2	133.9	127.6	0.2	5.2
All-items excluding food	140.7	139.5	134.4	0.9	4.7
Housing	138.5	137.8	133.0	0.5	4.1
Clothing	122.8	123.2	118.1	-0.3	4.0
Transportation	143.1	138.8	136.2	3.1	5.1
Health and personal care	139.8	139.1	133.0	0.5	5.1
Recreation, reading and education	137.5	137.2	130.2	0.2	5.6
Tobacco products and alcoholic beverages	185.4	185.1	174.4	0.2	6.3
Purchasing power of the consumer dollar expressed in cents, compared to 1981	71.8	72.4	75.2		
All-items Consumer Prices Index converted to 1971 = 100	329.8				

The transportation index rose 3.1% in July compared to a 0.4% gain posted for June. A large 12.8% increase in the public transportation index was moderated by a smaller 1.5% gain posted for the private transportation index. The sharp rise in the public transportation index was entirely due to a 23.5% increase in the price of air fares as peak season rates came into effect. A 2.3% rise in the price of new automobiles, the result of some rebates being withdrawn, together with a 1.3% increase in the price of gasoline accounted for most of the change in the private transportation index.

The housing index posted a 0.5% increase for July, as all three component indexes rose: shelter (0.6%), household operation (0.1%), and household furnishings and equipment (0.6%). Within shelter, price gains were led by hotel accommodation (11.1%), motel accommodation (14.6%), rent (0.3%) and new housing prices (0.7%). Hotel and motel rates increased, due to the introduction of summer rates by hotel and motel operators.

A gain of 0.5% for the health and personal care index also contributed to the upward pressure on the all-items excluding food index. This increase was attributable to a 1.7% gain in the cost of health care, primarily due to

changes in Saskatchewan's government-sponsored drug-plan, moderated by a 0.3% decline in prices for personal care products.

An increase of 0.2% for both the recreation and the reading indexes together with no change for the education index led to a 0.2% rise in the recreation, reading and education index. The tobacco products and alcoholic beverages index posted a 0.2% gain as the price of tobacco products and smokers' supplies increased by 0.4% while the price of alcoholic beverages remained unchanged. In keeping with the past nine years, the clothing index posted an overall decline (-0.3%) due mainly to decreases recorded for women's clothing (-0.8%) and girls' wear (-0.1%).

Over the 12-month period, ending in July 1987, the all-items excluding food index rose by 4.7%, up from the 4.4% increase posted for the previous 12-month period ending in June.

Goods and Services

The goods index posted a gain of 0.4% in July, the same result recorded for June, while the services index increased by 1.1% after posting a 0.2% gain for the previous month. Between July 1986 and July 1987, the goods index rose by 4.9% while the services index rose by 4.7%.

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City Highlights

Between June and July, changes in the all-items indexes for cities for which CPIs are published ranged from a decline of 0.4% for Winnipeg to an increase of 2.5% for Saskatoon. In Winnipeg, the overall price decline resulted from decreases in the price of food (due to a major price war), housing, clothing, and health and personal care products. Higher than average price gains recorded for health care products (up 52.6% - please refer to the text on cities) and transportation, together with a provincial sales tax increase from 5% to 7%, contributed to the above average increase in Saskatoon.

Between July 1986 and July 1987, movements in the all-items indexes for cities ranged between 2.6% for Victoria and 6.2% for Saskatoon.

Main Contributors to Monthly Changes in the All-items Index, by City

St. John's

The all-items index rose 0.4%, mainly reflecting increased air fares (due to seasonal increases as well as the end of seat sales), higher new car prices (following the end of some manufacturers' rebates) and higher overall food prices (especially for potatoes, meat and potato chips, offset to some extent by lower prices for bananas). Furniture prices increased, as did traveller accommodation costs. Exerting a moderating influence were lower overall clothing prices (especially women's wear), decreased electricity rates (resulting from a credit balance in the rate stabilization account of Newfoundland Hydro), and lower prices for non-prescribed medicines and gasoline. Since July 1986, the all-items index has risen 3.0%.

Charlottetown/Summerside

Increased air transportation costs (following the end of seat sales as well as seasonal increases), higher food prices (mainly for restaurant meals, potatoes, fresh fruit, chicken, bacon and pork) and increased new car prices (following the end of some manufacturers' rebates) explained most of the 0.8% increase in the all-items index. As well, increases in car insurance premiums and traveller accommodation costs were observed. Women's clothing

prices declined. From July 1986 to July 1987, the all-items index rose 4.2%.

Halifax

The all-items index rose 0.9%, resulting mainly from increases in air fares (as seasonal increases combined with the end of seat sales), food prices (as higher prices for fresh produce and restaurant meals were offset somewhat by decreased chicken and bakery product prices), new car prices (as some manufacturers' rebates ended) and traveller accommodation rates. Lower clothing prices (especially women's wear) and decreases in gasoline prices had a slight moderating effect. Since July 1986, the all-items index rose 3.7%.

Saint John

Among the contributing factors to the 0.6% increase in the all-items index were increased air transportation costs (resulting from seasonal increases coupled with the end of seat sales), higher food prices (increased restaurant meal, beef, pork, potato and bacon prices, offset to some extent by decreases in sugar and sugar preparation prices, as well as in the price of bread, bananas and coffee and tea), and increased traveller accommodation charges. Partly offsetting these advances were lower women's clothing and furniture prices, as well as decreased telephone charges. Since July 1986, the all-items index rose 4.0%.

Quebec City

Higher food prices (as increases in the price of potatoes, beef, apples, restaurant meals and bakery products were dampened somewhat by lower prices for pork, bananas and most fresh vegetables), coupled with increased air fares (as seasonal increases combined with the end of seat sales) explained part of the 0.6% increase in the all-items index. Advances in traveller accommodation costs, new car prices (at the end of some manufacturers' rebates), owned accommodation charges and the cost of eye-care goods and services also contributed to the upward movement. Providing a slightly offsetting influence were decreased prices for women's and men's clothing and for paper, plastic and foil supplies. Since July 1986, the all-items index rose 4.3%.

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Montreal

The all-items index rose 0.5%, mainly as a result of increased air fares (as seasonally higher fares combined with the end of seat sales), higher new car prices (as some manufacturers' rebates ended) and advances in traveller accommodation charges. As well, increases were observed in food prices, where higher prices for potatoes, meat preparations and ready-cooked meat, cured meat and apples were slightly offset by decreases in the price of lettuce, bananas, cucumbers and coffee. Owned accommodation charges were up, as were automobile operation costs. Providing a dampening effect were lower prices for women's and men's wear and decreases in the price of personal care supplies. Since July 1986, the all-items index rose 4.8%.

Ottawa

The 0.7% increase in the all-items index was mainly a result of higher air transportation costs, as seasonal fare increases combined with the end of seat sales, as well as increases in traveller accommodation costs and higher new car prices with the end of some manufacturers' rebates. Owned accommodation charges were up, as were automobile operation costs (especially car insurance premiums and gasoline prices) and food prices (as lower prices for fresh vegetables and milk contributed a slight dampening effect to increases in the price of meat, fresh fruit, restaurant meals and soft drinks). Lower prices were noted for furniture and for women's wear. From July 1986 to July 1987, the all-items index has risen 4.0%.

Toronto

Among the main contributors to the 0.9% increase in the all-items index were advances in air fares (resulting from seasonal increases, as well as the end of seat sales), increased automobile operation costs (mainly for gasoline prices and automobile insurance premiums), higher owned accommodation costs and

increased prices for new cars at the end of some manufacturers' rebates. Increases were also noted in traveller accommodation costs, rent and food prices (especially for bakery products and potatoes). Lower prices for women's wear and personal care supplies were observed. Since July 1986, the all-items index rose 6.1%.

Thunder Bay

The all-items index rose 1.0%. Among the main contributors were increased air fares (as seasonal increases combined with the end of seat sales), higher automobile operation costs (especially gasoline prices and automobile insurance premiums), higher overall food prices (mainly chicken, soft drinks and meat preparations and ready-cooked meat) and advances in new car prices (as some manufacturers' ended their rebates). Other increases were observed in traveller accommodation costs, furniture prices, natural gas charges and water rates. Prices for women's wear declined. Since July 1986, the all-items index rose 4.0%.

Winnipeg

The all-items index declined 0.4%, mainly as a result of lower food prices (as a major supermarket chain offered drastic specials to offset the ill-effect of an employee strike - most stores followed suit in order to remain competitive). Thus, lower prices for meat, most fresh produce, soft drinks, coffee, eggs and butter were only slightly offset by increased bakery product, potato and apple prices. Also contributing to the downward trend were lower piped gas charges, decreased homeowners' maintenance and repair charges, lower prices for women's wear as well as for eye-care products. Increases were observed in air fares, new car prices, furniture prices, traveller accommodation charges, admission to spectator sports and cablevision charges. Since July 1986, the all-items index has risen 4.1%.

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Regina*

The all-items index rose 2.3%, mainly as a result of increases in prescribed medicine prices (see note below), new car prices (as some manufacturers' rebates ended), air transportation costs (as seasonal increases combined with the end of seat sales) and higher cigarette prices. Advances were also noted in household furnishings and equipment costs, owned accommodation charges, food prices, traveller accommodation charges and water rates. Gasoline prices declined. From July 1986 to July 1987, the all-items index rose 6.1%.

Saskatoon*

Among the main contributors to the 2.5% increase in the all-items index were advances in prescribed medicine prices (see note below), as well as higher air transportation costs (as seasonally higher fares combined with the end of seat sales), increased new car prices (as some manufacturers' rebates ended) and higher cigarette prices. As well, increases were observed in the cost of recreation, for gasoline prices, and in traveller accommodation costs. Since July 1986, the all-items index has risen 6.2%.

Edmonton

Increased air fares (resulting from seasonal increases as well as the end of seat sales), higher traveller accommodation costs and advances in new car prices (as some manufacturers' rebates came to an end) accounted

for most of the 0.8% increase in the all-items index. Higher prices were noted for food as increases in the price of restaurant meals, apples, bread and pork were only partly offset by decreases in the price of tomatoes, celery, bananas and beef. Increases were also observed in the price of men's wear and gasoline. Decreases in natural gas prices as well as in the price of personal care supplies provided a slight moderating effect. Since July 1986, the all-items index has risen 4.9%.

Calgary

Increased air transportation costs (as a result of seasonal fare increases as well as the end of seat sales) explained most of the 0.6% increase in the all-items index. As well, traveller accommodation costs advanced, as did new car prices (end of some manufacturers' rebates), men's clothing prices, local transit fares and recreation costs. Contributing a moderating effect were lower natural gas charges, decreased food prices (especially for beef, fresh fruit and soft drinks), lower gasoline prices and decreased electricity rates. From July 1986 to July 1987, the all-items index rose 4.4%.

Vancouver

The all-items index rose 0.8%, mainly as a result of increased air fares (as seasonal increases combined with the end of seat sales) as well as higher traveller accommodation costs. Increases were also noted in new car prices (as some manufacturers' rebates came to an end), and in gasoline, restaurant meal, furniture and household textile prices. Lower prices for food purchased from stores contributed a dampening effect, as lower fresh produce, chicken and egg prices were only partly offset by price increases for bread, meat preparations and ready-cooked meat, cured meat and soft drinks. Since July 1986, the all-items index rose 3.0%.

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* The Saskatchewan provincial budget introduced changes which greatly influenced consumer prices. Effective June 18, the provincial sales tax went from 5% to 7%. Effective June 18, the cigarette tax increased by 15 cents per package of 25. Prescribed medicine prices are up sharply due to changes in the provincial drug plan which took effect July 7.

Victoria

Among the main contributors to the 0.6% increase in the all-items index were increased air transportation costs (as seasonally higher fares combined with the end of seat sales) and higher traveller accommodation costs. New car prices were also up (as some manufacturers' rebates ended), as were newspaper prices and the cost of personal care supplies. Lower food prices provided a considerably moderating effect as decreased prices were noted for most fresh produce, chicken, cereal grains and bakery products and eggs, and were

only slightly offset by increased prices for meat preparations and ready-cooked meat, beef, apples, potatoes and frozen vegetables. Since July 1986, the all-items index rose 2.6%.

(see tables on pages 8 and 9)

Available on CANSIM: matrices 1922-1940.

Order the July 1987 issue of *The Consumer Price Index* (62-001, \$8/\$80), now available. Contact Sandra Shadlock (613-990-9606), Prices Division.

Consumer Price Indexes for Urban Centres

The indexes in this table measure within each city the percentage change in consumer prices from the base period to subsequent time periods. They cannot be used to compare levels of prices between cities.¹

	All-items	Food	Housing	Clothing	Transportation	Health and personal care	Recreation, reading and education	Tobacco products and alcoholic beverages
St. John's								
July 1987 index	136.1	125.7	134.1	129.2	139.4	137.9	135.8	181.8
% change from June 1987	0.4	0.6	0.1	-1.8	2.8	0.0	0.1	0.0
% change from July 1986	3.0	5.0	1.4	3.4	2.3	5.0	6.3	3.0
Charlottetown/Summerside								
July 1987 index	132.3	125.9	127.7	120.2	134.1	142.3	141.1	185.3
% change from June 1987	0.8	1.0	0.5	-0.7	2.9	-0.2	0.0	0.0
% change from July 1986	4.2	6.9	1.8	3.3	4.4	5.6	5.1	7.2
Halifax								
July 1987 index	136.8	122.6	137.0	119.5	138.7	146.0	144.2	193.2
% change from June 1987	0.9	1.5	0.4	-1.5	2.8	0.1	0.1	0.0
% change from July 1986	3.7	4.0	2.0	3.5	2.7	5.6	6.0	9.3
Saint John								
July 1987 index	137.2	131.3	140.2	118.7	134.4	134.6	141.9	185.8
% change from June 1987	0.6	0.7	0.2	-1.4	2.4	0.1	0.1	0.6
% change from July 1986	4.0	6.9	3.2	2.4	2.2	4.7	5.3	4.6
Quebec City								
July 1987 index	140.5	137.3	141.5	123.9	141.6	142.3	128.9	187.0
% change from June 1987	0.6	1.0	0.4	-0.4	1.9	1.0	0.0	0.0
% change from July 1986	4.3	5.9	2.9	3.7	5.2	7.1	4.7	4.3
Montreal								
July 1987 index	141.0	137.6	141.0	123.0	145.5	139.2	134.3	188.3
% change from June 1987	0.5	0.4	0.3	-0.4	2.2	-0.1	0.1	0.1
% change from July 1986	4.8	6.0	4.2	3.9	4.8	4.8	5.5	3.7
Ottawa								
July 1987 index	139.3	129.6	142.4	123.9	145.1	141.5	135.6	178.8
% change from June 1987	0.7	0.3	0.6	-0.3	3.2	-0.1	0.0	0.1
% change from July 1986	4.0	3.9	3.1	3.9	3.9	6.6	5.9	5.0
Toronto								
July 1987 index	143.6	138.1	145.6	126.1	149.0	142.0	138.2	181.0
% change from June 1987	0.9	0.3	0.6	-0.5	4.4	-0.6	0.1	0.3
% change from July 1986	6.1	5.2	7.9	4.7	5.6	4.5	5.6	4.3
Thunder Bay								
July 1987 index	138.1	133.6	136.2	121.2	142.9	141.7	136.1	175.9
% change from June 1987	1.0	0.8	0.7	-0.6	3.7	-0.1	0.3	0.1
% change from July 1986	4.0	5.6	1.8	3.4	5.0	4.7	5.8	6.0
Winnipeg								
July 1987 index	136.6	122.6	139.0	122.3	137.0	134.4	141.6	199.4
% change from June 1987	-0.4	-3.6	-0.3	-0.6	2.9	-0.6	0.5	0.0
% change from July 1986	4.1	2.3	3.3	3.9	3.7	4.8	7.0	10.4

Consumer Price Indexes for Urban Centres (concluded)

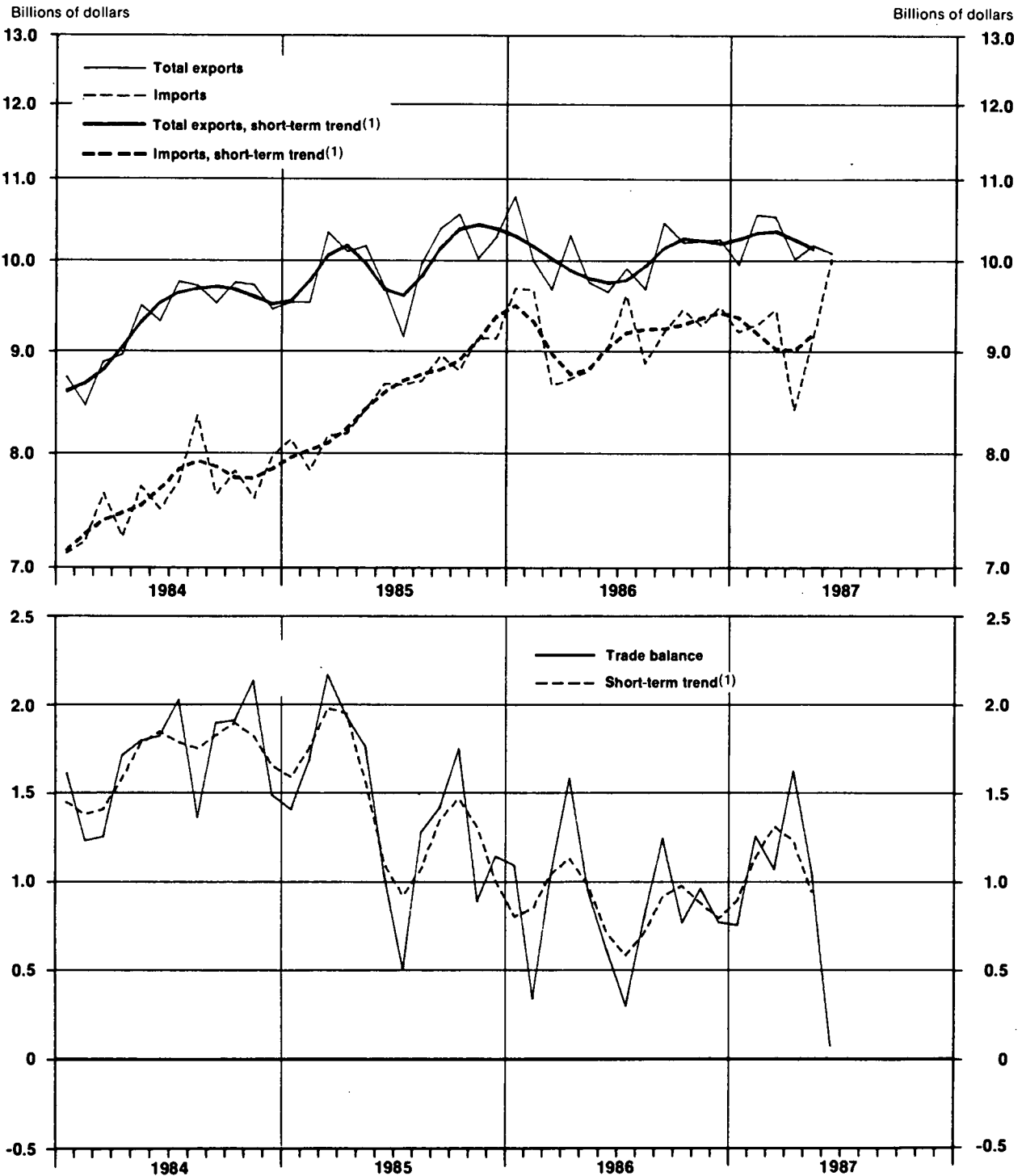
The indexes in this table measure within each city the percentage change in consumer prices from the base period to subsequent time periods. They cannot be used to compare levels of prices between cities.¹

	All-items	Food	Housing	Clothing	Transportation	Health and personal care	Recreation, reading and education	Tobacco products and alcoholic beverages
Regina								
July 1987 index	136.5	126.3	139.5	118.8	129.3	167.3	139.9	181.1
% change from June 1987	2.3	0.6	1.5	0.4	3.4	19.2	1.4	2.3
% change from July 1986	6.1	8.9	3.6	4.0	4.4	23.4	8.4	8.1
Saskatoon								
July 1987 index	137.6	127.3	138.2	122.4	134.0	168.2	139.7	176.8
% change from June 1987	2.5	0.5	1.2	0.3	5.1	22.2	1.3	2.0
% change from July 1986	6.2	8.4	4.0	3.1	3.9	29.7	5.9	7.5
Edmonton								
July 1987 index	135.5	136.0	125.0	120.2	145.1	140.4	136.2	208.5
% change from June 1987	0.8	0.8	0.2	0.7	3.5	-0.8	0.1	0.0
% change from July 1986	4.9	5.7	1.4	3.5	7.0	3.8	6.0	18.6
Calgary								
July 1987 index	134.2	133.2	124.0	116.2	147.9	143.3	136.2	202.0
% change from June 1987	0.6	-0.3	0.0	0.7	4.2	0.1	0.4	0.0
% change from July 1986	4.4	5.1	0.8	3.6	6.5	3.9	6.0	17.8
Vancouver								
July 1987 index	133.9	131.0	126.9	122.3	142.8	134.0	143.6	172.0
% change from June 1987	0.8	-0.3	0.9	-0.2	3.5	0.4	0.0	0.1
% change from July 1986	3.0	2.8	1.3	3.1	5.2	3.6	4.7	5.9
Victoria²								
July 1987 index	106.9	109.1	100.9	105.6	109.4	106.6	112.7	125.1
% change from June 1987	0.6	-1.2	0.7	-0.2	3.0	0.7	0.5	0.1
% change from July 1986	2.6	2.6	-0.1	3.1	6.1	2.3	4.9	6.4

¹ For inter-city indexes of retail price differentials, refer to Table 23 of Consumer Prices and Price Indexes (62-010, \$15/\$60).

² December 1984 = 100.

Imports, Total Exports, and Trade Balance, All Countries, Seasonally Adjusted
Balance of Payments Basis



(1) The short-term trend gives a clearer picture of the direction and rate of change of trade by averaging the substantial monthly fluctuations which frequently occur in trade. The trend for the last month is not shown in the charts above since it frequently changes significantly with the addition of succeeding months of data.

Preliminary Statement of Canadian International Trade

Seasonally Adjusted, Balance-of-Payments
Basis

June 1987

Month-to-month Overview

Adjusted for seasonal fluctuations, the value of merchandise exports decreased by \$92 million in June, falling to \$10.1 billion. This was the third straight month in which the value of exports hovered around the \$10 billion mark, after posting a decrease of \$490 million in April and an increase of \$155 million in May. Imports, on the other hand, increased sharply for the second straight month, rising by \$885 million in June to \$10.0 billion, their highest level ever. Imports rose by more than \$1.6 billion in total during May and June, after falling by \$1.0 billion in April.

This large increase in imports (the largest in the last five years), combined with stabilization of exports, led to a drop of \$977 million in the merchandise trade surplus, which fell to \$68 million in June. This is the smallest surplus recorded since that of \$30 million in April 1980.

Quarter-to-quarter Overview

Seasonally adjusted, exports in the second quarter totalled \$30.2 billion, \$718 million less than in the previous quarter. The most notable decreases were those for exports of passenger autos (-\$822 million), motor vehicle parts (-\$198 million) and coal (-\$110 million). Imports decreased by \$386 million, falling to \$27.5 billion. The largest decreases were those for imports of motor vehicle parts (-\$321 million), crude petroleum (-\$149 million) and other industrial machinery (-\$137 million). As a result of these movements, the trade surplus dropped from \$3.0 billion in the first quarter of 1987 to \$2.7 billion in the second, a decrease of \$300 million.

Short-term Trend (excludes latest month)

Total Exports

The trend for exports was down for a second straight month as a result of decreases for exports of passenger autos, wheat and motor

vehicle parts. The trend was up for exports of crude petroleum, precious metals, and office machines and equipment.

Imports

Following a four-month downturn, the trend for imports reversed direction and posted a strong increase in May. Imports of passenger autos, office machines and equipment, and petroleum and coal products were responsible for this increase. As far as the downward trends were concerned, the largest decreases noted were those for imports of motor vehicle parts, metals in ores, concentrates and scrap, and crude petroleum.

Commodity Highlights

Total Exports

The drop of 1% in June exports was mainly the result of decreases in exports of wheat (-\$67 million), other crude non-metallic minerals (-\$59 million), and copper ores, concentrates and scrap (-\$48 million). As far as increases were concerned, the largest rises were those for exports of passenger autos (+\$52 million), precious metals (+\$42 million) and fertilizers (+\$35 million). An increase of nearly \$150 million in exports of end products during May and June failed to offset the decrease of more than \$600 million posted in March and April. At \$198 million, wheat exports were at their lowest level in nine months.

Imports

The rise of 9.7% in imports in June was the result of widespread increases. The main increases were those for office machines and equipment (+\$106 million), other industrial machinery (+\$68 million) and crude petroleum (+\$50 million). Aircraft and precious-metal imports, which were down by \$54 million and \$20 million respectively, were the only categories to post significant decreases from the month before.

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Trading Partner Highlights

Total Exports

On a balance-of-payments basis, Canadian exports to the United States totalled \$7.8 billion in June, a drop of \$70 million from May. Exports to Japan and "other countries" fell by \$64 million and \$37 million respectively. Increases were recorded for exports to the United Kingdom (+\$36 million), "other OECD countries" (+\$35 million) and "other EEC countries" (+\$8 million). Exports to "other OECD countries" rose to \$250 million in June, the highest level in six years.

Canada/United States Reconciliation

(Customs-basis statistics, not seasonally adjusted)¹

Following reconciliation of the statistics for trade between Canada and the United States, the cumulative value of Canadian exports to the United States on a customs basis was \$47.8 billion for the first six months of 1987, while imports amounted to \$39.7 billion. There was a surplus of \$8.1 billion (in Canadian dollars) for Canada in the trade balance between the two countries, as recognized by Statistics Canada and the U.S. Bureau of the Census. This is a decrease of \$490 million from the first six months of 1986.

¹ Since the customs-basis trade statistics represent the value of goods moving across Canada's borders, while the balance-of-payments basis statistics are compiled using the principle of change in ownership of goods between residents and non-residents, there can be some differences in the figures. On average, in the period from January to June 1987, these differences were on the order of \$160 million per month for exports and \$20 million per month for imports. The balance-of-payments basis statistics given earlier reflect the adjustments for reconciliation of the customs-basis data for trade between Canada and the United States, as well as all other adjustments required to make these data compatible with the national accounts concepts.

(see tables on pages 13 and 14)

Imports

Imports from the United States increased by \$482 million in June, rising to \$6.9 billion, the highest level since January 1986. With the exception of imports from Japan, which fell by \$51 million, imports from all other trading partners went up in June (+\$218 million for "other EEC countries", +\$92 million for "other countries", +\$72 million for the United Kingdom, and +\$72 million for "other OECD countries").

Note to Users

As announced earlier by Statistics Canada, starting with this release, reconciled Canada-United States year-to-date merchandise trade statistics are shown in table 2A. This feature will be included every quarter together with the data release of the last month of the quarter. It is important to note that the reconciled figures differ from the monthly totals on a customs basis due to adjustments for differences such as non-receipt of export documents, transportation charges, trade definition and valuation.

The reconciled balance represents the single best measure of merchandise trade on a customs basis between Canada and the United States, agreed to by both Statistics Canada and the U.S. Bureau of the Census.

Available on CANSIM: matrices 3651-3678, 3685-3713, 3718 and 3719.

Order the June 1987 issue of *Summary of Canadian International Trade* (65-001, \$15/\$150), available the fourth week of August. Contact Gordon Blaney (613-990-9647), Trade Information Unit, Jean-Pierre Simard (613-990-9787) (for analysis information), or Denis Pilon (613-991-4803) (for price-index information), Trade Measures and Analysis Section, International Trade Division.

For summary information, available the day of release, order the *Preliminary Statement of Canadian International Trade* (65-001P, \$5/\$50).

Table 1
Merchandise Trade of Canada

June 1987

Balance of Payments Basis

	Total exports ¹ raw	Imports raw	Total exports ¹ S.A. ³	Imports S.A. ³	Balance S.A. ³	Period-to-period change ²		
						Total exports ¹ S.A. ³	Imports S.A. ³	Balance S.A. ³
						%	%	\$ millions
1981	84,432	77,140	84,432	77,140	7,292	10.1	13.6	-1,486
1982	84,393	66,739	84,393	66,739	17,654	0.0	-13.5	10,362
1983	90,556	73,098	90,556	73,098	17,457	7.3	9.5	-197
1984	111,730	91,493	111,730	91,493	20,237	23.4	25.2	2,780
1985	119,566	102,641	119,566	102,641	16,926	7.0	12.2	-3,312
1986	120,593	110,205	120,593	110,205	10,388	0.9	7.4	-6,538
1985								
First quarter	28,728	23,676	29,355	24,106	5,249	1.6	3.1	-275
Second quarter	31,409	27,180	29,948	25,226	4,721	2.0	4.6	-528
Third quarter	27,982	25,352	29,459	26,274	3,185	-1.6	4.2	-1,537
Fourth quarter	31,447	26,433	30,805	27,034	3,770	4.6	2.9	586
1986								
First quarter	29,554	27,031	30,386	27,943	2,443	-1.4	3.4	-1,328
Second quarter	31,182	28,936	29,629	26,495	3,134	-2.5	-5.2	692
Third quarter	28,558	26,769	29,956	27,630	2,326	1.1	4.3	-809
Fourth quarter	31,299	27,469	30,622	28,137	2,486	2.2	1.8	160
1987								
First Quarter	30,176	27,442	30,935	27,871	3,064	1.0	-0.9	578
Second Quarter	31,570	29,405	30,217	27,485	2,732	-2.3	-1.4	-332
1986								
January	10,192	9,079	10,752	9,665	1,087	4.8	5.9	-49
February	9,504	9,385	9,980	9,647	333	-7.2	-0.2	-754
March	9,858	8,566	9,654	8,632	1,022	-3.3	-10.5	689
April	10,678	10,098	10,276	8,698	1,578	6.4	0.8	556
May	10,246	9,374	9,728	8,783	945	-5.3	1.0	-634
June	10,257	9,463	9,626	9,014	612	-1.1	2.6	-333
July	9,311	9,672	9,889	9,594	295	2.7	6.4	-316
August	8,610	8,221	9,653	8,859	794	-2.4	-7.7	498
September	10,637	8,877	10,414	9,177	1,237	7.9	3.6	442
October	10,790	9,763	10,195	9,430	765	-2.1	2.8	-471
November	10,498	9,136	10,204	9,249	955	0.1	-1.9	190
December	10,011	8,569	10,224	9,458	766	0.2	2.3	-188
1987								
January	9,308	8,500	9,933	9,184	749	-2.8	-2.9	-17
February	10,058	9,024	10,511	9,261	1,250	5.8	0.8	501
March	10,810	9,918	10,490	9,425	1,065	-0.2	1.8	-185
April	10,297	9,320	10,000	8,381	1,619	-4.7	-11.1	554
May	10,542	9,453	10,154	9,110	1,044	1.5	8.7	-574
June	10,732	10,631	10,063	9,995	68	-0.9	9.7	-977
Year-to-date								
1986	60,736	55,967	60,015	54,438	5,577	1.2	10.4	-4,394
1987	61,746	56,847	61,152	55,355	5,796	1.9	1.7	219

¹ Total Exports = Domestic Exports + Re-exports.² Year-to-year, quarter-to-quarter, month-to-month.³ Seasonally Adjusted.

Note: Due to rounding, monthly data may not add up to quarterly data and quarterly data may not add up to annual data.

Table 2
Merchandise Trade by Principal Trading Areas
June 1987
Seasonally Adjusted, Balance of Payments Basis

	Period-to-period change						Year-to-date	Change over previous year	
	May	June	May	June	May	June		%	\$ millions
	\$ millions		%	%	\$ millions				
Total exports to:									
United States	7,850.1	7,780.4	4.5	-0.9	334.5	-69.7	46,816.6	-0.3	-135.7
Japan	520.2	456.2	22.2	-12.3	94.5	-64.1	2,925.3	0.7	21.5
United Kingdom	217.6	253.4	-16.9	16.5	-44.3	35.9	1,587.6	23.8	305.2
Other EEC Countries	500.8	508.8	-8.7	1.6	-47.9	7.9	3,115.4	24.3	609.7
Other OECD Countries*	215.0	249.9	-0.9	16.3	-2.1	35.0	1,225.7	14.8	158.4
Other Countries	850.8	814.1	-17.5	-4.3	-180.0	-36.7	5,481.0	3.3	177.4
Total	10,154.5	10,062.8	1.5	-0.9	154.8	-91.6	61,151.5	1.9	1,136.4
Imports from:									
United States	6,377.3	6,859.7	11.3	7.6	646.8	482.3	38,065.3	0.3	107.1
Japan	662.5	611.6	35.2	-7.7	172.5	-50.9	3,759.7	1.0	36.2
United Kingdom*	326.2	398.1	-17.3	22.0	-68.3	71.9	2,177.7	23.2	410.3
Other EEC Countries	654.3	872.4	0.2	33.3	1.3	218.1	4,496.7	3.5	151.3
Other OECD Countries*	217.3	288.8	-15.8	32.9	-40.8	71.6	1,542.7	17.2	226.5
Other Countries*	872.0	963.9	2.0	10.5	17.5	91.9	5,313.2	-0.3	-14.4
Total	9,109.6	9,994.6	8.7	9.7	729.0	884.9	55,355.4	1.7	917.1
Balance with:									
United States	1,472.7	920.7			-312.4	-552.0	8,751.3		-242.9
Japan	-142.3	-155.4			-78.0	-13.2	-834.5		-14.7
United Kingdom	-108.6	-144.7			24.0	-36.0	-590.1		-105.1
Other EEC Countries	-153.5	-363.7			-49.2	-210.1	-1,381.4		458.4
Other OECD Countries*	-2.3	-38.9			38.7	-36.6	-316.9		-68.1
Other Countries	-21.1	-149.8			-197.4	-128.6	167.8		191.7
Total	1,044.8	68.3			-574.3	-976.6	5,796.2		219.4

* Series has no seasonality. Figures are unadjusted.

Note: Beginning with 1986, Portugal and Spain are included in the EEC.

Table 2A
Reconciled Merchandise Trade between Canada and the United States
Raw Data

		January to June	
		1986	1987
		\$ millions	
Exports	Customs Basis		
	United States	47,492.8	46,632.2
	Puerto Rico	107.2	114.5
	U.S. Virgin Islands	1.6	2.6
	Published Total	47,601.6	46,749.3
	Reconciliation Adjustments	1,157.2	1,071.9
	Reconciled Basis	48,758.8	47,821.2
	Other B.O.P. Adjustments	-795.7	-100.2
	B.O.P. Basis	47,963.1	47,721.0
Imports	Customs Basis		
	United States	39,944.4	39,649.2
	Puerto Rico	106.1	110.6
	U.S. Virgin Islands	9.2	32.8
	Published Total	40,059.7	39,792.6
	Reconciliation Adjustments	111.9	-68.9
	Reconciled Basis	40,171.6	39,723.7
	Other B.O.P. Adjustments	-594.5	-58.7
	B.O.P. Basis	39,577.1	39,665.0
Balance	Reconciled Basis	8,587.2	8,097.5
	B.O.P. Basis	8,386.0	8,056.0

Note: Non-receipt of export documents accounts for most of the reconciliation adjustment.

Business Conditions Survey, Canadian Manufacturing Industries

July 1987

A dramatic upswing in optimism was shown by Canadian manufacturers responding to the July 1987 Business Conditions Survey. Strong upward swings were recorded in the balance of opinion for all manufacturing indicators, but particularly for production over the next three months and the level of new orders received. (These results correspond with the optimism shown in the recent survey of intended capital expenditures: revised 1987 capital expenditure estimates for manufacturers showed a 14.6% jump from the 1986 total.)

Highlights

(seasonally adjusted data)

- The balance of opinion concerning expectations for the **volume of production** rose dramatically between the April and July 1987 surveys, with a jump from -8 to +20. The proportion of manufacturers expecting higher production reached the highest level recorded since the second quarter of 1984.
- This surge of optimism was also reflected in manufacturers' opinions regarding **orders received**. The balance of +13 is significantly higher than any balances for the previous four quarters.
- The balance of +1 for the present **backlog of unfilled orders** was the first positive balance in more than a year. Most of the improvement was attributable to the proportion of manufacturers reporting a lower than normal backlog (13); this was the lowest proportion recorded in the last eight years.
- There was also a substantial improvement in manufacturers' opinions concerning the level of **finished product inventory on hand**. The negative balance dropped from -18 to -7, the lowest level in several years.

Note to Users:

Individual responses to the *Business Conditions Survey* are weighted by the value of the respondent's shipments reported to the annual Census of Manufactures. The proportions, therefore, reflect the magnitude of the individual manufacturer's contribution to the total. The balance is the difference between the proportion associated with the positive-type response (e.g. higher volume of production) and the proportion related to the negative-type response (e.g. lower volume of production). Both the raw data (raw) and seasonally adjusted (s.a.) data are given for the balance. The seasonally adjusted value for the neutral components (e.g. expected production about the same) is calculated by subtracting the sum of the seasonally adjusted values of the other two components from 100.

- For the first time in over a year, the proportion of manufacturers indicating no **production difficulties** dropped considerably. Most of the increase in production difficulties was noted in the "other" category; explanations included changeover to new product lines and the lead time required to incorporate new technology.

(see table on page 16 and charts on page 17)

Data users should note the April 1987 results have been revised to include responses received after the first release of these results.

Available on CANSIM (raw data only):
matrices 2843-2845.

Contact: M. Labonté (613-991-3508),
Shipments, Inventories and Orders Section,
Industry Division.

Business Conditions Survey, Canadian Manufacturing Industries
July 1987

All Manufacturing Industries	July 1986	Oct. 1986	Jan. 1987	Apr. 1987	July 1987
Volume of production during next three months compared with last three months will be:					
Seasonally adjusted					
About the same	45	44	47	52	48
Higher	29	29	27	20	36
Lower	26	27	26	28	16
Balance	3	2	1	-8	20
Raw					
Balance	-10	-1	-3	11	9
Orders received are:					
Seasonally adjusted					
About the same	60	52	54	53	65
Rising	22	21	22	23	24
Declining	18	27	24	24	11
Balance	4	-6	-2	-2	13
Raw					
Balance	2	-10	-4	5	14
Present backlog of unfilled orders is:					
Seasonally adjusted					
About normal	73	59	66	62	73
Higher than normal	9	13	10	16	14
Lower than normal	18	28	24	22	13
Balance	-9	-15	-14	-8	1
Raw					
Balance	-6	-16	-16	-5	4
Finished product inventory on hand is:					
Seasonally adjusted					
About right	71	74	80	67	79
Too low	4	3	5	8	7
Too high ¹	25	23	15	25	14
Balance	-21	-20	-10	-18	-7
Raw					
Balance	-21	-18	-11	-18	-7
Sources of production difficulties					
Raw					
Working capital shortage	4	3	3	4	3
Skilled labour shortage	5	5	4	5	6
Unskilled labour shortage	0	1	1	1	2
Raw material shortage	4	5	3	4	6
Other difficulties	2	3	2	4	15
No difficulties	87	85	88	84	71

¹ No evident seasonality.

Chart 1
Balance of Opinion for Expected Volume of Production During Next Three Months
Compared with Last Three Months

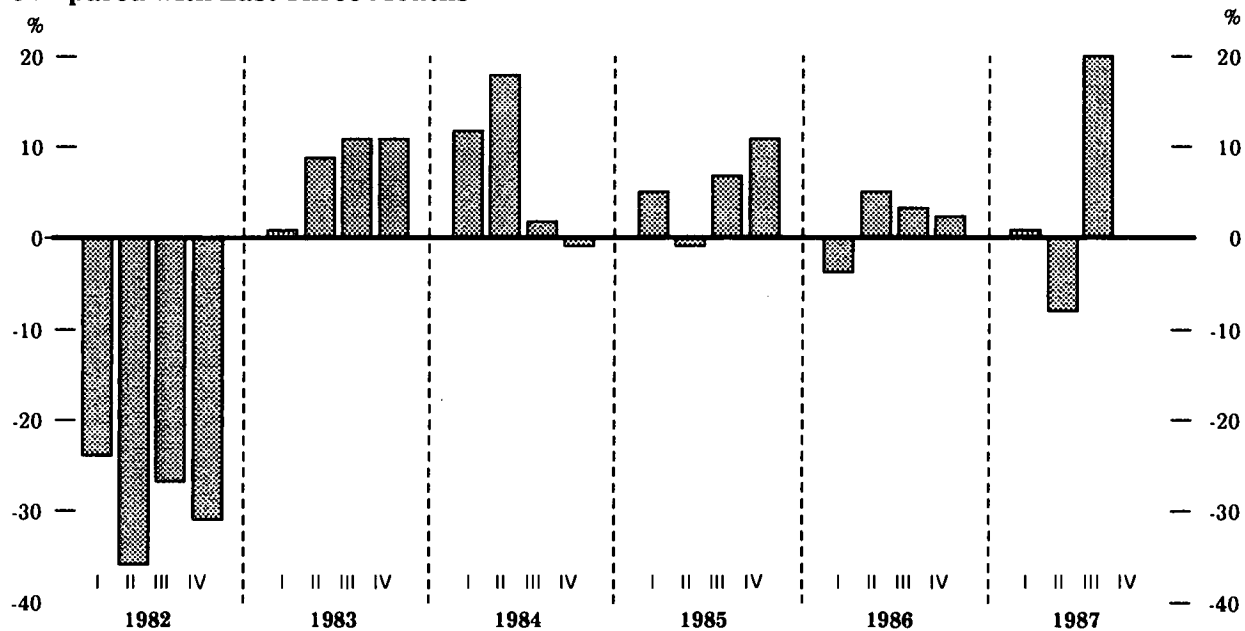
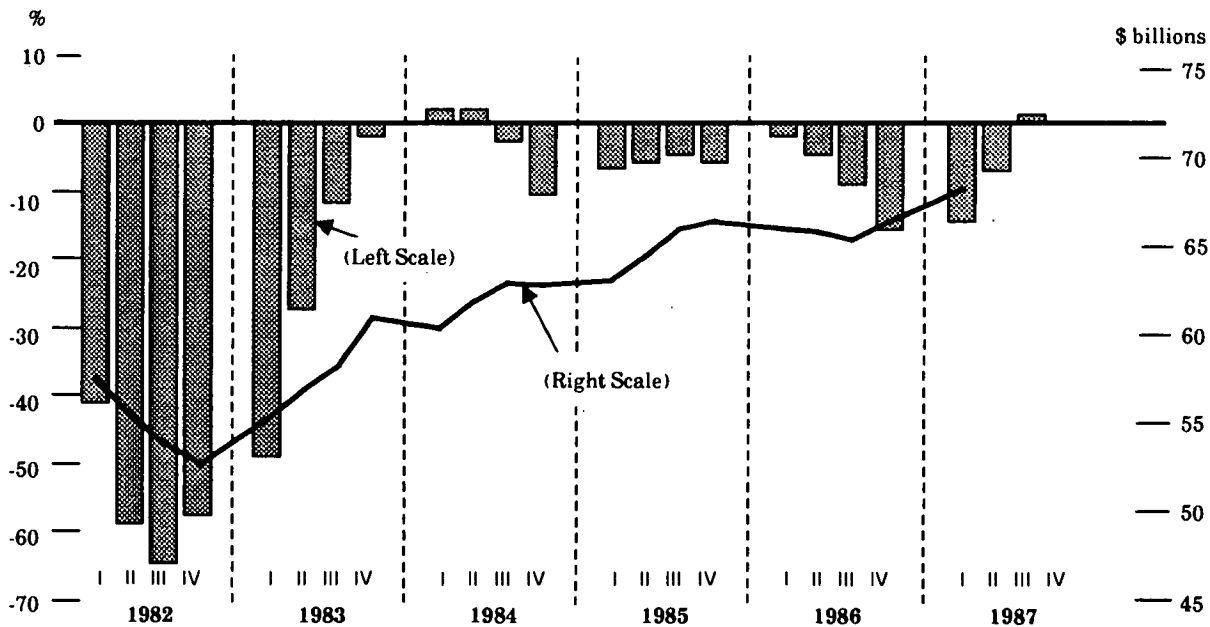


Chart 2
Comparison Between Balance of Opinion For Present Backlog of Unfilled Orders (Left Scale)
and The Real Gross Domestic Product At Factor Cost in 1981 Prices (Right Scale)
For All Manufacturing Industries, Adjusted For Seasonal Variation



Data Availability Announcement

Export and Import Price Indexes

June 1987

Current and fixed weighted export and import price indexes, on a balance-of-payments (1981=100) basis are now available. Price indexes are listed from January 1981 to June 1987 for the seven commodity sections and 62/61 major commodity groups.

Available on CANSIM: matrices 3633, 3635, 3636 and 3638.

Customs based current and fixed weighted U.S. price indexes are also available. Price indexes are listed from January 1981 to June 1987 on a 1981=100 basis. Included with the U.S. commodity indexes are the 10 "All Countries" and "U.S. Only" SITC section indexes.

Available on CANSIM: matrices 3639-3642.

Order the June 1987 issue of *Summary of Canadian International Trade* (65-001, \$15/\$150), available the last week of August. Contact Denis Pilon (613-991-4803), Price Index Unit, International Trade Division.

Publications Released

Pulpwood and Wood Residue

Statistics, June 1987.

Catalogue number 25-001

(Canada: \$5/\$50; Other Countries: \$6/\$60).

Shipments of Solid Fuel Burning Heating

Products, Quarter Ended June 1987.

Catalogue number 25-002

(Canada: \$3/\$12; Other Countries: \$4/\$16).

Oils and Fats, May 1987.

Catalogue number 32-006

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Food Industries, Meat and Meat

Products Industry (Except Poultry),

1985 Census of Manufactures.

Catalogue number 32-250B 1011

(Canada: \$4; Other Countries: \$5).

Food Industries, Fish Products Industry,

1985 Census of Manufactures.

Catalogue number 32-250B 1021

(Canada: \$4; Other Countries: \$5).

Food Industries, Canned and

Preserved Fruit and Vegetable

Industry, 1985 Census of Manufactures.

Catalogue number 32-250B 1031

(Canada: \$4; Other Countries: \$5).

Food Industries, Feed Industry,

1985 Census of Manufactures.

Catalogue number 32-250B 1053

(Canada: \$4; Other Countries: \$5).

Footwear Statistics, June 1987.

Catalogue number 33-002

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Production, Shipments and Stocks

on Hand of Sawmills East of the

Rockies, May 1987.

Catalogue number 35-002

(Canada: \$8/\$80; Other Countries: \$9/\$90).

Rigid Insulating Board, June 1987.

Catalogue number 36-002

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Specified Domestic Electrical

Appliances, June 1987.

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(Canada: \$4/\$40; Other Countries: \$5/\$50).

Cement, June 1987.

Catalogue number 44-001

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Gypsum Products, June 1987.

Catalogue number 44-003

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Asphalt Roofing, June 1987.

Catalogue number 45-001

(Canada: \$4/\$40; Other Countries: \$5/\$50).

Industrial Chemicals and Synthetic

Resins, June 1987.

Catalogue number 46-002

(Canada: \$5/\$50; Other Countries: \$6/\$60).

Construction Statistics Service Bulletin,

Vol. 10, No. 6, Regional Profile.

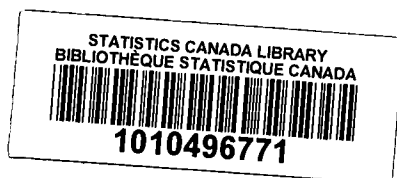
Catalogue number 64-003

(Canada: \$5/\$30; Other Countries: \$6/\$36).

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The Daily, August 14, 1987

Major Release Dates: Week of August 17 - 21

(Release dates are subject to change)

Anticipated date(s) of release	Title	Reference period
August		
17	Building Permits	June 1987
17	Sales of Refined Petroleum Products	June 1987
17	Farm Cash Receipts	January-June 1987
18-20	Retail Trade	June 1987
19	Wholesale Trade	June 1987
20	Inventories, Shipments and Orders in Manufacturing Industries	June 1987
20	Department Store Sales and Stocks	June 1987
21	International Travel Account	Second Quarter 1987

The September 1987 release schedule will be published on August 31, 1987. **Users Note:** This schedule can be retrieved from CANSIM by the command DATES.

Contact Greg Thomson (613-991-1103), Communications Division.

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