

The Daily

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Monday, August 31, 1987

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Major Releases

National Income and Expenditure Accounts, Second Quarter 1987

- Real GDP increased 1.5% in the second quarter of 1987, the same growth as in the first quarter.

Real Gross Domestic Product at Factor Cost, by Industry, June 1987

- Real GDP advanced 0.7% from May 1987.

Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1987

- The current account deficit (seasonally adjusted) remained high at \$2 billion, recording a small increase over the previous quarter.

Transactions in Outstanding Securities with Non-residents, June 1987

- In June, net foreign investment in outstanding Canadian stocks remained strong at \$426 million, although continuing to decline from the record high reached in February 1987.

Raw Materials Price Index, July 1987

- Price increases for crude oil pushed the RMPI up 16.4% over the year.

Industrial Product Price Index, July 1987

- At 3.4%, the year-over-year advance of the IPPI was at its highest level since March 1985.

(continued on page 2)

Gross Domestic Product at Factor Cost, by Industry, in 1981 Prices 1982-84

Revised annual benchmarks in 1981 prices for Gross Domestic Product at factor cost by industry for the period 1982-84 are released today. The benchmarks are an anchor to the monthly Gross Domestic Product by Industry as well as to the provincial estimates of GDP by Industry. These benchmarks have been derived from the annual input-output tables in constant prices.

The benchmarks are available on CANSIM: matrix 4664 or directly from the Input-Output Division and will be published in the forthcoming publication *The Input-Output Structure of the Canadian Economy in Constant Prices, 1981-1984* (15-202). Contact Nugent Miller (613-991-3682), Input-Output Division.



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Data Availability Announcements

Electric Power Statistics, June 1987 17

Airport Activity Statistics: Scheduled Services, December 1986 17

Publications Released 18

Major Release Dates, September 1987 19

Motor Vehicle Database August 1986

The August 1986 motor vehicle database produced by the Small Area and Administrative Data Division is now available. The base contains data on model year, make, series, engine specifications and weight for automobiles, trucks weighing 10,000 lbs. and less and vans registered in the 10 provinces of Canada. These data are available at the Urban FSA (Forward Sortation Area - the first three digits of the postal code) and rural postal code levels.

Contact Christine Landry (519-679-5997).

Major Releases

Income and Expenditure Accounts Second Quarter 1987

Gross Domestic Product rose 2.4% in the second quarter to a level of \$547.2 billion, seasonally adjusted at annual rates. After allowing for price changes, real GDP expanded by 1.5%, the same growth as in the first quarter.

Virtually all of the second quarter growth originated in higher domestic demand, which grew by 1.7%, its largest quarterly gain since 1985. Solid growth in consumer and business spending were supported by large gains in labour income and corporate profits. Personal expenditure on goods and services accelerated to a 1.7% growth, while housing demand continued to rise at a rapid rate. Business investment in plant and equipment posted its second consecutive quarter of sizeable growth. In terms of GDP by industry, growth was about evenly distributed between goods and services.

Components of Demand

The 1.7% gain in overall consumer spending was the largest volume increase since the third quarter of 1985. Growth was widespread amongst consumer goods. Purchases of durables rose by 5.1%, as prices declined by 0.3% largely due to rebates for new car purchases. Non-automotive expenditures also rose strongly, as furniture and appliance sales were boosted by the strong housing demand. Outlays for semi- and non-durable goods rose by 1.7% and 1.3% respectively, following small declines in the previous quarter. Spending on services eased to a 0.8% increase, following increases of over 1% in the previous two quarters.

Residential construction rose by 4.7% in volume in the second quarter, essentially the same growth as in the first quarter. The sources of growth changed, however, as new home construction accelerated while the sales of existing houses declined. The slackening in the number of real estate transactions was particularly notable in the Toronto market.

The volume of business investment in plant and equipment increased by 2.9%, almost the same rate of growth as in the first quarter. The

3.3% growth in machinery and equipment continued to be slightly faster than the recovery of non-residential construction. The increase in expenditure on machinery and equipment was widespread with particularly strong demand for motor vehicles. Outlays for non-residential construction were boosted by a sharp gain in engineering construction.

Real business non-farm inventory accumulation was little changed at an annual rate of \$1.8 billion in the second quarter. In manufacturing, higher stocks of raw materials and goods-in-process accompanied a drop in finished goods. Inventories in wholesale and retail trade increased at a slower rate than in the previous quarter.

Real export demand declined by 1.9%, to reverse a gain of similar magnitude in the first quarter. The slack in exports largely originated in automotive shipments and in agricultural products. Imports fell by 1.3%, reflecting lower demand for motor vehicle parts and for crude petroleum. Both export and import prices were little changed in the quarter, after large drops in the first quarter.

The easing in the rate of increase in the overall Implicit Price Index for GDP from 1.4% in the first quarter to 0.9% in the second was mostly due to a change in the composition of inventories. Excluding inventories, the price increase was 1.0%, the same as the first quarter rate. Price declines for durable goods and slower price increases for housing helped to limit the price increase.

Production by Industry

On an industry basis, output increases were widespread among both goods-producing and services-producing industries. Production in the goods-producing industries advanced 1.4% in the quarter. Some industries which contributed significantly to the second quarter increase included residential construction, manufacturers of office, store and business machines, electric power systems, and crude petroleum and natural gas production. Output of the residential construction industry in the second quarter of 1987 stood 22% above the level of the corresponding quarter in 1986.

Services-producing industries grew 1.3% in the second quarter mostly due to output increases in retail trade, wholesale trade, finance, insurance and real estate services, and telecommunication carriers services.

Components of Income

Corporate profits before taxes increased by 6.3% in the second quarter, following a like increase in the first. The energy industries led the increase, although gains were posted by most industries. Profits have risen by about 25% in the past year.

Total labour income rose by 2.1%, after a similar gain in the first quarter mainly due to higher employment. Total personal income rose by 2.8%, as the gain in labour income was accompanied by an irregularly large increase in net farm income. The surge in farm income reflects subsidy payments made under the Western Grain Stabilization Program and the Special Canadian Grains Program. Personal disposable income, up 1.7%, grew more slowly than personal income as personal taxes rose sharply. Together with the solid gain in personal spending, the personal savings rate continued to decline, falling from 9.7% in the first quarter to 8.8% in the second.

Total revenues of the government sector increased 5.7% in the quarter, as tax revenues of all types rose in response to the large gains in incomes and in spending. Total expenditure rose by 3.0%; about half of the increase was due to farm subsidy payments. With revenues increasing almost twice as fast as expenditures, the deficit of the government sector, on a national accounts basis and seasonally adjusted at annual rates, narrowed to \$21.6 billion in the quarter.

Available on CANSIM: matrices 6701-6741, 6641-6642.

A printout containing all tables is also available on the day of release from the Income and Expenditure Accounts Division (\$35/\$140).

Order the second quarter 1987 issue of *National Income and Expenditure Accounts* (13-001, \$15/\$60), scheduled for release the end of September 1987, or contact Barbara Clift (613-990-9158), Income and Expenditure Accounts Division.

Gross Domestic Product, Income Based (Seasonally Adjusted at Annual Rates)

	II	III	1986 IV	I	1987 II	I'87 IV'86	II'87 I'87
	(\$ millions)					% Change	
Wages, salaries and supplementary labour income ¹	272,480	275,504	278,844	284,352	290,184	2.0	2.1
Corporation profits before taxes	44,312	44,948	48,720	51,820	55,092	6.4	6.3
Interest and miscellaneous investment income	38,780	40,104	42,288	42,348	43,532	0.1	2.8
Accrued net income of farm operators from farm production	7,228	3,952	4,324	3,232	7,076	-25.3	118.9
Net income of non-farm unincorporated business, including rent	32,024	32,840	33,844	34,420	35,224	1.7	2.3
Inventory valuation adjustment	1,568	-1,092	-3,432	-368	-936	3,064 ²	-568 ²
Net domestic income at factor cost	396,392	396,256	404,588	415,804	430,172	2.8	3.5
Indirect taxes less subsidies	52,208	57,052	54,212	57,672	55,336	6.4	-4.1
Capital consumption allowances	56,968	58,504	58,684	59,544	60,468	1.5	1.6
Statistical discrepancy	1,856	1,516	1,596	1,488	1,220		
Gross Domestic Product at market prices	507,424	513,328	519,080	534,508	547,196	3.0	2.4

¹ Includes military pay and allowances.

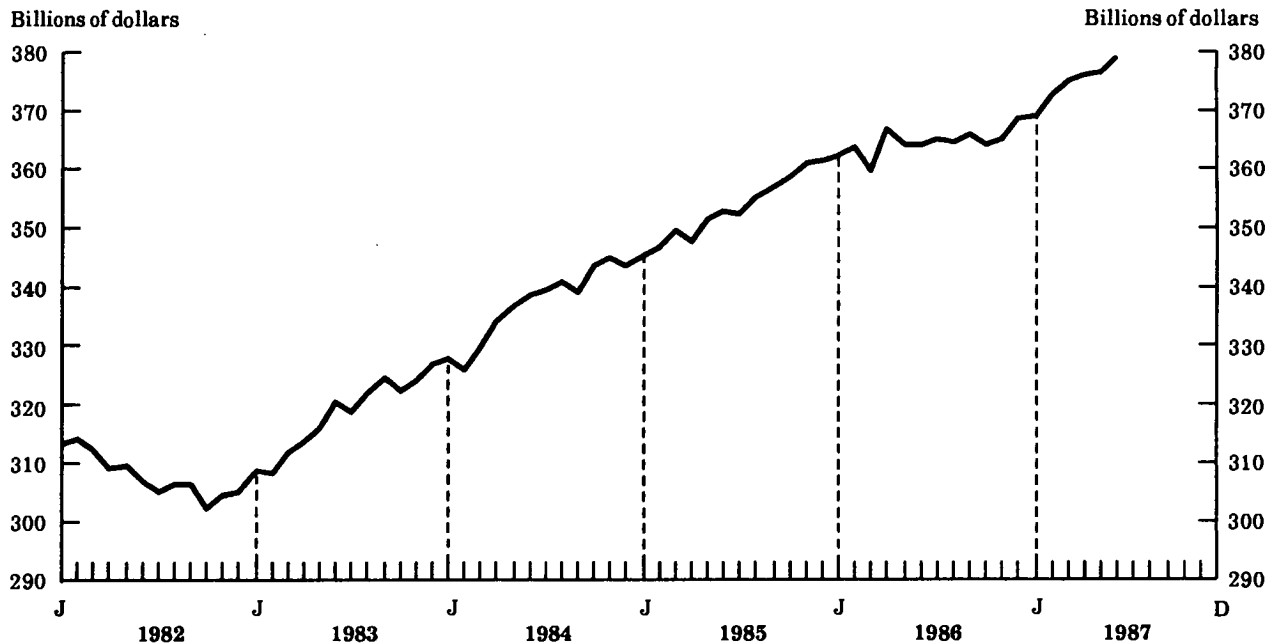
² Actual change in millions of dollars.

Gross Domestic Product, Expenditure Based (Seasonally Adjusted at Annual Rates)

	II	III	1986 IV	I	1987 II	I'87 IV'86	II'87 I'87
	At current prices (\$ millions)					% Change	
Personal expenditure on consumer goods and services	295,012	303,000	307,184	313,044	321,664	1.9	2.8
Durable goods	42,740	45,116	44,260	45,524	47,684	2.9	4.7
Semi-durable goods	30,768	31,488	32,276	32,548	33,392	0.8	2.6
Non-durable goods	82,896	85,160	85,624	86,172	88,720	0.6	3.0
Services	138,608	141,236	145,024	148,800	151,868	2.6	2.1
Government current expenditure on goods and services	100,092	101,980	103,336	105,000	106,188	1.6	1.1
Government investment in fixed capital	12,744	12,612	12,532	12,744	12,788	1.7	0.3
Government investment in inventories	-20	-256	72	108	-100	36 ¹	-208 ¹
Business investment in fixed capital	87,764	89,140	91,588	96,228	100,548	5.1	4.5
Residential	30,844	32,672	34,588	37,296	39,428	7.8	5.7
Plant and equipment	56,920	56,468	57,000	58,932	61,120	3.4	3.7
Business investment in inventories	5,036	2,312	1,136	1,780	1,704	644 ¹	-76 ¹
Exports of goods and services	136,200	138,548	139,800	141,592	138,616	1.3	-2.1
Deduct: Imports of goods and services	127,548	132,492	134,972	134,500	132,996	-0.3	-1.1
Statistical discrepancy	-1,856	-1,516	-1,596	-1,488	-1,216		
Gross Domestic Product at market prices	507,424	513,328	519,080	534,508	547,196	3.0	2.4
Final Domestic Demand	495,612	506,732	514,640	527,016	541,188	2.4	2.7
	At 1981 prices (\$ millions)						
Personal expenditure on consumer goods and services	223,788	227,640	227,828	230,008	233,996	1.0	1.7
Durable goods	36,188	37,756	36,692	37,644	39,560	2.6	5.1
Semi-durable goods	24,996	25,316	25,708	25,636	26,060	-0.3	1.7
Non-durable goods	61,860	62,908	62,540	62,064	62,868	-0.8	1.3
Services	100,744	101,660	102,888	104,664	105,508	1.7	0.8
Government current expenditure on goods and services	74,968	75,288	75,416	76,060	75,812	0.9	-0.3
Government investment in fixed capital	10,836	10,644	10,500	10,592	10,580	0.9	-0.1
Government investment in inventories	-16	-196	56	84	-76	28 ¹	-160 ¹
Business investment in fixed capital	76,272	76,704	77,892	80,808	83,696	3.7	3.6
Residential	25,532	26,360	27,136	28,456	29,804	4.9	4.7
Plant and equipment	50,740	50,344	50,756	52,352	53,892	3.1	2.9
Business investment in inventories	4,492	3,056	1,320	112	612	-1,208 ¹	500 ¹
Exports of goods and services	131,096	133,648	136,304	138,992	136,360	2.0	-1.9
Deduct: Imports of goods and services	112,184	117,440	119,888	121,264	119,640	1.1	-1.3
Statistical discrepancy	-1,472	-1,192	-1,244	-1,152	-936		
Gross Domestic Product at market prices	407,780	408,152	408,184	414,240	420,404	1.5	1.5
Final Domestic Demand	385,864	390,276	391,636	397,468	404,084	1.5	1.7
	Implicit price indexes						
Personal expenditure on consumer goods and services	131.8	133.1	134.8	136.1	137.5	1.0	1.0
Durable goods	118.1	119.5	120.6	120.9	120.5	0.2	-0.3
Semi-durable goods	123.1	124.4	125.5	127.0	128.1	1.2	0.9
Non-durable goods	134.0	135.4	136.9	138.8	141.1	1.4	1.7
Services	137.6	138.9	141.0	142.2	143.9	0.9	1.2
Government current expenditure on goods and services	133.5	135.5	137.0	138.0	140.1	0.7	1.5
Government investment in fixed capital	117.6	118.5	119.4	120.3	120.9	0.8	0.5
Business investment in fixed capital	115.1	116.2	117.6	119.1	120.1	1.3	0.8
Residential	120.8	123.9	127.5	131.1	132.3	2.8	0.9
Plant and equipment	112.2	112.2	112.3	112.6	113.4	0.3	0.7
Exports of goods and services	103.9	103.7	102.6	101.9	101.7	-0.7	-0.2
Deduct: Imports of goods and services	113.7	112.8	112.6	110.9	111.2	-1.5	0.3
Gross Domestic Product at market prices	124.4	125.8	127.2	129.0	130.2	1.4	0.9
Final Domestic Demand	128.4	129.8	131.4	132.6	133.9	0.9	1.0

¹ Actual change in millions of dollars.

Real Gross Domestic Product at Factor Cost, by Industry in 1981 Prices
(Seasonally adjusted at annual rates)



Real Gross Domestic Product at Factor Cost by Industry
(seasonally adjusted data)
June 1987

Monthly Overview

Gross Domestic Product at factor cost, in 1981 prices, advanced 0.7% in June, the eighth consecutive monthly gain in economic activity. Since December 1986, GDP has increased 2.9% and now stands 4.2% above the corresponding month last year. Most of the June growth in GDP originated among goods-producing industries where output increased 1.4% – the largest monthly gain since December 1986. Services-producing industries increased 0.3% in June following no growth in May.

Goods-producing Industries

Significant production increases in both mining and manufacturing accounted for more than 50% of the June advance among goods-producing industries. Increased oil and gas

exploration activity, as well as production gains for iron ore, copper, silver and gold all contributed to the 2.9% growth in mining during June. Manufacturers' output advanced 0.8% in June following a 0.4% gain in May and a 0.3% decline in April. Substantial output increases were recorded by manufacturers of electrical products, pulp and paper, primary metals, printing and publishing, transportation equipment and machinery. Other goods-producing industries reporting growth during the month included public utilities, forestry, construction and fishing.

Services-producing Industries

Most of the growth among services-producing industries in June occurred in retail and wholesale trade, which both advanced 2.0% following 0.4% declines in May. A sharp increase in new motor vehicle sales accounted for most of the

(continued on page 7)

gain in retail trade during June. Other services-producing industries recording moderate growth included communication and community, business and personal services. Output declines were reported in the transportation and finance industries.

Revisions

As per usual practice, the June release has incorporated annual benchmark revisions back to 1982.

(see table on page 8)

Available on CANSIM: matrices 4665-4668.

Order the June 1987 issue of *Gross Domestic Product by Industry* (15-001, \$10/\$100), scheduled for release in mid-September. Contact Ron Kennedy (613-991-3673), Industry Measures and Analysis Division.

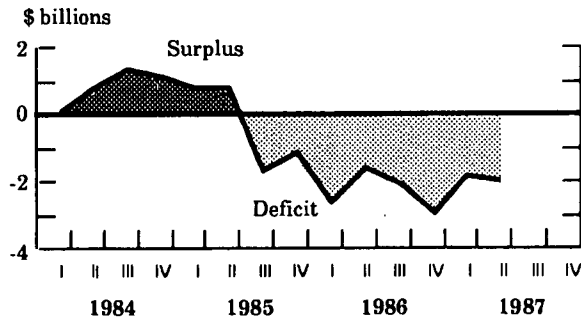
Real Gross Domestic Product at Factor Cost by Industry, in 1981 Prices

Monthly

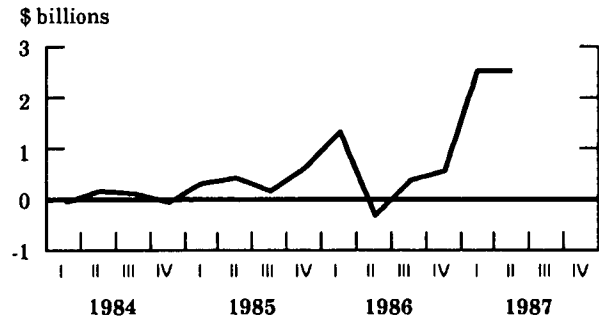
(Seasonally Adjusted at Annual Rates)

	1987					
	January	February	March	April	May	June
	(\$ millions)					
Total Economy	368,907.0	372,767.2	374,978.6	376,095.8	376,545.5	379,280.3
Business Sector						
Agricultural and related services industries	12,009.6	11,893.2	11,883.6	11,851.2	11,852.4	11,866.8
Fishing and trapping industries	835.2	668.4	704.4	603.6	452.4	735.6
Logging and forestry industry	2,362.8	2,768.4	2,878.8	2,767.2	2,602.8	2,767.2
Mining, quarrying and oil well industries	20,496.0	20,344.8	20,462.4	20,314.8	20,490.0	21,091.2
Manufacturing industries	72,796.8	73,874.4	74,379.6	74,166.0	74,469.6	75,037.2
Construction industries	26,194.8	26,342.4	26,800.8	27,033.6	27,402.0	27,565.2
Transportation and storage industries	16,460.4	16,592.4	16,424.4	16,580.4	16,706.4	16,534.8
Communication industries	10,498.8	10,640.4	10,731.6	10,777.2	10,872.0	10,981.2
Other utility industries	10,926.0	11,156.4	11,130.0	11,331.6	11,257.2	11,516.4
Wholesale trade industries	19,342.8	19,936.8	19,866.0	20,191.2	20,108.4	20,512.8
Retail trade industries	24,127.2	24,777.6	24,901.2	25,340.4	25,228.8	25,728.0
Finance, insurance and real estate	52,575.6	53,226.0	54,110.4	54,430.8	54,224.4	53,836.8
Community, business and personal services	37,463.4	37,697.2	37,743.8	37,718.6	37,810.7	37,954.7
Non-business sector						
Mining industries	38.4	40.8	34.8	34.8	30.0	38.4
Manufacturing industries	63.6	67.2	70.8	68.4	64.8	64.8
Forestry services industry	241.2	240.0	240.0	237.6	236.4	238.8
Transportation industries	1,417.2	1,470.0	1,449.6	1,447.2	1,452.0	1,468.8
Communication industries	46.8	45.6	45.6	45.6	46.8	48.0
Water systems industry	536.4	540.0	544.8	542.4	540.0	543.6
Insurance and other finance industry	369.6	373.2	376.8	379.2	381.6	385.2
Government service industries	23,440.8	23,478.0	23,556.0	23,535.6	23,628.0	23,682.0
Community and personal services	36,663.6	36,594.0	36,643.2	36,698.4	36,688.8	36,682.8
Special aggregations						
Business sector	306,089.4	309,918.4	312,017.0	313,106.6	313,477.1	316,127.9
- goods	145,621.2	147,048.0	148,239.6	148,068.0	148,526.4	150,579.6
- services	160,468.2	162,870.4	163,777.4	165,038.6	164,950.7	165,548.3
Non-business sector	62,817.6	62,848.8	62,961.6	62,989.2	63,068.4	63,152.4
- goods	638.4	648.0	650.4	645.6	634.8	646.8
- services	62,179.2	62,200.8	62,311.2	62,343.6	62,433.6	62,505.6
Goods-producing industries	146,259.6	147,696.0	148,890.0	148,713.6	149,161.2	151,226.4
Services-producing industries	222,647.4	225,071.2	226,088.6	227,382.2	227,384.3	228,053.9
Industrial production	104,857.2	106,023.6	106,622.4	106,458.0	106,851.6	108,291.6
Non-durable manufacturing industries	32,838.0	33,210.0	33,506.4	33,336.0	33,366.0	33,433.2
Durable manufacturing industries	39,958.8	40,664.4	40,873.2	40,830.0	41,103.6	41,604.0

Current Account Balance (seasonally adjusted)



Foreign Portfolio Investment in Canadian Stocks (net flow)



Quarterly Estimates of the Canadian Balance of International Payments

Second Quarter 1987

The current account deficit (seasonally adjusted) remained high at \$2 billion in the second quarter of 1987, recording a small increase over the previous quarter. A narrowing of the merchandise trade surplus was partially offset by higher net receipts on unilateral transfers. The reduction in the merchandise trade surplus resulted from a sharper decline in exports than in imports. These movements arose largely from trade in automotive products which shifted to its first quarterly deficit since 1981.

In the capital account¹, record foreign portfolio net investment in Canadian stocks prevailed for the second consecutive quarter. In the bond market, however, the non-resident sector, notably Japan, became net sellers of bonds in the secondary market, following massive investments in recent quarters. Foreign investment in new Canadian bond issues increased. Among claims on non-residents, international reserves declined sharply following a record net increase in the previous quarter when the Canadian dollar appreciated substantially.

¹ Capital account transactions are not seasonally adjusted.

Current Account, Seasonally Adjusted The major quarterly features were:

- An increase of \$193 million in the current account deficit to \$2.0 billion. The merchandise trade surplus declined by \$332 million to \$2.7 billion. This was partly offset by a decrease of \$139 million in the deficit on non-merchandise transactions to \$4.7 billion;
- A decline of 2% (\$718 million) in merchandise exports, the first quarterly decrease since the second quarter of 1986. By far the largest decline was for automobiles (\$822 million). Increases were recorded for crude petroleum and metal and alloys;
- A decline of 1% (\$386 million) in imports, following a smaller decline in the previous quarter. Lower imports were recorded for motor vehicle parts and crude petroleum;
- A shift to a deficit of \$379 million on automotive products. This was attributable to reduced exports of passenger automobiles where the surplus plummeted to \$126 million, against a quarterly surplus averaging some \$1 billion since 1983;

(continued on page 10)

- A deficit of \$4.0 billion on the investment income account, slightly higher than the deficit of the previous quarter. Both payments and receipts of interest increased in line with the upward movement of interest rates during the quarter. In spite of an 18% increase, dividend payments at \$1.0 billion remained low in relation to the last two years. The increase of almost 30% on dividend receipts to \$766 million was generated from Canadian direct investment abroad and was widespread industrially.

Current and Capital Accounts (Not Seasonally Adjusted)

The main quarterly features were:

- A \$2.4 billion deficit in the current account, similar to the second quarter 1986 deficit. While the merchandise trade and investment income balances were the same, a higher deficit on services was offset by a larger surplus on unilateral transfers;
- Among liabilities to non-residents, a \$2.5 billion net inflow from an increase in foreign portfolio investment in Canadian stocks. Most of this investment continued to be channelled into the secondary market, but there was an unusually large inflow (over \$900 million) into new issues. This was due to a large number of Canadian companies, notably in the mining sector, selling new stocks abroad;
- A \$1.9 billion net inflow from an increase in foreign portfolio investment in Canadian bonds, the lowest quarterly net inflow since the third quarter of 1984. The decline originated in the secondary market where non-residents sold, on a net basis, half-a-billion dollars of Canadian bonds. This occurred mostly in April when interest rates climbed sharply, resulting in large capital losses to bondholders. The net inflow from new issues (net of retirements) amounted to \$2.4 billion, up from the unusually low level of the previous quarter;

- A \$529 million net inflow from foreign direct investment in Canada, compared to \$2.3 billion in the previous quarter. In both quarters the bulk of the net proceeds went to the Canadian oil and gas sector;
- Among claims on non-residents, a net inflow of \$2.2 billion in international reserve assets. This sharp decline in reserves contrasted with the \$4.7 billion net outflow in the previous quarter;
- A \$1.1 billion net outflow from Canadian direct investment abroad, comparable in size to the net investments recorded since the third quarter of 1984. As in the previous quarter, the net investment was widely dispersed geographically;
- A net outflow of \$593 million from Canadian portfolio investment in foreign stocks, in line with the pattern of net investment abroad which has generally prevailed since the beginning of the 1980s. The net investment was in United States securities, in contrast to recent quarters when there were significant net purchases of stocks of overseas companies;
- A net outflow of \$588 million from an increase in Canadian portfolio investment in foreign bonds, largely United States government bonds;
- A statistical discrepancy (the balancing item between the recorded estimates of current and capital accounts) equivalent to a net debit of \$1.2 billion;
- A 2% depreciation in the closing rate of the Canadian dollar against the United States dollar to 75.08 U.S. cents; the Canadian currency depreciated in the early part of the quarter but strengthened afterwards. Throughout the quarter the Canadian dollar also depreciated against other major currencies.

(continued on page 11)

Revisions

As is the usual practice in the second quarter of each year, the capital account has been revised. Revisions have been carried back to 1983.

Order the second quarter 1987 issue of *Quarterly Estimates of the Canadian Balance of International Payments* (67-001P, \$8/\$32), now available.

Available on CANSIM: matrices 147, 1370, 2333-2339, 2343-2349 and 2353-2355.

Contact Lucie Laliberté (613-990-9050), Balance of Payments, International and Financial Economics Division.

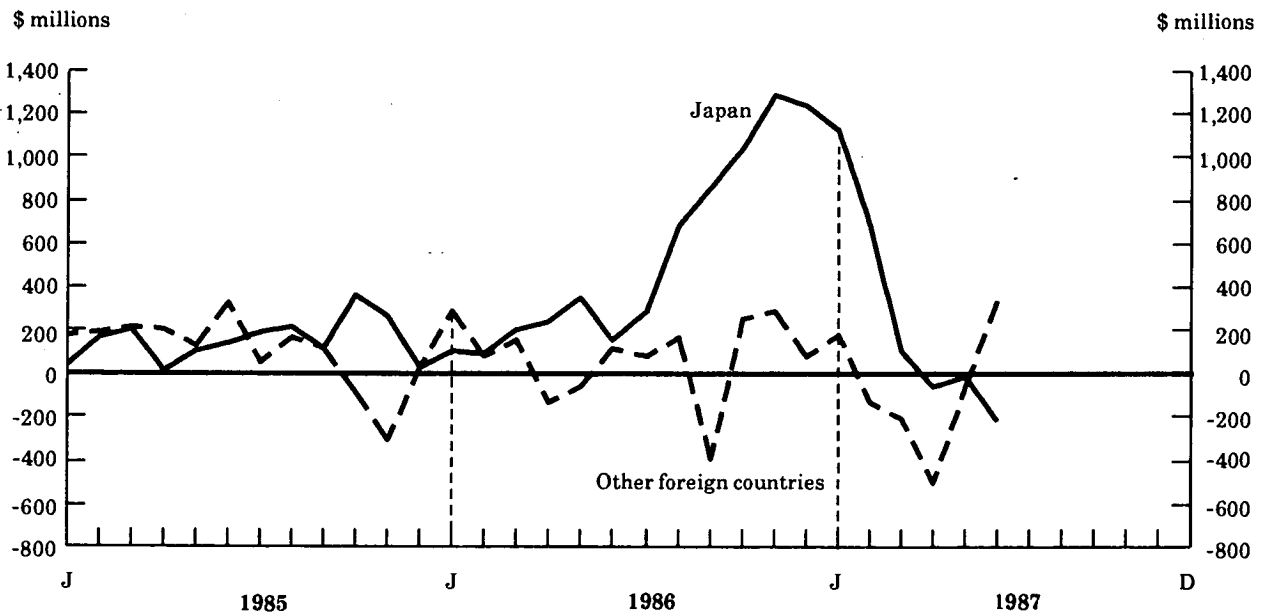
The Canadian Balance of International Payments – Summary (\$ millions)

	1986			1987		1985	1986
	II	III	IV	I	II		
Seasonally adjusted							
Current account balances							
Merchandise	3,134	2,326	2,486	3,064	2,732	16,926	10,388
Non-merchandise:							
Services	-971	-812	-1,279	-1,290	-1,327	-4,564	-4,253
Investment income ¹	-4,012	-3,766	-4,797	-3,807	-3,980	-14,333	-16,886
Transfers	267	140	659	231	581	787	1,482
Total non-merchandise	-4,717	-4,438	-5,418	-4,865	-4,727	-18,111	-19,656
Total current account	-1,583	-2,112	-2,932	-1,801	-1,994	-1,186	-9,268
Not seasonally adjusted							
Current account balance	-2,376	-740	-2,160	-3,813	-2,404	-1,186	-9,268
Capital account²							
Canadian claims on non-residents, net flows:							
Canadian direct investment abroad ¹	-1,110	-818	-1,522	-1,244	-1,149	-5,100	-4,521
Foreign portfolio securities	-888	-159	-1,476	200	-1,181	-1,313	-2,412
Other claims	-53	-1,066	307	-3,159	675	1,647	-5,128
Total Canadian claims, net flows	-2,051	-2,043	-2,690	-4,203	-1,655	-4,766	-12,060
Canadian liabilities to non-residents, net flows:							
Foreign direct investment in Canada ¹	139	1,394	-926	2,318	529	-2,950	1,550
Canadian portfolio securities	3,368	5,928	8,762	4,827	4,452	12,646	24,500
Other liabilities	-511	-2,588	-268	1,545	283	2,061	-771
Total Canadian liabilities, net flow	2,996	4,734	7,568	8,690	5,264	11,757	25,279
Total net capital flow	945	2,692	4,878	4,487	3,610	6,991	13,219
Statistical discrepancy	1,431	-1,952	-2,717	-674	-1,206	-5,805	-3,951

¹ Excludes reinvested earnings.

² A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

Net Trade in Outstanding Canadian Bonds With Japan and All Other Foreign Countries (Net Sales + / Net Purchases -)



Transactions in Outstanding Securities with Non-residents June 1987

Outstanding Canadian Securities

In June, net foreign investment in outstanding Canadian stocks amounted to \$426 million. Although high by historical standards, net foreign investment in outstanding Canadian stocks has declined steadily from the record high of more than \$1 billion reached in February 1987. The net investment in the current month came about equally from the United States and overseas countries. (It should be noted, however, that these data exclude foreign investment in new Canadian stocks. Including sales of new stock issues, total foreign investment in Canadian stocks remained at a record high of \$2.5 billion in the second quarter.)

Non-residents acquired, on a net basis, \$114 million of outstanding Canadian bonds in June in contrast to the net disinvestment recorded in each of the previous three months. Residents of the United States and most

overseas areas increased their holdings of Canadian bonds while residents of Japan reduced their holdings by over \$200 million in the current month.

Outstanding Foreign Securities

Canadian residents increased their holdings of foreign stocks by \$368 million in June, equivalent to the total of the net investment made in the previous three months. The investment in the current month was largely channelled into United States securities.

Net investments in outstanding foreign bonds were \$62 million, well below the average of some \$250 million in the previous three months. The value of gross trading activity, however, increased sharply in June.

(see table on page 13)

Order the June 1987 issue of *Security Transactions with Non-residents* (67-002, \$15/\$150), available in September. Contact J. Motala (613-990-9052), Balance of Payments, International and Financial Economics Division.

Transactions in Outstanding Securities with Non-residents

June 1987
(\$ millions)

Type of security	Sales to Non-residents	Purchases from Non-residents	Net Sales (+)
Canadian securities:			
Bonds	2,981	2,867	+ 114
Common and preferred stocks	2,174	1,748	+ 426
Total - June 1987	5,155	4,615	+ 540
Total - May 1987	5,155	4,662	+ 493
Foreign securities:			
Bonds	9,982	10,044	-62
Common and preferred stocks	2,351	2,719	-368
Total - June 1987	12,333	12,763	-430
Total - May 1987	6,037	6,285	-248

Raw Materials Price Index

July 1987

Monthly Change

The Raw Materials Price Index (RMPI, 1981=100) increased 0.9% between June 1987 and July 1987 to a preliminary level of 105.1. However, the RMPI excluding the mineral fuels component decreased 0.7% over the month. The main contributors to the monthly change were:

- Mineral fuels, up an estimated 3.0% because of a 4.1% price increase for crude oil;
- Non-ferrous metals, up 1.8%, mainly due to a 3.0% increase for copper and a 6.3% increase for lead;
- Vegetable products, down 2.6% as grains decreased 4.9%, oilseeds dropped 2.0% and cocoa, coffee and tea decreased 5.8%;
- Animals and animal products were 1.5% lower, primarily due to a 4.9% drop in hog prices and a 1.8% decrease for cattle and calves.

Year-over-year Change

Between July 1986 and July 1987, the RMPI increased 16.4%. Excluding the mineral fuels component, the index increased 5.6%. The main contributors to the year-over-year change were:

- Mineral fuels, up 34.8% between July 1986 and July 1987, reflecting the continued recovery of crude oil prices;
- Non-ferrous metals were up 15.0% over the year, due mainly to higher prices for copper, lead, zinc and precious metals;
- Animals and animal products, up 6.1% over the year as prices for cattle and calves increased 12.4% and fish 13.1%;
- Vegetable products partly offset the year-to-year increase of other components with a 4.5% decrease as grains dropped 10.6% and cocoa, coffee and tea decreased 36.6%.

Available on CANSIM: matrix 1980.

Order the July 1987 issue of *Industry Price Indexes* (62-011, \$15/\$150), available towards the end of September. Contact the Information and Current Analysis Unit (613-990-9607), Prices Division.

Raw Materials Price Index

(1981 = 100)

	Relative Importance	Index July '87 ¹	% Change	
			July '87/ June '87	July '87/ July '86
Raw materials total	100	105.1	0.9	16.4
Mineral fuels	45	99.1	3.0	34.8
Vegetable products	11	84.7	-2.6	-4.5
Animal and animal products	20	122.2	-1.5	6.1
Wood products	8	117.0	0.2	7.6
Ferrous materials	2	107.8	-0.6	-1.5
Non-ferrous metals	11	102.7	1.8	15.0
Non-metallic minerals	3	128.8	0.2	0.9
Total excl. mineral fuels	55	110.0	-0.7	5.6

¹ These indexes are preliminary.

Industrial Product Price Index July 1987

Highlights

- The Industrial Product Price Index (IPPI, 1981=100) – pushed up by prices for intermediate goods – rose by 0.3% in July 1987.
- At 3.4%, the level of the year-over-year advance of the IPPI was only slightly higher than in the previous two months, but it was still the highest since March 1985.
- In the wood sector, softwood lumber rose by 1.5% in July, largely as a result of a 2.4% increase in prices in the export market. The index for softwood plywood and veneer went up by 4.8%, the first monthly increase in seven months.
- Mainly as a result of a price increase for exports to the United States, newsprint paper advanced by 4.7% during the month.

- Primary metal products rose for a sixth straight month (0.8%), mainly owing to increases of 2.7% for aluminum products, 3.2% for copper products and 3.6% for ferrous and non-ferrous metal scrap.
- Increases of 1.6% for pharmaceuticals and 2.1% for synthetic resins led to an overall rise of 0.8% for chemicals and chemical products.
- Preliminary estimates indicate that petroleum and coal products rose by 0.4% in July 1987. At 1.7%, the year-over-year price movement showed its first increase since January 1986.

(see table on page 16)

Available on CANSIM: matrices 1960-1967 and 1970.

Order the July 1987 issue of *Industry Price Indexes* (62-011, \$15/\$150), available towards the end of September. Contact the Information and Current Analysis Unit (613-990-9607), Prices Division.

Industrial Product Price Indexes
(1981 = 100)

Index	Relative Importance ¹	Index July '87 ²	% change	
			July '87/ June '87	July '87/ July '86
Industrial Product Price Index - Total	100.0	122.8	0.3	3.4
Total IPPI excluding Petroleum and Coal products³	89.3	125.3	0.3	3.5
Intermediate goods	61.6	118.9	0.6	4.1
First stage intermediate goods	14.6	110.4	0.6	7.0
Second stage intermediate goods	47.0	121.5	0.5	3.2
Finished goods	38.4	129.0	0.1	2.2
Finished foods and feeds	10.3	132.7	0.2	3.2
Capital equipment	10.2	130.8	-0.1	0.8
All other finished goods	17.9	126.6	0.1	2.6
Aggregation by commodities:				
Meat, fish and dairy products	7.7	128.1	0.2	5.3
Fruit, vegetable, feed, miscellaneous food products	7.0	118.1	-0.1	1.1
Beverages	1.9	143.0	-0.1	2.4
Tobacco and tobacco products	0.7	152.5	0	5.0
Rubber, leather, plastic fabric products	2.8	120.7	0.2	2.9
Textile products	2.4	113.6	0.3	1.8
Knitted products and clothing	2.4	121.2	0.5	3.1
Lumber, sawmill, other wood products	4.3	122.3	1.3	4.7
Furniture and fixtures	1.5	132.8	0.1	4.3
Paper and paper products	8.1	129.4	1.6	10.2
Printing and publishing	2.4	141.5	-0.1	5.5
Primary metal products	8.8	113.3	0.8	5.0
Metal fabricated products	5.3	126.0	0.2	3.1
Machinery and equipment	4.8	125.5	0	1.9
Autos, trucks, other transportation equipment	11.6	133.4	-0.4	-0.1
Electrical and communication products	5.0	125.1	0	1.3
Non-metallic mineral products	2.5	134.7	0.2	3.4
Petroleum and coal products ³	10.7	101.8	0.4	1.7
Chemical, chemical products	7.1	119.2	0.8	3.1
Miscellaneous manufactured products	2.3	131.3	-0.2	3.8
Miscellaneous non-manufactured commodities	0.8	102.5	0.7	8.8

¹ Weights are derived from the "make" matrix of the 1981 Input/Output table.

² Indexes are preliminary.

³ This index is estimated for the current month.

Data Availability Announcements

Electric Power Statistics

June 1987

Highlights

Net generation of electric energy in Canada in June 1987 increased to 36 174 gigawatt hours (gwh), up 10.6% from the corresponding month last year. Exports increased 43.8% to 4 153 gwh, while imports decreased to 243 gwh from 369 gwh.

Year-to-date figures show net generation, at 246 122 gwh, up 6.9% over the previous year's period. Exports, at 24 804 gwh, were up 32.1% and imports at 1 298 gwh were down 56.4%.

Available on CANSIM: matrices 3987-3999.

Order the June 1987 issue of *Electric Power Statistics* (57-001, \$8/\$80), available the third week in September. Contact Dave Madsen (613-991-3565), Energy Section, Industry Division.

Airport Activity Statistics: Scheduled Services

December 1986

Preliminary airport activity data for December 1986 indicate that 3.1 million passengers, travelling on scheduled services, enplaned and deplaned at the top 10 Canadian airports, a slight increase of 0.7% compared to December 1985.

During the fourth quarter of 1986, over 9.4 million passengers enplaned and deplaned at the top 10 Canadian airports, up 1.4% from the fourth quarter of 1985.

Annual 1986 data show 41.5 million scheduled passengers enplaned and deplaned at the top 10 Canadian airports, up 7.5% compared to 1985. Five of the top 10 airports showed increases in traffic volume, the gains ranging from 3.6% at Calgary International to 19.9% at Vancouver International. The success of Expo 86, which ran from May through October, accounted for the substantial increase in traffic recorded at Vancouver International. At the five airports showing decreases in passenger traffic, decreases ranged from 0.9% at Montreal International (Dorval) to 9.0% at Edmonton Municipal.

Preliminary data for 30 major Canadian airports for December, fourth quarter and annual 1986 will appear in the *Aviation Statistics Centre Service Bulletin*, Vol. 19, No. 9 (51-004, \$8.50/\$85), available early in September. Contact K. Davidson (819-997-1386), Aviation Statistics Centre, Transportation Division.

Publications Released

Railway Carloadings, June 1987.

Catalogue number 52-001

(Canada: \$7.50/\$75; Other Countries: \$8.50/\$85).

Farm Input Price Index, Second Quarter

1987. Catalogue number 62-004

(Canada: \$10/\$40; Other Countries: \$11/\$44).

Retail Trade, April 1987.

Catalogue number 63-005

(Canada: \$14/\$140; Other Countries: \$15/\$150).

Merchandising Inventories, March 1987.

Catalogue number 63-014

(Canada: \$12/\$120; Other Countries: \$13/\$130).

Summary of Canadian International

Trade, June 1987. Catalogue

number 65-001

(Canada: \$15/\$150; Other Countries: \$16/\$160).

Imports by Commodity, May 1987.

Catalogue number 65-007

(Canada: \$50/\$500; Other Countries: \$60/\$600).

Quarterly Estimates of the Canadian

Balance of International Payments, Second

Quarter 1987. Catalogue number 67-001P

(Canada: \$8/\$32; Other Countries: \$9/\$36).

Quarterly Estimates of Trusteed

Pension Funds, First Quarter 1987.

Catalogue number 74-001

(Canada: \$10/\$40; Other Countries: \$11/\$44).

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Major Release Dates: September 1987

(Release dates are subject to change)

Anticipated date(s) of release	Title	Reference period
September		
4	Labour Force Survey	August 1987
4	Travel Between Canada and Other Countries	July 1987
8	Canadian Composite Leading Indicator	June 1987
9	New Housing Price Index	July 1987
10	Help-wanted Index	August 1987
10	Department Store Sales by Region and Metropolitan Area	July 1987
10	Estimates of Labour Income	June 1987
11	Preliminary Statement of Canadian International Trade	July 1987
11	Farm Product Price Index	July 1987
11	New Motor Vehicle Sales	July 1987
14	Housing Starts	July 1987
15-16	Financial Activity in Canada	Second Quarter 1987
16-17	Capacity Utilization Rates in Canadian Manufacturing Industries	Second Quarter 1987
17-18	Financial Institutions: Financial Statistics	Second Quarter 1987
18	The Consumer Price Index	August 1987
18	Retail Trade	July 1987
21	Building Permits	July 1987
21	Sales of Refined Petroleum Products	July 1987
22	Department Store Sales and Stocks	July 1987
23-25	Inventories, Shipments and Orders in Manufacturing Industries	July 1987
24	Wholesale Trade	July 1987
28-30	Gross Domestic Product at Factor Cost by Industry	July 1987
29	Security Transactions with Non-residents	July 1987
29	Employment, Earnings and Hours	July 1987
30	Unemployment Insurance Statistics	July 1987
30	Canada's Foreign Trade in Automotive Products	Second Quarter 1987
30	Industrial Product Price Index	August 1987
30	Raw Materials Price Index	August 1987
30	Major Release Dates	October 1987

The October 1987 release schedule will be published on September 30, 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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