



The Daily

Statistics Canada

Thursday, February 28, 1991

For release at 8:30 a.m.

MAJOR RELEASES

NOT FOR LOAN
NE S'EMPRUNTE PAS

- **National Income and Expenditure Accounts (Gross Domestic Product), Fourth Quarter 1990**

The economy contracted 1.0% in the fourth quarter of 1990, the third consecutive quarterly decline.

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- **Real Gross Domestic Product at Factor Cost by Industry, December 1990**

Gross Domestic Product at factor cost fell 0.2% in December, to a level 1.7% below December 1989.

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- **Canada's Balance of International Payments, Fourth Quarter 1990**

The seasonally adjusted current account deficit in the fourth quarter, at \$3.6 billion, was again moderate compared to deficits of over \$4 billion recorded earlier in 1989 and 1990.

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- **Financial Flow Accounts, Fourth Quarter 1990**

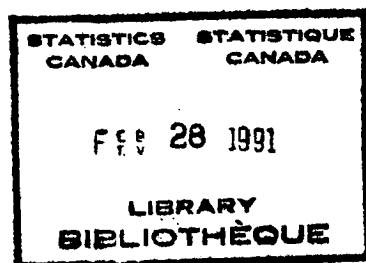
Demand for funds by the personal sector and by non-financial private corporations remained weak during the fourth quarter of 1990.

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MAJOR RELEASES

Chart 1

GDP at 1986 Prices

Quarterly percentage change

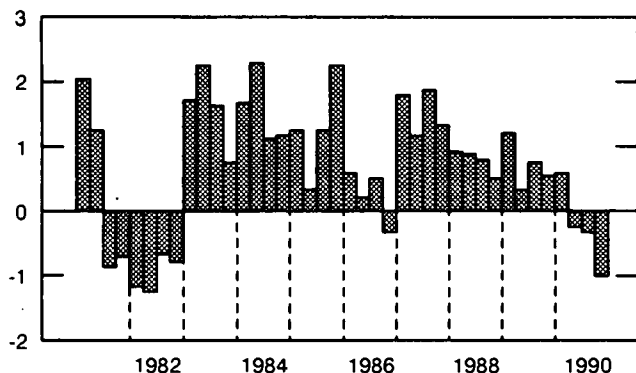
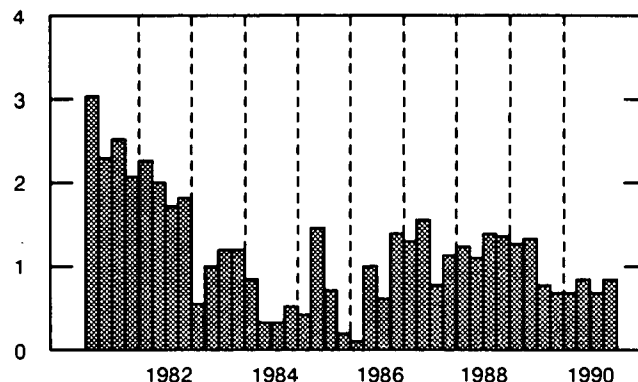


Chart 2

GDP Implicit Price Index

Quarterly percentage change



National Income and Expenditure Accounts

Fourth Quarter and Preliminary Annual 1990

Gross domestic product at market prices dropped 0.1% in the fourth quarter of 1990 to a seasonally adjusted annual rate of \$679 billion. GDP at 1986 prices fell 1.0% (equivalent to a compound annual rate of 4.0%) while the implicit price index increased 0.8%.

In calendar year 1990, gross domestic product at market prices grew 4.0% to \$678 billion. After adjusting for inflation, GDP at 1986 prices advanced 0.9%. All of the growth occurred in the first quarter of the year and the economy dipped into recession in the spring. The GDP implicit price index rose 3.1% in 1990, down from rates just under 5% in the previous two years.

Highlights: Fourth Quarter 1990

The economic recession deepened in the fourth quarter. Real GDP fell 1.0%, following declines of 0.2% and 0.3% in the second and third quarters (see Chart 1). Export sales fell sharply, for the second consecutive quarter, and domestic demand dipped as well. Housing construction fell and consumer spending on new motor vehicles was down sharply. Business investment in plant and equipment

continued to slide. Production cuts by business in response to falling demand were amplified by efforts to reduce inventories. Labour income, weakened by a 0.6% drop in paid employment, grew 0.6% in nominal terms during the quarter and corporation profits tumbled 8.1%.

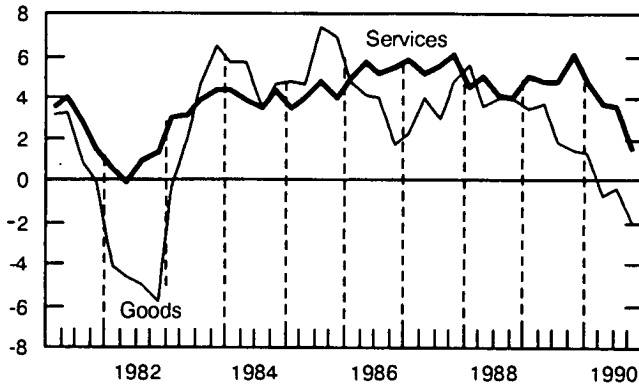
Components of Demand

Real consumer spending dropped 0.2% in the fourth quarter and 0.4% on a year-over-year basis. Consumer confidence was shaken by rising unemployment and slower income growth. Retail sales fell sharply in October and November, before rebounding in December. The reversal at the end of the quarter was partly due to a boost afforded to personal income by large federal transfer payments, related to the scheduled January 1, 1991 introduction of the new Goods and Services Tax. These transfers, which were focused on low-income families and mailed out in the week before Christmas, amounted to about \$600 million or 0.4% of personal income in the quarter. The imminence of the GST itself, and of the broadening of the provincial sales tax in Quebec to cover clothing, footwear, furniture and some appliances, was another likely cause of the December pickup in expenditure, as consumers advanced purchases in anticipation of price increases in a number of commodity groups.

Chart 3

Consumer Expenditure at 1986 Prices

Year-over-year percentage change



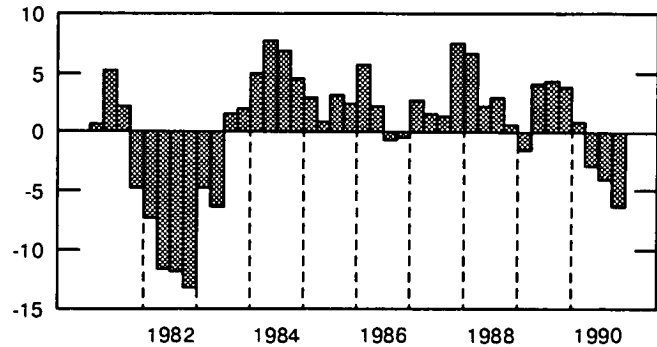
The fourth quarter drop in consumer buying was largely confined to the goods component, although the trend in real spending on consumer services has also slowed over the last few quarters (see Chart 3). Expenditure on durable goods declined 0.5%, due almost entirely to a 4.2% decrease in purchases of motor vehicles. Outlays on furniture, household appliances and other commodity groups were up substantially, particularly in December. Spending on semi-durable goods fell, although outlays for clothing and footwear rose slightly. Among non-durable goods, expenditures were sharply lower for electricity, gas and other heating fuels and for motor fuels and lubricants, partly in response to markedly higher prices for oil and gasoline. Spending on services increased 0.6%, mostly due to higher paid and imputed rents and increased expenditure abroad.

Residential investment activity fell sharply for the third consecutive quarter and was down 15.6% from the start of the year. New construction fell 11.9% in volume terms in the quarter, spending for alterations and improvements slid 0.6% and transfer costs remained unchanged from the previous quarter. The drop in new construction was focused in Ontario and Western Canada, where housing starts plunged 22.3% in the fourth quarter alone. Reflecting the weak market conditions, housing prices continued to drop; the fixed-weighted price index for residential investment decreased 2.8% on a year-over-year basis.

Chart 4

Investment in Non-Farm Business Inventories

Billions of dollars at 1986 prices



Components of Final Demand at 1986 Prices

Fourth Quarter 1990

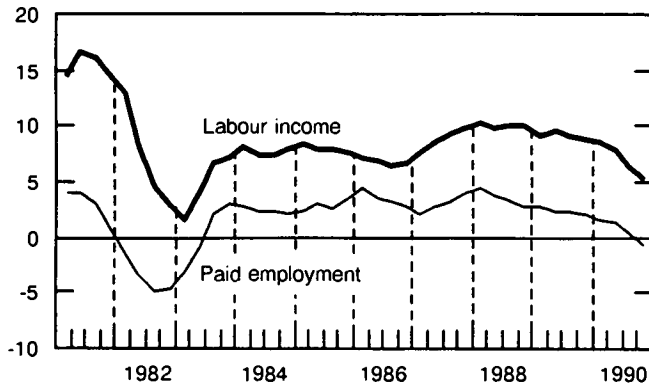
	Change in millions of 1986 dollars	Percentage change
Personal expenditure	-660	-0.2
Durable goods	-252	-0.5
Semi-durable goods	-100	-0.3
Non-durable goods	-1,236	-1.4
Services	928	0.6
Government expenditure	1,872	1.5
Wages, salaries and SLI	-150	-0.1
Other current goods and services	1,818	4.1
Investment	204	1.3
Business investment	-2,760	-2.5
Residential investment	-2,056	-6.0
Plant and equipment investment	-704	-1.0
Non-residential construction	-256	-0.8
Machinery and equipment	-448	-1.0
Final domestic demand	-1,548	-0.3
Exports of goods and services	-5,472	-3.4
Merchandise	-5,524	-3.8
Non-merchandise	52	0.3

Business plant and equipment investment spending fell for the third consecutive quarter, by 1.0%. Non-residential construction outlays fell 0.8% as a sharp decline in building construction more than

Chart 5

Labour Income and Employment

Year-over-year percentage change



offset continuing strength in engineering construction, particularly in the utilities sector. Business purchases of machinery and equipment dropped 1.0%. Falling corporate profits and weak domestic and foreign demand were primary underlying reasons for the weakness in investment. An additional factor was that while consumer spending was advanced in anticipation of the GST, investment spending on machinery and equipment was somewhat retarded, since most business investment outlays are effectively exempt under the new system. There is evidence that some purchase decisions were delayed to take advantage of lower after-tax prices expected after January 1st. The effect was particularly strong with regard to business outlays for automobiles, trucks, furniture and some types of industrial machinery.

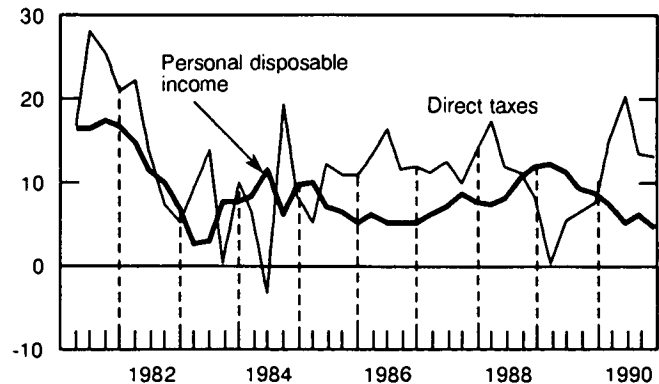
Non-farm inventories dropped substantially as businesses tried to keep stocks in line with lower sales (see Chart 4). As in the previous two quarters, the liquidation occurred in both manufacturing and trade industries and was reflected in lower merchandise imports. The cutbacks were particularly marked at the wholesale level, where merchants sought to trim inventories prior to the January 1, 1991 implementation date for the removal of the Federal Sales Tax and its replacement with the new Goods and Services Tax. Manufacturers accumulated inventories of finished goods while reducing their holdings of raw materials.

Net exports of goods and services fell \$1.5 billion in the quarter (in current dollars, seasonally adjusted at annual rates). After allowance for price changes, the drop had a -0.3% impact on the real GDP growth

Chart 6

Personal Disposable Income and Direct Taxes

Year-over-year percentage change



rate. The volume of exports decreased 3.4% and imports fell 2.2%. In both cases, motor vehicles and parts accounted for a large share of the drop.

Price Indexes

The GDP implicit price index rose 0.8% in the fourth quarter, about the same as in the previous quarter. The chain price index for GDP excluding inventories, which provides a better indication of underlying price movements, increased 1.1% as compared with 0.7% in the third quarter.

Quarterly Price Indexes in 1990

(Percentage change)

	Q1	Q2	Q3	Q4
Implicit Price Index				
GDP at market prices	0.7	0.9	0.7	0.8
Indirect taxes less subsidies	2.4	0.2	0.8	1.1
GDP at factor cost	0.3	1.0	0.6	0.9
Chain Price Indexes				
Personal expenditure	1.2	0.9	1.0	1.4
Government expenditure	1.0	2.5	0.3	0.8
Residential investment	0.5	-1.0	-1.4	-0.7
Non-residential construction	0.9	1.2	0.1	0.8
Machinery and equipment	1.2	0.0	-0.3	-0.2
Final domestic demand	1.1	1.0	0.5	1.0
Exports	0.7	-0.9	0.6	3.2
Less: imports	2.0	-0.8	0.1	2.9
Gross domestic product*	0.8	1.0	0.7	1.1
Fixed-Weighted Price Indexes				
Consumer expenditure	1.2	0.9	1.0	1.3
Consumer price index	1.4	0.9	1.1	1.4
Indirect taxes less subsidies	0.7	1.8	0.5	1.3
Net price index	1.6	0.8	1.2	1.4

* Excludes value of physical change in inventories.

Sharply higher world prices for crude oil, related to the conflict in the Persian Gulf area, had a major effect on the rate of inflation. The chain index for consumer expenditure rose 1.4% in the quarter, with higher energy prices accounting for about half the increase. Export prices rose 3.2% and import prices 2.9% and these were also dominated by the worldwide surge in energy prices. Prices of durable and semi-durable consumer goods, housing and machinery and equipment, on the other hand, either declined or recorded quite small increases as suppliers reacted to soft market conditions.

Components of Income

On the income side of the accounts, wages, salaries and supplementary labour income grew 0.6%. The increase was due to higher compensation per employee, which rose 1.2% in the quarter and 6.0% on a year-over-year basis. Paid employment fell 0.6% and was down 0.9% on a year-over-year basis (see Chart 5). The increase in labour income occurred in the services-producing industries, notably in finance, commercial services, education and local government administration. There were declines in most of the goods-producing industries including construction, forestry and manufacturing. The smallest increases on a regional basis were in Prince Edward Island and Ontario, and the largest were in Nova Scotia, Saskatchewan and British Columbia.

Corporation profits before taxes fell 8.1% in the fourth quarter. The declines were widespread, affecting both financial and non-financial industries, although petroleum companies experienced increases. With this latest drop total profits were \$44 billion (seasonally adjusted at annual rates), down almost one-third from their peak level of \$64 billion reached in mid-1988. In contrast, interest and miscellaneous investment income rose 3.7% in the quarter and 14.3% on a year-over-year basis, partly reflecting higher government investment income. Farm income, which was inflated by large subsidy payments in the third quarter, fell sharply in the fourth while net income of non-farm unincorporated business remained essentially unchanged.

Personal income rose \$4.0 billion or 0.7% in the quarter. In this case the increase was attributable to a \$5.0 billion jump in government transfers to persons – due mostly to the introduction of the new GST tax credits and rising unemployment insurance benefits. Labour income also contributed \$2.2 billion to the overall increase, while net farm income and interest and dividend income received by persons both dropped sharply. Personal disposable (after-tax)

income grew 0.4% during the quarter and 4.3% on a year-over-year basis (see Chart 6).

Components of Personal Disposable Income

Fourth Quarter 1990

	Change in millions of dollars	Percentage change
Personal income		
Labour income	2,168	0.6
Net farm income	-1,772	-46.9
Unincorporated business income	-16	0.0
Interest and dividend income	-1,376	-1.5
Government transfers to persons	5,020	6.0
Other transfers	16	0.8
Total personal income	4,040	0.7
Less:		
Direct taxes, persons	1,964	1.5
Other transfers from persons	292	8.8
Equals:		
Personal disposable income	1,784	0.4

Total government sector spending rose 2.6% in the quarter, with most of the growth accounted for by increases in transfers to persons and to a lesser degree, current expenditure on goods and services. Total government sector revenue increased 0.4% with direct taxes on corporate and government business enterprises and indirect taxes both dropping substantially. The federal deficit, on a national accounts basis, rose from \$25.2 billion in the third quarter to \$33.6 billion in the fourth while the provincial and local government deficits were little changed.

Output by Industry

The industry-based measure of gross domestic product at factor cost fell at a 0.9% rate in the fourth quarter, a considerably faster pace than in the third and second quarters when declines of 0.3% and 0.2% were posted. The decrease was concentrated among goods producers, who cut output 2.5%. Manufacturing, construction, logging and forestry were the major sources of weakness in the goods sector. Output of services slipped 0.1% in the fourth quarter.

The deepening of the recession in the goods-producing industries was most evident in manufacturing, where output tumbled 4.0% following a 1.1% cut in the third quarter. The cutbacks in manufacturing were broader as well as sharper than in the previous quarter. A total of 20 of 21 component industries curtailed output in the fourth

Chart 7

GDP at 1986 Prices

Annual percentage change

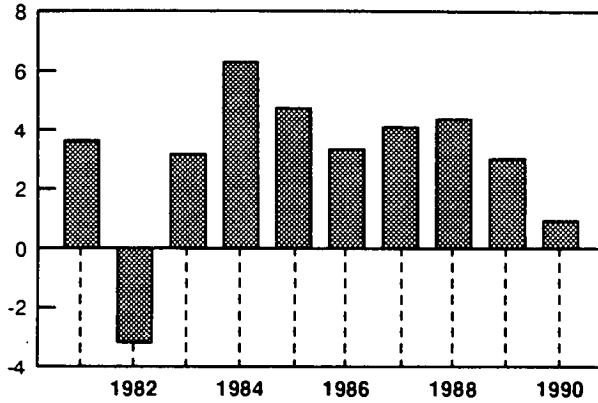


Chart 8

GDP Implicit Price Index

Annual percentage change

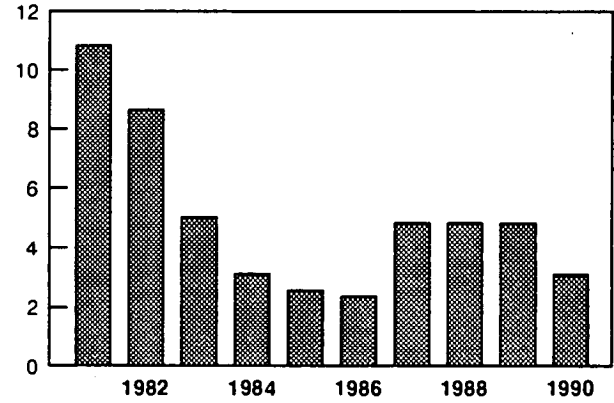


Chart 9

Business Plant and Equipment Investment at 1986 Prices

Annual percentage change

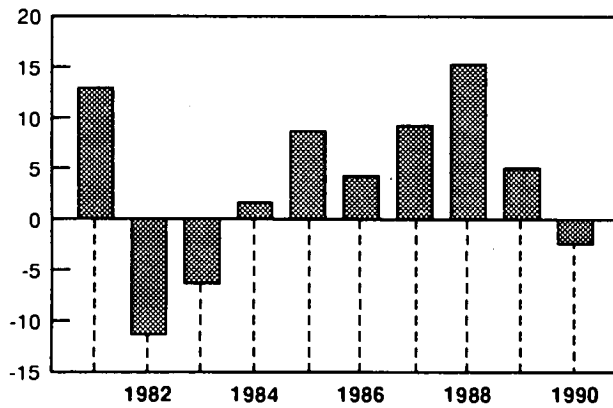


Chart 10

Personal Saving Rate

Per cent

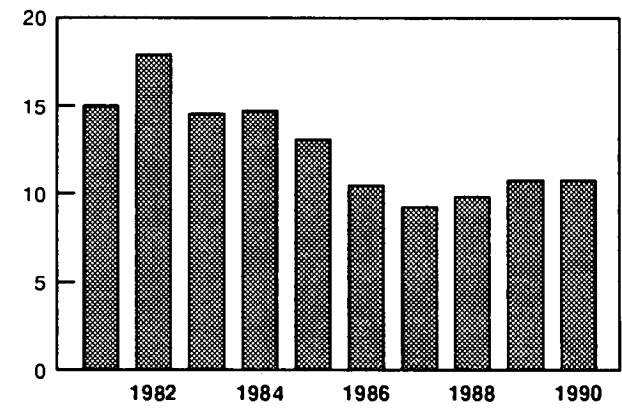


Chart 11

Balance of Trade in Goods and Services

Billions of dollars

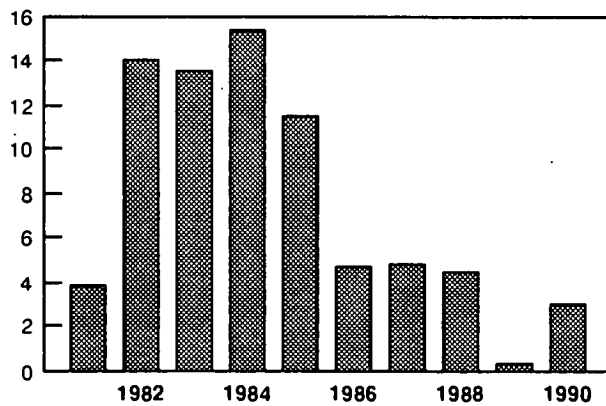
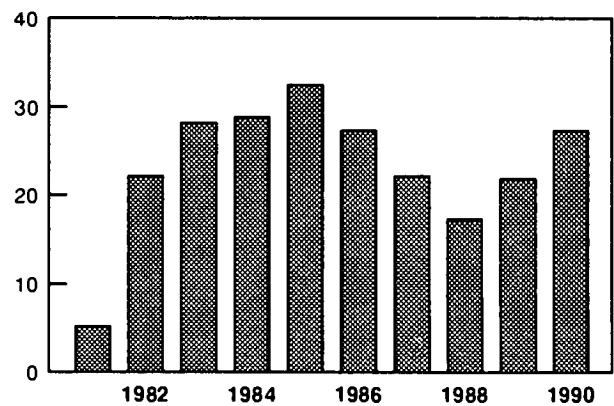


Chart 12

Total Government Sector Deficit

Billions of dollars



quarter compared to 14 in the third. Manufacturers of motor vehicles and primary steel posted the largest declines. Construction output fell 1.5% following a 2.1% drop in the third quarter. The difficulties in construction continued to be reflected in logging and forestry where output fell 9.4% in the fourth quarter and a 19.5% drop since the second quarter. Agriculture fell marginally after a bumper crop was harvested in the third quarter.

Among services-producing industries, wholesale and retail trade were the weakest. Wholesale trade slumped 1.6% following declines of 2.8% and 3.8% in the third and second quarters. Sales of lumber, petroleum and apparel were the hardest hit. Retail trade also recorded a third consecutive quarterly decline as it fell 1.5% in the fourth quarter. Most of this drop was accounted for by a plunge in motor vehicle sales. Transportation and storage output was unchanged following several consecutive quarterly declines, partly due to a boost from the settlement of a rail strike in British Columbia in September. Output of communications services rose a marginal 0.1% following several quarters of robust growth. Postal services accounted for about half this slowdown as a 4.6% gain in the third quarter dwindled to a 1.2% loss in the fourth. The community, business and personal services industry slipped 0.2%, its first decline in several quarters. This downturn was mainly due to lower demand for restaurant and hotel services and for professional services such as those provided by lawyers and architects.

Highlights: Calendar Year 1990

Gross domestic product grew 0.9% in volume terms in 1990 (see Chart 7) while inflation, as gauged by the GDP implicit price index, fell to 3.1% (see Chart 8). Final domestic demand grew 1.0% in real terms, as business investment in fixed capital fell and consumer spending recorded its smallest annual growth rate since 1982. Facing high real interest rates and a weakening demand outlook, businesses cut production to reduce inventories, thereby compounding the economic slowdown. Merchandise exports, which rose 3.8%, and government final current and capital expenditure, up 4.3%, provided some counterbalance to the otherwise feeble demand situation.

The key factor in the weakness of final domestic demand during 1990 was the downturn in real business investment spending. Business spending on machinery and equipment decreased 4.6% after six consecutive years of very rapid expansion, while non-residential construction activity rose moderately. Residential investment dropped 6.1% as the housing market slid sharply, beginning in April. The slight

1.3% overall rise in consumer spending was concentrated in the services component, which grew 3.3%.

The generally modest demand picture was reflected in slower growth of imports, which rose only 0.3% in 1990. Real exports advanced 3.5%, despite a 1.5% appreciation of the Canadian dollar vis-à-vis the United States dollar and slower growth in the world economy generally. As a result, net exports increased by an amount equivalent to 0.9% of real GDP.

Components of Demand

Real business capital spending, which had propelled the economy for six years, turned down in 1990 (see Chart 9). Declining profits, weakening domestic demand and high real interest rates were among the important explanatory factors. Non-residential construction continued to increase, although at a reduced rate, while outlays for machinery and equipment declined considerably. The lower level of spending on investment goods affected most commodity groups, with the notable exception of computer equipment where investment growth continued apace.

Residential construction activity tumbled in 1990 as housing starts sagged to 181,630 from 215,382 in 1989 and the volume of new construction work-put-in-place decreased 6.1%. The fall affected both single and multiple unit dwellings. Spending on alterations and improvements to existing dwellings rose 0.8% and real estate commissions plummeted 20.2%, both measured in constant dollar terms. The housing market was hurt by continuing high mortgage interest rates, particularly in the first half of the year. The typical one-year chartered bank mortgage rate was 55 basis points higher in 1990, on average, than in 1989, peaking at 14.25% in July.

Personal expenditure slowed considerably in 1990, recording a 5.6% increase in current dollar terms. Personal income grew more rapidly, 7.6%, but the increase was offset by an 18.6% increase in personal income tax payments and personal disposable income advanced only 5.5%, virtually the same as consumer spending. The personal saving rate therefore remained essentially unchanged at 10.7% (see Chart 10).

Consumer goods purchases rose 3.1% in current dollars and spending on services increased 8.2%. The corresponding changes in volume terms were -0.5% and 3.3%, respectively. Within the goods component, the volume of spending on durable and semi-durable goods declined while outlays for non-durable goods remained essentially unchanged.

Purchases of motor vehicles, parts and repairs fell for the second consecutive year. Within the services component, paid and imputed rents and expenditure abroad advanced strongly while expenditure in restaurants and hotels dropped 1.6%.

Government current expenditure on goods and services rose more rapidly than most other major demand components. The volume increase in 1990 was 3.9%, up from an average annual growth rate of 2.4% over the previous five years. In current dollars the increases were 10.1% for the federal government, 8.6% for the provincial governments, 9.3% for the local governments and 9.2% for the rest of the government sector (consisting of hospitals and the Canada and Quebec Pension Plans). Pay equity expenditures, higher defence outlays and increased medicare and hospital costs were some of the factors behind the increases. Government investment in fixed capital continued the strong growth begun in 1989, increasing by 7.2% in real terms for the year.

Businesses reduced inventories in 1990 following six years of steady accumulation. High interest rates and the developing recession led them to trim stocks from the second quarter on. The reductions were concentrated in manufacturing and wholesale trade. Farm inventories and grain in commercial channels, which accumulated moderately in volume terms in the previous year, built up more substantially in 1990, reflecting the exceptional grain crop.

Canada's real exports rose 3.5% in 1990, despite slower economic growth in the United States and reduced competitiveness as a result of the appreciation of the Canadian dollar. Exports of merchandise grew 3.8% following a 1.4% increase the previous year. The advance occurred in the first half of the year; exports declined in the second half. Non-merchandise exports rose 1.2% after a 3.9% drop in 1989.

Imports recorded a slight 0.3% volume increase in 1990, after several years of strong growth. Merchandise imports dropped 0.6%, reflecting the downturn in machinery and equipment investment and lower consumer demand for automobiles. Imports of services rose 4.6%, largely due to increased travel expenditure abroad.

Net exports of goods and services, in current dollars, rose from a small surplus of \$0.3 billion in 1989 to a larger one of \$3.0 billion in 1990 (see Chart 11). Partly as a result of this change, the total balance of payments deficit on current account, which also includes investment income flows and transfers, fell to \$16.0 billion in 1990 from \$16.7 billion in 1989.

Price indexes

The rate of inflation in 1990 as measured by the GDP implicit price index was 3.1%, down from 4.9% in 1989. The chain price index for GDP excluding inventories, which provides a better measure of pure price change, shows an inflation rate of 3.5%, down from 5.1% in 1989. The highest rates of price increase were recorded in consumer non-durable goods, government current goods and services and non-merchandise exports. Price increases were notably lower in the durable goods categories and in construction. The chain index for total personal expenditure rose 4.3% after a 4.8% rise in 1989. There was a slight deterioration in the terms of trade, as the chain index for exports rose 0.6% and that for imports increased 2.0%.

Chain Price Indexes in 1990

(Percentage change)

	1990
Personal expenditure	4.3
Government expenditure	4.9
Residential investment	0.6
Non-residential construction	3.1
Machinery and equipment	1.2
Exports	0.6
Less: imports	2.0
Gross domestic product*	3.5

* Excludes value of physical change in inventories.

Components of Income

Labour income rose 6.9% in 1990 as paid employment grew 0.4% (using Labour Force Survey data) and average compensation per employee rose 6.5%. Wages and salaries grew strongly in the first half of the year, partly because of large retroactive payments and increased mandatory employer contributions to supplementary labour income, and weakened in the second half when employment fell, retroactive pay declined and there was more strike activity.

Corporate profits before taxes dropped \$11.4 billion or 19.2% in 1990. The decrease followed a 4.9% fall in 1989. Interest and miscellaneous investment income rose 11.3%. The accrued net income of farm operators from farm production declined 29.6% in 1990 after a 19.2% decrease in 1989. The drop in 1990 was mostly accounted for by lower subsidies. Non-farm unincorporated business income increased 4.0% as net rental income rose 2.2% and other unincorporated business income grew 5.0%.

The total government sector deficit on a national accounts basis jumped from \$21.9 billion in 1989 to \$27.1 billion in 1990 (see Chart 12). The federal, provincial and local government sectors each faced higher deficits. Total government expenditures rose 8.9%, as current expenditure on goods and services, transfers to persons, interest on the public debt and transfers to non-residents each increased substantially and farm subsidies declined. Government revenues grew 7.7%, due mostly to a large 17.5% increase in direct tax payments from persons. Corporate tax revenues fell 13.5% and indirect taxes increased a slight 3.5%.

Order the fourth quarter 1990 issue of *National Income and Expenditure Accounts* (catalogue 13-001), at \$20 per quarter or \$80 for an annual subscription. This publication is scheduled for release in April 1991. A computer printout containing 54 tables of unadjusted and seasonally adjusted NIEA data plus supplementary analytical tables is also

available on the day of release from the Income and Expenditure Accounts Division for \$35 per quarter or \$140 for an annual subscription. Users can purchase the complete quarterly national accounts dataset on microcomputer diskettes by modem transfer at 8:30 a.m. on release day for \$125 per quarter or \$500 for an annual subscription. The diskettes are also available by mail, seven days after the official release date, for \$25 per quarter or \$100 for an annual subscription.

The seasonally adjusted estimates are available in CANSIM matrices 6701, 6702, 6704-6707, 6709-6716, 6718, 6720-6722, 6724-6727, 6729-6736, 6738, 6740, 6828-6838 and 7420-7430.

For further information contact Roger Jullion (613-951-9155) or Michel Pascal (613-951-3797), Income and Expenditure Accounts Division. □

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

	I	II	III	IV	1990	IV 1990/ III 1990	1990/ 1989
	(\$ millions)					% Change at Quarterly Rates	
Wages, salaries and supplementary labour income ¹	376,208	383,184	385,708	387,876	383,244	0.6	6.9
Corporation profits before taxes	52,004	47,472	47,944	44,080	47,875	-8.1	-19.2
Interest and miscellaneous investment income	55,760	56,900	58,464	60,640	57,941	3.7	11.3
Accrued net income of farm operators from farm production	2,676	2,816	3,536	1,740	2,692	-50.8	-29.6
Net income of non-farm unincorporated business, including rent	37,272	37,124	37,252	37,236	37,221	0.0	4.0
Inventory valuation adjustment	-2,736	-56	-3,312	-3,832	-2,484	-520 ²	-796 ²
Net domestic income at factor cost	521,184	527,440	529,592	527,740	526,489	-0.3	3.7
Indirect taxes less subsidies	77,812	76,404	76,032	75,556	76,451	-0.6	4.5
Capital consumption allowances	76,284	76,544	76,900	77,936	76,916	1.3	5.5
Statistical discrepancy	-1,384	-2,300	-2,208	-1,932	-1,956	276 ²	76 ²
Gross Domestic Product at market prices	673,896	678,088	680,316	679,300	677,900	-0.1	4.0

¹ Includes military pay and allowances.

² Actual change in millions of dollars.

Gross Domestic Product, Expenditure Based

(Seasonally Adjusted at Annual Rates)

	I	II	III	IV	1990	IV 1990/ III 1990	1990/ 1989
At current prices (\$ millions)						% Change at Quarterly Rates	
Personal expenditure on consumer goods and services	397,088	398,956	403,892	408,284	402,055	1.1	5.6
Durable goods	59,672	57,220	57,416	57,096	57,851	-0.6	-0.8
Semi-durable goods	38,676	38,356	38,468	38,528	38,507	0.2	1.8
Non-durable goods	105,344	107,460	108,448	109,680	107,733	1.1	5.8
Services	193,396	195,920	199,560	202,980	197,964	1.7	8.2
Government current expenditure on goods and services	127,340	131,492	134,076	136,916	132,456	2.1	9.2
Government investment in fixed capital	16,580	16,724	16,884	17,136	16,831	1.5	10.1
Government investment in inventories	152	28	104	-16	67	-120 ¹	70 ¹
Business investment in fixed capital	130,836	127,536	121,532	117,100	124,251	-3.6	-3.0
Residential	49,268	46,980	43,012	39,832	44,773	-7.4	-6.7
Non-residential construction	36,068	36,472	36,360	36,208	36,277	-0.4	4.1
Machinery and equipment	45,500	44,084	42,160	41,060	43,201	-2.6	-4.5
Business investment in inventories	1,240	-3,624	-3,092	-5,272	-2,687	-2,180 ¹	-6,444 ¹
Non-farm	2,156	-3,700	-4,472	-6,764	-3,195	-2,292 ¹	-6,487 ¹
Farm and grain in commercial channels	-916	76	1,380	1,492	508	112 ¹	43 ¹
Exports of goods and services	165,144	170,984	169,036	168,576	168,435	-0.3	3.4
Merchandise	143,120	148,688	146,712	145,708	146,057	-0.7	2.8
Non-merchandise	22,024	22,296	22,324	22,868	22,378	2.4	7.8
Deduct: Imports of goods and services	165,864	166,308	164,328	165,356	165,464	0.6	1.8
Merchandise	136,272	136,428	133,940	134,396	135,259	0.3	0.5
Non-merchandise	29,592	29,880	30,388	30,960	30,205	1.9	7.9
Statistical discrepancy	1,380	2,300	2,212	1,932	1,956	-280 ¹	-76 ¹
Gross Domestic Product at market prices	673,896	678,088	680,316	679,300	677,900	-0.1	4.0
Final Domestic Demand	671,844	674,708	676,384	679,436	675,593	0.5	4.7
At 1986 prices (\$ millions)							
Personal expenditure on consumer goods and services	341,868	340,372	341,216	340,556	341,003	-0.2	1.3
Durable goods	53,496	51,384	51,352	51,100	51,833	-0.5	-1.6
Semi-durable goods	33,284	32,836	32,612	32,512	32,811	-0.3	-0.8
Non-durable goods	89,968	90,808	90,788	89,552	90,279	-1.4	0.2
Services	165,120	165,344	166,464	167,392	166,080	0.6	3.3
Government current expenditure on goods and services	109,952	110,596	112,392	114,060	111,750	1.5	3.9
Government investment in fixed capital	15,360	15,248	15,384	15,588	15,395	1.3	7.2
Government investment in inventories	144	28	96	-12	64	-108 ¹	65 ¹
Business investment in fixed capital	115,588	112,892	108,348	105,588	110,604	-2.5	-3.6
Residential	38,264	37,024	34,360	32,304	35,488	-6.0	-6.1
Non-residential construction	30,700	30,724	30,520	30,264	30,552	-0.8	1.3
Machinery and equipment	46,624	45,144	43,468	43,020	44,564	-1.0	-4.6
Business investment in inventories	868	-2,316	-2,072	-4,228	-1,937	-2,156 ¹	-5,415 ¹
Non-farm	840	-3,016	-4,160	-6,360	-3,174	-2,200 ¹	-5,906 ¹
Farm and grain in commercial channels	28	700	2,088	2,132	1,237	44 ¹	491 ¹
Exports of goods and services	158,860	166,532	163,204	157,732	161,582	-3.4	3.5
Merchandise	140,740	148,392	145,244	139,720	143,524	-3.8	3.8
Non-merchandise	18,120	18,140	17,960	18,012	18,058	0.3	1.2
Deduct: Imports of goods and services	169,764	172,548	169,500	165,728	169,385	-2.2	0.3
Merchandise	139,652	142,232	138,672	134,888	138,861	-2.7	-0.6
Non-merchandise	30,112	30,316	30,828	30,840	30,524	0.0	4.6
Statistical discrepancy	1,204	1,968	1,876	1,620	1,667	-256 ¹	-147 ¹
Gross Domestic Product at market prices	574,080	572,772	570,944	565,176	570,743	-1.0	0.9
Final Domestic Demand	582,768	579,108	577,340	575,792	578,752	-0.3	1.0
Implicit price indexes							
Personal expenditure on consumer goods and services	116.2	117.2	118.4	119.9	117.9	1.3	4.2
Government current expenditure on goods and services	115.8	118.9	119.3	120.0	118.5	0.6	5.1
Government investment in fixed capital	107.9	109.7	109.8	109.9	109.3	0.1	2.7
Business investment in fixed capital	113.2	113.0	112.2	110.9	112.3	-1.2	0.5
Exports of goods and services	104.0	102.7	103.6	106.9	104.2	3.2	-0.1
Deduct: Imports of goods and services	97.7	96.4	96.9	99.8	97.7	3.0	1.5
Gross Domestic Product at market prices	117.4	118.4	119.2	120.2	118.8	0.8	3.1
Final Domestic Demand	115.3	116.5	117.2	118.0	116.7	0.7	3.6

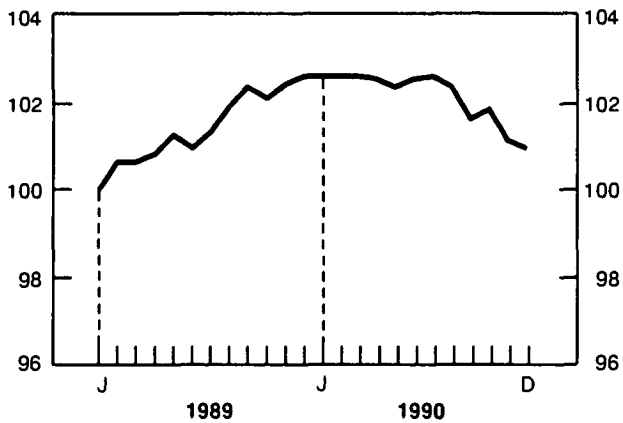
¹ Actual change in millions of dollars.

Gross Domestic Product

Seasonally adjusted at annual rates at 1986 prices

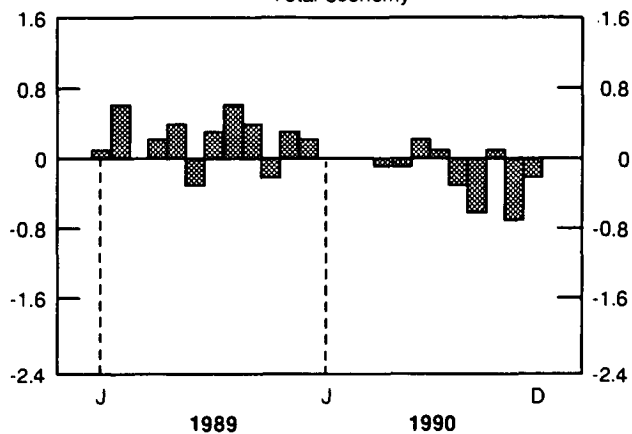
Total Economy

Index (January 1989 = 100)



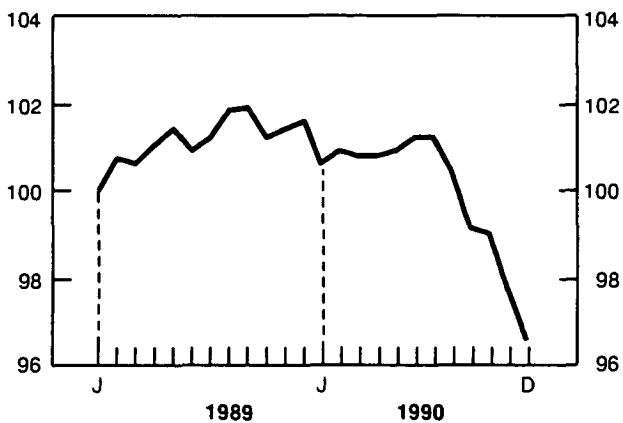
% change

Total economy



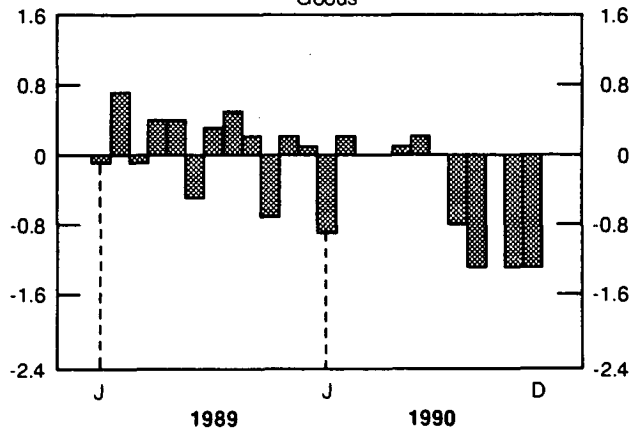
Goods

Index (January 1989 = 100)



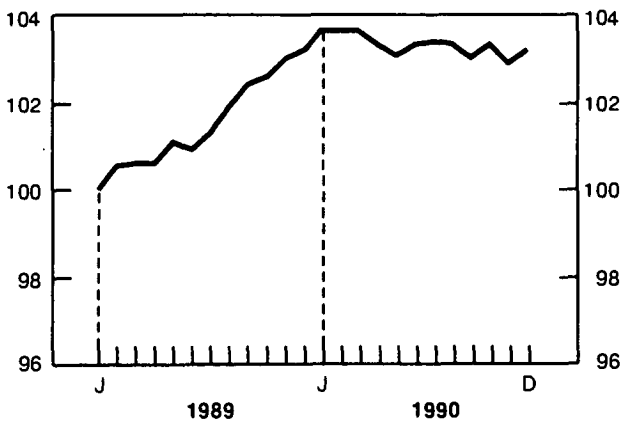
% change

Goods



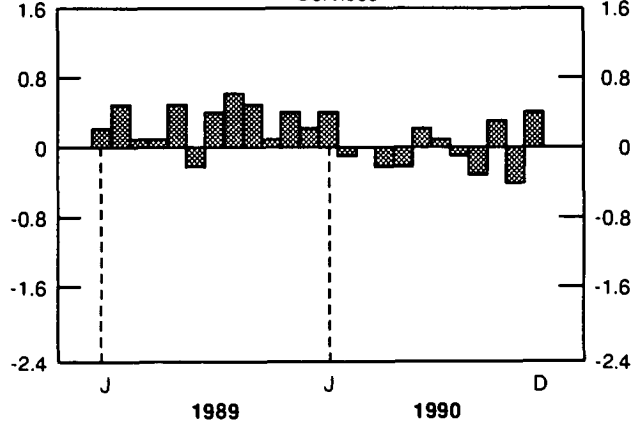
Services

Index (January 1989 = 100)



% change

Services



Real Gross Domestic Product at Factor Cost by Industry

(Seasonally Adjusted)
December 1990

Monthly Overview

Gross Domestic Product at factor cost fell 0.2% in December, to a level 1.7% below December 1989. This was a less rapid decline than the 0.7% drop recorded in November. A turnaround in services, which advanced 0.4% following a 0.4% decline in November, was responsible for the improvement. Goods production slid another 1.3% in December following a similar cutback in November.

Goods-producing Industries

As in previous months, manufacturing and construction accounted for most of the drop in goods production, although fishing, forestry and agriculture also recorded lower output. Mining and utilities posted modest gains.

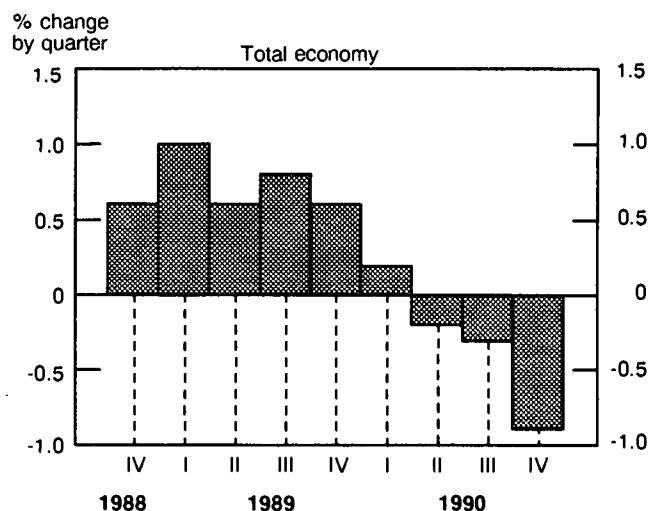
A 1.6% drop in manufacturing output, the fifth consecutive monthly decline, brought production to a level 10.0% below its peak in May 1989. While 14 of 21 manufacturing industries reduced output in December, most of the dollar decline was confined to the transportation equipment, wood, and plastics industries. Narrowly-based gains were led by the paper and beverage industries.

Output of transportation equipment tumbled 6.6% in December and has slumped 20.1% since peaking in January 1989. Lower production of engines and other accessories paced the motor vehicle parts industry to a 9.8% loss, and to its lowest level of output since November 1983. Output of motor vehicles fell 6.8% to its lowest level since January 1990. Output declines continued to reflect underlying weakness in both domestic and export sales.

Wood industry production fell 6.4%. Production is off 26.5% since it peak in October 1987, and at its lowest level since March 1984. Cuts by sawmills and plywood manufacturers accounted for over 80% of the decline in December. Plywood and sawmill output have plunged 35.9% and 28.6% from their peaks in October 1987.

Output of plastics was off 8.4%, the sixth consecutive monthly decline. December production was 19.3% below its peak in June 1988. Output of plastic pipe and other plastics, many of which are used in the auto industry, accounted for over 85% of the December cutback.

Gross Domestic Product



Following a November drop of 0.7%, construction output slid 2.5% in December, leaving output 6.1% below its peak in April 1990. As in November, residential, non-residential and engineering construction all fell. Reduced activity on singles and apartments accounted for most of the 5.9% decline in residential construction, where output was 21.3% below its April peak. Work on commercial projects led a 2.0% decline in non-residential construction.

Mining output rose 0.5% in December, its third consecutive advance. Narrowly-based gains in natural gas and mining services were partly offset by losses led by coal, potash and nickel mines.

Services-producing Industries

Services output rose 0.4%, a turnaround from a drop of the same magnitude in November. Although most service industries posted higher output, finance, insurance, and real estate, business and personal services, and retail trade accounted for over 80% of the gain. Output of non-business services was unchanged in December following a 0.3% increase in November.

Output in finance and real estate advanced 0.8% following a 1.7% decline in November. Stronger year-end activity by securities brokers accounted for most of the increase. Resource royalties advanced 1.6% as output of natural gas and electricity rose in December.

Community business and personal services rose 0.5%. Gains in legal, computer, and advertising services accounted for more than 80% of the rise. Elsewhere, widespread increases led by the restaurant, amusement and personal service industries were partly offset by a decline in health services.

After four consecutive monthly declines, retail trade posted a 0.9% increase. Gains were led by furniture and appliance, clothing, and department stores. Motor vehicle dealers, service station operators and retailers of auto parts and general merchandise recorded lower output. The increased activity experienced by retailers in December may reflect, in part, consumer reaction to the January 1991 introduction of the Goods and Services Tax.

Following several months of declining or flat output, wholesale trade rose 0.4%. Gains recorded by wholesalers of grain, and machinery and equipment were partly offset by widespread losses led by lumber, petroleum, and motor vehicles.

Communications services increased 0.4% to a level 5.7% above that of a year earlier. Postal services rose 3.3%, posting an advance of 15.5% since December 1989; reduced long-distance telephone calling muted the impact of this gain on communications as a whole.

Transportation and storage services advanced 0.2%. A 15.1% gain in storage was led by grain elevator operators following the bumper grain crop, but this was partly offset by reduced pipeline throughput of crude oil and natural gas and by lower truck, urban and rail transport services.

Annual Overview

Gross Domestic Product at factor slowed sharply to a 0.8% gain in 1990, following a modest slowdown from 4.3% in 1988 to 3.1% in 1989. Goods production slumped earlier and more sharply than services,

slowing from a gain of 3.5% in 1988 to 1.6% in 1989, and then tumbling 1.0% in 1990. Growth of services eased only slightly in 1989 when output still advanced 3.9% following a gain of 4.7% in the preceding year. In 1990, however, services output slipped considerably, gaining just 1.7%.

Among goods producers, cutbacks by manufacturers were by far the largest in dollar terms in 1990 when their output fell 4.0% or \$3.8 billion. Although construction fell sharply in the latter part of 1990, output still managed to advance 2.2% for the year as a whole. This was a considerable slowdown from a 4.3% gain recorded in 1989. Secondary effects from this slowdown were evident in lower output of logging and forestry, wood, non-metallic mineral products and other construction-related industries. Mining output slipped 0.6% after dropping 2.2% in 1989. Output by utilities has been slowing steadily since 1987 when it advanced 4.4%. This dwindled to 0.7% by 1989 before dropping to -3.2% in 1990. Ongoing low water levels have been cited as contributing to cutbacks in the generation of electric power. A bumper grain crop led agriculture to a 21.6% gain for the year.

Among services, the only industries to report outright declines in 1990 were the goods handlers. Wholesale and retail trade, and transportation and storage services all declined significantly. Communications, and community, business, and personal services recorded substantial advances. Finance, insurance, and real estate services slowed markedly from a 4.7% gain in 1989 to 1.6% in 1990.

Available on CANSIM: matrices 4670-4674.

The December 1990 issue of *Gross Domestic Product by Industry* (15-001, \$12.10/\$121) will be available in March. See "How to Order Publications".

For further information on this release, contact Lyle Sager (613-951-9164), Industry Measures and Analysis Division. □

Real Gross Domestic Product at Factor Cost by Industry, at 1986 Prices by Month

(Seasonally Adjusted at Annual Rates)
(\$ millions)

	1989	1990			
	December	September	October	November	December
Total Economy	512,198.1	507,295.6	508,049.1	504,477.5	503,571.8
Business Sector:	422,710.8	416,371.6	416,959.5	413,146.7	412,247.0
Goods:	177,826.3	173,499.6	173,409.6	171,121.2	168,956.4
Agriculture	10,057.7	11,403.6	11,319.6	11,284.8	11,253.6
Fishing and Trapping	944.7	1,136.4	1,182.0	1,136.4	1,105.2
Logging Industry	2,669.7	2,488.8	2,229.6	2,240.4	2,204.4
Mining Industries	19,600.8	19,461.6	19,564.8	19,634.4	19,725.6
Manufacturing Industries	93,777.5	89,910.0	89,691.6	87,721.2	86,312.4
Construction Industries	33,433.4	33,208.8	33,450.0	33,201.6	32,383.2
Other Utility Industries	17,342.5	15,890.4	15,972.0	15,902.4	15,972.0
Services:	244,884.5	242,872.0	243,549.9	242,025.5	243,290.6
Transportation and Storage	22,569.0	21,914.4	22,429.2	22,122.0	22,174.8
Communication Industries	18,107.7	18,926.4	19,057.2	19,077.6	19,147.2
Wholesale Trade	28,331.7	26,300.4	26,301.6	26,198.4	26,316.0
Retail Trade	31,777.2	30,931.2	30,615.6	30,460.8	30,728.4
Finance, Insurance and Real Estate	80,518.6	80,353.2	80,830.8	80,296.8	80,766.0
Community, Business and Personal Services	63,580.3	64,446.4	64,315.5	63,869.9	64,158.2
Non-business Sector:	89,487.3	90,924.0	91,089.6	91,330.8	91,324.8
Goods:	945.0	920.4	927.6	930.0	936.0
Services:	88,542.3	90,003.6	90,162.0	90,400.8	90,388.8
Government Service Industry	33,059.4	33,356.4	33,403.2	33,432.0	33,450.0
Community and Personal Services	52,405.9	53,532.0	53,640.0	53,844.0	53,811.6
Other Services	3,077.0	3,115.2	3,118.8	3,124.8	3,127.2
Other Aggregations:					
Goods-producing Industries	178,771.3	174,420.0	174,337.2	172,051.2	169,892.4
Services-producing Industries	333,426.8	332,875.6	333,711.9	332,426.3	333,679.4
Industrial Production	131,665.8	126,182.4	126,156.0	124,188.0	122,946.0
Non-durable Manufacturing	43,697.6	42,543.6	42,403.2	41,671.2	41,599.2
Durable Manufacturing	50,079.9	47,366.4	47,288.4	46,050.0	44,713.2

Canada's Balance of International Payments

Fourth Quarter 1990

Highlights

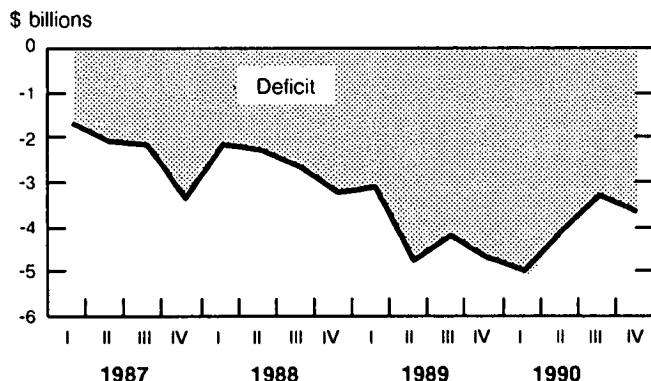
The seasonally adjusted current account deficit, at \$3.6 billion, was again moderate compared to the deficits of over \$4 billion recorded earlier in 1989 and 1990. The merchandise trade surplus continued to be quite strong, although it declined slightly from the third quarter. The deficit on investment income fell as a result of lower dividend payments. The surplus on unilateral transfers, which had climbed to a record level in the previous quarter, receded following lower immigrants' funds and higher official assistance abroad.

In the capital account, which is not seasonally adjusted, the net inflow from foreign direct investment in Canada soared to a record as a result of large foreign acquisitions in Canada. Attracted by favourable interest rates, non-residents also continued to invest heavily in Canadian bonds and treasury bills in contrast to their net sell-off of Canadian stocks. Canadian investment abroad was subdued. Underlying these movements, the Canadian dollar depreciated narrowly against major foreign currencies, but strengthened towards the end of the quarter.

Current Account, Seasonally Adjusted

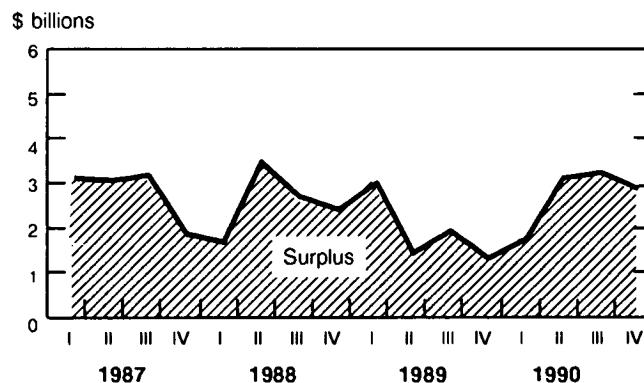
- The current account produced a deficit of \$3.6 billion, up from \$3.3 billion in the previous quarter. The merchandise trade surplus declined from \$3.2 billion to \$2.8 billion while the deficit on non-merchandise trade remained virtually unchanged at \$6.4 billion.

Current Account Balance (seasonally adjusted)



- Merchandise imports increased slightly (0.3%) to \$33.6 billion, following a decline of 1.8% in the previous quarter. Higher imports of crude and refined petroleum and iron and steel products were largely offset by lower purchases of automotive products, and machinery and equipment.

Merchandise Trade Balance (seasonally adjusted)



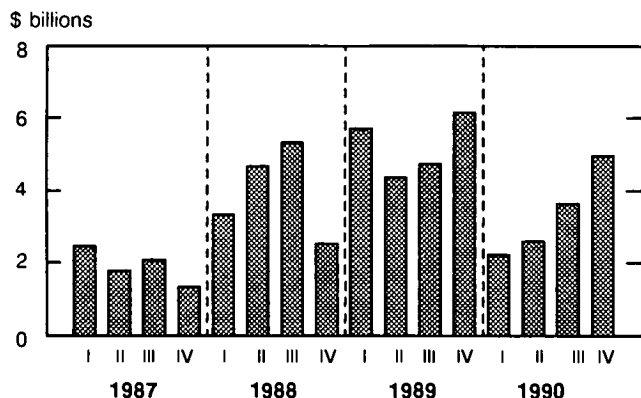
- Merchandise exports declined again (0.7%, at half the rate of the previous quarter) to \$36.4 billion. Lower sales abroad of automotive products were partly offset by higher sales of crude petroleum, chemicals, industrial machinery and forest products.
- The deficit on investment income amounted to \$5.7 billion, continuing to decline from the high reached in the second quarter of 1990 when dividend payments were exceptionally large. Dividend payments have been falling since the second quarter of 1990.

Current and Capital Accounts, Not Seasonally Adjusted

- The current account deficit amounted to \$3.7 billion, down from \$4.1 billion in the fourth quarter of 1989. A sharp increase in the merchandise trade surplus was partially offset by a higher deficit on non-merchandise transactions.

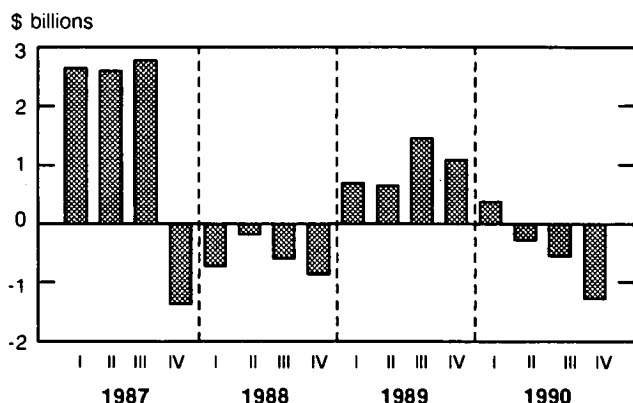
- Among financial liabilities, a record net inflow of \$2.5 billion increased foreign direct investment in Canada. These funds, European in origin, were used to buy existing Canadian firms in the natural gas and chemical industries.

Foreign Investment in Canadian Bonds (net flow)



- Non-residents invested massively in Canadian bonds and treasury bills, purchasing a net \$7.2 billion in addition to the substantial \$5.8 billion invested in the previous quarter. This is in sharp contrast to the first half of the year when much weaker net investment was recorded.

Foreign Investment in Canadian Stocks (net flow)

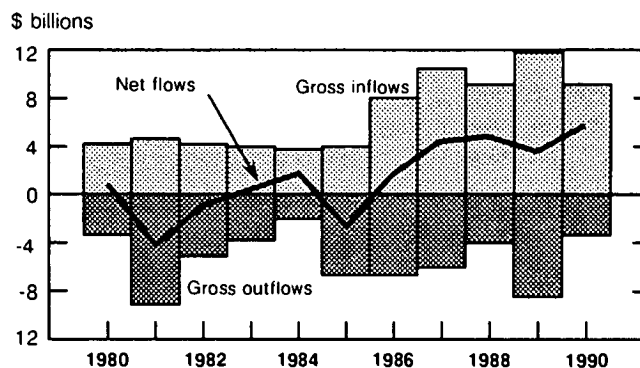


- There continued, however, to be foreign disinvestment in Canadian stocks. Non-residents, led by the United States, sold a net \$1.3 billion of Canadian stocks in the current quarter.

Highlights 1990

The current account deficit amounted to \$16.0 billion, little changed from the record deficit of 1989. This masked, however, a substantial increase in the merchandise trade surplus with the United States: higher sales were coupled with somewhat lower purchases of goods from that country. The deficit on non-merchandise transactions increased, largely as a result of interest payments on borrowings from abroad and Canadian travel in the United States.

Foreign Direct Investment in Canada - Gross and Net Flows



In the capital account, foreign direct investors channelled a record net inflow into Canada for the purchase of existing firms. Foreign investment in Canadian bonds and money market instruments continued to be substantial, though lower than the 1986 and 1988 record net inflows; in contrast to recent years, net investment from the United States predominated, reflecting very large interest-rate differentials in favour of Canada in both long- and short-term investments. Canadian direct investment abroad gave rise to its lowest net outflow since 1982 as Canadian investors significantly reduced the amounts sent abroad.

Current Account

- The current account deficit in 1990 amounted to \$16.0 billion, compared to \$16.7 billion in 1989 and up from approximately \$10 billion in each of the previous three years. The merchandise trade surplus rebounded to \$10.8 billion from the 1989 low of \$7.6 billion. The deficit on non-merchandise transactions advanced to \$26.8 billion following the 1989 high of \$24.2 billion.
- Merchandise exports advanced to \$146.1 billion from \$142.1 billion in 1989. The increase was less than 3% for each of these two years, down from almost 10% in 1988. Machinery and equipment led the increase, along with energy products, wheat and cars. Exports of industrial materials declined.
- Merchandise imports edged up to \$135.3 billion. This represented the smallest advance since the sharp recessionary decline of 1982.
- The deficit on travel climbed \$1 billion to a record \$4.5 billion. The bulk of the increase was with the United States.
- Largely reflecting higher borrowings from abroad, the deficit on investment income continued steadily increasing to reach a record \$24.2 billion.
- The surplus on transfers amounted to \$5.3 billion, comparable to the \$5.1 billion of the previous year. The bulk of the surplus continued to arise from immigrants' funds.

Capital Account

- Among financial liabilities, foreign direct investment in Canada resulted in a record net inflow of \$5.7 billion. As in recent years, a substantial portion of the net inflow originated from countries other than the United States.
- Non-residents increased their holdings of Canadian bonds by \$13.4 billion, down from \$17.1

billion in 1989. The decline stemmed entirely from the trade in outstanding bonds which saw, however, a record trading volume of \$244 billion of bonds during 1990, up from the 1989 record of \$159 billion.

- Non-residents reduced their holdings of Canadian stocks, selling off \$1.7 billion. In the three years prior to the October 1987 crash, non-residents invested heavily in the Canadian stock market, sold off some of their holdings in 1988, but resumed net investment in 1989.
- Among financial assets, the net outflow from Canadian direct investment abroad fell to \$1.4 billion, following a decade of unprecedented strong investments abroad.
- Canadian portfolio investment in foreign bonds and stocks continued to increase, producing a net outflow of \$1.2 billion. This represented the fifth consecutive net increase in these holdings.

The statistical discrepancy (the balancing item between the recorded estimates of current and capital accounts) was equivalent to a net debit of \$5.0 billion.

Continuing the upward trend observed since late 1986, the Canadian dollar appreciated in 1990 by a further 1.25 U.S. cents to 85.70 U.S. cents, on average. This occurred in spite of an abrupt weakening early in the year. The Canadian dollar depreciated, however, against other major currencies except for the Japanese yen.

Available on CANSIM: matrices 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2353, 2354, 2355, 147, 1364 (quarterly figures); 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2354, 2355, 1369, 1370 (annual figures).

The fourth quarter 1990 issue of Canada's *Balance of International Payments* (67-001 \$27.50/\$110) will be available in March. See "How to Order Publications".

For further information, contact Lucie Laliberté (613-951-9055), Balance of Payments Division. □

Table 1. Canada's Balance of International Payments, Not Seasonally Adjusted

	1989	1990				1989	1990
	IV	I	II	III	IV		
millions of dollars							
CURRENT ACCOUNT							
Receipts							
Merchandise exports	36,014	35,543	38,681	34,727	37,106	142,085	146,057
Non-merchandise:							
Services	4,597	4,527	5,762	7,053	5,036	20,766	22,378
Investment income ¹	2,286	2,003	2,341	1,922	2,435	8,499	8,701
Transfers	1,848	2,133	2,737	3,744	1,999	8,734	10,613
Total non-merchandise receipts	8,731	8,663	10,839	12,719	9,471	37,999	41,692
Total receipts	44,746	44,205	49,521	47,446	46,576	180,083	187,748
Payments							
Merchandise imports	33,304	34,921	35,561	31,543	33,234	134,528	135,259
Non-merchandise:							
Services	6,669	7,668	7,716	7,712	7,109	27,996	30,205
Investment income ¹	8,111	7,691	8,823	7,666	8,743	30,652	32,923
Transfers	771	1,840	1,134	1,231	1,145	3,597	5,350
Total non-merchandise payments	15,551	17,200	17,673	16,609	16,997	62,244	68,478
Total payments	48,855	52,121	53,234	48,152	50,231	196,772	203,738
Balances							
Merchandise	+ 2,710	+ 622	+ 3,121	+ 3,184	+ 3,871	+ 7,557	+ 10,798
Non-merchandise	- 6,820	- 8,537	- 6,834	- 3,890	- 7,526	- 24,245	- 26,787
Total current account	- 4,110	- 7,915	- 3,713	- 706	- 3,655	- 16,688	- 15,989
CAPITAL ACCOUNT²							
Canadian claims on non-residents, net flows							
Canadian direct investment abroad ¹	- 1,645	- 1,121	- 167	- 809	+ 675	- 4,900	- 1,422
Portfolio securities:							
Foreign bonds	- 116	+ 365	- 859	+ 389	+ 39	- 1,556	- 66
Foreign stocks	- 79	- 112	+ 590	- 1,032	- 530	- 768	- 1,084
Government of Canada assets:							
Official international reserves	+ 18	+ 2,591	+ 123	- 3,470	+ 107	- 346	- 649
Loans and subscriptions	- 669	+ 116	- 715	- 217	- 588	- 982	- 1,403
Non-bank deposits abroad	+ 497	- 111	- 165	- 694	- 57	+ 278	- 1,027
Other claims	- 1,123	- 441	- 734	- 379	- 2,090	- 3,374	- 3,644
Total Canadian claims, net flow	- 3,119	+ 1,287	- 1,927	- 6,212	- 2,444	- 11,648	- 9,296
Canadian liabilities to non-residents, net flows							
Foreign direct investment in Canada ¹	+ 2,171	+ 1,089	+ 983	+ 1,110	+ 2,548	+ 3,400	+ 5,729
Portfolio securities:							
Canadian bonds	+ 6,174	+ 2,233	+ 2,562	+ 3,653	+ 4,973	+ 17,069	+ 13,421
Canadian stocks	+ 1,082	+ 376	- 287	- 525	- 1,287	+ 3,871	- 1,723
Canadian banks' net foreign currency transactions with non-residents ³	- 1,303	+ 2,945	+ 4,729	- 1,362	- 2,973	- 2,492	+ 3,339
Money market instruments:							
Government of Canada paper	+ 755	- 776	- 941	+ 2,170	+ 2,213	+ 484	+ 2,666
Other paper	+ 852	+ 1,191	+ 1,685	- 474	- 359	+ 52	+ 2,043
Allocation of Special Drawing Rights	-	-	-	-	-	-	-
Other liabilities	+ 1,358	- 273	+ 1,962	+ 2,276	+ 816	+ 11,336	+ 4,780
Total Canadian liabilities, net flow	+ 11,089	+ 6,785	+ 10,693	+ 6,847	+ 5,931	+ 33,719	+ 30,255
Total capital account, net flow	+ 7,970	+ 8,072	+ 8,766	+ 635	+ 3,487	+ 22,070	+ 20,959
STATISTICAL DISCREPANCY	- 3,860	- 157	- 5,052	+ 71	+ 168	- 5,382	- 4,970

¹ Excludes retained 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.

³ When the banks' foreign currency position (booked in Canada) with non-residents is a net asset, series is classified as part of Canadian claims on non-residents.

- Nil or zero.

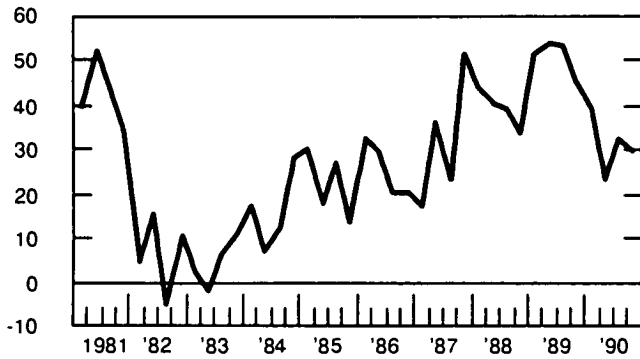
Table 2. Current Account, Seasonally Adjusted

	1989	1990				1989	1990
	IV	I	II	III	IV		
millions of dollars							
Receipts							
Merchandise exports	35,040	35,779	37,172	36,678	36,427	142,084	146,057
Non-merchandise							
Services:							
Travel	1,831	1,834	1,862	1,858	1,882	7,232	7,437
Freight and shipping	1,242	1,337	1,335	1,317	1,342	5,024	5,332
Business services	1,899	1,928	1,985	2,017	2,047	7,372	7,976
Government transactions	150	217	198	183	205	603	802
Other services	135	190	194	204	242	536	831
Total services	5,256	5,506	5,574	5,580	5,718	20,766	22,378
Investment income ¹ :							
Interest	1,194	1,303	1,405	1,480	1,429	5,096	5,617
Dividends	793	844	924	593	724	3,403	3,085
Total investment income	1,987	2,146	2,329	2,072	2,153	8,499	8,701
Transfers:							
Inheritances and immigrants' funds	1,616	1,836	1,934	2,306	2,038	6,334	8,114
Personal and institutional remittances	215	225	228	228	226	863	907
Canadian withholding tax	307	413	543	384	252	1,537	1,592
Total transfers	2,138	2,474	2,704	2,919	2,516	8,734	10,613
Total non-merchandise receipts	9,381	10,126	10,608	10,571	10,387	37,999	41,692
Total receipts	44,421	45,906	47,780	47,249	46,814	180,083	187,748
Payments							
Merchandise imports	33,766	34,069	34,107	33,485	33,599	134,528	135,259
Non-merchandise							
Services:							
Travel	2,803	2,870	2,948	3,054	3,089	10,716	11,961
Freight and shipping	1,343	1,369	1,320	1,307	1,374	5,140	5,370
Business services	2,706	2,670	2,721	2,752	2,744	10,636	10,888
Government transactions	282	325	332	337	346	1,123	1,339
Other services	97	165	149	145	187	380	647
Total services	7,231	7,399	7,470	7,595	7,741	27,996	30,205
Investment income ¹ :							
Interest	6,224	6,604	6,604	6,618	6,728	24,788	26,554
Dividends	1,037	960	2,565	1,707	1,137	5,863	6,370
Total investment income	7,260	7,564	9,169	8,325	7,865	30,652	32,923
Transfers:							
Inheritances and emigrants' funds	105	322	346	391	364	416	1,423
Personal and institutional remittances	241	252	252	254	256	953	1,015
Official contributions	422	1,231	462	425	548	1,996	2,665
Foreign withholding tax	58	64	63	60	61	232	248
Total transfers	827	1,868	1,123	1,130	1,229	3,597	5,350
Total non-merchandise payments	15,318	16,832	17,762	17,050	16,835	62,244	68,478
Total payments	49,084	50,900	51,869	50,535	50,434	196,772	203,737
Balances							
Merchandise	+ 1,275	+ 1,711	+ 3,065	+ 3,193	+ 2,828	+ 7,557	+ 10,798
Non-merchandise:							
Services	- 1,975	- 1,893	- 1,896	- 2,015	- 2,023	- 7,229	- 7,827
Investment income ¹	- 5,273	- 5,418	- 6,839	- 6,253	- 5,712	- 22,153	- 24,222
Transfers	+ 1,311	+ 606	+ 1,581	+ 1,789	+ 1,287	+ 5,137	+ 5,262
Total non-merchandise	- 5,937	- 6,705	- 7,154	- 6,479	- 6,448	- 24,245	- 26,787
Total current account	- 4,663	- 4,995	- 4,089	- 3,286	- 3,620	- 16,688	- 15,989

¹ Excludes retained earnings.

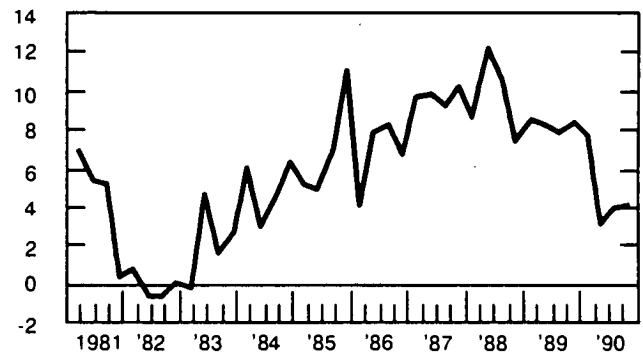
Funds Raised by Non-financial Private Corporations - Total

Seasonally adjusted at annual rates
\$ billions



Funds Raised by Personal Sector - Consumer Credit

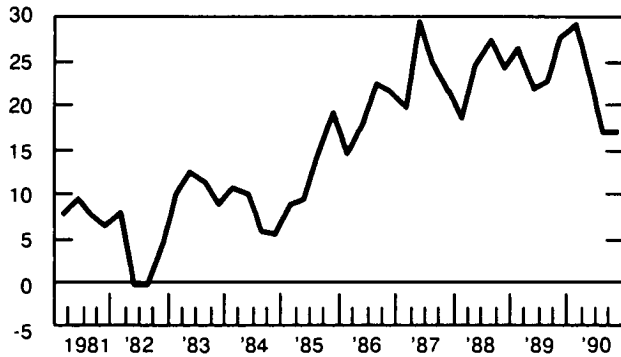
Seasonally adjusted at annual rates
\$ billions



Funds Raised by Personal Sector - Mortgages

Seasonally adjusted at annual rates

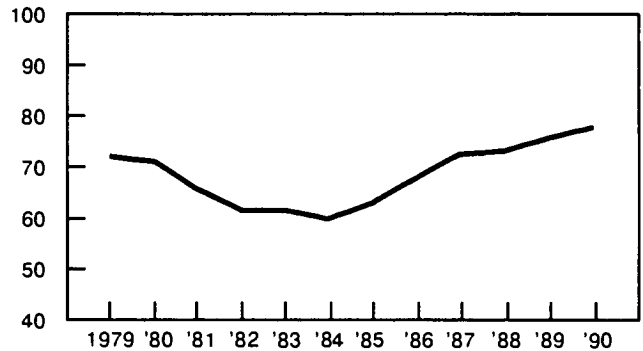
\$ billions



Personal Sector Debt

Consumer credit and mortgage debt to personal disposable income

%



Financial Flow Accounts

Fourth Quarter 1990 (Seasonally Adjusted)

Demand for funds by the personal sector and by non-financial private corporations remained weak during the fourth quarter of 1990.

The personal sector increased its consumer credit by \$4 billion and mortgages by \$17 billion, compared to increases of \$8 billion and \$28 billion, respectively, a year earlier. The slowing in the rate of increase in borrowing was less than that of personal disposable income, so that during 1990 the ratio of debt (consumer credit plus mortgages) to personal disposable income grew by over 2% to reach 77.8%, a new record in this data series which starts in 1961.

Demand for funds by non-financial private corporations showed a similar weakness, in line with reduced capital formation and inventories. The total of funds raised by this sector, about the same as in the

Note to Users:

The financial data in the accompanying table are based on the Financial Market Summary Table of the Financial Flow Accounts. Seasonally adjusted data for borrowing are available from 1976. The full detail of the Financial Flow Accounts, showing the acquisition of capital and financial assets and the borrowing of all sectors of the economy, will be released on March 7 on CANSIM and in Financial Flow Accounts (13-014, \$12.50/\$50).

previous quarter, was only about two-thirds of the total a year earlier.

Non-financial government business enterprises and the federal government both registered increases in funds raised, while other levels of government registered a moderate drop.

For further information, contact Gerry Gravel or Jean-Pierre Simard (613-951-9043, Financial Flows Section).

Financial Market Summary Table

(Seasonally Adjusted at Annual Rates)

(In millions of dollars)

	1989	1990			
	IV	I	II	III	IV
Persons and Unincorporated Business					
Funds Raised of which:	40,336	36,976	25,948	24,400	28,008
Consumer Credit	8,408	7,728	3,104	3,932	4,076
Bank Loans	-1,556	2,568	-1,296	2,908	-204
Other Loans	6,068	-2,228	860	780	7,364
Mortgages	27,576	29,004	23,452	16,868	16,848
Non-financial Private Corporations					
Funds Raised by:	45,208	39,260	22,940	32,460	29,328
Bank Loans	2,532	17,744	2,640	6,964	6,624
Other Loans	1,760	856	2,124	7,412	1,936
Short-term Paper	5,676	-2,612	7,664	136	3,352
Mortgages	14,336	10,260	7,824	7,344	7,244
Bonds	9,556	72	900	4,656	2,492
Stocks	11,348	12,940	1,788	5,948	7,680
Non-financial Government Enterprises					
Funds Raised	256	8,168	11,796	6,632	11,876
Federal Government					
Funds Raised of which:	17,248	7,264	11,420	38,320	31,348
Treasury Bills	24,968	-2,640	10,408	33,900	21,872
Marketable Bonds	13,784	14,596	12,328	11,252	20,728
Canada Savings Bonds	-20,288	-2,432	-11,236	-6,616	-12,436
Other Levels of Government					
Funds Raised of which:	11,752	7,116	10,908	11,288	9,740
Short-term Paper	3,720	-800	6,112	-236	2,796
Provincial Government Bonds	5,968	6,560	2,316	10,444	8,884
Municipal Government Bonds	2,668	880	1,432	1,188	292
Total Borrowing by Domestic					
Non-financial Sectors	114,800	98,784	83,012	113,100	110,300
Consumer Credit	8,408	7,728	3,104	3,932	4,076
Bank Loans	1,204	22,064	2,644	11,456	11,676
Other Loans	6,832	-3,632	3,676	7,916	8,096
Treasury Bills	24,968	-2,640	10,408	33,900	21,872
Short-term Paper	6,256	-1,788	14,920	2,828	3,124
Mortgages	41,904	39,264	31,272	24,208	24,088
Bonds	13,120	24,848	15,200	22,844	29,688
Stocks	12,108	12,940	1,788	6,016	7,680

DATA AVAILABILITY ANNOUNCEMENTS

Processing Time in Youth Courts

1986-87 to 1989-90

This report describes the time required to process cases from 1986-87 to 1989-90 in youth courts. "Time required" refers to when a case is first presented to when a decision is rendered. Youth courts have primary responsibility for the administration of the Young Offenders Act covering young people between 12 and 17 years old (up to the 18th birthday) charged with federal offences. (Court data from Ontario and the Northwest Territories are not included in this analysis.)

Highlights

- Almost 70% of cases heard in youth courts in 1989-90 were decided within two months or less. In one-third of the cases, a decision was rendered on the day the case was presented. In contrast, about one-fifth of the cases required more than three months for a decision.
- The longer a case takes, the less likely it is to result in a guilty verdict. In 1989-90, 80.8% of cases processed on the first day resulted in a guilty finding, compared with 55.5% of cases that lasted more than three months.
- Violent-offence cases required more time to decide than all other types of cases. These cases were more likely to require more than three months. In 1989-90, 31% of violent-offence cases lasted more than three months, compared with 22% of drug-related offences, 20% of property-offence cases, and 19% of Young Offender Act cases.

Juristat Bulletin: Processing Time in Youth Courts, 1986-87 to 1989-90 (Vol.11, No. 4, \$3.90/\$78), now available, examines the processing time from first court appearance to decision, over four years, and the influence of court decision and the type of offence on processing time. See "How to Order Publications".

For more information on this Juristat bulletin, contact Information and Client Services (613-951-9023), Canadian Centre for Justice Statistics. ■

Livestock Report

January 1, 1991

Total pig numbers for Canada, at January 1, 1991 are estimated at 10,608,000, a 1.2% decrease from the year-earlier level of 10,737,000. Sows for breeding

and bred gilts are estimated at 1,057,600, a decrease of 0.3% from 1,060,800 a year earlier. Farrowings during the fourth quarter of 1990 decreased by 0.4%. Farrowings are expected to increase by 2.4% during the first quarter of 1991 and increase by 3.5% in the second quarter.

Total cattle and calves in Canada at January 1, 1991 are estimated at 11,197,500 head, up 0.5% from the year-earlier level of 11,145,600. Beef cows are estimated at 3,560,900, 2.4% higher than 3,475,800 at January 1, 1990. Beef cows are up 2% in the East and 2.5% in the West. Dairy cows have declined and are estimated at 1,409,800 at January 1, 1991, 1.3% less than the 1,428,900 a year ago.

Sheep and lamb numbers in Canada at January 1, 1991 are estimated at 541,300, up 5.1% from the 514,800 at January 1, 1990. Sheep one year and over increased by 3.5% while lambs under one year increased by 9.3%.

Available on CANSIM: matrices 1151, 1166, 5645, 9500-9510.

The January 1, 1991 issue of *Livestock Report* (23-008, \$16.50/\$66) will be available March 11. See "How to order Publications".

For more information on this release, contact David Burroughs (613-951-2511), Agriculture Division. ■

Railway Carloadings

Seven-day Period Ending February 14, 1991

Highlights

- Revenue freight loaded by railways in Canada during the week totalled 4.6 million tonnes, an increase of 0.8% over the same period last year.
- Piggyback traffic decreased 17.7% from the same period last year. The number of cars loaded also decreased 8.9% during the same period.
- The tonnage of revenue freight loaded to date this year is 2.6% lower than that loaded in the previous year.

Note: Piggyback traffic includes trailers and containers on flat cars. Piggyback traffic numbers are included in total carload traffic. All 1990 figures have been revised.

For more detailed information on this release, contact Angus MacLean (613-951-2484), Surface Transport Unit, Transportation Division. ■

Steel Primary Forms

Week Ending February 23, 1991

Preliminary estimates indicate that Canadian steel primary forms production for the week ending February 23, 1991 totalled 283 381 tonnes, an increase of 4.7% from the preceding week's total of 270 669 tonnes and up 2.8% from the year-earlier level of 275 554 tonnes. The cumulative total in 1991 was 1 997 743 tonnes, a decrease of 2.9% from 2 057 809 tonnes for the same period in 1990.

For more detailed information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■

Electric Power Statistics

December 1990

Highlights

- Net generation of electric energy in Canada in December 1990 decreased to 46 492 gigawatt hours (GWh), down 4.6% from the corresponding month in 1989. Exports increased 37.6% to 1 767 GWh, while imports decreased from 1 911 GWh to 767 GWh.
- Year-to-date figures show net generation at 465 967 GWh, down 3.4% from 1989. Exports, at 18 129 GWh, were down 17.9%, while imports, at 17 779 GWh, were up 39.7%.

Available on CANSIM: matrices 3987-3999.

The December 1990 issue of *Electric Power Statistics* (57-001, \$9/\$90) will be available the first week of March. See "How to Order Publications".

For more detailed information on this release, contact Dave Madsen (613-951-9823), Energy Section, Industry Division. ■

Canadian Civil Aviation Statistics

December 1990

Preliminary monthly operational data for December 1990 are now available. Data reported by Canadian Level I air carriers on scheduled services for 1990 show that domestic passenger-kilometres decreased by 5.5%, while international passenger-kilometres increased by 2.4% over 1989.

Available on CANSIM: matrix 385.

Preliminary civil aviation data for December 1990 will be available in the March 1991 issue of the *Aviation Statistics Centre Service Bulletin* (51-004, \$9.30/\$93). See "How to Order Publications".

For more information on this release, contact Bradley Snider (819-997-6195), Aviation Statistics Centre, Transportation Division. ■

Government Revenue and Expenditure (SNA Basis)

Fourth Quarter 1990

Federal, provincial and local government detailed revenue and expenditure estimates on a national accounts basis for the quarter ended December 31, 1990 are now available. Revised estimates for previous quarters of 1990 are also available.

Available on CANSIM: matrices 2711 (federal), 2712 (provincial) and 2713 (local).

For further information on this release, contact John (Sean) Bergin (613-951-1815) for federal data; Joumana Feghali (613-951-1824) for provincial data; or James Temple (613-951-1948), Economic Statistics Section, Public Institutions Division.

Data are also available through special tabulations. For more information or general inquiries on Public Institutions Division's products or services, contact Patricia Phillips, Data Dissemination Co-ordinator (613-951-0767). ■

Performing Arts

1988-89

Data from the 1988-89 annual survey of performing arts companies in Canada are now available on a cost-recovery basis. Information on company performances and attendance can be obtained, as well as detailed breakdowns of revenues and expenditures, tabulated by province or by the four disciplines of theatre, music, dance and opera.

For further information on this release, contact Mary Cromie (613-951-6864), Education, Culture and Tourism Division. ■

PUBLICATIONS RELEASED

Financial Institutions, Financial Statistics, Third Quarter 1990.

Catalogue number 61-006

(Canada: \$44.00/\$176.00; United States: US\$52.75/US\$211.00; Other Countries: US\$61.50/US\$246.00).

Juristat Bulletin: Processing Time in Youth Courts, 1986-87 to 1989-90 (Vol.11 No. 4).

Catalogue number 85-002

(Canada: \$3.90/\$78.00; United States: US\$4.70/\$94.00; Other Countries: US\$5.45/\$109.00).

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Please enclose cheque or money order payable to the Receiver General for Canada/Publications and provide full information on publications required (catalogue number, title, issue).

Publications may also be ordered through Statistics Canada's offices in St. John's, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Regina, Edmonton, Calgary and Vancouver, or from authorized bookstore agents or other booksellers.

A national toll-free telephone order service is in operation at Statistics Canada. The toll-free line (1-800-267-6677) can be used by Canadian customers for the ordering of Statistics Canada products and services.

**The
Daily**

Statistics Canada's Official Release Bulletin for Statistical Information

Catalogue 11-001E. Price: Canada: \$120.00 annually; United States: US\$144.00 annually; Other Countries: US\$168.00 annually

Published by the Communications Division
Statistics Canada, 3-N, R.H. Coats Bldg., Ottawa K1A 0T6.

Senior Editor: Greg Thomson (613-951-1116)
Editor: Bruce Simpson (613-951-1103)

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The Daily, February 28, 1991

MAJOR RELEASE DATES: MARCH 1991

(Release dates are subject to change)

Anticipated date(s) of release	Title	Reference period
March 1991		
1	Building Permits	December 1990
1	Sales of Refined Petroleum Products	January 1991
4	Canadian Composite Leading Indicator	December 1990
6	Help-Wanted Index	February 1991
8	Labour Force Survey	February 1991
8	Estimates of Labour Income	December 1990
11	New Motor Vehicle Sales	January 1991
11	New Housing Price Index	January 1991
12	Farm Product Price Index	January 1991
13	Travel Between Canada and Other Countries	January 1991
13	Department Store Sales by Province and Metropolitan Area	January 1991
15	Monthly Survey of Manufacturing	January 1991
19	Capacity Utilization Rates in Canadian Manufacturing	Fourth Quarter 1990
19	Quarterly Financial Statistics For Enterprises	Fourth Quarter 1990
20	Preliminary Statement of Canadian International Merchandise Trade	January 1991
20	Sales of Natural Gas	January 1991
21	Field Crop Reporting Series: No 2 - March Intentions of Principal Field Crop Area, Canada	
21	Crude Petroleum and Natural Gas	December 1990
22	The Consumer Price Index	February 1991
22-26	Wholesale Trade	January 1991
25	Security Transactions with Non-Residents	January 1991
26	Industrial Product Price Index	February 1991
26	Raw Materials Price Index	February 1991
27	Employment, Earnings and Hours	January 1991
27	Unemployment Insurance Statistics	January 1991
28	Real Gross Domestic Product at Factor Cost by Industry	January 1991
28	Building Permits	January 1991
28	Retail Trade	January 1991
28	Department Store Sales and Stocks	January 1991
28	Major Release Dates	April 1991

The April 1991 release schedule will be published on March 28, 1991. Users note: This schedule can be retrieved from CANSIM by command DATES. Contact Greg Thomson (613-951-1116), Communications Division.