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- **Industrial product price index, September 1994** 4
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Raw materials prices continued downward in September. Price declines in crude oil and other commodities reduced the upward pressure on prices at the manufacturing level.

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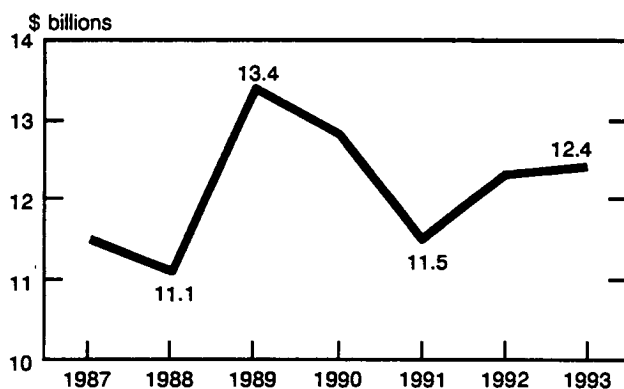
Canada

MAJOR RELEASES

Homeowner repair and renovation expenditure 1993

The homeowner repair and renovation market remained stable in 1993 despite the lowest interest rates in decades. Homeowners spent \$12.4 billion to repair and renovate their homes in 1993, unchanged from 1992.

Homeowners' total expenditure on home repairs and renovations



Expenditures on home repairs and renovations reflected a general decline in the housing sector in 1993. Activity was down 4.8% in new residential construction and was down 5.9% in the resale market for residential dwellings. Although a decision to buy a new house differs from a decision to renovate an existing one, the activity in these two markets is usually comparable.

The 6.7 million homeowners in Canada spent an average \$1,846 on repairs and renovations in 1993, down 1.4% from 1992.

Renovation and alteration projects sustain total spending

Of the five major categories of repair and renovation projects, the only increase in spending was in the renovations and alterations category (+7.0%), which accounted for 42% of all projects. This category

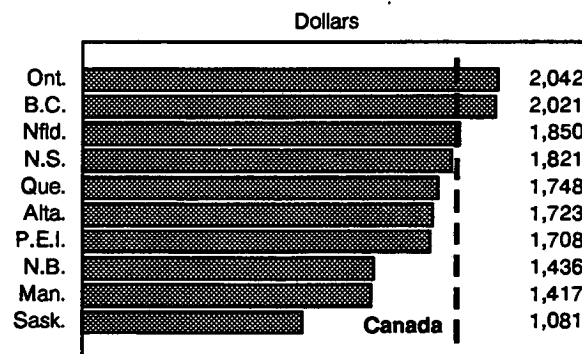
includes projects, either inside or outside the house, intended to increase the value of the property.

Expenditures were down in the other four categories of projects: additions (-7.3%), new installations of equipment (-5.7%), replacement of equipment (-2.1%), and repairs and maintenance (-0.8%).

Homeowners in Ontario and British Columbia spent the most on average

Declines in average spending in three provinces with large populations—Quebec (-5.7%), British Columbia (-8.2%) and Alberta (-16.8%)—resulted in a drop at the national level. Homeowners in the Atlantic provinces—except New Brunswick (-8.1%)—spent considerably more in 1993: average spending increased 18.8% in Nova Scotia, 14.8% in Prince Edward Island and 7.0% in Newfoundland. Homeowners in Ontario (+5.4%) and Manitoba (+14.2%) also reported increases in average spending.

On average, homeowners in Ontario and British Columbia spent the most in 1993



Expenditures on repair and renovation projects over \$10,000 increased by 4.6% in 1993. Of the \$12.4 billion total, 44% came from only 3.8% of homeowners with that type of project.

Contracted work was more widespread in urban centres, where 71% of all spending was given to contractors; this compares with 56% in rural areas.

Preliminary tables from the homeowner repair and renovation survey of 1993 are now available. Data are presented by level of expenditure, province, size of area of residence, and type of dwelling.

Additional tables by income and other characteristics of homeowner households and their dwellings will be available in *Homeowner repair and renovation expenditure in Canada, 1993* (62-201, \$30), which will be released in February 1995.

For further information on statistics, contact Réjean Lasnier (613-951-4633). For analytical information, contact Paul Gratton (613-951-4165), Family Expenditure Surveys Section, Household Surveys Division. ■

Industrial product price index

September 1994 (preliminary)

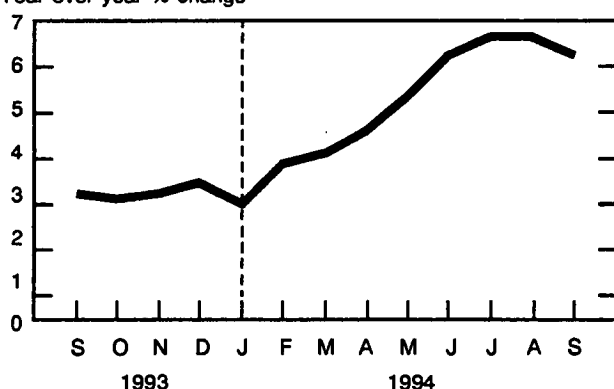
In September, prices of exporting producers continued to rise, while inflationary pressures on consumers did not increase. The year-over-year change in producer prices remained at over +6% for the fourth consecutive month.

Inflationary pressure on prices paid to some sectors of manufacturers remained strong in September. Consumers are not likely to feel the full impact of the rise in prices paid to manufacturers because export demand is behind much of the pressure. However, the profit figures of exporters are likely to continue to benefit.

The year-over-year change in the IPPI edged down to +6.2% as prices slipped 0.2% from their August level. Exchange rate movements were an important contributor to this change. Since June, the year-over-year change in manufacturers' prices has been higher than at any time since mid-1982.

Manufacturing prices are levelling off

Year-over-year % change



At the manufacturer's level, the year-over-year price increase for consumer goods was about 2.4% in September. This excludes the immediate effects of changes in the value of the Canadian dollar abroad. The year-over-year change in the goods component of the CPI was a little under +1.5%. This excludes the effect of the drop in tobacco taxes in Eastern

Note to users

The industrial product price index (IPPI) reflects the prices that producers receive for goods at the plant gate: it records what producers receive, not what consumers pay. Unlike the consumer price index (CPI), the IPPI excludes indirect taxes and all the costs that occur between when a good leaves the plant and when the final user takes possession of it, including the transportation, wholesale, and retail costs.

The IPPI covers most of the goods produced in Canada. The prices received by producers for goods that appear in the CPI are typically covered by the finished foods and feeds price index and by the other finished goods price index.

The IPPI is better than the CPI at reflecting changes in the health of many industries. It may also give advance notice of changes in the pattern of consumer inflation. Elements of the IPPI are frequently used by businesses in contract escalator clauses to track changes in important inputs.

The effect of currency movements on the IPPI

Canadian producers export many goods. These producers often quote their prices in foreign currencies. A rise or fall in the value of the Canadian dollar against the U.S. dollar will therefore affect the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar has been estimated to change the IPPI by approximately 0.2%. The indexes for motor vehicles, pulp, paper, and wood products are particularly affected. A 1.0% change in the Canadian dollar will change the motor vehicles index 0.7%, the pulp index 0.6%, the paper index 0.5%, and the wood products index 0.3%.

Canada. Manufacturers receive about half of the consumer's dollar. The remainder goes to retailers, wholesalers, transportation companies, and taxes. Over the last year, the consumer market remained relatively weak. It seems part of the increase in manufacturers' prices was absorbed by wholesalers and retailers as they tried to hold down labour and other costs.

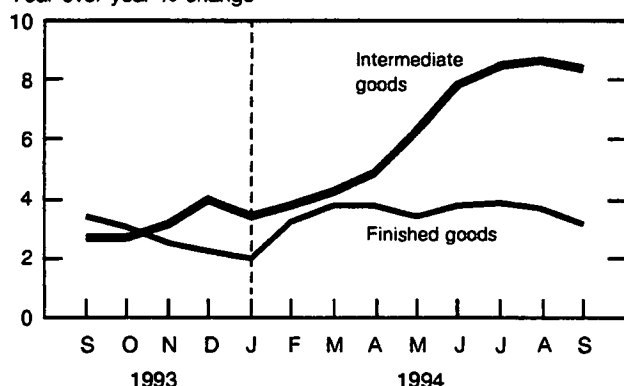
The year-over-year change in manufacturers' prices in Canada remained much higher than in other G7 countries. It was about double the increase in Italy, the country with the next highest year-over-year change. It was about triple the increase in the United States, Germany, and the United Kingdom. Important contributors to the differences were the structure of the Canadian economy and the effect of changes in the Canadian exchange rate.

Inflationary pressure on some intermediate goods remains strong

Inflationary pressure on the prices of certain intermediate goods (such as pulp and primary metals used to produce other goods) remained strong in September. There was some easing, however, in other intermediate goods prices. Increases in this sector generally came from the strength of demand for those commodities, not from the rising costs of their materials. Even so, prices received by manufacturers for the main categories of finished goods (foods and feeds, capital equipment, and other finished goods) moved down.

Intermediate and finished goods prices are edging down

Year-over-year % change



Much of the inflationary pressure on intermediate goods produced in Canada remains foreign in origin. There is no appreciable evidence yet that input price increases are starting to force increases in prices of other commodities. Thus, conditions remain good for Canadian producers, while the Canadian consumer has yet to see any strong rise in prices of consumer goods. The continuing strength of exports and investment, together with the lack of any widespread increase in consumer spending, suggests this may continue.

The most important price increases among intermediate goods were for non-ferrous primary metal products, wood pulp, and paper. Only for one category of paper was the price increase rooted in supply costs rather than in increasing world demand. Offsetting the increases were declines in the prices for lumber and other wood products, motor vehicle parts, and petroleum products.

The downward movement of prices for finished goods was driven mainly by the strengthening Canadian dollar, which appeared to reduce the value of export prices for motor vehicles quoted in U.S. dollars. It was supported by a reduction in the prices for petroleum products, some industrial machinery, meat, and some electrical products.

Prices hit by a rise in the Canadian dollar

September's 1.9% rise in the value of the Canadian dollar against the U.S. dollar was primarily responsible for the 0.2% decline in manufacturers' prices because it reduced the value of export prices quoted in U.S. dollars. Producer prices declined in six major product groups but rose in 13 others. The most significant price declines were for exported motor vehicles, lumber and other wood products, and petroleum products. Partly offsetting the declines were increases in non-ferrous primary metal products and in pulp and paper.

Declines in the prices received for exported automobiles (-1.8%) and exported trucks (-1.9%) were almost entirely due to the effect of the rise in the value of the Canadian dollar.

The change in the value of the Canadian dollar contributed to the fall in prices received for wood products. However, recent labour settlements in British Columbia were responsible for a large part of the decline in wood products prices.

A 6% decline in crude oil prices in August, followed by September's 7% decline, led to a 1.7% decline in September's gasoline and fuel prices.

Price increases for non-ferrous primary metal products were widespread. Copper and copper alloy products prices jumped 5.5% as world demand for copper continued to rise. Aluminum products prices also rose and were 1.0% higher than in August. The price for nickel products was up 2.3%, which may be due in part to the amount of nickel held by investors waiting for higher prices.

Domestic prices for sulphate woodpulp rose 1.9%, while export prices for sulphate woodpulp jumped 2.3%. Demand is rising both at home and abroad for woodpulp, and exports are strong.

Paper prices were up 0.1%, led by a 2.4% increase in the price of fine paper, which was partly offset by a decline in newsprint prices that was an effect of movement in the exchange rate. Overall, the demand for paper was strong as were exports. However, manufacturers reported that increased materials prices were responsible for the increase in the domestic price of paper (other than newsprint) used for printing.

Available on CANSIM: matrices 2000-2008.

For further information on this release, contact the Information and Current Analysis Unit (613-951-3350, fax: 613-951-2848), Prices Division.

The September 1994 issue of *Industry price indexes* (62-011, \$20/\$200) will be available at the end of November. See "How to order publications".

Industrial product price indexes (1986 = 100)

Index	Relative Importance ¹	September 1993	August 1994 ^r	September 1994 ^p	September 1993 to September 1994	August 1994 to September 1994
					% change*	
Industrial product price index-total	100.0	113.1	120.3	120.1	6.2	-0.2
Total IPPI excluding petroleum and coal products	93.6	114.9	121.9	121.8	6.2	-0.1
Intermediate goods²	60.4	111.1	120.3	120.4	8.4	0.1
First-stage intermediate goods ³	13.4	102.8	121.3	122.6	19.3	1.1
Second-stage intermediate goods ⁴	47.0	113.5	120.0	119.8	5.6	-0.2
Finished goods⁵	39.6	116.1	120.3	119.7	3.1	-0.5
Finished foods and feeds ⁶	9.9	118.9	122.3	122.1	2.7	-0.2
Capital equipment ⁷	10.4	117.3	121.5	120.8	3.0	-0.6
All other finished goods ⁸	19.3	114.1	118.6	117.8	3.2	-0.7
Aggregation by commodities						
Meat, fish and dairy products	7.4	116.6	118.8	118.3	1.5	-0.4
Fruit, vegetable, feed, miscellaneous food products	6.3	116.8	123.0	122.9	5.2	-0.1
Beverages	2.0	124.5	126.0	126.1	1.3	0.1
Tobacco and tobacco products	0.7	164.0	164.3	164.2	0.1	-0.1
Rubber, leather, plastic fabric products	3.1	114.0	117.8	118.6	4.0	0.7
Textile products	2.2	109.9	112.4	112.9	2.7	0.4
Knitted products and clothing	2.3	114.5	116.2	116.3	1.6	0.1
Lumber, sawmill, other wood products	4.9	138.4	159.1	156.7	13.2	-1.5
Furniture and fixtures	1.7	119.5	121.6	121.8	1.9	0.2
Paper and paper products	8.1	104.1	117.4	118.0	13.4	0.5
Printing and publishing	2.7	136.3	141.8	142.8	4.8	0.7
Primary metal products	7.7	100.3	119.0	120.7	20.3	1.4
Metal fabricated products	4.9	114.6	119.0	119.8	4.5	0.7
Machinery and equipment	4.2	119.8	122.1	122.1	1.9	0.0
Autos, trucks, other transportation equipment	17.6	111.4	117.0	115.6	3.8	-1.2
Electrical and communications products	5.1	112.6	115.2	115.1	2.2	-0.1
Non-metallic mineral products	2.6	111.1	116.3	116.5	4.9	0.2
Petroleum and coal products ⁹	6.4	89.9	97.1	95.8	6.6	-1.3
Chemicals and chemical products	7.2	117.4	124.5	124.9	6.4	0.3
Miscellaneous manufactured products	2.5	114.9	118.4	118.5	3.1	0.1
Miscellaneous non-manufactured commodities	0.4	79.9	87.6	88.5	10.8	1.0

¹ Weights are derived from the "make" matrix of the 1986 Input/Output table.

² Intermediate goods are goods used principally to produce other goods.

³ First-stage intermediate goods are items used most frequently to produce other intermediate goods. This category is dominated by primary metals, chemicals, and pulp.

⁴ Second-stage intermediate goods are items most commonly used to produce final goods. Almost half the commodities tracked in the IPPI, and part of every commodity group, fall into this category.

⁵ Finished goods are goods most commonly used for immediate consumption or for capital investment.

⁶ Foods and feeds covers about two-thirds of the food, feed, and beverage products in the IPPI.

⁷ Capital equipment is dominated by transport equipment, industrial machinery and equipment, and electrical and communications products other than household appliances.

⁸ The largest components of the other final goods category are: automobiles, gasoline, clothing, various chemical products, and most furniture and appliances.

⁹ This index is estimated for the current month.

^p Preliminary figures.

^r Revised figures.

* Figure is rounded.

Raw materials price index

September 1994 (preliminary)

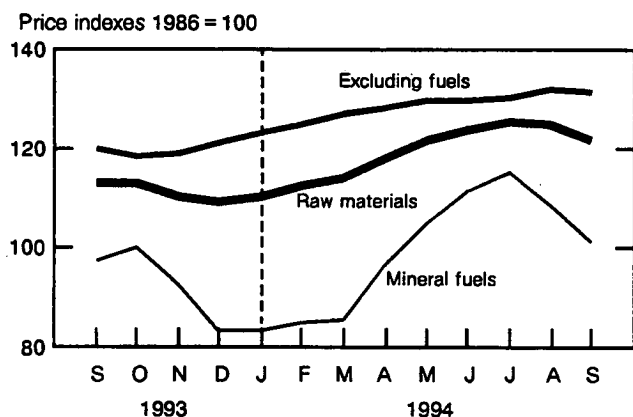
Raw materials prices continued downward in September. Price declines in crude oil and other commodities reduced the upward pressure on prices at the manufacturing level.

Raw materials prices fell 2.2% from August, but were still 8.1% higher than a year earlier. Leading the decline was crude oil. Also contributing were lower prices for live hogs and cattle, oilseeds, and wood. Higher prices for grains and many metals, particularly copper and aluminum, partly offset the overall decline.

Crude oil prices continue downward

Crude oil prices, which had been increasing since the start of the year, declined for a second consecutive month in September. Prices increased almost 44% since the end of 1993 up to July. The downward trend of the latest two months may not continue much longer if demand rises as expected this fall and winter while OPEC's current supply controls remain in place.

Crude oil pulls down raw materials prices



Prices for live hogs and cattle have been declining since May, and fell more sharply in September.

Supply of live hogs and cattle is up, and, with the reluctance to carry them over the winter, there has been downward pressure on prices.

Note to users

Due to a correction in the potato index dating back to September 1992, the indexes for fresh vegetables, vegetable products, total raw materials and total raw materials excluding mineral fuels may have been revised back to September 1992.

Wood prices in September edged down slightly for the first time since October 1993. Wood prices have increased significantly since the start of 1992; but that rate of increase has slowed in recent months, and the upward pressure may have ended. Even so, it will be months before the effects of recent and on-going labour settlements, increased overhead costs associated with higher stumpage fees, and policies to control cutting procedures in Canada's forests are fully realized.

Lower oilseed prices offset higher grain prices

Although they showed no overall change in September, vegetable product prices were still 20.3% higher than a year earlier. In September higher grain prices (wheat +6% and barley +11%) were offset by lower prices for oilseeds (canola -2% and soybeans (-9%). The Canadian Wheat Board's asking export price for No. 1 grade increased from US\$176 per tonne in August to US\$187 per tonne in mid-September. Wheat prices appear to be strengthening for 1994-95, due to tight world supply conditions and a low stock inventory predicted for next summer. Prices for oilseeds have fallen almost 25% since June; however, even with the current bumper crop for canola and soybeans, the demand from countries such as China and Japan for oilseed products may put upward pressure on oilseed prices in the future.

The only group of commodities for which prices rose in September was non-ferrous metals, which have been on an upward trend since December 1993. September prices were up over 4%. Led by increased demand for copper in the G7 countries, copper prices moved upward more than 7%. Also, aluminum prices increased to their highest level since September 1990; inventories have fallen almost 10% since June.

Raw materials prices in September declined 2.2% from a month earlier, and overall prices excluding mineral fuels fell 0.5%. On a year-over-year basis, raw materials prices were up 8.1%, and overall prices excluding mineral fuels rose 9.6%.

Available on CANSIM: matrix 2009.

For further information on this release, contact the Information and Current Analysis Unit (613-951-3350, fax: 613-951-2848), Prices Division.

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Raw materials price index
(1986 = 100)

Index	Relative Importance ¹	September 1993	August 1994 ^r	September 1994 ^p	September 1993 to September 1994	August 1994 to September 1994
					% change	
Raw materials total	100.0	112.6	124.5	121.7	8.1	-2.2
Mineral fuels	32.0	97.1	108.4	101.0	4.0	-6.8
Vegetable products	10.0	98.2	118.1	118.1	20.3	0.0
Animals and animal products	26.0	111.1	109.2	105.3	-5.2	-3.6
Wood	13.0	189.1	204.7	203.5	7.6	-0.6
Ferrous materials	4.0	106.5	119.8	119.2	11.9	-0.5
Non-ferrous metals	13.0	92.3	124.0	129.5	40.3	4.4
Non-metallic minerals	3.0	98.9	103.5	100.7	1.8	-2.7
Total excluding mineral fuels	68.0	119.8	132.0	131.3	9.6	-0.5

¹ Rounded figures.

^r Revised figures.

^p Preliminary figures.

OTHER RELEASES

Steel primary forms

Week ending October 22, 1994 (preliminary)

Steel primary forms production for the week ending October 22, 1994 totalled 271 289 tonnes, up 0.2% from the week-earlier 270 661 tonnes but down 2.0% from the year-earlier 276 966 tonnes.

The cumulative total at the end of the week was 11 095 550 tonnes, a 4.2% decrease from 11 583 511 tonnes for the same period in 1993.

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

Financial and taxation statistics for enterprises

1991

Financial and taxation statistics for enterprises are now available for 1991. The data include balance sheet, income statement, reconciliation of profit to taxable income and taxes payable, and selected

financial ratios for up to 153 industry groups based on the standard industrial classification for companies and enterprises.

For further information on this release, contact Paula Helmer (613-951-9852) or Roy St. Germain (613-951-2649), Industrial Organization and Finance Division. ■

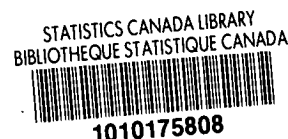
Stocks of frozen meat products

October 1, 1994

Frozen meat in cold storage as of October 1, 1994 amounted to 40 000 tonnes. This compares with 45 000 tonnes a month earlier and 36 000 tonnes a year earlier.

Available on CANSIM: matrices 87 and 9517-9525.

For further information on this release, contact Bob Freeman (613-951-2508), Agriculture Division. ■



PUBLICATIONS RELEASED

Financial flow accounts, second quarter 1994.
Catalogue number 13-014
 (Canada: \$35/\$140; United States: US\$42/US\$168;
 other countries: US\$49/US\$196).

Crude petroleum and natural gas production, July 1994.
Catalogue number 26-006
 (Canada: \$11/\$110; United States: US\$14/US\$132;
 other countries: US\$16/US\$154).

Consumer prices and price indexes, January-March 1994.
Catalogue number 62-010
 (Canada: \$20/\$80; United States: US\$24/US\$96;
 other countries: US\$28/US\$112).

Employment, earnings and hours, July 1994.
Catalogue number 72-002
 (Canada: \$29/\$285; United States: US\$35/US\$342;
 other countries: US\$40/US\$399).

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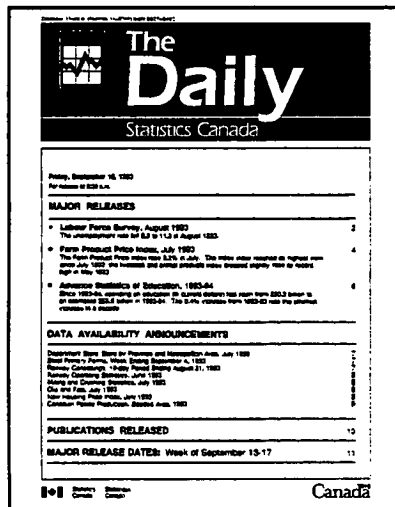
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