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- **Labour force survey, May 1994** 2
Employment growth in May was strongest in the trade and construction industries. The unemployment rate fell 0.3 percentage points to 10.7%.
- **National Income and expenditure accounts, First quarter 1994** 5
Led by strong consumer demand, real gross domestic product continued to grow rapidly in the first quarter of 1994.
- **Balance of International payments, First quarter 1994** 11
Seasonally adjusted, the current account deficit narrowed from \$8.1 billion to \$7.1 billion, remaining within the range observed over the preceding four quarters. The decline in the first quarter of 1994 was due to non-merchandise transactions, notably investment income and travel.
- **Financial flow accounts, First quarter 1994** 18
Total funds raised on financial markets remained firm in the first quarter of 1994.

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MAJOR RELEASES

Labour force survey

May 1994

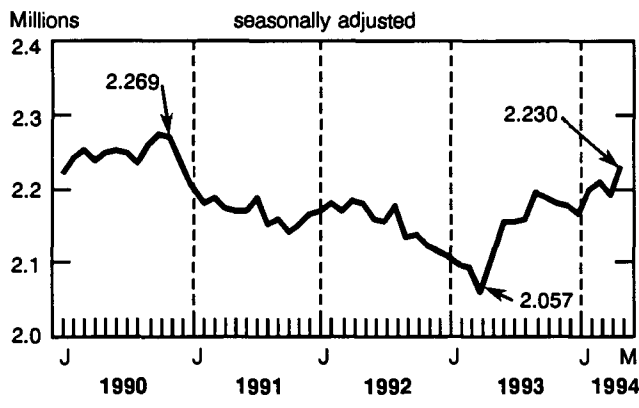
Overview

Estimates from the labour force survey show strong employment growth in May. An increase in employment of 56,000 brought gains over the latest four months to 171,000. Over this period, the gains have been in full-time employment, with the largest increase occurring in May (+88,000). Employment growth in May was strongest in the trade and construction industries. The unemployment rate fell 0.3 percentage points to 10.7%.

More jobs in trade and construction

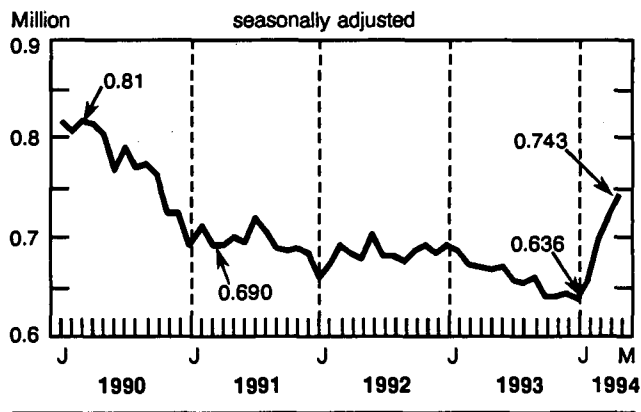
Trade employment increased in May after a strong performance in retail trade sales in the first quarter of 1994. The level of employment grew by 41,000 (+1.9%), more than offsetting a loss in April. As of May gains in 1994 totalled 54,000.

More jobs in trade



Employment in construction increased by 24,000 (+3.3%) in May. Gains over the latest four months totalled 107,000, reversing the downward trend that prevailed since early 1990. Construction employment remained 8.8% below the pre-recession level of March 1990.

More jobs in construction



Employment in other primary industries grew by 11,000. Most of this growth was due to increased employment in mining.

Manufacturing employment decreased by 22,000 (-1.2%). After a decline in January, partly due to plant closures for re-tooling, there were strong employment gains in manufacturing in February and March, which held in April. The decline in May left employment in manufacturing little changed from its level in December 1993.

Employment in public administration fell for the second consecutive month. The decrease of 17,000 (-2.0%) left employment 36,000 below its level at the end of 1993.

Employment resumed its upward trend in British Columbia

Much of the employment gain of 56,000 occurred in British Columbia (+30,000). This growth followed small declines in March and April—in a province where employment was little affected by the recession. British Columbia's employment level was 12.5% higher in May than in March 1990. Employment in Alberta increased by 10,000, bringing gains since January 1994 to 19,000. Alberta's employment level was 3.9% higher than in March 1990. New Brunswick also experienced a sizeable employment increase (+5,000 or +1.8%). This gain offset the employment losses in New Brunswick since December 1993, and left the province's employment 1.0% below the pre-recession level.

Employment held steady in Ontario and Quebec. In Ontario gains over the latest four months totalled 58,000, offsetting a sharp loss in January. In Quebec there has been little change over the latest two months, sustaining the gains that began in August 1993. Increases as of May totalled 50,000.

Conditions improved for adult men and youths

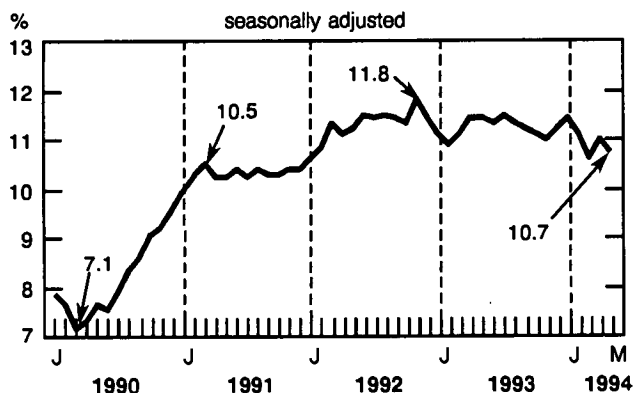
In May employment increased by 31,000 among adult men aged 25 and over, bringing gains since January to 97,000. The percentage of adult men employed has increased by 0.7 over this period. Employment among adult women was little changed after growth in the previous three months.

Employment for youths aged 15 to 24 increased by 32,000 after a loss of 17,000 in April. Despite monthly fluctuations, the trend in youth employment has been essentially flat for more than a year. The employment rate among 20- to 24-year-olds who were students in March was 6.6 percentage points higher in May 1994 than in May 1993.

Unemployment dropped

In May, the level of unemployment fell by 36,000 to 1,511,000. The unemployment rate fell 0.3 percentage points to 10.7%. The participation rate (persons working or looking for work as a percentage of the population aged 15 and over) was unchanged at 65.1%.

Unemployment rate



The fall in unemployment was largely due to a decline in the number of unemployed adult men. The unemployment rate among adult men fell 0.6

percentage points, mostly a result of strong employment growth. Unemployment among youths was little changed, as employment and labour force participation grew by about the same amount. In May, labour market conditions among adult women were virtually unchanged.

Unemployment levels and rates for May 1994 and the changes from April 1994

	Level	Change	Rate	Change
	'000	'000	%	
Newfoundland	52	+3	21.3	+1.0
Prince Edward Island	11	-1	17.2	-1.0
Nova Scotia	56	-3	13.1	-0.7
New Brunswick	44	+1	13.3	+0.1
Quebec	428	-7	12.4	-0.2
Ontario	536	-14	10.0	-0.2
Manitoba	51	-1	9.4	-0.1
Saskatchewan	35	-2	7.4	-0.4
Alberta	126	+4	9.0	+0.2
British Columbia	171	-14	9.5	-0.9

Provincial labour markets from 1989 to 1993

During the last four years the Canadian labour market suffered employment losses due to a major recession and a restructuring of the economy. The timing and intensity of these changes in the labour market varied significantly across the country.

An overview of provincial trends since 1989 will appear in a feature article in the May 1994 issue of *The labour force* (71-001, \$20/\$200). Copies of the article are now available by fax (\$25 payable by Visa or MasterCard). For further information, contact Marc Levesque (613-951-2793).

Available on CANSIM at 7 a.m.: matrices 2074, 2075, 2078-2107 and table 00799999.

For a summary of information, *Labour force information* (71-001P, \$10/\$100) is available today, as is a fax version (71-001PF, \$300). The May 1994 issue of *The labour force* (71-001, \$20/\$200) will be available the third week of June. See "How to order publications".

The next release of the labour force survey is scheduled for July 8th.

For further information on this release, contact Doug Drew (613-951-4720), Jean-Marc Lévesque (613-951-2301) or the LFS information line (613-951-9448), Household Surveys Division. □

Labour force characteristics

	May 1994	April 1994 to May 1994	December 1993 to May 1994
	seasonally adjusted		change
Labour force ('000)	14,101	+ 20	+ 75
Employment ('000)	12,590	+ 56	+ 132
Full-time	10,442	+ 88	+ 170
Part-time	2,148	-32	-38
Unemployment ('000)	1,511	-36	-57
Unemployment rate (%)	10.7	-0.3	-0.5
Participation rate (%)	65.1	-	-
Employment/population ratio (%)	58.1	+ 0.2	+ 0.3
	May 1994	May 1993	May 1993 to May 1994
	unadjusted		change
Labour force ('000)	14,225	14,030	+ 195
Employment ('000)	12,709	12,435	+ 274
Full-time	10,544	10,245	+ 299
Part-time	2,165	2,190	-25
Unemployment ('000)	1,515	1,595	-79
Unemployment rate (%)	10.7	11.4	-0.7
Participation rate (%)	65.6	65.7	-0.1
Employment/population ratio (%)	58.6	58.3	+ 0.3

- Nil or zero.

Chart 1

GDP at 1986 prices

Quarterly % change

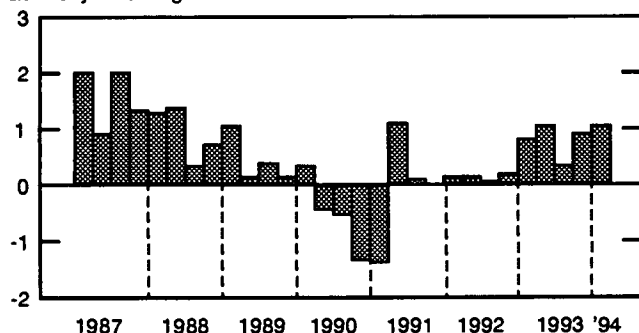
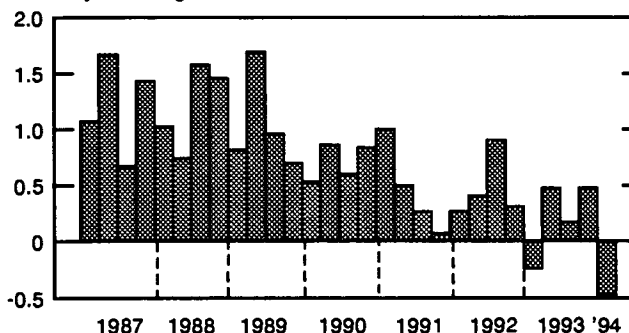


Chart 2

GDP Implicit price index

Quarterly % change



National income and expenditure accounts

First quarter 1994

Overview of economic developments

The economy expanded rapidly in the first quarter of 1994, at about the same pace as in the fourth quarter of 1993. Led by a substantial rise in consumer spending, which was spurred by income tax refunds, real gross domestic product at market prices advanced 1.0% (chart 1). Exports of goods and services also increased, although at the slowest rate in nine quarters. Construction and government spending both declined. Labour income grew moderately and corporation profits surged to their highest level in four years. The inflation rate, strongly influenced by a cut in tobacco excise taxes and by declining unit labour costs, was negative for just the second time in over 33 years (chart 2).

Personal expenditure on consumer goods and services

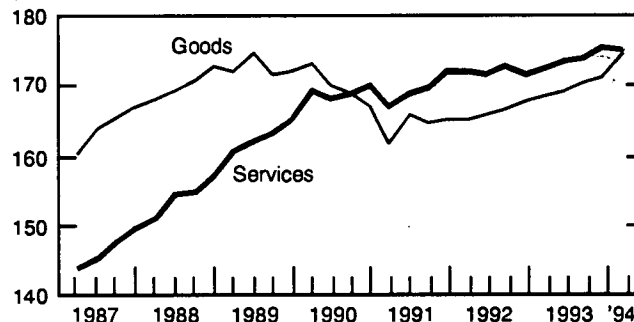
Consumers spent 0.9% more in the first quarter of 1994 than in the fourth quarter of 1993, after adjusting for inflation. The increase was the largest in almost three years and was partly attributable to income tax refunds, as Revenue Canada accelerated these payments considerably compared with previous years.

Personal expenditure on goods rose 2.1% while spending on consumer services dropped 0.3% (chart 3). Outlays for motor vehicles, parts and accessories rose 2.3%, furniture and appliance sales rose 1.5%, and electricity, gas and other fuels rose 2.9%. The latter increase was due to exceptionally cold weather. Tobacco sales, the total of legal and smuggled, rose an estimated 3.0% as the government cut excise taxes and stepped up anti-smuggling enforcement measures. The fall in consumer spending on services reflected the continuing drop in cross-border shopping, stimulated by the depreciation of the Canadian dollar over the past 2½ years.

Chart 3

Personal expenditure on consumer goods and services at 1986 prices

\$ billions

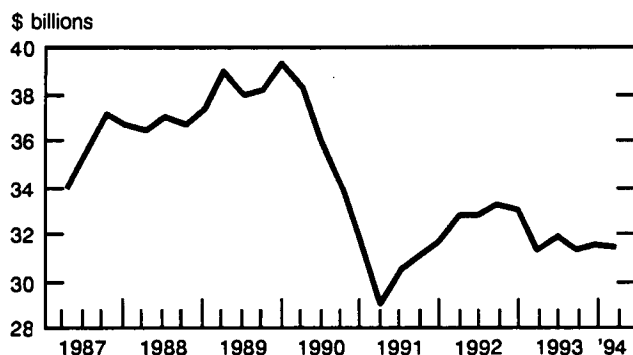


Residential construction

Housing investment dipped 0.5% in real terms during the first quarter, continuing the up-and-down growth pattern seen in 1993 (chart 4). The decrease was due to a sharp 6.0% drop in spending on home renovations and improvements. New home-building activity rebounded 2.1% after six quarters of decline, despite the fact that housing starts fell from an annual rate of 162,400 in the fourth quarter to just 151,900 in the first. Results from the labour force survey in April and May suggest that further increases in construction occurred in the spring. Real estate commission outlays, which are normally quite volatile, grew 2.8% in the quarter.

Chart 4

Business residential construction investment at 1986 prices



Business plant and equipment investment

Business capital spending was essentially unchanged in the first quarter after several quarters of strong growth in 1993. Purchases of machinery and equipment, accounting for about 60% of total plant and equipment outlays, grew 0.8% due to higher spending on office equipment, automobiles, trucks and other transportation equipment. However, non-residential construction fell 2.5%, reflecting reduced spending on commercial building projects.

Business inventories

There was a modest accumulation of inventories, the fourth consecutive quarterly increase after a three-year period of sustained destocking. The first quarter's buildup was concentrated in durable goods manufacturing industries, most notably motor vehicle and wood producers. Retail trade establishments drew down stocks slightly after a sharp accumulation in the fourth quarter. In the farm sector, grain inventories rose as labour disputes halted export shipments for 12 days at Vancouver and Prince Rupert.

Expenditure components of GDP at constant 1986 prices

	Fourth quarter 1993 to First quarter 1994	
	\$ change*	% change
Final domestic demand	2,580	0.4
Personal expenditure	3,172	0.9
Durable goods	1,284	2.6
Semi-durable goods	540	1.8
Non-durable goods	1,836	2.0
Services	-488	-0.3
Government expenditure	-228	-0.2
Current goods and services	-224	-0.2
Investment	-4	0.0
Business investment	-364	-0.3
Residential construction	-156	-0.5
Plant and equipment	-208	-0.3
Non-residential construction	-596	-2.5
Machinery and equipment	388	0.8
Inventory change	-2,096	...
Government	24	...
Business non-farm	-1,876	...
Farm	-244	...
Balance of trade on goods and services	3,788	...
Exports of goods and services	2,216	1.1
Merchandise	1,524	0.8
Non-merchandise	692	3.0
Less: Imports of goods and services	-1,572	-0.7
Merchandise	-92	-0.1
Non-merchandise	-1,480	-4.3
Statistical discrepancy	1,756	...
Gross domestic product at market prices	6,028	1.0

* Millions of constant 1986 dollars.

... Figures not appropriate or applicable.

Exports and Imports

The strong upswing in merchandise exports underway since 1991—stimulated by the depreciation of the Canadian dollar, the expanding U.S. economy, and liberalized trading arrangements—continued in the first quarter but at a slower 0.8% tempo. Increased exports of natural gas, motor vehicle parts, office machines and equipment, industrial machinery, electricity, newsprint, and pulp were partially offset by reduced exports of passenger cars, lumber, wheat, and tobacco. Service exports rose more rapidly than merchandise trade, led by higher travel receipts. Temporary plant shutdowns for retooling in the auto manufacturing industry and a dockworkers' strike in British Columbia accounted for much of the exports slowdown.

Merchandise imports were essentially unchanged in volume despite the further expansion of domestic demand. Higher imports of cars, computer equipment, and petroleum were offset by lower imports of motor vehicle parts, communications equipment, and tobacco. Tobacco smuggling fell due to federal excise tax reductions and increased customs enforcement measures effective February 8th. For national accounts purposes, the value of smuggled tobacco is approximated by the trend in tobacco exports, assuming that most exported tobacco is brought back to Canada illegally. Estimated tobacco smuggling dropped from \$2.0 billion in the fourth quarter of 1993 (in current prices and at an annual rate) to just \$1.1 billion in the first quarter of 1994.

The balance of trade in goods and services (at current prices and at an annual rate) was a deficit of \$3.2 billion in the first quarter after a \$4.1 billion deficit in the fourth quarter of 1993. The current account deficit on a balance of payments basis, which also includes net investment income flows, transfer payments and—effective with this release—reinvested earnings of direct investment enterprises, dropped from \$32.4 billion in the fourth quarter of 1993 to \$28.4 billion in the first quarter of 1994.

Price Indexes

Price inflation on a national accounts basis (measured by the GDP implicit price index) was -0.5% in the first quarter, just the second quarterly decline in 33 years. The other decline was in the first quarter of 1993.

Export prices dropped 0.4% and prices of domestically purchased goods and services edged up 0.1%. Import prices, the effects of which are netted out in the calculation of GDP, rose 1.1%. One important factor accounting for the faster growth of

import prices was the weak Canadian dollar, which depreciated a further 1.2% against the U.S. dollar in the first quarter. Consumer prices were held down by the cut in tobacco taxes, reflected in the 1.8% decrease in the implicit price index for non-durable goods.

Implicit price indexes

	Fourth quarter 1993 to First quarter 1994
	% change
Final domestic demand	0.1
Personal expenditure	-0.2
Durable goods	0.9
Semi-durable goods	0.2
Non-durable goods	-1.8
Services	0.5
Government expenditure	0.0
Current goods and services	0.1
Investment	-0.5
Business investment	0.7
Residential construction	2.0
Non-residential construction	0.6
Machinery and equipment	0.0
Exports of goods and services	-0.4
Merchandise	-0.6
Non-merchandise	0.3
Less: Imports of goods and services	1.1
Merchandise	1.0
Non-merchandise	1.7
Gross domestic product at market prices¹	-0.5

¹ Excludes value of physical change in inventories.

Personal Income

Personal income was essentially unchanged in the quarter. Higher wages, salaries and supplementary labour income, up 0.5% on the strength of rising average compensation per worker and a small increase in paid hours worked, accounted for most of the increase. Person-hours worked have been growing quite slowly in relation to output since the spring of 1991 (chart 5). Investment income of persons continued the downward trend evident since late 1990, when interest rates first turned down, and unincorporated business income was also lower. Personal disposable (after-tax) income rose 2.0% in the first quarter as Revenue Canada accelerated income tax refunds substantially compared with previous years. Despite the substantial growth in consumer spending, the jump in disposable income meant that the personal saving rate rose from 7.5% in the fourth quarter of 1993 to 8.6% in the first quarter of 1994.

Chart 5

Employment and output

Year-over-year % change

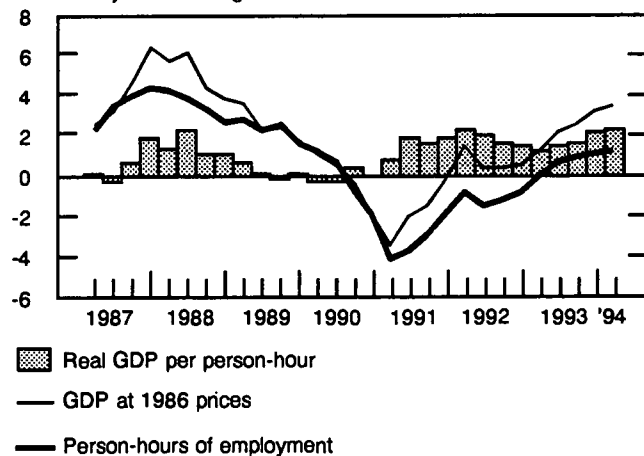
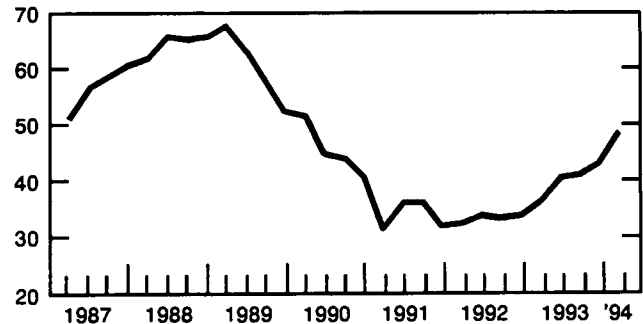


Chart 6

Corporation profits before taxes

\$ billions



Corporate Income

Corporation profits before taxes surged 14.4% in the first quarter, continuing the upward trend evident since late 1992 (chart 6). Both financial and non-financial corporations had higher profits. Export-oriented resource industries in particular, with their output typically priced in U.S. dollars, have benefitted from the depreciation of the Canadian dollar over the past 2½ years.

Revisions to previous years' estimates

Revised estimates of the national income and expenditure accounts for the period from 1990 to 1993 are being released with the results for the first quarter of 1994. They incorporate the most current source data and updated seasonal patterns. Slightly weaker economic growth is indicated for the period. On the income side of the accounts, net farm income and labour income account for most of the data revisions. On the expenditure side, imports and investment in machinery and equipment are the components most affected. The revisions reflect new benchmark information from: the Census of Agriculture, income tax records, the family expenditure survey, provincial and municipal government public accounts records.

Revisions to GDP growth

	1990	1991	1992	1993
	% change			
GDP at current prices				
Previous estimate	3.1	0.7	1.9	3.2
Revised estimate	2.9	0.8	2.0	3.4
Revision	-0.2	0.1	0.1	0.2
GDP at 1986 prices				
Previous estimate	-0.2	-1.7	0.7	2.4
Revised estimate	-0.2	-1.8	0.6	2.2
Revision	0.0	-0.1	-0.1	-0.2
GDP implicit price index				
Previous estimate	3.3	2.5	1.1	0.8
Revised estimate	3.2	2.6	1.4	1.1
Revision	-0.1	0.1	0.3	0.3

Available on CANSIM: matrices 6701-6702, 6704-6707, 6709-6716, 6718, 6720-6722, 6724-6727, 6729-6736, 6738, 6740, 6828-6839, 7404-7408 and 7420-7434.

For further information about the subject matter in this release, contact the information officer (613-951-3640), National Accounts and Environment Division.

The first quarter 1994 issue of *National income and expenditure accounts, quarterly estimates* (13-001, \$35/\$140) and the 1993 issue of *National income and expenditure accounts, annual estimates* (13-201, \$40) will both be released in July. A set of 64 printed tables of unadjusted and seasonally adjusted quarterly data plus supplementary analytical tables and charts is also available on release day (\$50/\$180).

On release day at 8:30 a.m., the complete quarterly national accounts data set is available on microcomputer diskette by modem transfer (\$125/\$500). The diskettes are also available by mail seven days after the official release date (\$25/\$100).

To purchase any of these products or to obtain more information about them, contact the client services officer (613-951-3640), National Accounts and Environment Division.

Gross domestic product, Income-based

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	First quarter 1994	Third quarter 1993 to Fourth quarter 1993	Fourth quarter 1993 to First quarter 1994
	\$ millions					% change at quarterly rates	
	seasonally adjusted at annual rates						
Wages, salaries and supplementary labour income ¹	398,432	399,172	401,052	403,476	405,456	0.6	0.5
Corporation profits before taxes	35,928	40,208	40,496	42,444	48,536	4.8	14.4
Interest and miscellaneous investment income	56,644	56,620	54,400	53,964	53,876	-0.8	-0.2
Accrued net income of farm operators from farm production	1,364	2,236	2,516	2,372	2,064	-5.7	-13.0
Net income of non-farm unincorporated business, including rent	37,560	38,104	38,508	38,820	38,628	0.8	-0.5
Inventory valuation adjustment	-4,200	-860	-3,408	-2,884	-4,544	524 ²	-1,660 ²
Net domestic income at factor cost	525,728	535,480	533,564	538,192	544,016	0.9	1.1
Indirect taxes less subsidies	86,072	86,524	89,624	93,228	92,272	4.0	-1.0
Capital consumption allowances	85,216	86,092	87,884	88,336	89,712	0.5	1.6
Statistical discrepancy	2,404	2,228	2,452	3,608	1,396	1,156 ²	-2,212 ²
Gross domestic product at market prices	699,420	710,324	713,524	723,364	727,396	1.4	0.6

¹ Includes military pay and allowances.

² Actual change in millions of dollars.

Gross domestic product, expenditure-based

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	First quarter 1994	Third quarter 1993 to Fourth quarter 1993	Fourth quarter 1993 to First quarter 1994
	\$ millions at current prices					% change at quarterly rates	
	seasonally adjusted at annual rates						
Personal expenditure on consumer goods and services	430,756	435,416	438,256	443,728	447,260	1.0	0.8
Durable goods	54,832	55,716	56,616	57,648	59,632	1.8	3.4
Semi-durable goods	38,596	39,148	39,552	39,712	40,476	0.4	1.9
Non-durable goods	115,536	115,708	115,880	116,556	116,820	0.6	0.2
Services	221,792	224,844	227,208	229,812	230,332	1.1	0.2
Government current expenditure on goods and services	152,696	152,880	153,404	153,504	153,276	0.1	-0.1
Government investment in fixed capital	16,388	16,188	16,448	16,768	16,688	1.9	-0.5
Government investment in inventories	-4	-28	20	-4	24	-24 ¹	28 ¹
Business investment in fixed capital	107,128	109,924	110,868	114,056	114,500	2.9	0.4
Residential construction	42,016	43,372	42,840	43,308	43,944	1.1	1.5
Non-residential construction	26,568	27,300	27,016	27,856	27,304	3.1	-2.0
Machinery and equipment	38,544	39,252	41,012	42,892	43,252	4.6	0.8
Business investment in inventories	-1,084	2,436	744	2,972	228	2,228 ¹	-2,744 ¹
Non-farm	-2,208	932	-160	2,504	96	2,664 ¹	-2,408 ¹
Farm and grain in commercial channels	1,124	1,504	904	468	132	-436 ¹	-336 ¹
Exports of goods and services	199,216	204,484	209,800	219,392	220,916	4.6	0.7
Merchandise	173,512	178,000	182,404	191,448	192,028	5.0	0.3
Non-merchandise	25,704	26,484	27,396	27,944	28,888	2.0	3.4
Deduct: imports of goods and services	203,272	208,748	214,568	223,444	224,104	4.1	0.3
Merchandise	163,048	168,952	173,308	182,000	183,740	5.0	1.0
Non-merchandise	40,224	39,796	41,260	41,444	40,364	0.4	-2.6
Statistical discrepancy	-2,404	-2,228	-2,448	-3,608	-1,392	-1,160 ¹	2,216 ¹
Gross domestic product at market prices	699,420	710,324	713,524	723,364	727,396	1.4	0.6
Final domestic demand	706,968	714,408	719,976	728,056	731,724	1.1	0.5
	\$ millions at 1986 prices						
Personal expenditure on consumer goods and services	340,760	342,964	344,444	346,496	349,668	0.6	0.9
Durable goods	48,524	49,132	49,588	50,120	51,404	1.1	2.6
Semi-durable goods	30,088	30,476	30,676	30,664	31,204	-0.0	1.8
Non-durable goods	89,856	89,812	90,176	90,272	92,108	0.1	2.0
Services	172,292	173,544	174,004	175,440	174,952	0.8	-0.3
Government current expenditure on goods and services	119,652	119,072	118,824	118,880	118,656	0.0	-0.2
Government investment in fixed capital	16,636	16,480	16,760	17,348	17,344	3.5	-0.0
Government investment in inventories	-4	-24	20	-4	20	-24 ¹	24 ¹
Business investment in fixed capital	101,012	103,096	103,868	106,564	106,200	2.6	-0.3
Residential construction	31,228	31,820	31,244	31,480	31,324	0.8	-0.5
Non-residential construction	22,456	23,132	22,708	23,376	22,780	2.9	-2.5
Machinery and equipment	47,328	48,144	49,916	51,708	52,096	3.6	0.8
Business investment in inventories	-784	1,936	584	2,216	96	1,632 ¹	-2,120 ¹
Non-farm	-1,500	824	-376	1,596	-280	1,972 ¹	-1,876 ¹
Farm and grain in commercial channels	716	1,112	960	620	376	-340 ¹	-244 ¹
Exports of goods and services	191,328	195,060	198,304	205,052	207,268	3.4	1.1
Merchandise	170,256	173,460	175,888	182,336	183,860	3.7	0.8
Non-merchandise	21,072	21,600	22,416	22,716	23,408	1.3	3.0
Deduct: imports of goods and services	202,844	206,936	209,164	216,888	215,316	3.7	-0.7
Merchandise	166,560	171,856	173,944	182,356	182,264	4.8	-0.1
Non-merchandise	36,284	35,080	35,220	34,532	33,052	-2.0	-4.3
Statistical discrepancy	-1,932	-1,784	-1,956	-2,872	-1,116	-916 ¹	1,756 ¹
Gross domestic product at market prices	563,824	569,864	571,684	576,792	582,820	0.9	1.0
Final domestic demand	578,060	581,612	583,896	589,288	591,868	0.9	0.4
	implicit price indexes, 1986 = 100						
Personal expenditure on consumer goods and services	126.4	127.0	127.5	128.1	127.9	0.5	-0.2
Government current expenditure on goods and services	127.6	128.4	129.1	129.1	129.2	0.0	0.1
Government investment in fixed capital	98.5	98.2	98.1	96.7	96.2	-1.4	-0.5
Business investment in fixed capital	106.1	106.6	106.7	107.0	107.8	0.3	0.7
Exports of goods and services	104.1	104.8	105.8	107.0	106.6	1.1	-0.4
Deduct: imports of goods and services	100.2	100.9	102.6	103.0	104.1	0.4	1.1
Gross domestic product at market prices	124.0	124.6	124.8	125.4	124.8	0.5	-0.5
Final domestic demand	122.3	122.8	123.3	123.5	123.6	0.2	0.1

¹ Actual change in millions of dollars.

Balance of international payments

First quarter 1994

Seasonally adjusted, the current account deficit narrowed from \$8.1 billion to \$7.1 billion, remaining within the range observed over the preceding four quarters.

The decline in the first quarter of 1994 was due to non-merchandise transactions, notably investment income and travel. The investment income (refer to "Equity income from direct investment" in the box on page 12) of foreign direct investors in Canada declined after strengthening sharply in 1993. The travel deficit also narrowed further, dropping to its lowest level since the second quarter of 1990. The Canadian dollar's ongoing depreciation caused Canadian travellers to spend less abroad, whereas foreign travellers increased their spending in Canada.

The surplus on merchandise trade remained virtually unchanged at \$2.1 billion as exports and imports reached new records. There was, however, a noticeable slowdown in the quarterly growth of both exports and imports compared with the preceding two years, when they advanced briskly.

In the capital account, which is unadjusted, non-residents acquired \$5.8 billion of Canadian bonds, resuming their net investment in that market after a very unusual net sell-off in the previous quarter. Foreign depositors redeemed \$4.3 billion in foreign currency deposits (net of deposit assets) from Canadian banks after a record buildup in these

deposits in the previous quarter. At the same time, Canadian residents continued to invest heavily in foreign securities through mutual funds, notably foreign stocks.

Underlying these movements, the Canadian dollar continued to decline against the U.S. currency, touching 72.22 U.S. cents in March 1994, its lowest level since 1986. The Canadian dollar also depreciated against most major currencies throughout the first quarter of 1994.

Current account, seasonally adjusted

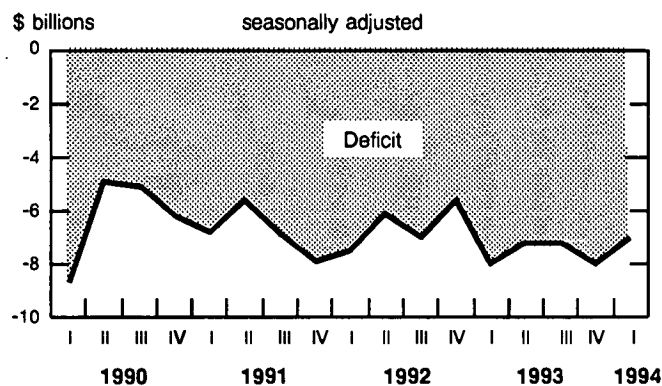
Growth in merchandise imports and exports slowed

The merchandise trade surplus amounted to \$2.1 billion, continuing to trend downward from the previous high of \$2.7 billion in the fourth quarter of 1992. The trade surplus with the United States rose for the seventh quarter; however, this increase was more than offset by the growth in the deficit with other countries.

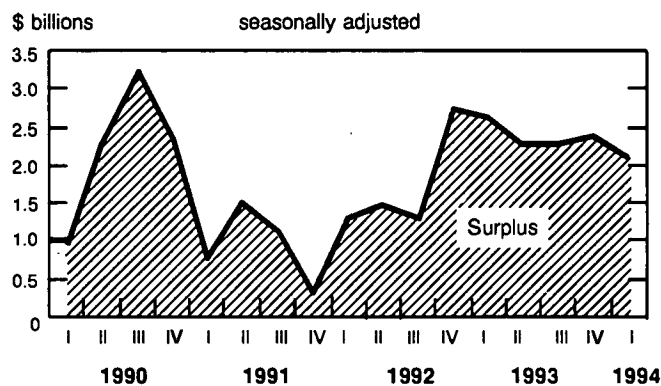
Merchandise imports increased by \$0.4 billion (+1%) to \$45.9 billion. The increase was due to machinery and equipment, industrial materials and energy products. Purchases of auto parts declined.

Merchandise exports edged up \$0.1 billion to \$48.0 billion. The increase was due to machinery and equipment, energy products, auto parts, and industrial materials. Cars and trucks led export decreases followed by agricultural products.

Current account balance



Merchandise trade balance



New treatment of direct investment data

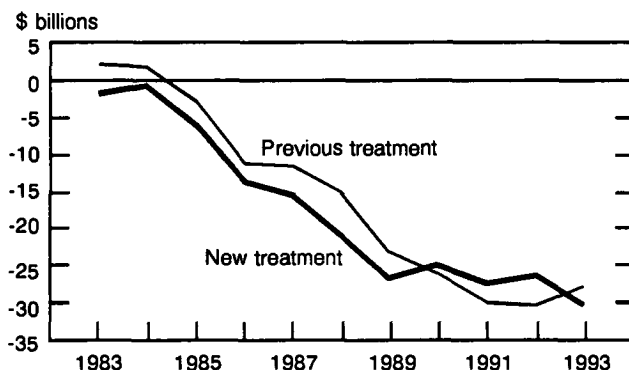
Beginning with the first quarter of 1994, two major changes were effected for the direct investment series. First, equity income from direct investment is now recorded when earned; it used to be recorded when distributed in the form of dividends. Second, the definition of direct investment capital flows is now extended to include short-term inter-company claims and liabilities; the latter series used to be recorded in "other claims" and "other liabilities". These changes, which accord with international standards, were implemented back to 1983, on both a quarterly and an annual basis.

1) Equity Income from direct Investment

The equity income from direct investment is now equated to profits earned during the period (accrual basis). The income was previously limited to dividends (cash basis). The shift in recording from cash to accrual basis was done by creating a new series, "reinvested earnings". The data for reinvested earnings were obtained as the difference between profits and dividends (the latter already recorded as a balance of payments series).

For example, if a foreign wholly-owned enterprise in Canada generates \$30 million of profits and remits \$18 million as dividends to foreign direct investors, the reinvested earnings (obtained residually) amount to \$12 million. The sum of the "dividends on direct investment" and "reinvested earnings" equals profits on direct investment.

Current account balance, before and after inclusion of reinvested earnings



2) Direct investment capital flows

Though recorded as income in the current account, reinvested earnings are still available to the

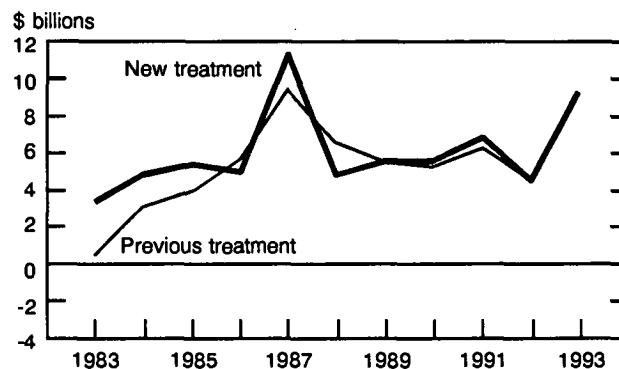
investment enterprise. In other words, the direct investor elects to receive part of the profits as dividends and to invest the remaining part in the business. Thus reinvested earnings, which show as income in the current account, also appear as new direct investment capital flow in the capital account, with the sign reversed.

Continuing with the example above, the \$12 million of reinvested earnings show as a payment abroad under "investment income" in the current account (debit) and as a capital inflow (credit) under "foreign direct investment in Canada".

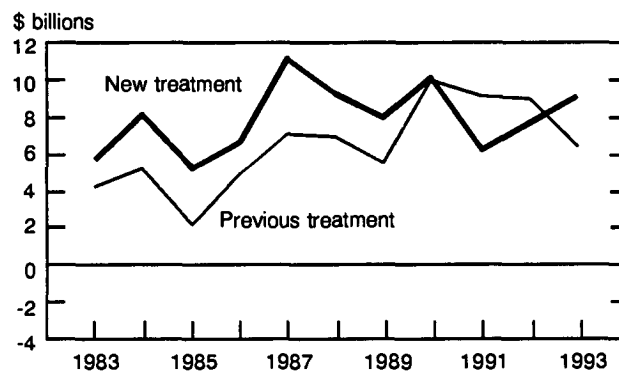
The definition of direct investment flows has also been extended to include short-term inter-company claims to and from Canada. Such claims previously appeared under "other claims" and "other liabilities".

Direct investment capital flows, before and after inclusion of reinvested earnings

Canadian direct investment abroad



Foreign direct investment in Canada



More details on the new treatment will be provided in *Canada's balance of international payments, first quarter 1994* (67-001, \$30/\$120).

Deficit in non-merchandise transactions narrowed

Canada's deficit on non-merchandise transactions declined to \$9.2 billion, resuming a downward trend from the record \$10.7 billion deficit at the beginning of 1993. The decline in the first quarter was led by lower profits in Canada on foreign direct investment, notably in the energy sector. Although Canadian profits of direct investors tend to fluctuate quite sharply on a quarterly basis, they show a distinctive cyclical pattern: they declined during the recessionary years 1990-92 and have been trending upward since.

The deficit on travel declined to \$1.5 billion in the first quarter of 1994, down from the \$2.2 billion record in the fourth quarter of 1991. The first quarter's decline mainly reflected a drop in Canadians' spending in the United States. As for foreign travel in Canada, visitors from overseas increased their outlays noticeably, while U.S. travellers posted a smaller increase after five quarters of higher outlays.

Capital account

Non-residents resumed their net investment in Canadian bonds

Non-residents purchased \$9.9 billion of net new Canadian bonds (new issues less bonds that matured) and sold off \$4.1 billion of existing Canadian bonds, their second consecutive large net disinvestment. On a net basis, they acquired provincial, federal enterprise and corporate bonds.

They invested only marginally in federal bonds: while investing heavily in the US\$2.0 billion issue of

the federal government, non-residents reduced their holdings of federal bonds denominated in Canadian dollars. This was the first time since 1987 that the federal government issued a bond denominated in a foreign currency.

The bond market was very volatile as shown by the volume of trading, which reached \$342 billion, a third quarterly record in a row. Interest rates, which had been declining since late 1990, advanced sharply during the quarter, led by higher rates in the United States.

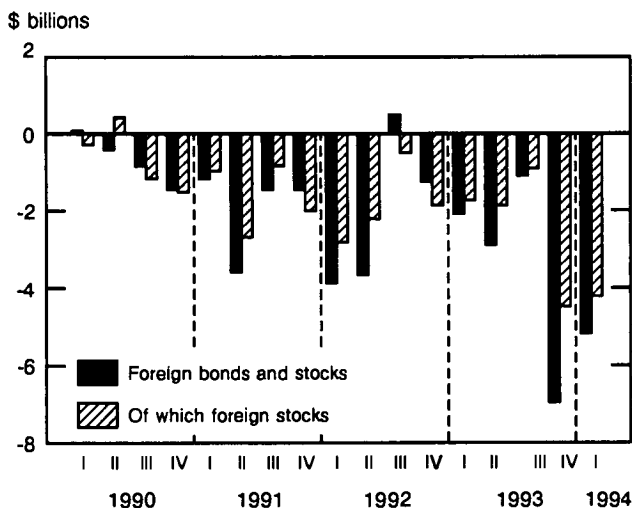
Non-residents continued to invest heavily in Canadian stocks, purchasing \$3.0 billion in the first quarter of 1994. They have channelled \$15.8 billion into Canadian stocks since the fourth quarter of 1992. The investment continued to come largely from the United States, although investment from Europe increased significantly.

Canadians' demand for foreign securities was strong

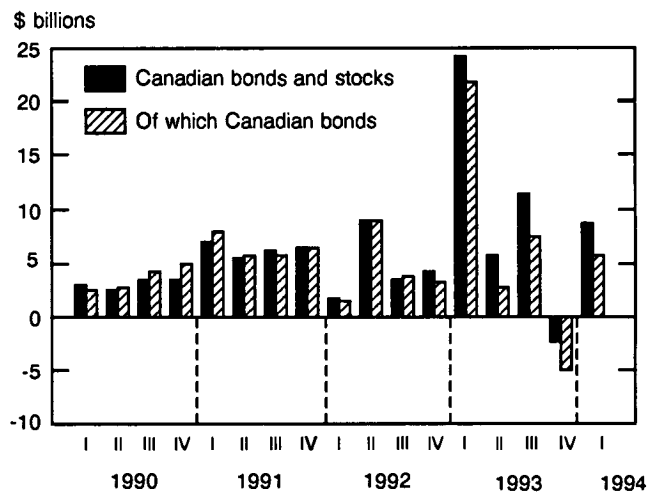
Canadian investors purchased a net \$5.2 billion of foreign stocks and bonds, second only to the \$6.9 billion record they invested in the previous quarter. A significant portion of these funds was channelled by mutual funds into the Asian market.

Canada's official monetary authorities sold \$2.4 billion of international reserves, more than offsetting the \$2.0 billion purchased in the previous quarter. This continued the pattern of large fluctuations in reserves observed since the mid-1980s. The Canadian dollar has been under downward pressure since the third quarter of 1991.

Canadian Investment in foreign bonds and stocks



Foreign Investment in Canadian bonds and stocks



**Revisions and a new treatment of direct investment data
1990-93**

With the release of balance of payments data for the first quarter of 1994, new series on reinvested earnings have been added from 1983 onward (a result of a new treatment of direct investment). Existing data have also been revised for the period 1990-93 (in keeping with the usual revision policy of the system of national accounts). The revisions reflect more current sources of information, such as the latest annual surveys and administrative data. (Refer to the box on page 12 for an explanation of the concepts.)

The new treatment on direct investment reduced the deficit on the current account from 1990 to 1992, but increased it in 1993. The revisions on existing series show a higher deficit on the current account, which arose mainly from increased imports and generally lower exports of merchandise trade compared with the last published figures. Higher services payments (freight, travel) also contributed to the higher deficit on current account transactions, particularly for 1993.

The new treatment of direct investment reduced the net inflow of capital from 1990 to 1992, but

increased it in 1993. The revisions on existing series translated into a higher net inflow of capital, except for 1991. Major changes arose from higher inflows on Canadian bonds and higher outflows on foreign stocks and bonds.

The addition of reinvested earnings under the new treatment does not affect the statistical discrepancy: reinvested earnings were added to both the current and capital accounts with the sign reversed in the capital account. The revisions to existing series reduced the statistical discrepancy from 1991 to 1993, but increased it slightly in 1990.

On June 21st, when the April 1994 merchandise trade figures will be released, the International Trade Division will provide details on the revised merchandise trade figures.

Available on CANSIM: matrices 1364, 1370, 2323-2329, 2331-2339, 2343-2349, 2353-2355 and 2357.

The first quarter 1994 issue of *Canada's balance on international payments* (67-001, \$30/\$120) will be available shortly.

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

Balance of international payments

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	First quarter 1994	1992	1993
	\$ millions						
Current account	unadjusted						
Receipts							
Merchandise exports	42,654	46,736	43,469	48,482	47,354	155,794	181,342
Non-merchandise							
Services	5,352	6,857	8,615	6,055	5,937	24,611	26,880
Investment income ¹	2,100	2,745	2,361	2,242	2,288	9,938	9,449
Of which: reinvested earnings	-507	308	-70	-226	-110	497	-495
Transfers	968	1,076	1,158	1,190	1,037	4,212	4,392
Total non-merchandise receipts	8,420	10,678	12,135	9,488	9,261	38,761	40,721
Total receipts	51,074	57,414	55,604	57,970	56,616	194,555	222,063
Payments							
Merchandise imports	40,514	43,964	42,115	45,234	45,808	149,101	171,827
Non-merchandise							
Services	10,246	10,037	10,536	9,862	10,262	37,637	40,681
Investment income ¹	8,998	9,670	8,643	8,803	8,914	30,204	36,114
Of which: reinvested earnings	576	1,020	325	117	96	-3,536	2,039
Transfers	1,327	916	951	950	1,006	4,095	4,145
Total non-merchandise payments	20,571	20,623	20,130	19,615	20,181	71,936	80,940
Total payments	61,085	64,587	62,245	64,849	65,990	221,037	252,767
Balances							
Merchandise	+ 2,141	+ 2,772	+ 1,354	+ 3,249	+ 1,546	+ 6,692	+ 9,515
Non-merchandise	-12,151	-9,945	-7,995	-10,128	-10,920	-33,175	-40,219
Total current account	-10,011	-7,173	-6,641	-6,879	-9,374	-26,483	-30,704
Capital account²							
Canadian claims on non-residents, net flows							
Canadian direct investment abroad ¹	-1,778	-1,787	-3,451	-2,242	-1,211	-4,459	-9,258
Of which: reinvested earnings	+ 507	-308	+ 70	+ 226	+ 110	-497	+ 495
Portfolio securities							
Foreign bonds	-335	-1,058	-206	-2,462	-956	-900	-4,062
Foreign stocks	-1,725	-1,832	-870	-4,472	-4,208	-7,387	-8,900
Government of Canada assets							
Official international reserves	-1,094	+ 1,878	+ 1,766	-1,952	+ 2,430	+ 6,987	+ 598
Loans and subscriptions	+ 32	-132	+ 94	-5	-193	-1,696	-11
Non-bank deposits abroad	-2,286	+ 1,242	-2,368	+ 2,713	+ 1,393	+ 1,636	-699
Other claims	+ 108	+ 473	+ 737	+ 722	-146	+ 2,953	+ 2,040
Total Canadian claims, net flow	-7,078	-1,218	-4,298	-7,697	-2,891	-2,866	-20,291
Canadian liabilities to non-residents, net flows							
Foreign direct investment in Canada ¹	+ 1,674	+ 2,340	+ 806	+ 2,830	+ 2,260	+ 5,531	+ 7,649
Of which: reinvested earnings	+ 576	+ 1,020	+ 325	+ 117	+ 96	-3,536	+ 2,039
Portfolio securities							
Canadian bonds	+ 22,087	+ 2,823	+ 7,532	-4,945	+ 5,775	+ 17,509	+ 27,497
Canadian stocks	+ 2,304	+ 3,021	+ 3,857	+ 2,729	+ 2,992	+ 1,036	+ 11,910
Canadian banks' net foreign currency transactions with non-residents ³	-6,077	+ 665	-6,123	+ 10,885	-4,286	-3,563	-650
Money market instruments							
Government of Canada paper	+ 3,086	+ 3,511	+ 1,688	+ 2,654	+ 1,200	+ 1,915	+ 10,939
Other paper	-1,974	+ 854	-2,304	+ 1,780	-830	+ 2,983	-1,643
Allocation of special drawing rights	-	-	-	-	-	-	-
Other liabilities	+ 539	-41	+ 1,436	+ 47	+ 1,274	+ 2,441	+ 1,980
Total Canadian liabilities, net flow	+ 21,639	+ 13,173	+ 6,891	+ 15,979	+ 8,385	+ 27,853	+ 57,683
Total capital account, net flow	+ 14,561	+ 11,955	+ 2,593	+ 8,283	+ 5,494	+ 24,987	+ 37,392
Statistical discrepancy	-4,551	-4,782	+ 4,048	-1,404	+ 3,879	+ 1,495	-6,688

¹ From 1983, includes reinvested earnings accruing to direct investors.

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.

Current account

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	First quarter 1994	1992	1993
	\$ millions						
	seasonally adjusted						
Receipts							
Merchandise exports	43,378	44,500	45,601	47,863	48,007	155,794	181,342
Non-merchandise							
Services							
Travel	2,037	2,154	2,282	2,331	2,455	8,059	8,804
Freight and shipping	1,433	1,476	1,480	1,502	1,566	5,481	5,891
Business services	2,469	2,507	2,565	2,657	2,719	9,196	10,198
Government transactions	207	200	196	204	191	771	809
Other services	279	284	325	290	291	1,104	1,179
Total services	6,426	6,621	6,849	6,984	7,223	24,611	26,880
Investment income ¹							
Interest	872	911	1,007	1,050	1,029	4,171	3,839
Dividends	1,803	1,576	1,348	1,378	1,443	5,271	6,105
Reinvested earnings	-507	308	-70	-226	-110	497	-495
Total investment income	2,167	2,795	2,285	2,202	2,361	9,938	9,449
Transfers							
Inheritances and immigrants' funds	320	368	386	484	371	1,551	1,558
Personal and institutional remittances	302	296	296	300	310	1,092	1,193
Canadian withholding tax	420	392	384	445	437	1,569	1,641
Total transfers	1,042	1,056	1,066	1,229	1,118	4,212	4,392
Total non-merchandise receipts	9,635	10,472	10,199	10,415	10,702	38,761	40,721
Total receipts	53,012	54,971	55,800	58,278	58,709	194,555	222,063
Payments							
Merchandise imports	40,762	42,238	43,327	45,500	45,935	149,101	171,827
Non-merchandise							
Services							
Travel	4,098	4,229	4,202	4,152	4,000	16,215	16,681
Freight and shipping	1,556	1,615	1,657	1,735	1,731	5,800	6,563
Business services	3,793	3,502	3,847	3,855	3,728	13,213	14,996
Government transactions	383	374	379	381	384	1,510	1,518
Other services	226	229	230	238	248	899	923
Total services	10,056	9,950	10,315	10,361	10,091	37,637	40,681
Investment income ¹							
Interest	7,437	7,532	7,380	7,560	7,771	28,992	29,908
Dividends	1,074	1,123	1,246	724	1,106	4,748	4,167
Reinvested earnings	442	490	-147	1,253	-67	-3,536	2,039
Total investment income	8,953	9,145	8,479	9,537	8,810	30,204	36,114
Transfers							
Inheritances and emigrants' funds	84	82	90	88	88	337	344
Personal and institutional remittances	330	330	333	333	347	1,270	1,325
Official contributions	799	467	466	497	478	2,263	2,229
Foreign withholding tax	70	62	60	55	55	225	246
Total transfers	1,283	940	949	972	969	4,095	4,145
Total non-merchandise payments	20,292	20,035	19,742	20,871	19,870	71,936	80,940
Total payments	61,054	62,273	63,069	66,371	65,804	221,037	252,767
Balances							
Merchandise	+ 2,615	+ 2,262	+ 2,275	+ 2,363	+ 2,073	+ 6,692	+ 9,515
Non-merchandise							
Services	-3,630	-3,329	-3,466	-3,377	-2,868	-13,026	-13,802
Investment income ¹	-6,786	-6,350	-6,194	-7,335	-6,449	-20,266	-26,665
Transfers	-242	+ 116	+ 117	+ 256	+ 149	+ 117	+ 248
Total non-merchandise	-10,657	-9,564	-9,543	-10,456	-9,168	-33,175	-40,219
Total current account	-8,042	-7,302	-7,268	-8,092	-7,095	-26,483	-30,704

¹ From 1983, includes reinvested earnings accruing to direct investors.

Note: figures may not add due to rounding.

Balance of payments balances, revisions¹
 1990-93

	1990	1991	1992	1993
	\$ millions			
Current account				
Merchandise (balance of payments basis)	-758	-1,386	-2,287	-2,195
Non-merchandise	+ 1,481	+ 2,855	+ 3,488	-3,290
Services	+ 349	-72	-244	-1,249
Travel	-	-	-	-191
Freight and shipping	+ 342	-164	-619	-896
Business services	+ 15	+ 129	+ 445	-87
Government transactions	-31	-50	-85	-92
Other services	+ 24	+ 13	+ 14	+ 18
Investment income	+ 1,075	+ 2,857	+ 3,934	-1,985
Of which: reinvested earnings ¹	+ 1,013	+ 2,834	+ 4,033	-2,534
Transfers	+ 56	+ 70	-202	-56
Current account balance	+ 723	+ 1,469	+ 1,201	-5,485
Capital account				
Canadian claims on non-residents, net flows				
Canadian direct investment abroad	-851	+ 534	+ 1,158	+ 528
Of which: reinvested earnings ¹	-550	+ 486	-497	+ 495
Portfolio securities				
Foreign bonds	-15	-48	-353	-46
Foreign stocks	-387	-718	-1,164	-156
Official international reserves	-	-	-	-
Government of Canada loans and subscriptions	-	-	-	+ 2
Non-bank deposits abroad	-	-	-	+ 967
Other claims	-2	-177	+ 94	-111
Total Canadian claims, net flow	-1,255	-408	-264	+ 1,184
Canadian liabilities to non-residents, net flows				
Foreign direct investment in Canada	+ 634	-3,638	-2,509	+ 2,626
Of which: reinvested earnings ¹	-463	-3,320	-3,536	+ 2,039
Portfolio securities				
Canadian bonds	+ 487	+ 1,034	+ 1,716	+ 498
Canadian stocks	-	-	-	+ 24
Canadian banks' net foreign currency transactions with non-residents	-701	-493	-13	+ 1,195
Money market instruments				
Government of Canada paper	-55	-	-	-1
Other paper	-	-	-	-
Other liabilities	+ 393	+ 171	+ 2,222	-335
Total Canadian liabilities, net flow	+ 758	-2,926	+ 1,415	+ 4,007
Total capital account, net flow	-497	-3,334	+ 1,150	+ 5,191
Statistical discrepancy	-226	+ 1,865	-2,351	+ 294

¹ The series on reinvested earnings are new series (refer to the text in the box on page 12). They have been included along with revisions to show the total change from previously published data.

- Nil or zero.

Financial flow accounts

First quarter 1994

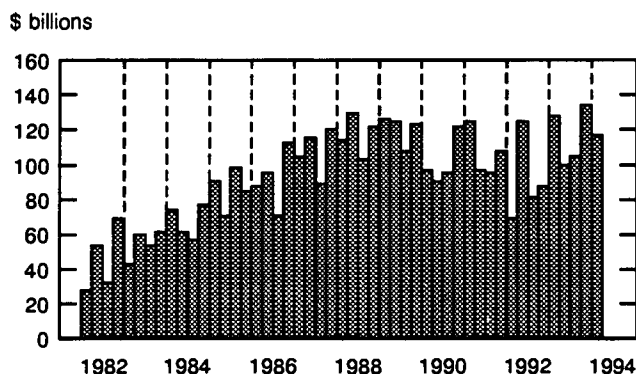
Overview

The demand for funds on credit and equity markets remained firm, though slightly lower than in the previous quarter, as total funds raised (seasonally adjusted at annual rates) amounted to \$117 billion (chart 1). Financing activity was led by non-financial private corporations. As a whole, businesses and households accounted for roughly 70% of the funds raised in the first three months of 1994. Governments' recourse to financial markets was at a much reduced pace from the previous quarter.

Chart 1

The demand for funds on financial markets remained firm

Seasonally adjusted at annual rates



Note: total funds raised on credit markets by domestic non-financial sectors.

There were some notable financial developments. The general decline in interest rates during 1993 extended into January 1994. In February, however, interest rates turned around and through the end of the quarter. Near the end of March there were marked increases as the value of the Canadian dollar came under considerable pressure. These movements in market yields did little to dampen the demand for borrowed funds. Shifts in the composition of financing in the first quarter suggest that expectations of tighter credit conditions may have affected the structure of funds raised via debt instruments, favouring longer-term instruments. Borrowing in the form of Government of Canada Treasury bills and as short-term paper issues of provinces was down sharply, while bond financing of

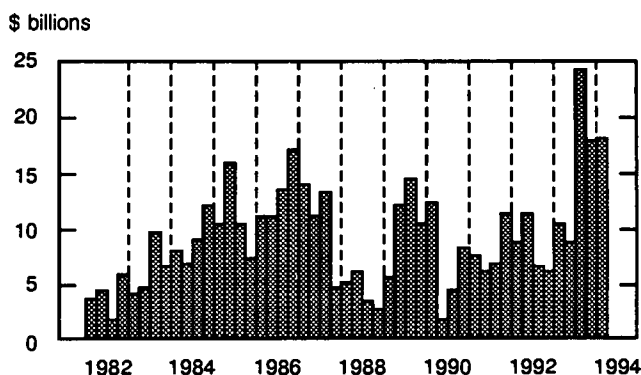
these sectors remained at roughly the level of the previous quarter.

In the business sector, while money market issues were unchanged from the fourth quarter, growth in borrowing was mainly accounted for by bonds. Corporate equity issues posted another strong quarter (chart 2), despite some weakening in March, when share prices retreated moderately.

Chart 2

Share issues continued at an elevated pace

Seasonally adjusted at annual rates



Note: non-financial private corporations.

Corporate sector

Non-financial private corporations accounted for about 35% of all funds raised in the first quarter of 1994. Financing was up 5% over the previous quarter (chart 3). Since mid-1993, financial activity has returned to levels more consistent with the period before 1990.

Share issues remained the primary source of funds, amounting to over 40% of all funds raised in the first quarter, as corporations continued to benefit from considerable investor demand for equities. Bonds proved to be the second most important external source of funds, making up about 26% of funds raised. Borrowing in the form of negotiated loans remained largely unchanged from the fourth quarter, reflecting the fact that lending rates at financial institutions were slow to adjust to the increases in the general level of interest rates.

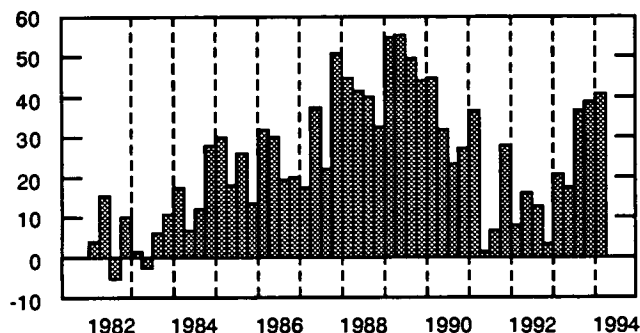
A rise in borrowed funds relative to stock issues in the quarter may have implications for the overall corporate debt-to-equity ratio, characterized by declines since 1990. This upward pressure on the ratio may be offset by growth in retained earnings.

Chart 3

Corporate demand for funds returned to pre-recession levels

Seasonally adjusted at annual rates

\$ billions

*Note: funds raised by non-financial private corporations.*

The first quarter of 1994 marked a firming in government business enterprises' demand for funds, representing a substantial rise over the depressed level of recent quarters, which had amounted to a net repayment of outstanding credit market debt. Most of the increase in the quarter was attributable to provincial enterprises' borrowing activity in capital markets. Funds were used to finance a modest rise in capital formation and to build up financial reserves at a time when the perception may have been that financing costs were trending upward.

Personal sector

Consumer credit financing was lower in the first quarter (chart 4). Consumers' borrowing via personal

loans to finance spending was up, in line with strong increases in spending on motor vehicles, furniture, and appliances. But this borrowing was offset by a significant reduction in outstanding credit card debt.

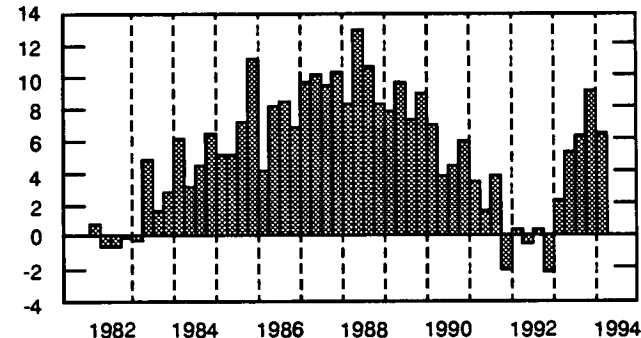
Demand for mortgage credit appeared to be unaffected by upward movements in lending rates, as the one-year mortgage rate rose from 5.75% to 7.0% through March, while the rate on five-year mortgages jumped by one full percentage point to 8.95% on March 30th. Mortgage borrowing firmed in the first quarter (chart 5), in line with considerable activity in the resale housing market and with a pickup in new residential construction.

Chart 4

The recovery in consumer credit borrowing continued

Seasonally adjusted at annual rates

\$ billions

*Note: consumer credit borrowing in the personal sector.***Funds raised on financial markets by non-financial sectors**

	1991					1992					1993					1994
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1
Total funds raised (% of GDP)	15.8	10.2	18.1	11.8	12.6	18.2	14.0	14.6	18.6	16.1						
Sectoral shares (% of total)																
Personal sector	20.3	33.1	18.4	28.0	30.6	14.4	19.8	20.6	23.6	26.9						
Non-financial private corporations	26.0	11.7	12.9	15.4	3.9	16.0	17.3	35.4	29.0	35.0						
Government business enterprises	3.1	14.8	3.9	4.0	-1.3	9.2	-4.0	-0.4	-4.6	7.3						
Federal government	23.5	28.8	22.6	44.3	20.0	30.8	36.3	17.8	33.9	19.5						
Other levels of government	27.2	11.6	42.1	8.4	46.8	29.5	30.7	26.6	18.1	11.3						
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0						

Note: figures may not add due to rounding.

Debt-to-Income ratios

	1992				1993				1994
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
\$ billions									
Persons and unincorporated businesses*									
Debt									
Consumer credit	98.9	98.7	98.6	98.0	98.5	99.8	101.3	103.6	105.2
Mortgages	296.9	302.8	308.7	314.7	318.6	322.3	326.1	329.7	335.5
Total	395.9	401.5	407.3	412.7	417.1	422.1	427.4	433.3	440.7
Personal disposable income	465.8	476.9	479.7	480.3	485.1	490.3	489.9	485.3	494.8
Debt-to-income ratio (%)	85.0	84.2	84.9	85.9	86.0	86.1	87.2	89.3	89.1
Debt-to-GDP ratio (%)	58.1	58.6	58.9	59.4	59.6	59.4	59.9	59.9	60.6
Federal government**									
Debt	351.0	358.2	367.4	372.0	381.5	390.2	394.5	405.5	411.2
Debt-to-GDP ratio (%)	51.5	52.3	53.1	53.5	54.5	54.9	55.3	56.1	56.5
Other government									
Debt	190.8	204.2	206.2	216.8	225.7	232.8	239.3	244.9	248.2
Debt-to-GDP ratio (%)	28.0	29.8	29.8	31.2	32.3	32.8	33.5	33.9	34.1
Non-financial private corporations									
Debt	341.7	344.5	346.5	346.1	348.6	350.3	356.9	364.0	374.2
Debt-to-GDP ratio (%)	50.1	50.3	50.1	49.8	49.8	49.3	50.0	50.3	51.4
Gross domestic product (GDP)	681.7	685.2	691.6	695.1	699.4	710.3	713.5	723.4	727.4

* Consumer credit and mortgages only.

** National accounts basis, excludes superannuation accounts of the Public Service.

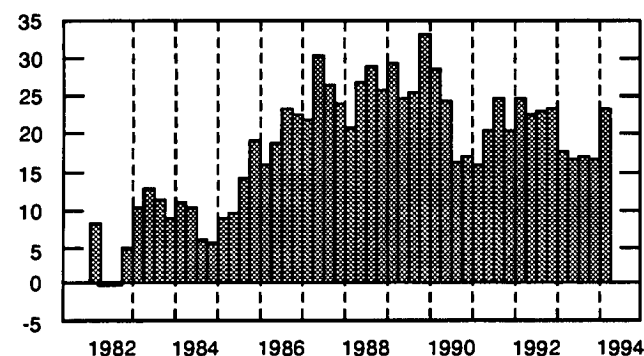
Note: figures may not add due to rounding.

Chart 5

Mortgage demand picked up after four weak quarters

Seasonally adjusted at annual rates

\$ billions



Note: mortgage borrowing in the personal sector.

Household debt grew at about the same pace as after-tax income, so that the ratio of consumer credit and mortgage debt to personal disposable income edged down to 89.1%, from 89.3% in the previous quarter.

Government sector

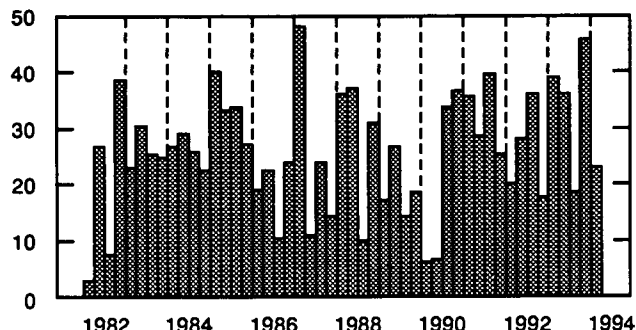
The federal government's borrowing continued to fluctuate in a wide range (chart 6). Funds raised were down sharply in the first quarter to about one-half of the previous quarter's level, despite a widening in the deficit. The larger deficit was financed by reductions in financial asset holdings built up from heavier borrowing in prior periods. The demand for funds in the quarter was realized mainly through issues of marketable bonds in the 5- to 10-year term-to-maturity range.

Chart 6

Federal government borrowing continued to fluctuate

Seasonally adjusted at annual rates

\$ billions



Note: funds raised by the federal government.

As with the federal government, provincial governments' borrowing activity decreased in the first quarter. This was out of line with the pronounced rise

in the consolidated fiscal deficit of the provinces, as financing requirements were met by a reduction in liquid assets. The bulk of the funds raised by the provincial government sector in 1993 came from issues of long-term debt.

Available on CANSIM at 8:30 a.m. on Tuesday, June 14th: matrices 701-741, 743 and 750.

For further information about the subject matter in this release, contact the information officer (613-951-3640), National Accounts and Environment Division.

The first quarter 1994 issue of *Financial flow accounts* (13-014, \$35/\$140) will be released in July. A computer printout containing the detailed financial flows matrices is also available from the National Accounts and Environment Division on release day (\$50/\$200).

The complete financial flows data set is available on diskette by mail, seven days after the official release date (\$60/\$240).

To purchase any of these products or to obtain more information about them, contact the client services officer (613-951-3640), National Accounts and Environment Division. □

Financial market summary

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	First quarter 1994
	\$ millions				
	seasonally adjusted at annual rates				
Persons and unincorporated businesses	18,356	19,676	21,496	31,736	31,368
Funds raised					
Consumer credit	2,172	5,228	6,092	9,080	6,332
Bank loans	-504	328	1,496	2,108	2,668
Other loans	-1,388	-2,304	-2,936	4,452	-980
Mortgages	17,340	16,532	16,920	16,260	23,328
Bonds	736	-108	-76	-164	20
Non-financial private corporations	20,384	17,152	36,968	38,928	40,880
Funds raised					
Bank loans	6,176	-19,664	-5,260	4,272	5,596
Other loans	-8,604	4,480	-660	3,740	64
Other short-term paper	4,628	9,700	4,120	3,548	3,256
Mortgages	7,720	4,388	6,024	2,800	3,628
Bonds	252	9,736	8,788	6,916	10,580
Shares	10,212	8,512	23,956	17,652	17,756
Non-financial government enterprises	11,660	-4,024	-424	-6,184	8,552
Funds raised					
Bank loans	-2,640	164	872	1,212	-772
Other loans	1,628	-5,228	564	-1,132	1,424
Other short-term paper	740	2,572	-760	1,156	1,264
Mortgages	-16	-16	-16	-16	-16
Bonds	11,948	-1,516	-1,084	-7,404	6,648
Shares	-	-	-	-	4
Federal government	39,240	36,100	18,596	45,568	22,788
Funds raised					
Other loans	-	-4	-4	-4	-
Canada short-term paper	17,248	11,440	24	22,920	-4,880
Canada savings bonds	-1,248	-400	-2,264	-9,128	-476
Marketable bonds	23,240	25,064	20,840	31,780	28,144
Other levels of government	37,596	30,504	27,704	24,384	13,232
Funds raised					
Bank loans	-740	-128	472	-128	308
Other loans	6,608	752	5,044	1,448	936
Short-term paper	-11,280	15,212	-12,148	10,180	-6,948
Provincial bonds	39,432	15,136	29,820	13,024	16,928
Municipal bonds	3,544	-468	4,520	-120	2,032
Other bonds	32	-	-4	-20	-24
Total funds raised by domestic non-financial sectors	127,236	99,408	104,340	134,432	116,820
Consumer credit	2,172	5,228	6,092	9,080	6,332
Bank loans	2,292	-19,300	-2,420	7,464	7,800
Other loans	-1,756	-2,304	2,008	8,504	1,444
Canada short-term paper	17,248	11,440	24	22,920	-4,880
Short-term paper	-5,912	27,484	-8,788	14,884	-2,428
Mortgages	25,044	20,904	22,928	19,044	26,940
Bonds	77,936	47,444	60,540	34,884	63,852
Shares	10,212	8,512	23,956	17,652	17,760

- Nil or zero.

DATA AVAILABILITY ANNOUNCEMENTS

Government revenue and expenditure (SNA basis)

First quarter 1994

Federal, provincial and local government revenue and expenditure estimates on a national accounts basis for the quarter ended March 31, 1994 are now available. Revised estimates for the quarters ended March 31, 1990 to December 31, 1993 are also available.

Available on CANSIM: matrices 2711-2713.

For further information on this release, contact James Temple (613-951-1832) or Paul Blouin (613-951-8563), Public Administration Section, Public Institutions Division.

Data are also available through custom and special tabulations. For further information or general inquiries on Public Institutions Division products or services, contact Jo-Anne Thibault, Data Dissemination and External Relations Co-ordinator (613-951-0767). ■

Department store sales by province and metropolitan area

April 1994

Department store sales including concessions totalled \$999.7 million in April 1994, down 0.3% from April 1993. Concession sales totalled \$45.4 million, 4.5% of total department store sales.

Department store sales including concessions

	April 1994	April 1993 to April 1994
	\$ millions	% change
Province		
Newfoundland	13.9	-3.0
Prince Edward Island	3.9	-8.9
Nova Scotia	32.9	-5.6
New Brunswick	22.4	-1.8
Quebec	189.8	-2.7
Ontario	413.4	-0.1
Manitoba	39.4	-7.8
Saskatchewan	31.6	+ 11.3
Alberta	106.5	-1.4
British Columbia	145.9	+ 5.3
Metropolitan area		
Calgary	38.5	-0.5
Edmonton	44.3	-3.7
Halifax-Dartmouth	16.7	-3.1
Hamilton	28.5	-4.7
Montréal	102.8	-1.8
Ottawa-Hull	43.2	-5.9
Québec	22.2	-14.4
Toronto	157.5	+ 0.5
Vancouver	75.6	+ 5.8
Winnipeg	34.5	-9.2

Data on department store sales and stocks by major commodity lines will be available on June 20th.

Available on CANSIM: matrices 111 and 112 (series 1, levels 10-12).

The April 1994 issue of *Department store sales and stocks* (63-002, \$16/\$160) will be available in July.

For further information on this release, contact Tom Newton (613-951-3552) Retail Trade Section, Industry Division. ■

Raw materials price Index early estimate May 1994

The raw materials price index is estimated to have increased 3.4% from April 1994 to May 1994. Excepting the animal and vegetable products index (-0.1%), all other major components increased. The mineral fuels index led the increases (+9.9%) followed by metals (+4.2%) and wood (+1.1%). The RMPI excluding mineral fuels is estimated to have increased 1.2% in May.

This early estimate of the index is based on partial returns and other indicators. The regular index will be published at the end of this month.

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

Deliveries of major grains April 1994

Except for wheat (excluding durum) and rye, April deliveries of major grains by Prairie farmers increased from April 1993.

Deliveries of major grains

	April 1993	April 1994	% change
	thousand tonnes		
Total major grains	2 564.3	2 805.9	+ 9.4%
Wheat (excluding durum)	1 735.9	1 484.9	-14.5%
Durum wheat	209.3	256.8	+22.7%
Total wheat	1 945.2	1 741.7	-10.5%
Oats	63.7	85.4	+34.1%
Barley	307.3	546.9	+78.0%
Rye	14.1	11.0	-22.0%
Flaxseed	27.6	42.6	+54.3%
Canola	206.4	378.3	+83.3%

Available on CANSIM: matrices 976-981.

The April 1994 issue of *Cereals and oilseeds review* (22-007, \$15/\$144) is scheduled for release in July. See "How to order publications".

For further information on this release, contact Alain Y. Bertrand (613-951-3859) or Karen Gray (204-983-2856), Agriculture Division. ■

Egg production April 1994

Egg production in April 1994 totalled 39.4 million dozens, an increase of 0.7% from April 1993. The average number of layers decreased 0.7%, but the number of eggs per 100 layers increased to 2,177, from 2,148.

Available on CANSIM: matrices 1145, 1146 and 5689-5691.

Order *Production and stocks of eggs and poultry* (\$115/year) by contacting Julie Gordon (613-951-5039).

For further information on this release, contact Jacqueline LeBlanc (613-951-8715), Livestock and Animal Products Section, Agriculture Division. ■

PUBLICATIONS RELEASED

Department store sales and stocks, January 1994.

Catalogue number 63-002

(Canada: \$16/\$160; United States: US\$20/US\$192;
other countries: US\$23/US\$224).

Wholesale trade, March 1994.

Catalogue number 63-008

(Canada: \$16/\$160; United States: US\$20/US\$192;
other countries: US\$23/US\$224).

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences - Permanence of Paper for Printed Library Materials, ANSI Z39.48 - 1984.



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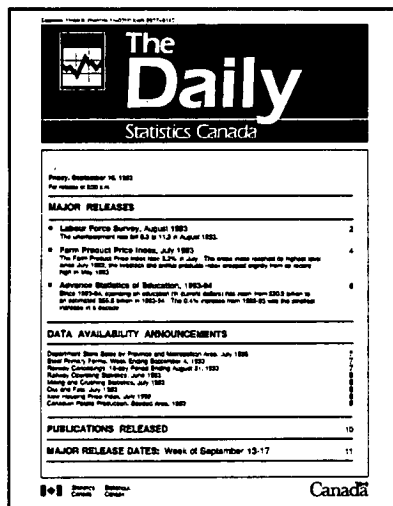
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The Daily, June 10, 1994

MAJOR RELEASE DATES

Week of June 13-17
(Release dates are subject to change)

Release date	Title	Reference period
June		
13	New housing price index	April 1994
13	Trends in criminal victimization	1988-1993
14	Travel between Canada and other countries	April 1994
16	Composite Index	May 1994
17	Consumer price index (CPI)	May 1994
17	Sales of natural gas	April 1994



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