

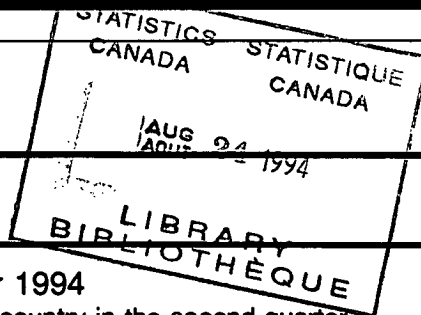


The Daily

Statistics Canada

Friday, August 26, 1994

For release at 8:30 a.m.



MAJOR RELEASES

- **International travel account, second quarter 1994** 2
 Canadians spent \$1.7 billion more travelling outside the country in the second quarter of 1994 than foreign visitors spent in Canada.
- **Industrial product price index, July 1994** 4
 Driven by higher prices for processed raw materials, the year-over-year change in manufactured goods prices increased to 6.2% in July, its highest level since July 1982.
- **Raw materials price index, July 1994** 8
 Raw material prices rose 1.0% in July, the seventh consecutive monthly increase. Crude oil prices led the increase but grain prices fell.

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MAJOR RELEASES

International travel account

Second quarter 1994 (preliminary estimates)

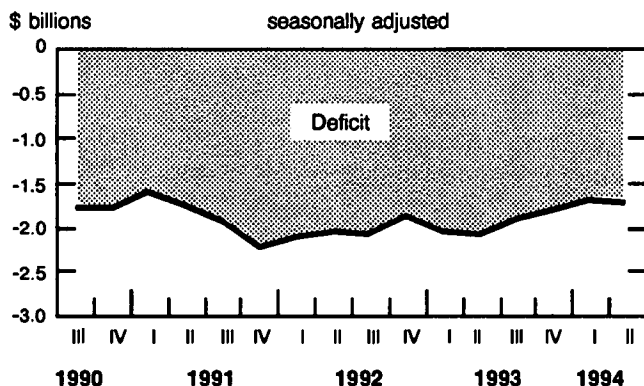
Canadians spent \$1.7 billion more travelling outside the country in the second quarter of 1994 than foreign visitors spent in Canada.

The international travel account deficit was up 2.3% from the first quarter of 1994. But it was substantially less (-16.8%) than the deficit in the second quarter of 1993, which amounted to \$2.1 billion. All figures are seasonally adjusted.

The largest travel account deficit, \$2.2 billion, occurred during the fourth quarter of 1991.

In 1993, the international travel account deficit represented 25.7% of Canada's current account deficit.

Travel account balance



Canadians travelling internationally during the second quarter of 1994 spent a total of \$4.2 billion, up 4.1% from the previous quarter. Foreign visitors to Canada spent a record \$2.5 billion, an increase of 5.5%. It was the seventh consecutive quarter in which spending by foreign travellers in Canada has gone up.

During the second quarter of 1994, Canadian travellers spent \$2.7 billion in the United States, a 3.9% increase from the previous quarter. Spending by Canadians travelling in all other countries increased 4.5% to \$1.5 billion.

Spending in Canada, both by residents of the United States and by travellers from all other countries, reached record levels during the second quarter of 1994. U.S. travellers spent \$1.5 billion, up 4.3% from the previous quarter. Spending by visitors from all other countries increased 7.1% to \$1.0 billion.

The April-June issue of *International travel-national and provincial counts* (66-001, \$42/\$168) will be available in October. See "How to order publications".

For further information, contact Ruth Martin (613-951-1791), International Travel Section, Education, Culture and Tourism Division. □

International travel receipts and payments

	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	Total 1993	First quarter 1994 ^r	Second quarter 1994 ^p
\$ millions							
seasonally adjusted ^a							
United States							
Receipts	1,172	1,208	1,314	1,384	5,079	1,407	1,468
Payments	2,684	2,793	2,713	2,641	10,831	2,584	2,685
Balance	-1,511	-1,585	-1,399	-1,256	-5,752	-1,177	-1,216
All other countries							
Receipts	865	946	968	946	3,725	962	1,030
Payments	1,415	1,436	1,488	1,511	5,850	1,473	1,540
Balance	-550	-490	-520	-565	-2,125	-511	-510
Total, all countries							
Receipts	2,037	2,154	2,282	2,331	8,804	2,368	2,498
Payments	4,098	4,229	4,202	4,152	16,681	4,057	4,225
Balance	-2,061	-2,076	-1,919	-1,821	-7,877	-1,688	-1,727
	First quarter 1993	Second quarter 1993	Third quarter 1993	Fourth quarter 1993	Total 1993	First quarter 1994 ^r	Second quarter 1994 ^p
unadjusted							
United States							
Receipts	585	1,268	2,351	875	5,079	692	1,534
Payments	2,889	3,003	2,757	2,182	10,831	2,778	2,939
Balance	-2,304	-1,735	-406	-1,307	-5,752	-2,086	-1,405
All other countries							
Receipts	445	997	1,734	549	3,725	480	1,110
Payments	1,531	1,330	1,703	1,286	5,850	1,577	1,438
Balance	-1,086	-333	31	-737	-2,125	-1,097	-328
Total, all countries							
Receipts	1,030	2,265	4,085	1,424	8,804	1,172	2,644
Payments	4,420	4,333	4,460	3,468	16,681	4,355	4,377
Balance	-3,390	-2,068	-375	-2,044	-7,877	-3,183	-1,733

^a Seasonally adjusted data may not add to totals due to rounding.

^p Preliminary figures.

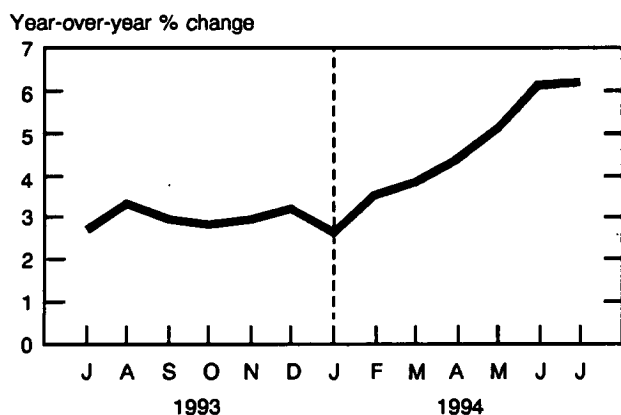
^r Revised figures.

Industrial product price index

July 1994 (preliminary)

The year-over-year change in manufacturers' prices edged up in July, reaching 6.2% from June's revised level of 6.1%. This rate of change, which has been rising since January, reached its highest level since July 1982. The month-to-month increase was 0.3%.

Manufactured goods prices



Inflationary pressure continued to come almost entirely from intermediate goods, particularly first-stage intermediate goods. The year-over-year change in producer prices in Canada remained appreciably higher than in the other G7 countries.

Price increases in July were widespread. Manufacturers saw prices rise in 14 major product groups, and decline in three. The most significant price increases were for primary metal products, pulp, and petroleum and coal products. Two important price declines were for lumber, sawmill and other wood products and for transportation equipment.

Metals, pulp and petroleum products

The July increase in primary metal prices (+1.7%) was mainly due to increases for aluminum products (+4.7%) supported by increases for steel (+0.9%) and for copper and copper alloy products (+1.7%). The increases in aluminum prices were apparently due to pledged voluntary production cuts by world producers. The strength in copper prices may be due to rising world demand for copper

Note to users

The industrial product price index (IPPI), differs from the consumer price index (CPI) in that it records what the producer receives, not what the consumer pays. It excludes indirect taxes and all the costs that occur between the time a good leaves the plant and when the final user takes possession of it, including the transportation, wholesale, and retail costs.

The IPPI includes most of the goods that appear in the CPI. These are generally found in either the finished foods and feeds category or in the other finished goods category. However, the IPPI also includes many other goods of importance to Canadian manufacturers, including intermediate goods and capital goods, but does not include any services.

Another important difference between the CPI and the IPPI is that the CPI includes imports but not exports. The IPPI includes exports but not imports. Because a large proportion of certain commodities is exported, changes in exchange rates will be strongly reflected in the movement of these product indexes, particularly automobiles, pulp and paper and, to a lesser extent, lumber and other products. A decline in the value of the Canadian dollar against the U.S. dollar would increase the value of goods priced in U.S. dollars.

The absence of services, indirect taxes and distribution costs means that the IPPI reflects only some of the forces behind changes in the overall price level in the economy. It provides, however, a better idea of changes in the health of many industries than does the CPI. Since the IPPI reflects price changes as goods leave the plant, it may give advance notice of changes in the pattern of consumer inflation; but the impact of these changes can be moderated by changes in wages and prices at other stages of the distribution process. Elements of the IPPI are also frequently used by businesses in contract escalator clauses to track changes in important inputs.

as the recovery continues. Prices for primary steel products have been rising slowly since August 1993. The most recent round of increases reflects the continued economic recovery in North America, particularly the buoyant auto industry.

Pulp prices were up 3.1% in July, principally due to the increase in the export price for sulphate woodpulp. Export prices for sulphate woodpulp rose 4.1%, after accounting for a 0.8% decline in the value of the U.S. dollar against the Canadian dollar. There is strong upward pressure on U.S. pulp prices as demand remains strong while pulp inventories have been depleted.

Gasoline and fuel oil prices rose 1.9% from June while prices for other petroleum and coal products were up 0.3%. Gasoline and fuel oil prices have been increasing since January 1994 (+14.3%). Prices have generally recovered to levels recorded at the end of 1992.

Lumber and cars

After recovering in May and June, prices for lumber, sawmill, and other wood products dropped 1.2% in July. Prices for lumber declined except on the coast of British Columbia, where they edged up 0.8%. Declines ranged from 0.6% in the Atlantic provinces, to 5.7% on the Prairies. Continuing price increases by some companies for western red cedar buoyed the price level in coastal British Columbia.

Despite slight rises in domestic prices for autos (+0.1%) and trucks (+0.2%), their export prices dropped 0.7% and 0.8% respectively as the value of the Canadian dollar rose. These declines were primarily responsible for the drop in transport equipment prices.

Inflationary pressures

Apart from petroleum products, inflationary pressures in July continued to come primarily from pulp and non-ferrous metals. Consequently, the overall effect on the Canadian economy continues to be an improved profit picture for exporting Canadian manufacturers but relatively little upward pressure on the consumer price index. Continued increases in first-stage intermediate products may soon begin to stimulate increases in various other intermediate goods prices.

Intermediate goods

Although both first-stage and second-stage intermediate goods contributed to the inflationary pressure on manufacturers' prices, pressure came primarily from first-stage intermediate goods.

For the first-stage intermediate category of goods, inflationary pressure came mainly from pulp and from primary non-ferrous metal products. Overall, the year-over-year change in prices for first-stage intermediate goods jumped to 16.1% in July. This was the largest year-over-year increase since September 1988. Although prices for first-stage intermediate goods have been rising for the last eight months, they have only regained their level of the end of 1990.

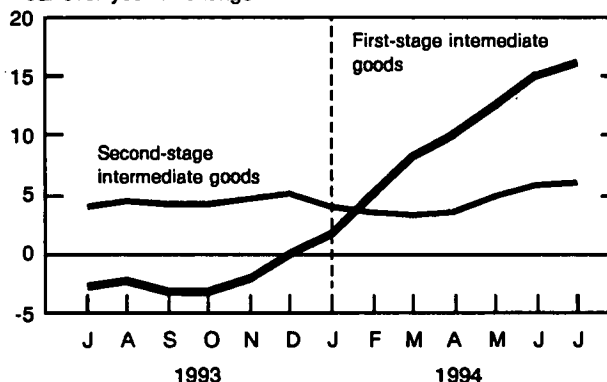
Definitions

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

Finished goods are most commonly used for immediate consumption or for capital investment. These are divided into foods and feeds (which covers about two-thirds of food, feed, and beverage products), capital equipment (which is dominated by transport equipment, industrial machinery and equipment, and electrical and communications products other than household appliances); and other final goods (of which the largest components are automobiles, gasoline, clothing, various chemical products, and most furniture and appliances).

Intermediate goods prices

Year-over-year % change



The second-stage intermediate goods category saw the year-over-year price change edge up to 5.9% from 5.7% in June. Price increases in the gasoline and fuel oil industry had the greatest impact.

Finished goods

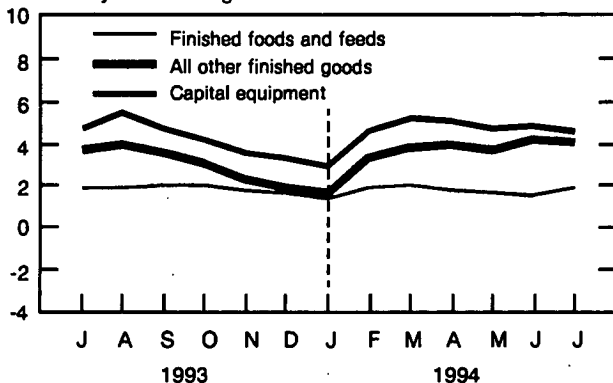
In July, the overall price level for finished goods remained unchanged. The year-over-year price change remained at 3.6%. A slight increase in the inflationary pressure from food and feed prices was offset by declines in the year-over-year change in the prices for capital equipment and other finished goods.

The year-over-year change in prices for foods and feeds rose from 1.5% to 1.9%. The year-over-year change in capital equipment prices declined from 4.8% to 4.5%, while the year-over-year change in other finished goods prices declined from 4.2% to 4.0%. These declines were largely caused by a decline in prices for exported motor vehicles.

Available on CANSIM: matrices 2000-2008.

Finished goods prices

Year-over-year % change



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

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

Industrial product price indexes
 (1986 = 100)

Index	Relative importance ¹	July 1993	June 1994 ^r	July 1994 ^p	July 1993 to July 1994	June 1994 to July 1994
% change ^a						
Industrial product price index - total	100.0	112.1	118.8	119.1	6.2	0.3
Total IPPI excluding petroleum and coal products	93.6	113.7	120.6	120.8	6.2	0.2
Intermediate goods	60.4	109.9	118.2	118.7	8.0	0.4
First-stage intermediate goods	13.4	102.8	117.3	119.4	16.1	1.8
Second-stage intermediate goods	47.0	112.0	118.5	118.6	5.9	0.1
Finished goods	39.6	115.4	119.5	119.5	3.6	0.0
Finished foods and feeds	9.9	118.6	120.5	120.8	1.9	0.2
Capital equipment	10.4	116.2	121.6	121.4	4.5	-0.2
All other finished goods	19.3	113.4	117.9	117.9	4.0	0.0
Aggregation by commodities						
Meat, fish and dairy products	7.4	115.7	117.6	117.7	1.7	0.1
Fruit, vegetable, feed, miscellaneous food products	6.3	116.5	121.5	121.5	4.3	0.0
Beverages	2.0	124.3	125.4	125.4	0.9	0.0
Tobacco and tobacco products	0.7	162.1	164.2	164.3	1.4	0.1
Rubber, leather, plastic fabric products	3.1	113.8	116.7	116.9	2.7	0.2
Textile products	2.2	109.5	112.3	112.3	2.6	0.0
Knitted products and clothing	2.3	114.4	115.6	115.5	1.0	-0.1
Lumber, sawmill, other wood products	4.9	127.8	157.1	155.2	21.4	-1.2
Furniture and fixtures	1.7	119.6	120.3	120.9	1.1	0.5
Paper and paper products	8.1	104.6	113.0	114.1	9.1	1.0
Printing and publishing	2.7	134.9	139.3	140.4	4.1	0.8
Primary metal products	7.7	101.3	116.2	118.2	16.7	1.7
Metal fabricated products	4.9	114.5	118.1	118.7	3.7	0.5
Machinery and equipment	4.2	119.2	121.8	121.9	2.3	0.1
Autos, trucks, other transportation equipment	17.6	109.6	117.3	116.7	6.5	-0.5
Electrical and communications products	5.1	112.2	114.8	114.8	2.3	0.0
Non-metallic mineral products	2.6	111.6	115.7	115.9	3.9	0.2
Petroleum and coal products ²	6.4	89.6	92.1	93.4	4.2	1.4
Chemicals and chemical products	7.2	116.5	122.6	123.3	5.8	0.6
Miscellaneous manufactured products	2.5	115.3	118.1	118.7	2.9	0.5
Miscellaneous non-manufactured commodities	0.4	80.5	85.8	88.6	10.1	3.3

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

² This index is estimated for the current month.

^p Preliminary figures.

^r Revised figures.

^a Figure is rounded.

Raw materials price index

July 1994 (preliminary)

Raw material prices rose 1.0% from June to July, the seventh consecutive increase and the smallest rise since March. Over the last 12 months prices have risen 10.7%, nearly all of it in 1994. Crude oil and non-ferrous metals led July's increase although other increases were widespread. Only vegetable product prices, mainly grain prices, dropped in July.

Crude oil prices rose 3.2% in July, the seventh consecutive increase. On a year-over-year basis the increase was 21.1%. Crude oil prices have now reached their highest level since the end of the Gulf War in February 1991.

Non-ferrous metal prices rose 3.0% in July. This component also reported the highest year-over-year increase at 28.6%. Metals within this area have risen steadily since January, most notably copper concentrates and aluminum materials. Ferrous material prices also edged up in July (+1.8%), the result of price increases in iron and steel scrap (+4.4%) which reversed the downward movement of

the past two months. Prices for iron and steel scrap appear to be rising as a result of a very tight market. In addition, the larger integrated and smaller non-integrated steel producers, as well as offshore purchasers, are competing for available material.

Prices for vegetable products in July fell 5.7%, the first decline since September 1993. Canola, wheat, corn and barley were the main contributors to this decline, although other grains and unrefined sugar also reported price decreases. Canola prices plummeted 21.0% after increasing some 60.0% since last October. The July decline in grain prices (-9.0%) was mostly attributable to favourable growing conditions which eased concern over tight grain supplies.

Available on CANSIM: matrix 2009.

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

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

Raw materials price index

(1986 = 100)

	Relative Importance ¹	July 1993	June 1994 ^r	July 1994 ^p	July 1993 to July 1994	June 1994 to July 1994
					% change	
Raw materials total	100	113.1	124.0	125.2	10.7	1.0
Mineral fuels	32	96.8	112.7	116.0	19.8	2.9
Vegetable products	10	97.7	117.0	110.3	12.9	-5.7
Animals and animal products	26	109.1	107.8	108.1	-0.9	0.3
Wood	13	195.4	200.6	202.6	3.7	1.0
Ferrous materials	4	104.3	110.9	112.9	8.2	1.8
Non-ferrous metals	13	95.8	119.6	123.2	28.6	3.0
Non-metallic minerals	3	99.3	103.9	103.9	4.6	0.0
Total excluding mineral fuels	68	120.7	129.3	129.5	7.3	0.2

¹ Rounded figures.

^p Preliminary figures.

^r Revised figures.

DATA AVAILABILITY ANNOUNCEMENTS

Restaurants, caterers and taverns

June 1994

Restaurant, caterer and tavern receipts totalled \$1,816 million for June 1994, an increase of 4.7% over the \$1,735 million reported for the same period last year.

Available on CANSIM: matrix 52.

The June 1994 issue of *Restaurants, caterers and taverns* (63-011, \$7/\$70), will be available in about three weeks. See "How to order publications".

For further information, contact William Birbeck (613-951-3506), Services, Science and Technology Division. ■

Stocks of frozen meat products

August 1, 1994

Total frozen meat in cold storage as of August 1 amounted to 45 000 tonnes as compared with 48 000 tonnes the previous month and 43 000 tonnes a year earlier.

Available on CANSIM: matrices 87 and 9517-9525.

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

PUBLICATIONS RELEASED

National Income and expenditure accounts—
quarterly estimates, first quarter 1994.

Catalogue number 13-001

(Canada: \$35/\$140; United States: US\$42/US\$168;
other countries: US\$49/US\$196).

Farm cash receipts, January-June 1994.

Catalogue number 21-001

(Canada: \$13/\$50; United States: US\$15/US\$60;
other countries: US\$18/US\$70).

Mineral wool including fibrous glass insulation,
July 1994.

Catalogue number 44-004

(Canada: \$6/\$60; United States: US\$8/US\$72; other
countries: US\$9/US\$84).

Farm product price Index, June 1994.

Catalogue number 62-003

(Canada: \$8/\$76; United States: US\$10/US\$92; other
countries: US\$11/US\$107).

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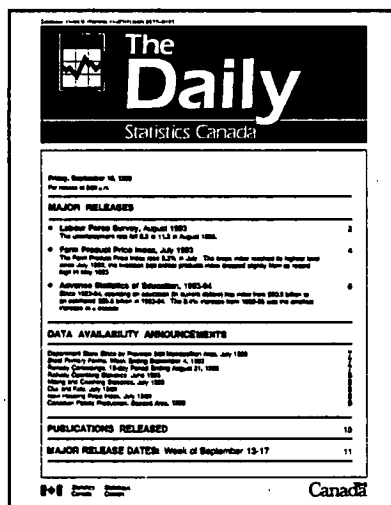
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Week of August 29 to September 2

(Release dates are subject to change)

Release date	Title	Reference period
August		
29	Employment, earnings and hours	June 1994
30	Unemployment Insurance statistics	June 1994
31	Income and expenditure accounts	April-June 1994
	Balance of International payments	April-June 1994
	Financial flow accounts	April-June 1994
	Real gross domestic product at factor cost by Industry	June 1994
	Major release dates	September 1994
September		
1	Seniors	1992
	Crude oil and natural gas	June 1994
2	Industrial capacity utilization rates	April-June 1994



Statistics Canada's official release bulletin

Catalogue 11-001E. (Canada: \$175; United States: US\$210; other countries: US\$245.)

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To receive *The Daily* from the Internet, send an E-mail message to listproc@statcan.ca. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

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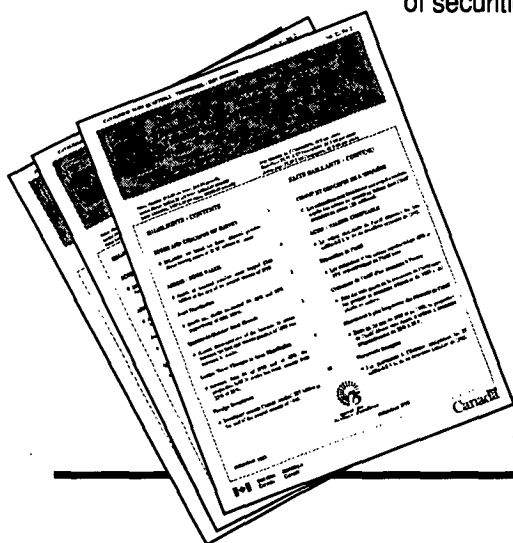
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