

# The Daily

## Statistics Canada

Tuesday, August 16, 1988

Aug 16 1988

### Major Releases

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| <b>Preliminary Statement of Canadian International Trade, June 1988</b>                                                                                                                                                                  | <b>2</b>  |
| <ul style="list-style-type: none"> <li>The reconciled balance of international trade between Canada and the United States on a customs basis in the first half of 1988 declined by \$2.7 billion from the first half of 1987.</li> </ul> |           |
| <b>Business Conditions Survey, Canadian Manufacturing Industries, July 1988</b>                                                                                                                                                          | <b>9</b>  |
| <ul style="list-style-type: none"> <li>Canadian manufacturers' optimism regarding production prospects declined sharply from the April 1988 survey.</li> </ul>                                                                           |           |
| <b>Machinery and Equipment Price Index, Second Quarter 1988</b>                                                                                                                                                                          | <b>12</b> |
| <ul style="list-style-type: none"> <li>Prices for new machinery and equipment purchased by Canadian industries continued their downward trend, dropping 0.9% from the previous quarter and 0.9% on a year-over-year basis.</li> </ul>    |           |

### Data Availability Announcements

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| Air Carrier Fare Basis Statistics, January-June 1987 | 13 |
| Export and Import Price Indexes, June 1988           | 13 |
| Stocks of Frozen Poultry Products, August 1, 1988    | 13 |

### Publication Released 14

#### System of National Accounts Release Scheduled for August 31

On August 31, the second quarter 1988 estimates for the National Income and Expenditure Accounts, the Canadian Balance of International Payments and Real Gross Domestic Product by Industry will be released.

At the same time, preliminary estimates for the current and constant dollar Input-Output Accounts for 1985 will be released, along with final estimates for 1984. The monthly estimates of Real Gross Domestic Product by Industry will incorporate the new information in the Input-Output Accounts.

Following the usual practice, second quarter 1988 estimates for the Financial Flow Accounts will be released one week later, the week of September 5.



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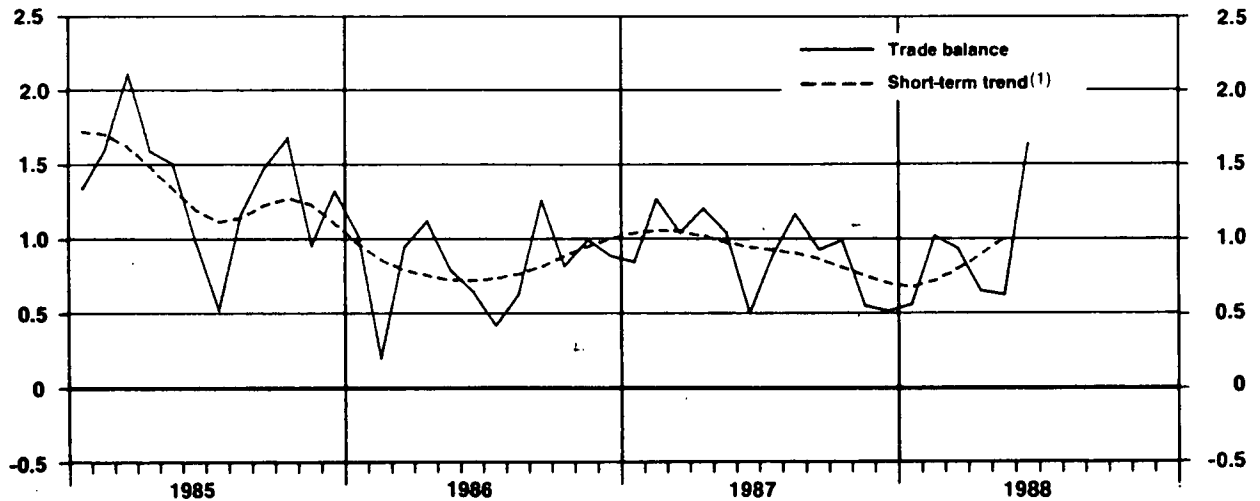
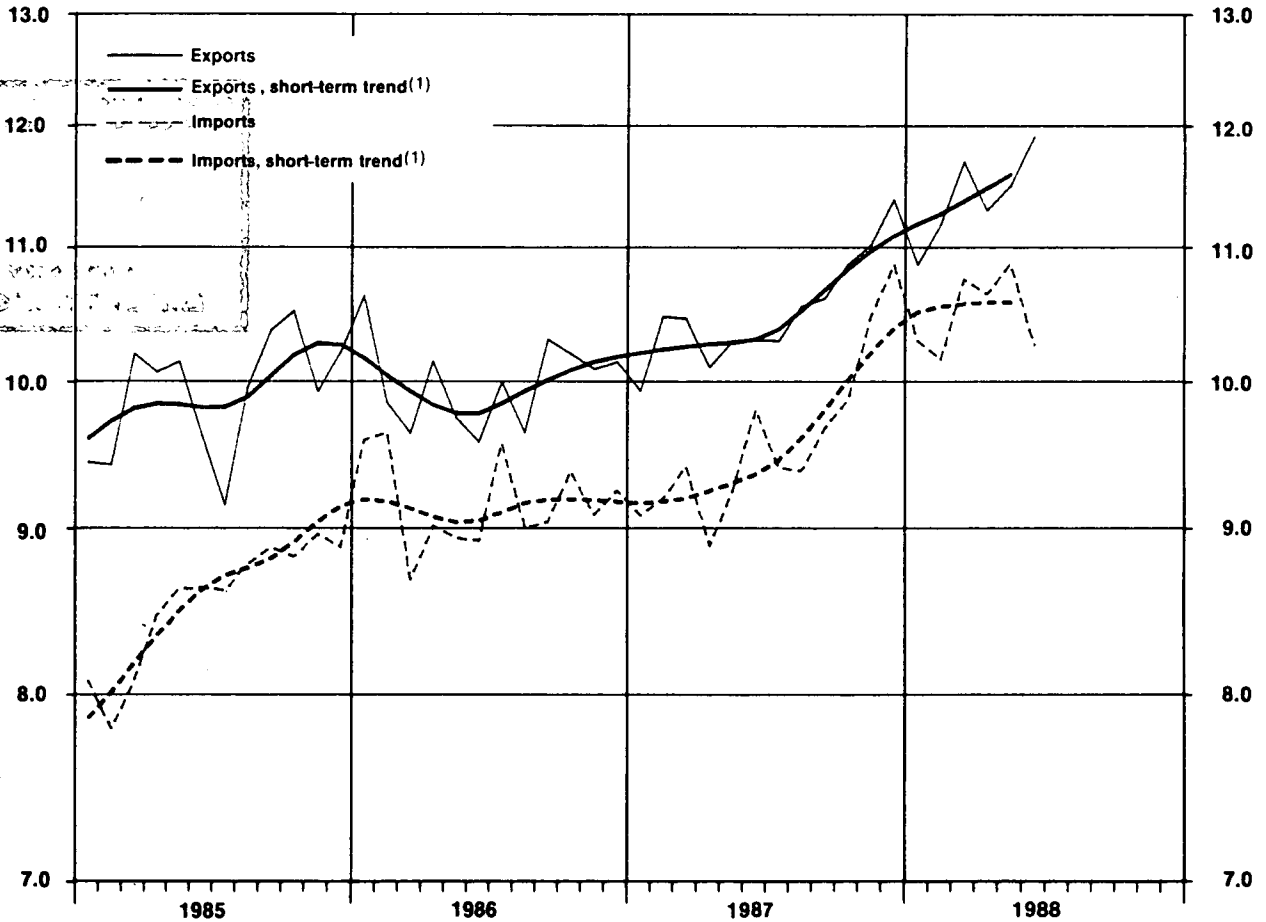
Canada

## Major Releases

### Imports, Exports, and Trade Balance, All Countries, Seasonally Adjusted Balance of Payments Basis

Billions of dollars

Billions of dollars



(1) The short-term trend gives a clearer picture of the direction and rate of change of trade by averaging the substantial monthly fluctuations which frequently occur in trade. The trend for the last month is not shown in the charts above since it frequently changes significantly with the addition of succeeding months of data.

## Preliminary Statement of Canadian International Trade

Seasonally Adjusted, Balance of Payments Basis  
June 1988

### Month-to-month Overview

*Caution should be exercised in interpreting the monthly preliminary trade data in view of the expected larger than usual revisions.*

On a balance-of-payments basis and adjusted for seasonal fluctuations, Canada's international merchandise trade surplus with all its partners in June 1988 was \$1.6 billion, the highest level in the past 33 months. Canada's international trade surplus in May, according to revised figures, was \$624 million.

The large jump in the June surplus from the average of \$760 million recorded for the first five months of 1988 was primarily the result of a substantial increase in the trade surplus with the United States, caused by a marked decrease in imports from that country, and a trade surplus with Japan, due to an increase in exports to that country. The trade balance with Japan fluctuated considerably in 1987 and early 1988, varying between a slight deficit and a slight surplus. The June surplus with Japan was \$177 million, the highest level since December 1979.

Exports continued to advance in June, rising to \$11.9 billion, bringing the cumulative total for exports in the first half of 1988 to \$68.3 billion, 11.0% higher than the same period in 1987. Increases in exports of raw materials and fabricated materials contributed to the growth in total exports in June.

Imports declined by 2.7% in June from the average level for the first five months of 1988 to \$10.2 billion. The cumulative total of imports for January to June 1988 was \$62.9 billion, 13.1% higher than the same period in 1987. The marked decrease in imports in June was caused primarily by a drop in imports of automotive products from the United States.

Balance of payments adjustments to exports in June, not seasonally adjusted, totalled \$81 million, while imports were adjusted by -\$97 million.

### Short-term Trend (excludes latest month)

*The monthly movements shown for the short-term trend may differ from those shown for seasonally adjusted values published in other sections of this report. The short-term trend is the result of a*

### Note to users

With the introduction of the Harmonized Commodity Description and Coding System which represents a major departure from the previous commodity classification and starting with January 1988 and at least for the balance of 1988:

- Users should interpret levels and month-to-month movements in commodity data with caution;
- Revisions to imports and exports have been greater than usual but should settle down to more normal levels in the months to come.

Users should also note as a further caution to interpretation of 1988 data as related to 1987 that:

- Recording of imports is now based on the date the merchandise is released by customs and not on the customs stamp date as before January 1988.

In order to maintain continuity in concepts and definitions:

- The balance-of-payments data continue to be presented on a consignment basis.
- Both raw and seasonally adjusted data for the previous periods reflect the above changes where applicable.

*weighted moving average of 13 terms, and it is therefore plausible that the trend of the seasonally adjusted values may not point in the same direction as the short-term trend.*

### Exports

The short-term trend for exports continued to be up in May for the twenty-fourth consecutive month, posting an increase of 0.9% from the level for April.

- The largest increases were recorded in the short-term trends for exports of wheat, passenger automobiles and organic chemicals.
- The trend for exports of automobiles, up since August 1987, slowed considerably in 1988, decelerating gradually from 5.6% in January 1988 to 0.9% in May 1988.

(continued on page 4)

- The largest declines were noted in the trends for exports of iron ore, trucks, and petroleum and coal products.
- The trend for exports of electricity continued to be down for the thirteenth straight month, declining 0.6% from the previous month.

#### Imports

- The trend for imports, up since January 1987, rose marginally in May from the level for April.
- The largest increase was posted for imports of fabricated materials, notably iron products other than those indicated in the breakdown by summary categories.
- The trend for imports of cocoa, coffee and tea, down since October 1987, reversed in May, showing an increase of 0.3%.
- The largest declines were posted in the trends for imports of motor vehicle parts and aircraft. In addition, a seventh consecutive decline was recorded in imports of passenger automobiles.

#### Detailed Analysis Commodities

- Exports of automotive products in June totalled \$2.9 billion, a decrease of \$35 million from the average for the first five months of 1988. Exports of automobiles totalled \$1.4 billion and trucks \$650 million.
- Exports of forestry products and energy products rose by \$98 million and \$25 million respectively in June from the average for the first five months of the year, to \$1.8 billion and \$1.1 billion.
- Canadian wheat exports totalled \$2.4 billion for the first half of 1988, \$706 million more than for the same period in 1987.
- Imports of machinery and equipment totalled \$3.3 billion, \$118 million higher than the average level for the first five months of 1988.
- Imports of automotive products totalled \$2.3 billion, \$576 million lower than the average for the first five months of 1988.

#### Trading Partners

- Exports to the United States declined slightly in June to \$8.6 billion, in spite of indicators of strong growth in the U.S. economy between April and June 1988.
- Exports to Japan posted a large increase in June to \$837 million, a new record.
- Imports from the United States fell to \$6.9 billion in June, \$404 million lower than the average for the first five months of 1988.

#### Quarterly Data

- Canada posted a surplus of \$2.9 billion in the second quarter, an increase of \$400 million over the first quarter of 1988.
- Exports rose to \$34.6 billion in the second quarter from \$33.7 billion in the first quarter.
- Imports totalled \$31.7 billion in the second quarter, up slightly from \$31.1 billion in the first quarter.

#### Canada/United States Reconciliation Customs - Basis Statistics Not Seasonally Adjusted

Following reconciliation of the statistics for international merchandise trade between Canada and the United States, the cumulative value of Canadian exports to the United States on a customs basis, corrected for undercoverage of exports, differences in the definition of "trade", "transportation charges" and so on, totalled \$52.4 billion for the first six months of 1988 - up 9.1% from the same period in 1987. Imports, for their part, totalled \$45.2 billion, 18.6% more than in the first half of 1987. As a result of these movements, the reconciled balance of international trade between the two trading partners, as officially recognized by Statistics Canada and the U.S. Bureau of the Census, was \$7.2 billion in Canada's favour, \$2.7 billion less than for the same period in 1987.

*(continued on page 5)*

(see tables on pages 6 to 8)

Available on CANSIM: matrices 3686-3713, 3718, 3719 and 3887-3913.

The June 1988 issue of *Summary of Canadian International Trade (H.S. Based)* (65-001, \$16.50/\$165) will be available the first week of September. See "How to Order Publications".

For more detailed information on this release, contact Gordon Blaney (613-951-9647), Trade Information Unit, or Jean-Pierre Simard (613-951-1711) (for analysis information), or John Butterill (613-951-4808) (for price-index information), Trade Measures and Analysis Section, International Trade Division.

For summary information, available the day of release, order the *Preliminary Statement of Canadian International Trade (H.S. Based)* (65-001P, \$5.50/\$55).

**Table 1**  
**Merchandise Trade of Canada**  
June 1988

|              | Customs Basis               |                |                             |                | Balance-of-payments Basis                 |                              |                              |                                           |                              |                              |
|--------------|-----------------------------|----------------|-----------------------------|----------------|-------------------------------------------|------------------------------|------------------------------|-------------------------------------------|------------------------------|------------------------------|
|              | Exports <sup>1</sup><br>raw | Imports<br>raw | Exports <sup>1</sup><br>raw | Imports<br>raw | Exports <sup>1</sup><br>S.A. <sup>3</sup> | Imports<br>S.A. <sup>3</sup> | Balance<br>S.A. <sup>3</sup> | Period-to-period change <sup>2</sup>      |                              |                              |
|              |                             |                |                             |                |                                           |                              |                              | Exports <sup>1</sup><br>S.A. <sup>3</sup> | Imports<br>S.A. <sup>3</sup> | Balance<br>S.A. <sup>3</sup> |
|              |                             |                |                             | \$ millions    |                                           |                              |                              | %                                         | %                            | \$ millions                  |
| 1982         | 84,530                      | 67,856         | 84,393                      | 66,739         | 84,393                                    | 66,738                       | 17,654                       | 0.0                                       | -13.5                        | 10,362                       |
| 1983         | 90,613                      | 75,520         | 90,556                      | 73,098         | 90,556                                    | 73,098                       | 17,457                       | 7.3                                       | 9.5                          | -197                         |
| 1984         | 112,384                     | 95,460         | 111,330                     | 91,493         | 111,330                                   | 91,492                       | 19,838                       | 22.9                                      | 25.2                         | 2,381                        |
| 1985         | 119,474                     | 104,355        | 119,070                     | 102,669        | 119,070                                   | 102,669                      | 16,400                       | 7.0                                       | 12.2                         | -3,437                       |
| 1986         | 120,670                     | 112,511        | 119,889                     | 110,079        | 119,889                                   | 110,079                      | 9,810                        | 0.7                                       | 7.2                          | -6,590                       |
| 1987         | 125,087                     | 116,239        | 126,125                     | 115,149        | 126,125                                   | 115,149                      | 10,976                       | 5.2                                       | 4.6                          | 1,166                        |
| 1988         |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| I quarter    | 29,171                      | 27,666         | 29,372                      | 26,924         | 30,106                                    | 27,913                       | 2,193                        | -1.8                                      | 4.6                          | -1,786                       |
| II quarter   | 31,283                      | 29,637         | 31,020                      | 28,949         | 29,451                                    | 26,872                       | 2,578                        | -2.2                                      | -3.7                         | 385                          |
| III quarter  | 28,431                      | 27,284         | 28,341                      | 26,697         | 29,923                                    | 27,598                       | 2,326                        | 1.6                                       | 2.7                          | -253                         |
| IV quarter   | 31,785                      | 27,924         | 31,156                      | 27,509         | 30,409                                    | 27,696                       | 2,713                        | 1.6                                       | 0.4                          | 388                          |
| 1987         |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| I quarter    | 29,714                      | 27,776         | 30,278                      | 27,346         | 30,833                                    | 27,662                       | 3,171                        | 1.4                                       | -0.1                         | 457                          |
| II quarter   | 31,687                      | 29,578         | 31,832                      | 29,326         | 30,668                                    | 27,915                       | 2,752                        | -0.5                                      | 0.9                          | -418                         |
| III quarter  | 29,628                      | 27,814         | 30,071                      | 27,472         | 31,407                                    | 28,419                       | 2,988                        | 2.4                                       | 1.8                          | 236                          |
| IV quarter   | 34,057                      | 31,071         | 33,944                      | 31,005         | 33,217                                    | 31,153                       | 2,065                        | 5.8                                       | 9.6                          | -924                         |
| 1988         |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| I quarter    | 33,926                      | 35,022         | 33,337                      | 32,335         | 33,668                                    | 31,145                       | 2,523                        | 1.4                                       | 0.0                          | 459                          |
| II quarter   | 35,934                      | 32,975         | 36,107                      | 32,304         | 34,625                                    | 31,710                       | 2,914                        | 2.8                                       | 1.8                          | 391                          |
| 1987         |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| January      | 9,154                       | 8,767          | 9,353                       | 8,487          | 9,924                                     | 9,074                        | 850                          | -2.1                                      | -1.8                         | -41                          |
| February     | 9,889                       | 8,974          | 10,074                      | 9,001          | 10,460                                    | 9,185                        | 1,274                        | 5.4                                       | 1.2                          | 424                          |
| March        | 10,671                      | 10,034         | 10,851                      | 9,858          | 10,449                                    | 9,403                        | 1,046                        | -0.1                                      | 2.4                          | -229                         |
| April        | 10,223                      | 9,407          | 10,334                      | 9,310          | 10,090                                    | 8,882                        | 1,208                        | -3.4                                      | -5.5                         | 162                          |
| May          | 10,658                      | 9,493          | 10,589                      | 9,432          | 10,285                                    | 9,242                        | 1,043                        | 1.9                                       | 4.0                          | -164                         |
| June         | 10,807                      | 10,678         | 10,909                      | 10,585         | 10,293                                    | 9,791                        | 502                          | 0.1                                       | 5.9                          | -542                         |
| July         | 9,528                       | 9,508          | 9,635                       | 9,476          | 10,280                                    | 9,391                        | 889                          | -0.1                                      | -4.1                         | 388                          |
| August       | 9,362                       | 8,560          | 9,564                       | 8,496          | 10,532                                    | 9,364                        | 1,168                        | 2.4                                       | -0.3                         | 278                          |
| September    | 10,738                      | 9,747          | 10,872                      | 9,500          | 10,595                                    | 9,664                        | 931                          | 0.6                                       | 3.2                          | -237                         |
| October      | 11,336                      | 10,138         | 11,343                      | 10,073         | 10,850                                    | 9,853                        | 997                          | 2.4                                       | 1.9                          | 66                           |
| November     | 11,513                      | 10,622         | 11,382                      | 10,670         | 11,003                                    | 10,452                       | 551                          | 1.4                                       | 6.1                          | -446                         |
| December     | 11,207                      | 10,311         | 11,220                      | 10,262         | 11,365                                    | 10,848                       | 517                          | 3.3                                       | 3.8                          | -34                          |
| 1988         |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| January      | 10,269                      | 12,332         | 10,153                      | 9,989          | 10,842                                    | 10,277                       | 566                          | -4.6                                      | -5.3                         | 49                           |
| February     | 11,204                      | 10,467         | 10,937                      | 10,262         | 11,158                                    | 10,137                       | 1,021                        | 2.9                                       | -1.4                         | 455                          |
| March        | 12,454                      | 12,224         | 12,247                      | 12,084         | 11,668                                    | 10,731                       | 937                          | 4.6                                       | 5.9                          | -84                          |
| April        | 11,375                      | 10,552         | 11,415                      | 10,395         | 11,271                                    | 10,617                       | 654                          | -3.4                                      | -1.1                         | -283                         |
| May          | 11,965                      | 11,525         | 12,018                      | 11,107         | 11,476                                    | 10,852                       | 624                          | 1.8                                       | 2.2                          | -30                          |
| June         | 12,593                      | 10,898         | 12,674                      | 10,801         | 11,878                                    | 10,242                       | 1,636                        | 3.5                                       | -5.6                         | 1,011                        |
| Year to date |                             |                |                             |                |                                           |                              |                              |                                           |                              |                              |
| 1987         | 61,402                      | 57,353         | 62,110                      | 56,672         | 61,500                                    | 55,577                       | 5,923                        | 3.3                                       | 1.4                          | 1,152                        |
| 1988         | 69,860                      | 67,997         | 69,443                      | 64,639         | 68,293                                    | 62,855                       | 5,438                        | 11.0                                      | 13.1                         | -485                         |

<sup>1</sup> Exports = Domestic Exports + Re-exports.

<sup>2</sup> Year-to-year, quarter-to-quarter, month-to-month.

<sup>3</sup> Seasonally Adjusted.

Note: - Due to truncation, monthly data may not add up to quarterly data and quarterly data may not add up to annual data.  
- The 1986 and 1987 figures include the final revisions.

**Table 2**  
**Merchandise Trade by Principal Trading Areas**  
June 1988  
Seasonally Adjusted, Balance-of-payments Basis

|                                  | May             | June            | Period-to-period change |             |              |                | Year to date    | Change over previous year |                |
|----------------------------------|-----------------|-----------------|-------------------------|-------------|--------------|----------------|-----------------|---------------------------|----------------|
|                                  |                 |                 | May                     | June        | May          | June           |                 | %                         | \$ millions    |
|                                  | \$ millions     |                 | %                       | %           | \$ millions  |                | \$ millions     |                           |                |
| <b>Exports to:<sup>1</sup></b>   |                 |                 |                         |             |              |                |                 |                           |                |
| United States                    | 8,600.8         | 8,598.6         | 1.0                     | 0.0         | 86.6         | -2.2           | 50,859.3        | 7.6                       | 3,595.6        |
| United Kingdom                   | 276.5           | 332.9           | 0.3                     | 20.4        | 0.7          | 56.4           | 1,699.9         | 10.8                      | 165.7          |
| Japan                            | 599.7           | 837.2           | -1.0                    | 39.6        | -6.1         | 237.5          | 4,008.1         | 35.2                      | 1,044.5        |
| EEC '86 excl. UK                 | 521.0           | 570.8           | -11.8                   | 9.6         | -70.0        | 49.8           | 3,359.5         | 8.1                       | 251.8          |
| Other OECD '86                   | 249.9           | 289.1           | 21.6                    | 15.7        | 44.5         | 39.2           | 1,494.2         | 18.9                      | 237.1          |
| Other Countries                  | 1,228.2         | 1,249.0         | 13.9                    | 1.7         | 149.6        | 20.8           | 6,872.1         | 27.9                      | 1,498.1        |
| <b>Total</b>                     | <b>11,476.2</b> | <b>11,877.7</b> | <b>1.8</b>              | <b>3.5</b>  | <b>205.3</b> | <b>401.5</b>   | <b>68,293.1</b> | <b>11.0</b>               | <b>6,792.8</b> |
| <b>Imports from:<sup>1</sup></b> |                 |                 |                         |             |              |                |                 |                           |                |
| United States                    | 7,562.9         | 6,870.0         | 2.0                     | -9.2        | 144.8        | -692.9         | 43,238.6        | 12.4                      | 4,758.9        |
| United Kingdom                   | 378.3           | 480.2           | 1.7                     | 26.9        | 6.5          | 101.9          | 2,503.5         | 14.9                      | 323.9          |
| Japan                            | 675.3           | 660.0           | -15.3                   | -2.3        | -121.6       | -15.3          | 4,109.5         | 11.5                      | 424.3          |
| EEC '86 excl. UK                 | 882.4           | 821.9           | 7.7                     | -6.9        | 63.5         | -60.5          | 5,116.5         | 14.9                      | 663.6          |
| Other OECD '86                   | 310.8           | 336.5           | 7.6                     | 8.3         | 22.0         | 25.8           | 1,798.7         | 17.4                      | 266.1          |
| Other Countries                  | 1,042.3         | 1,073.4         | 13.0                    | 3.0         | 120.2        | 31.1           | 6,088.6         | 16.0                      | 841.2          |
| <b>Total</b>                     | <b>10,851.8</b> | <b>10,242.0</b> | <b>2.2</b>              | <b>-5.6</b> | <b>235.3</b> | <b>-609.8</b>  | <b>62,855.3</b> | <b>13.1</b>               | <b>7,278.0</b> |
| <b>Balance with:</b>             |                 |                 |                         |             |              |                |                 |                           |                |
| United States                    | 1,037.9         | 1,728.6         |                         |             | -58.2        | 690.6          | 7,620.7         |                           | -1,163.4       |
| United Kingdom                   | -101.8          | -147.3          |                         |             | -5.7         | -45.5          | -803.6          |                           | -158.2         |
| Japan                            | -75.6           | 177.1           |                         |             | 115.5        | 252.8          | -101.4          |                           | 620.1          |
| EEC '86 excl. UK                 | -361.4          | -251.1          |                         |             | -133.5       | 110.3          | -1,757.0        |                           | -411.8         |
| Other OECD '86                   | -60.8           | -47.4           |                         |             | 22.5         | 13.5           | -304.5          |                           | -29.0          |
| Other Countries                  | 186.0           | 175.7           |                         |             | 29.4         | -10.3          | 783.5           |                           | 656.9          |
| <b>Total</b>                     | <b>624.4</b>    | <b>1,635.7</b>  |                         |             | <b>-30.0</b> | <b>1,011.3</b> | <b>5,437.8</b>  |                           | <b>-485.2</b>  |

<sup>1</sup> Exports to "Other OECD Countries" and imports from the United Kingdom, "Other OECD Countries" and "Other Countries" do not have seasonality. Consequently, these series are not seasonally adjusted.

Note: - Portugal and Spain are included in the EEC.

- Imports for June 1988 by country of origin from the United States (including Puerto Rico and the U.S. Virgin Islands) amounted to \$7,167.0 million. This represents the starting figure from which the Canada/United States reconciliation takes place.

Table 2A  
Reconciled Merchandise Trade Between Canada and the United States

| Raw Data |                            |                     | January to June |          |
|----------|----------------------------|---------------------|-----------------|----------|
|          |                            |                     | 1987            | 1988     |
|          |                            |                     | \$ millions     |          |
| Exports  | Customs Basis              | United States       | 46,887.8        | 51,768.5 |
|          |                            | Puerto Rico         | 115.1           | 124.3    |
|          |                            | U.S. Virgin Islands | 2.6             | 4.8      |
|          |                            | Published total     | 47,005.5        | 51,897.6 |
|          | Reconciliation Adjustments |                     | 1008.8          | 492.8    |
|          | Reconciled Basis           |                     | 48,014.4        | 52,390.4 |
|          | Other B.O.P. Adjustments   |                     | -165.4          | -914.0   |
|          | B.O.P. Basis               |                     | 47,849.0        | 51,476.4 |
| Imports  | Customs Basis              | United States       | 38,062.6        | 45,646.6 |
|          |                            | Puerto Rico         | 110.7           | 120.7    |
|          |                            | U.S. Virgin Islands | 32.8            | 8.0      |
|          |                            | Published total     | 38,206.0        | 45,775.3 |
|          | Reconciliation Adjustments |                     | -92.2           | -562.8   |
|          | Reconciled basis           |                     | 38,113.9        | 45,212.5 |
|          | Other B.O.P. Adjustments   |                     | 1,591.0         | -180.9   |
|          | B.O.P. Basis               |                     | 39,704.9        | 45,031.6 |
| Balance  | Reconciled Basis           |                     | 9,900.5         | 7,177.9  |
|          | B.O.P. Basis               |                     | 8,144.1         | 6,444.8  |

**Note:** Non-receipt of export documents accounts for most of the reconciliation adjustment.



Chart - 1

Balance of Opinion for Expected Volume of Production During Next Three Months Compared with Last Three Months

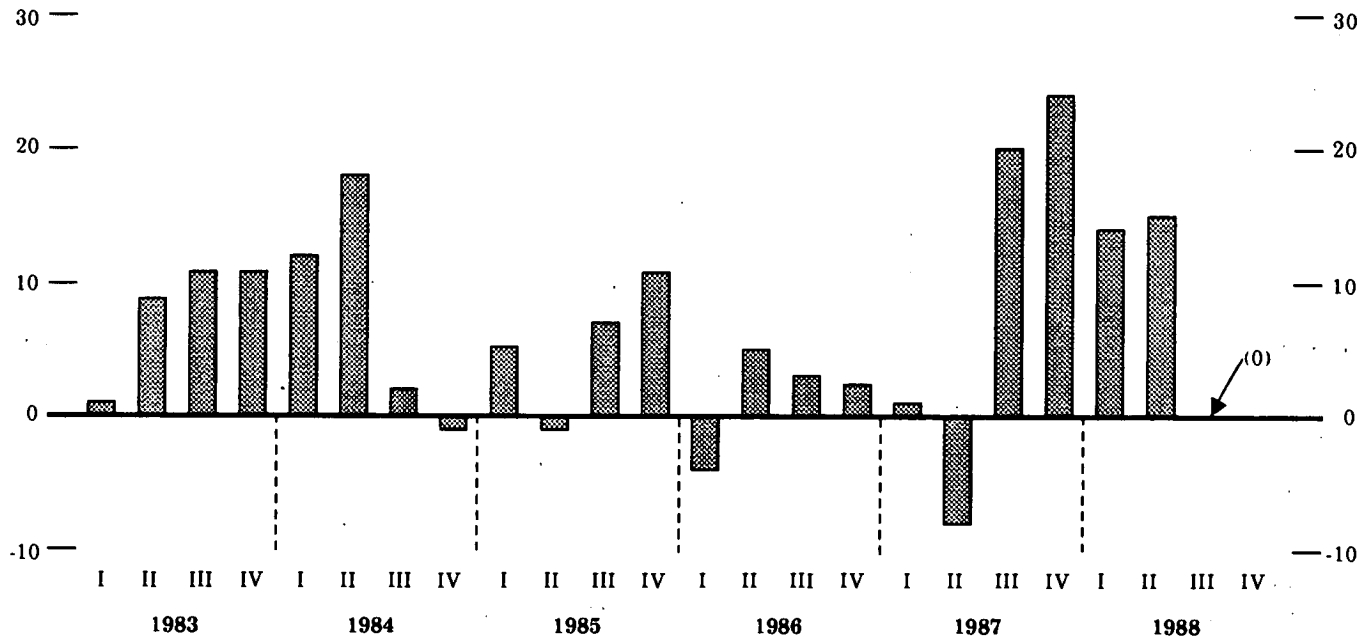
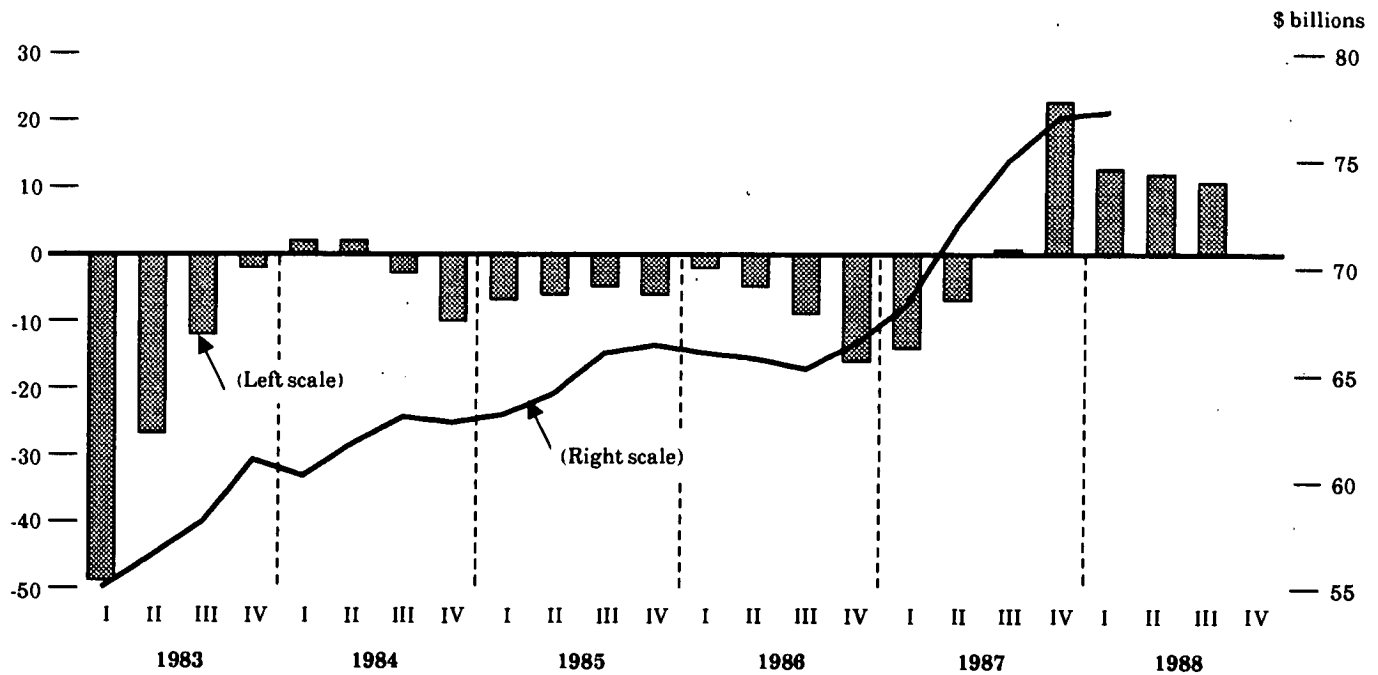


Chart - 2

Comparison Between Balance of Opinion For Present Backlog of Unfilled Orders (Left Scale) and The Gross Domestic Product At 1981 Factor Costs (Right Scale) For All Manufacturing Industries, Adjusted For Seasonal Variation



## Business Conditions Survey, Canadian Manufacturing Industries July 1988

### Seasonally Adjusted

There was a sharp decline in Canadian manufacturers' optimism regarding production prospects between the April and July 1988 surveys amid growing concern about the level of finished product inventories. Concern about the level of finished product inventories increased for the fifth consecutive survey. Shortages of skilled labour and a lack of new orders/sales were cited as the main sources of production difficulties.

### Highlights

- The balance of opinion about the expected **volume of production** over the next three months dropped from +15 in April 1988 to 0. (The balance of opinion is calculated by taking the 28% who gave an optimistic "higher" response and subtracting the 28% with a pessimistic "lower" response, to give the 0 result.) This balance is well below the peak of +24 recorded at the beginning of October 1987, but is higher than in April of last year when the balance was -8.
- The balance of manufacturers' opinion about the level of **finished product inventories** dropped from -16 in April to -20 in July 1988. The balance declined for the fifth consecutive quarterly survey, reaching its lowest level since October 1986.
- The balance for **orders received** dropped from +13 to +5, the lowest level in the last five surveys but still higher than the negative value recorded in April 1987.
- In contrast to production prospects and orders received, the balance for the **backlog of unfilled orders** declined only marginally to +11 in July. Though below its October 1987 peak, the balance is much above the balance of +1 recorded in July 1987.

Individual responses to the Business Conditions Survey are weighted by the value of the respondent's shipments reported to the annual Census of Manufactures. The proportions, therefore, reflect the magnitude of the individual manufacturer's contribution to the total. The balance is the difference between the proportion associated with the positive-type response (e.g. higher volume of production) and the proportion related to the negative-type response (e.g. lower volume of production). Both the raw data (raw) and seasonally adjusted (s.a.) data are given for the balance. The seasonally adjusted value for the neutral components (e.g. expected production about the same) is calculated by subtracting the sum of the seasonally adjusted values of the other two components from 100.

### Unadjusted

- Shortage of skilled labour reached an historical high as 12% of manufacturers identified it as the most significant **source of production difficulties**. Other difficulties increased three percentage points with a shortage of orders/sales being mentioned most often.

(see table on page 11)

The Business Conditions Survey is carried out in January, April, July and October and the majority of responses are recorded in the first two weeks of these months.

Data users should note the April 1988 results have been revised to include responses received after the first release of these results.

Available on CANSIM (raw data only): matrices 2843-2845.

For more detailed information on this release, contact M. Marcogliese (613-951-9834), Shipments, Inventories and Orders Section, Industry Division.

# Business Conditions Survey, Canadian Manufacturing Industries

July 1988

| All Manufacturing Industries                                                                  | July 1987 | Oct. 1987 | Jan. 1988 | Apr. 1988 | July 1988 |
|-----------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Volume of production during next three months compared with last three months will be:</b> |           |           |           |           |           |
| <b>Seasonally adjusted</b>                                                                    |           |           |           |           |           |
| About the same                                                                                | 48        | 50        | 56        | 49        | 44        |
| Higher                                                                                        | 36        | 37        | 29        | 33        | 28        |
| Lower                                                                                         | 16        | 13        | 15        | 18        | 28        |
| Balance                                                                                       | 20        | 24        | 14        | 15        | 0         |
| <b>Raw</b>                                                                                    |           |           |           |           |           |
| Balance                                                                                       | 9         | 23        | 8         | 33        | 11        |
| <b>Orders received are:</b>                                                                   |           |           |           |           |           |
| <b>Seasonally adjusted</b>                                                                    |           |           |           |           |           |
| About the same                                                                                | 64        | 64        | 63        | 65        | 65        |
| Rising                                                                                        | 25        | 29        | 25        | 24        | 20        |
| Declining                                                                                     | 11        | 7         | 12        | 11        | 15        |
| Balance                                                                                       | 14        | 22        | 13        | 13        | 5         |
| <b>Raw</b>                                                                                    |           |           |           |           |           |
| Balance                                                                                       | 15        | 18        | 11        | 18        | 7         |
| <b>Present backlog of unfilled orders is:</b>                                                 |           |           |           |           |           |
| <b>Seasonally adjusted</b>                                                                    |           |           |           |           |           |
| About normal                                                                                  | 73        | 59        | 69        | 66        | 61        |
| Higher than normal                                                                            | 14        | 32        | 22        | 23        | 25        |
| Lower than normal                                                                             | 13        | 9         | 9         | 11        | 14        |
| Balance                                                                                       | 1         | 23        | 13        | 12        | 11        |
| <b>Raw</b>                                                                                    |           |           |           |           |           |
| Balance                                                                                       | 4         | 22        | 10        | 12        | 14        |
| <b>Finished product inventory on hand is:</b>                                                 |           |           |           |           |           |
| <b>Seasonally adjusted</b>                                                                    |           |           |           |           |           |
| About right                                                                                   | 78        | 69        | 72        | 70        | 64        |
| Too low                                                                                       | 8         | 11        | 9         | 8         | 8         |
| Too high <sup>1</sup>                                                                         | 14        | 20        | 19        | 22        | 28        |
| Balance                                                                                       | -7        | -9        | -10       | -16       | -20       |
| <b>Raw</b>                                                                                    |           |           |           |           |           |
| Balance                                                                                       | -6        | -7        | -11       | -15       | -20       |
| <b>Sources of production difficulties:</b>                                                    |           |           |           |           |           |
| <b>Raw</b>                                                                                    |           |           |           |           |           |
| Working capital shortage                                                                      | 3         | 4         | 3         | 4         | 3         |
| Skilled labour shortage                                                                       | 6         | 8         | 7         | 9         | 12        |
| Unskilled labour shortage                                                                     | 2         | 3         | 2         | 2         | 3         |
| Raw material shortage                                                                         | 7         | 6         | 7         | 7         | 7         |
| Other difficulties                                                                            | 14        | 5         | 5         | 5         | 8         |
| No difficulties                                                                               | 71        | 77        | 79        | 74        | 67        |

<sup>1</sup> No evident seasonality.

## Machinery and Equipment Price Indexes

Second Quarter 1988

### Highlights

- The Machinery and Equipment Price Index by industry of purchase (1971=100, MEPI) reached a preliminary level of 306.1 in the second quarter of 1988, down 0.9% from its revised first quarter level. This is the fifth decrease in the last six quarters.
- The domestic price component rose 0.1% in the latest quarter, but the more heavily weighted imported goods component fell 1.9%. In the latter case, the higher value of the Canadian dollar versus its U.S. counterpart more than offset a slight increase in the underlying prices.
- For the fourth consecutive quarter, the total index showed a year-over-year decline – this time at 0.9%. Prices for domestically-produced machinery and equipment rose 2.2%, but imported goods declined 3.7% under the influence of a generally stronger Canadian dollar.

- At the industry division level, price changes in the latest quarter ranged from a drop of 1.7% for machinery and equipment purchased by the construction sector to a slight decline of 0.1% for those purchased by both the agriculture, and the finance insurance and real estate sectors. On a year-over-year basis, the agriculture industry led the way with an increase of 5.3% (mainly reflecting higher prices for trucks), while the construction sector showed the largest downward movement, with a decrease of 2.6%.

Available on CANSIM: matrices 4000, 4002 and 4027.

The second quarter 1988 issue of *Construction Price Statistics* (62-007, \$16.50/\$66) will be available in September. See "How to Order Publications".

For more detailed information on this release, contact L. Graham (613-951-9615), Capital Expenditures Section, Prices Division.

## Machinery and Equipment Price Indexes (1971=100)

|                                                         | Relative Importance <sup>1</sup> | 2nd Q. 1988* | 1st Q. 1988* | % Change                  |                           |
|---------------------------------------------------------|----------------------------------|--------------|--------------|---------------------------|---------------------------|
|                                                         |                                  |              |              | 2nd Q.1988/<br>1st Q.1988 | 2nd Q.1988/<br>2nd Q.1987 |
| <b>Machinery and Equipment Price Index:</b>             | <b>100.0</b>                     | <b>306.1</b> | <b>309.0</b> | <b>-0.9</b>               | <b>-0.9</b>               |
| <b>SIC Divisions:</b>                                   |                                  |              |              |                           |                           |
| 1. Agriculture                                          | 10.3                             | 305.9        | 306.1        | -0.1                      | 5.3                       |
| 2. Forestry                                             | 0.7                              | 321.4        | 325.4        | -1.2                      | -1.5                      |
| 3. Fishing                                              | 0.6                              | 330.5        | 332.5        | -0.6                      | --                        |
| 4. Mines, Quarries and Oil Wells                        | 6.5                              | 351.6        | 356.1        | -1.3                      | -2.0                      |
| 5. Manufacturing                                        | 30.4                             | 337.0        | 341.0        | -1.2                      | -1.8                      |
| 6. Construction                                         | 4.1                              | 288.0        | 293.1        | -1.7                      | -2.6                      |
| 7. Transportation, Communication, Storage and Utilities | 25.5                             | 295.7        | 298.5        | -0.9                      | -1.5                      |
| 8. Trade                                                | 4.8                              | 279.8        | 282.5        | -1.0                      | -1.2                      |
| 9. Finance, Insurance and Real Estate                   | 1.5                              | 247.1        | 247.4        | -0.1                      | 0.5                       |
| 10. Community, Business and Personal Services           | 9.4                              | 238.6        | 240.8        | -0.9                      | -1.4                      |
| 11. Public Administration                               | 6.2                              | 294.2        | 296.6        | -0.8                      | -1.6                      |

\* These indexes are preliminary.

<sup>1</sup> Division weights are based on 1971 value of capitalized expenditures on new machinery and equipment by industry (Survey of Private and Public Investment in Canada, 1971).

-- Amount too small to be expressed.

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## Data Availability Announcements

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### Air Carrier Fare Basis Statistics

January-June 1987 (Preliminary Estimates)

Data reported by four major Canadian air carriers - Air Canada, Canadian Pacific Air Lines, Pacific Western Airlines and Wardair - indicate that 53.1% of passengers carried on domestic scheduled services travelled on discount fares during the first two quarters of 1987, down from 55.6% for the corresponding period in 1986. In terms of passenger-kilometres, discount fares accounted for 59.9% of total volume in 1987; the comparable figure for the first two quarters of 1986 was 61.3%.

Long-haul services in the domestic southern sector showed the highest rate of discount fare utilization - 63.0% of passengers in this traffic category travelled on a discount fare during the first two quarters of 1987. (This is on city-pairs, within the "deregulated" zone as defined in the new 1984 Canadian Air Policy, involving distances of 800 kilometres or more as determined by the flight coupon origin and destination.)

The Vol. 20, No. 8 issue of the *Aviation Statistics Centre Service Bulletin* (51-004, \$8.50/\$85) will be available in August. See "How to Order Publications".

For more detailed information on this release, contact Lisa Di Piédro (819-997-6176), Aviation Statistics Centre, Transportation Division.

### Export and Import Price Indexes

June 1988

Current and fixed weighted export and import price indexes, on a (1981=100) balance-of-payments basis, are now available. Price indexes are listed from January 1981 to June 1988 for the five commodity sections and 62/61 major commodity groups.

Available on CANSIM: matrices 3633, 3635, 3636, 3638, 3651 and 3685.

Customs based current and fixed weighted U.S. price indexes are also available. Price indexes are listed from January 1981 to June 1988 on a 1981=100 basis. Included with the U.S. commodity indexes are the 10 "All Countries" and "U.S. Only" SITC section indexes.

Available on CANSIM: matrices 3639-3642.

The June 1988 issue of *Summary of Canadian International Trade (H.S. Based)* (65-001, \$16.50/\$165) will be available the first week of September. See "How to Order Publications".

For more detailed information on this release, contact John Butterill (613-951-4808), Price Index Unit, International Trade Division.

### Stocks of Frozen Poultry Products

August 1, 1988

Preliminary cold storage of frozen poultry products at August 1, 1988 and revised figures for July 1, 1988 are now available.

Available on CANSIM: matrices 5675-5677.

The June issue of *Production and Stocks of Eggs and Poultry* (23-003, \$11/\$110) is scheduled for release September 1. See "How to Order Publications".

For more detailed information on this release contact Robert Koroluk (613-951-2549), Agriculture Division.



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The Daily, August 16, 1988

## Publication Released

**Touriscope, International Travel, June 1988.**  
**Catalogue number 66-001P**  
(Canada: \$5.50/\$55; Other Countries: \$6.50/\$65).

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