



The Daily

Statistics Canada

Thursday, May 22, 2003

Released at 8:30 a.m. Eastern time

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 The 12-month increase in the Consumer Price Index slowed to 3.0% in April from 4.3% in March. An important drop in gasoline prices from March to April was the main cause of this slowdown.

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Canadian economic observer May 2003

The May issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyses current economic conditions, summarizes the major economic events that occurred in April and presents two feature articles, the first on whether Canadians pay more than Americans for the same products and the second on provincial growth in 2002. A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The May 2003 issue of *Canadian economic observer*, Vol. 16, no. 5 (11-010-XIB, \$17/\$170; 11-010-XPB, \$23/\$227) is now available. See *How to order products*. Visit the *Canadian economic observer's* page on Statistics Canada's website (www.statcan.ca). From the *Canadian statistics* page, choose *Economic conditions*, then click on the banner ad for *Canadian economic observer*. From the *Canadian economic observer's* page, if you choose *Feature articles*, you can also read the May feature article, "Do Canadians pay more than Americans for the same products?" For more information, contact Francine Roy (613-951-3627), Current Economic Analysis Group.



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MAJOR RELEASES

Consumer Price Index

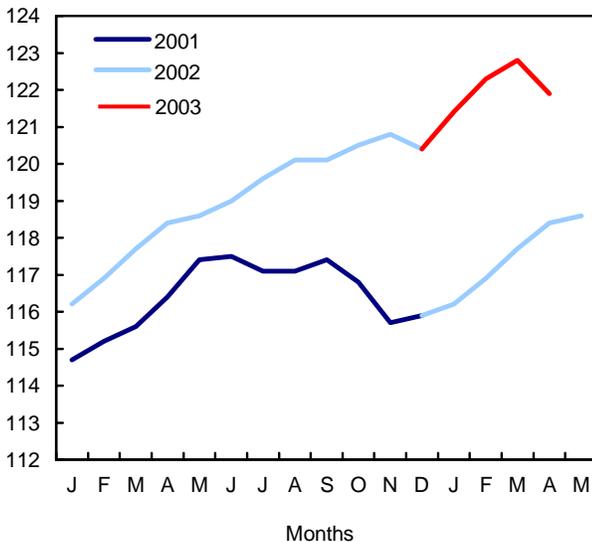
April 2003

The 12-month increase in the Consumer Price Index (CPI) slowed to 3.0% in April, a significant reduction from 4.3% in March. An important drop in gasoline prices from March to April was the main cause of this slowdown. The 12-month change in the CPI excluding energy also fell, from a 3.2% rise in March to a 2.7% increase in April.

Gasoline prices were only 4.1% above April 2002 levels, compared with a 22.1% rise from March 2002 to March 2003. Other factors helped slow the 12-month increase in the CPI. Refunds received by Ontario consumers brought the electricity index to a level 11.0% lower than in April 2002. Without the electricity refunds, the 12-month increase in the CPI would have been 3.2% rather than 3.0%. Fuel oil prices also contributed to weakening the rise in the CPI. They increased 62.1% in March from March 2002, but in April, they were only 25.2% higher than in April 2002.

All-Items Index

Indexes (1992=100)



The largest mitigating impact on these slowdowns came from higher natural gas prices. The price of natural gas increased 23.5% in March from March 2002, but in April, it was 49.6% higher than in April 2002. From March to September 2002, the natural gas index was lowered by the effects of a payment to northern

Alberta customers following the sale of a gas field. An additional 12.9% drop in prices from March to April 2002, as a result of lower prices in Ontario, and a 5.6% price increase from March to April 2003 all contributed to the high 12-month increase in the natural gas index in April.

Important decrease from March to April

The all-items CPI fell 0.7% in April, mostly under the influence of energy prices, after an increase of 0.4% in March. This was the most significant reduction since the 0.9% decrease in November 2001. As in November 2001, the downward pressure on the CPI came mainly from the drop in gasoline prices. The drop in electricity prices in Ontario, generated by a refund to consumers, was the second major factor contributing to the monthly drop in the index; women's clothing also played a role. The decline in the index was slowed by the rise in the price of natural gas. Excluding energy, the CPI remained stable from March to April.

Gasoline prices fell by an average of 9.0% from March to April, the result of lower wholesale and crude oil prices. The price reductions were felt across Canada. The biggest price drop was recorded in Quebec (-10.3%), while in Prince Edward Island the decline was only 1.7%.

The 10.1% drop in the electricity index for Canada was entirely attributable to the 31.7% drop in the index in Ontario. Recent Ontario legislation set the price of electricity at 4.3 cents per kilowatt-hour starting on December 1, 2002 and provided for refunds for payments over that amount after May 1, 2002. A first payment of \$75 was mailed to consumers in December and most of the electricity companies credited their customers for the balance of the refund on their April 2003 bills.

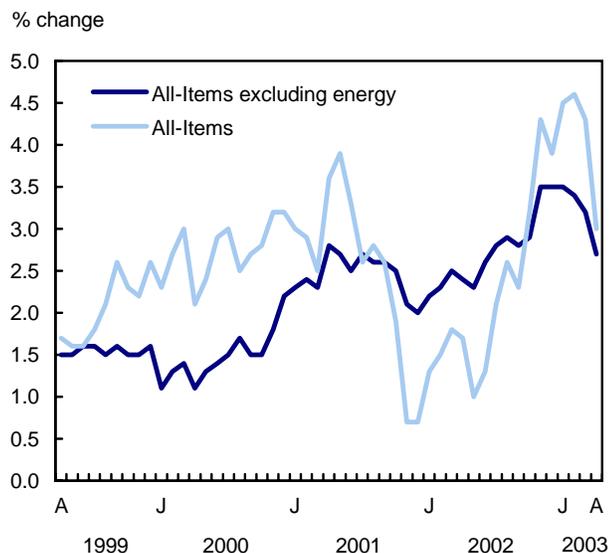
The price of fuel oil fell 18.0% from March to April. This was the largest monthly drop since the series was introduced in 1949. As in the case of gasoline, this fall is attributable to the drop in crude oil prices. Price reductions occurred in each province, ranging from 5.3% to 25.2%.

The women's clothing index fell 3.8% in April. This reduction was due to widespread sales in most categories of women's clothing. Price drops are often recorded for such merchandise in April. The decreases were felt mostly in Manitoba, Ontario, Alberta and Quebec.

In the past nine years, there has been a decrease in the price of natural gas in April, but this year the index increased 5.6% in April. The biggest increases were

felt in British Columbia and Ontario. A rise in the price of the commodity explains the increase in the index in British Columbia, whereas in Ontario, the increase is attributed to the rise in the gas delivery charge and a temporary surcharge designed to recover energy costs that were higher than what the company charged its clients in January and February 2003.

Percentage change from the same month of the previous year



The seasonally adjusted CPI falls from March to April

After correcting for seasonal influences, the all-items CPI fell 0.7% in April, after increasing 0.1% in March. The transportation index, largely because of lower gasoline prices, registered the largest drop (-1.9%). Declines in the seasonally adjusted indexes for shelter (-0.8%), clothing and footwear (-0.5%), recreation, education and reading (-0.2%), household operations and furnishings (-0.1%) and food (-0.1%) also contributed to the monthly decrease. The alcoholic beverages and tobacco products index (+0.5%) and the health and personal care index (+0.2%) partly offset the increases.

All-items excluding the eight most volatile components

The prices of goods and services included in the all-items index excluding the eight most volatile

components as defined by the Bank of Canada increased 2.1% from April 2002 to April 2003. This increase represents a significant slowdown compared with the 12-month variations for the two previous months (+3.1% in February and +2.9% in March). Excluding the effect of the electricity refunds in Ontario, the 12-month change in the index would have been 2.4%.

The all-items index excluding the eight most volatile components as defined by the Bank of Canada fell 0.3% from March to April. This decline is largely due to electricity refunds received by most residents of Ontario, the result of provincial legislation that was introduced in December 2002.

Energy

After posting 12-month increases of more than 15% for three consecutive months, April's energy prices were only 6.2% higher than in April 2002. While gasoline prices were largely responsible for this slowdown, the 49.6% increase in natural gas prices explained most of the 6.2% increase. Gasoline prices increased only 4.1% from April 2002 to April 2003, after posting increases above 20% since December 2002. In April, fuel oil prices were 25.2% higher than in April 2002, while electricity prices fell 11.0% from April 2002.

From March to April 2003, energy prices fell 8.1%. Other than the price of natural gas, which increased 5.6%, the prices of all energy components declined. Gasoline prices decreased 9.0%, the electricity index was down 10.1% and fuel oil prices dropped 18.0%. Crude oil prices fell significantly during April, accounting for a large part of the price declines for gasoline and fuel oil.

Available on CANSIM: tables 326-0001 and 326-0016 to 326-0018.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2301.

Available at 7 a.m. on Statistics Canada's website (www.statcan.ca). From the home page, choose *Today's news releases from The Daily*, then *Latest Consumer Price Index*.

The April 2003 issue of the Consumer Price Index (62-001-XIB, \$8/\$77; 62-001-XPB, \$11/\$103) is now available. See *How to order products*.

The May Consumer Price Index will be released on June 20.

For more information, or to enquire about the concepts, methods or data quality of this release, call Rebecca McDougall (1-866-230-2248; 613-951-9606;

fax: 613-951-1539) or Joanne Moreau (613-951-7130), Prices Division.

The Consumer Price Index and major components (1992=100)

| | April 2003 | March 2003 | April 2002 | March to April 2003 | April 2002 to April 2003 |
|--|---------------|---------------|---------------|------------------------------|--------------------------------------|
| Unadjusted | | | | | |
| | | | | % change | |
| All-items | 121.9 | 122.8 | 118.4 | -0.7 | 3.0 |
| Food | 122.4 | 122.4 | 120.9 | 0.0 | 1.2 |
| Shelter | 116.5 | 117.4 | 112.8 | -0.8 | 3.3 |
| Household operations and furnishings | 114.5 | 114.5 | 113.9 | 0.0 | 0.5 |
| Clothing and footwear | 103.8 | 105.5 | 106.6 | -1.6 | -2.6 |
| Transportation | 141.8 | 144.6 | 133.8 | -1.9 | 6.0 |
| Health and personal care | 116.8 | 116.1 | 115.3 | 0.6 | 1.3 |
| Recreation, education and reading | 126.3 | 126.7 | 124.7 | -0.3 | 1.3 |
| Alcoholic beverages and tobacco products | 134.5 | 133.8 | 116.8 | 0.5 | 15.2 |
| All-items (1986=100) | 156.2 | | | | |
| Purchasing power of the consumer dollar expressed in cents, compared to 1992 | 82.0 | 81.4 | 84.5 | | |
| Special Aggregates | | | | | |
| Goods | 118.0 | 119.9 | 115.7 | -1.6 | 2.0 |
| Services | 126.4 | 126.2 | 121.6 | 0.2 | 3.9 |
| All-items excluding food and energy | 120.2 | 120.2 | 116.5 | 0.0 | 3.2 |
| Energy | 137.4 | 149.5 | 129.4 | -8.1 | 6.2 |
| All-items excluding the 8 most volatile components ¹ | 122.1 | 122.5 | 119.6 | -0.3 | 2.1 |

¹ Excluded from the All-items CPI are the following eight volatile components, as defined by the Bank of Canada: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; and tobacco products and smokers' supplies. The Bank of Canada further adjusts this series to obtain their measure of core inflation, which also excludes the effect of changes in indirect taxes. For data and information on core inflation, please consult the Bank of Canada website (www.bankofcanada.ca/inflation).

The Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit (1992=100)

| | April 2003 | March 2003 | April 2002 | March to April 2003 | April 2002 to April 2003 |
|---------------------------|---------------|---------------|---------------|------------------------------|--------------------------------------|
| Unadjusted | | | | | |
| | | | | % change | |
| Newfoundland and Labrador | 121.0 | 121.4 | 116.9 | -0.3 | 3.5 |
| Prince Edward Island | 123.1 | 122.6 | 116.8 | 0.4 | 5.4 |
| Nova Scotia | 123.9 | 125.1 | 118.9 | -1.0 | 4.2 |
| New Brunswick | 123.0 | 123.7 | 117.6 | -0.6 | 4.6 |
| Quebec | 118.3 | 119.3 | 114.9 | -0.8 | 3.0 |
| Ontario | 122.3 | 123.5 | 119.5 | -1.0 | 2.3 |
| Manitoba | 125.4 | 125.7 | 122.5 | -0.2 | 2.4 |
| Saskatchewan | 126.1 | 126.7 | 123.5 | -0.5 | 2.1 |
| Alberta | 130.2 | 130.2 | 122.9 | 0.0 | 5.9 |
| British Columbia | 120.4 | 120.6 | 117.7 | -0.2 | 2.3 |
| Whitehorse | 120.3 | 120.7 | 116.7 | -0.3 | 3.1 |
| Yellowknife | 119.2 | 118.9 | 115.1 | 0.3 | 3.6 |
| Iqaluit (Dec. 2002=100) | 99.9 | 100.0 | ... | -0.1 | ... |

... Figures not available.

OTHER RELEASES

Monthly Survey of Large Retailers March 2003

Sales by large retailers of health and personal care products and "other goods and services" showed increases of more than 5% in March compared with March 2002. The only major commodity groups that declined in March were food and beverages and sporting and leisure goods. The increases for the remaining commodity groups were less than 1%. (All data in this release are unadjusted for seasonality and all percentages are year-over-year changes).

Sales by commodity for the group of large retailers

| | Feb. 2003 ^r | March 2002 ^r | March 2003 ^p | March 2002 to March 2003 |
|---------------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------------|
| | Unadjusted | | | |
| | \$ millions | | | % change |
| Commodities | | | | |
| Food and beverages | 2,094 | 2,331 | 2,304 | -1.1 |
| Clothing, footwear and accessories | 841 | 1,084 | 1,088 | 0.4 |
| Home furnishings and electronics | 808 | 916 | 922 | 0.7 |
| Health and personal care products | 604 | 616 | 671 | 9.0 |
| Housewares | 275 | 300 | 306 | 2.0 |
| Sporting and leisure goods | 232 | 273 | 269 | -1.3 |
| Hardware and lawn and garden products | 146 | 195 | 196 | 0.6 |
| All other goods and services | 701 | 721 | 763 | 5.8 |
| Total | 5,702 | 6,434 | 6,519 | 1.3 |

^r Revised figures.

^p Preliminary figures.

Overall sales in March for the group of large retailers amounted to \$6.5 billion, up 1.3% from March 2002. The timing of Easter, which occurred in March last year and in April this year, affected the year-over-year changes of certain commodities. For example, candy and confectionary sales, part of the food and beverages category, increase at Easter.

The health and personal care products category posted the strongest year-over-year increase in March (+9.0%). However, this increase is much lower than the year-over-year increases observed in January and February. Drug sales, up 12.9% (including prescription and over-the-counter drugs, as well as vitamins and herbal remedies) accounted for most of the increase in this category.

The "other goods and services" category was the only other category to show a 12-month increase of more than 5% in March. This increase was driven by high sales of automotive fuels by large retailers (+29.3%), largely the result of price increases. Prices at the pump were up 22.1% in March compared with March 2002.

The growth in sales of home furnishings and electronics by large retailers remained relatively flat in March (+0.7%). Furniture sales were down 2.7%, while sales of household appliances (+1.5%) and home electronics (+1.5%) increased slightly. Sales of home furnishings were up 2.0%.

For the second consecutive month, year-over-year sales of clothing, footwear and accessories were flat. Sales of women's clothing were up 1.8%, while men's clothing sales dropped 2.0%. Children's clothing sales were down 7.4%.

Hardware, lawn and garden sales remained essentially at the same level in March as in March 2002. Weakness was observed in sales of paint and wallpaper, cut flowers, nursery stock and lawn furniture.

Note: This survey includes large retailers mainly in the food, clothing, home furnishings, electronics, sporting goods, and general merchandise sectors. These retailers represent about 38% of total annual retail sales, excluding recreational and motor vehicle dealers.

Available on CANSIM: table 080-0009.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5027.

A data table is also available in the *Canadian statistics* module of Statistics Canada's website (www.statcan.ca).

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods, or data quality of this release, contact Ruth Barnes (613-951-6190; ruth.barnes@statcan.ca), Distributive Trades Division. ■

Do Canadians pay more than Americans for the same products?

This study examines the purchasing power of Canadian consumers relative to their American counterparts in order to assess the degree of integration between the markets of the two countries.

The study, published today in *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, investigated this issue using data from the Purchasing Power Parity program. It contains more than 160 bilateral commodity prices over five benchmark years: 1985, 1990, 1993, 1996 and 1999.

The study found that, on average, there were no significant price differences between Canada and the United States for highly standardized products that flow relatively freely across the border. There were, however, subsets with significant differences.

During the period under study, Canadian consumers on average paid 4% more on highly differentiated tradable products. However, they paid 8% less for products that are not easily traded across borders, such as services.

Given the size of the service sector, the lower prices for services in Canada play an important role in determining our standard of living compared with the United States.

The study found that shifts in comparative price levels between the two countries generally reflected fluctuations in the exchange rate.

For example, in 1985 it cost 9% less to buy a vehicle in Canada than in the United States. By 1990, however, it had become 15% more expensive in Canada following a period when the Canadian dollar appreciated.

By 1999, after the steady depreciation in the Canadian dollar, it had become 13% less expensive to buy a vehicle in Canada.

Canadian prices, especially for tradable goods, may reflect US prices in the long run, but they react slowly to exchange rate movements. There is a lag in adaptation of Canadian prices to US prices when expressed in similar currencies.

The feature article "Do Canadians pay more than Americans for the same products?" is now available in the May 2003 issue of *Canadian economic observer*, Vol. 16, no. 5 (11-010-XIB, \$17/\$170; 11-010-XPB, \$23/\$227). See *How to order products*.

Visit the *Canadian economic observer's* page on Statistics Canada's website (www.statcan.ca). From the *Canadian statistics* page, choose *Economic conditions*, then click on the banner ad for *Canadian economic observer*. From this page, choose *Feature articles*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Beiling Yan (613-951-1234), Micro-Economic Analysis Division. ■

Deliveries of major grains

April 2003

Data on April grain deliveries are now available.

Available on CANSIM: table 001-0001.

Information on methods and data quality available in the Integrated Meta Data Base: survey numbers, including related surveys, 3403, 3404 and 3443.

The April 2003 issue of *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) will be available in July. See *How to order products*.

For general information or to order data, contact Client Services (1-800-465-1991; agriculture@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; sue.anderson@statcan.ca), Agriculture Division. ■

Construction type plywood

March 2003

Data on construction type plywood are now available for March.

Available on CANSIM: table 303-0005.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2138.

The March 2003 issue of *Construction type plywood*, Vol. 51, no. 3 (35-001-XIB, \$5/\$47) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Refined petroleum products

March 2003 (Preliminary)

Data on the production, inventories and domestic sales of refined petroleum products are now available for March. Other selected data about these products are also available.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2150.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Canadian economic observer, May 2003, Vol. 16, no. 5
Catalogue number **11-010-XIB** (\$17/\$170).

Canadian economic observer, May 2003, Vol. 16, no. 5
Catalogue number **11-010-XPB** (\$23/\$227).

Production of poultry and eggs, 2002
Catalogue number **23-202-XIB** (\$29).

Construction type plywood, March 2003, Vol. 51, no. 3
Catalogue number **35-001-XIB** (\$5/\$47).

Retail trade, March 2003, Vol. 75, no. 3
Catalogue number **63-005-XIB** (\$16/\$155).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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Catalogue 11-001-XIE.

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

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