



The Daily

Statistics Canada

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MAJOR RELEASES

- **Consumer Price Index, July 2003** 2
The price consumers paid for the goods and services contained in the Consumer Price Index basket edged up 0.1% for the third consecutive month, contributing to lowering the 12-month percentage change between July 2002 and July 2003 to 2.2%.
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The number of cattle on Canadian farms reached a record high in June following the closure of the US border to Canadian cattle and beef, amid concerns about mad cow disease. Meanwhile, hog inventories remained stable.

NEW PRODUCTS



MAJOR RELEASES

Consumer Price Index

July 2003

The price consumers paid for the goods and services contained in the Consumer Price Index (CPI) basket edged up 0.1% for the third consecutive month, contributing to lowering the 12-month percentage change between July 2002 and July 2003 to 2.2%. This is the smallest increase since July 2002. The CPI excluding energy increased 1.8% from July 2002 to July 2003, after rising 2.2% in June.

The majority of the 12-month advance in the CPI was due to increases within the shelter and transportation components. Within shelter, upward pressure came from natural gas and homeowners' replacement cost, while for transportation it came from higher automotive vehicle insurance premiums. Last September's tuition fee increases along with higher prices for food purchased from restaurants and cigarettes also contributed to the 12-month increase. A large part of the upward movement in these categories occurred earlier in the 12-month period. In July 2003, natural gas prices were 55.8% higher than in July 2002. This mainly reflects the fact that the level of the index was unusually low last year due to the effects of a payment to northern Alberta customers following the sale of a gas field.

Most of the downward pressure came from lower prices for traveller accommodation, clothing and footwear. Traveller accommodation prices were 14.4% below July 2002 levels, as the tourism industry faced the effects of a higher Canadian dollar, along with the outbreak of severe acute respiratory syndrome (SARS) in Toronto and a general economic slowdown.

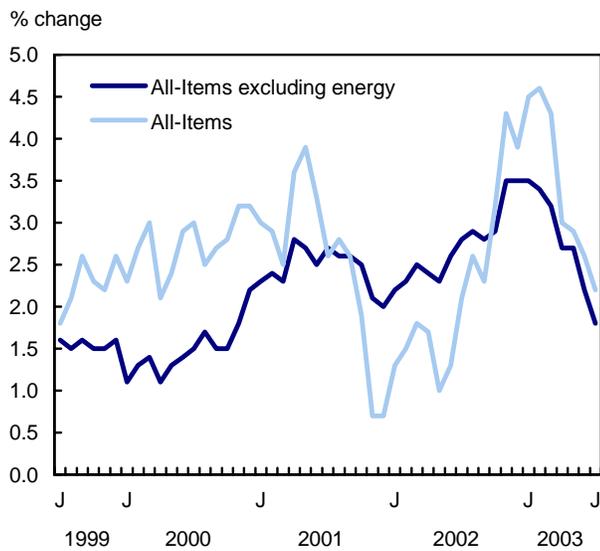
The CPI rose slightly from June to July

The CPI rose slightly from June to July, up 0.1% for the third consecutive month. Increases in gasoline, men's clothing and air transportation prices were almost entirely offset by price decreases for automotive vehicle purchases and beef.

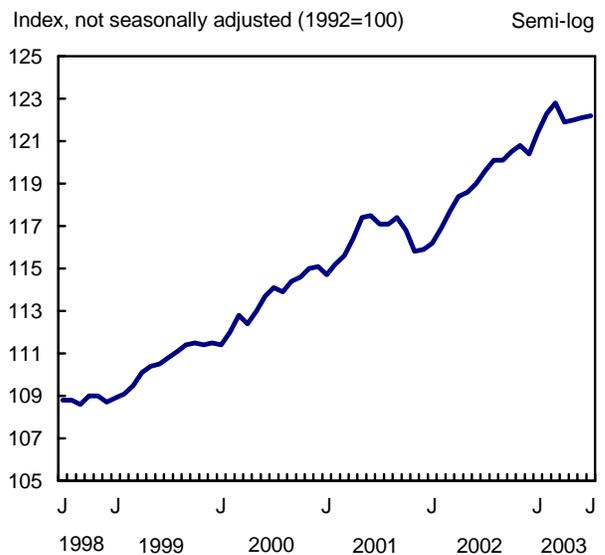
Gasoline prices increased on average 1.9% from June to July. Gasoline prices were up in all provinces except Prince Edward Island (-0.1%), where prices are regulated. Price increases ranged from 0.2% in Alberta to 6.5% in Nova Scotia.

After dropping 5.1% in June, the index for men's clothing rebounded 3.4%, as widespread sales came to an end. Price increases for men's clothing normally occur in July, but like the downward movement last month, were more substantial than usual. For a third month this year, the overall clothing index has reached a level as low as those last seen in 1992.

Percentage change from the same month of the previous year



Consumer Price Index



Air transportation costs climbed 3.1% from June to July. Increases are typical in July, reflecting in large part the peak season for travellers. The advance registered this year is, however, smaller than usual, as July's increases over the previous three years have averaged 9.0%.

Prices for the purchase of automotive vehicles were down 0.9% in July, following a 1.5% decrease in June, primarily a result of additional incentives from automotive vehicle manufacturers. The index for the purchase of automotive vehicles is now at its lowest level since October 1997.

Beef prices fell 5.0% in July. This was the largest monthly decrease since the mid-seventies. While there were seasonal specials, most of the downward pressure came from price decreases for cuts Canada normally produces for export. The price reductions were the result of trade restrictions on Canadian beef by the United States and other countries triggered by the May 20 discovery of a case of bovine spongiform encephalopathy (BSE) in Alberta. Price declines were greatest in Western Canada, with Alberta beef prices falling 16.4%.

The seasonally adjusted CPI increased slightly from June to July

After correcting for seasonal influences, the All-items CPI rose 0.1% from June to July. The increase in the seasonally adjusted index for July is attributable to the rise in the indexes for transportation (+0.3%), health and personal care (+0.3%), alcoholic beverages and tobacco products (+0.2%) and food (+0.1%). These increases were almost entirely offset by the decrease in the seasonally adjusted indexes for recreation, education and reading (-0.3%), clothing and footwear (-0.3%) and shelter (-0.1%). The household operations and furnishings index was unchanged after seasonal adjustment.

All-items excluding the eight most volatile components

The All-items index excluding the eight most volatile components as defined by the Bank of Canada rose 1.8% from July 2002 to July 2003, the smallest

12-month advance since January 2002. This follows a 12-month increase of 2.1% in June. The main contributors to July's rise were higher automotive vehicle insurance premiums (+22.1%), homeowners' replacement cost (+6.0%) and the increase in tuition fees (+4.8%) registered last September.

The All-items index excluding the eight most volatile components as defined by the Bank of Canada remained unchanged from June to July. In large part, drops in the purchase price for automotive vehicles were offset by price increases for men's clothing and cablevision.

Energy

In July, energy prices were 6.7% higher than in July 2002. The majority of this increase is attributable to the rise in the price of natural gas (+55.8%). Higher prices for fuel oil (+10.5%) also contributed to the increase, while lower prices for electricity (-2.6%) and gasoline (-0.1%) exerted some downward pressure.

Consumers paid 0.4% more for energy in July than in June. Higher gasoline prices (+1.9%) were partly offset by lower prices for electricity (-0.9%) and natural gas (-0.9%).

Available on CANSIM: tables 326-0001, 326-0002, 326-0009, 326-0012 and 326-0016 to 326-0018.

Definitions, data sources and methods: 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 July 2003 issue of the *Consumer Price Index* (62-001-XPB, \$11/\$103) will be available soon. See *How to order products*.

The August 2003 Consumer Price Index will be released on September 23, 2003.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Joanne Moreau (613-951-7130), Prices Division.

□

Consumer Price Index and major components
(1992=100)

	July 2003	June 2003	July 2002	June to July 2003	July 2002 to July 2003
Unadjusted					
	% change				
All-items	122.2	122.1	119.6	0.1	2.2
Food	123.2	123.2	120.9	0.0	1.9
Shelter	117.6	117.7	113.2	-0.1	3.9
Household operations and furnishings	114.6	114.5	114.2	0.1	0.4
Clothing and footwear	101.6	101.0	105.0	0.6	-3.2
Transportation	139.9	139.5	135.4	0.3	3.3
Health and personal care	116.9	116.8	115.4	0.1	1.3
Recreation, education and reading	127.9	127.6	128.4	0.2	-0.4
Alcoholic beverages and tobacco products	136.6	136.4	129.5	0.1	5.5
All-items (1986=100)	156.5				
Purchasing power of the consumer dollar expressed in cents, compared to 1992	81.8	81.9	83.6		
Special aggregates					
Goods	117.5	117.5	116.3	0.0	1.0
Services	127.4	127.1	123.5	0.2	3.2
All-items excluding food and energy	120.3	120.2	118.2	0.1	1.8
Energy	137.6	137.0	129.0	0.4	6.7
All-items excluding the 8 most volatile components ¹	122.6	122.6	120.4	0.0	1.8

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 (<http://www.bankofcanada.ca/inflation>).

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

	July 2003	June 2003	July 2002	June to July 2003	July 2002 to July 2003
Unadjusted					
	% change				
Newfoundland and Labrador	121.2	120.3	117.9	0.7	2.8
Prince Edward Island	121.7	121.5	118.6	0.2	2.6
Nova Scotia	124.0	123.6	120.8	0.3	2.6
New Brunswick	122.6	122.1	119.6	0.4	2.5
Quebec	118.3	118.1	116.2	0.2	1.8
Ontario	123.1	122.9	120.8	0.2	1.9
Manitoba	124.9	124.9	123.8	0.0	0.9
Saskatchewan	126.5	126.3	124.2	0.2	1.9
Alberta	129.6	130.1	124.1	-0.4	4.4
British Columbia	120.5	120.2	118.5	0.2	1.7
Whitehorse	120.4	119.9	119.0	0.4	1.2
Yellowknife	118.3	118.6	117.3	-0.3	0.9
Iqaluit (Dec. 2002=100)	100.7	100.2	...	0.5	...

... Figures not available.

Livestock estimates

As of July 1, 2003

The number of cattle on Canadian farms reached a record high in June following the closure of the US border to Canadian cattle and beef, amid concerns about mad cow disease. Meanwhile, hog inventories remained stable.

The national herd of cattle and calves rose 1.9% by the end of June, compared with June 2002 the result of limited foreign markets for Canadian cattle and beef. The vast majority of exports normally go to the United States. According to a survey of 25,000 farmers, livestock producers held a record 15.7 million head of cattle on their farms as of July 1.

Since July's Livestock Survey was conducted in June, it records only those activities up to July 1 of this year. The effect of trade restrictions on activities after July 1 will be seen in future reports. On August 8, the U.S. border partially opened to selected Canadian beef products. It remained closed to live cattle.

Livestock inventories at July 1

	Cattle		Hogs		Sheep and lambs	
	'000 of head					
	2002	2003	2002	2003	2002	2003
Canada	15,436	15,728	14,669	14,644	1,253	1,249
Atlantic	292	293	382	357	48	49
Quebec	1,370	1,420	4,353	4,350	279	292
Ontario	2,140	2,230	3,609	3,620	335	353
Manitoba	1,470	1,590	2,785	2,870	78	82
Saskatchewan	2,940	3,245	1,230	1,250	155	145
Alberta	6,387	6,050	2,141	2,030	288	255
British Columbia	837	900	168	167	70	73

Note: Figures may not add up to totals because of rounding

Cattle sector at a standstill

The cattle sector came to a virtual halt on May 20 when a cow in northern Alberta, condemned by inspectors at a slaughter plant, later tested positive for bovine spongiform encephalopathy (BSE, or mad cow disease). The United States, along with other countries, moved quickly to shut the border to ruminants and all associated products.

Although no other cases of mad cow have been discovered, the closure of the US border gravely affected Canada's \$7.5 billion a year cattle industry. Fuelled by exports to the United States, as opposed to domestic consumption, the sector is considerably larger than it was in the mid-eighties.

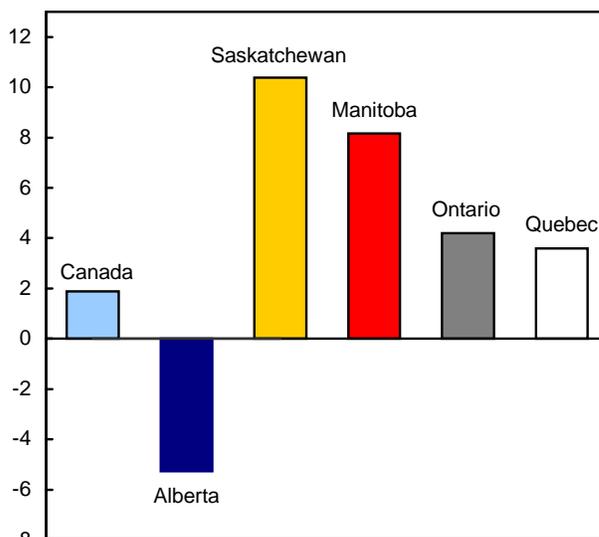
Most provinces have seen significant increases in herd sizes compared with the same period of 2002. The important exception is Alberta, where inventories dropped 5.3% as of July 1, because the decrease on

feedlots and cow-calf operations more than offset an increase on backgrounding operations.

Even before the mad cow scare, Alberta's beef ranchers were hit hard by two years of drought. Dwindling feed supplies and soaring feed prices had led to an 8.8% reduction in herd size as of January 1, 2003. It is only because of the border closure that Alberta's herd size reduction stayed to just 5.3%

More cattle, except in Alberta at July 1, 2003

Percentage change from 2002



Cattle prices plunge

Canadian exports to all countries reached \$2.1 billion worth of beef and \$1.8 billion in cattle for a total of \$3.9 billion in 2002. That works out to \$11 million a day in sales. Most exports are destined for the United States, which accounted for \$3.6 billion in 2002. Exports of live cattle and beef to the United States each totalled \$1.8 billion.

The loss of crucial markets not only adversely affected the Canadian cattle industry directly but also resulted in an obvious oversupply, which has depressed prices for all cattle, be they slaughter animals, feeders or calves. Prices have plunged by about 40% since May.

Farmers reported increased levels of cattle on cow-calf operations and backgrounding operations, while the number of animals held on feedlots dropped strongly. Cow-calf producers reported 9.5 million animals, an increase of 1.5%.

The number of cattle on backgrounding operations, where animals are fed roughage (hay and pasture), increased 11.5% to 2.7 million. Meanwhile, 9% fewer animals are on feedlots compared with a year ago.

Cattle, particularly beef, are more prevalent in the west. Three-quarters of the national herd is in the west, with Alberta alone accounting for 38.5% of Canadian cattle, or about 6.1 million animals.

Western Canada's livestock sector has grown more rapidly than that in the east, partly because of the advantage of feeding animals close to key feed-producing areas. The demise of the Crow Rate that subsidized transportation of western grain gave a competitive advantage to producers closer to feed supplies.

Even though the beef sector has generally expanded, there are fewer producers according to 2001 Census data. In 2001, 122,000 farms reported cattle, down 14% from 1996 and 34% from 1981.

The average beef operation had 244 cattle, excluding farms with agricultural sales of less than \$25,000. Cattle can be found on all sizes of farms, with no one size dominating. Beef producers with sales of more than \$500,000 held 28% of the cattle at the time of the census.

Hog numbers remain stable

The number of hogs on Canadian farms increased modestly during the second quarter of 2003. As of July 1, the inventory of hogs on farms stood at 14.6 million head, 0.2% lower than the same time a year ago.

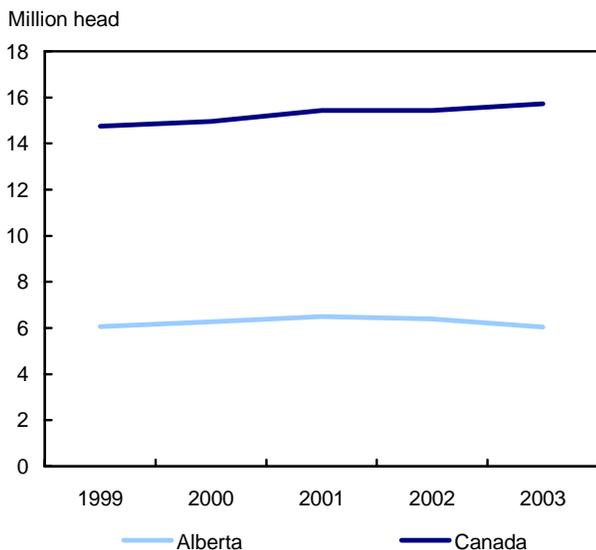
Growth in the hog sector has been slowing down following recent years of expansion that often averaged 5.0% annually.

In the recent past, many hog producers saw their profits diminish or experienced losses as a result of soft prices for hogs and escalating feed costs. Following price declines in the United States, Canadian hog prices fell 30.0% since peaking in the summer of 2001, but are now beginning to struggle back.

Available on CANSIM: tables 003-0004, 003-0030 and 003-0032.

Definitions, data sources and methods: survey numbers, including related surveys, 3460 and 3461.

Closed US border leads to record cattle inventories at July 1, 2003



The reports *Cattle statistics* (23-012-XIE, free), *Hog statistics* (23-010-XIE, free) and *Sheep statistics* (23-011-XIE, free) are now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For general information, contact client services (1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Robert Plourde (613-951-8716; robert.plourde@statcan.ca) or Mark Elward (613-715-3966), Agriculture Division. ■

NEW PRODUCTS

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Sheep statistics, 2003, vol. 2, no. 2
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Cattle statistics, 2003, vol. 2, no. 2
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Statistics Canada

Thursday, June 3, 1997
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MAJOR RELEASES

- **Urban transit, 1995** 2
Changes in expenditures on taking urban transit; Canadians are riding it less and less. In 1996, each Canadian took an average of 800 out of 5 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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