Catalogue 11-001-XIE (Français 11-001-XIF) ISSN 0827-0465

The Daily

Statistics Canada

Tuesday, September 16, 2003
Released at 8:30 a.m. Eastern time

MAJOR RELEASES

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NEW PRODUCTS

MAJOR RELEASES

Monthly Survey of Manufacturing

July 2003

Manufacturers put in a solid effort in July, following a dismal second quarter. Widespread increases contributed to a 1.7% rise in shipments to $43.0 billion. Meanwhile, finished-product inventories fell back 1.0%, and new orders continued to gain ground, rising for the second consecutive month. Only the persistent downturn in unfilled orders tarnished the lustre of an otherwise positive month.

Led by motor vehicle manufacturing, 16 of 21 industries, representing three-quarters of total shipments, reported increases in July. The breadth of July's increase was encouraging, since the Canadian economy has faced several setbacks in recent months.

Several shocks jolted the Canadian economy in recent months

Manufacturers especially reliant on the export market have had to contend with a dramatic appreciation in the Canadian dollar. The meat products industry continued to reel from the effects of the international ban on exports of Canadian beef products. The ban was put in place following the discovery of a single case of bovine spongiform encephalopathy (BSE) in Alberta on May 20.

Not yet reflected in this month's data, manufacturers in Ontario were affected by the electricity blackout of August 14. Time will tell the scope of the blackout's impact on manufacturing shipments for August.

On the employment front, manufacturing jobs maintained their levels in August, according to the latest Labour Force Survey. However, this followed significant job losses earlier in the year. So far in 2003, factory jobs have been in decline, as employment in the sector has fallen 2.7% (-62,000).

Meanwhile, Canada's largest trading partner, the United States, continued to show signs of recovery. Following an extended period of weak output, the US economy has been more upbeat in recent months. US manufacturers boosted shipments by 2.5% in July, following a 1.5% increase in June. Manufacturers also continued to reduce inventory levels, which now stand at the lowest level since September 1997.

Ontario rebounds in July

Ontario led the six provinces reporting higher shipments in July. Motor vehicle manufacturing, coupled with increases in the machinery and petroleum industries boosted shipments in Ontario by $706 million (+3.1%) to $23.1 billion. Manitoba (+$30.2 million) and British Columbia (+$26.9 million) recovered somewhat in July, following extended periods of reduced manufacturing activity.

Note to readers

In addition to current-month estimates, data for the previous three months are regularly revised. Factors influencing revisions include late receipt of company data, incorrect information reported earlier, replacement of estimates with actual figures (once available), and seasonal adjustments. Consult the appropriate CANSIM tables for revised data.

***Non-durable goods industries** include food, beverage and tobacco products, textile mills, textile product mills, leather and allied products, paper, printing and related support activities, petroleum and coal products, chemicals and plastic and rubber products.*

***Durable goods industries** include clothing, wood products, non-metallic mineral products, primary metals, fabricated metal products, machinery, computer and electronic products, electrical equipment, appliance and components, transportation equipment, furniture and related products and miscellaneous manufacturing.*

***Unfilled orders** are a stock of orders that will contribute to future shipments assuming that the orders are not cancelled.*

***New orders** are those received whether shipped in the current month or not. They are measured as the sum of shipments for the current month plus the change in unfilled orders. Some people interpret new orders as orders that will lead to future demand. This is inappropriate since the "new orders" variable includes orders that have already been shipped. Readers should take note that the month-to-month change in new orders may be volatile. This will happen particularly if the previous month's change in unfilled orders is closely related to the current month's change.*

Not all orders will be translated into Canadian factory shipments because portions of large contracts can be subcontracted out to manufacturers in other countries.

Durable goods manufacturers boost shipments

Canadian manufacturers of the big-ticket durable goods industries were primarily responsible for the strong start to the summer. Shipments of durable goods rose 2.4% to $24.5 billion, making up ground lost earlier in the year. Manufacturers of nondurable goods increased shipments 0.7%, the first rise in four months.

Shipments of motor vehicles jumped 7.6% to $5.7 billion, leading all industries in July. Attractive incentive packages and low interest rates, as well as an improving economy in the United States, continued to fuel consumer demand for new automobiles in

North America. Also, some manufacturers stepped up production in preparation for the new model year.

Shipments by province and territory

	June 2003	July 2003	June 2003 to July 2003
	Seasonally adjusted		
	$ millions		% change
Newfoundland and Labrador	210	208	-1.1
Prince Edward Island	111	113	1.6
Nova Scotia	715	723	1.1
New Brunswick	1,074	1,026	-4.5
Quebec	9,941	9,930	-0.1
Ontario	22,443	23,149	3.1
Manitoba	933	963	3.2
Saskatchewan	621	609	-2.0
Alberta	3,490	3,506	0.5
British Columbia	2,691	2,718	1.0
Yukon, Northwest Territories and Nunavut	5	5	-11.5

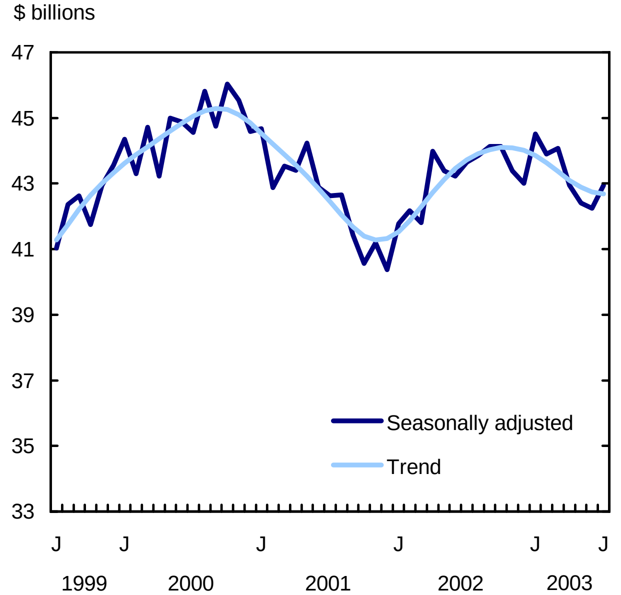
Machinery manufacturers reported shipments of $2.0 billion, up 8.6% from June, as several contracts were completed and shipped from various plants. Meanwhile, higher industrial prices for primary metal products (+2.3%) contributed to a 3.0% increase in shipments of the primary metals industry in July. This was the first increase in six months, as the industry has been recently battered by high energy costs, weak industrial prices and the stronger Canadian dollar.

Manufacturing of computers and food offset July's higher shipments

Decreases in the computer and electronic products and food industries partly offset July's increase in total shipments. Shipments of computers fell 10.4% to $1.4 billion, the fifth decline in the last six months, and down from June's quarter-end high.

Food shipments decreased 1.0% to $5.2 billion in July, the third drop in a row and the lowest level since March 2002. Some of July's decline was concentrated in seafood product preparation and packaging, as the industry began to wind down for the season.

Motor vehicle manufacturing boost July shipments



An update on the impact of mad cow disease

Key international export markets for Canadian beef products remained closed for a second straight month, as the mad cow scare continued. Animal (excluding poultry) slaughtering shipments in Canada edged up 3.3% to $664.9 million, following a hefty 14.8% drop in June. In July, some processors received cattle for domestic consumption, which contributed to the modest rise. Year-to-date shipments remained 12.3% below the same period of 2002.

Alberta has been hit the hardest by the closure of the international export market for beef products. During the first seven months of 2003, shipments of slaughtered animals (excluding poultry) remained 11.1% below last year's level for the same period.

At the time of this report, negotiations to lift the ban on exports of beef products continued between Canada and the United States. The first shipments of some low-risk cuts of boneless beef crossed the border in early September, as the United States agreed to a partial lifting of the ban.

Lower finished-products pull down total inventories

Manufacturers pared 0.3% from inventories to $62.7 billion in July, following declines in May (-0.7%) and June (-0.9%). This marked the longest string of inventory decreases since early 2002.

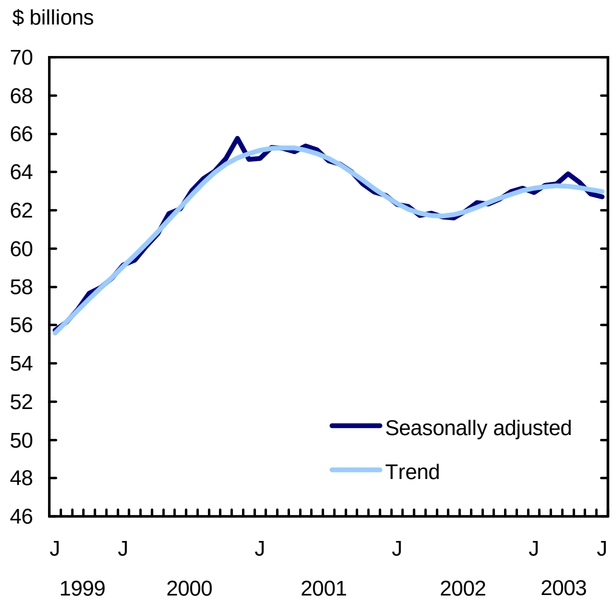
Manufacturing inventories have been on a rollercoaster ride since their peak of $65.8 billion in November 2000, the height of the high-tech boom. July's inventory level is the lowest since October 2002 ($62.6 billion), and well off the recent high of April 2003 ($63.9 billion).

In July, finished products and raw materials both contributed to the decline in total inventories. Manufacturers reduced finished-product inventories by 1.0% to $19.7 billion, following a 0.7% reduction in June. The trend in finished-product inventories, although positive since August 2002, continued to slow in recent months. Sustained improvement of the US economy should assist in curbing further build-up of finished-product inventories.

Inventories of raw materials decreased 0.5% to $27.1 billion. July represented the fourth consecutive decline in raw materials. Meanwhile, goods-in-process inventories rose 1.0%, partly offsetting the overall decline in inventories.

Manufacturers of chemical products (-3.0%), machinery (-3.8%) and motor vehicles (-5.2%) were the primary contributors to the lower inventories in July.

Manufacturers' inventories continue to decline



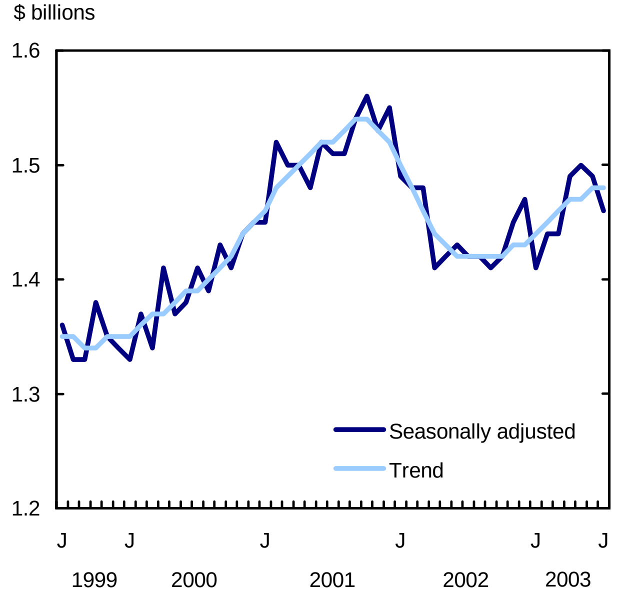
Improvement in the inventory-to-shipment ratio

A sizable boost in shipments coupled with a continuing decline in inventory levels contributed to an improved inventory-to-shipment ratio. The ratio fell back to 1.46 in July from June's 1.49, the lowest level in four months.

The finished-product inventory-to-shipment ratio edged back to 0.46 in July, following three months at 0.47. This is the first drop in the ratio since the start of the year. The finished-product inventory-to-shipment ratio has been on an upward trend since mid-2002.

The ratio is a measure of the time that would be required in order to exhaust finished-product inventories if shipments were to remain at their current level.

The inventory-to-shipment ratio improves



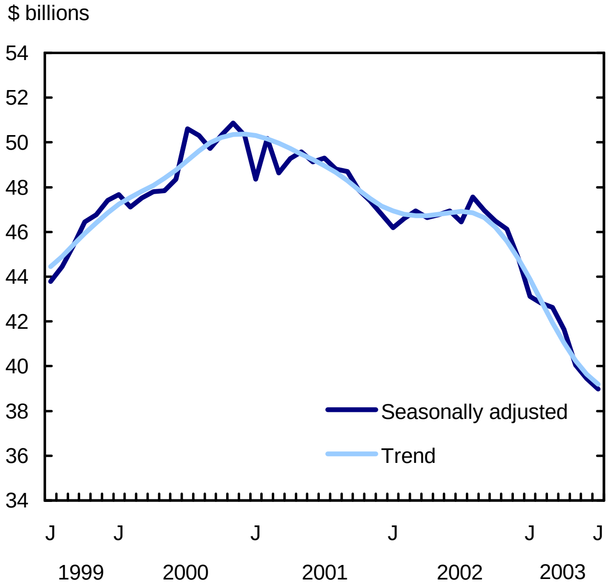
Aerospace manufacturing pulls down total unfilled orders

In July, the one offsetting indicator of an otherwise positive month was the unrelenting slide of unfilled orders. Manufacturers' unfilled orders dropped 1.2% to $39.0 billion. This was the eleventh consecutive decline, representing the longest run of consecutive decreases since the 14 reported during the 1990-1991 recession. The trend for unfilled orders has remained negative since August 2002.

The global downturn in the aviation sector contributed to the July's drop in unfilled orders. Orders for aerospace products and parts fell 3.9% to $11.8 billion, the lowest level since August 1997. Excluding the aerospace industry, total manufacturing unfilled orders remained unchanged (0.0%) in July.

Also reporting fewer unfilled orders on the books was the plastics and rubber products industry. Orders decreased 6.5%, the third decline in a row. Meanwhile, machinery manufacturers partly offset the decline in July, reporting a 1.8% boost in orders to $6.1 billion.

Unfilled orders continue to slide



New orders rise in July

Following a 2.0% increase in June, new orders continued to expand in July, rising 2.1% to $42.5 billion. Increases in the machinery and motor vehicles industries contributed to the highest level in total new orders since March.

Available on CANSIM: tables 304-0014 and 304-0015.

Definitions, data sources and methods: survey number 2101.

The July 2003 issue of the *Monthly Survey of Manufacturing* (31-001-XIE, $15/$147) will be available soon. See *How to order products*.

Data for shipments by province in greater detail than normally published may be available on request.

All data are benchmarked to the 1998 Annual Survey of Manufactures.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; fax: 613-951-9499; *manufact@statcan.ca*). To enquire about the concepts, methods or data quality of the release, contact Russell Kowaluk (613-951-0600; *kowarus@statcan.ca*), Manufacturing, Construction and Energy Division.

□

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	Seasonally adjusted								
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change	
July 2002	43,649	1.0	61,958	0.6	46,440	-1.1	43,156	-0.6	1.42
August 2002	43,851	0.5	62,407	0.7	47,556	2.4	44,968	4.2	1.42
September 2002	44,134	0.6	62,320	-0.1	46,963	-1.2	43,541	-3.2	1.41
October 2002	44,132	0.0	62,580	0.4	46,491	-1.0	43,660	0.3	1.42
November 2002	43,385	-1.7	62,989	0.7	46,127	-0.8	43,021	-1.5	1.45
December 2002	42,998	-0.9	63,161	0.3	44,820	-2.8	41,690	-3.1	1.47
January 2003	44,520	3.5	62,929	-0.4	43,123	-3.8	42,823	2.7	1.41
February 2003	43,901	-1.4	63,307	0.6	42,807	-0.7	43,584	1.8	1.44
March 2003	44,070	0.4	63,368	0.1	42,616	-0.4	43,879	0.7	1.44
April 2003	42,953	-2.5	63,898	0.8	41,630	-2.3	41,967	-4.4	1.49
May 2003	42,395	-1.3	63,457	-0.7	40,050	-3.8	40,815	-2.7	1.50
June 2003	42,235	-0.4	62,855	-0.9	39,439	-1.5	41,625	2.0	1.49
July 2003	42,950	1.7	62,690	-0.3	38,976	-1.2	42,486	2.1	1.46

Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change
July 2002	34,846	-0.1	58,383	0.4	44,707	-1.2	34,319	-2.1
August 2002	35,261	1.2	58,914	0.9	45,663	2.1	36,218	5.5
September 2002	35,787	1.5	58,808	-0.2	44,932	-1.6	35,056	-3.2
October 2002	35,834	0.1	59,130	0.5	44,532	-0.9	35,434	1.1
November 2002	35,260	-1.6	59,403	0.5	44,195	-0.8	34,923	-1.4
December 2002	35,740	1.4	59,410	0.0	42,967	-2.8	34,511	-1.2
January 2003	36,284	1.5	59,376	-0.1	41,307	-3.9	34,624	0.3
February 2003	35,825	-1.3	59,728	0.6	41,027	-0.7	35,546	2.7
March 2003	35,735	-0.3	59,873	0.2	40,886	-0.3	35,593	0.1
April 2003	34,914	-2.3	60,409	0.9	39,950	-2.3	33,979	-4.5
May 2003	34,385	-1.5	60,058	-0.6	38,440	-3.8	32,874	-3.3
June 2003	34,359	-0.1	59,549	-0.8	37,827	-1.6	33,747	2.7
July 2003	34,692	1.0	59,453	-0.2	37,405	-1.1	34,269	1.5

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OTHER RELEASES

Greenhouse gas emissions in the Canadian economy

1981 to 2000

From 1981 to 2000, carbon dioxide emissions per capita in Canada increased at an average rate of 0.25% a year, largely the result of an increase in the nation's standard of living, according to a new report. However, during the same period, Canadians became more efficient in their use of energy and have been using forms of energy that increasingly generate fewer emissions per unit of energy consumed.

The country's "eco-efficiency," defined as the ratio of economic output for every unit of carbon dioxide emissions, improved at an average annual rate of 1.3% from 1981 to 2000.

Labour, capital and energy are marketed inputs that give rise to saleable output of goods and services. The production process also generates pollutants such as carbon dioxide emissions. To produce more goods and services, businesses may use more capital and more labour. But they may also produce more greenhouse gases.

Eco-efficiency grew more rapidly in the 1980s, when it increased at an annual average rate of 1.8%. During the 1990s, the growth in eco-efficiency slowed down to an average of 1.0%. Most of the gains during the 1990s were attributable to increased efficiency in the use of energy. The remainder was attributable to a switch from fuels with high carbon intensity to those with lower carbon intensity.

Improvements in eco-efficiency during the 1990s were not uniform across the nation. Gains were strongest in Newfoundland and Labrador (+3.2%), Prince Edward Island (+2.5%) and Quebec (+2.3%). In contrast, eco-efficiency actually declined 0.7% in Saskatchewan.

On a sector-by-sector basis, the manufacturing sector recorded a 1.8% increase in eco-efficiency during the 1990s, twice the rate of growth of 0.9% in the primary resource sector. Major carbon dioxide producers, such as utilities and crude petroleum and natural gas, improved their performance significantly.

Canadian industries, governments and households produced an estimated 564 megatonnes of carbon dioxide in 2000, up from 434 megatonnes in 1981, a 30% increase.

On a per capita basis, each Canadian produced roughly 18.3 tonnes of carbon dioxide in 2000, one of the highest levels in the world. This was 30% higher than the average for member nations of the Organization for Economic Co-operation and Development.

The research paper *Greenhouse gas emissions in the Canadian economy, 1981 to 2000* (11-624-MIE2003001, free) is now available on Statistics Canada's website (*www.statcan.ca*). Also available is the research paper *The sources of growth of the Canadian business sectors CO^2 emissions, 1990–1996* (11F0027MIE2003015, free).

More details on Statistics Canada's research program on eco-efficiency are available on Statistics Canada's website (*www.statcan.ca/english/studies/eaupdate/eco.htm*).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Tarek M. Harchaoui (613-951-9856; fax: 951-951-3292; *harctar@statcan.ca*), Micro-Economic Analysis Division. ■

Aircraft movement statistics: Major airports

May 2003

The May 2003 monthly report, Vol. 1 (TP141, free) is available on Transport Canada's website (*www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm*).

Note: The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (those without air traffic control towers). Both volumes are available free upon release at Transport Canada's website.

For more information about this website, contact Michel Villeneuve (613-990-3825; *villenm@tc.gc.ca*) or Sheila Rajani (613-993-9822; *rajanis@tc.gc.ca*), Transport Canada.

Definitions, data sources and methods: survey number 2715.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

NEW PRODUCTS

Economic analysis research paper series: The sources of growth of the Canadian business sector's CO^2 emissions, 1990–1996, no. 15
Catalogue number 11F0027MIE2003015
(free).

New motor vehicle sales, July 2003, Vol. 75, no. 7
Catalogue number 63-007-XIB ($13/$124).

Canada's balance of international payments, First quarter 2003, Vol. 51, no. 1
Catalogue number 67-001-XPB ($38/$124).

Canada's international investment position, First quarter 2003, Vol. 1, no. 1
Catalogue number 67-202-XIE ($23/$51).

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

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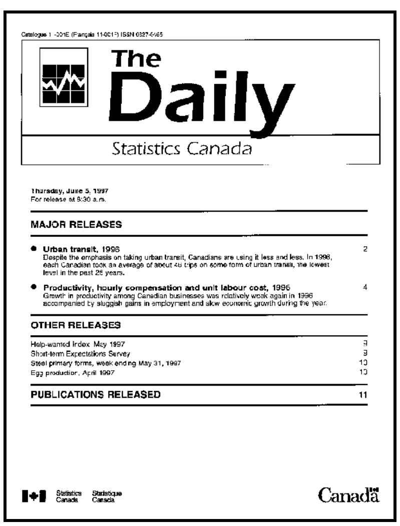
Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 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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Statistics Canada Statistique Canada

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Statistics Canada's official release bulletin

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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