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Infomat

A Weekly Review

Friday, January 23, 2004

INSIDE

◆ *Spotlight*: Information society

This week's *Spotlight* is on the information society. Information and communications technologies have permeated every sector of Canada's economy. They have taken down borders for trade, and increased information traffic between Canada and the rest of the world. A major new compendium report paints a thorough, up-to-date statistical portrait of Canada's information society.

◆ Fourth consecutive decline in sales of new vehicles

New motor vehicle sales fell for the fourth consecutive month in November, the longest string of sales declines in more than 20 years. Dealers sold 131,085 vehicles, down 3.2% from 135,412 in October.

◆ Stellar year for non-residential investment in 2003

The non-residential construction industry had a stellar year in 2003, with annual growth of 5.7% and total investment hitting $26.0 billion. Investment in institutional building construction led the growth last year, with help from the industrial sector.

Infomat becomes an electronic product

In follow-up to our letter last November to all subscribers, effective Tuesday, February 3, 2004 Infomat *will only be available as a fully electronic product. The last paper issue will be published Friday, January 30. If you have not received an e-mail notice by February 3 confirming your subscription, or if you need help accessing the new format, please call toll free 1-877-949-9492.*

Motor vehicles drag down manufacturers' shipments

Factory shipments fell for the third time in four months in November, dragged down by slumping motor vehicle shipments, particularly in Ontario.

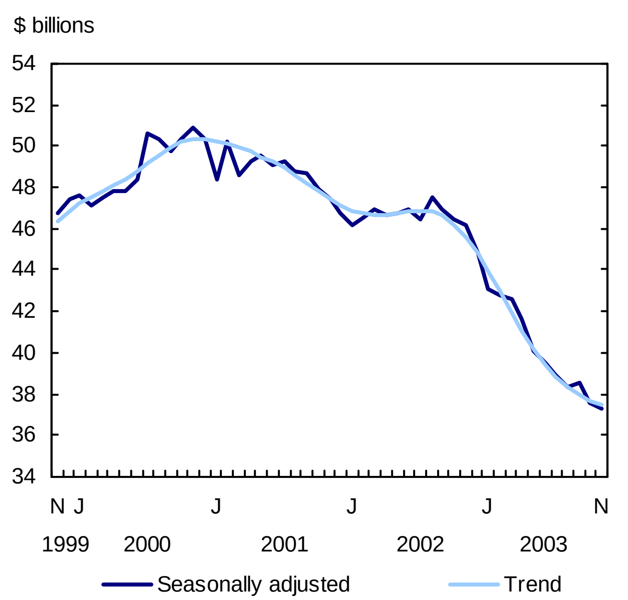
Canada's manufacturers shipped $42.2 billion in goods, down 0.5% from October. If the volatile motor vehicle and parts industries were excluded, shipments would have edged up a slight 0.1%.

The majority of manufacturers reported higher shipment activity during the month, but most increases were modest. Only nine of 21 manufacturing industries, accounting for 57% of total shipments, posted declines.

On the brighter side, factories reported a 1.0% gain in new orders to $41.9 billion, the fourth increase in the last six months. November's gain was widespread, and included the plastics and rubber products, machinery and computer industries.

(continued on page 2)

Unfilled orders continue to decline



Statistics Canada Statistique Canada

Canada

Motor vehicles drag... *(continued from page 1)*

Unfilled orders fell 0.8%, while inventories remained steady at $59.9 billion, the lowest level since February 2000.

On a year-to-date basis, Canadian shipments in the first 11 months of 2003 were 1.4% below the same period in 2002. This is in sharp contrast to the United States where year-to-date shipments are 2.2% higher, and have risen in six of the last seven months.

There are concerns that the strengthening Canadian dollar may curb demand for Canada's manufactured goods. In November, the loonie closed in on a 10-year high of 77 cents against the US greenback, up almost 20% since the start of the year. Just over half of Canada's manufactured outputs are destined for international markets.

In Ontario, manufacturing slipped by $353 million, or 1.6%, to $22.3 billion, the biggest drop among the four provinces and territories in which manufacturers reported lower shipments. A slowdown in motor vehicle manufacturing and lower shipments of petroleum and food contributed to Ontario's decline, also the third in the last four months.

In Quebec, manufacturers reported slight 0.2% drop to $9.7 billion, the result of lower shipments of aerospace products and food.

On the employment front, manufacturers hired fewer employees in 2003. Since November 2002, the number of manufacturing jobs has declined by 82,000, or 3.5%, largely in Quebec and Ontario.

Motor vehicle manufacturers reported a 3.6% drop in shipments to $4.8 billion in November, their second decline in a row. Some assembly plants were temporarily closed for retooling, while others faced production slowdowns for inventory control measures.

Shipments of petroleum and coal products rose 2.2% to $2.8 billion in November, partially offsetting the overall decline.

For more information, contact Russell Kowaluk (613-951-0600), Manufacturing, Construction and Energy Division.

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change	% change
	seasonally adjusted								
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	42,285	-1.6	63,358	-0.8	40,057	-3.8	40,711	-3	1.5
June 2003	42,128	-0.4	62,635	-1.1	39,504	-1.4	41,576	2.1	1.49
July 2003	42,897	1.8	62,085	-0.9	38,972	-1.3	42,365	1.9	1.45
August 2003	40,659	-5.2	61,113	-1.6	38,318	-1.7	40,005	-5.6	1.5
September 2003	42,951	5.6	60,420	-1.1	38,502	0.5	43,136	7.8	1.41
October 2003	42,433	-1.2	59,924	-0.8	37,558	-2.5	41,489	-3.8	1.41
November 2003	42,209	-0.5	59,928	0	37,240	-0.8	41,891	1	1.42

Just over one-half of unemployed potentially eligible for EI

The proportion of unemployed Canadians potentially eligible for Employment Insurance benefits increased slightly in 2002, according to data from the Employment Insurance Coverage Survey.

About 55% of unemployed individuals were potentially eligible to receive employment insurance benefits, slightly higher than in 2001.

The most common reason for not being covered by the Employment Insurance program was still the lack of employment during the previous 12 months. However, in 2002, only about 25% of unemployed individuals were not potentially eligible for this reason. This proportion has been declining steadily since 1997 when it was 34.7%.

In 2002, nearly two-thirds (63.3%) of mothers with a child up to 12 months of age received maternity or parental benefits at some point during their pregnancy, or after the birth or adoption of their child. This was up substantially from 54.9% in 2000.

Two factors may have contributed to this increase: the lowering of the eligibility criteria to 600 hours of insurable employment, and an overall increase in the proportion of mothers with insurable employment. This proportion reached 74.4% in 2002, up from 69.6% in 2000.

For more information, contact Client Services (613-951-7355), Special Surveys Division.

SPOTLIGHT: Information society

Canada's journey to an information society

ICTs have permeated every sector of Canada's economy. They have taken down borders for trade, and increased information traffic between Canada and the rest of the world.

To varying degrees, every sector of the economy is adapting to ICTs – information and communications technologies. Many museums, for instance, now use ICTs to showcase their collections, taking Canadian culture to the world via online catalogues of virtual art work.

When measured in terms of employment and spending on research and development, the Canadian economy is more ICT-intensive than the average for member nations of the Organization for Economic Development and Cooperation (OECD).

This is just one tiny segment of the massive amount of information contained in a new Statistics Canada compendium report that paints a statistical portrait of Canada's information society. David Crane, The Toronto Star's economics columnist, describes the 251-page report – *Canada's journey to an information society* – as "spectacular"

In 2002, the ICT sector contributed $58.7 billion to Canada's gross domestic product, accounting for 7.1% of business sector GDP and 6.0% of total economy GDP. Between 1997 and 2002, the ICT sector's output increased a remarkable 79%, four times the growth of the total economy.

In 2001, however, the bubble burst. With a collapse in demand for high-tech products and services, the sector endured a number of high-profile layoffs. At its peak in the first quarter of 2001, ICT industries employed 650,000 people. A year later, this had dropped to 585,000.

In 2000, at the height of the boom, ICT manufacturing firms reported shipments of $42.6 billion. Unfilled orders skyrocketed to $7.4 billion, and inventories hit $5.8 billion.

But by 2001, as the economic slowdown gripped much of manufacturing, the buildup of inventories was more the result of slumping consumer demand and excess production capacity.

Information society: Current issues

- *Digital divide: Although the gap is generally closing, differences in ICT penetration persist between the lowest income groups and very high income groups.*
- *Mobile services were the most competitive of the telecommunications services markets in Canada in 1999, while the local wireline market was the most concentrated.*
- *Nearly one-half (49%) of regular Internet-use households, and 58% of regular business users, use broadband technologies to connect to the Internet.*
- *Many cultural industries are still in the process of developing new ICT delivery channels, such as websites and online sales.*

The telephone apparatus industry was among the first to weaken. Shipments of telephone apparatus equipment fell to $4.6 billion by 2002, down 67% from their peak in 2000. Shipments of semiconductors and electronic components plunged nearly 48% to $5 billion during the same period.

According to the report, some ICT sector industries began reporting positive signs of manufacturing activity in 2002, or at least had stabilized their levels of production following several quarters of contraction and downsizing. Employment in the ICT sector is now stabilizing (see box below).

"Regrettably, the prognosis for a widespread rebound by information and communications technology manufacturing industries anytime soon remains weak," it says. "Even modest growth among wireless technology industries could not offset the lagging performance of many ICT manufacturing industries."

The report said that the next couple of years will be critical in determining how successful the recent rationalization and cutbacks by technology manufacturers have been for their bottom line, and ultimately, for the recovery of the ICT sector.

You can read the full report *Canada's journey to an information society* on Statistics Canada's website (www.statcan.ca).

For more information, contact Ben Veenhof (613-951-5067), Science, Innovation and Electronic Information Division.

Low-skill jobs take a hit

After exceptional growth during the last half of the 1990s, employment in CT industries fell nearly 10% in 2002, but has since stabilized. CT firms were continuing to cut jobs in occupations that require the least skill, opting instead to hire more managerial and professional staff. This was resulting in a workforce with more formal education.

In the first quarter of 2003, CT companies employed 570,000. Of these, 306,800 were managerial and professional workers, up 1.4% from the first three months of 2002; some 34,800 were engineers, up 11.5%, and 191,100 were computer programmers and systems analysts, up 6.4%.

Wage gains were slowing for most CT occupations. But the median hourly wage in CT industries was $21.63 in the first quarter of 2003, 2.3% higher than a year earlier. Assuming a 40-hour work week, that works out to about $45,000 a year.

Better than one in 10 CT workers was paid $40 or more an hour, compared with one in 36 workers in the rest of the economy.

Low-skilled occupations made up 17.6% of all CT employment in the first quarter of 2003, down from 20.2% a year earlier. Meanwhile, occupations that normally require a college education rose from 27.8% to 28.5%.

Fourth consecutive decline in sales of new vehicles

New motor vehicle sales fell for the fourth consecutive month in November, the longest string of sales declines in more than 20 years. Dealers sold 131,085 vehicles, down 3.2% from 135,412 in October.

The drop was attributable to a 6.9% plunge in sales of trucks, which include minivans, sport-utility vehicles, light and heavy trucks, vans and buses. It was also the fourth decline in a row.

Consumers purchased 60,776 trucks, while the number of new passenger cars sold was increased slightly to 70,308.

Preliminary figures from the auto industry show that new vehicle sales will be down again in December, likely by about 9%, with both trucks and passenger cars contributing to the decrease.

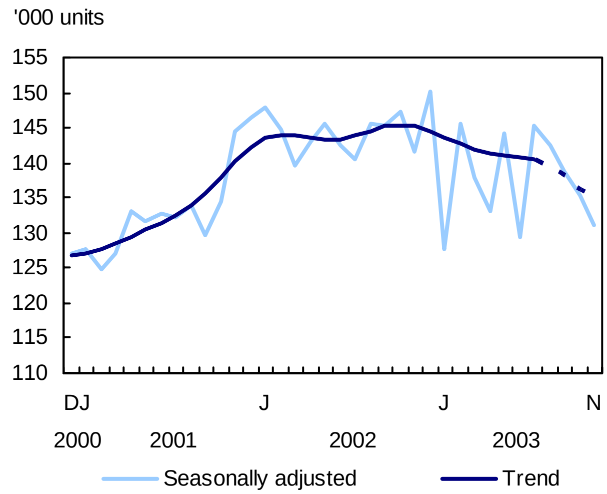
New vehicle sales have fluctuated widely since the start of 2003, resulting in a downward trend that has gained momentum in recent months. Sales had remained at record levels throughout 2002, following a period of sustained growth in 2001.

Sales have fallen despite incentives and fairly bright economic prospects. However, the Consumer Price Index for motor vehicles rose 4.0% in November, as prices for 2004 models were reflected in the index.

November's level was the third lowest since the start of 2003. Sales in the first 11 months of 2003 were 4.5% lower than in the same period in 2002, when sales hit a record high. However, cumulative sales were higher than levels in the first 11 months of 2001 and preceding years.

In November, new motor vehicle sales declined in all provinces except the region formed by British Columbia and the territories, halting a string of three monthly declines.

New motor vehicle sales continued to decline in November



The last few trend points could be subject to revisions when more data are added. This is indicated by the dashed line.

Sales in British Columbia and the territories appear to have stabilized in recent months, following a period of gains back to spring 2003. Previously, sales had followed a downward movement that began in summer 2002.

Dealers in three provinces – Prince Edward Island, Saskatchewan and Ontario – recorded declines larger than the national average.

For more information, contact Clérance Kimanyi (613-951-6363), Distributive Trades Division.

PEI accounts for one-quarter of record potato crop

Canadian farmers grew a record potato crop of more than 5.3 million metric tonnes in 2003, an increase of 13.5% from the previous year.

Substantial production gains in Manitoba and Alberta offset a decline in Prince Edward Island, the nation's biggest potato producer.

In 2003, farmers in Prince Edward Island accounted for 25% of production, those in Manitoba 21% and those in Alberta 17%. In 2002, Prince Edward Island accounted for 29%, Manitoba 18% and Alberta 15%.

The 2002 crop was worth an estimated $978.0 million for the nation's potato growers. The figure for 2003 is not yet available.

For more information, contact Barbara McLaughlin (902-893-7251), Agriculture Division.

Stellar year for non-residential investment in 2003

The non-residential construction industry had a stellar year in 2003, with annual growth of 5.7% and total investment hitting $26.0 billion. Investment in institutional building construction led the growth last year, with help from the industrial sector. Gains in both areas offset a small decline in commercial investment.

The results reflect the revised growth forecast for 2003 for construction investment as determined by Statistics Canada's Survey of Private and Public Investment. The Labour Force Survey also pointed to high levels of activity in the construction industry in terms of the number of jobs and hours worked.

Investment for 2003 as a whole in institutional buildings reached a record $9.1 billion, up 18.9% from 2002.

Manufacturing plant construction strengthened the industrial sector, where investment rose 3.8% to $4.7 billion. In Ontario, investment in buildings in the primary and manufacturing sectors in 2003 halted two consecutive years of declines.

On the other hand, the commercial investment wasn't able to sustain gains during the first half of the year, and fell 1.9% to $12.1 billion.

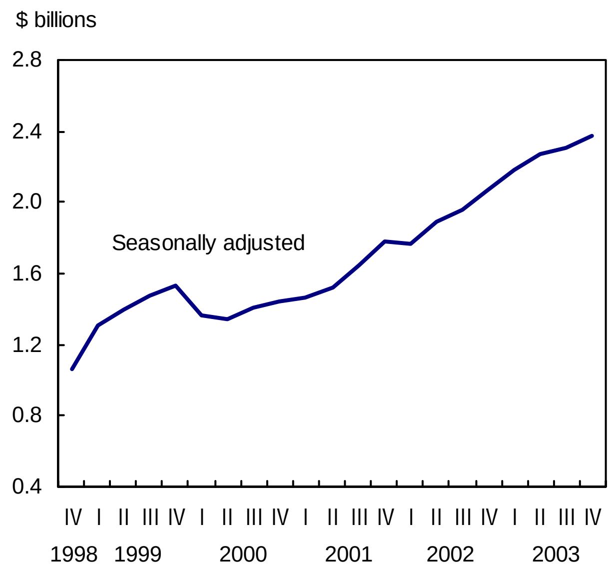
Investment in office building construction has experienced a substantial slowdown in recent years. During this period, vacancy rates have risen in most major metropolitan areas, varying by building classes.

As a result, office buildings represented only 37.5% of commercial investment in 2003, down from 45.4% in 2000. This trend occurred mostly in Toronto, Montreal and Vancouver.

On a quarterly basis, investment in non-residential building construction declined a marginal 0.3% in the fourth quarter from the record third-quarter level of just under $6.6 billion.

Investment in the institutional sector rose 2.8% in the fourth quarter to $2.4 billion. Investment in industrial buildings ended the fourth quarter down 1.7% to $1.2 billion, while investment in commercial building construction fell 2.0% to $3.0 billion.

Exceptional development for the investment in institutional construction



Investment in non-residential building construction rose in six provinces and territories in the last three months of the year. In dollars, Saskatchewan led the way with a growth of 10.7% to $210 million. The strongest decline occurred in Quebec, where investment fell 1.0% to $1.4 billion.

Fourth-quarter investment increased in 11 of the 28 census metropolitan areas. Toronto experienced the strongest growth, a gain of 7.6% to $1.3 billion, while the biggest decline occurred in Ottawa, where investment fell 8.6% to $271 million, a result of a combined decline in the three components.

For more information, contact Michel Labonté (613-951-9690), Investment and Capital Stock Division.

Job boom for culture workers

Job growth in the culture sector outpaced that of the overall labour market from 1991 to 2002, according to a new study analysing employment patterns in the sector. However, the boom may have ended in the new millennium for Canada's culture workers.

With the end of the 1991/92 recession, the labour market rebounded, and culture workers rode the high employment wave throughout the remainder of the decade.

While the total labour force increased about 20% from 1991 to 2002, the growth in employment in the culture sector was a significantly higher 31%. Most of the gains in the culture sector occurred before 1999. In fact, between 2000 and 2002, the sector's workforce hardly increased.

The culture workforce peaked at almost 578,000 in 2001 and then declined slightly the following year. In total, just over 577,000 people worked in the culture sector in 2002, representing 3.7% of Canada's total labour force.

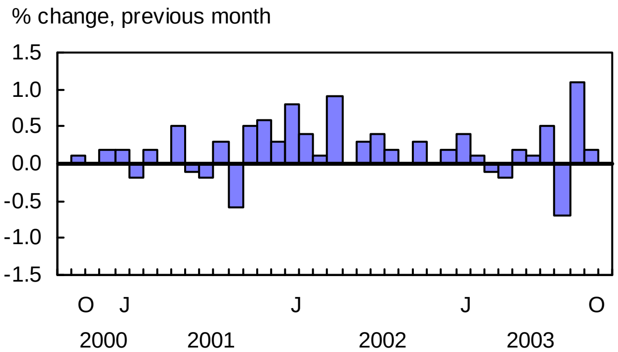
Self-employment is a feature of the culture sector workforce. Indeed, one in four workers in the culture sector were self-employed in 2002, notably higher than the 15% for the entire workforce.

You can read the entire feature article on the culture labour force in *Focus on culture*, available on Statistics Canada's website (www.statcan.ca).

For more information, contact Michel Durand (613-951-1566), Culture Statistics Program.

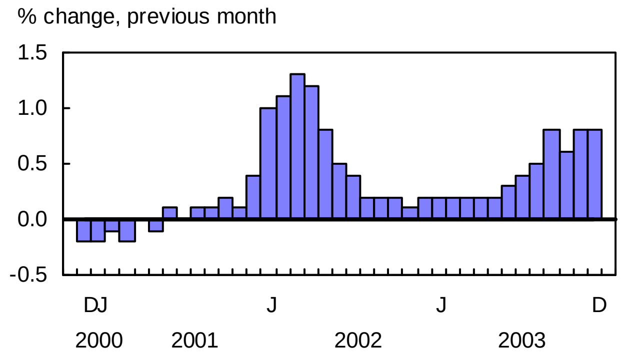
Current trends

Gross domestic product



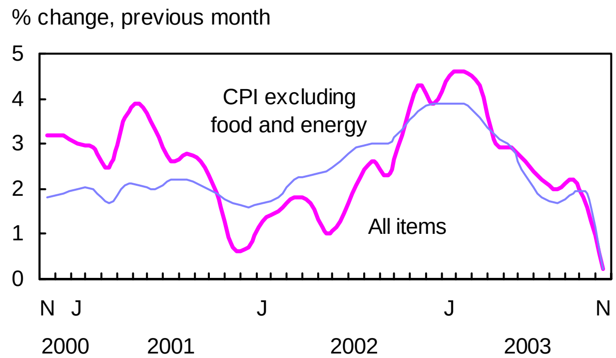
Total economic activity increased 0.2% in October, after a 1.1% increase in September.

Composite Index



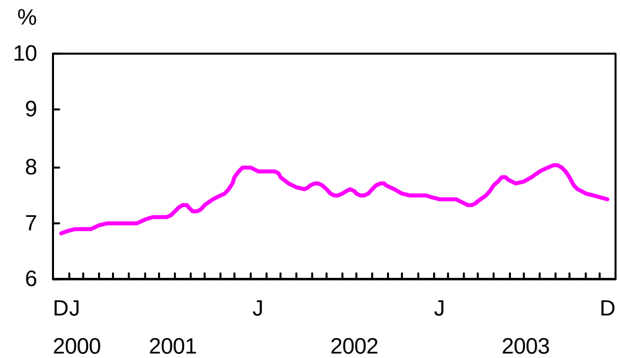
The leading indicator grew 0.8% in December after rising 0.8% in November.

Consumer Price Index



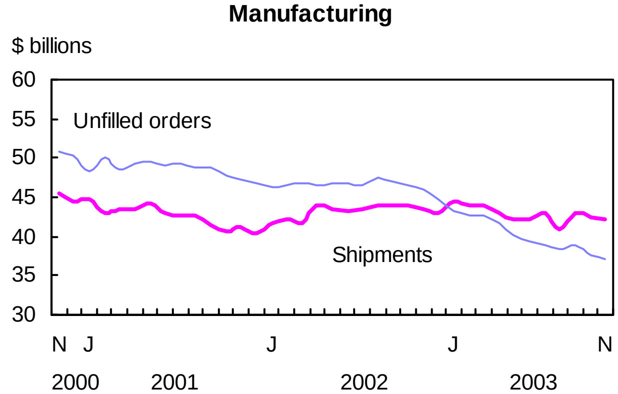
Consumer prices for goods and services were 0.2% higher in November than they were a month earlier. Excluding food and energy, prices rose 0.2%.

Unemployment rate



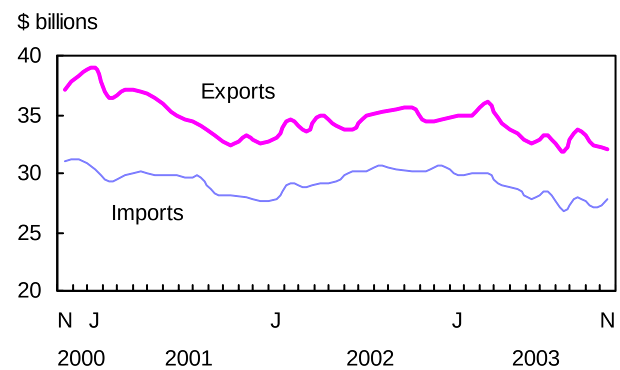
In December, the unemployment rate fell to 7.4%.

Manufacturing



Manufacturers' shipments fell 0.5% in November to $42.2 billion. The backlog of unfilled orders decreased 0.8% to $37.2 billion.

Merchandise trade



In November, exports fell 1.1% to $32.1 billion. Imports increased 1.7% to $27.8 billion.

Note: All series are seasonally adjusted except the Consumer Price Index.

Latest statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product ($ billions, 1997)[1]	October	1,020.7	0.2%	1.8%
Composite Index (1992=100)	November	186.9	0.8%	4.2%
Operating profits of enterprises ($ billions)	Q3 2003	41.6	3.7%	11.3%
Capacity utilization rate (%)[2]	Q2 2003	82.5	-1.2†	-1.1†
DOMESTIC DEMAND				
Retail trade ($ billions)	October	26.4	0.2%	2.1%
New motor vehicle sales (thousands of units)	November*	131.1	-3.2%	-7.3%
Wholesale trade ($ billions)	October	36.6	-0.1%	2.4%
LABOUR				
Employment (millions)	December	15.9	0.3%	1.7%
Unemployment rate (%)	December	7.4	-0.1†	-0.1†
Participation rate (%)	December	67.7	0.1†	0.2†
Average weekly earnings ($)	October	694.14	0.3%	1.2%
Regular Employment Insurance beneficiaries (in thousands)	October	579.90	0.1%	4.1%
INTERNATIONAL TRADE				
Merchandise exports ($ billions)	November	32.1	-1.1%	-6.7%
Merchandise imports ($ billions)	November	27.8	1.7%	-7.6%
Merchandise trade balance (all figures in $ billions)	November	4.3	-0.8	0.0
MANUFACTURING				
Shipments ($ billions)	November*	42.2	-0.5%	-2.7%
New orders ($ billions)	November*	41.9	1.0%	-2.6%
Unfilled orders ($ billions)	November*	37.2	-0.8%	-19.2%
Inventory/shipments ratio	November*	1.42	0.01	-0.03
PRICES				
Consumer Price Index (1992=100)	November	122.7	0.2%	1.6%
Industrial Product Price Index (1997=100)	November	104.4	-0.4%	-4.0%
Raw Materials Price Index (1997=100)	November	110.3	1.5%	-3.2%
New Housing Price Index (1992=100)	November	119.2	0.7%	5.0%

Note: *All series are seasonally adjusted with the exception of the price indexes.*
* *new this week*
† *percentage point*
1 *1997 replaces 1992 as the base year used in determining prices for gross domestic product by industry. Also, valuation has been changed from factor cost to basic prices.*
2 *Calculation of the rates of capacity use is now based on the 1997 North American Industry Classification System (NAICS), which has replaced the 1980 Standard Industrial Classification.*

Infomat
A weekly review

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SUBJECT AREA Title of product	Period	Catalogue number	Price ($) (issue/subscription)
AGRICULTURE			
Canadian Potato Production	January 2004	22-008-XIE	Free
ANALYTICAL STUDIES			
How Long Do People Live in Low-income Neighbourhoods? Evidence for Toronto, Montréal and Vancouver	No. 216	11F0019MIE2004216	Free
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
International Travel, Advance Information	November 2003	66-001-PIE	7/59
DISTRIBUTIVE TRADES			
New Motor Vehicle Sales	November 2003	63-007-XIB	14/133
HEALTH STATISTICS			
Health Reports	2003	82-003-XIE	17/48
Health Reports	2003	82-003-XPE	22/63
INTERNATIONAL TRADE			
Canadian International Merchandise Trade	November 2003	65-001-XIB	15/151
MANUFACTURING, CONSTRUCTION AND ENERGY			
Production and Shipments of Steel Pipe and Tubing	November 2003	41-011-XIB	6/51
Refined Petroleum Products	September 2003	45-004-XIB	18/166
Steel Wire and Specified Wire Products	November 2003	41-006-XIB	6/51
SCIENCE, INNOVATION AND ELECTRONIC INFORMATION			
Starting the New Century: Technological Change in the Canadian Private sector	2000-2002	88F0006XIE2004001	Free
SPECIAL SURVEYS			
Public Service Employee Survey	2002	71M0016XCB	2,140
TRANSPORTATION			
Air Carrier Traffic at Canadian Airports	2001	51-203-XIB	33

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Visit Statistics Canada anytime at *www.statcan.ca.* Click on “Our products and services” to access the CANSIM database. Or consult the tables in “Canadian statistics”.