



Infommat

A Weekly Review

Thursday, April 17, 2003

INSIDE

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◆ Record investment in non-residential building construction

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◆ Operating profits soar for wireless industry

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Exports drop, but imports remain steady

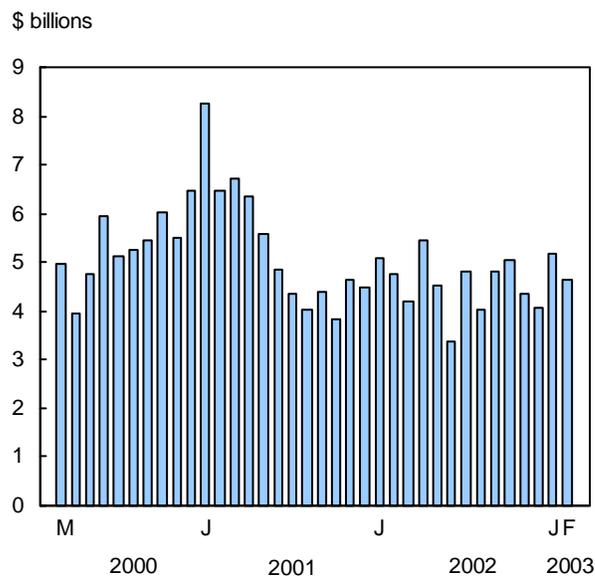
Merchandise exports fell 1.6% to just under \$34.6 billion, while imports remained unchanged at \$30.0 billion in February. Canada's trade surplus with the rest of the world dropped by half a billion dollars to \$4.6 billion in February, the third decline in the past four months.

The trade surplus with the United States fell by a quarter billion dollars to \$7.8 billion. Canada's trade deficit with countries other than the United States increased from \$2.9 billion in January to \$3.2 billion in February.

Exports to the United States, which accounted for 84% of the total, fell 0.9% to \$29.1 billion; exports to the European Union (6% of the total) fell 11.6% to \$2.0 billion.

(continued on page 2)

Trade balance



Exports drop, but... (continued from page 1)

Machinery and equipment exports fell 7.7% to \$7.5 billion, driven by a 23.9% drop in aircraft, engines and parts. Industrial and agricultural machinery exports decreased 7.0% to \$1.6 billion, while "other" machinery and equipment exports fell 2.5% to \$4.2 billion.

Exports of automotive products rose 1.7% to \$7.7 billion in February. Exports of trucks and other motor vehicles bounced back with a 10.9% increase to \$1.5 billion, but passenger automobile exports declined slightly to \$3.6 billion. Passenger auto exports have fallen in six of the last seven months, as consumer demand continued to soften and manufacturers allowed inventories to fall.

Exports of energy products increased 1.8% to \$5.8 billion, the result of a surge in natural gas exports to the United States. Petroleum and coal products exports reached a new high level, \$1.0 billion. Crude petroleum exports fell 18.8% to \$1.6 billion.

Forestry products exports fell 1.1% to \$2.9 billion. Export prices rose marginally, but volumes declined in lumber and sawmill products.

Consumer goods exports rose 2.0% to \$1.6 billion in February, a record high. The third consecutive monthly increase resulted from strong demand for medical supplies and medicines.

Canadian imports were unchanged in February, as decreases in imports from the European Union offset increased imports from all other non-US trading partners. Imports from the United States remained static.

Automotive products imports increased 3.0% to \$6.9 billion in February. Imports of passenger autos increased 7.5% to \$2.3 billion and imports of trucks and other motor vehicles increased 2.9% to \$1.2 billion; this was the third record-setting level in a row.

Imports in the largest sector, machinery and equipment, fell 1.9% to \$8.5 billion. Industrial and agricultural machinery imports fell 0.6% to \$2.3 billion, the third monthly decline. Aircraft and other transportation equipment imports dropped 13.5% to \$1.1 billion.

Cold weather and tensions in oil-producing countries contributed to a 6.7% increase in imported energy products, which rose to \$1.7 billion.

Although consumer goods imports posted their third consecutive monthly decline, falling marginally to \$3.9 billion, they were just below the record levels set in October and November 2002.

The February 2003 issue of Canadian international merchandise trade (Internet: 65-001-XIB, \$14/\$141) is now available. For more information, contact Daryl Keen (613-951-1810), International Trade Division. (See also "Current trends" on page 6.)

Help-wanted Index terminated

Statistics Canada's Help-wanted Index will be terminated with the publication of the April 2003 reference month on May 6, 2003. Previously published data will continue to be available for historical purposes, but there will be no further updates or revisions.

Statistics Canada strives to maintain a relevant and cost-effective labour statistics program. In setting program priorities in a time of cost reduction, programs and outputs have been evaluated on the basis of a balanced assessment of their quality and utility in consultation with the user community.

The Help-wanted Index was long viewed by users as a proxy measure for unmet labour demand and an indicator of the near-term direction of the labour market. However, many users have expressed concern over its performance in recent years, especially in light of the growing use of the Internet by employers as a means of posting job openings.

In March, the index (1996=100) rose to 112.7, up 1.2% from February. It was the first increase in the index in seven months.

For more information, contact Jamie Brunet (613-951-6684; brunjam@statcan.ca), Labour Statistics Division.

Notable increase in consumer spending on retail purchases

Consumers spent a total of \$307.5 billion in retail stores in 2002, up 6.0%, compared with 4.4% in 2001. Retail sales of all major commodity groups were up. For the second straight year, the increase in sales of health and personal care products outstripped all other categories.

Spending on health and personal care products — everything from prescription drugs, over-the-counter drugs and vitamins to eyewear, cosmetics and other toiletries — increased 9.2% to \$23.1 billion in 2002. About 45% of this spending was on prescription drugs, which registered double-digit growth (+12.2%) for the third consecutive year. Sales of non-prescription drugs and vitamins rose 8.3% to \$3.9 billion.

Consumers again devoted more than one-third of their retail spending (\$112.8 billion) in 2002 to motor vehicles and related products and services, including gasoline and oil. In contrast, just over one-fifth of retail spending (\$66.6 billion) was devoted to the second largest category, food and beverages (including alcoholic beverages).

Spending on motor vehicles, parts and services (excluding gas and oil) amounted to \$90.0 billion, up 7.5% from 2001 — the largest annual increase since the start of the Quarterly Retail Commodity Survey in 1997. Sales of new vehicles reached record levels in 2002. This increase in sales (+9.1%) was largely due to incentive programs and low interest rates. Sales of used vehicles were up 7.1%.

Consumers spent \$24.4 billion on home furnishings and electronics (including furniture) in 2002, up 7.5% from 2001. This gain outpaced the sales increase of 5.5% in 2001. Sales in the home furnishings sub-category (floor coverings, draperies, bedding and home decorating products) increased 8.2%, about the same as in 2001.

Furniture sales, which accounted for almost one-quarter of all sales in this category, rose 6.7%. Sales of major appliances rose

Annual sales by commodity, all retail stores

	2001	2002	2001 to 2002
	\$ millions		% change
Total	290,155	307,472	6.0
Food and beverages	64,026	66,614	4.0
Health and personal care products	21,152	23,098	9.2
Clothing, footwear and accessories	26,722	27,196	1.8
Home furnishings and electronics	22,667	24,357	7.5
Motor vehicles, parts and services	83,735	90,010	7.5
Automotive fuels, oils and additives	22,028	22,769	3.4
All other goods and services	49,826	53,428	7.2

12.2%, the strongest growth since the survey started and the first annual double-digit growth. The robust housing market and low borrowing costs in 2002 influenced sales of these commodities.

Sales of clothing, footwear and accessories reached \$27.2 billion in 2002, up 1.8% from 2001, the weakest gain since the start of the survey in 1997. Clothing prices dropped 1% in 2002 from 2001.

Within this group, consumers spent \$11.6 billion on women's clothing and \$6.1 billion on men's clothing. Proportionally, consumers spent 55 cents of every clothing dollar on women's clothing, compared with only 29 cents on men's and 13 cents on children's clothing.

Year-over-year sales were up for all major commodity groups in the fourth quarter. Consumers spent \$82.8 billion, up 5.0% from the fourth quarter of 2001. Although still a strong increase, this was the weakest year-over-year growth since the third quarter of 2001, when sales were affected by the events of September 11.

For general information, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, contact Ruth Barnes (613-951-6190; ruth.barnes@statcan.ca), Distributive Trades Division.

Population and family estimation methods at Statistics Canada

The manual *Population and family estimation methods at Statistics Canada* provides users of demographic statistics with comprehensive "one-stop" shopping for the current procedures used by Statistics Canada to prepare population and family estimates.

It includes detailed descriptions of the data sources and methodology for postcensal and intercensal population estimates (for different geographical areas and by demographic characteristics such as age, sex and marital status), births and deaths, immigration, emigration, non-permanent residents, interprovincial migration, and census families estimates. The manual also describes products and services available in the area of population estimates and gives insight into major research and developmental projects. Data quality evaluations of all estimates are presented.

*The manual **Population and family estimation methods at Statistics Canada** (Internet: 91-528-XIE, \$32) is now available. For more information, contact Margaret Michalowski (613-951-2349; michmar@statcan.ca), Demography Division.*

Record investment in non-residential building construction

Businesses and governments spent a record amount of more than \$6.4 billion in the first quarter of 2003, up 1.0% from the fourth quarter of 2002. The driving force behind this advance was an exceptional level of investment in institutional projects.

Investment in institutional construction projects increased for an eleventh consecutive quarter, advancing 8.3% from the fourth quarter of 2002 to a new record of \$2.3 billion.

The construction of educational institutions was the main factor in the increase in this first quarter. Overall, quarterly investment from public institutions in non-residential construction has doubled in the past five years. In the first quarter of 1998, investment in this sector totalled \$1.1 billion.

At the provincial level, Ontario recorded the largest increase, with investment rising 19.6%. This growth was propelled by school, college and university projects, with continuing preparations to accommodate the double cohort when classes start in the fall of 2003. Alberta recorded the largest decline (-14.1%).

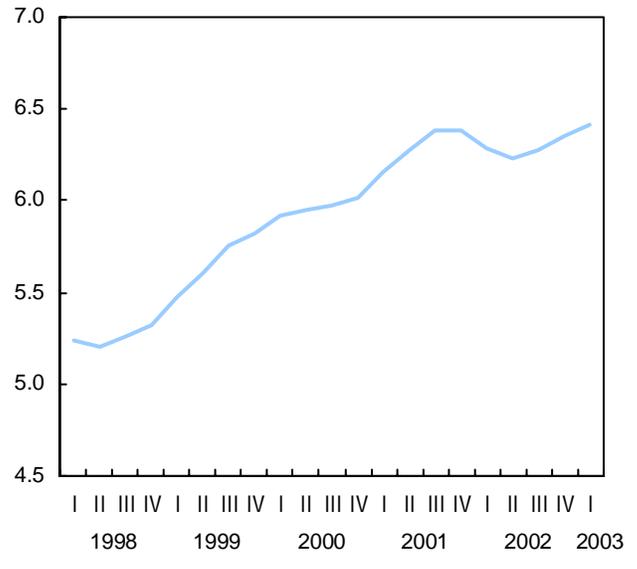
Among census metropolitan areas, Toronto registered the largest increase in institutional investment (+30.6%), while Calgary showed the largest drop (-23.8%).

At the provincial level, Ontario continued a growth spurt in non-residential investment that began in the first quarter of 2002. Investment in that province reached a record level of \$2.8 billion, up 8.2% from the fourth quarter of 2002. Manitoba, Saskatchewan and Nunavut also saw increased investment in non-residential construction in the first quarter. Quebec experienced the largest decline (-5.6%).

Non-residential investment increased in 15 of the 28 census metropolitan areas. Montréal registered the largest decrease (-6.1% to \$845 million), while Toronto posted the largest gain (+13.5% to \$850 million). Toronto and, to a lesser extent, London and Hamilton were the main factors behind the robust growth in Ontario.

Investment in non-residential building construction

\$ billions, seasonally adjusted



Investment in commercial construction continued to decline, with a 1.0% drop from the fourth quarter of 2002. The amounts invested in the first quarter of 2003 totalled \$3.0 billion, down 4.2% from the first quarter of 2002. The decrease in investment in office building construction was the main factor behind these results.

British Columbia countered the decrease in commercial investment by posting a gain of 6.2% to \$380 million, its third consecutive quarterly increase. Quebec saw the steepest drop (-9.3%), its second consecutive decrease.

The Montréal census metropolitan area experienced the largest quarterly decrease (-13.6%), mainly a result of the completion of major office building projects. Conversely, investment in Vancouver intensified in the first quarter (+8.3%).

For more information, contact Valérie Gaudreault (613-951-1165; valerie.gaudreault@statcan.ca), Investment and Capital Stock Division.

Operating profits soar for wireless industry

Operating profits for wireless service providers soared to record levels last year as a result of strong growth in operating revenues and declining operating costs.

The wireless industry's operating profits, used as an indicator of its financial performance, reached more than \$1.1 billion in 2002. This was 19 times the level of only \$60.2 million the year before. Wireless operating revenues increased 14.9% to more than \$7.6 billion.

The story in the wireline industry was sharply different. Operating profits fell 13.6% to nearly \$3.9 billion, as revenues declined 3.1% to \$24.0 billion.

On a quarterly basis, operating revenues for the wireless industry jumped 16.0% in the fourth quarter of 2002 compared to the same three months in 2001, surpassing \$2.0 billion for the first time. Wireless operating profits soared to \$277.3 million compared with a loss of \$95.1 million in the fourth quarter the year before.

Both revenues and profits declined in the wireline industry in the fourth quarter. Revenues fell 4.1% to nearly \$6.3 billion, the fourth straight year-over-year quarterly decline. Profits were down

7.5% to just over \$1.0 billion, the third straight drop. Stiff competition in the long-distance market, lower intra-industry revenues and the slow decline in the number of access lines exercised downward pressure on both revenues and profits.

The gradual slowdown in the year-over-year increase in the number of subscribers to wireless services during the last three years continued in the fourth quarter. The number of these subscribers rose 9.1% compared with the fourth quarter 2001, only half the average pace of 17.7% for the first three quarters.

The gradual transition to digital services also continued. Digital subscribers represented almost 76% of all subscribers to wireless services at the end of 2002, compared with 64% at the end of 2001 and 53% at the end of 2000.

Both the wireless and wireline industries sharply reduced their capital expenditures last year. For the year as a whole, these expenditures fell 21.6% in the wireline industry and 35.0% in the wireless industry.

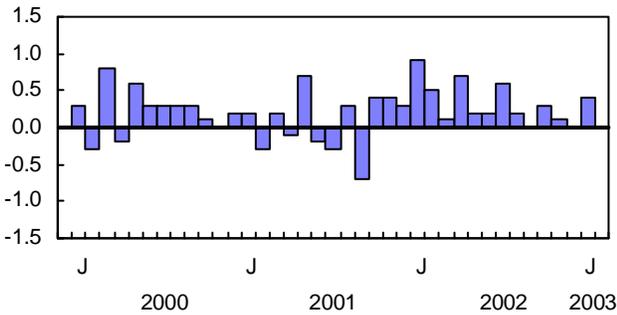
*The fourth quarter 2002 issue of **Quarterly telecommunications statistics** (Internet: 56-002-XIE, \$21/\$40) is now available. For more information, contact Cimeron McDonald (613-951-2741) or Jo Anne Lambert (613-951-6673), Science, Innovation and Electronic Information Division*



Current trends

Gross domestic product

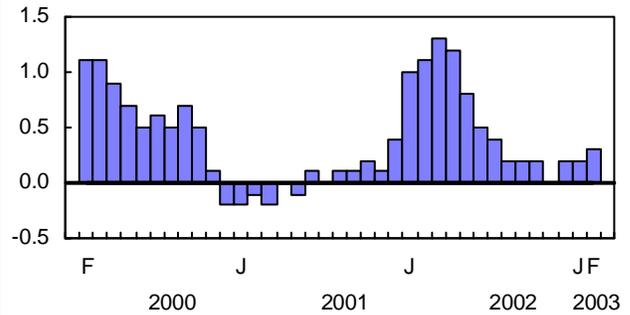
% change, previous month



Total economic activity rose 0.4% in January, after no gain in December.

Composite Index

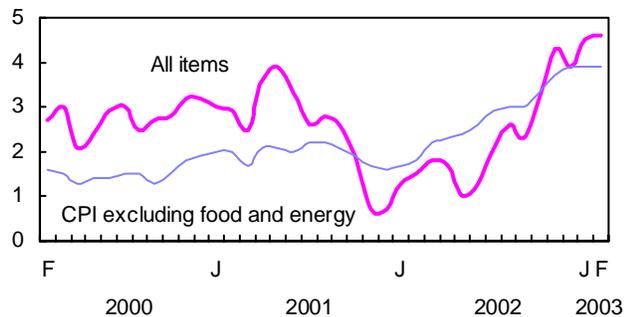
% change, previous month



The leading indicator grew 0.3% in February after rising 0.2% in January.

Consumer Price Index

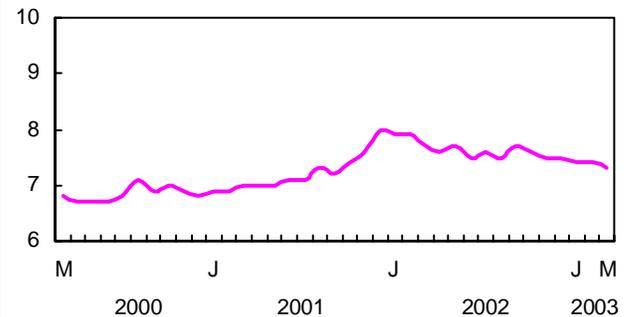
% change, previous year



Consumer prices for goods and services were 4.6% higher in February than they were a year earlier. Excluding food and energy, prices rose 3.9%.

Unemployment rate

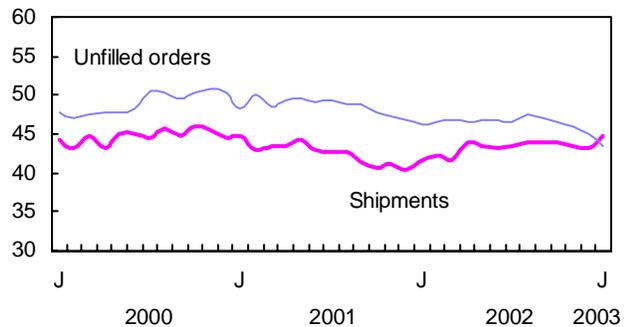
%



In March, the unemployment rate edged down 0.1 percentage points to 7.3%.

Manufacturing

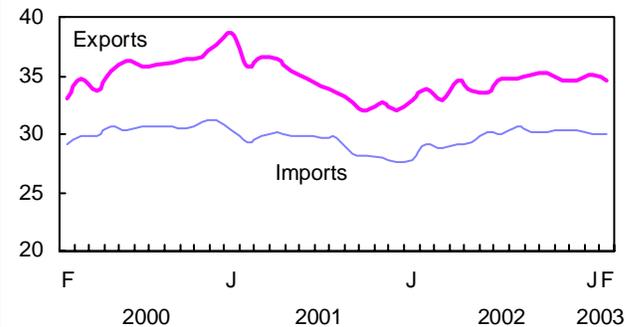
\$ billions



Manufacturers' shipments rose 3.7% in January to \$44.7 billion. The backlog of unfilled orders declined 3.3% to \$43.5 billion.

Merchandise trade

\$ billions



In February, the value of merchandise exports fell 1.6% to \$34.6 billion. Imports were unchanged at \$30.0 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	January	994.2	0.4%	3.5%
Composite Index (1992=100)	February	180.6	0.3%	5.7%
Operating profits of enterprises (\$ billions)	Q4 2002	41.9	5.1%	32.8%
Capacity utilization rate (%) ²	Q4 2002	82.9	-0.2†	2.5†
DOMESTIC DEMAND				
Retail trade (\$ billions)	January	26.0	0.7%	2.9%
New motor vehicle sales (thousands of units)	January	129.0	-14.1%	-11.8%
Wholesale trade (\$ billions)	January	36.8	1.8%	8.6%
LABOUR				
Employment (millions)	March	15.7	0.1%	2.9%
Unemployment rate (%)	March	7.3	-0.1†	-0.4†
Participation rate (%)	March	67.5	0.0†	0.9†
Average weekly earnings (\$)	January	687.44	-0.08%	1.83%
Help-wanted Index (1996=100)	March*	112.7	1.2%	-10.8%
Regular Employment Insurance beneficiaries (in thousands)	January	529.7	-3.3%	-5.6%
INTERNATIONAL TRADE				
Merchandise exports (\$ billions)	February	34.6	-1.6%	2.0%
Merchandise imports (\$ billions)	February	30.0	0.0%	2.8%
Merchandise trade balance (all figures in \$ billions)	February	4.6	-0.6	-0.1
MANUFACTURING				
Shipments (\$ billions)	February*	44.2	-0.9%	4.7%
New orders (\$ billions)	February*	43.7	1.6%	2.7%
Unfilled orders (\$ billions)	February*	43.0	-0.9%	-7.6%
Inventory/shipments ratio	February*	1.44	0.02	-0.04
PRICES				
Consumer Price Index (1992=100)	February	122.3	0.7%	4.6%
Industrial Product Price Index (1997=100)	February	109.2	0.6%	2.3%
Raw Materials Price Index (1997=100)	February	128.9	3.1%	22.6%
New Housing Price Index (1992=100)	February	113.8	0.6%	5.1%

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.

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Farming facts	2002	21-522-XPE	free
People, products and services, Agriculture Division	2003	21F0003GIE	free
Production of eggs	February 2003	23-003-XIB	free
ANALYTICAL STUDIES			
Overcoming distance, overcoming borders: Comparing North American regional trade		11F0027MIE2003008	free
Regional manufacturing employment volatility in Canada: The effects of specialization and trade		11F0027MIE2003005	free
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
International travel, advance information	February 2003	66-001-PIE	6/55
DEMOGRAPHY			
Population and family estimation methods at Statistics Canada		91-528-XIE	32
HEALTH STATISTICS			
General summary of vital statistics by local area	1999	84F0001XPB	20
Marriages — Shelf tables	1999	84F0212XPB	20
INTERNATIONAL TRADE			
Canadian international merchandise trade	February 2003	65-001-XIB	14/141
Exports by commodity	January 2003	65-004-XPB	78/773
Exports by commodity	January 2003	65-004-XMB	37/361
Imports by commodity	February 2003	65-007-XMB	37/361
Imports by commodity	February 2003	65-007-XPB	78/773
LABOUR STATISTICS			
Employment, earnings and hours	January 2003	72-002-XIB	24/240
MANUFACTURING, CONSTRUCTION AND ENERGY			
Industrial chemicals and synthetic resins	February 2003	46-002-XIE	5/47
Primary iron and steel	February 2003	41-001-XIB	5/47
Refined petroleum products	November 2002	45-004-XIB	16/155
Steel wire and specified wire products	February 2003	41-006-XIB	5/47
Supply and disposition of crude oil and natural gas	June 2002	26-006-XPB	19/186
PRICES			
Different perspectives on the rate of inflation, 1982-2000: The impact of homeownership costs		62F0014MPB	5
TRANSPORTATION			
Aircraft movements statistics	February 2003	51F0001PIE	free

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