



Infomat

A Weekly Review

Friday, June 20, 2003

INSIDE

◆ Canadian exports in decline

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◆ Business sector productivity slips

In spite of a slight strengthening in economic activities, business sector productivity edged down 0.2% in the first quarter compared with the fourth quarter of 2002. This was the third consecutive decline after six quarters in which labour productivity had either increased or remained stable.

◆ New motor vehicle sales down for second straight month

In April, the number of new motor vehicles sold declined for a second consecutive month. Sales fell 3.8% from March and reached the level they were at before the exceptional growth in the fall of 2001.

◆ Canadians are eating more than before

Canadians are consuming more of most nutrients, according to new nutrient consumption data available up to 2001. Energy consumed jumped 16.7% from 1991 to 2001 as consumption of cereals (primarily wheat-based products), along with oils and fats, rose sharply.

Manufacturing takes a hit

Following a strong first quarter, all major manufacturing indicators took a hit in April. Widespread decreases in manufacturing activity contributed to a 3.4% decline in shipments to \$43.0 billion. Inventories continued to edge up, while manufacturers reported an eighth consecutive decline in unfilled orders.

Fifteen of 21 industries, representing 68% of total shipments, pulled back production in April, underscored by the steep decline in prices of petroleum and coal products, coupled with the second drop in three months for the motor vehicle industry.

The resilience exhibited by the Canadian manufacturing sector since the start of 2002 will be put to the test in the months to come. The recent surge in the value of the Canadian dollar, coupled with the ongoing weakness of the US economy, may impact manufacturers that are highly dependent on export markets.

Seven provinces, led by Ontario, reported lower shipments in April. Decreases in motor vehicle and parts manufacturing, as well as in petroleum, contributed to a decline of almost \$1 billion (-4.0%) in Ontario's shipments.

(continued on page 2)

Manufacturers' shipments, April 2003

Seasonally adjusted

	\$ millions	% change, previous month
Canada	42,975	-3.4
Newfoundland and Labrador	185	1.4
Prince Edward Island	107	-0.3
Nova Scotia	730	-6.0
New Brunswick	1,092	-8.6
Quebec	10,078	-1.3
Ontario	22,799	-4.0
Manitoba	995	1.3
Saskatchewan	623	1.2
Alberta	3,567	-7.9
British Columbia	2,792	-0.6
Yukon, Northwest Territories and Nunavut	6	3.3



Manufacturing takes... (continued from page 1)

Petroleum and chemical products manufacturing contributed to a \$308 million (-7.9%) drop in Alberta's shipments in April. Shipments were \$3.6 billion, the lowest since October 2002. Manufacturers in Quebec posted a \$128 million (-1.3%) decline, which was concentrated in the petroleum and coal products industry.

Shipments of petroleum and coal products fell sharply in April, plunging 19.2% to \$2.9 billion, the lowest level since November.

Manufacturers of motor vehicles and parts put the brakes on new shipments. Manufacturing of motor vehicle parts fell 6.8% to \$2.5 billion, the third decline in a row. Motor vehicle manufacturing decreased 2.7% to \$5.5 billion in April, losing half the ground gained in March.

Finished-product inventories (+1.2%) contributed to a 0.6% rise in total inventories in April. Manufacturers' inventories hit \$64.1 billion, the highest level since August 2001, when economies were affected by the high-tech crash and general economic malaise.

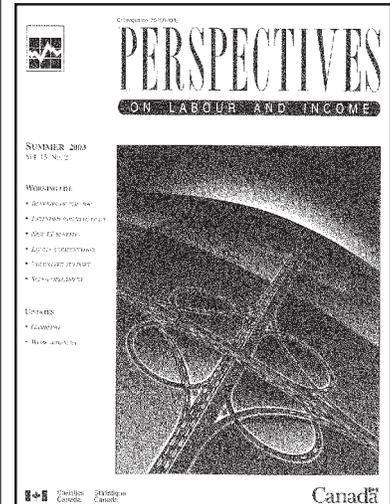
Rising inventories combined with the steep decline in shipments lifted the inventory-to-shipment ratio to 1.49, the highest level since December 2001. A higher ratio indicates some difficulty by manufacturers to clear inventories as a result of weakening demand.

Higher finished-product inventories contributed to an increase in the finished-product inventory-to-shipment ratio from 0.45 in March to 0.47 in April.

Unfilled orders, which fell 1.9% to \$41.8 billion in April, have been declining since the summer of 2002. Ongoing instability among the world's airlines contributed to further declines in unfilled orders for the aerospace products and parts industry, which fell 3.7% to \$13.2 billion. Also reporting fewer unfilled orders in April were the computer and electronic products industry (-3.6%), machinery (-1.7%) and fabricated metal products (-4.0%).

Following three consecutive increases, manufacturers reported fewer new orders in April. Declines were widespread, as new orders fell back 4.5% to \$42.2 billion, the lowest level since December 2002. Fewer orders for machinery, computers and motor vehicle parts contributed to April's drop.

*The April 2003 issue of the **Monthly Survey of Manufacturing** (Internet: 31-001-XIE, \$15/\$147) is now available. For more information, contact Russell Kowaluk (613-951-0600; kowarus@statcan.ca), Manufacturing, Construction and Energy Division. (See also "Current trends" on page 7.)*



Perspectives on labour and income

The summer 2003 issue of *Perspectives on labour and income* explores several aspects of non-wage compensation. "Benefits of the job" examines the variety of benefits commonly offered by employers, including medical and dental plans, private pension plans, and others. A related article, "Health-related insurance for the self-employed," looks at benefits from the perspective of the self-employed, discovering that they are less likely than employees to be covered by a health, dental or disability insurance plan.

Other articles include "Taking stock of equity compensation," which looks at this relatively new form of job benefit, and "Volunteering on company time," which suggests that more employers are giving their workers time off to volunteer. These articles have appeared previously in online editions of *Perspectives*. Rounding out the issue are two updated fact sheets on gambling and work absences, as well as a *What's new?* section.

*The summer 2003 issue of **Perspectives on labour and income** (paper: 75-001-XPE, \$18/\$58) is now available. For more information, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division.*

Canadian exports in decline

Canadian companies shipped exports worth \$33.7 billion in April, down 4.5% from March, the largest monthly decline since February 2001. Imports fell 1.3% to a 12-month low of \$29.6 billion. As a result, Canada's trade surplus with the rest of the world fell from \$5.3 billion in March to \$4.1 billion in April, the lowest level since December 2002.

Exports to the United States, which accounted for 83% of the total, fell 4.5% to \$28.1 billion. Imports from the United States fell 0.8% to \$20.5 billion, accounting for most of the total drop. The trade surplus with the United States, consequently, fell by \$1.1 billion to \$7.6 billion.

Energy exports accounted for most of the total drop in merchandise exports, as prices fell from nearly a two-year high.

The end of colder-than-normal weather in eastern North America, as well as a resolution to the war in Iraq, eased the upward pressure that had been on energy prices in the first quarter. Exports of energy products dropped 18.6% to \$5.4 billion in April, the first decline following four straight monthly increases. A drop in crude petroleum exports accounted for more than one-third of the decline in total exports.

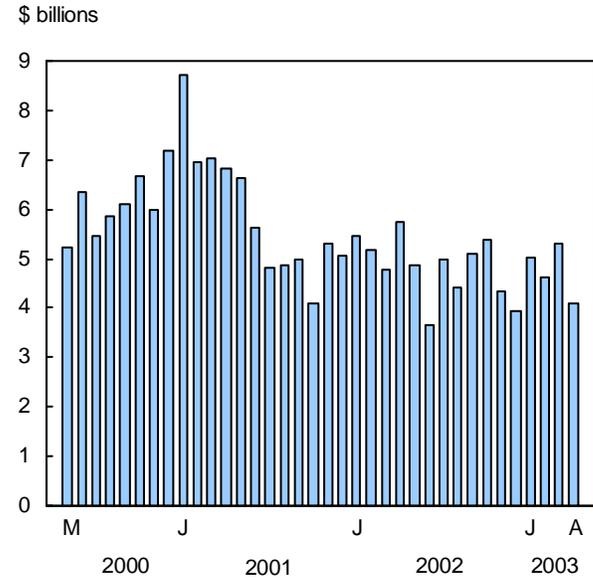
Exports of automotive products fell 2.6% to \$7.3 billion in April. Exports of motor vehicle parts decreased 6.2% to \$2.2 billion, with most of the decline resulting from lower US assembly plant production. Passenger automobile exports decreased 2.9% to \$3.6 billion. Exports of trucks and other motor vehicles rose 4.7% to \$1.4 billion.

Exports of forestry products fell 1.9% in April to \$2.8 billion. Lumber and sawmill product exports fell 6.3% to \$1.2 billion, the fourth monthly decline in a row.

Exports in the largest sector, machinery and equipment, declined 0.5% to \$7.7 billion. Widespread declines in most machinery and equipment sub-sectors, from high-tech office equipment and telecommunications to heavy industrial and agricultural machinery, overshadowed the lone bright light in exports — aircraft and other transportation equipment, which rose 8.7% to just under \$2.0 billion.

Imports in Canada's largest import sector, machinery and equipment, decreased 3.6% to \$8.2 billion, the lowest level since March 1998.

Trade balance



Automotive product imports declined 2.6% to \$6.6 billion in April. Motor vehicle parts imports destined for Canadian auto assembly plants decreased 4.2% to \$3.3 billion. Imports of passenger autos fell 4.0% to \$2.2 billion, the result of a drop in domestic sales of cars in April. Bucking the trend, imports of trucks and other motor vehicles increased 5.6% to \$1.1 billion in response to stronger domestic truck sales.

As the cold weather and tensions in the Middle East abated in April, prices for imported energy products subsided from the record levels recorded in March. With lower prices, increased volume resulted in imports of energy products rising 6.4% to \$2.2 billion. Crude petroleum imports rose 7.5% to \$1.6 billion.

The April 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 7.)

Business sector productivity slips

In spite of a slight strengthening in economic activities, business sector productivity edged down 0.2% in the first quarter compared with the fourth quarter of 2002. This was the third consecutive decline after six quarters in which labour productivity had either increased or remained stable. This represents the longest series of declines since the recession of the early 1990s.

In the first quarter, production grew at the same rate in Canadian and American businesses. This 0.5% quarterly increase put an end to the gradual deceleration that started in the first quarter of 2002 in Canada and the third quarter of 2002 in the United States. Consumer spending and residential capital investments were largely responsible for the production growth in the two countries.

However, the performance of the Canadian job market has been much better than the sluggish American job market over the last two years. Hours worked in Canada increased 0.6%, the sixth consecutive quarterly increase. This rate was about equal to the average seen over the past year (+0.7%).

In contrast, hours worked in American businesses declined 0.6% in the first quarter, after increasing slightly (+0.4%) in the fourth quarter of 2002. Apart from this fourth quarter increase, hours worked have declined in the United States since the second quarter of 2001.

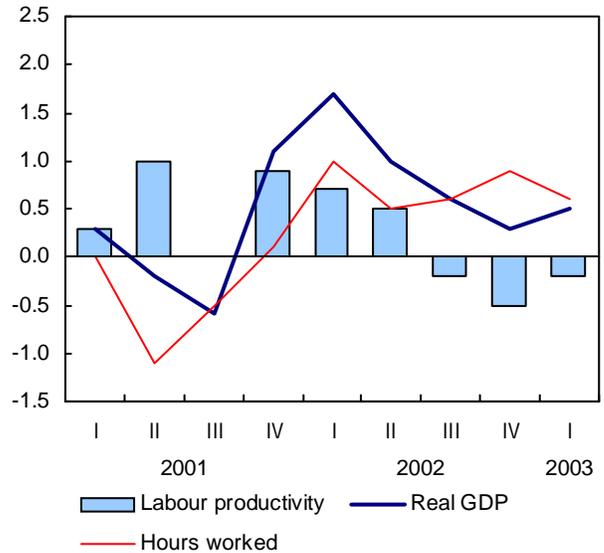
As a result of falling output growth but continued growth in the hours worked, Canada's growth in productivity remained anemic in the first quarter. Meanwhile, in the United States, productivity growth was up 0.6%, primarily because of a decrease in hours worked. The difference between Canadian and American productivity growth rates for the first quarter is attributable to differences in labour market performance, since the production growth rate was identical in both countries.

Unit labour cost increased dramatically in Canada because of the appreciation of the exchange rate. As a consequence of the 5.3% increase in the value of the Canadian dollar in the first quarter compared with the first quarter of 2002, US businesses saw their unit costs decline relative to their Canadian competitors in the first quarter. Measured in American dollars, unit labour costs rose a hefty 7.8% in Canada, compared with only 0.9% in the United States in the first quarter on an annual basis.

With the exception of 2002, recent revisions in Canada have reduced the Canada-US productivity gap. In the last four years, the United States has revised its preliminary productivity estimates downward substantially, whereas Canada has revised its estimates upward.

Productivity in the business sector

Quarterly % change



Once again this year, Canadian data were generally revised upward. The 1999-2002 revisions have had the effect of increasing Canada's productivity growth rate for 2000 and 2001 and reducing it for 2002; the growth rate for 1999 was not affected.

In 2000, the productivity growth rate in Canada was revised upward, increasing from 2.1% to 3.1%. This revision leaves Canada's productivity growth slightly higher than the growth rate in the United States (3.0%) for the same year. The Canadian rate was also revised upward in 2001, resulting in a reduction in the gap from -0.3 percentage points in favour of the United States to 0.1 percentage points in favour of Canada.

In contrast, productivity growth in Canada for 2002 has been revised down from 2.2% to 1.8%, increasing the gap with US businesses from 2.6 to 3.0 percentage points. While these revised data suggest that Canada has trailed the United States in productivity and unit labour cost performance in 2002, this result should be treated with caution because of the nature of the revisions that have been occurring.

For more information, contact Jean-Pierre Maynard (613-951-3654; maynard@statcan.ca), Micro-Economic Analysis Division.

Canadians are eating more than before

Canadians are consuming more of most nutrients, according to new nutrient consumption data available up to 2001. Energy consumed jumped 16.7% from 1991 to 2001 as consumption of cereals (primarily wheat-based products), along with oils and fats, rose sharply. Carbohydrates consumed escalated 15.3%, while fat intake climbed 22.5%. Protein levels, with meat remaining the major source, have also risen since the mid-1990s.

Canadians are also including more cereal products, low-fat milk, cream and poultry in their diets, according to data on the amount of food consumed.

The diet of Canadians now includes more pasta, bakery products and cereal-based snacks. This hefty demand has resulted in the consumption of grain-based products reaching 65.6 kilograms per person in 2002, up substantially from 53.3 kilograms per person a decade ago.

Lower-fat milks still appear to be the popular choice among consumers over higher-fat milk. Canadians are drinking 26.7 fewer litres per person of higher-fat milk than they did 30 years ago. Lower-fat varieties such as 1% and skim milk continue to grab higher market shares.

However, Canadians have not abandoned higher-fat products entirely. Cream continues to show a surge in popularity, as consumption in 2002 reached 5.3 litres per person, up just over 1 litre per person from a decade ago. This growth is in line with the increasing consumption of coffee in recent years, especially from food service establishments.

Red meat consumption totalled 27.1 kilograms per person in 2002, down from 27.6 kilograms in 2001. This decrease is due mainly to declining beef and pork consumption. Beef consumption fell 2.2% to 13.3 kilograms per person. Pork consumption, at just over 12.0 kilograms per person in 2002, dropped 2.5% from 2001. A surge in exports, fuelled by strong demand for Canadian pork in the United States and Japan, offset increased supplies.

In 2002, poultry consumption reached 13.6 kilograms per person, up 23.5% from a decade ago. Each Canadian consumed more than 11.0 kilograms of chicken. The ongoing popularity of easy-to-prepare and ready-to-eat chicken products with time-conscious consumers has contributed to the overall increased intake of chicken. Despite the growth in chicken consumption, beef remains the most popular choice of meat for Canadians.

*Food statistics (21-020-XIE, free) is now available on Statistics Canada's website (www.statcan.ca). **Food consumption in Canada, Part I** (Internet: 32-229-XIB, \$26) will be available soon. For more information, contact Conrad Ogrodnik (1-800-465-1991; 613-951-2860), Agriculture Division.*

Investment in residential construction shows impressive growth

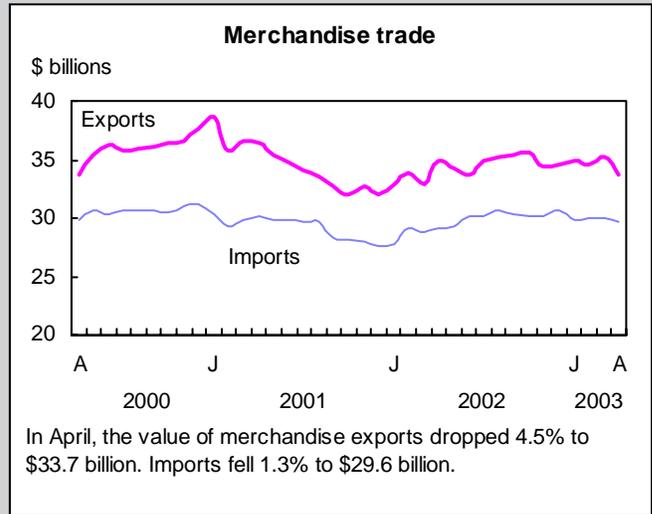
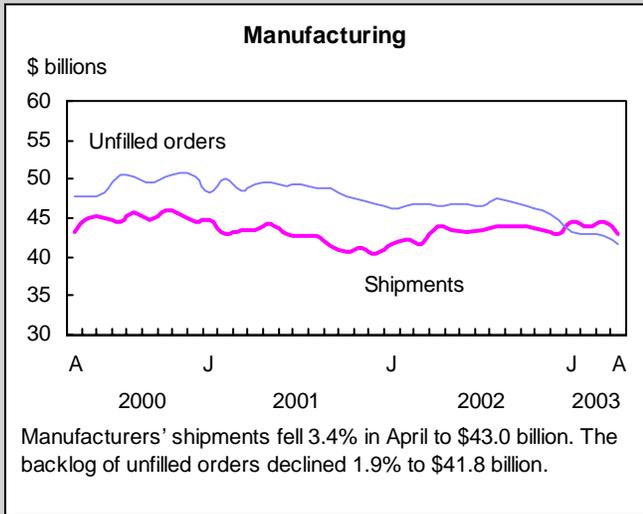
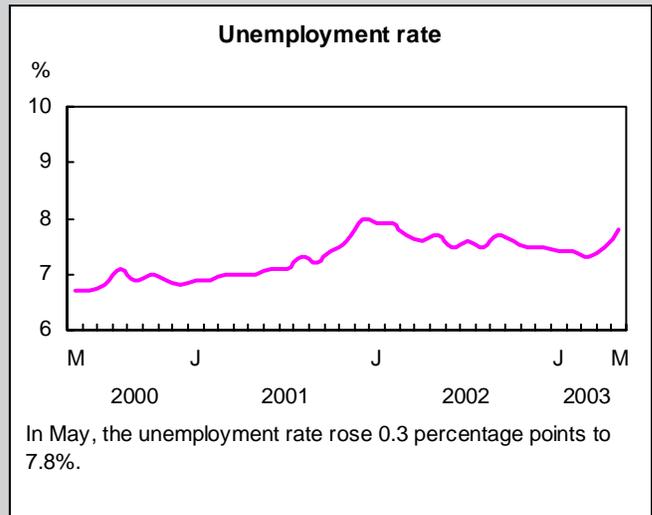
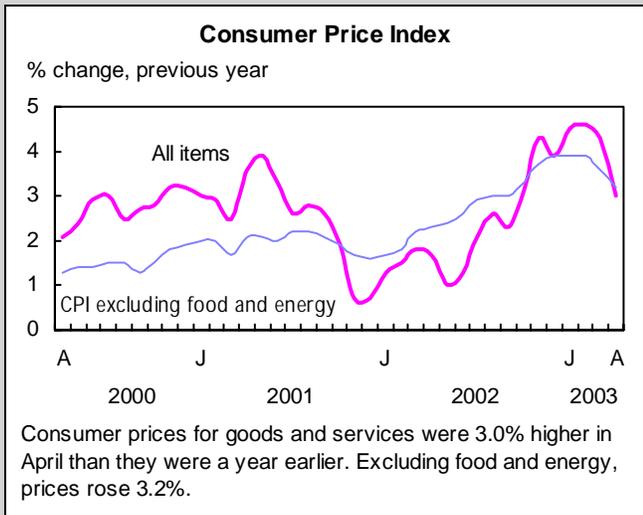
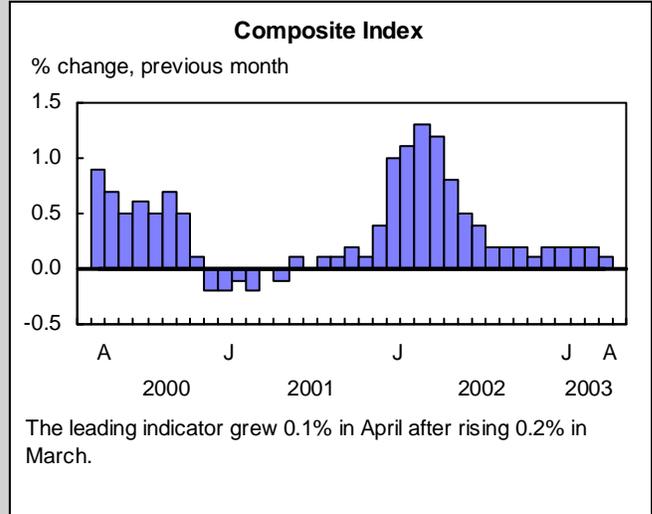
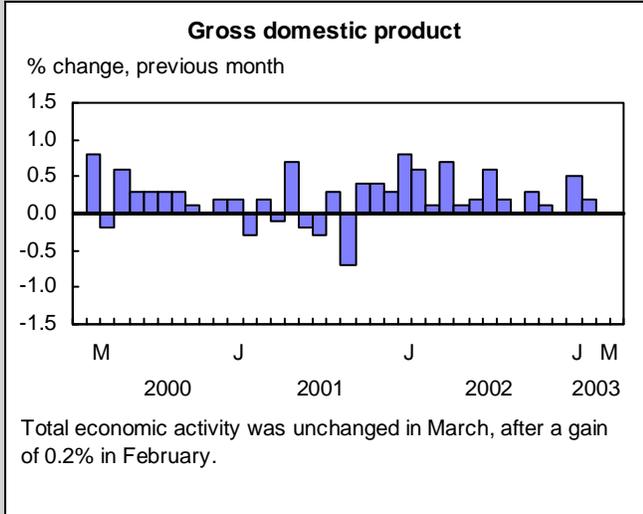
The value of investment in the housing sector reached \$12.1 billion in the first quarter of this year, up 15.9% from the first quarter of 2002. Of the three components of residential construction investment (new housing, renovations and acquisition costs), increased expenditures on new housing accounted for much of the gain.

Investment in new housing reached \$6.3 billion in the first quarter, up an impressive 23.3% from the first quarter of 2002. This growth is largely related to expenditures for the construction of new single-family homes, which climbed 25.4% to \$4.3 billion. Investment for apartments also increased, but to a lesser extent (+22.7% to \$1.2 billion).

At the provincial level, Quebec registered the largest gain in dollar terms (+26.5% to \$2.4 billion), owing to substantial increases in expenditures for the construction of single family homes and apartments. Ontario posted the second strongest performance, with a gain of 9.9% to \$4.9 billion.

For more information, contact Michel Labonté (613-951-9690; labomic@statcan.ca), Investment and Capital Stock Division.

Current trends



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	March	995.7	0.0%	3.2%
Composite Index (1992=100)	April	181.1	0.1%	3.4%
Operating profits of enterprises (\$ billions)	Q1 2003	42.9	10.6%	26.6%
Capacity utilization rate (%) ²	Q1 2003	82.8	0.3†	1.2†
DOMESTIC DEMAND				
Retail trade (\$ billions)	March	26.4	-0.7%	4.7%
New motor vehicle sales (thousands of units)	April	132.5	-3.8%	-7.4%
Wholesale trade (\$ billions)	March	36.6	-0.5%	8.0%
LABOUR				
Employment (millions)	May	15.7	-0.1%	2.3%
Unemployment rate (%)	May	7.8	0.3†	0.1†
Participation rate (%)	May	67.5	0.1†	0.7†
Average weekly earnings (\$)	March	685.78	-0.03%	1.32%
Regular Employment Insurance beneficiaries (in thousands)	March	535.2	0.7%	-2.8%
INTERNATIONAL TRADE				
Merchandise exports (\$ billions)	April*	33.7	-4.5%	-3.3%
Merchandise imports (\$ billions)	April*	29.6	-1.3%	1.7%
Merchandise trade balance (all figures in \$ billions)	April*	4.1	-1.2	-1.7
MANUFACTURING				
Shipments (\$ billions)	April*	43.0	-3.4%	-2.3%
New orders (\$ billions)	April*	42.2	-4.5%	-3.5%
Unfilled orders (\$ billions)	April*	41.8	-1.9%	-10.4%
Inventory/shipments ratio	April*	1.49	0.06	0.08
PRICES				
Consumer Price Index (1992=100)	April	121.9	-0.7%	3.0%
Industrial Product Price Index (1997=100)	April	107.6	-1.4%	-0.1%
Raw Materials Price Index (1997=100)	April	116.2	-6.5%	3.4%
New Housing Price Index (1992=100)	April	114.3	0.4%	4.5%

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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Products released from June 12 to 18, 2003

SUBJECT AREA Title of product	Period	Catalogue number	Price (\$) (issue/subscription)
AGRICULTURE			
Food statistics	2002	21-020-XIE	free
Rural and small town Canada analysis bulletin	1981–1996	21-006-XIE	free
CANADIAN CENTRE FOR JUSTICE STATISTICS			
Child and spousal support: Maintenance Enforcement Survey statistics	2001/02	85-228-XIE	27
DISTRIBUTIVE TRADES			
New motor vehicle sales	April 2003	63-007-XIB	13/124
HEALTH STATISTICS			
Causes of death	2000	84-208-XIE	free
INTERNATIONAL TRADE			
Exports, merchandise trade	2002	65-202-XMB	103
Exports, merchandise trade	2002	65-202-XPB	258
Imports by commodity	April 2003	65-007-XMB	37/361
Imports by commodity	April 2003	65-007-XPB	78/773
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS			
Perspectives on labour and income	Summer 2003	75-001-XPE	18/58
MANUFACTURING, CONSTRUCTION AND ENERGY			
Industrial chemicals and synthetic resins	April 2003	46-002-XIE	5/47
Monthly Survey of Manufacturing	April 2003	31-001-XIE	15/147
Particleboard, oriented strandboard and fibreboard	March 2003	36-003-XIB	5/47
Particleboard, oriented strandboard and fibreboard	April 2003	36-003-XIB	5/47
Primary iron and steel	April 2003	41-001-XIB	5/47
Production and shipments of steel pipe and tubing	April 2003	41-011-XIB	5/47
Steel wire and specified wire products	April 2003	41-006-XIB	5/47
Supply and disposition of crude oil and natural gas	September 2002	26-006-XPB	19/186
Supply and disposition of crude oil and natural gas	October 2002	26-006-XPB	19/186
PRICES			
Capital expenditure price statistics	Q4 2002	62-007-XPB	24/79
Industry price indexes	April 2003	62-011-XIE	17/163
Industry price indexes	April 2003	62-011-XPE	22/217
PUBLIC INSTITUTIONS			
Public sector statistics — Supplement	2002/03	68-213-SIE	free
SCIENCE, INNOVATION AND ELECTRONIC INFORMATION			
Broadcasting and telecommunications	Vol. 33, no. 1	56-001-XIE	10/32

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