Catalogue 11-002-XIE (Français 11-002-XIF) ISSN 1209-0867

Infomat

A Weekly Review

Friday, August 8, 2003

INSIDE

- **Manufacturing sector expected to remain sluggish**

  Concerned with lower levels of unfilled orders and larger finished product inventories, manufacturers did not expect to crank up production in the coming three months. In July 2003, 22% of manufacturers stated they would decrease production in the third quarter.

- **Jump in building permits value**

  Municipalities issued building permits at a record pace during the first six months of 2003. Builders took out a record $24.9 billion worth of permits in total from January to June, an 8.0% jump from the same six months of 2002.

- **Families with disabled children report lack of adequate assistance**

  Parents of 84,000 children with disabilities reported that their child's condition affected their family's employment situation. Many of them reported that they were not getting the help they needed with their child's condition.

Economy scratches out small gain in May

Canada's economy scratched out a small gain in May, but not enough to erase the previous month's sharp decline.

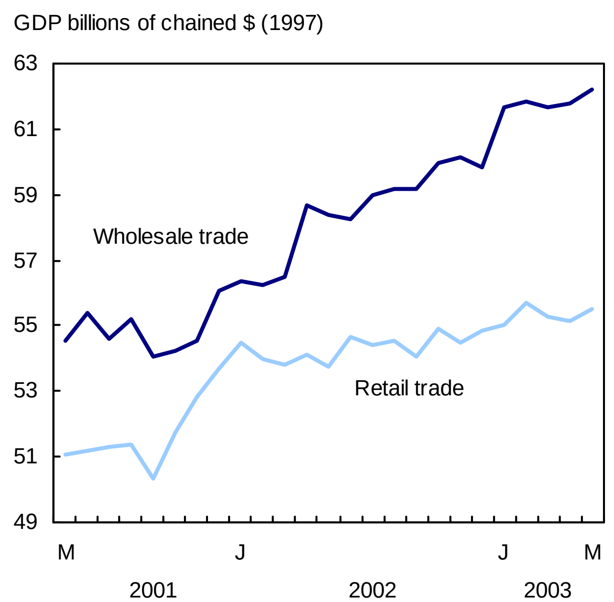
Gross domestic product edged up 0.1%, after experiencing a 0.2% setback in April, which was its first contraction since the terrorist attacks of September 11, 2001.

Mad cow disease, SARS and the soaring Canadian dollar all had an impact on the GDP data for May.

The main bright spot was an 8.4% surge in sales of motor vehicles, which boosted the retailing and wholesaling sectors. In addition, the agricultural sector benefited from increased crop production, as weather conditions continued to improve in Western Canada after two years of severe drought.

(continued on page 2)

Wholesale and retail trade



Economy scratches out... *(continued from page 1)*

On the other hand, food manufacturers were adversely affected by the May 20 discovery of one case of BSE — bovine spongiform encephalopathy, or mad cow disease — which closed most of the international export market for Canadian beef.

Many farmers held back their slaughter cattle, thereby reducing output at meat-packing plants. Production levels fell 9.3% in the animal slaughtering industry, and 7.9% in the meat processing industry.

Industrial production, which includes manufacturing, mining and utilities, fell a further 0.3%, the fourth decrease in as many months, as all components registered a decline in May.

(Comparable American statistics on industrial production showed a 0.1% increase in May, after two consecutive substantial monthly declines. On a quarterly basis, the U.S. economy came back to life between April and June, growing at a 2.4% annual rate, according to the U.S. Department of Commerce. The big contributors to second-quarter growth were personal spending, government defence spending and investments in both residential and non-residential buildings.)

The stronger Canadian dollar had a major impact in May on manufacturers, whose output fell 0.4% on the heels of a 0.5% decline in April. This resulted in their lowest output levels since March 2002.

Manufacturers of exported goods faced lower demand as a result of price increases because of the dollar, which rose almost 5% against the U.S. greenback in May. Substantial reductions in the production of food, paper, wood and fabricated metal products were responsible for the bulk of the weakness in the manufacturing sector.

However, some sectors hit hard in April by the outbreak of SARS, such as the tourism industry, staged a partial recovery, while others reported so-so results.

Output in the restaurant industry rose 1.1% in May following a 1.3% decline the month before. Restaurant sales in Ontario jumped 3.4% after declining 3.8% in April. Other tourism-related industries reported slight gains in May: performing arts and spectator sports (+3.6%), taxi and limousine services (+1.1%) and car rental agencies (+0.8%).

In contrast, activity levels in the hotel industry were virtually unchanged from April's levels. Another decline in the occupancy rate for Toronto hotels was offset by increases for most other major markets, particularly Vancouver, Ottawa and Montreal.

For more information, contact Jo Ann MacMillan (613-951-7248; joann.macmillan@statcan.ca), Industry Measures and Analysis Division. (See also "Current trends" on page 6.)

Canadian Tobacco Use Monitoring Survey

The prevalence of smoking in Canada has shown a slight decrease in 2002. Although the change is not statistically significant, this prevalence continues the downward trend observed in recent years.

An estimated 21% of the population aged 15 years and older, were smokers in 2002, down from 22% in 2001. Men outnumbered women by a small margin. Smoking rates for youth have not changed significantly since 2001. The proportion of smokers aged 15 to 19 years was 22% in 2002, and 31% for young adults aged 20 to 24.

The vast majority of current smokers (82%) smoked daily. In 1985, daily smokers consumed an average of 21 cigarettes per day. Since then, the number of cigarettes smoked has been gradually declining, falling to 16 per day in 2002.

Of women aged 20 to 44 who were pregnant in the five years prior to the survey, 11% smoked regularly during their most recent pregnancy. This was down from the 19% reported in the 1995 Survey on Smoking in Canada.

For more information, contact Jirina Vlk (613-957-2988; jirina_vlk@hc-sc.gc.ca), Health Canada, or visit the Tobacco Control Programme website (www.gosmokefree.ca/ctums).

Manufacturing sector expected to remain sluggish

Concerned with lower levels of unfilled orders and larger finished product inventories, manufacturers did not expect to crank up production in the coming three months.

In early July 2003, more manufacturers cited the appreciation of the Canadian dollar as a concern. Furthermore, bovine spongiform encephalopathy (BSE or mad cow disease) affected everything from meat packing plants, to animal food manufacturers and suppliers to these industries.

In July, 22% of manufacturers stated they would decrease production in the third quarter, while 20% expected to increase production, a slight rise from the previous quarter. Producers in the transportation equipment, petroleum and coal products and primary metal industries were the major contributors to the increase.

More than one third (34%) of manufacturers said their level of unfilled orders was lower than normal and only 6% said it was higher than normal. Nineteen of the 21 major industry groupings were pessimistic, led by the transportation equipment, computer and electronic product and fabricated metal product industries.

Fewer manufacturers were concerned with the level of orders received. The proportion of manufacturers who stated that orders were declining fell to 22% in July from 26% in April. Again, producers in the transportation equipment, computer and electronic product, primary metals industries were the major contributors to the rise in the level of orders received.

In contrast, manufacturers were preoccupied with the current level of finished product inventories. In July, 72% of manufacturers reported that the level was about right, down 8% from April. Finished product inventories posted a 0.3% increase to over $20 billion, their highest level since June 2001.

The lower levels of unfilled orders and larger finished products inventories had a slight impact on employment prospects. Whereas 80% of manufacturers stated that they would keep or add to their workforce, 20% indicated that they expected to decrease employment in the coming quarter.

Fore more information, contact Claude Robillard (613-951-3507; claude.robillard@statcan.ca), Manufacturing, Construction and Energy Division.

Manufacturers' expectations and business conditions
Seasonally adjusted

	July 2002	October 2002	January 2003	April 2003	July 2003
	% of manufacturers who said				
Volume of production in next three months will be:					
About the same as in previous three months	69	66	63	51	58
Higher	20	17	23	19	20
Lower	10	17	14	30	22
Orders received are:					
About the same	60	55	71	64	64
Rising	22	27	15	10	14
Declining	18	18	14	26	22
Backlog of unfilled orders is:					
About normal	70	74	70	66	60
Higher than normal	14	8	12	7	6
Lower than normal	16	18	18	27	34
Finished-product inventory is:					
About right	80	78	83	80	72
Too low	6	5	4	3	4
Too high	14	18	13	17	24
Employment in next three months will:					
Change little from previous three months	72	72	74	69	67
Increase	13	13	13	13	13
Decrease	15	15	13	18	20

International trade in culture goods

Canada's trade deficit in culture goods widened for the first time in five years in 2002, as the growth in imports far exceeded gains in exports.

Canada sold a record $2.3 billion worth of culture goods to the world, up 3.8% from 2001, the slowest rate of growth in four years. However, it also imported a record $3.6 billion in culture goods, up 6.5%. This was the first increase since 1998. As a result, the country's deficit in culture trade widened from $1.2 billion in 2001 to $1.3 billion in 2002. However, this was still well below the most recent high of $1.9 billion reached in 1997.

The United States dominated Canada's international market for culture goods, accounting for 96% of exports and 80% of imports. In terms of exports, Canada continued to lose business in European markets, particularly the United Kingdom and France, as well as in Japan.

For more information, contact Jamie Carson (613-951-1094; carsjam@statcan.ca), Culture, Tourism and the Centre for Education Statistics.

Jump in building permits value

Municipalities issued building permits at a record pace during the first six months of 2003, despite volatility in construction intentions from one month to the next.

The value of building permits rose 4.3% to $4.3 billion in June, the only third monthly increase so far this year.

Even so, builders took out a record $24.9 billion worth of permits in total from January to June, an 8.0% jump from the same six months of 2002. This signals strong activity on construction sites for some time to come.

June's gain came on the heels of strong increases in both residential and non-residential permits.

Builders took out $2.6 billion dollars worth of residential permits, up 4.6% from May and just short of the record $2.8 billion total in January. June's gain took the year-to-date residential total to a record $15.1 billion, 4.3% higher than the same six months of 2002.

The country's residential sector continued to perform at a torrid pace, setting records for both single-family and multi-family permits for the first half of the year.

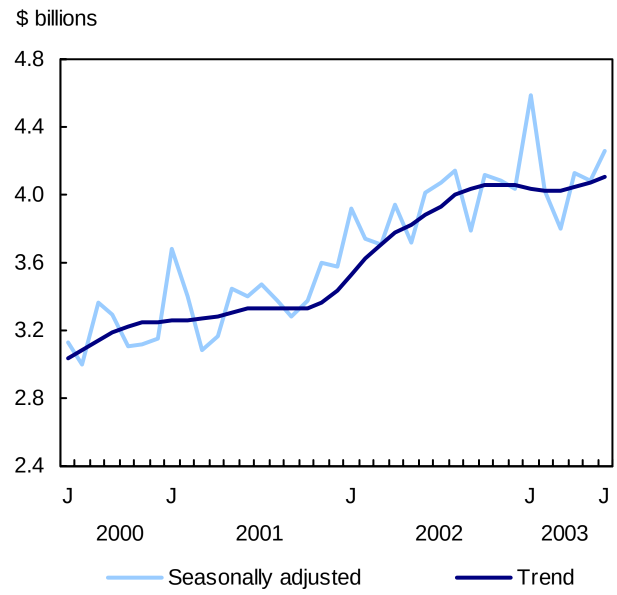
The six-month total for single-family permits hit a record $10.7 billion, up 2.2% from the first half of 2002. In June alone, builders took out $1.8 billion worth of permits for single-family homes, up 4.3% from May.

The residential sector's vibrancy appears to underscore consumer confidence in investment in housing. Modest mortgage rates and a generally favourable job environment have encouraged people to abandon rental accommodations in favour of home ownership.

On the non-residential side, municipalities issued $1.7 billion in permits in June, up 3.9% from May, largely the result of an increase in the value of permits in the medical field. On a year-to-date basis, non-residential construction intentions reached a record $9.8 billion, a strong growth of 14.3% from the first six months of 2002.

Construction intentions in the institutional sector increased 18.7% to $617 million, offsetting declines in the industrial and commercial sectors.

Total value of building permits



The value of commercial permits fell 1.2% to $785 million, the second straight monthly decline and the fourth in six months. In addition, the industrial component fell 8.7% to $269 million, its lowest level this year.

Declining intentions for manufacturing projects were responsible for much of the slowdown. Weak export demand this year in the manufacturing sector as well as the rise in the vacancy rate could partly explain investors' caution.

In contrast, the institutional permit value recorded the strongest increase for the first six months of 2003, with an upswing of 18.9% to $3.1 billion.

The June 2003 issue of ***Building permits*** *(Internet: 64-001-XIE, $14/$145) is now available. For more information, contact Erik Dorff (613-951-4901; erik.dorff@statcan.ca), Investment and Capital Stock Division.*

Families with disabled children report lack of adequate assistance

An estimated 155,000 Canadian children between five and 14 years old (4% of children of this age group) had some form of activity limitation in 2001. Many of their parents reported that they were not getting the help they needed with their child's condition.

About 89,000 of these children (57%) experienced mild to moderate disabilities. The remaining 66,000 experienced severe to very severe disabilities.

One in four children with disabilities received help with everyday activities including personal care, such as bathing, dressing, feeding, or moving about within the home. Most children who received help (85%) had severe to very severe disabilities.

Parents of 84,000 children with disabilities (54%) reported that their child's condition affected their family's employment situation. Parents reported needing shorter or different work hours in order to take care of the child.

Not surprisingly, the more severe the child's disability, the greater the impact on the family situation.

Among children with mild to moderate disabilities, about 40% had family members who experienced an impact on their employment situations. However, among children with severe to very severe disabilities, this proportion almost doubled to 73%. In all cases, the employment situation of mothers was the likeliest to be affected.

About six out of every 10 children with disabilities required some form of specialized aids, such as hearing aids, wheelchairs, leg or arm braces, voice amplifiers, Sign language interpreters, and tutors.

The more severe the child's disability, the more likely the child required specialized aids. About one half of children requiring specialized aids did not have all the aids they needed. The proportion of children who had difficulties getting access to specialized aids increased with the severity of their disabilities.

Cost was a contributing factor to these children's lack of access to specialized aids. More than one-half (55%) did not have all the aids they needed because of the cost. In about 44% of cases, parents reported lacking the insurance coverage needed for the specific aids.

Note to readers

Children with mild to moderate disabilities include those whose health condition causes some activity limitations, such as, children who experience some or a lot of difficulty walking, or moving their hands. Those with severe to very severe disabilities include children with multiple significant disabilities, or children with a total loss of function, such as those who cannot walk or those with a total loss of sight.

Impacts of the child's condition on the family's employment situation, by severity of disability of children with disabilities aged 5 to 14

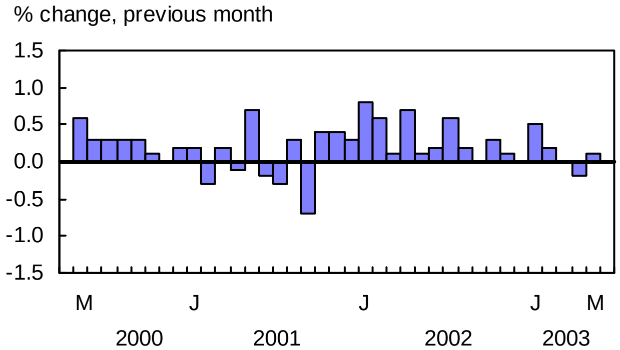
	2001[1]					
	Severity of disability					
			Mid to moderate		Severe to very Severe	
	Total[2]	%	Number	%	Number	%
Total children with disabilities aged 5 to 14	**154,720**	**100.0**	**88,690**	**100.0**	**66,030**	**100.0**
Children with impacts on family employment	83,720	54.1	35,800	40.4	47,920	72.6
Impacts on employment situation[3]						
Worked fewer hours	51,940	33.6	21,130	23.8	30,800	46.6
Changed work hours	48,890	31.6	19,900	22.4	28,980	43.9
Not taken a job in order to take care of the child	42,980	27.8	15,180	17.1	27,800	42.1
Quit working	29,830	19.3	10,120	11.4	19,710	29.9
Turned down a promotion or a better job	26,380	17.1	9,190	10.4	17,180	26.0

1 *The population excludes persons living in institutions, on Indian reserves, and in the Yukon, Northwest Territories and Nunavut.*
2 *The sum of the values for each category may differ from the total due to rounding.*
3 *Respondents could report more than one impact.*

The article "Children with disabilities and their families" (Internet: 89-585-XIE, free) is now available on Statistics Canada's website (www.statcan.ca). For more information, contact Behnaz Behnia (613-951-4366; behnaz.behnia@statcan.ca), Housing, Family and Social Statistics Division.

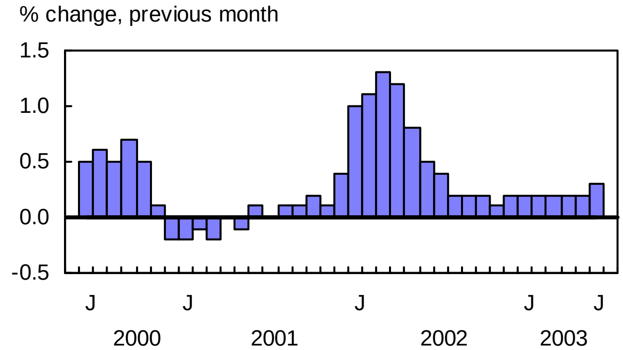
Current trends

Gross domestic product



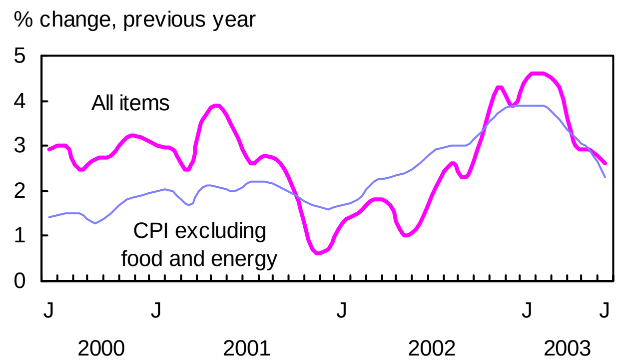
Total economic activity rose 0.1% in May, after dropping 0.2% in April.

Composite Index



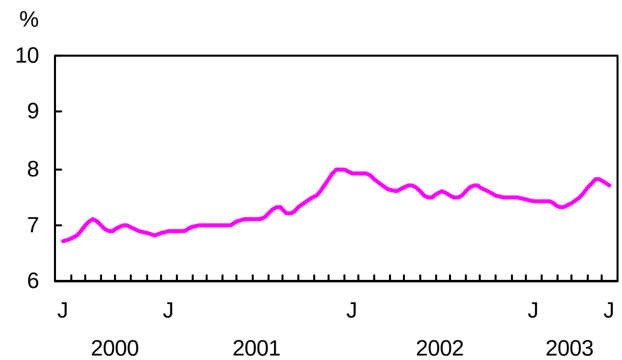
The leading indicator grew 0.3% in June after rising 0.2% in May.

Consumer Price Index



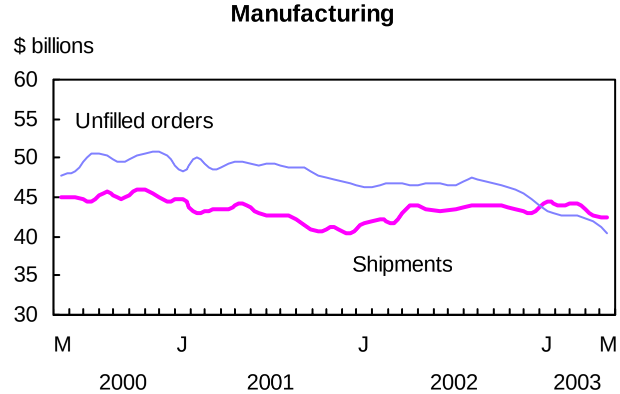
Consumer prices for goods and services were 2.6% higher in June than they were a year earlier. Excluding food and energy, prices also rose 2.3%.

Unemployment rate



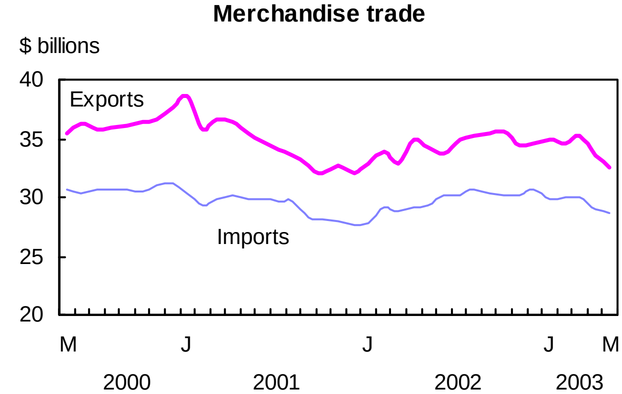
In June, the unemployment rate fell 0.1 percentage points to 7.7%.

Manufacturing



Manufacturers' shipments fell 0.8% in May to $42.4 billion. The backlog of unfilled orders declined 3.4% to $40.5 billion.

Merchandise trade



In May, the value of merchandise exports dropped 2.8% to $32.6 billion. Imports fell 1.1% to $28.6 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]	May	992.5	0.1%	1.8%
Composite Index (1992=100)	June	181.5	0.3%	2.3%
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)	May	26.2	0.3%	4.0%
New motor vehicle sales (thousands of units)	May	144.3	8.4%	-0.9%
Wholesale trade ($ billions)	May	35.9	0.2%	3.7%
LABOUR				
Employment (millions)	June	15.7	0.3%	2.2%
Unemployment rate (%)	June	7.7	-0.1†	0.2†
Participation rate (%)	June	67.5	0.0†	0.7†
Average weekly earnings ($)	May	691.38	0.7%	1.8%
Regular Employment Insurance beneficiaries (in thousands)	May	561.4	2.7%	0.3%
INTERNATIONAL TRADE				
Merchandise exports ($ billions)	May	32.6	-2.8%	-4.5%
Merchandise imports ($ billions)	May	28.6	-1.1%	-2.3%
Merchandise trade balance (all figures in $ billions)	May	4.0	-0.6	-0.9
MANUFACTURING				
Shipments ($ billions)	May	42.4	-0.8%	-2.2%
New orders ($ billions)	May	41.0	-2.5%	-5.7%
Unfilled orders ($ billions)	May	40.5	-3.4%	-13.3%
Inventory/shipments ratio	May	1.49	0.00	0.07
PRICES				
Consumer Price Index (1992=100)	June	122.1	0.1%	2.6%
Industrial Product Price Index (1997=100)	June	103.9	-1.0%	-2.7%
Raw Materials Price Index (1997=100)	June	114.3	1.2%	3.2%
New Housing Price Index (1992=100)	May	116.0	0.6%	4.4%

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

Published by the Official Release Unit, Communications Division, Statistics Canada, 10th floor, R.H. Coats Bldg., Ottawa, Ontario, K1A 0T6.

Price per issue: paper, $4; online at www.statcan.ca, $3. Annual subscription: paper, $145; online, $109. All prices are in Canadian dollars and exclude applicable sales taxes. Shipping charges will be added for delivery outside Canada.

To subscribe: Send a money order or cheque payable to the Receiver General of Canada/Statistics Canada, Circulation Management, 120 Parkdale Avenue, Ottawa, Ontario, K1A 0T6. To order by phone call (613) 951-7277, or 1 800 700-1033 both in Canada and outside Canada, or send an e-mail to order@statcan.ca.

The first (official) release of all statistical information produced by Statistics Canada occurs in *The Daily* (www.statcan.ca), available at 8:30 a.m. *The Daily* presents highlights from new data releases, along with sources, links and contacts for further information. It also contains schedules of upcoming major news releases and announces the Agency's new products and services.

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences – Permanence of Paper for Printed Library Materials, ANSI Z39.48 – 1984.

Products released from July 31 to August 6, 2003

SUBJECT AREA Title of product	Period	Catalogue number	Price ($) (issue/subscription)
AGRICULTURE			
Stocks of frozen and chilled meats	July 2003	23-009-XIE	free
ANALYTICAL STUDIES			
Analytical Studies Branch research paper series: Effects of business cycles on the labour market assimilation of immigrants, no. 203		11F0019MIE2003203	free
Analytical Studies Branch research paper series: Life cycle bias in the estimation of intergenerational earnings persistence, no. 207		11F0019MIE2003207	free
Economic analysis research paper series: Growth history, knowledge intensity and capital structure in small firms, no. 6		11F0027MIE2003006	free
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
Government expenditures on culture	2000/2001	87F0001XDB	50
Radio listening data bank	Fall 2002	87F0007XDB	50
HEALTH STATISTICS			
Cancer Statistics		84-601-XIE	free
INCOME AND EXPENDITURE ACCOUNTS			
National income and expenditure accounts — quarterly estimates	Q1 2003	13-001-XPB	44/145
INDUSTRY MEASURES AND ANALYSIS			
Gross domestic product by industry	May 2003	15-001-XIE	11/110
INTERNATIONAL TRADE			
Canadian international merchandise trade	May 2003	65-001-XIB	14/141
MANUFACTURING, CONSTRUCTION AND ENERGY			
Cement	June 2003	44-001-XIB	5/47
Particleboard, oriented strandboard and fibreboard	May 2003	36-003-XIB	5/47
METHODOLOGY			
Survey methodology	June 2003	12-001-XPB	30/58
MICRO ECONOMIC STUDIES AND ANALYSIS			
The Canadian economy in transition: A decade of growth — The emerging geography of new economy industries in the 1990s, no. 3		11-622-MIE2003003	free
PRICES			
Canadian Foreign Post Indexes	August 2003	62-013-XIE	free

Catalogue numbers with an -XIB or an -XIE extension are Internet versions (B signifies bilingual, E signifies English); those with -XMB or -XME are microfiche; and -XPB or -XPE denote the paper version. XDB means the electronic version on diskette, while -XCB denotes a compact disc.
Note: All products are priced in Canadian dollars and exclude applicable sales taxes. Shipping charges will be added for delivery outside Canada.

How to order products and services

To order *Infomat* or other products:

Please refer to the • Title • Catalogue number • Volume number • Issue number • Your VISA or MasterCard number.

In Canada and outside Canada call:	**(613) 951-7277** or **1 800 267-6677**
Fax your order to us:	**(613) 951-1584** or **1 877 287-4369**
Or e-mail your order:	**order@statcan.ca**

To order on the Internet: Visit the Statistics Canada website at www.statcan.ca and click on “Our products and services”.
To order by mail, write to: Circulation Management, Statistics Canada, 120 Parkdale Avenue, Ottawa, Ontario, K1A 0T6.
Include a cheque or money order payable to Receiver General of Canada/Publications.
Statistics Canada Regional Reference Centres provide a full range of the Agency’s products and services.
For the reference centre nearest you, check the blue pages of your telephone directory under Statistics Canada.
Authorized agents and bookstores also carry Statistics Canada’s catalogued publications.
For address changes: Please refer to your customer account number.
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”.