



Infomati

A Weekly Review

Friday, October 24, 2003

INSIDE

◆ SPOTLIGHT: Technology transfer

Today's *Spotlight* is on technology transfer. A new study shows that more and more ideas and inventions are making their way from university ivory towers into the real world. And a new book co-authored by a Statistics Canada researcher examines how Canadian firms innovate.

◆ Furniture high on consumer shopping lists

Retail sales crept up for a fourth straight month in August as consumers maintained their spending spree on household furniture and appliances. Retailers sold a record \$26.7 billion in goods, up 0.3% from July, a somewhat slower growth rate than the 1.0% jump the month before.

◆ Power blackout dims trade for wholesalers

The power blackout that hit Ontario and the northeastern United States literally turned the lights out on wholesale trade. Wholesalers sold goods and services worth \$34.2 billion in August, a plunge of 4.6%. It was the biggest decline since a 4.3% drop following the January 1998 ice storm.

Natural gas, auto insurance drive gain in inflation

Canada's rate of inflation, as measured by the Consumer Price Index, increased slightly in September under pressure from automotive insurance premiums and natural gas prices. Consumers paid 2.2% more in September for the goods and services in the CPI basket than they did in the same month a year earlier. This follows a 2.0% increase in August.

September's increase remains well below recent highs earlier this year when energy prices, and especially gasoline prices, were providing the bulk of the upward pressure.

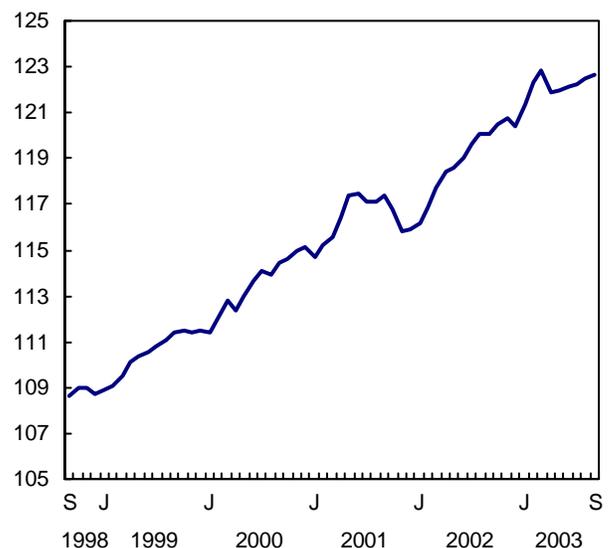
The all-items index excluding the eight most volatile components as defined by the Bank of Canada went up 1.7%. It was the third straight month in which this rate of increase was below 2.0%.

Although energy prices still had a significant influence on the all-items CPI, their overall impact during the past four months has been less volatile. Excluding energy, inflation rose 1.9% in September.

(continued on page 2)

Consumer Price Index

Unadjusted index (1992=100)



Natural gas, auto... (continued from page 1)

Insurance premiums for automotive vehicles rose 22.2% between September 2002 and September 2003, most of the jump occurring in the first half of the 12-month period.

The natural gas index was 49.4% higher than in September 2002. This increase was due to higher prices in Ontario and to a payment to Northern Alberta customers following the sale of a gas field last year. This payment made the September 2003 index higher by comparison.

Also adding to the upward pressure on the all-items CPI were tuition fee increases, gasoline prices, homeowner replacement costs and cigarette prices. The strongest moderating effect came from lower prices for electricity, automobiles and traveller accommodation.

Students paid an average of 8.1% more in tuition fees this fall, the largest advance since September 1997. It was a significant acceleration from increases that averaged 3.8% over the previous three years. The tuition fee index for a given province takes into account the fact that some of that province's residents attend educational institutions in other provinces.

Increases in tuition fees varied from 0.5% for Quebec residents, where tuition fees are frozen for a seventh consecutive year, to 26.2% in British Columbia. Tuition fees fell in only one province: Newfoundland and Labrador (-1.6%).

On a monthly basis, the CPI continued its slow upward trend, rising 0.2% between August and September 2003. This follows a monthly gain of 0.2% in August and consecutive increases of 0.1% in each of the three preceding months.

Higher tuition fees, as well as higher prices for women's clothing, natural gas and men's clothing exerted upward pressure. Downward pressure came from lower prices for fresh vegetables, traveller accommodation, air transportation and gasoline.

Consumers paid 4.2% more for clothing between August and September, a stronger gain than usual for the fall. It follows particularly strong declines in the spring.

The natural gas index rose 3.8% in September, while fresh vegetable prices fell 10.8%. Traveller accommodation prices fell 4.5% on average as several hotel and motel operators lowered their rates at the end of the peak tourist season. Air transportation prices fell 3.5%.

For more information, contact Rebecca McDougall (613-951-9606), Prices Division.

Furnishings, electronics boost sales for large retailers

Consumers bought up home furnishings and electronics in August, providing the fuel for a 3.6% year-over-year increase in overall sales for the nation's largest retailers. These retailers sold a total of \$7.7 billion in goods and services, up from nearly \$7.4 billion in August 2002.

Home furnishing and electronic products posted the strongest growth, up 11.9%. Growth was propelled by a 21.7% increase for major appliances and a 35.0% jump for computer hardware, software and accessories.

Other commodities such as telephones and home office equipment, and televisions and audio-video equipment also posted strong gains. However, the impact of the larger increases was mitigated by slower furniture sales (+3.9%) and home furnishing sales (+2.1%).

Clothing, footwear and accessory sales, which fell 1.9% on a year-over-year basis, were dampened by declining prices. Clothing prices dropped 4.1% and footwear prices were down 3.6%. Particularly hard hit were sales of boys' clothing (-11.3%) and girls' clothing (-5.9%).

Sales of housewares and household supplies rose 5.0%. The blackout in large parts of Ontario may have had a positive impact on these sales during the month. Non-electric household supply sales, which include items such as batteries and flashlights, were up 11.9%.

For more information, contact Elton Cryderman (613-951-0669), Distributive Trades Division.

SPOTLIGHT: Technology transfer

Ideas and inventions: From the ivory tower to the real world

More and more ideas and inventions produced by researchers in Canadian universities are making their way from the ivory tower into the real world. To date, universities have created a total of 655 spin-off companies, according to a new study of commercialization in the higher education sector.

In 2002, these spin-off companies had revenues of \$2.5 billion and they employed 18,737 people. These firms covered a wide range of industries, including research and development, computer systems design, engineering and the manufacture of medical devices.

Between 1999 and 2001 alone, universities started 56 new companies, 19 of which were in the health sciences field.

Data for the study came from the 2001 Survey of Intellectual Property Commercialization in the Higher Education Sector, which covered 85 universities for the year ending March 31, 2001. The study updates preliminary results released in November 2002.

Between 1999 and 2001, royalties from licensing more than doubled from \$18.9 million to \$44.4 million, largely the result of a few big successes in recent years.

While most university commercialization projects have modest financial returns, technology transfer offices are in place in six out of 10 universities across the country to capture the benefits of research.

At the end of 2001, universities reported holding \$45 million in equity in spin-offs, down from \$54.5 million in 1999. The decline reflects the beginning of a bear market for stocks, especially for high-tech companies.

The government of Canada also increased investment in university research between 1999 and 2001. Total sponsored research funding increased 49% during that period to \$3.3 billion.

Many other indicators of the outcomes of university research also rose. For example, total patents held increased about 9% to

Just the facts: Commercializing university research

A statistical snapshot of commercializing university research in 2001:

- Total sponsored research funding: \$3.3 billion
- Royalties from licensing: \$44.4 billion
- Inventions reported: 1,005
- New licenses: 320
- Total active licenses: 1,338
- New patent applications: 867
- Patents issued: 339
- Total patents held: 1,994

1,994, while the number of inventions reported rose 21% to 1,005.

Commercialization varied widely from region to region. In 2001, universities in the Prairie provinces received 19% of total research funding, about \$638 million. But they had a disproportionate 25% of royalties from licensing. They also accounted for 23% of inventions reported, 21% of inventions protected and 23% of patents held.

In contrast, Ontario universities received 40% of all research funding, just over \$1.3 billion. But they had a lesser proportion of all indicators: 22% of royalties, 30% of inventions reported, 25% of inventions protected and 28% of patents held.

Quebec universities received \$917 million in research funding, about 28% of the total. However, they held only 22% each of inventions reported and protected, and 18% of patents held.

You can read the full report *Intellectual property commercialization in the higher education sector* (88F0006XIE200312) free of charge on Statistics Canada's website (www.statcan.ca).

For more information, contact Cathy Read (613-951-3838), Science, Innovation and Electronic Information Division.

An in-depth look at how Canadian companies innovate

A new book co-authored by a Statistics Canada researcher takes an in-depth look at how Canadian firms innovate.

John Baldwin, director of micro-economic analysis Division, and Petr Hanel of the University of Sherbrooke investigated how innovations differ across industries, as well as across company sizes and firms of different nationalities.

Their study found that the innovation process had its biggest impact on a company's ability to respond flexibly to customers' needs.

Innovations increased production flexibility and sped up the response to changing customer requirements in more than one-half of all companies accounting for two-thirds of total industry employment.

Innovation and knowledge creation in an open economy: Canadian industry and international implications is published by Cambridge University Press.

For more information, contact John Baldwin (613-951-8588), Micro-economic Analysis Division.

Furniture high on consumer shopping lists

Retail sales crept up for a fourth straight month in August as consumers maintained their spending spree on household furniture and appliances. Retailers sold a record \$26.7 billion in goods, up 0.3% from July, a somewhat slower growth rate than the 1.0% jump the month before.

Consumers bought almost \$1.7 billion in furniture and appliances in August, a 2.3% increase from July. This was their second largest monthly gain since January 2002, surpassed only by a 2.4% jump in May 2003.

Furniture sales in August were 9.8% above the level in the same month last year, reflecting a boom in housing.

After posting a respectable 3.2% gain in July, sales in the key automotive sector rose only a marginal 0.1% to just over \$10.7 billion. If sales by motor and recreational vehicle dealers had been excluded, total retail trade in August would have gone up 0.9%.

Higher prices at the pump boosted sales by gasoline service stations by 5.5%, offsetting a 1.3% decline in sales by motor and recreational vehicle dealers.

Retail trade in department stores rose 1.6% in August, pushing sales up 0.9% in the general merchandise sector. Sales in the overall general merchandise sector have generally been increasing since the beginning of 2003, after remaining essentially flat since the spring of 2002.

However, clothing retailers experienced a second straight disappointing month. Sales fell 1.8% in August and 1.7% in July, cancelling gains over the previous two months. All types of clothing stores posted declines in August, except for men's clothing stores which recorded a 2.3% gain.

In August, drug stores posted their first sales decline (-0.7%) since last December. Between January and July 2003, sales gains in drug stores have averaged 0.6% a month.

Retail trade fell in only four provinces: New Brunswick, Ontario, Manitoba and Alberta. Retailers in Saskatchewan recorded the biggest sales gain (+1.9%), followed by those in Newfoundland and Labrador (+1.8%).

Retail sales in Newfoundland and Labrador and Quebec have increased rapidly since the beginning of 2003. On the other hand, recent gains in Saskatchewan, Prince Edward Island and British Columbia have been barely enough to offset weaker sales in the previous months.

Retail sales

	August 2002	July 2003 ^r	August 2003 ^p	August 2002 to August 2003
	unadjusted			
	\$ millions			% change
Food	6,104	6,146	6,220	1.9
Supermarkets and grocery stores	5,688	5,716	5,805	2.1
All other food stores	416	430	415	-0.3
Drug and patent medicine stores	1,298	1,351	1,335	2.8
Clothing	1,419	1,248	1,393	-1.9
Shoe stores	160	141	158	-1.4
Men's clothing stores	103	92	95	-8.3
Women's clothing stores	395	381	388	-1.6
Other clothing stores	761	633	752	-1.2
Furniture	1,576	1,623	1,710	8.5
Household furniture and appliance	1,266	1,295	1,385	9.5
Household furnishings stores	310	328	324	4.5
Automotive	10,838	11,813	10,898	0.5
Motor and recreational vehicle dea	7,088	7,965	7,071	-0.2
Gasoline service stations	2,230	2,139	2,285	2.5
Automotive parts, accessories an	1,521	1,708	1,542	1.4
General merchandise stores	2,814	2,821	2,910	3.4
Department stores	1,639	1,582	1,709	4.3
Other general merchandise stores	1,176	1,238	1,201	2.2
Retail stores not elsewhere classified	3,030	2,983	3,044	0.4
Other semi-durable goods stores	834	840	826	-1
Other durable goods stores	742	672	731	-1.4
All other retail stores not elsewher	1,455	1,471	1,487	2.2
Total, retail sales	27,080	27,984	27,509	1.6
Total excluding motor and recreational vehicle	19,992	20,019	20,438	2.2
Provinces and territories				
Newfoundland and Labrador	474	499	505	6.6
Prince Edward Island	131	133	131	0.3
Nova Scotia	819	838	815	-0.4
New Brunswick	663	666	656	-1
Quebec	6,239	6,549	6,412	2.8
Ontario	10,068	10,361	10,122	0.5
Manitoba	949	957	941	-0.8
Saskatchewan	797	820	820	2.9
Alberta	3,285	3,432	3,379	2.9
British Columbia	3,553	3,622	3,624	2
Yukon	40	41	38	-3.2
Northwest Territories	43	48	45	2.9
Nunavut	19	18	18	-5.5

^r revised

^p preliminary

Retailers in Ontario posted a slight 0.2% sales decline in August, after enjoying a 1.4% increase in July. This may have been the result of the blackout that struck most of the province in mid-August. The decline hit mainly automotive dealers and clothing stores.

For more information, contact Paul Gratton (613-951-3541), Distributive Trades Division.

Power blackout dims trade for wholesalers

The power blackout that hit Ontario and the northeastern United States in mid-August literally turned the lights out on wholesale trade. Wholesalers sold goods and services worth \$34.2 billion during August, a plunge of 4.6%.

It was the biggest decline since a 4.3% drop following the January 1998 ice storm, and the sixth in seven months. Prior to this string, wholesale sales had enjoyed strong growth from the fall of 2001 to January 2003.

The automotive manufacturing sector in both countries was severely hit by the blackout. As a result of the strong commercial ties between North American manufacturers and Canadian wholesalers, strong declines in wholesale sales followed.

Wholesale trade was only one of a number of economic indicators affected by the blackout. It was also responsible for sharp declines in both merchandise exports and imports, and a 4.5% drop in manufacturing shipments in August.

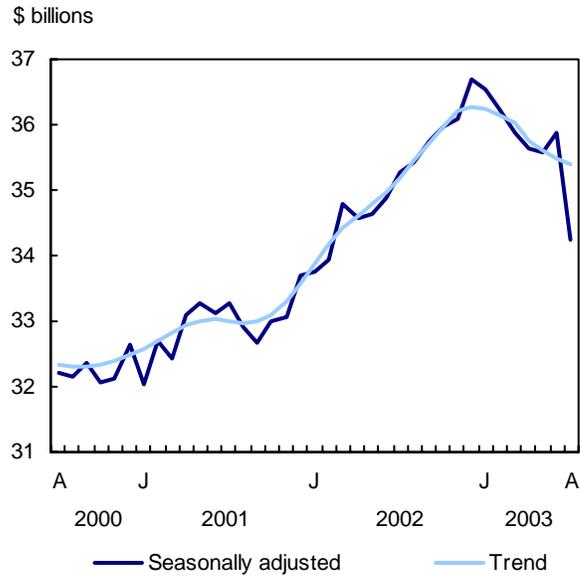
In Ontario alone, wholesale trade plunged 8.0% from July. Although Ontario accounts for about half of wholesale sales, it was responsible for 88% of the sales decline in August.

In total, sales were down in nine of 11 sectors. The biggest declines occurred in motor vehicles, parts and accessories (-15.4%), farm machinery, equipment and supplies (-11.4%) and computers and electronic products (-8.1%). Wholesale sales of lumber and building materials remained relatively unchanged (-0.2%).

While the wholesale automotive sector continues to experience difficulties, the sharp decrease in sales in August was primarily the result of below-normal manufacturing production due to the blackout. Production fell 23.1% in Ontario and 2.6% in the United States.

In addition, problems with communications systems disrupted shipments of motor vehicles to Canada, the blackout having disabled computers used by wholesalers to manage shipments and deliveries. These factors contributed to a 20.4% reduction in vehicle and truck imports.

Strong decline in wholesale sales in August



The monthly decline in wholesale sales of automotive products was the seventh in a row. Last year, this sector was one of the principal contributors to overall strength in wholesale trade.

In British Columbia, wholesalers of lumber and building materials chalked up relatively stable sales (-0.2%), even though more than 900 forest fires ravaged the southern part of the province, disrupting the forest industry.

The steep decline in wholesale sales had an impact on the inventory-to-sales ratio, which jumped from 1.27 in July to 1.33 in August. The ratio is now at its highest level since October 2001. It has been climbing in general since February 2003, mainly as a result of the general decline in sales.

In August, inventories remained essentially unchanged (-0.1%).

For more information, contact Jean Lebreux (613-951-4907), Distributive Trades Division.

Key indicator of economic growth still accelerating

The composite leading index, a key indicator of future growth, continued to accelerate in September on the strength of housing-related components.

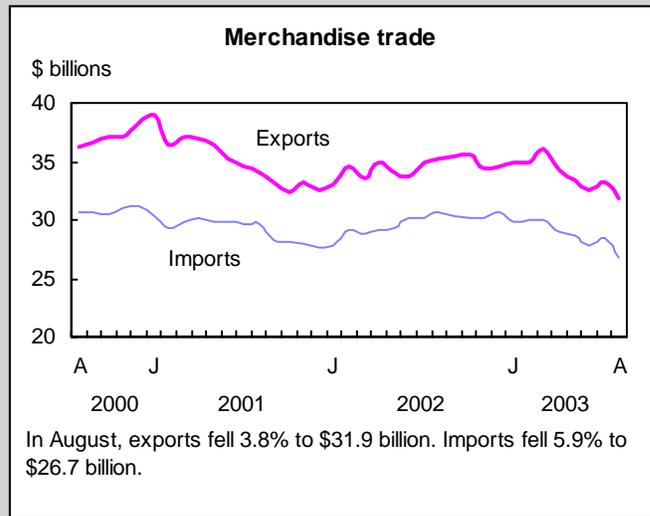
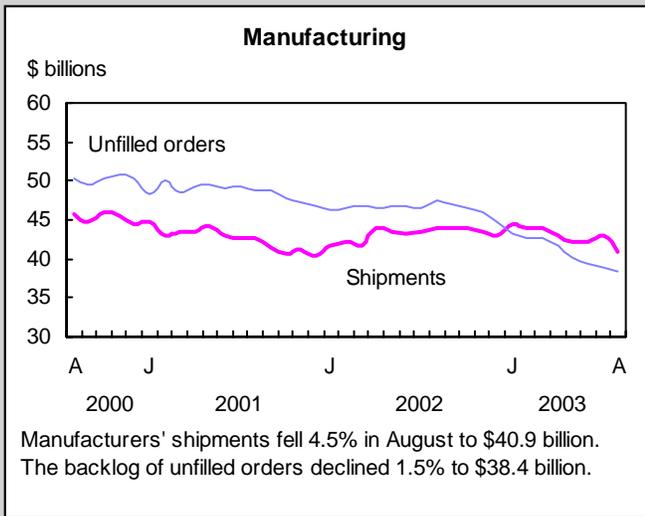
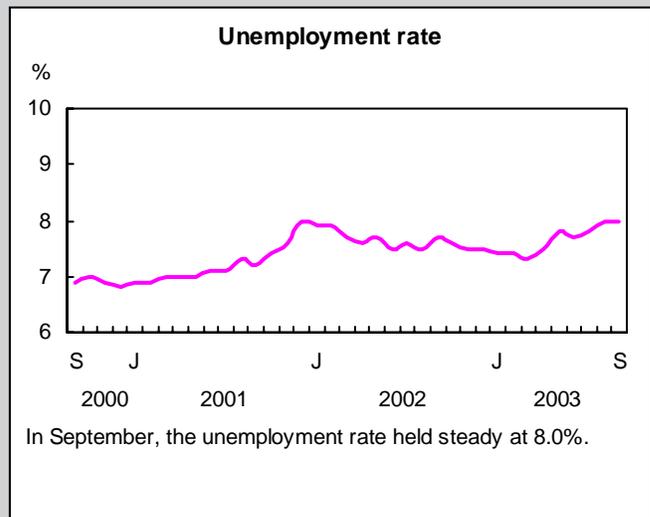
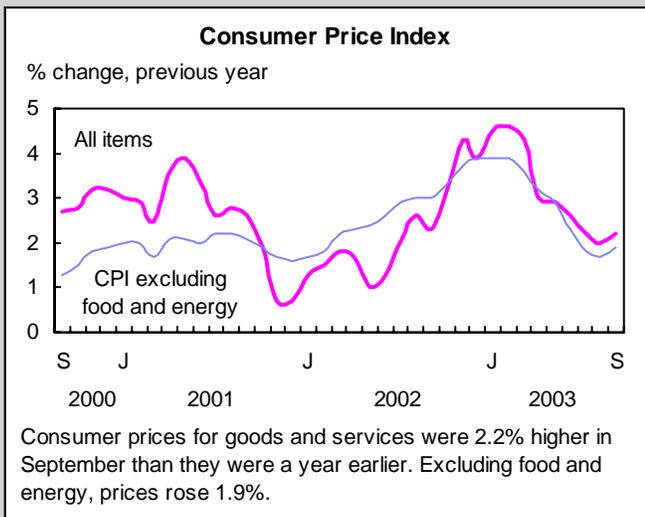
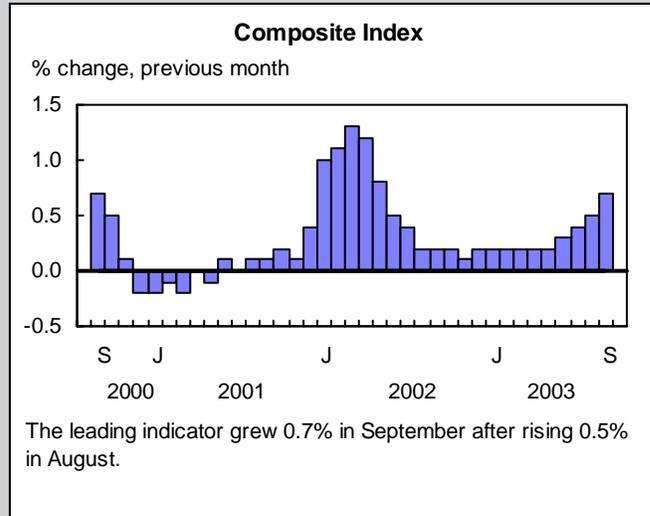
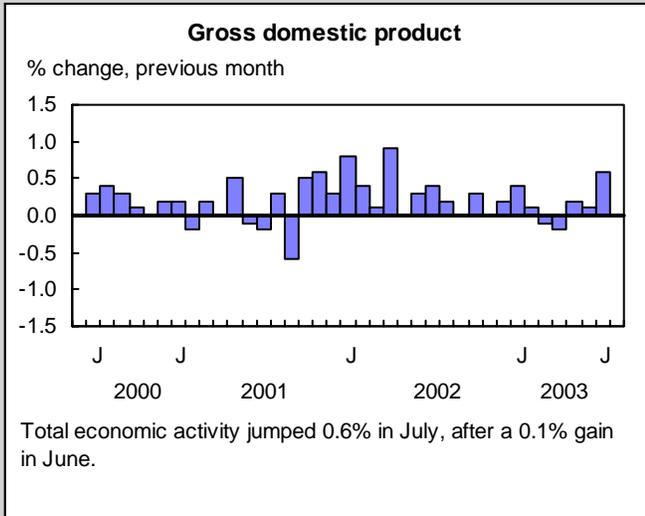
The indicator was up 0.7% in September from revised gains of 0.4% in July and August. The index consists of 10 components that lead cyclical activity in the economy, including measures on housing, stock prices and durable goods sales. Its growth also continued to broaden, as seven of the 10 components rose – one more than in August.

These increases, the largest since early 2002, are already translating into higher output and employment. The housing-related components again spearheaded growth, reinforced by a strong advance by the US leading index. The US leading indicator rose 0.5%, its largest advance in 17 months.

All the indicators of household demand strengthened further. House sales supplanted housing starts as the source of growth in housing, which posted its largest gain (+3.3%) since early in 2002. Sales of other durable goods rose for the fourth month in a row. The household sector has accounted for most of the gains in employment so far this year.

For more information, contact Francine Roy (613-951-3627), Current Economic Analysis Group.

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	July	1,017.0	0.6%	1.9%
Composite Index (1992=100)	September*	184.1	0.7%	2.7%
Operating profits of enterprises (\$ billions)	Q2 2003	40.4	-1.3%	11.7%
Capacity utilization rate (%) ²	Q2 2003	82.5	-1.2†	-1.1†
DOMESTIC DEMAND				
Retail trade (\$ billions)	August*	26.7	0.3%	3.9%
New motor vehicle sales (thousands of units)	August	143.8	-1.1%	-1.2%
Wholesale trade (\$ billions)	August*	34.2	-4.6%	-2.9%
LABOUR				
Employment (millions)	September	15.7	0.3%	0.4%
Unemployment rate (%)	September	8.0	0.0†	0.3†
Participation rate (%)	September	67.6	0.1†	0.4†
Average weekly earnings (\$)	July	687.74	-0.3%	1.0%
Regular Employment Insurance beneficiaries (in thousands)	July	581.54	2.1%	0.5%
INTERNATIONAL TRADE				
Merchandise exports (\$ billions)	August	31.9	-3.8%	-9.2%
Merchandise imports (\$ billions)	August	26.7	-5.9%	-13.0%
Merchandise trade balance (all figures in \$ billions)	August	5.2	0.4	0.8
MANUFACTURING				
Shipments (\$ billions)	August	40.9	-4.5%	-6.7%
New orders (\$ billions)	August	40.3	-4.9%	-10.3%
Unfilled orders (\$ billions)	August	38.4	-1.5%	-19.2%
Inventory/shipments ratio	August	1.50	0.05	0.08
PRICES				
Consumer Price Index (1992=100)	September*	122.7	0.2%	2.2%
Industrial Product Price Index (1997=100)	August	105.6	0.3%	-2.0%
Raw Materials Price Index (1997=100)	August	111.0	1.1%	-3.0%
New Housing Price Index (1992=100)	August	117.3	0.5%	4.7%

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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A weekly review

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SUBJECT AREA Title of product	Period	Catalogue number	Price (\$) (issue/subscription)
AGRICULTURE			
Food statistics	2002	21-020-XIE	Free
Hog statistics	2003	23-010-XIE	Free
Rural and small town Canada analysis bulletin: The health of rural Canadians: A rural-urban comparison of health indicators	2001	21-006-XIE	Free
VISTA on the agri-food industry and the farm community: The expansion of large livestock farms between 1991 and 2001	October 2003	21-004-XPB	Free
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
Education quarterly review	June 2003	81-003-XIE	18/55
International travel, advance information	August 2003	66-001-PIE	7/59
DISTRIBUTIVE TRADES			
Wholesale trade	August 2003	63-008-XIB	15/150
HEALTH STATISTICS			
Causes of death	2001	84-208-XIE	Free
INCOME AND EXPENDITURE ACCOUNTS			
Income and Expenditure Accounts technical series: Capitalization of software in the National Accounts	No. 37	13-604-MIE2002037	Free
INTERNATIONAL TRADE			
Canadian international merchandise trade	August 2003	65-001-XIB	15/151
Imports by commodity	August 2003	65-007-XMB	40/387
Imports by commodity	August 2003	65-007-XPB	84/828
LABOUR AND HOUSEHOLD SURVEYS ANALYSIS			
Perspectives on labour and income	October 2003	75-001-XIE	6/52
MANUFACTURING, CONSTRUCTION AND ENERGY			
Construction type plywood	August 2003	35-001-XIB	6/51
Industrial chemicals and synthetic resins	August 2003	46-002-XIE	6/51
Monthly Survey of Manufacturing	August 2003	31-001-XIE	17/158
PRICES			
The Consumer Price Index	September 2003	62-001-XIB	9/83
The Consumer Price Index	September 2003	62-001-XPB	12/111
SCIENCE, INNOVATION AND ELECTRONIC INFORMATION			
Innovation analysis bulletin	October 2003	88-003-XIE	Free
Science, Innovation and Electronic Information Division working papers: Survey of intellectual property commercialization in the higher education sector	2001	88F0006XIE2003012	Free
SERVICE INDUSTRIES			
Restaurant, caterer and tavern statistics	July 2003	63-011-XIE	7/59
Services indicators	Q2 2003	63-016-XIB	28/94
Services indicators	Q2 2003	63-016-XPB	38/125
TRANSPORTATION			
Monthly railway carloadings	August 2003	52-001-XIE	9/83

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