

The Daily

Statistics Canada

Tuesday, May 19, 1998
For release at 8:30 a.m.

MAJOR RELEASES

- **Monthly Survey of Manufacturing, March 1998**
Manufacturers' shipments increased 0.9% in March to \$37.6 billion as the aircraft industry rebounded from a two-month pause.

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- **Farm Input Price Index, first quarter 1998**
Declining prices in seven of the nine categories pushed the Farm Input Price Index down 0.2% in the first quarter of 1998. Farmers in Eastern Canada benefited more from the lower prices (-1.4%).

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- Sugar sales, first quarter 1998

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MAJOR RELEASES

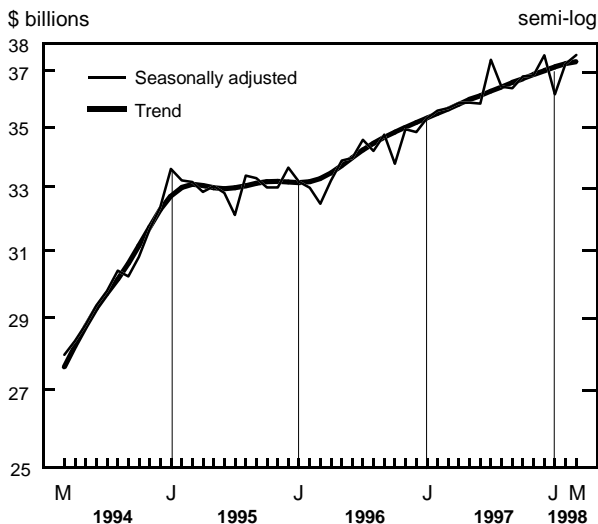
Monthly Survey of Manufacturing

March 1998

Manufacturers' shipments increased 0.9% in March to \$37.6 billion as the aircraft industry rebounded from a two-month pause.

Shipments in March finally recovered to the unusually strong level observed in December 1997, after stumbling in January as a result of the ice storm and recovering partially in February.

Shipments advance in March



March's result shifts manufacturers back toward the solid growth trend that was sustained from the spring of 1996 until the end of 1997 after a flat performance in 1995.

In other areas, while inventories edged up in March and unfilled orders increased slightly, the upward trend for both of these items has been tapering off in recent months.

Looking ahead, the latest release of the Business Conditions Survey indicated that while manufacturers remained on balance positive about production prospects for the upcoming quarter, they were less optimistic than they had been in January. Moreover, April's Labour Force Survey showed little change in

Note to readers

Unfilled orders are a stock of orders that will contribute to future shipments, assuming orders are not cancelled.

New orders represent orders received whether shipped in the current month or not. They are measured as the sum of shipments for the current month (i.e., orders received this month and shipped within the same month) plus the change in unfilled orders. Some people interpret new orders as orders that will lead to future demand. This is not appropriate because the new orders variable includes orders that have already been shipped. The month-to-month change in new orders may be volatile, particularly if the previous month's change in unfilled orders is large in relation to the current month's change.

Some orders will not be translated into Canadian factory shipments because portions of large contracts can be subcontracted out to other countries.

manufacturing employment, which contrasts with the strong gains recorded in both February and March.

Shipments spurred on by transportation equipment industries

Manufacturers' shipments increased in 12 of the 22 major groups in March, representing 62.2% of total shipments.

The aircraft and parts industry (+27.0%) was the largest contributor to the March increase. After a two-month lull they surpassed the previous peak recorded in December 1997. The industry is benefiting from strong order books and has been on an upward trend since early 1997.

Other major contributors to March's increase were motor vehicles (+1.8%) and motor vehicle parts and accessories (+2.6%).

The largest offsetting decrease was in the machinery industry (-4.6%). For over a year and a half, this industry has been the beneficiary of an investment boom in machinery and equipment and has only recently started to trend downward. The industry now stands 9% below its December peak.

The next largest offsetting decrease was in the refined petroleum and coal industry (-2.6%), where warm weather and price decreases continue to influence shipments.

Manufacturers' shipments increased in all provinces except Newfoundland and Alberta.

Quebec (+2.5%), which normally represents just under a quarter of total shipments, was the largest contributor in March, accounting for over six-tenths of

the increase at the national level. Quebec shipments are now 2.3% higher than their level before the ice storm.

Shipments by province

	Feb. 1998	March 1998	Feb. 1998 to March 1998
	seasonally adjusted		
	\$ millions		% change
Newfoundland	154	139	-9.5
Prince Edward Island	76	78	2.6
Nova Scotia	514	543	5.6
New Brunswick	665	680	2.4
Quebec	8,669	8,882	2.5
Ontario	20,136	20,206	0.3
Manitoba	869	891	2.5
Saskatchewan	517	521	0.8
Alberta	2,818	2,799	-0.6
British Columbia	2,828	2,841	0.5
Territories	3	4	8.0

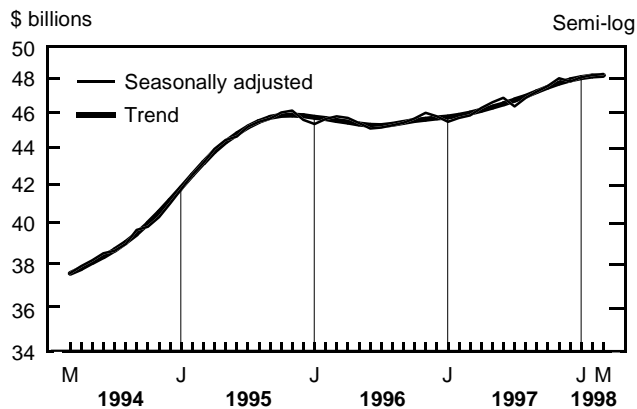
A slowing upward trend for inventories

Manufacturers' inventories increased by 0.1% in March to \$48.3 billion. While inventories have been generally on the rise since the spring of 1996, the trend has been slowing gradually since November 1997.

The major contributors to March's increase in inventories were the aircraft and parts industry (+4.9%) and the machinery industry (+2.6%).

The largest offsetting decrease was observed in the electrical and electronic products industry (-3.5%).

Accumulation of inventories slowing



March's increase in shipments outpaced the rise in inventories, resulting in a decreased inventory-to-shipments ratio of 1.28, down from 1.30 in February. The inventory-to-shipments ratio has been hovering near record low levels since early 1997 after dropping sharply in the spring of 1996.

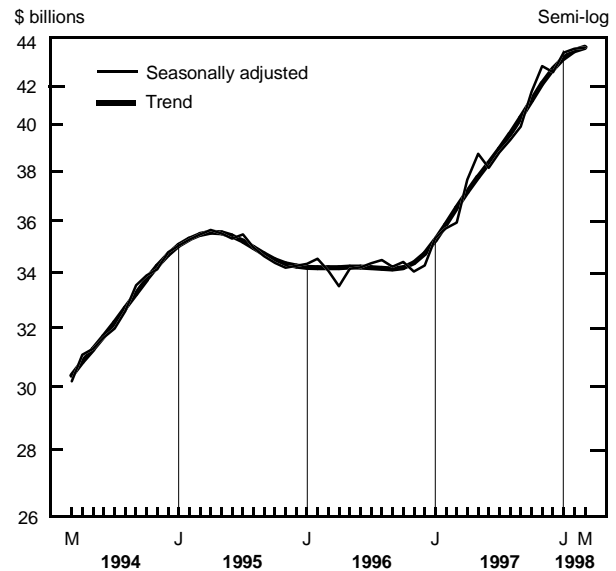
Unfilled orders edge upward

Manufacturers' backlog of unfilled orders increased 0.2% to \$43.5 billion in March. The slight increase continues the upward growth trend observed since late 1996. However, the torrid pace of growth has slowed in recent months. In addition, in the April Business Conditions Survey, manufacturers indicated less satisfaction with the current level of unfilled orders.

The largest increase in unfilled orders in March was in the motor vehicles industry (+4.6%).

The largest offsetting decrease was in the aircraft and parts industry (-0.7%).

Unfilled orders edge upward



Unfilled orders are often considered a key determinant of future shipments. However, half the increase in unfilled orders since the beginning of 1997 has been in the aircraft and parts industry, where some orders can be stretched out over a number of years before they are completed. In addition, large orders in any industry may occasionally have a component that is manufactured in other countries.

Available on CANSIM: matrices 9550-9555, 9558, 9559, 9562-9565, 9568-9579 and 9581-9595.

The March 1998 issue of *Monthly Survey of Manufacturing* (31-001-XPB, \$20/\$196) will be available shortly. See *How to order publications*.

Detailed data on shipments by province are available on request. For further information, contact Jean-Marie Houle (613-951-7200) or Craig Kuntz (613-951-7092; kuncrai@statcan.ca), Monthly Survey of Manufacturing Section, Industry Division.

Shipments, inventories and orders in all manufacturing industries

Period	Shipments		Inventories		Unfilled orders		New orders		Inventory-to shipments-ratio
seasonally adjusted									
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
March 1997	35,663	0.3	45,845	0.4	35,924	0.6	35,883	-0.2	1.29
April 1997	35,845	0.5	46,262	0.9	37,655	4.8	37,576	4.7	1.29
May 1997	35,856	0.0	46,597	0.7	38,736	2.9	36,936	-1.7	1.30
June 1997	35,821	-0.1	46,873	0.6	38,149	-1.5	35,234	-4.6	1.31
July 1997	37,415	4.4	46,361	-1.1	38,799	1.7	38,065	8.0	1.24
August 1997	36,433	-2.6	46,874	1.1	39,330	1.4	36,965	-2.9	1.29
September 1997	36,366	-0.2	47,224	0.7	39,905	1.5	36,941	-0.1	1.30
October 1997	36,805	1.2	47,579	0.8	41,470	3.9	38,369	3.9	1.29
November 1997	36,826	0.1	48,033	1.0	42,660	2.9	38,015	-0.9	1.30
December 1997	37,569	2.0	47,835	-0.4	42,385	-0.6	37,294	-1.9	1.27
January 1998	36,153	-3.8	48,102	0.6	43,300	2.2	37,068	-0.6	1.33
February 1998	37,249	3.0	48,241	0.3	43,477	0.4	37,425	1.0	1.30
March 1998	37,585	0.9	48,285	0.1	43,543	0.2	37,651	0.6	1.28

Farm Input Price Index

First quarter 1998 (preliminary)

Declining prices in seven of the nine categories pushed the Farm Input Price Index down 0.2% in the first quarter of 1998. Farmers in Eastern Canada benefited more from the lower prices (-1.4%).

By comparison, prices in Western Canada rose an average 0.8% on a quarterly basis, due mostly to higher costs for non-mortgage loans.

On a year-over-year basis, Canada's farmers paid only 1.4% more to do business. This is down significantly from the 2.6% annual price increase recorded in the fourth quarter of 1997.

(Figures for the first quarter of 1998 include estimated indexes for farm rent and property taxes. Also in this quarter, all indexes for the last two years were revised. The indexes for 1996 are now considered final.)

Second consecutive quarterly decrease

Although prices fell in seven of the nine input categories, the all-Canada total index dropped only 0.2% compared with the fourth quarter of 1997. Lower prices for prepared feed (-3.8%) and weanling pigs (-10.6%) contributed most to the quarterly decrease. However, these were significantly offset by higher prices elsewhere. Farmers paid more for grass-seed (+8.9%) and for potassium fertilizers (+2.5%). Also, the preliminary interest figures indicate the cost of non-mortgage interest rose again on a quarterly basis (+11.7%), resulting in an increase in the overall index for interest.

Farmers benefited from lower prices for building materials (-1.3%) and for supplies and services, particularly heating fuel (-3.1%) and electricity (-1.9%), compared with the previous three months.

Higher cattle prices pushed up the annual increase

On a national basis, farmers paid more annually in four of the nine categories. Similar to the fourth quarter of 1997, higher prices for feeder cattle (+21.2%) contributed most to the year-over-year increase to the total index. Those increases, however, were offset partially by lower prices for weanling pigs and egg-producing chicks.

Again, a higher index for non-mortgage loans pushed the interest index up on an annual basis (+18.4%). Farmers also faced price increases for new machinery.

On the other hand, farmers benefited from lower prices in the remaining input categories. Lower prices for nitrogen fertilizers helped to push the crop production index down. Price drops for heating fuel contributed to a 1.8% annual decrease in supply and services.

Estimated costs for farm rent were down 3.4%. Property taxes were estimated at 1.5% lower for the year.

Higher cattle and poultry prices for Western producers

In the West, farm input prices rose 1.6% on an annual basis, largely due to higher prices for feeder cattle (+23.5%). Farmers paid more for all inputs into animal production; the exceptions were weanling pigs (-30.9%) and prepared feed (-5.8%). Feeder livestock also carries more weight in the West's index than in the East's.

In the West, price declines in building materials (-4.2%), heating fuel (-8.8%) and nitrogen fertilizers (-14.2%) helped to offset significant increases in the cost of non-mortgage loans and in the estimate for property taxes on an annual basis.

In the East, where the overall annual price increase was marginally less (+1.3%), higher prices for tractors and other machinery pushed the machine and motor vehicles index up 1.4% compared with the same period a year earlier. Farm wages rose 2.4%, while the cost of interest jumped 16.2%, a result of higher costs for non-mortgage loans.

Farmers in Eastern Canada also faced higher prices for feeder cattle, but these were offset by lower prices for weanling pigs (-16.8%), egg-producing chicks (-5.1%) and prepared feed (-4.6%). Costs for property taxes and farm rent were also estimated to be significantly lower compared with the same period a year earlier.

Available on CANSIM: matrices 550-582 (level 7) and 2050-2063.

The first quarter 1998 issue of *Farm input price indexes* (62-004-XPB, \$25/\$83) will be available in May. See *How to order publications*.

For further information on this release, contact Denis Montreuil (613-951-9606; fax: 613-951-2848; infounit@statcan.ca), Prices Division. □

Farm Input Price Indexes
(1986=100)

	First quarter 1997	Fourth quarter 1997	First quarter 1998	First quarter 1997 to First quarter 1998	Fourth quarter 1997 to First quarter 1998
	% change				
Canada, total farm input	128.0	130.0	129.8	1.4	-0.2
Building and fencing	135.7	135.6	134.4	-1.0	-0.9
Machinery and motor vehicles	139.1	140.5	140.3	0.9	-0.1
Crop production	128.8	123.8	124.1	-3.6	0.2
Animal production	122.4	127.2	125.4	2.5	-1.4
Supplies and services	132.9	131.6	130.5	-1.8	-0.8
Hired farm labour	145.7	149.1	148.1	1.6	-0.7
Property taxes	150.8	150.8	148.6	-1.5	-1.5
Interest	88.0	96.7	104.2	18.4	7.8
Farm rent	136.3	136.3	131.7	-3.4	-3.4
Eastern Canada, total farm input	131.1	134.7	132.8	1.3	-1.4
Building and fencing	141.6	142.6	141.7	0.1	-0.6
Machinery and motor vehicles	144.3	146.6	146.3	1.4	-0.2
Crop production	130.4	132.9	131.7	1.0	-0.9
Animal production	123.7	126.7	123.6	-0.1	-2.4
Supplies and services	139.1	137.9	137.7	-1.0	-0.1
Hired farm labour	151.5	162.9	155.1	2.4	-4.8
Property taxes	162.2	162.2	147.4	-9.1	-9.1
Interest	88.8	95.4	103.2	16.2	8.2
Farm rent	164.3	164.3	154.8	-5.8	-5.8
Western Canada, total farm input	125.4	126.4	127.4	1.6	0.8
Building and fencing	129.1	127.6	126.2	-2.2	-1.1
Machinery and motor vehicles	136.3	137.3	137.1	0.6	-0.1
Crop production	127.8	118.9	119.8	-6.3	0.8
Animal production	120.6	127.9	127.9	6.1	0.0
Supplies and services	126.7	125.2	123.3	-2.7	-1.5
Hired farm labour	137.9	133.7	138.9	0.7	3.9
Property taxes	147.8	147.8	149.0	0.8	0.8
Interest	87.5	97.5	104.8	19.8	7.5
Farm rent	126.9	126.9	123.9	-2.4	-2.4



OTHER RELEASES

Construction Union Wage Rate Index

April 1998

In April, the Construction Union Wage Rate Index (including supplements) remained unchanged from March's revised level of 111.0 (1992=100). On a year-over-year basis, the index increased 3.2% compared with April 1997.

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes on a 1992=100 time base are calculated for the same metropolitan areas and are published for those areas where a majority of trades are covered by collective agreements.

Available on CANSIM: matrices 956, 958 and 9922-9927.

The second quarter 1998 issue of *Construction price statistics* (62-007-XPB, \$24/\$79) will be available in September. See *How to order publications*.

For further information on this release, contact Elvira Marinelli (613-951-3350; fax: 613-951-2848; infounit@statcan.ca), Client Services Unit, Prices Division. ■

Selected Financial Indexes

April 1998

Data from April 1998 are now available for the Selected Financial Indexes (1992=100).

Available on CANSIM: matrix 9928.

The second quarter 1998 issue of *Construction price statistics* (62-007-XPB, \$24/\$79) will be available in September. See *How to order publications*.

For further information on this release, contact Elvira Marinelli (613-951-3350; fax: 613-951-2848; infounit@statcan.ca), Client Services Unit, Prices Division. ■

Natural gas sales

March 1998 (preliminary)

Natural gas sales totalled 6 955 million cubic metres in March, down 5.3 % from March 1997. Warmer than normal weather throughout Canada resulted in

sharply lowers sales to the residential (-16.6%) and commercial (-19.6%) sectors. Sales to the industrial sector (including direct sales) increased 7.8%.

Year-to-date sales to the end of March declined 5.5% from the same period in 1997. Sales to the residential (-14.5%) and commercial (-19.4%) sectors decreased due to milder weather in the first three months of 1998. Year-to-date sales to the industrial sector (including direct sales) maintained their strong growth, posting a 7.6% increase compared with the same period last year. The sales growth was largely due to increased use of natural gas by electric utilities, mines and the chemical industry.

Natural gas sales

	March 1998 ^P	March 1997	March 1997 to March 1998 % change
	thousands of cubic metres		
Natural gas sales	6 955 463	7 347 079	-5.3
Residential	1 815 925	2 176 861	-16.6
Commercial	1 267 533	1 576 970	-19.6
Industrial	2 024 630	2 258 663	7.8
Direct	1 847 375	1 334 585	

	Year-to-date		
	1998 ^p	1997	1997 to 1998 % change
	thousands of cubic metres		
Natural gas sales	21 870 615	23 149 949	-5.5
Residential	6 335 813	7 409 248	-14.5
Commercial	4 194 598	5 203 810	-19.4
Industrial	5 991 042	6 654 100	7.6
Direct	5 349 162	3 882 791	

^P Preliminary figures.

Available on CANSIM: matrices 1052-1055.

The March 1998 issue of *Gas utilities* (55-002-XPB, \$17/\$165) will be available in June. See *How to order publications*.

For further information on this release, contact Gary Smallbridge (613-951-3567; smalgar@statcan.ca) or Tom Lewis (613-951-3596; talewis@statcan.ca), Energy Section, Manufacturing, Construction and Energy Division. ■

Oils and fats

March 1998

In March, production of all types of deodorized oils totalled 112 588 metric tonnes, an 11.9% increase from 100 634 tonnes in February 1998. At the end of March 1998, year-to-date production totalled 318 558 tonnes, a 9.0% increase from 292 249 tonnes a year earlier.

March's domestic sales of deodorized oils were as follows: margarine oil, 10 133 tonnes; shortening oil, 29 128 tonnes; and salad oil, 31 091 tonnes.

Available on CANSIM: matrix 185.

The March 1998 issue of *Oils and fats* (32-006-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information on this release, contact Peter Zylstra (613-951-3511; zylspet@statcan.ca), Manufacturing, Construction and Energy Division. ■

Sugar sales

First quarter 1998

In the first quarter of 1998, refiners sold 249 066 metric tonnes of sugar (all types): 245 742 tonnes were domestic sales and 3 324 tonnes were exported. This compares with total sales of 254 289 tonnes in the first quarter of 1997, of which 234 327 tonnes were domestic sales and 19 962 tonnes were export sales.

Available on CANSIM: matrix 141.

The first quarter 1998 issue of *The sugar situation* (32-013-QXPB, \$13/\$41) will be available shortly. See *How to order publications*.

For further information on this release, contact Peter Zylstra (613-951-3511; zylspet@statcan.ca), Manufacturing, Construction, and Energy Division. ■

PUBLICATIONS RELEASED

Steel wire and specified wire products, March 1998

Catalogue number 41-006-XPB

(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 211 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was modest weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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