



The Daily

Statistics Canada

Monday, June 8, 1998
For release at 8:30 a.m.

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Industries raised their rate of capacity use slightly to 86.0%, reflecting the moderate rate of economic growth in the first quarter of 1998.

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1996 Census results

On Tuesday, June 9, 1998, *The Daily* will release 1996 Census information on private households, housing costs and on the social and economic characteristics of families.

Tables from *The nation* series will be among the products available. These tables provide data for Canada, the provinces and territories, and census metropolitan areas. Electronic profiles from the *Area profiles* series will also be released for census divisions and census subdivisions.

For further information, contact Media Relations (613-951-4636), Communications Division.



MAJOR RELEASES

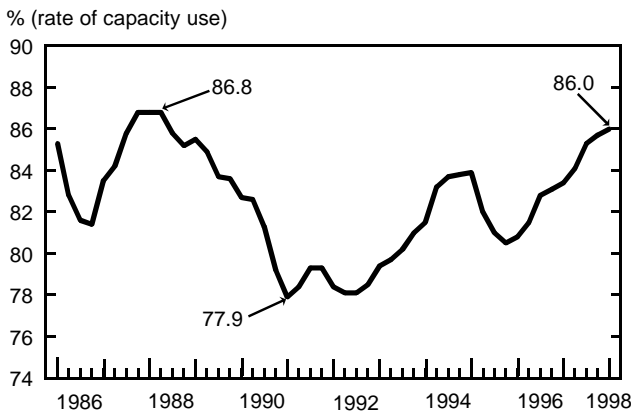
Industrial capacity utilization rates

First quarter 1998

Industries raised their rate of capacity use slightly to 86.0%, reflecting the moderate rate of economic growth in the first quarter of 1998.

The 0.3 percentage-point rise over the fourth quarter of 1997 marked the ninth consecutive quarterly increase in the rates. The first-quarter level was 0.8 percentage points below the peak of 86.8% recorded during the 1988 economic expansion. (The rates of capacity use have been revised back to the first quarter of 1997 in order to incorporate revisions in the source data.)

Capacity use up another notch



Several factors contributed to the rise in production in the first quarter. Exports and consumer spending both increased, and businesses continued to build inventories. The construction industries also stepped up output during the quarter, as residential and non-residential construction activity increased. The surge of repair work in the wake of January's ice storm in Eastern Canada also lifted the output of the construction industries, and this partly made up for the lost production in January in other industries.

Growth in output seems likely to continue during 1998. The Business Conditions Survey for April reported that most manufacturers expected to maintain or to increase production during the three months following the survey; however, the number anticipating decreased production was somewhat higher than in January's survey.

Note to readers

An industry's capacity use is the ratio of its actual output to its estimated potential output. Statistics Canada derives estimates of an industry's potential output from measures of its capital stock. In addition, since 1987 Statistics Canada has been surveying companies for their estimates of annual capacity use, in order to produce survey-based industry measures. A company's measure of its level of operation, as a percentage of potential, takes into account changes in the obsolescence of facilities, capital-to-labour ratios and other characteristics of production techniques. The surveyed rates anchor the calculated quarterly series and ensure that the series reflect such changes.

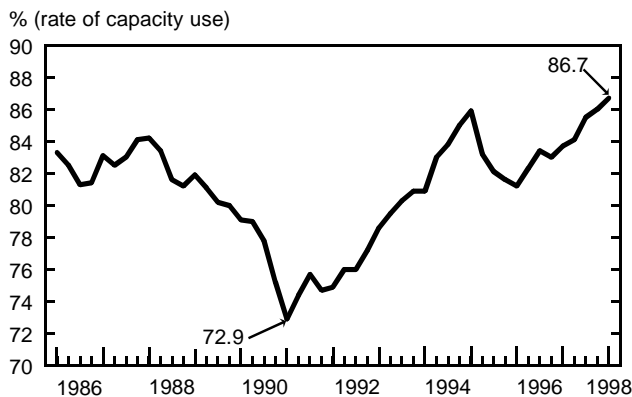
The upward trend in the number of building permits issued indicates that construction activity will probably also remain strong. In addition, according to the Survey of Private and Public Investment released in February, businesses expect to increase spending on plant and equipment by 6.2% in 1998.

Despite the high rates of capacity use, which have persisted for some time, there is still no evidence of inflation in the economy. There has been little overall movement in industrial prices since early 1995, and labour costs have also been in check for a similar period. Moreover, April's year-over-year increase of 0.8% in the Consumer Price Index was the lowest so far in 1998.

Growth in manufacturing

Manufacturers boosted their rate of capacity use in the first quarter by 0.7 percentage points, bringing it to a 20-year high of 86.7%. This marked the fifth consecutive quarterly increase. Of the 22 industry groups in manufacturing, 12 raised their rates.

Manufacturing reaches new peak



In the transportation equipment industries, a jump in the production of cars and trucks destined for the U.S. market in March was mainly responsible for a 2.5% gain in output in the first quarter. Production capacity also grew, so that the rate of capacity use rose 1.5 percentage points to 89.0%.

Manufacturers of tires and tubes increased production in the first quarter, resulting in a 2.6 percentage-point rise in the rate of capacity use in the rubber products industries. The first-quarter rate for this industry group was 99.4%—a new historic peak.

A strong advance in output in the electrical and electronic products group of industries was largely due to higher production of telecommunications equipment. The rate of capacity use rose 4.9 percentage points to 86.8%.

Production gains were widespread in the non-metallic mineral products industries, as producers of cement, bricks and glass products benefited from the increased construction activity in the first quarter. The rate of capacity use for these industries rose 3.9 percentage points to 89.0%.

Producers of furniture and fixtures boosted their use of capacity by 2.4 percentage points to 93.8%, a new historic high for the industry.

New production capacity in the machinery industry in the first quarter together with reduced levels of production led to a drop of 3.0 percentage points in the industry's rate of capacity use, down to 87.8%.

Construction industry in high gear

Residential, non-residential, engineering and repair construction were all in full swing in the first quarter, as production rose 4.0%. Some of this production was absorbed by new production capacity: capacity has been growing as a result of significant capital spending in this industry. The construction industry's rate of capacity use rose 3.5 percentage points in the quarter to 90.5%—the first time since 1990 that the rate for this industry has exceeded 90%.

In all but one of the other non-manufacturing industries, rates of capacity use declined in the first quarter.

In electric power and gas distribution systems, the rate fell 5.3 percentage points to 78.0%. Mild winter weather reduced demand for both electricity and natural gas.

In the mining, quarrying and oil wells sector, the rate of capacity use declined 0.9 percentage points to 84.6%. In mining and quarrying, production of most metals was reduced as a result of lower prices brought about by slackening Asian demand and by global overcapacity. Drilling activity also decreased in the first quarter. As a result, the rate of capacity use in mining and quarrying fell 2.7 percentage points to 89.8%. This was partly offset by a 0.2 percentage-point rise in the rate, to 81.7%, for the crude petroleum and natural gas industries as production increased.

Available on CANSIM: matrix 3140.

For further information on this release, contact Susanna Wood (613-951-0655) or Richard Landry (613-951-2579), Investment and Capital Stock Division. □

Industrial capacity utilization rates

	First quarter 1997	Fourth quarter 1997	First quarter 1998	First quarter 1997 to First quarter 1998	Fourth quarter 1997 to First quarter 1998
	percentage-point change				
Total non-farm goods-producing industries	83.4	85.7	86.0	2.6	0.3
Logging and forestry	76.0	80.0	79.1	3.1	-0.9
Mining (including milling), quarrying and oil wells	82.1	85.5	84.6	2.5	-0.9
Mining (including milling) and quarrying	84.9	92.5	89.8	4.9	-2.7
Crude petroleum and natural gas	80.4	81.5	81.7	1.3	0.2
Manufacturing	83.7	86.0	86.7	3.0	0.7
Durable goods	83.6	86.6	87.8	4.2	1.2
Wood	88.9	85.0	85.9	-3.0	0.9
Furniture and fixture	85.2	91.4	93.8	8.6	2.4
Primary metal	87.6	93.9	94.8	7.2	0.9
Fabricated metal products	81.9	84.6	84.1	2.2	-0.5
Machinery	84.4	90.8	87.8	3.4	-3.0
Transportation equipment	87.6	87.5	89.0	1.4	1.5
Electrical and electronic products	74.3	81.9	86.8	12.5	4.9
Non-metallic mineral products	79.2	85.1	89.0	9.8	3.9
Other manufacturing	79.5	81.6	78.6	-0.9	-3.0
Non-durable goods	83.8	85.1	85.5	1.7	0.4
Food	79.8	82.4	81.8	2.0	-0.6
Beverage	78.7	79.7	84.3	5.6	4.6
Tobacco products	78.3	69.1	70.0	-8.3	0.9
Rubber products	90.9	96.8	99.4	8.5	2.6
Plastic products	79.1	80.1	79.5	0.4	-0.6
Leather and allied products	77.1	82.4	80.6	3.5	-1.8
Primary textile	84.2	87.7	90.4	6.2	2.7
Textile products	77.5	79.0	80.3	2.8	1.3
Clothing	85.4	88.9	88.0	2.6	-0.9
Paper and allied products	91.7	90.3	89.6	-2.1	-0.7
Printing, publishing and allied	82.4	84.3	83.4	1.0	-0.9
Refined petroleum and coal products	90.3	97.8	95.6	5.3	-2.2
Chemical and chemical products	88.7	88.3	90.2	1.5	1.9
Construction	83.7	87.0	90.5	6.8	3.5
Electric power and gas distribution systems	84.5	83.3	78.0	-6.5	-5.3
Electric power	85.8	85.5	79.5	-6.3	-6.0
Gas distribution	75.4	68.9	68.4	-7.0	-0.5

OTHER RELEASES

Civil aviation financial statistics

First quarter 1998

Air Canada reported basic income of \$58 million (seasonally adjusted) in the first quarter of 1998. Basic income or loss is measured by combining operating income (before capital gains, miscellaneous items and tax) with interest expenses and interest income. Air Canada has reported a basic income (as opposed to a loss) for the last eight quarters. These incomes have averaged \$53 million over the eight quarters.

Canadian Airlines International Ltd. (CAI) reported a seasonally adjusted basic income of just under \$1 million in the first quarter of 1998. CAI has reported seasonally adjusted basic incomes in each of the last three quarters.

Available on CANSIM: matrix 385.

Financial data for the first quarter of 1998 on civil aviation (Air Canada and Canadian Airlines International, Ltd.) will appear in the June 1998 issue of *Aviation service bulletin* (51-004-XIB, \$8/\$82), which is published monthly on the Internet. A print-on-demand service is also available at a different price. It can be ordered directly from www.statcan.ca, or by calling 1 800 267-6677.

For further information on this release, contact Robert Lund (613-951-0125), Aviation Statistics Centre, Transportation Division. ■

Value of shipments

	1995	1996	1995 to 1996	Contact
	\$ millions		% change	
Industry (Standard Industry Classification)				
Leaf tobacco (1211)	375.8	312.0	-17.0	32-251-XPB P. Zylstra 613-951-3511
Sawmill and planing mill (2512)	15,147.2	16,291.9	7.6	35-250-XPB G. Simard 613-951-3516

Annual Survey of Manufactures

1996

The Annual Survey of Manufactures provides information on over 200 different industries. Principal statistics for each industry are released on CANSIM as they become available. Data for the industries listed in the following table are now available. This is the last release of the manufacturing industries data for 1996.

Available on CANSIM: matrices 5407 and 5460.

Data for the industries listed in the table appear in *Beverage and tobacco products industries* (32-251-XPB, \$40), *Wood industries* (35-250-XPB, \$55), *Manufacturing industries of Canada, national and provincial areas* (31-203-XPB, \$68) and *Products shipped by Canadian manufacturers* (31-211-XPB, \$67). The 1995 issues of most of these publications are now available. See *How to order publications*.

For further information on this release, look under contacts in the following "Value of shipments" table (fax: 613-951-9499; pentlii@statcan.ca).

PUBLICATIONS RELEASED

Energy statistics handbook, May 1998
Catalogue number 57-601-UPB
(Canada: \$387; outside Canada: US\$387).

Energy statistics handbook, May 1998
Catalogue number 57-601-XDE
(Canada: \$284; outside Canada: US\$284).

Exports by commodity, March 1998
Catalogue number 65-004-XMB
(Canada: \$37/\$361; outside Canada: US\$37/US\$361).

Exports by commodity, March 1998
Catalogue number 65-004-XPB
(Canada: \$78/\$773; outside Canada: US\$78/US\$773).

All prices exclude sales tax.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; and -XPB or -XPE denote a paper version.

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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, 44.8% of Canadians took an average of about 20 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 notably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 21, 1997** 12
- **Egg production, April 1997** 12

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