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The Daily

Statistics Canada

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MAJOR RELEASES

OTHER RELEASES

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Monthly Survey of Manufacturing

May 1998

Shipments by manufacturers dropped 1.0% in May to $36.9 billion after decreasing 0.7% in April. The decrease was led by declines in the transportation equipment and wood industries.

Manufacturers shipments now stand 1.9% below their December 1997 peak and 2.8% above the May 1997 level. Following two years of strong upward growth, the trend has turned downwards in the last two months after levelling off in March.

Both inventories and unfilled orders increased in May. The upward trend of both of these items has been slowing in recent months.

Looking ahead, strikes at two motor vehicle parts plants in the United States forced a number of motor vehicle assembly plants in Canada to close in June. It is anticipated that domestic parts manufacturers who supply plants hindered by the strike in both Canada and the United States, will also be affected.

Note to readers

Unfilled orders are often considered a key determinant of future shipments. However, roughly half of 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.

Unfilled orders are a stock of orders, which will contribute to future shipments, assuming that 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 inappropriate since the new orders variable includes orders that have already been shipped. Users should be aware that 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.

Not all orders will be translated into Canadian factory shipments. This is because portions of large contracts can be subcontracted out to other countries.

Decline in shipments continues in May

Shipments by manufacturers decreased in 11 of the 22 major groups in May, representing 61.4% of total shipments.

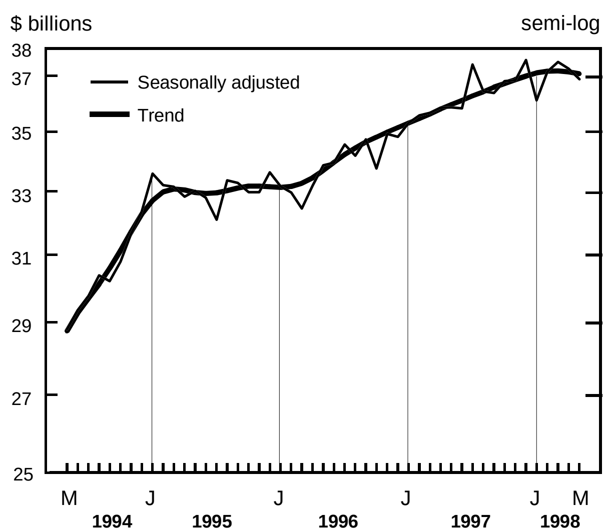
The largest contributor to the decrease in May was the transportation equipment (-1.6%) industry, where a change in production schedules was the leading cause of the decline.

The wood (-5.5%) industry was the next largest contributor to the decrease in shipments. This industry has been on a downward trend since the spring of 1997 due in part to the Canada-U.S. Softwood Lumber Agreement. Compounding the quota restrictions are weaknesses in demand in the Japanese market and price declines. In May 1998, softwood lumber prices were 19.3% lower compared with April 1997.

The other major contributor to May's decrease was the electrical and electronic products (-3.1%) industry.

The largest offsetting increases were in the paper and allied products (+2.1%), and the furniture and fixtures (+6.6%) industries.

Shipments tumble in May



Shipments by manufacturers decreased in 8 of the 10 provinces in May. The exceptions were Nova Scotia, New Brunswick and the two territories.

Of the four large manufacturing provinces only Quebec maintained an upward trend in May. However, Quebec shipments declined in both April and May. The trend is being buoyed by the strong recovery in February and March from the January ice storm. The trend in Ontario declined for the second month in a row while Alberta trended downwards for the sixth consecutive month. British Columbia has now been trending downwards for 13 months.

Shipments by province

	April 1998	May 1998	April 1998 to May 1998
	seasonally adjusted		
	$ millions		% change
Newfoundland	161	158	-2.1
Prince Edward Island	70	63	-10.0
Nova Scotia	522	539	3.3
New Brunswick	660	693	5.1
Quebec	8,866	8,739	-1.4
Ontario	20,045	19,992	-0.3
Manitoba	877	863	-1.5
Saskatchewan	497	492	-1.0
Alberta	2,839	2,705	-4.7
British Columbia	2,708	2,621	-3.2
Territories	3	3	1.0

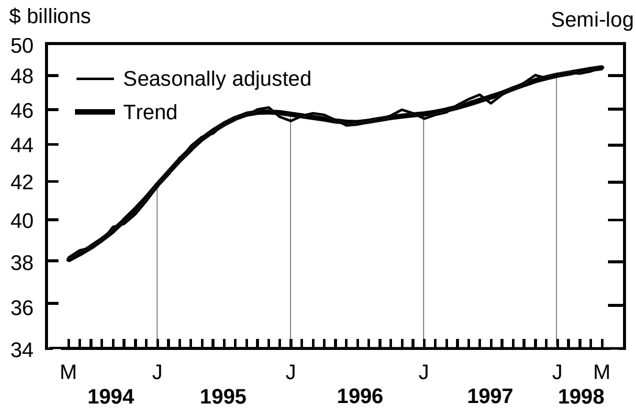
Inventories continue to rise

Manufacturers' inventories increased 0.6% in May to $48.6 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 May's increase in inventories were the aircraft and parts (+3.0%), food (+1.8%), and railroad rolling stock (+9.6%) industries.

The largest offsetting decreases were observed in the motor vehicle (-4.0%), and furniture (-6.6%) industries.

Inventories increase in May

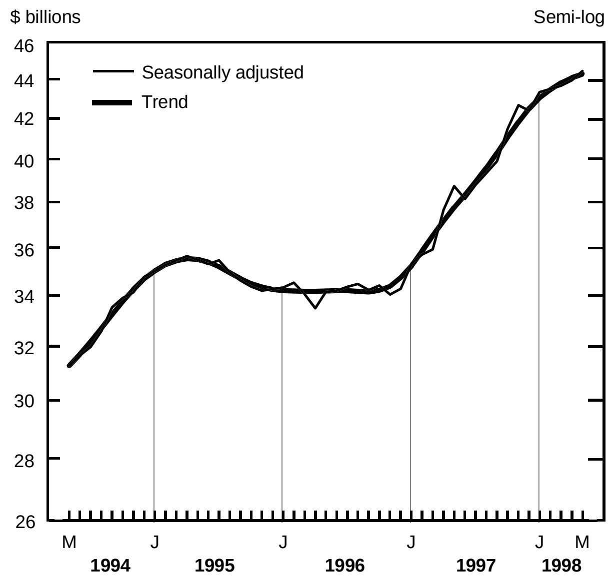


May's decrease in shipments, combined with the rise in inventories, resulted in an increased inventory-to-shipments ratio of 1.32 — up from 1.30 in April. The trend of the inventory-to-shipments ratio has been edging up in the last few months after hovering near record low levels since early 1997.

Unfilled orders increase in May

Manufacturers' backlog of unfilled orders increased 1.1% to $44.4 billion in May. The increase continues the upward growth trend observed since late 1996. However, the torrid pace of growth has slowed in recent months.

Unfilled orders on the rise



The largest increases in unfilled orders in May were in the motor vehicle (+4.1%) and machinery (+1.9%) industries.

The largest offsetting decrease was in the fabricated metal products (-1.8%) industry.

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

For more information, consult the May 1998 issue of *Monthly Survey of Manufacturing* (31-001-XPB, $20/$196), which will be available shortly. See *How to order publications*.

Data for shipments by province in greater detail than normally published may be available on request. For further information, contact Jean-Marie Houle (613-951-9497) or Craig Kuntz of the Monthly Survey of Manufacturing Section (613-951-7092; *kuncrai@statcan.ca*).

Shipments, inventories and orders in all manufacturing industries

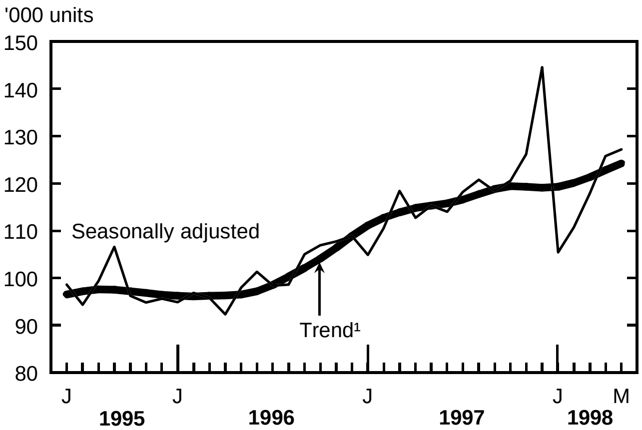
Period	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	seasonally adjusted								
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change	
May 1997	35,856	0.0	46,597	0.7	38,736	2.9	36,936	-1.7	1.30
June 1997	35,821	-0.1	46,873	0.6	38,149	-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	36,109	-3.9	48,072	0.5	43,327	2.2	37,051	-0.7	1.33
February 1998	37,147	2.9	48,193	0.3	43,492	0.4	37,313	0.7	1.30
March 1998	37,495	0.9	48,135	-0.1	43,674	0.4	37,677	1.0	1.28
April 1998	37,248	-0.7	48,269	0.3	43,947	0.6	37,521	-0.4	1.30
May 1998	36,870	-1.0	48,550	0.6	44,432	1.1	37,355	-0.4	1.32

■

New motor vehicle sales
May 1998

New motor vehicle sales increased 1.1% in May, entirely on the strength of advances in truck sales. The number of new motor vehicles sold in May reached 127,249 units. With the exception of December 1997, sales in May were the highest since May 1989. New motor vehicle sales continued to rebound after the sharp drop in January of this year. Sales have been volatile in recent months after steady growth since May 1996. (All numbers are seasonally adjusted unless otherwise specified). Automotive industry sources suggest that new motor vehicle sales will decline in June.

New motor vehicle sales



¹ The short-term trend represents a moving average of the data.

Sales of new cars declined 1.0% in May after 3 consecutive monthly increases. Despite this decline, sales in May were 3.4% higher than in May 1997. Advances in new car sales have not been as strong over the past 12 months as those observed following the spring of 1996.

The dip in new car sales was due to overseas car manufacturers (-7.0%). North American car manufacturers posted a 0.4% gain in May. The Big Three posted their fourth consecutive month of advancing car sales (+3.3%), while all other car manufacturers sold 6.3% fewer cars in May than in April. Despite this drop, sales by car manufacturers other than the Big Three were 10.4% higher than in May 1997.

Note to readers

Passenger cars include those used for personal and commercial purposes (such as taxis or rental cars). Trucks include minivans, sport utility vehicles, light and heavy trucks, vans, coaches and buses.

The Big Three manufacturers are General Motors, Ford and Chrysler. The Big Three may sell new motor vehicles manufactured in North America as well as overseas (imported).

For reasons of confidentiality, the Yukon and the Northwest Territories are included with British Columbia.

Sales of new trucks continued to advance to near record levels, with sales up 3.4% in May and 18.3% higher than in May 1997. Over the past 50 years, only November and December of 1997 saw higher truck sales than May.

Compared with May 1997, provincial sales of new motor vehicles (unadjusted for seasonality) increased from 0.9% in Prince Edward Island to 12.7% in Alberta. Only British Columbia (-8.3%) and Manitoba (-1.1%) experienced declines in new motor vehicle sales. New car sales advanced 4.5% in Ontario and 3.4% in New Brunswick with smaller increases or declines in the other provinces. Truck sales increased over 20% in Newfoundland, Nova Scotia, New Brunswick and Ontario. British Columbia (-5.2%) was the only province to experience a drop in both car and truck sales.

Big Three market share

The Big Three market share was 70.6% in May (unadjusted). After rising throughout the early to mid-1990s, the Big Three have been unable to regain the level of market share since a peak of 79.6% in January 1996. The market share for passenger cars stood at 58.5% in May, while the market share for trucks was 84.4%. After experiencing relatively stable market share levels for passenger cars in the early 1990s, the Big Three have generally experienced market share declines since mid-1996. Similarly, the market share for trucks has also declined since mid-1996, after steadily increasing throughout the early 1990s.

Available on CANSIM: matrix 64.

The April 1998 issue of *New motor vehicle sales* (Internet version: 63-007-XIB, $13/$124) will be available shortly. See *How to order to publications*.

For further information on this release, contact Serge Dumouchel (613-951-2210). For analytical information, contact Jeff Fritzsche (613-951-2812; *fritjef@statcan.ca*), Retail Trade Financial Section, Distributive Trades Division.

New motor vehicle sales

	May 1997	April 1998[r]	May 1998[p]	May 1997 to May 1998	April to May 1998
	seasonally adjusted				
				% change	
New motor vehicles	**115,339**	**125,826**	**127,249**	**10.3**	**1.1**
Passenger cars	61,823	64,617	63,942	3.4	-1.0
North American[1]	53,383	51,611	51,842	-2.9	0.4
Imports	8,440	13,006	12,100	43.4	-7.0
Big Three automakers	37,194	35,576	36,740	-1.2	3.3
Other automakers	24,629	29,041	27,202	10.4	-6.3
Trucks, vans and buses	53,516	61,209	63,307	18.3	3.4

	May 1997	May 1998[p]	May 1997 to May 1998	Market share	
				May 1997	May 1998
	unadjusted				
			% change	%	
New motor vehicles	**147,753**	**158,144**	**7.0**		
Passenger cars	83,810	83,986	0.2		
North American[1]	72,879	69,265	-5.0	87.0	82.5
Imports	10,931	14,721	34.7	13.0	17.5
Big Three automakers	51,092	49,103	-3.9	61.0	58.5
Other automakers	32,718	34,883	6.6	39.0	41.5
Trucks, vans and buses	63,943	74,158	16.0		
North American[1]	58,701	68,450	16.6	91.8	92.3
Imports	5,242	5,708	8.9	8.2	7.7

r *Revised figures.*
p *Preliminary figures.*
1 *Manufactured or assembled in Canada, the United States or Mexico.*

■

OTHER RELEASES

Dairy statistics

May and June 1998 (preliminary)

Monthly dairy statistics for May and June 1998 are now available.

Available on CANSIM: matrices 3428, 5632-5638, 5650-5661, 5664-5667 and 5673.

These data will be included in the second quarter 1998 issue of *The dairy review* (23-001QXPB, $36/$119) which will be released in August. See *How to order publications*.

For further information on this release, contact Anna Michalowska (1 800 465-1991; fax: 613-951-3868), Agriculture Division. ■

PUBLICATIONS RELEASED

Canadian forestry statistics, 1995
Catalogue number 25-202-XPB
(Canada: $30; outside Canada: US$30).

Particleboard, oriented strandboard and fibreboard, May 1998
Catalogue number 36-003-XPB
(Canada: $7/$62; outside Canada: US$7/US$62).

Primary iron and steel, May 1998
Catalogue number 41-001-XPB
(Canada: $7/$62; outside Canada: US$7/US$62).

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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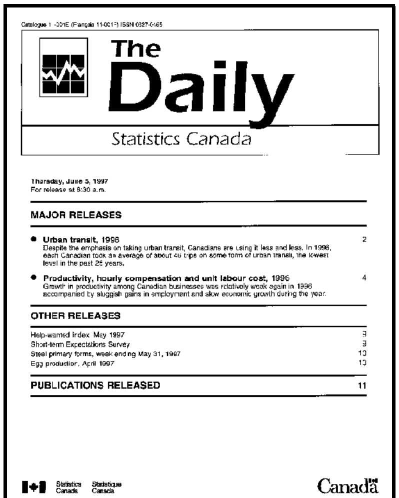
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MAJOR RELEASES

- Urban transit, 1996 — 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- Productivity, hourly compensation and unit labour cost, 1996 — 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

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Editor: Duncan Currie (613-951-1103, currdun@statcan.ca)
Head of Official Release: Chantal Prévost (613-951-1088, prevcha@statcan.ca)