Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

The Daily

Statistics Canada

Tuesday, August 4, 1998
For release at 8:30 a.m.

MAJOR RELEASES

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MAJOR RELEASES

Quarterly Business Conditions Survey — Manufacturing Industries

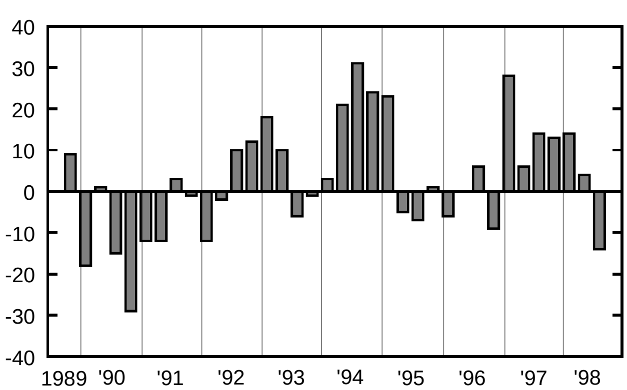
July 1998

Manufacturers were much less optimistic about production prospects in July than they were in April — particularly those in the transportation equipment industries. Despite these concerns, manufacturers did not expect this decline to lead to reductions in employment levels. Overall, they did not feel that the current level of finished products inventories was a source of concern.

Production prospects fall

In early July, manufacturers' expectations of production prospects for the coming three months dropped 18 points to -14. Manufacturers in the transportation equipment industries were largely responsible for this decline. Production prospects in the transportation equipment industries were dampened somewhat by strikes in the United States, which caused parts shortages at the time of the survey. Overall, the rest of the manufacturing sector remained relatively upbeat regarding production prospects in the coming three months. The balance of opinion of -14 in July, was calculated by subtracting the 35% of manufacturers who stated that their production in the coming three months would decrease from the 21% who said that their production would increase.

Balance of opinion for expected volume of production next three months versus last three months

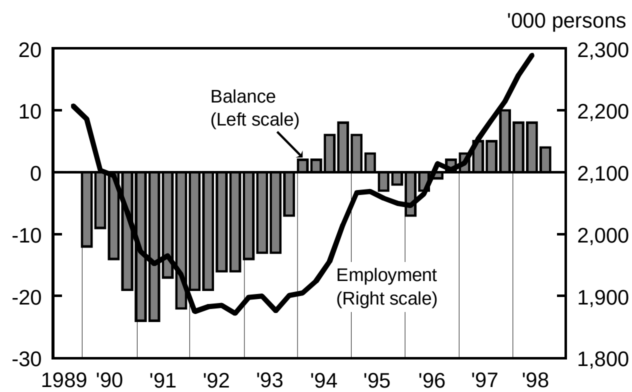


> ***Note to readers***
>
> *The Business Conditions Survey is generally conducted during the first two weeks of January, April, July and October. Results are based on replies from about 5,000 manufacturers and are weighted by a manufacturer's shipments or employment. Consequently, larger manufacturers have a correspondingly larger impact on the results than smaller manufacturers.*
>
> *Except for the data on production difficulties, data in this release are seasonally adjusted.*

Manufacturers slightly less positive about employment prospects

The balance of opinion concerning employment prospects for the next three months was down 4 points to +4 in the July survey. The number of manufacturers stating they would be decreasing their workforce was up 2 points to 13%, with those stating they would increase their workforce falling from 19% in April to 17% in July. According to the Labour Force Survey, almost 2.3 million people were employed in the manufacturing sector in June 1998.

Balance of opinion on employment prospect during the next three months and manufacturing employment



Most manufacturers still satisfied with the level of finished product inventories

In the July survey, 83% of manufacturers felt that their current level of finished products inventory was about right. With 15% of manufacturers stating inventories were too high and 2% stating inventories were too low, the current balance of opinion stood at -13, a one point improvement over the April balance. Although negative, the balance would indicate manufacturers were not worried about current inventory levels when compared with the balances of -37 and -38 posted in the January and April surveys of 1991. The May 1998 Monthly Survey of Manufacturers results indicated manufacturers were holding some $16.8 billion in finished products inventory — 3.2% higher than the inventory level posted in the May 1997 survey.

Manufacturers less satisfied with level of unfilled orders

Although some 80% of manufacturers indicated the current level of unfilled orders was about right, the July balance of opinion was down three points to -6. This decrease in the balance was caused by the proportion of manufacturers stating higher than normal unfilled orders on their books, falling from 10% in April to 7% in the July survey.

Slight improvement in level of orders received

Manufacturers' balance of opinion concerning the current level of orders received picked up 4 points to -1 in July. Some 71% of manufacturers indicated new orders would be about the same. In the April survey, only 59% of manufacturers shared this opinion.

Raw materials shortages a major concern

A shortage of raw materials was a concern for 14% of manufacturers in the July survey. This 12 point jump from the April survey was mostly attributable to a shortage of parts in the transportation equipment industries caused by recent strikes in the United States. A shortage of skilled labour continued to be a concern for 7% of manufacturers. Working capital shortages were a concern of 4% of respondents, up from 2% in April.

Available on CANSIM: 2843-2845 (unadjusted data only).

For further information, contact Claude Robillard (613-951-3507; *robilcg@statcan.ca*) Monthly Survey of Manufacturing Section, Manufacturing, Construction and Energy Division. □

Business Conditions Survey — Manufacturing Industries
July 1998

	July 1997	Oct. 1997	Jan. 1998	Apr. 1998	July 1998
	seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
About the same	58	61	68	60	44
Higher	28	26	23	22	21
Lower	14	13	9	18	35
Balance	14	13	14	4	-14
Orders received are:					
About the same	64	57	60	59	71
Rising	29	35	27	18	14
Declining	7	8	13	23	15
Balance	22	27	14	-5	-1
Present backlog of unfilled orders is:					
About normal	78	78	74	77	80
Higher than Normal	12	11	14	10	7
Lower than Normal	10	11	12	13	13
Balance	2	0	2	-3	-6
Finished product inventory on hand is:					
About right	70	75	79	80	83
Too low	15	10	6	3	2
Too high[1]	15	15	15	17	15
Balance	0	-5	-9	-14	-13
Employment during the next three months will:					
Change little	75	72	74	70	70
Increase	15	19	17	19	17
Decrease	10	9	9	11	13
Balance	5	10	8	8	4
	unadjusted				
Sources of production difficulties:					
Working capital shortage	2	1	3	2	4
Skilled labour shortage	5	9	8	7	7
Unskilled labour shortage	1	1	0	1	0
Raw material shortage	3	2	2	2	14
Other difficulties	8	3	4	2	4
No difficulties	81	83	81	85	73

[1] *No evident seasonality.*

■

Building permits

Second quarter and June 1998

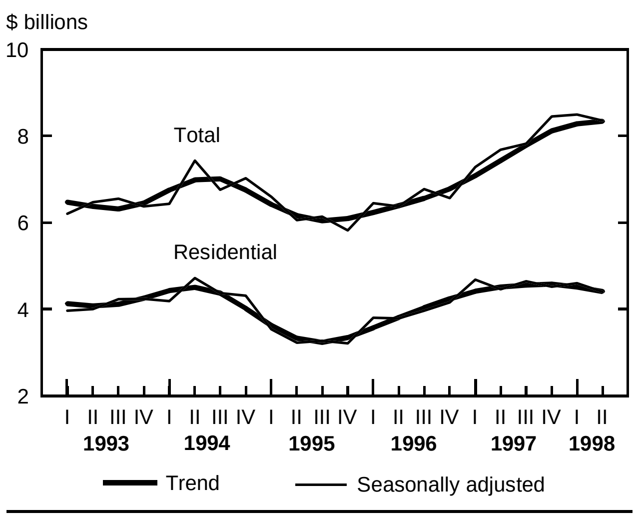
The total value of building permits declined in the second quarter of 1998, halting a series of five consecutive quarterly increases. An increase in non-residential permits, particularly for industrial projects, was more than offset by a decline in the residential sector.

In total, municipalities issued building permits worth $8.4 billion during the second quarter of 1998, down 1.7% from the first quarter.

Permits for new housing projects declined 4.3% to $4.4 billion, while planned construction for institutional, commercial and industrial projects increased 1.5% to $4.0 billion.

The value of permits declined for both single- and multi-family housing. Although it is still too early to specify a trend, the housing sector is showing signs of slowing down. The total value of residential permits for the first half of 1998 was 1.6% lower than for the same period of 1997. This decline was the result of lagging single-family dwellings construction intentions (-5.6% to $6.4 billion), which more than offset an increase in multi-family housing permits (+9.7% to $2.6 billion). Historically, single-family housing accounts for more than 70% of all housing construction.

Pause in housing intentions



On the other hand, the non-residential sector has remained very active since the beginning of 1998. Non-residential construction intentions for the first half of 1998 were 34.8% above the same period of 1997.

Note to readers

Unless otherwise stated, this release presents seasonally adjusted data, which ease comparisons by removing the effects of seasonal variations.

The monthly Building and Demolitions Permits Survey covers 2,600 municipalities representing 94% of the population. It provides an early indication of building activity. The communities representing the other 6% of the population are very small, and their levels of building activity have little impact on the total.

The value of planned construction activities shown in this release excludes engineering projects (e.g., waterworks, sewers, culverts) and land. The annual rate is a monthly figure that has been seasonally adjusted and multiplied by 12 to reflect annual levels.

On a monthly basis, municipalities issued $2.8 billion in permits in June, up 1.4% from May. Housing construction intentions increased a marginal 0.6% to $1.4 billion, following two consecutive decreases. The value of non-residential permits reached $1.3 billion, up 2.3% over May.

Housing sector in reasonable shape despite quarterly decrease

Despite the decline in the second quarter of 1998, the housing sector remains in reasonable shape. The value of permits in the quarter was only 1.3% behind levels in the corresponding period of 1997, which was a strong year for permits. Further, the value of permits issued for multi-family dwellings between April and June was 5.7% higher than in 1997, although it was not enough to compensate for a 4.0% decrease in the single-family component.

However, housing indicators remained encouraging. According to the Canadian Real Estate Association, the resale market for new and existing houses in the second quarter was up 13.5% over the first quarter of 1998. There were also good signs of potential growth for the remainder of the year (a steady unemployment rate, high consumer confidence combined with stable new housing prices, and still low mortgage rates).

During the second quarter, the value of residential building permits declined in 7 of the 12 provinces and territories. In Ontario, which contributed the most to the quarterly decrease, municipalities issued fewer residential permits (-5.2% to $2.0 billion) due to decreases in both components. In Alberta, residential intentions declined 7.3% in the second quarter to $702 million — entirely due to a setback in the single-family component, which more than offset an increase in the multi-family component.

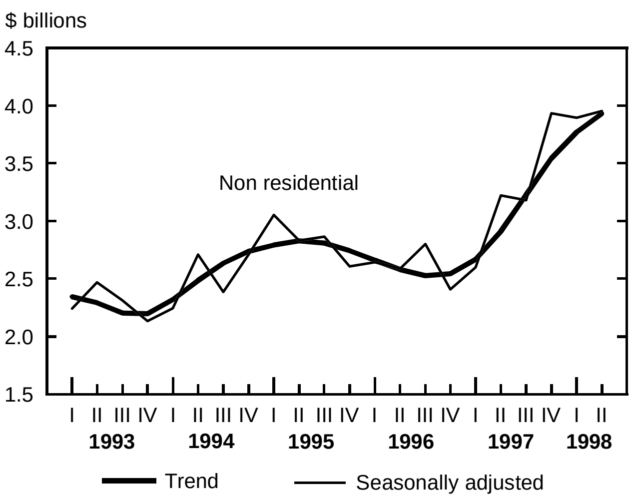
By contrast, Saskatchewan reported the most significant quarterly increase (+29.1% to $72 million), due almost entirely to an increase in the value of permits for multi-family dwellings. The Northwest Territories also reported a major quarterly increase.

Industrial projects fuel non-residential sector

The value of non-residential building permits reached $4.0 billion in the second quarter — the highest figure since the first quarter of 1990 and a 1.5% increase over the first quarter of 1998.

Only the industrial sector recorded an increase in the second quarter. Industrial construction intentions reached $1.1 billion, a 20.6% increase over the first three months of 1998. Construction intentions in new manufacturing plants contributed the most to the industrial activity in the second quarter, which reached its highest level since the fourth quarter of 1989.

Momentum continues in non-residential intentions



The institutional component recorded the most significant decrease from the first quarter — down 12.4% to $864 million. However, this retreat followed five consecutive quarterly increases. A reduction in construction plans of government administrative buildings was mostly responsible for the decline.

Building permits in the commercial component remained stable during the second quarter, declining a marginal 0.6% to $2.0 billion. Most of the activity in the second quarter came from construction intentions in the trade and services sector.

For the first six months of 1998, the value of building permits for each of the three components was at least 32% higher than the corresponding period of 1997. These results coincide with the recent Private and Public Investment Survey, which showed an annual increase of 6.6% for 1998.

The most significant quarterly increases were reported in Alberta (+59.1% to $824 million) and in Manitoba (+108.7% to $259 million). Increases in industrial and commercial intentions compensated for a decline in the institutional component in the two provinces.

Ontario recorded the biggest decrease (-23.9% to $1.4 billion). This decline, however, followed a strong increase in the first quarter of 1998.

Available on CANSIM: matrices 80 (levels 3-7, 16-22 and 24-32), 129, 137, 443, 989-992, 994, 995 and 4073.

The June 1998 issue of *Building permits* will be released in August and will be available on the Internet (64-001-XIB, $19). See How to order publications.

The July building permits estimate will be released on September 4, 1998. For analytical information, contact Michel Labonté (613-951-9690; *labomic@statcan.ca*), Current Investment Indicators Section, Investment and Capital Stock Division. □

Value of building permits

	May 1998r	June 1998p	May 1998 to June 1998	First quarter 1998r	Second quarter 1998p	First quarter 1998 to second quarter 1998
	Seasonally adjusted					
	$ millions		% change	$ millions		% change
Canada	**2,722.2**	**2,760.8**	**1.4**	**8,493.5**	**8,352.5**	**-1.7**
Residential	1,420.4	1,429.3	0.6	4,599.1	4,401.1	-4.3
Non-residential	1,301.8	1,331.4	2.3	3,894.5	3,951.4	1.5
Newfoundland	14.6	15.5	6.1	68.3	45.6	-33.2
Residential	9.1	9.2	0.9	49.6	29.3	-41.0
Non-residential	5.5	6.3	14.7	18.7	16.4	-12.3
Prince Edward Island	8.0	8.9	12.1	20.4	27.3	33.9
Residential	4.3	5.0	15.0	14.3	14.1	-1.0
Non-residential	3.6	3.9	8.6	6.1	13.2	115.4
Nova Scotia	60.5	46.4	-23.3	116.0	147.4	27.1
Residential	32.7	24.7	-24.3	64.3	77.2	20.1
Non-residential	27.8	21.7	-22.0	51.8	70.2	35.7
New Brunswick	33.9	39.9	17.4	101.1	114.2	12.9
Residential	19.2	19.9	3.6	56.8	59.6	4.8
Non-residential	14.8	20.0	35.2	44.2	54.6	23.4
Quebec	407.1	454.2	11.6	1,364.9	1,297.8	-4.9
Residential	205.2	224.7	9.5	667.8	638.1	-4.4
Non-residential	202.0	229.6	13.7	697.1	659.7	-5.4
Ontario	1,035.6	1,134.2	9.5	3,951.7	3,395.0	-14.1
Residential	643.1	600.1	-6.7	2,072.4	1,964.0	-5.2
Non-residential	392.5	534.1	36.1	1,879.3	1,431.1	-23.9
Manitoba	180.0	65.4	-63.7	215.3	348.9	62.0
Residential	25.1	25.3	1.0	91.1	89.7	-1.6
Non-residential	154.9	40.1	-74.1	124.2	259.2	108.7
Saskatchewan	76.3	51.8	-32.1	122.4	196.1	60.1
Residential	24.8	26.2	5.8	55.5	71.6	29.1
Non-residential	51.5	25.6	-50.3	67.0	124.5	85.8
Alberta	501.8	509.6	1.5	1,275.1	1,525.7	19.7
Residential	219.3	244.1	11.3	757.1	701.6	-7.3
Non-residential	282.5	265.5	-6.0	517.9	824.1	59.1
British Columbia	381.6	416.2	9.1	1,248.7	1,207.8	-3.3
Residential	229.9	242.0	5.3	765.7	736.1	-3.9
Non-residential	151.7	174.2	14.9	482.9	471.7	-2.3
Yukon	5.1	2.4	-53.6	6.5	9.9	53.0
Residential	1.0	2.0	86.2	3.5	4.2	18.8
Non-residential	4.1	0.4	-89.4	2.9	5.7	94.2
Northwest Territories	17.6	16.3	-7.6	3.1	36.8	1,073.9
Residential	6.8	6.2	-8.8	0.8	15.6	1,790.6
Non-residential	10.8	10.1	-6.9	2.3	21.2	817.4

r *Revised data*
p *Preliminary data*
Note: *Data may not add to totals due to rounding.*

■

OTHER RELEASES

Provincial and territorial government finance — Assets and liabilities
March 31, 1996

Net debt (which is defined as the excess of liabilities over financial assets) of provincial and territorial governments reached $235.9 billion on March 31, 1996, an increase of $11.9 billion (+5.3%) over March 31, 1995. The financial assets stood at $179.3 billion, while total liabilities reached $415.2 billion.

These statistics are based on the actual data released in the provincial and territorial governments' Public Accounts dated March 31, 1996, and converted to Statistics Canada's Financial Management System (FMS).

The FMS standardizes the presentation of government accounting. Government accounting systems are not directly comparable because their policies and structures differ. The FMS therefore adjusts data from government Public Accounts and other records to provide comparable data. The FMS also provides national aggregates that are consistent over time. The FMS statistics may not agree with the figures published in government financial statements. Reconciliation statements of the two presentations are available.

Available on CANSIM: matrices 3201-3213 (Provincial and territorial government balance sheet).

For further information on this release, contact A.J. Gareau (613-951-1826) or Robert Larocque (613-951-1836), Public Institutions Division.

Data are available through custom and special tabulation. For more information or general inquiries on products or services, contact Viola Jabbour (613-951-0767; *jabbvio@statcan.ca*), Public Institutions Division. ■

Shipments of solid fuel-burning heating products
Second quarter 1998

Shipments of solid fuel-burning heating products totalled $13.5 million for the second quarter of 1998, an increase of 36.4% from the $9.9 million shipped during the second quarter of 1997.

The quantities for these shipments are also available.

The 1998 second quarter issue of *Shipments of solid fuel-burning heating products* (25-002-XPB, $8/$25) will be available shortly. See *How to order publications*.

For further information on this release, contact Etienne Saint-Pierre (613-951-9837; *saineti@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Railway carloadings
Seven-day period ending July 14, 1998

Carloadings of freight (excluding intermodal traffic) during the seven-day period ending July 14, 1998, decreased 14.3% to 4.1 million tonnes from the same period last year. The number of cars loaded decreased 13.1%.

Intermodal traffic (piggyback) tonnage totalled 338 000 tonnes, a 1.5% decrease from the same period last year. The year-to-date figures show a decline of 3.6%.

Total traffic (carloadings of freight and intermodal traffic) decreased 13.4% during the period. This brought the year-to-date total to 138.0 million tonnes, unchanged from the previous year.

All year-to-date figures have been revised.

For further information on this release, contact Robert Larocque (613-951-2486; fax: 613-951-0009; *laroque@statcan.ca*), Transportation Division. ■

Cement
June 1998

Manufacturers shipped 1 302 376 metric tonnes of cement in June, up 3.7% from 1 255 478 tonnes in June 1997, and up 17.3% from 1 110 443 tonnes (revised) in May 1998.

Year-to-date shipments totalled 5 052 889 tonnes (revised), up 5.3% from 4 798 270 tonnes during the same period in 1997.

Available on CANSIM: matrices 92 and 122 (series 35).

The June 1998 issue of *Cement* (44-001-XPB, $7/$62) will be available shortly. See *How to order publications*.

For further information on this release, contact Roland Joubert (613-951-3527; *rjouber@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Asphalt roofing
June 1998

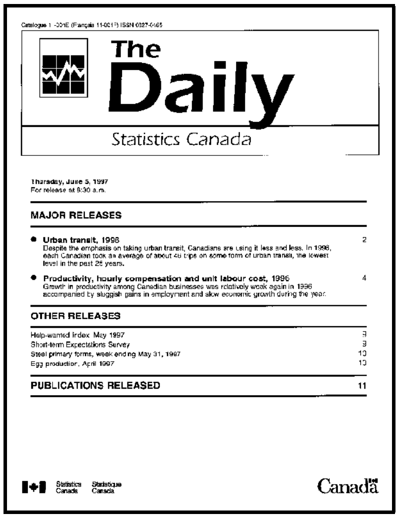
Production of asphalt shingles totalled 3 925 912 metric bundles in June, a 7.7% increase from 3 645 525 (revised) metric bundles produced a year earlier.

Year-to-date production amounted to 21 481 624 metric bundles, a 9.6% decrease from 23 766 241 (revised) metric bundles produced during the same period in 1997.

Available on CANSIM: matrices 32 and 122 (series 27).

The June 1998 issue of *Asphalt roofing* (45-001-XPB, $7/$62) will be available shortly. See *How to order publications*.

For further information on this release, contact Don Grant (613-951-5998; *grantdo@statcan.ca*), Manufacturing, Construction and Energy Division. ■


Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

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For release at 8:30 a.m.

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Canada

Statistics Canada's official release bulletin

Catalogue 11-001E.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at *http://www.statcan.ca*. To receive *The Daily* each morning by E-mail, send an E-mail message to listproc@statcan.ca. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

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Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

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