



The Daily

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MAJOR RELEASES

- **Monthly Survey of Manufacturing, February 1999** 2
Manufacturers' shipments fell 0.4% in February to \$39.1 billion, led by declines in the aircraft and parts, and tobacco products industries. Excluding these two industries, shipments increased 0.5%.

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MAJOR RELEASES

Monthly Survey of Manufacturing

February 1999

Manufacturers' shipments fell 0.4% in February to \$39.1 billion, led by declines in the aircraft and parts, and tobacco products industries. Excluding these two industries, shipments increased 0.5%.

Total manufacturers' shipments were down for the second consecutive month in February following dramatic increases between August and December 1998. After increasing strongly throughout the fall and then slowing in December and January, the trend of manufacturers' shipments levelled off with February's result.

Unfilled orders were up strongly in February while inventories rose slightly.

As well, the Labour Force Survey reported sizable gains in employment in the manufacturing sector in March.

Two industries caused shipments to slip

Manufacturers' shipments decreased in 6 of the 22 major groups in February, representing 36.2% of the total value of shipments. Despite the fact that shipments rose in 16 industries, the declines in two particular industries outweighed these increases.

The largest contributor to February's decrease was in the aircraft and parts industry (-21.0%). Shipments in this industry increased strongly (+10.7%) in January supported by strong exports to the United States and Europe. With February's decline, shipments returned to more typical levels.

The next largest decline was observed in the tobacco products industry where shipments fell sharply (-35.9%) in February. This movement was confirmed by the Production and Disposition of Tobacco Products Survey, which reported that the volume of cigarette shipments dropped 19% in February, following a significant increase (+31.6%) in the value of January's shipments. The January increase was attributed to an anticipated tax increase on tobacco products in the federal budget. When the tax increase never materialized, the demand for cigarettes fell off in February as distributors moved to reduce inventories.

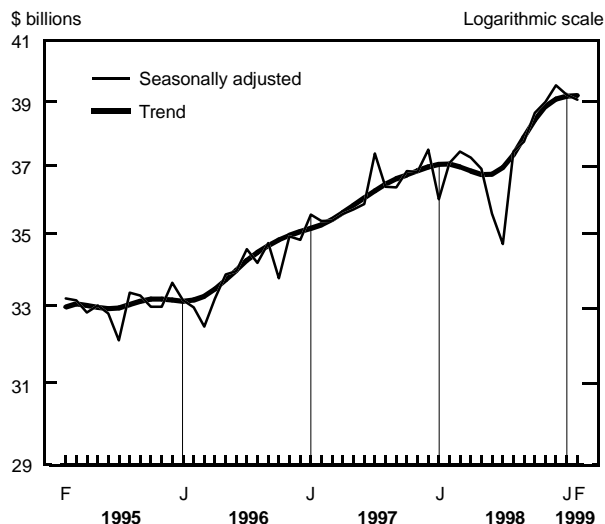
Note to readers

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 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 because portions of large contracts can be subcontracted out to manufacturers in other countries.

Shipments slipped in February



Offsetting increases, in order of absolute impact, were observed in the railroad rolling stock (+21.5%), primary metals (+2.4%) and machinery (+3.9%) industries.

Manufacturers' shipments decreased in four provinces (Quebec, Nova Scotia, Manitoba and Prince Edward Island) and the two territories.

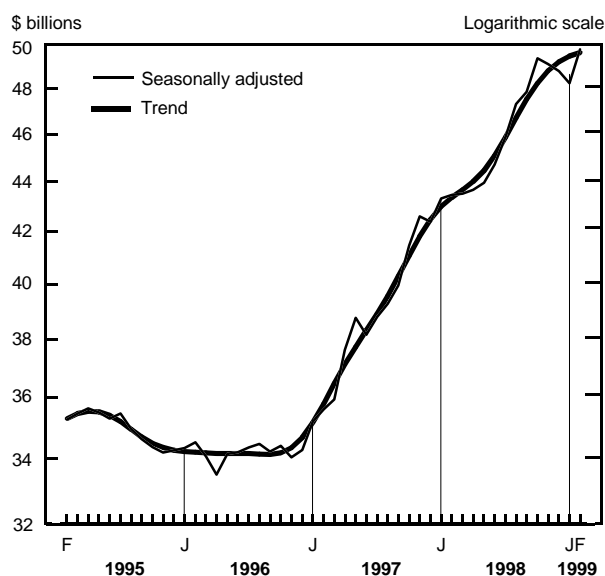
Shipments by province

	Jan. 1999	Feb. 1999	Jan. to Feb. 1999
seasonally adjusted			
	\$ millions		% change
Newfoundland	148	162	8.9
Prince Edward Island	80	79	-0.3
Nova Scotia	552	539	-2.3
New Brunswick	642	646	0.7
Quebec	9,322	8,933	-4.2
Ontario	21,647	21,830	0.8
Manitoba	902	894	-1.0
Saskatchewan	481	492	2.4
Alberta	2,538	2,576	1.5
British Columbia	2,898	2,899	0.0
Northwest Territories and Yukon	3	3	-2.4

Unfilled orders rebounded due to the aircraft and parts industry

Manufacturers' backlog of unfilled orders increased 3.2% to \$49.8 billion in February, a rebound after declining for the previous three months. The trend in unfilled orders has been growing steadily over the past two years but has been concentrated in the aircraft and parts industry. In this industry, orders can be stretched out over a number of years before they are completed.

Unfilled orders up strongly in February



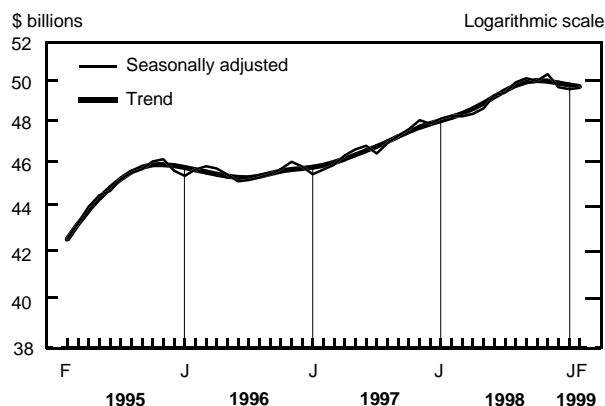
The largest increase in unfilled orders was reported in the aircraft and parts (+10.3%) industry. The motor vehicle (+2.4%) and machinery (+2.4%) industries also reported modest gains.

In order of magnitude, the largest offsetting decreases in unfilled orders were in the electrical and electronic products (-1.4%), truck, bus body and trailer (-8.7%), and motor vehicle parts and accessories (-2.5%) industries.

Inventories edged up in February because of the goods-in-process inventory

Manufacturers' inventories increased 0.1% to \$49.6 billion in February. This increase was concentrated in the goods-in-process inventory, which rose 2.2% over January. The trend in total inventories has been on the rise since mid-1996 despite the declines observed over the past four months.

Inventories edged up in February



In order of magnitude, the major contributors to February's increase in inventories were the aircraft and parts (+4.4%), wood (+1.4%), and railroad rolling stock (+4.7%) industries.

The largest offsetting decreases were observed in the motor vehicle (-9.0%), primary metal (-1.7%), and electrical and electronic products (-1.3%) industries.

The inventory-to-shipments ratio increased modestly to 1.27 in February, up from 1.26 in January. This ratio has declined dramatically after reaching a high of 1.42 in July. The trend of the ratio remained at historically low levels.

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

The February 1999 issue of the *Monthly Survey of Manufacturing* (31-001-XPB, \$20/\$196) 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 more information, or to enquire about the concepts, methods, and data quality of this release, contact Craig Kuntz (613-951-7092; kuncrai@statcan.ca), Monthly Survey of Manufacturing Section.

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
February 1998	37,093	3.0	48,220	0.3	43,473	0.4	37,250	0.9	1.30
March 1998	37,442	0.9	48,189	-0.1	43,518	0.1	37,487	0.6	1.29
April 1998	37,254	-0.5	48,314	0.3	43,676	0.4	37,412	-0.2	1.30
May 1998	36,912	-0.9	48,576	0.5	43,962	0.7	37,198	-0.6	1.32
June 1998	35,587	-3.6	49,238	1.4	44,722	1.7	36,347	-2.3	1.38
July 1998	34,706	-2.5	49,372	0.3	45,883	2.6	35,867	-1.3	1.42
August 1998	37,436	7.9	49,895	1.1	47,312	3.1	38,865	8.4	1.33
September 1998	37,743	0.8	50,109	0.4	47,847	1.1	38,279	-1.5	1.33
October 1998	38,637	2.4	49,981	-0.3	49,369	3.2	40,159	4.9	1.29
November 1998	38,977	0.9	50,326	0.7	49,102	-0.5	38,710	-3.6	1.29
December 1998	39,524	1.4	49,650	-1.3	48,782	-0.7	39,204	1.3	1.26
January 1999	39,213	-0.8	49,551	-0.2	48,229	-1.1	38,660	-1.4	1.26
February 1999	39,053	-0.4	49,624	0.1	49,779	3.2	40,603	5.0	1.27

Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
February 1998	29,883	2.2	45,402	0.3	37,557	0.0	29,872	-0.2
March 1998	30,131	0.8	45,435	0.1	37,539	0.0	30,113	0.8
April 1998	30,063	-0.2	45,466	0.1	37,770	0.6	30,294	0.6
May 1998	29,736	-1.1	45,806	0.7	37,935	0.4	29,902	-1.3
June 1998	29,889	0.5	46,290	1.1	38,590	1.7	30,543	2.1
July 1998	29,720	-0.6	46,525	0.5	39,521	2.4	30,651	0.4
August 1998	30,239	1.7	46,826	0.6	40,802	3.2	31,520	2.8
September 1998	30,269	0.1	46,950	0.3	41,136	0.8	30,602	-2.9
October 1998	30,375	0.4	46,809	-0.3	42,288	2.8	31,527	3.0
November 1998	30,487	0.4	46,786	0.1	42,148	-0.5	30,347	-4.0
December 1998	30,766	1.0	46,407	-0.8	41,926	0.4	30,543	2.3
January 1999	30,494	-1.1	46,385	-0.1	42,023	-0.8	30,591	-2.7
February 1999	30,377	-0.3	46,632	0.4	43,336	3.4	31,821	5.6

OTHER RELEASES

Employer pension plans (trusteed pension funds)

Third quarter 1998

The market value of trusteed pension fund assets fell nearly 9% to \$460 billion in the third quarter of 1998, mainly because of declining stock prices. This was the largest quarterly decline in the six years that this information has been available.

Over the longer term, however, the value of trusteed pension fund assets has grown considerably — increasing 49% since the third quarter of 1993, after eliminating the effects of inflation. This growth was due to new investment arising from contributions and re-invested earnings, as well as to increases in the market value of assets.

Trusteed pension funds are a key source of retirement income for many Canadians. These funds hold about two-thirds of the monies in all employer pension plans (also called registered pension plans or RPPs). The remaining third is held in some of the federal or provincial government funds (such as the pension plan for federal public servants) or under insurance company contracts. About four million employees or close to four-fifths of all RPP members participate in trusteed pension funds.

The value of stocks held by trusteed pension funds was down nearly 19% in the third quarter, mirroring the 24% drop in the TSE 300 Composite Index. Stocks currently account for about 40% of the total market value of trusteed fund assets. As a result, fluctuations in the stock markets can have a significant effect on the funds' worth.

The market value of the funds' bond holdings increased marginally (+1%) over the third quarter. About 41% of the funds' portfolio is invested in bonds.

Close to 19% of the assets held by trusteed pension funds are invested outside Canada. The value of the foreign component of the funds' portfolio fell 11% over the quarter, to \$85 billion. The value of assets invested in Canada declined too, but by only 8% (to \$375 billion). A much larger proportion of foreign than Canadian assets are invested in stocks, making the foreign component more vulnerable to market shifts.

Fund revenues (contributions and earnings on investments) were down 35% from the previous

quarter to \$11.2 billion. Reduced investment earnings from the sale of stocks primarily accounted for this decline. Expenditures were up 26%, to \$7.8 billion. Net income, therefore, was much reduced compared with the previous quarter, dropping 69% to \$3.5 billion. Large cash withdrawals and losses on the sale of stocks were largely responsible for the increase in expenditures. The main component of expenditures is payments to beneficiaries, which amounted to \$4.7 billion for the quarter.

Available on CANSIM: matrix 5749 .

The third quarter of 1998 issue of *Quarterly estimates of trusteed pension funds* (74-001-XPB, \$19/\$62) is available today. See *How to order publications*.

For more information or to enquire about the methods, concepts or data quality of this release, contact Client Services at (613-951-7355), Income Statistics Division. ■

Annual Survey of Manufacturers 1997

The Annual Survey of Manufacturers 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. To date, data for 111 industries have now been released.

Data for the industries listed in the table appear in *Manufacturing industries of Canada, national and provincial areas* (31-203-XPB, \$68) and *Products shipped by Canadian manufacturers* (31-211-XPB, \$67). See *How to order publications*. In addition, a CD-ROM on products shipped by *Canadian manufacturers 1988-1996* (31-211-XCB, \$430 for single use) is available from the Manufacturing Dissemination Unit at (613-951-9497).

For more information, or to enquire about the concepts, methods, or data quality for this release, contact the name listed in the table (fax: 613-951-9499; Faghdon@statcan.ca). □

Value of shipments

	1996	1997	1996 to 1997 % change	Matrix	Contact	
	\$ millions					
Industry (Standard Industry Classification)						
Frozen fruit and vegetable (1032)	1,252.7	1,377.0	9.9	5384	S. Boyer	613-951-5669
Prepared flour mixes and prepared cereal foods (1052)	923.2	1,058.4	14.7	5388	S. Boyer	613-951-5669
Other spun yarn and woven cloth (1829)	1,438.3	1,573.9	9.4	5427	Y. Sheikh	613-951-2518
Women's blouse and shirt (2444)	87.7	75.9	-13.5	5448	Y. Sheikh	613-951-2518
Foundation garment (2496)	206.9	239.2	15.6	5456	Y. Sheikh	613-951-2518
Hardwood veneer and plywood (2521)	557.2	682.9	22.6	5461	G. Simard	613-951-3516
Other office furniture (2649)	616.7	808.3	31.1	5478	É. Saint-Pierre	613-951-9837
Hotel, restaurant and institutional furniture and fixture (2692)	1,018.4	1,078.3	5.9	5480	É. Saint-Pierre	613-951-9837
Corrugated box (2732)	2,261.2	2,150.4	-4.9	5490	G. Simard	613-951-3516
Stationery paper (2792)	32.2	27.1	-15.8	5493	G. Simard	613-951-3516
Aluminum rolling, casting and extruding (2961)	2,376.9	2,719.7	14.4	5512	A. Shinnan	613-951-3515
Other fabricated structural metal products (3029)	1,683.8	1,794.4	6.6	5520	É. Saint-Pierre	613-951-9837
Heating equipment (3071)	677.5	681.0	0.5	5535	É. Saint-Pierre	613-951-9837
Electronic parts and components (3352)	5,727.4	5,902.6	3.1	5575	R. Kowaluk	613-951-0600
Electrical switchgear and protective equipment (3372)	971.4	1,034.9	6.5	5581	R. Kowaluk	613-951-0600
Communications and energy wire and cable (3381)	1,790.3	1,857.7	3.8	5583	R. Kowaluk	613-951-0600
Plastic and synthetic resin (3731)	5,162.2	6,035.0	16.9	6875	R. Sheldrick	613-951-7199
Pharmaceutical and medicine (3741)	4,689.5	4,901.1	4.5	6876	R. Sheldrick	613-951-7199
Button, buckle and clothes fastener (3992)	101.6	108.5	6.8	6894	R. Kowaluk	613-951-0600

1997 Multifactor productivity - Correction

The Daily release of March 23, 1999 on multifactor productivity contained transcription errors with respect to the 1996 preliminary labour productivity growth rates. These errors appeared in the tables titled "Breakdown of annual growth of real GDP between productivity and inputs" and in "Comparison of annual growth of multifactor productivity and labour productivity between Canada and the United States - Business sector". Corrections for 1996 are provided in the table below along with the 1997 results to put them in perspective.

Labour productivity growth rates 1996

	1996 ^P	1997 ^P
	annual % change	
Business sector - overall	-0,6 ¹	2,9
Business sector - services	-0,5 ¹	3,0
Business sector - goods	-0,7 ¹	2,9
Manufacturing industries	-1,5 ¹	3,0

^P Preliminary data

¹ Corrected figures.

Available on CANSIM: matrices 9465 and 9480.

For more information, contact Nicole Charron (613-951-3789), Micro-economic study and analysis. ■

Construction Union Wage Rate Index March 1999

The Construction Union Wage Rate Index (including supplements) remained unchanged in March from February at 112.1 (1992=100). The index increased 0.9% in March compared with March 1998.

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 where a majority of trades are covered by current collective agreements.

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

The first quarter 1999 issue of *Construction price statistics* (62-007-XPB, \$24/\$79) will be available in June. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Louise Chaîné (613-951-3350; fax: 613-951-1539; infounit@statcan.ca), Client Services Unit, Prices Division. ■

Selected financial indexes

March 1999

March figures are now available for selected financial indexes including conventional mortgage rates, prime business lending rates, provincial bond yield averages and exchange rates on a 1992=100 time base.

Available on CANSIM: matrix 9928.

These indexes will appear in the first quarter 1999 issue of *Construction price statistics* (62-007-XPB, \$24/\$79), which will be available in June. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality for this

release, contact Louise Chaîné (613-951-3350; fax: 613 951-1539; infounit@statcan.ca), Client Services Unit, Prices Division. ■

Electric lamps

March 1999

Light bulb and tube manufacturers sold 25.9 million light bulbs and tubes in March, a 3.7% decrease from the 26.9 million sold a year earlier.

Year-to-date sales at the end of March totalled 70.8 million, a decrease of 8.6% from the 77.5 million light bulbs and tubes sold a year earlier.

The March 1999 issue of *Electric lamps* (43-009-XIB, \$5/\$47) will be available shortly.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Russell Kowaluk (613-951-0600; kowarus@statcan.ca), Manufacturing, Construction and Energy Division. ■

PUBLICATIONS RELEASED

Quarterly estimates of trustee pension funds,
third quarter 1998
Catalogue number 74-001-XPB
(Canada: \$19/\$62; outside Canada: US\$19/US\$62).

All prices exclude sales tax.

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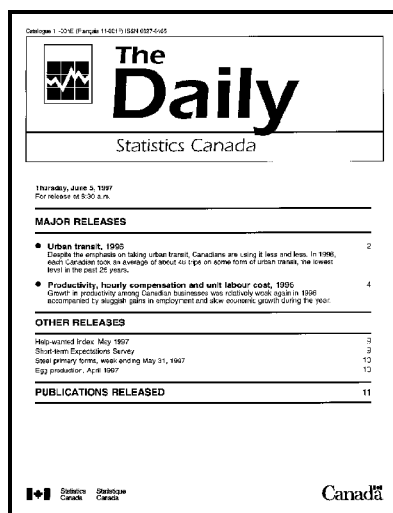
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