



The Daily

Statistics Canada

Wednesday, August 16, 2000

For release at 8:30 a.m.

MAJOR RELEASES

- **Monthly Survey of Manufacturing, June 2000** 2
Manufacturers' shipments rose 0.7% in June to \$45.1 billion, led by an advance in the refined petroleum and coal products industry. Excluding the price-driven increase in the refined petroleum and coal products industry, manufacturers' shipments edged up 0.3%.
- **Composite Index, July 2000** 5
The leading indicator grew by 0.4% in July, the same rate as in June; 6 of 10 components posted gains.

NEW PRODUCTS



MAJOR RELEASES

Monthly Survey of Manufacturing

June 2000

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June's results mark the end of a four-month period of volatility; large increases in both March and May were preceded by strong declines in February and April. The strong upward trend that began in the summer of 1998 has flattened in recent months as a result of the declines in shipments that occurred in February and April. Manufacturers' shipments increased 4.1% from January to June 2000, and were 11.4% higher than in June 1999.

Both unfilled orders and inventories increased in June.

The July Business Conditions Survey reported that manufacturers were less optimistic about their production prospects than they had been in April and January. However, more than four out of five manufacturers still expected their production to be the same or higher in the third quarter.

Manufacturers shipments edged up

Manufacturers' shipments rose in 13 of the 22 major groups in June, representing 52.8% of the total value of shipments. Excluding the automotive sector, manufacturers' shipments increased 0.8%.

The refined petroleum and coal products industry (+6.5%) accounted for more than half the total increase in shipments. Prices in the refined petroleum and coal industry rose 4.8% in June. Since June 1999, they have risen 52%, while shipments have risen 63%.

The motor vehicle parts and accessories (+3.0%) and chemical and chemical products (+3.0%) industries were the other major contributors to the June advance.

The largest offsetting decline was seen in the wood industry (-2.5%); it was concentrated in sawmill and planing mill and other millwork products. The price of lumber decreased 1.7% and the industry was also affected, although to a lesser degree, by the onset of a strike in British Columbia in late June.

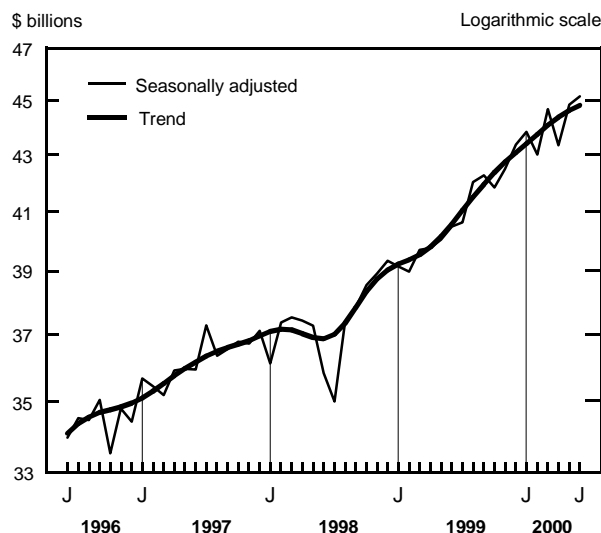
Note to readers

Unfilled orders are a stock of orders that will contribute to future shipments assuming the 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, 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.

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

Manufacturers' shipments rose



Falling nickel and copper prices (-8.0%) prompted a decline in the value of shipments in the primary metal industry (-2.3%) after an anticipated strike was averted in June.

Manufacturers' shipments increased in seven provinces and the territories.

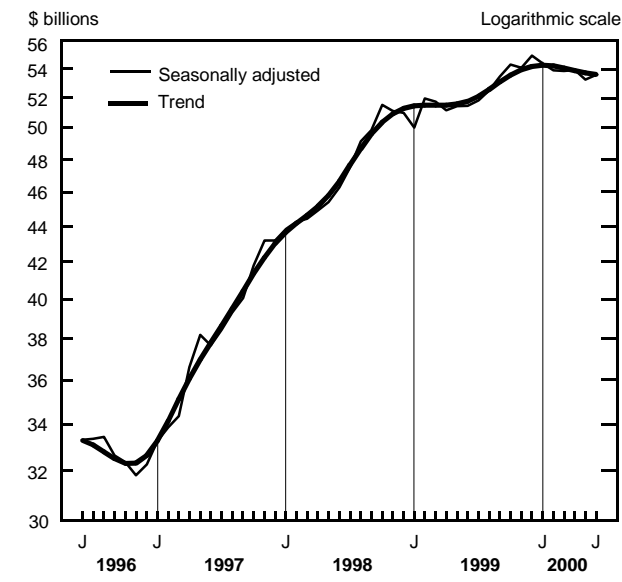
Shipments by province and territory

	May 2000	June 2000	May to June 2000
seasonally adjusted			
	\$ millions		% change
Newfoundland	194	217	12.2
Prince Edward Island	75	78	3.7
Nova Scotia	713	715	0.3
New Brunswick	849	894	5.3
Quebec	10,876	10,733	-1.3
Ontario	23,922	24,324	1.7
Manitoba	887	873	-1.6
Saskatchewan	584	591	1.2
Alberta	3,467	3,468	0.0
British Columbia	3,258	3,238	-0.6
Yukon, Northwest Territories and Nunavut	5	5	8.5

Unfilled orders up slightly

Manufacturers' backlog of unfilled orders edged up 0.6% to \$53.6 billion. After cresting in December 1999, manufacturers posted their first significant increase in unfilled orders in June.

Unfilled orders rose



The largest increase was in the transportation equipment major group (+1.2%), and was led by an increase in the aircraft and aircraft parts industry (+4.1%).

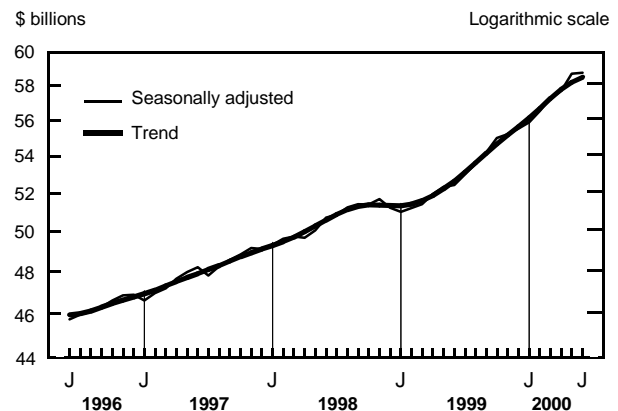
The largest offsetting movement was in the machinery and equipment industry (-2.0%).

Inventories rose for the 17th consecutive month

Manufacturers' inventories rose 0.1%, to \$58.8 billion, the 17th consecutive monthly increase. Manufacturers' inventories grew 5.8% from January to June 2000 and were 12.1% higher than the June 1999 level.

The major contributors to the June increase were the chemical and chemical products (+3.0%), wood (+2.7%) and primary metal (+1.7%) industries.

Manufacturers continued to accumulate inventories



The main offsetting drop in inventories was in the electrical and electronic products industry (-4.7%).

Although inventories have been increasing for almost a year and a half, manufacturers' shipments have been rising at a similar pace. As a result, the trend of the inventory-to-shipments ratio has kept within a relatively narrow band of between 1.29 and 1.31 since the start of 1999. The inventory-to-shipments ratio decreased in June to 1.30 from 1.31 in May.

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

The June 2000 issue of the *Monthly Survey of Manufacturing* (31-001-XPB, \$20/\$196) will be available soon. See *How to order products*.

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), Manufacturing, Construction and Energy Division. □

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	
June 1999	40,501	1.1	52,427	0.2	51,461	0.0	40,523	0.5	1.29
July 1999	40,639	0.3	52,988	1.1	51,825	0.7	41,003	1.2	1.30
August 1999	42,028	3.4	53,574	1.1	52,502	1.3	42,705	4.2	1.27
September 1999	42,266	0.6	54,189	1.1	53,468	1.8	43,233	1.2	1.28
October 1999	41,839	-1.0	54,998	1.5	54,288	1.5	42,658	-1.3	1.31
November 1999	42,491	1.6	55,200	0.4	54,071	-0.4	42,274	-0.9	1.30
December 1999	43,359	2.0	55,520	0.6	54,938	1.6	44,227	4.6	1.28
January 2000	43,834	1.1	55,876	0.6	54,393	-1.0	43,288	-2.1	1.27
February 2000	43,003	-1.9	56,516	1.1	53,889	-0.9	42,500	-1.8	1.31
March 2000	44,666	3.9	57,238	1.3	53,844	-0.1	44,620	5.0	1.28
April 2000	43,340	-3.0	57,680	0.8	53,908	0.1	43,404	-2.7	1.33
May 2000	44,829	3.4	58,702	1.8	53,236	-1.2	44,156	1.7	1.31
June 2000	45,136	0.7	58,755	0.1	53,577	0.6	45,477	3.0	1.30

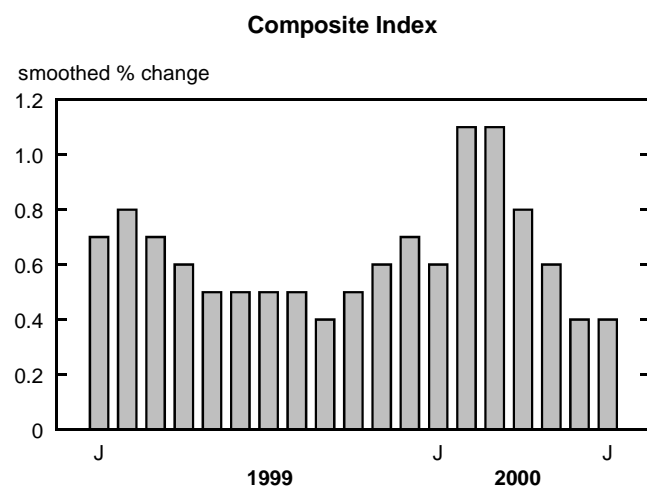
Manufacturing industries except motor vehicles, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
June 1999	31,872	0.9	49,648	0.3	44,948	-0.3	31,749	-1.2
July 1999	32,227	1.1	50,006	0.7	45,344	0.9	32,623	2.8
August 1999	32,693	1.4	50,642	1.3	45,925	1.3	33,274	2.0
September 1999	33,122	1.3	51,236	1.2	46,175	0.5	33,371	0.3
October 1999	33,085	-0.1	51,754	1.0	46,922	1.6	33,832	1.4
November 1999	33,827	2.2	52,079	0.6	47,207	0.6	34,113	0.8
December 1999	34,391	1.7	52,402	0.6	48,602	3.0	35,786	4.9
January 2000	34,985	1.7	52,776	0.7	48,735	0.3	35,118	-1.9
February 2000	34,584	-1.1	53,384	1.2	48,924	0.4	34,774	-1.0
March 2000	35,773	3.4	54,047	1.2	49,565	1.3	36,413	4.7
April 2000	34,993	-2.2	54,507	0.9	49,288	-0.6	34,716	-4.7
May 2000	36,022	2.9	55,447	1.7	48,813	-1.0	35,547	2.4
June 2000	36,299	0.8	55,524	0.1	49,347	1.1	36,834	3.6

Composite Index

July 2000

The leading indicator grew by 0.4% in July, the same rate as in June; 6 of 10 components posted gains.



Business spending remained the driving force behind overall growth. It lifted services employment to its best gain in 19 months, and boosted new orders for

manufactured goods, while the work week levelled off after two months of decline. As the same time, high technology stocks continued to power the gains in the stock market.

Household demand remained mixed as labour market conditions softened. Furniture and appliance sales slowed, while demand for other durable goods declined. The housing index turned up, but mostly because of the end of strikes which gave a lift to housing starts in Toronto. Starts fell throughout Western Canada.

The U.S. leading indicator turned negative for the first time since early 1996. The drop was largely because short-term rates rose above long-term yields, inverting the yield curve. As in Canada, business spending remained firm, as reflected by high orders for capital goods.

Available on CANSIM: matrix 193.

For more information on the economy, the August issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) will be available this week. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Francine Roy (613-951-3627), Current Economic Analysis Group.

Composite Index

	Feb. 2000	March 2000	April 2000	May 2000	June 2000	July 2000	Last month of data available % change
Composite leading indicator (1992=100)	158.4	160.1	161.4	162.4	163.1	163.8	0.4
Housing index (1992=100) ¹	98.4	100.4	100.3	100.5	99.6	101.5	1.9
Business and personal services employment ('000)	2,373	2,381	2,388	2,396	2,406	2,420	0.6
TSE 300 stock price index (1975=1,000)	8,161	8,602	8,967	9,134	9,477	9,733	2.7
Money supply, M1 (\$ millions 1992) ²	83,964	85,882	87,987	88,499	89,663	90,338	0.8
U.S. composite leading indicator (1992=100) ³	108.2	108.3	108.4	108.5	108.5	108.4	-0.1
Manufacturing							
Average work week (hours)	38.8	38.9	39.0	38.9	38.8	38.8	0.0
New orders, durables (\$ millions 1992) ⁴	21,830	21,923	21,879	22,153	22,048	22,119	0.3
Shipments/inventories of finished goods ⁴	1.91	1.91	1.91	1.91	1.90	1.90	0.00 ⁵
Retail trade							
Furniture and appliance sales (\$ millions 1992) ⁴	1,421	1,435	1,446	1,452	1,472	1,484	0.8
Other durable goods sales (\$ millions 1992) ⁴	6,666	6,716	6,706	6,809	6,833	6,827	-0.1
Unsmoothed composite	162.7	163.6	162.5	163.3	163.5	166.2	1.7

¹ Composite index of housing starts (units) and house sales (multiple listing service).

² Deflated by the Consumer Price Index for all items.

³ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.

⁴ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for two preceding months.

⁵ Difference from previous month.

NEW PRODUCTS

Consumer Price Index, July 2000
Catalogue number 62-001-XPB (\$11/\$103).
Available at 7:00 am Thursday, August 17.

New motor vehicle sales, June 2000
Catalogue number 63-007-XIB (\$13/\$124).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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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Statistics Canada

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MAJOR RELEASES

- **Urban transit, 1995** 2
Change the statistics on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 40 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 noticeably weak again in 1995, accompanied by sluggish gains in employment and slow moderate growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
Short-term Expectations Survey
- **Steel primary forms, week ending May 31, 1997** 12
Egg production, April 1997 12

PUBLICATIONS RELEASED 11

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