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The Daily

Statistics Canada

Wednesday, August 23, 2000
For release at 8:30 a.m.

MAJOR RELEASES

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NEW PRODUCTS

MAJOR RELEASES

Livestock estimates

July 1, 2000

Despite higher prices, the cattle industry continues to contract as herd inventories shrank for the fourth consecutive year. Even so, cow-calf operators responded to the improved prices by expanding the breeding herd. However, it takes several years for such an adjustment to bring more beef to the marketplace.

Total cattle and calf inventories slumped to 14.3 million head as of July 1, down 1.2% from July 1, 1999. The current herd size is 5.2% short of the peak reached in 1996.

The hog sector expanded in the second quarter, but not enough to offset declines over the previous 12 months. An estimated 12.2 million hogs were reported on farms on July 1. Inventories were up 0.8% from April 1, but down 1.3% from July 1, 1999. In the Prairie provinces, inventories were 3.2% higher than in the previous quarter.

A strong increase in sheep and lamb production signals a growing industry. Inventories climbed 12% from July 1999, as improved demand and prices resulted in the expansion of the breeding herd. The number of farms reporting sheep increased 1.3% from a year ago to 11,000, and the average number of sheep per farm grew.

Sheep producers had an estimated 988,000 head of sheep and lambs on their farms as of July 1, following three years of expansion. Imports declined, as domestic producers were able to meet demand. Exports increased because of demand for high-quality Canadian sheep and lamb products.

Livestock inventories

July 1

	Cattle		Hogs		Sheep and lambs	
	1999	2000	1999	2000	1999	2000
	'000 head					
Canada	**14,447**	**14,275**	**12,392**	**12,231**	**883**	**988**
Atlantic	318	308	375	369	47	48
Quebec	1,343	1,311	3,846	3,740	162	180
Ontario	2,120	2,050	3,381	3,229	253	280
Manitoba	1,400	1,395	1,917	1,936	58	79
Saskatchewan	2,719	2,740	918	1,040	83	102
Alberta	5,760	5,709	1,808	1,779	214	230
British Columbia	787	762	148	139	65	70

Note: *Totals may not add due to rounding.*

Note to readers

Data for this release come from the July Livestock Survey, a telephone survey of 21,600 farm operators conducted during the last three weeks of June. Farmers were asked to report the number of livestock they would have on their farm as of July 1, 2000.

In Canada, cow-calf operations primarily produce weaned calves. Calves not kept on these operations as breeding cattle will be purchased by a backgrounding-stocker operation or a feeding operation. Calves on stocker operations are fed a low-energy roughage ration (forage or silage) in winter and spend the next summer as yearlings on pasture, where they continue to grow. Typically, yearlings are sold to feeding operations, such as feedlots, during the second year of their lives. Feeding operations specialize in "finishing" cattle, mostly steers and heifers, i.e., bringing them to market weight on a high-energy ration.

Cattle herd slowly shrinking

Canada's cattle herd has been in a gradual liquidation phase for the last four years. The current herd size is 5.2% short of the 1996 peak. Total cattle and calf inventories on July 1 were 14.3 million head, down 1.2% from July 1, 1999 and down 2.9% from 1998. Saskatchewan was the only province with larger cattle inventories.

Low feed grain costs and better prices for fed cattle have led to higher profit margins for feeding operations, supporting greater demand for feeder cattle. These cattle are fed to market weight and then shipped to processing plants. Total slaughter increased 2.3% over the year ending July 1, 2000, further reducing inventories. Exports fell by 18% from 1999. As supplies were unable to keep up with demand, feeder cattle prices rose.

Producers were faced with tough management decisions — to take advantage of the rising prices to sell heifers as feeders, or to hold back replacement heifers for breeding, in anticipation of a better outlook for cattle production. Even though total inventories slumped, some producers were optimistic about the future for cattle. They held back beef heifers for breeding, enlarging the total inventory of these animals by 2.4% over July 1999.

Farmers in the western provinces reported 10.6 million head of cattle, down 0.6% from July 1999. In the east, inventories were 3.7 million head, down 3.0% from July 1999.

Tracking farm types

Data on cattle by farm type are now available. At the national level, the 14.3 million head of cattle and calves reported are separated between dairy and beef operations. The beef operations are then classified as cow-calf operations, backgrounding-stocker operations, or feeding operations.

Cattle and calves inventory by farm type
July 1

	1996	1997	1998	1999	2000	1999 to 2000
	'000 head					% change
Dairy herd	**2,393**	**2,384**	**2,310**	**2,249**	**2,169**	**-3.6**
Beef herd						
Cow/calf	8,830	8,630	8,479	8,459	8,509	0.6
Feeders/stockers	2,449	2,419	2,316	2,189	2,068	-5.6
Feeding operations	1,380	1,479	1,600	1,552	1,531	-1.3
Total cattle and calves	**15,051**	**14,910**	**14,706**	**14,447**	**14,275**	**-1.2**

Note: *Totals may not add due to rounding.*

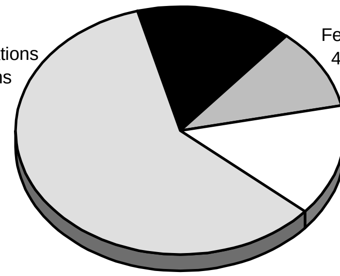
Canada's 75,600 cow-calf operations had 8.5 million head, up a modest 0.6% from July 1999. This is because the number of beef cows remained stable while calves increased 1.2%. The number of heifers for breeding on these operations grew 4.1% over 1999, suggesting that some producers are looking forward to continued favorable conditions. Industry observers will be watching to see if the heifers held for breeding will be sufficient to produce enough calves to meet future demand.

Total cattle inventory on backgrounding-stocker operations on July 1 was 2.1 million head, down 5.6% from July 1999. The number of head of cattle on these operations has declined, as low feed costs have encouraged feeding operations to purchase more feeders. The number of stocker operations plunged 11% from July 1, 1999 to July 1, 2000, to 21,500.

Despite low feed grain prices, the number of cattle on feeding operations declined 1.3%, owing to a shortage of domestic supply. Many operations imported more feeders from the United States. Canada's 4,000 feeding operations accounted for 1.5 million head of cattle. On these farms there were 80,500 calves (a calf is an animal less than one year old) on July 1, 2000, much fewer than previous years. The feeding of high-energy rations has contributed to higher average slaughter weights, but not enough to compensate for the shortage of animals.

Cattle and calf inventory by farm type

Beef cattle account for 85% of the Canadian herd



Hog expansion in second quarter partly compensates annual decline

Farmers reported 12.2 million hogs on farms on July 1, up 0.8% from the first quarter. However, inventories were down 1.3% from July 1999.

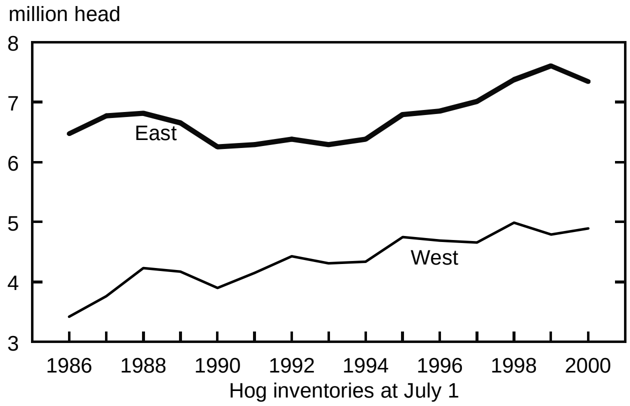
The breeding herd was 0.4% larger on July 1 than it was at the same point in 1999; likewise, farrowing, or sows giving birth, was up 2.5% in the second quarter. Farrowing intentions for the third quarter of 2000 are 0.3% lower than they were for the second quarter.

Total slaughter during the second quarter fell short of that of the first quarter by 6.1%. External reports stated that numerous processing plants cut back on days of production because of a temporary shortage of hogs available to meet the growing demand created by newly built and expanded slaughter facilities. Continued low feed grain costs, higher prices paid for hogs, and an increasing number of contractual agreements all provided incentives to produce more hogs.

In recent years, hog producers have had to cope with the rapidly changing dynamics of the hog industry. Producers have seen improvements in management practices leading to animal efficiency gains, farm sales and expansions, the impact of environmental regulations, price swings, increased processing capacities, and changes in the structure of the entire industry. Vertical integration and contractual arrangements are now a reality in the hog business, and continue to reshape the industry.

Many producers are just recovering from the financial losses of the hog price crash of 1998. Production is expanding again to provide the supply of hogs required to take advantage of rising domestic processing and marketing opportunities. Growth in the industry is most predominant in the Prairie provinces, where July inventories surged 3.2% over the previous quarter.

Hog production in Western Canada recovered following the price crash of late 1998



Export markets continue to be crucial to Canada's hog industry. Second-quarter live hog exports rose 7.1% over the first quarter. Greater numbers of weaner pigs were shipped south to U.S. producers, who have shifted their focus away from farrow-to-finish to just finishing operations because of the availability of low-cost feed grains.

Available on CANSIM: matrices 1150, 1151, 1166, 5645, 9500-9510.

Data will be available soon in *Livestock statistics — Update* (23-603-UPE, $45/$149). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Robert Plourde, Agriculture Division (613-951-8716, *robert.plourde@statcan.ca*) or call the Agriculture Division information line at 1-800-465-1991. ■

OTHER RELEASES

Employment Insurance

June 2000 (preliminary)

The estimated number of Canadians (unadjusted for seasonal trends) who received regular Employment Insurance benefits in June was 375,440, a decrease of 10.1% from June 1999. All provinces and territories recorded year over year decreases, except Nova Scotia and Manitoba.

Number of beneficiaries receiving regular benefits

	June 1999	June 2000p	June 1999 to June 2000
		unadjusted for seasonality	
			% change
Canada	**417,740**	**375,440**	**-10.1**
Newfoundland	29,560	26,740	-9.5
Prince Edward Island	5,050	4,760	-5.7
Nova Scotia	22,070	22,340	1.2
New Brunswick	24,860	23,500	-5.5
Quebec	138,920	126,420	-9.0
Ontario	86,400	80,140	-7.2
Manitoba	9,530	9,880	3.7
Saskatchewan	9,480	8,010	-15.5
Alberta	33,630	24,670	-26.6
British Columbia	56,240	47,200	-16.1
Yukon	750	660	-12.0
Northwest Territories	740	660	-10.8
Nunavut	470	420	-10.6

p *Preliminary figures.*

Regular benefit payments (adjusted for seasonal trends) increased by 0.7% from May to June to $598.3 million, however, this was a 5.6% decrease from June 1999. From May to June, claims received decreased by 1.6% to 211,980.

Statistics Canada and Human Resources Development Canada have discovered an underestimation in the calculation of the number of beneficiaries of Employment Insurance. This affects the beneficiaries file from January 1997 to April 2000. Consequently, the departments have agreed to correct the underestimation and conduct an historical revision to correct the data series dating back to January 1997.

For the next few months, data on the number of beneficiaries in the monthly Employment Insurance release will be aggregated only at the provincial level and will be unadjusted for seasonal trends. These data series will not be available on CANSIM.

Note: Users are cautioned against making any analytical comparisons between this data and any monthly or historical data previously released in *The Daily* and on CANSIM.

Employment Insurance statistics

	June 1999	May 2000	June 2000	May to June 2000	June 1999 to June 2000
	seasonally adjusted				
				% change	
Regular benefits paid ($ million)	633.5	594.2	598.3	0.7	-5.6
Claims received ('000)	207.5	215.4	212.0	-1.6	2.1
	unadjusted for seasonality				
				% change	
All beneficiaries ('000)	579.4	596.3p	533.4p	-10.5	-7.9
Regular beneficiaries ('000)	417.7	433.4p	375.4p	-13.4	-10.1
Claims received ('000)	175.9	164.5	165.1	0.4	-6.1
Payments ($ million)	787.2	906.4	757.1	-16.5	-3.8
	year-to-date				
			1999	2000	1999 to 2000
					% change
Claims received ('000)			1,211.5	1,157.4	-4.5
Payments ($ million)			6,767.2	6,351.2	-6.1

p *Preliminary figures.*

Note: *All beneficiaries includes all claimants receiving regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness).*

Available on CANSIM: matrices 26 (series 1.6), 5700-5717, 5735 and 5736.

For more information, or to enquire about concepts, methods, and data quality of this release, contact Robert Keay (613-951-4090, fax: 613-951-4087; *labour@statcan.ca*), Labour Statistics Division. ■

Aquaculture statistics

1999 (preliminary)

Fish farmers generated record revenues in 1999 as product sales climbed to an estimated $548 million, up 7% over 1998.

The driving force behind the 1999 revenue increase was the higher value of exports, which reached $386 million, an advance of 5% over 1998 and more than double the annual levels exported in the early 1990s. These exports went largely to the United States, where demand for Canadian finfish, principally salmon, remained strong. Domestic sales, meanwhile, remained relatively flat.

Although the rate of growth in the industry appears to have moderated from the 15% pace achieved in 1998, aquaculture is continuing to expand its contribution to the Canadian economy.

Fish farmers in British Columbia and New Brunswick continued to be the industry leaders. Together these two provinces accounted for 85% of total sales of aquaculture products; British Columbia generated more than one-half of the sales and New Brunswick almost one-third. The industry in both provinces is based largely on finfish operations, which accounted for an estimated 91% of total national sales last year.

Prince Edward Island, the country's largest producer of shellfish, continued to expand production in 1999. Total revenue from the sale of shellfish reached an estimated $22 million, a jump of 11% over 1998. This amount represents more than one-half of the total national sales and, mirroring finfish, the sales growth coincided with a 10% gain in exports.

Product expenses (not including capital and labour costs) incurred by the industry also rose in 1999. These expenses reached an estimated $368 million, a 7% increase over 1998. By far the largest component of these expenses was feed, which increased 8% from 1998 to $152 million. Other major expenses include purchases of fish for grow out, purchases for processing/resale and processing services.

The gross value added (the difference between gross output and product expenses) to the Canadian economy by the aquaculture industry in 1999 is estimated at $241 million, a rise of 11% over the previous year. The improvement in gross value added was a direct result of the growth in output (including inventories) outpacing the growth in expenses. Depreciation and interest also rose marginally in 1999, reaching $26 million and $15 million, respectively.

Note: Three sets of aquaculture statistics are now available. They include production and value by province and species, exports and value added.

Available on CANSIM: matrices 2286-2297 and 8500-8535.

Data will be available soon in the updates to the *Livestock statistics — Update* binder (23-603-UPE, $45/$149) or the *Agriculture economic statistics* binder (21-603-UPE, $26/$52). See *How to order products*.

Revised 1999 estimates of value added, production and exports for the aquaculture industry will be released in March 2001.

For more information, or to enquire about the concepts, methods or data quality of this release, please contact Bernadette Alain at (902-893-7251, *bernadette.alain@statcan.ca*), Truro Agricultural Statistics Office or Tony Dupuis (613-951-2511, *tony.dupuis@statcan.ca)*, or Agriculture Division (1-800-465-1991).

Value added account, aquaculture industry

	1997	1998	1999	1997	1998	1999	1997	1998	1999	1997 to 1998	1998 to 1999
	New Brunswick			British Columbia			Canada				
	$'000									% change	
Sales of aqua products/services	162,000	173,150	177,000	224,800	263,700	287,000	447,300	512,600	548,250	15	7
Total operating revenue	164,000	178,800	181,000	230,000	270,100	294,000	462,500	534,530	569,130	6	6
Gross output	166,000	181,800	191,000	275,000	285,100	314,000	512,400	559,280	606,480	9	8
Total of product inputs[1]	109,200	116,750	119,200	177,500	173,140	188,000	328,630	342,760	365,250	4	7
Gross value added (factor cost)	**56,800**	**65,050**	**71,800**	**97,500**	**111,960**	**126,000**	**183,770**	**216,520**	**241,230**	**18**	**11**

1 *Not including inventories.*

■

Construction type plywood

June 2000

Canadian firms produced 171 161 cubic metres of construction-type plywood in June, down 5.1% from the 180 328 cubic metres produced during June 1999.

Year-to-date production totalled 1 009 126 cubic metres, an increase of 3.1% from the 979 169 cubic metres produced during the same period in 1999.

Available on CANSIM: matrix 122 (level 1).

The June 2000 issue of *Construction type plywood* (35-001-XIB, $5/$47) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Gilles Simard (613-951-3516; *simales@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Deliveries of major grains

July 2000

Data on July grain deliveries are now available.

Available on CANSIM: matrix 976-981.

The July issue of *Cereals and oilseeds review* (22-007-XIB, $11/$112; 22-007-XPB, $15/$149) will be available in October. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; *sue.anderson@statcan.ca*), Agriculture Division. ■

NEW PRODUCTS

Construction type plywood, June 2000
Catalogue number 35-001-XIB ($5/$47).

Wholesale trade, June 2000
Catalogue number 63-008-XIB ($14/$140).

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

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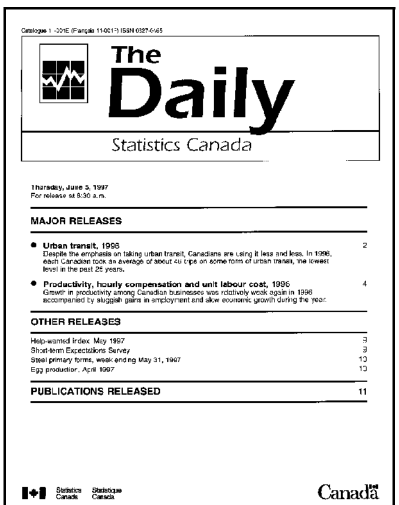
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MAJOR RELEASES

- **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 45 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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