



The Daily

Statistics Canada

Friday, May 4, 2001

For release at 8:30 a.m.

MAJOR RELEASES

- **Quarterly Business Conditions Survey: Manufacturing industries, April 2001** 2
Although fewer manufacturers expected to reduce production further in the second quarter, they remained concerned about order levels and reported a tendency to lower employment prospects.
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NEW PRODUCTS

RELEASE DATES: May 7 to 11 11



MAJOR RELEASES

Quarterly Business Conditions Survey: Manufacturing industries

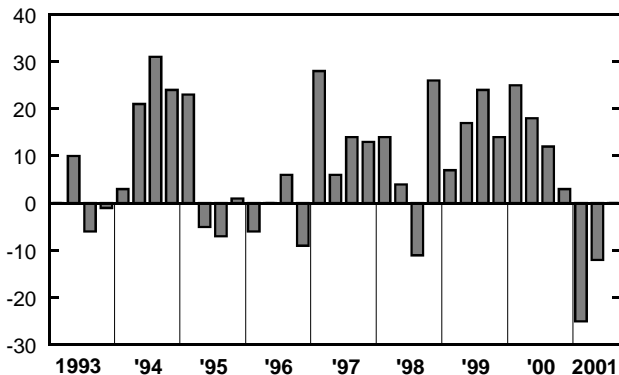
April 2001

In April, fewer manufacturers said they expected to decrease production levels further in the second quarter. Manufacturers were still concerned about the level of orders, and also indicated reduced employment prospects. They were less concerned with finished product inventory levels.

Fewer manufacturers expected to reduce production

In April, 58% of manufacturers said their production levels would remain constant during the second quarter. Although 27% of manufacturers stated they would decrease production, this was a marked improvement from the 41% who said in the first quarter that they would do so. The balance of opinion for production prospects was -12, up from -25 in January. Manufacturers in the transportation equipment industry did not report that they expected to cut production further in the second quarter, but manufacturers in the paper and fabricated metal products industries did.

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



Concern with current unfilled orders continues to mount

The balance of opinion concerning the current level of unfilled orders stood at -32 in April, 7 points lower than in January. In April, 39% of manufacturers

Note to readers

The Business Conditions Survey is conducted in January, April, July and October; the majority of responses are recorded in the first two weeks of these months. Results are based on replies from about 4,000 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.

Data in this release are seasonally adjusted, except for the data on production difficulties.

The balance of opinion of -12 was determined by subtracting the 27% of manufacturers who reported production prospects for the coming three months would be lower from the 15% who said that prospects would be higher.

reported lower-than-normal unfilled orders, while only 7% reported higher-than-normal unfilled orders.

Manufacturers in 12 of the 22 major industry groups reported a lower-than-normal backlog of unfilled orders. Producers in the transportation equipment and paper industries reported the highest levels of concern about unfilled orders.

Manufacturers concerned with amount of orders received

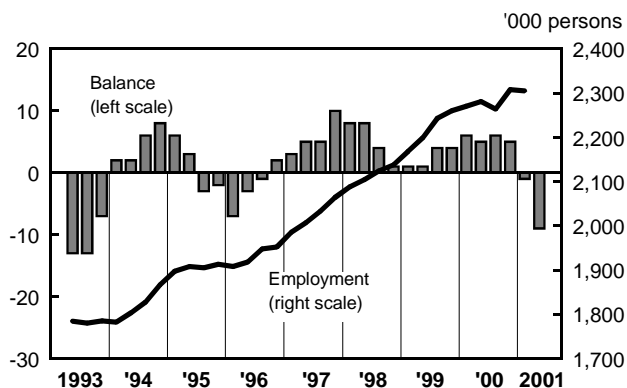
The balance of opinion on the current level of orders received improved to -26, 6 points higher than the January balance. In April, 36% of manufacturers were concerned about declining orders, down 9 points from January's survey. Fewer manufacturers in the transportation equipment industry reported concern about their level of orders; more in the paper and electronic products industries were concerned.

Employment prospects continue to drop

The balance of opinion for employment prospects for the second quarter decreased a further 8 points to -9 in the April survey, the greatest negative balance since October 1993 (-13). While 82% of manufacturers stated that they would keep or add to their work force, 18% said they expected to cut employment in the coming quarter. The electronics, transportation equipment and machinery industries were the major contributors to the decreasing balance.

The March Labour Force Survey reported employment in manufacturing decreased by almost 30,000 in the first three months of 2001, down from a peak of just over 2.3 million jobs in December.

Balance of opinion on employment prospects during the next three months and manufacturing employment (Labour Force Survey)



Less concern about finished products inventory

The balance of opinion concerning the current level of finished products inventory improved 13 points in the April survey to -15. Seventy-five percent of manufacturers said their finished product inventory levels were about right, up from 66% in January,

and 20% of producers said their finished product inventories were too high, down 11 percentage points. February's Monthly Survey of Manufacturing reported finished products inventories were almost \$19.9 billion, up almost \$1.9 billion from February 2000.

Few manufacturers reported production impediments

In April, 82% of manufacturers reported little in the way of production impediments, up 3 points from January. A shortage of skilled labour continued to be a concern for 8% of manufacturers.

Available on CANSIM: tables 3020001-3020003 (unadjusted data only): matrices 2843-2845.

With the release of CANSIM II, users can now obtain the same data as in CANSIM, but in a table format that is easier to use and more clearly presented.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Claude Robillard (613-951-3507; robilcg@statcan.ca), Manufacturing, Construction and Energy Division. □

Business Conditions Survey: Manufacturing industries

	April 2000	July 2000	October 2000	January 2001	April 2001
	Seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
About the same	54	62	65	43	58
Higher	32	25	19	16	15
Lower	14	13	16	41	27
Balance	18	12	3	-25	-12
Orders received are:					
About the same	62	71	70	42	54
Rising	30	17	12	13	10
Declining	8	12	18	45	36
Balance	22	5	-6	-32	-26
Present backlog of unfilled orders is:					
About normal	79	78	71	55	54
Higher than normal	12	10	8	10	7
Lower than normal	9	12	21	35	39
Balance	3	-2	-13	-25	-32
Finished product inventory on hand is:					
About right	83	82	80	66	75
Too low	3	2	3	3	5
Too high ¹	14	16	17	31	20
Balance	-11	-14	-14	-28	-15
Employment during the next three months will:					
Change little	75	74	71	65	73
Increase	15	16	17	17	9
Decrease	10	10	12	18	18
Balance	5	6	5	-1	-9
	Unadjusted				
Sources of production difficulties					
Working capital shortage	2	1	2	2	3
Skilled labour shortage	8	8	8	8	8
Unskilled labour shortage	2	2	2	2	1
Raw material shortage	2	2	3	4	2
Other difficulties	1	2	5	6	5
No difficulties	86	85	80	79	82

¹ No evident seasonality.

OTHER RELEASES

Impending changes to National Accounts

As of May 31, 2001, Statistics Canada will adopt a revision of the method for measuring the nation's economic activity that will make Canada's official estimate of economic growth more accurate, as well as more comparable to that of the United States.

The Agency will replace one method of calculating the inflation-adjusted, or real, gross domestic product (GDP) with another, internationally-accepted measurement. This change in methodology will result in a slight downward revision to real GDP growth rates.

This move follows consultations with key users during the past two years, including government officials as well as representatives of the banking sector and private economic consulting and forecasting companies.

Statistics Canada will replace what is known as the chain Laspeyres constant price GDP, which measures GDP using prices for goods and services from a base year, currently 1992. The Agency will switch to the chain Fisher real GDP method, which updates prices each quarter.

Both the new and the old (Laspeyres) method act to remove the inflation factor from "nominal" GDP, that is, the total of goods and services as measured in today's dollars. The figure that these formulas produce is the economy's "real" increase in output.

The primary disadvantage of the old method is that it overstates economic growth in a situation in which the production of certain goods expands rapidly, and where such an expansion is accompanied by a material reduction in the prices of these goods. This was the case in Canada in recent years with the rapid growth in the information and communication technology sector.

This overstatement occurs because, under the old method, the weights used to add up real GDP were updated only periodically. The new formula keeps the weights as current as possible, and eliminates a future need for revisions because of periodic updates of the price weights.

The switch will occur on May 31, with the release of the National Income and Expenditure Accounts for the first quarter of 2001. The Provincial Economic Accounts and the GDP by industry will all be rebased to 1997 in the fall of 2001, and converted to the Fisher measure within two years.

Two other major changes will also occur at the same time: a change in the way software is accounted for in

calculating GDP, and a revaluation of the aggregate GDP at factor cost.

All spending on developing and purchasing software will be treated as a capital expenditure. Previously, only a small portion, less than 20% of total software expenditures, was treated as such. This will be a net addition to GDP, both in level and in growth, in the years in which software expenditures grow faster than other components of final expenditure. Treating software as a capital expenditure has been introduced by most countries, including the United States, within the last couple of years in line with United Nations recommendations.

The table illustrates the effect of both the change to the chain Fisher real GDP and the capitalization of software on growth for the past four years on selected components of final expenditure and GDP. Note that most of downward revision to GDP growth would have been done by updating the price weights to 1997 prices this year, even if the Fisher approach had not been adopted. This illustrates the benefit of never having to do periodic weight revisions in the future. The impact of capitalizing software raises GDP growth slightly over this period. These revisions reflect only methodological changes. Regular statistical revisions for the period 1997 to 2000 will also be included as of May 31.

The aggregate GDP at factor cost will be revalued to include indirect taxes, less subsidies, on labour and capital, such as payroll taxes and property taxes. The new valuation is at basic prices; it also follows international recommendations and brings Canada in line with the basis of valuation used by other countries. This change will be applied back to 1961, and has no impact on overall GDP at market prices.

Changes are also pending for the monthly GDP by industry.

Statistics Canada is committed to doing its utmost to help its clients in the transition to the Fisher measure. A full technical explanation of the Chain Fisher Volume Index is available on Statistics Canada's Web site (www.statcan.ca) on the *Statistical methods* page. The new table structure and CANSIM numbers are also available on that same Web page.

For more information, contact Karen Wilson (613-951-0439), Income and Expenditure Accounts Division. □

Introducing a new measure of real growth in GDP and in selected GDP components

	Year	Constant price estimates at 1992 prices (currently published)	Constant price estimates at 1997 prices	Chain Fisher volume	Chain Fisher volume (including capitalized software)	Constant price 1997 less 1992	Chain Fisher volume constant at 1997 prices	Chain Fisher volume (including capitalized software) less Chain Fisher volume
		% change from previous period				Revisions to growth rates		
Gross domestic product	1997	4.4	4.4	4.4	4.4	0.0	0.0	0.0
	1998	3.3	3.0	2.9	3.0	-0.3	-0.1	0.1
	1999	4.5	4.3	4.3	4.5	-0.2	0.0	0.2
	2000	4.7	4.2	4.1	4.1	-0.5	-0.1	0.0
Business investment in machinery and equipment	1997	23.5	23.5	24.9	23.7	0.0	1.4	-1.2
	1998	9.0	7.0	6.8	6.9	-2.0	-0.2	0.1
	1999	15.6	10.7	9.2	9.5	-4.9	-1.5	0.3
	2000	18.9	13.1	10.5	10.1	-5.8	-2.6	-0.4
Imports of goods and services	1997	15.1	15.1	14.3	14.3	0.0	-0.8	0.0
	1998	6.1	5.0	4.9	4.9	-1.1	-0.1	0.0
	1999	9.4	7.6	7.2	7.2	-1.8	-0.4	0.0
	2000	12.0	9.8	8.9	8.9	-2.2	-0.9	0.0

Department store sales and stocks

March 2001

Department store sales were \$1.63 billion (seasonally adjusted) in March, up 0.4% from February. This increase followed a 1.2% decline in February and a 4.6% gain in January.

The upward movement in department store sales that began in the spring of 2000 is continuing. Previously, sales had been declining since September 1999, following a period of increases that lasted more than a year.

Department store sales for the first quarter of 2001 were 5.6% higher than in the fourth quarter of 2000 and 8.5% higher than in the first quarter of 2000.

March department stores sales, not adjusted for seasonality, were 9.8% higher than in March 2000. Sales advanced in all provinces; the group consisting of Newfoundland and Prince Edward Island posted the strongest year-over-year sales gain, 28.0%. This advance is attributable, at least in part, to the opening of new stores in this region. Over the same one-year period, department store sales advanced 8.4% in large urban centres, compared with 11.5% in other areas. The large urban centres consist of the Census Metropolitan Areas of Halifax–Dartmouth, Québec, Montréal, Ottawa–Hull, Toronto, Hamilton, Winnipeg, Edmonton, Calgary and Vancouver.

Department store sales including concessions

	March 2000	March 2001	March 2000 to March 2001	Jan. to March 2001	Jan.–March 2000 to Jan.–March 2001
Not seasonally adjusted					
	\$ millions	\$ millions	% change	\$ millions	% change
Canada	1,252.2	1,374.6	9.8	3,581.4	8.6
Newfoundland and Prince Edward Island ¹	24.3	31.1	28.0	72.7	13.9
Nova Scotia	37.6	38.8	3.3	96.8	2.3
New Brunswick	28.2	30.4	7.8	77.0	6.7
Quebec	232.3	244.3	5.2	638.4	5.5
Ontario	536.1	582.4	8.6	1,532.0	8.3
Manitoba	53.4	57.5	7.7	148.7	7.6
Saskatchewan	43.5	49.1	12.8	128.4	10.6
Alberta	147.6	171.9	16.5	446.6	13.5
British Columbia, Yukon, Northwest Territories and Nunavut ¹	149.3	169.1	13.3	440.8	10.8

¹ For reasons of confidentiality, data for Newfoundland and Prince Edward Island are combined, as are data for British Columbia, Yukon, Northwest Territories and Nunavut.

Available on CANSIM: tables 760001-760004 and matrices 111, 112 (series 1) and 113 (series 3).

With the release of CANSIM II, users can now obtain the same data as in CANSIM, but in a table format that is easier to use and more clearly presented.

To order data, or for general information, contact the Client Services Unit (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, or to enquire about the concepts, methods or data quality of this release, contact Cl rance Kimanyi (613-951-6363; kimacle@statcan.ca), Distributive Trades Division. ■

Income prospects of British Columbia university graduates

The research study, *Income prospects of British Columbia university graduates* examines the annual market income of individuals who obtained bachelor's degrees from universities in British Columbia between 1974 and 1996.

According to the study, men and women who graduated during the early 1990s earned less in the two years after graduation than did their counterparts a decade earlier.

However, incomes for graduates during the 1990s grew at a faster rate than they did during the 1980s. As a result, incomes for the more recent set of graduates eventually caught up with those of the earlier group, and surpassed them.

Male graduates with a bachelor's degree in 1990 earned 11.1% less two years after graduation than did their counterparts in 1980. However, the gap narrowed to 6.7% four years after graduation, and to 2.1% within six years. Within seven years of graduation, the gap had virtually disappeared.

Among women, the gap was less pronounced. Female graduates with a bachelor's degree in 1990 earned 3.4% less two years after graduation than did their counterparts in 1980.

However, incomes for female graduates caught up faster, surpassing the incomes for the 1980 group of graduates within four years. Seven years after graduation, female graduates from the class of 1990 were earning 11.5% more than their counterparts in 1980.

This study also examines incomes for graduates in eight major fields of study. It compares the rates of growth of median income in one field, in which people started with lower salaries, with those in another field in which people started with higher salaries. The study found that salaries grew in both groups, but they grew at a faster rate in the field where graduates started with lower salaries.

Income after graduation was relatively high for graduates with applied degrees such as engineering, education and health. For example, five years after graduation male engineering graduates had median annual market incomes 28% higher than social science

graduates. For 1974 graduates, the gap in absolute terms was \$11,959 in constant 1992 dollars.

The range of incomes narrowed over time. Fifteen years after graduation, the median salary for male engineering graduates was just 14% more than that of male social sciences graduates. For 1974 graduates, the gap in absolute terms was \$8,322, again measured in constant 1992 dollars.

In contrast, annual incomes for women after graduation appeared to converge at a faster rate. For example, five years after graduation, women with health degrees made 38% more than their counterparts with social sciences degrees. Within 15 years of graduation, women in health earned just 8% more.

Note: University graduate data for this study come from university administrative records, while income data come from tax records for the years 1982 to 1997. The analysis used a sample size of more than 700,000 graduates. Market income includes income from earnings, net self-employment income, and income from assets, and is expressed in 1992 dollars. The study examines men and women in eight major fields of study: education, physical education, recreation and leisure; fine and applied arts; humanities; social sciences; agriculture and biological sciences; engineering and applied sciences; health professions and occupations; and mathematics and physical sciences. Those graduating with bachelor's degrees were included in this study. Some of these graduates may have gone on to take masters, doctorate or other degrees.

The research paper *Income prospects of British Columbia university graduates*, No. 170, (11F0019MIE01170, free) is now available on Statistics Canada's Web site (www.statcan.ca). From the *Products and services page*, choose *Research papers (free)*. A printed version of the paper, (11F0019MPE01170, \$5) is also available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Andrew Heisz (613-951-3748), Business and Labour Market Analysis Division. ■

Cement

March 2001

Manufacturers shipped 764 061 metric tonnes of cement in March, up 48.8% from 513 557 tonnes in February and down 4.7% from 802 051 tonnes (revised) in March 2000.

From January to March, shipments totalled 1 871 348 tonnes, up 1.8% from 1 837 730 tonnes (revised) during the same period in 2000.

Available on CANSIM: table 3030001 and matrices 92 and 122 (series 35).

With the release of CANSIM II, users can now obtain the same data as in CANSIM, but in a table format that is easier to use and more clearly presented.

The March 2001 issue of *Cement* (44-001-X1B, \$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 Yasmin Sheikh (613-951-2518; sheiyas@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Infomat — A weekly review, May 4, 2001
Catalogue number 11-002-XIE (\$3/\$109).

Infomat — A weekly review, May 4, 2001
Catalogue number 11-002-XPE (\$4/\$145).

Income prospects of British Columbia university graduates
Catalogue number 11F0019MIE01170 (Free).

Income prospects of British Columbia university graduates
Catalogue number 11F0019MPE01170 (\$5).

Innovation and connectivity: The nature of market linkages and innovation networks in Canadian manufacturing industries
Catalogue number 11F0019MIE01165 (Free).

Innovation and connectivity: The nature of market linkages and innovation networks in Canadian manufacturing industries
Catalogue number 11F0019MPE01165 (\$5).

Cement, Vol. 53, no. 3, March 2001
Catalogue number 44-001-XIB (\$5/\$47).

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

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Statistics Canada

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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are taking it less and less. In 1996, about 1.5 billion trips, an average of about 4.5 per person, were taken 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.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 8
- **Steel primary forms, season ending May 31, 1997** 12
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Editor: Tom Vradenburg (613-951-1103, tom.vradenburg@statcan.ca)

Head of Official Release: Madeleine Simard (613-951-1088), madeleine.simard@statcan.ca

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The Daily, May 4, 2001

RELEASE DATES: MAY 7 TO 11

(Release dates are subject to change.)

Release date	Title	Reference period
7	Building permits	March 2001
8	Grain stocks	March 31, 2001
9	Help-wanted Index	April 2001
11	Labour Force Survey	April 2001
11	New Housing Price Index	March 2001
