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

The Daily

Statistics Canada

Thursday, August 2, 2001
Released at 8:30 a.m. Eastern time

MAJOR RELEASES

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Quarterly Business Conditions Survey: Manufacturing industries

July 2001

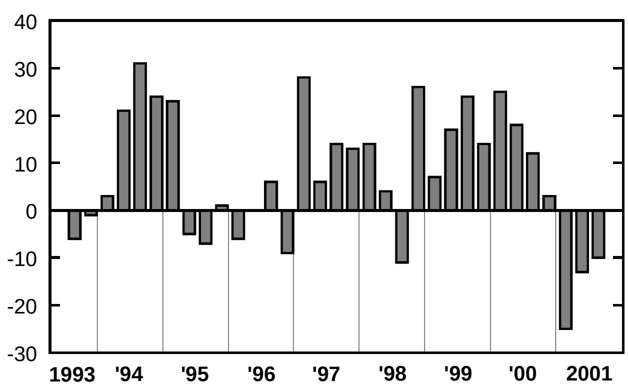
In July, manufacturers still expected some production reduction in the coming three months but were somewhat less pessimistic than in the previous quarter. They were still concerned about the level of orders and finished-product inventory. Employment prospects in the manufacturing industry also remained uncertain.

> ***Note to readers***
>
> *The Business Conditions Survey is conducted in January, April, July and October; most 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.*
>
> *For example, the balance of opinion of -10 was determined by subtracting the 28% of manufacturers who stated that production prospects for the coming three months would be lower from the 18% who said that prospects would be higher.*

Manufacturers were still concerned about production prospects

In July, 54% of manufacturers said their production levels would remain constant during the third quarter. Eighteen percent said they would increase production during the next three months, a 4-point improvement from April. With 28% of manufacturers stating they would decrease production, the balance of opinion stood at -10 — up from -13 in April and a marked improvement from -25 in January. Producers in the transportation equipment, wood and paper industries were the major contributors to the negative balance of opinion.

Balance of opinion for expected volume of production next quarter versus last quarter



Opinion was steady on unfilled orders

The balance of opinion about the current level of unfilled orders was -33 in July, unchanged from the April survey. In July, 39% of manufacturers said their unfilled orders were lower than normal; only 6% said unfilled orders were higher than normal.

Producers in the transportation equipment, primary metals and paper industries showed the most concern about unfilled orders.

According to May's Monthly Survey of Manufacturing, unfilled orders grew 1.3% to more than $50 billion. This result was still marginally lower than the $50.6-billion backlog posted in July 2000.

More manufacturers were apprehensive about orders

The balance of opinion on the current level of orders received dropped to -36, off 14 points from April's balance. In July, 43% of manufacturers were concerned about declining orders, a 9-point rise from April. This was the lowest balance of opinion since April 1991 (-40). Again, manufacturers in the transportation equipment, primary metals and paper industries indicated the greatest level of concern about orders received.

Finished-product inventory still a source of concern

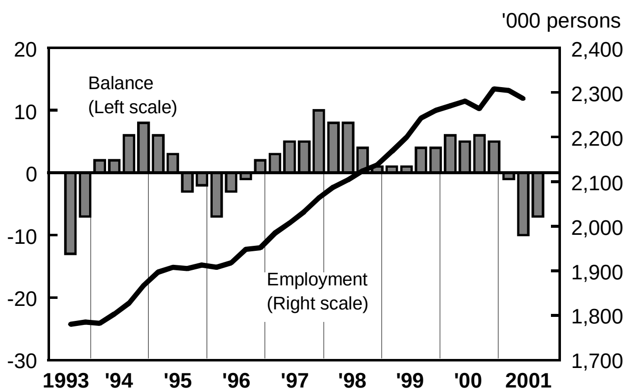
The balance of opinion about the current level of finished product inventory fell 12 points in July to -28, the same level as in January. The Monthly Survey of Manufacturing results for May show finished product inventories at almost $20.2 billion, an increase of more than $1.5 billion from May 2000. Since early 1999, manufacturers' finished-product inventories have been on an upward trend.

Employment prospects in manufacturing remained uncertain

The balance of opinion for employment prospects for the next quarter improved slightly, from -10 in April to -7 in July. While 83% of manufacturers said they would keep or add to their work force, 17% expected to decrease employment in the coming quarter. The transportation equipment, primary metals and electronic products industries were the major contributors to the decreasing balance.

The June Labour Force Survey reported employment in manufacturing shrank 53,000 in the first six months of 2001, down from a peak of just over 2.3 million employees in December 2000.

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



Few manufacturers reported production impediments

In July, 81% of manufacturers reported little in the way of production impediments, down 1 point from April. A shortage of skilled labour continued to be a concern for 7% of manufacturers and 3% reported a shortage of unskilled labour.

Available on CANSIM: tables 3020001-3020003 and matrices 2843-2845.

To order data, or for general information, contact the Dissemination Officer (1-866-873-8789; 613-951-9497; *manufact@statcan.ca*). 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

	July 2000	October 2000	January 2001	April 2001	July 2001
	Seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
About the same	62	65	43	59	54
Higher	25	19	16	14	18
Lower	13	16	41	27	28
Balance	12	3	-25	-13	-10
Orders received are:					
About the same	71	70	42	50	50
Rising	17	12	13	12	7
Declining	12	18	45	34	43
Balance	5	-6	-32	-22	-36
Present backlog of unfilled orders is:					
About normal	78	71	55	55	55
Higher than normal	10	8	10	6	6
Lower than Normal	12	21	35	39	39
Balance	-2	-13	-25	-33	-33
Finished-product inventory on hand is:					
About right	82	80	66	74	68
Too low	2	3	3	5	2
Too high[1]	16	17	31	21	30
Balance	-14	-14	-28	-16	-28
Employment during the next three months will:					
Change little	74	71	65	72	73
Increase	16	17	17	9	10
Decrease	10	12	18	19	17
Balance	6	5	-1	-10	-7
	Unadjusted				
Sources of production difficulties					
Working capital shortage	1	2	2	3	2
Skilled labour shortage	8	8	8	8	7
Unskilled labour shortage	2	2	2	2	3
Raw material shortage	2	3	4	2	1
Other difficulties	2	5	6	5	6
No difficulties	85	80	79	82	81

1 *No evident seasonality.*

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OTHER RELEASES

Cable and wireless program distribution
2000

Wireless operators substantially expanded their share of subscriptions to audiovisual programming services in 2000, mainly at the expense of small- and medium-sized cable operators.

The market share of wireless operators' satellite and multipoint distribution systems grew from 6.5% in 1999 to 10.8% in 2000 (based on a fiscal year ending August 31). The number of subscribers to wireless services surged 74.6% to 967,800, but subscriptions to cable operators declined 0.5% to 7.9 million.

The competition from wireless operators had the biggest impact on small- and medium-sized cable operators, nearly 60% of whom lost subscribers. As a group, they incurred a net loss of 84,400 subscribers in 2000, and a total net loss of 202,000 during the period from 1998 to 2000.

The decline in 2000 in the number of subscribers to cable services occurred in all provinces except Quebec, where the situation remained essentially unchanged from 1999.

As a result of this gain in market share, operating revenues of wireless operators more than doubled (+128.2%) in 2000 to $390.5 million. Meanwhile, cable operators reported an 8.6% rise in total revenues to $3.6 billion.

Despite the strong growth in revenues and in customer base, the wireless segment of the industry failed to show a profit. This occurred mainly because of extremely high promotion and technical expenses — about $400 per subscriber in 2000 — incurred to attract and connect new customers. Cable operators, however, reported a strong profit margin (before interest and taxes) of 19.3% in 2000.

Cable operators face strong competition in their traditional market, but are doing well in new expanding markets, in particular high-speed Internet by cable and digital television. High-speed cable modem services attracted 422,300 new customers to the cable industry between September 1, 1999 and August 31, 2000, an average of just over 35,000 new customers a month. At the end of August 2000, there were 786,300 subscribers to this service, compared with 364,000 a year earlier.

This very rapid growth continued in the later part of 2000. The number of subscribers surpassed the 1-million mark in early 2001, according to the Household Internet Use Survey release in *The Daily* on July 26.

Nationally, 10.5% of households with access to high-speed Internet by cable were equipped with cable modem in 2000, up from 7.6% in 1999. Market penetration of cable modem was highest in the Prairie provinces and in British Columbia, and lowest in Atlantic Canada.

Also gaining momentum is the penetration of digital technology that allows, or will allow, cable and wireless broadcast distributors to offer a range of interactive services such as interactive program guides, television-based Web access and interactive television. As of August 31, 2000, cable operators had deployed 390,800 digital terminals, and wireless operators had deployed 967,800. In total, 15.2% of subscribers to programming services had adopted the digital technology.

Substantial investments were made to upgrade the existing cable infrastructure to offer cable modem and digital television services. The cable industry invested $3.4 billion over the 1998-to-2000 period, or close to $310 per home with access to cable service. More than 80% of this investment went into systems that are now offering both cable modem and digital cable services.

Available on CANSIM: (unadjusted data only) table 3530001 and matrices 1819 and 1822-1829.

More detailed information is available in the *Broadcasting and telecommunications service bulletin*, Vol. 31, no. 3 (56-001-XIE, $10/$32). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel April (613-951-3177; *daniel.april@statcan.ca*), Science, Innovation and Electronic Information Division. □

Selected market and performance indicators for cable, satellite and multipoint distribution systems, fiscal year ended August 31

	1999	2000
Market share by type of supplier		
Subscribers to programming services ('000)	8,572.9	8,944.7
Clients of cable operators ('000)	8,018.7	7,976.9
Clients of wireless operators ('000)	554.2	967.8
Cable operators' share (%)	93.5	89.2
Wireless operators' share (%)	6.5	10.8
Cable operators' financial performance indicators		
Revenues ($ millions)	3,323.2	3,608.2
Revenue per subscriber ($)	414.43	452.33
Profit margin, before interest and income tax (%)	21.7	19.3
Wireless operators' financial performance indicators		
Revenues ($ millions)	171.1	390.5
Revenue per subscriber ($)	308.73	403.49
Profit margin (before interest and income tax) (%)	-140.40	-98.50
Investment indicators of cable operators		
Additions to fixed assets ($ millions)	1,110.8	1,523.3
Additions to fixed assets per subscriber ($)	138.53	190.96
High speed Internet by cable		
Subscribers ('000)	364.0	786.3
Households with access to high-speed Internet by cable ('000)	4,800.0	7,504.0
Penetration as percentage of households with access to Internet by cable (%)	7.6	10.5
Penetration as percentage of cable subscribers (%)	4.5	9.9
Revenue from provision of high-speed Internet ($ millions)	113.2	275.7
Digital television		
Subscribers of cable ('000)	..	390.8
Penetration as a percentage of cable subscribers (%)	..	4.9
Wireless subscribers ('000)	..	967.8

.. *Figures not available.*

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Annual Survey of Manufacturers
1999

The Annual Survey of Manufacturers provides information on more than 250 different industries. Data for the industries listed in the following tables are now available for Canada.

Available on CANSIM: table 3010003 and matrices 11626, 11627, 11636, 11637, 11641, 11642, 11648-11650, 11653-11655, 11664, 11773, 11779-11781, 11794, 11795, 11798, 11801-11804, 11807, 11848, 11852, 11853, 11855, 11856, 11860, 11861, 11865-11868, 11870, 11871, 12128 and 12129.

Data for the industries listed in the table will appear in *Manufacturing industries of Canada: National and provincial areas* (31-203-XPB, $68). Research papers on manufacturing are available on Statistics Canada Web site (*www.statcan.ca*). From the *Our products and services* page, choose *Research papers (free),* then *Manufacturing*.

To order data, for general information, or to enquire about the concepts, methods or data quality of this release, contact the Dissemination Officer (1-866-873-8789; 613-951-9497; *manufact@statcan.ca*), Manufacturing, Construction and Energy Division. □

Value of shipments

	North American Industry Classification System	1998	1999	1998 to 1999	Matrix
		$ millions		% change	
Industry					
Wet corn milling	311221	482.9	497.4	3.0	11626
Oilseed processing	311224	2,333.8	1,941.2	-16.8	11627
Confectionery manufacturing from purchased chocolate	311330	770.8	686.5	-10.9	11637
Frozen food manufacturing	311410	1,694.8	1,853.0	9.3	11642
Butter, cheese, and dry and condensed dairy products manufacturing	311515	4,239.4	4,351.4	2.6	11648
Ice cream and frozen dessert manufacturing	311520	504.8	615.9	22.0	11650
Animal (except poultry) slaughtering	311611	7,418.4	8,024.6	8.2	11653
Rendering and meat processing from carcasses	311614	3,414.9	3,209.7	-6.0	11654
Poultry processing	311615	3,431.6	3,299.2	-3.9	11655
Cookie and cracker manufacturing	311821	828.7	820.7	-1.0	11664
Structural wood product manufacturing	321215	550.3	518.0	-5.9	11773
Other millwork	321919	1,563.3	1,816.8	16.2	11779
Wood container and pallet manufacturing	321920	440.1	430.9	-2.1	11781
Paperboard mills	322130	1,865.8	2,320.9	24.4	11795
Corrugated and solid fibre box manufacturing	322211	2,396.7	2,414.3	0.7	11798
Paper bag and coated and treated paper manufacturing	322220	1,871.8	2,043.7	9.2	11802
Stationery product manufacturing	322230	489.6	442.0	-9.7	11804
All other converted paper product manufacturing	322299	309.9	315.9	1.9	11807
Mixed fertilizer manufacturing	325314	413.6	397.9	-3.8	11848
Pharmaceutical and medicine manufacturing	325410	4,773.6	4,853.1	1.7	11853
Paint and coating manufacturing	325510	1,887.9	1,935.1	2.5	11856
Soap and cleaning compound manufacturing	325610	1,895.2	1,990.2	5.0	11861
Printing ink manufacturing	325910	353.9	368.3	4.1	11866
Explosives manufacturing	325920	251.5	223.0	-11.3	11868
Custom compounding of purchased resins	325991	565.8	723.8	27.9	11870
All other miscellaneous chemical product manufacturing	325999	2,217.1	2,375.4	7.1	11871
Other transportation equipment manufacturing	336990	1,513.9	1,117.4	-26.2	12129

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Steel primary forms
Week ending July 28, 2001 (preliminary)

Steel primary forms production for the week ending July 28, totalled 275 520 metric tonnes, down 8.8% from 302 110 tonnes a week earlier and down 11.3% from 310 479 tonnes in the same week of 2000. The year-to-date total at the end of the reference week was 8 660 221 tonnes, down 11.8% from 9 814 716 produced in the same period of 2000.

For general information or to order data, contact the Dissemination Officer (1-866-873-8789; 613-951-9497; *manufact@statcan.ca*), Manufacturing, Construction and Energy Division. To enquire about the concepts, methods, or data quality of this release, contact Nicole Boucher (613-951-4070; *nicole.boucher@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Cereals and oilseeds review
May 2001

Data from the *Cereals and oilseeds review* are now available, including that on production, stocks, cash and futures prices, domestic processing, exports, farmers' deliveries and supply-disposition analyses. The June situation report, an overview of current market conditions, both domestic and international, is also included in this issue.

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

For more information, or to enquire about the concepts, methods or data quality of this release contact Les Macartney (613-951-8714; *les.macartney@statcan.ca*) or Karen Gray (204-983-2856; *karen.gray@statcan*), Agriculture Division. ■

Farm product prices
June 2001

Monthly farm product prices to June are now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bernie Rosien (613-951-2441; fax: 613-951-3868), Farm Income and Prices Section, Agriculture Division. ■

NEW PRODUCTS

Gross domestic product by industry, May 2001
Catalogue number 15-001-XIE ($11/$110).

Broadcasting and telecommunications service bulletin, August 2001, Vol. 31, no. 3
Catalogue number 56-001-XIE ($10/$32).

Electric power statistics, May 2001
Catalogue number 57-001-XIB ($9/$85).

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

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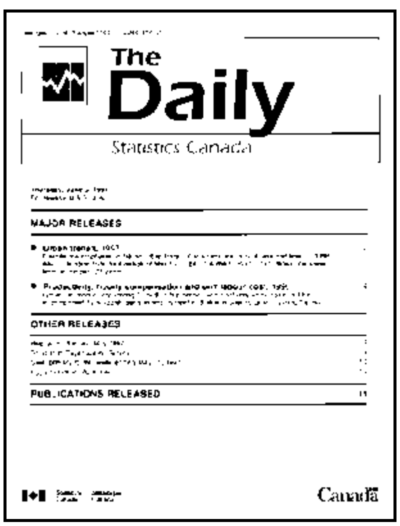
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PUBLICATIONS RELEASED
Canada

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.

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