



The Daily

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MAJOR RELEASES

● Monthly Survey of Manufacturing, October 2002

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Despite manufacturers reporting higher shipments in October, which marked the fourth consecutive monthly increase, the pace slowed noticeably in recent months. Manufacturing shipments edged up 0.1% to \$44.2 billion.

(continued on page 2)



Canadian social trends Winter 2002

Each quarter, *Canadian social trends* integrates data from many sources to examine emerging social trends and issues. The winter 2002 issue contains five articles.

The feature article "Is your community child-friendly?" examines how parents (usually the mother) feel about various aspects of their neighbourhood, such as bringing up children there, neighbourhood problems and their sense of community spirit. "Underweight Canadians" explores the demographic, social and economic characteristics of the underweight population. "On the edge: Financially vulnerable families" examines the extent to which Canadian families are financially vulnerable to adverse events such as a sudden loss of income or unexpected bills. "Unmet health care needs" focusses on the change in unmet health care needs reported by Canadians between 1998 and 2001. "I still feel overqualified for my job" revisits the issue of job overqualification at the zenith of an economic expansion, focussing on workers aged 20 to 64 with postsecondary qualifications.

This issue also features the latest social indicators as well as information about Statistics Canada's products and services.

The winter 2002 issue of *Canadian social trends*, no. 67 (11-008-XIE, \$8/\$27; 11-008-XPE, \$11/\$36) is now available. See *How to order products*. For more information, contact Warren Clark (613-951-2560; cstsc@statcan.ca), Housing, Family and Social Statistics Division.



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NEW PRODUCTS

MAJOR RELEASES

Monthly Survey of Manufacturing

October 2002

Despite manufacturers reporting higher shipments in October, which marked the fourth consecutive monthly increase, the pace slowed noticeably in recent months. Manufacturing shipments edged up 0.1% to \$44.2 billion. Higher prices for petroleum and coal products, and a rebound in the wood products industry contributed to the increase. Shipments were at the highest level since May 2001.

The trend in shipments remained positive in October, but at a decelerating rate compared with earlier in 2002.

October's increase in shipments was concentrated in the non-durable goods sector. Manufacturers boosted shipments of non-durable goods 0.4% to \$18.7 billion, the highest level since January 2001. Output of durable goods, which includes big-ticket products such as airplanes, machinery and computers, remained relatively stable at \$25.6 billion. Durable goods industries are often referred to as a barometer of business and consumer confidence.

In October, 11 of the 21 major manufacturing industries, representing 68% of total shipments, posted increases.

Shipments by province and territory

	September 2002	October 2002	September to October 2002
Seasonally adjusted			
	\$ millions		% change
Newfoundland and Labrador	180	186	3.5
Prince Edward Island	114	121	6.1
Nova Scotia	758	759	0.2
New Brunswick	1,087	1,138	4.8
Quebec	10,308	10,209	-1.0
Ontario	23,729	23,826	0.4
Manitoba	950	961	1.2
Saskatchewan	612	609	-0.4
Alberta	3,546	3,473	-2.0
British Columbia	2,872	2,936	2.2
Yukon, Northwest Territories and Nunavut	4	6	55.0

On a provincial basis, shipments increased in seven provinces and all territories in October. Ontario led the provinces, with shipments up \$97.1 million (+0.4%) from September. Also up strongly, British Columbia's manufacturers advanced shipments by \$63.5 million (+2.2%), and New Brunswick reported a \$51.7 million (+4.8%) increase for the month.

Note to readers

Because of incorrect reporting of shipments in the motor vehicle industry, the value of shipments for September has been revised significantly.

In addition to current-month estimates, data for the previous three months are regularly revised. Factors influencing revisions include late receipt of company data, incorrect information reported earlier, replacement of estimates with actual figures (once available), and seasonal adjustments. Consult the appropriate CANSIM tables for revised data.

Non-durable goods industries include food, beverage and tobacco products, textile mills, textile product mills, leather and allied products, paper, printing and related support activities, petroleum and coal products, chemicals, and plastic and rubber products.

Durable goods industries include clothing, wood products, non-metallic mineral products, primary metals, fabricated metal products, machinery, computer and electronic products, electrical equipment, appliance and components, transportation equipment, furniture and related products and miscellaneous manufacturing.

Unfilled orders are a stock of orders that will contribute to future shipments assuming that the orders are not cancelled.

New orders are those 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. Readers should take note that the month-to-month change in new orders may be volatile. This will happen particularly if the previous month's change in unfilled orders is closely related 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.

Canada's manufacturing sector fares well for the year so far

The first ten months of 2002 have been favourable for many Canadian manufacturers. The sector has resisted much of the recent economic and geo-political tensions gripping the global marketplace. Year-to-date shipments at the end of October were up 1.3% from the same period of 2001. Persistently low interest rates, a healthy job market and increasing disposable income sustained many sectors of the domestic economy and the prospects of Canadian manufacturers.

In the United States, manufacturers continued to face an uphill battle since the downturn of the economy in 2001. From January to October 2002, US shipments remained 1.7% below the same period of 2001. On a more positive note, manufacturers in the United States reported a 1.0% increase in shipments for October,

following declines in August (-0.7%) and September (-0.3%). Higher output in the motor vehicle and parts industry and in the petroleum and coal products industry improved shipment levels in October.

Manufacturers continue to hire

Manufacturers continued to create jobs. Following decreases in September (-17,000) and October (-15,000), employment in manufacturing rebounded with the addition of 33,000 new jobs in November. Significant increases were reported by the food, computer and machinery industries. According to the most recent release of the Labour Force Survey, 150,000 (+6.8%) new manufacturing jobs were created from January to November.

The manufacturing sector also increased its rate of capacity use for a third straight quarter. According to the latest release of Industrial capacity utilization rates, manufacturers operated at 84.6% of their capacity in the third quarter, compared with 83.5% in the second. The rise in the rate was widespread, with several of the largest increases in capacity use reported by export-oriented industries.

Inventories rose in October for the third time in four months, expanding 0.5% to \$62.6 billion. Unfilled orders fell back 0.5%, the second monthly decrease in a row. Unfilled orders were at their lowest point since January.

Rising prices for petroleum and coal products pull up shipments in October

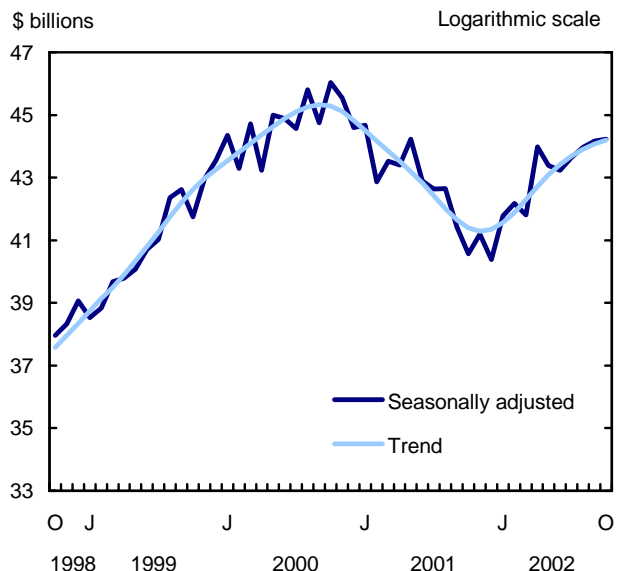
Prices for petroleum and coal products have been on an upswing through most of 2002. Ongoing market uncertainty in the Middle East contributed to a further 3.2% rise in prices for October. Higher prices were entirely responsible for a 3.1% advance in shipments of petroleum and coal products this month, the seventh increase in the last eight months. Shipments in October were \$3.1 billion.

Shipments of wood products increased 3.3% to \$2.5 billion. This followed a 2.5% drop in September, the first decrease since June. Despite the reinstatement of US duties on Canadian exports of softwood lumber in May, exceptional domestic demand for new housing continued to support the wood products industry. Canadian housing starts remained solid in October. In addition, according to the latest release of Building permits, a record high in construction intentions for single-family homes was reported in October. Nearly 19,000 new dwelling units were authorized during the month.

Beleaguered manufacturers in the computer and electronic products industry shipped fewer goods in

October, offsetting much of the rise in total shipments. Shipments of computer and electronic equipment plunged 8.9% to \$1.7 billion in October, largely wiping out the 10.3% increase in the previous month. September's strong gain coincided with a number of quarter-end boosts in manufacturing of computers and electronic parts at several plants. Year-to-date shipments stood at \$17.9 billion, down 17.7% from the same period of 2001. Weak demand continued to plague the telecommunications sector.

Manufacturers report higher shipments for the fourth straight month



Manufacturers post higher inventories in October

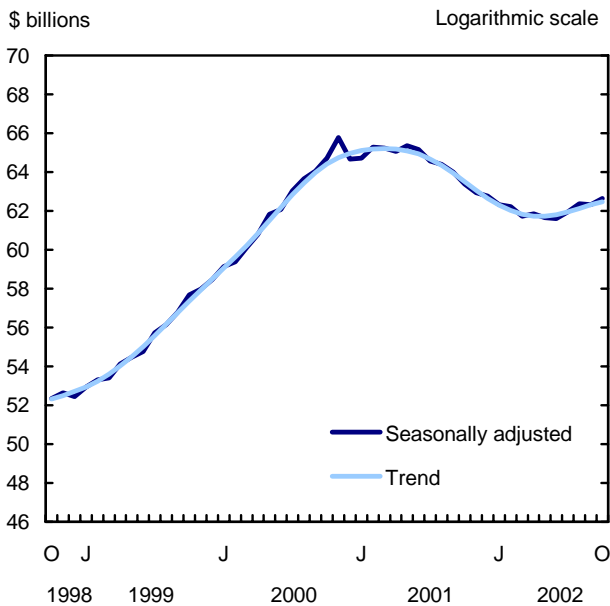
Following a 0.1% decline in September, manufacturers reported higher inventories in October. Inventories grew 0.5% to \$62.6 billion, the highest level since December 2001. This was the third increase in the last four months, and followed an extended period of intense inventory reductions.

October's increase was concentrated in goods-in-process inventories, which rose 1.0% to \$16.0 billion. Raw materials (+0.4%) and finished-product (+0.3%) inventories were also up. Finished-product inventories increased for a third consecutive time to \$19.3 billion, a six-month high. According to October's Quarterly Business Conditions Survey, the majority of manufacturers indicated that they were relatively content with their levels of

finished-product inventories going into the fourth quarter of 2002.

Manufacturers in the machinery and the chemical products industries were the primary contributors to the higher inventories in October.

Goods-in-process boost manufacturing inventories



Continued stability for the inventory-to-shipments ratio

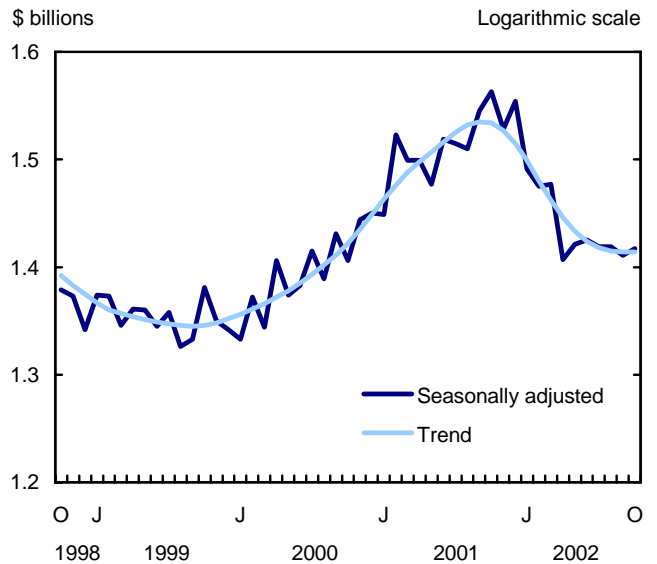
The inventory-to-shipments ratio edged up to 1.42 in October, up from 1.41 in September. A solid increase in inventories relative to a modest rise in shipments contributed to the higher ratio. The ratio has been relatively steady since April, and remained well below the nine-year high of 1.56 established in October 2001.

The trend for the inventory-to-shipments ratio has been unchanged since August. Previously, the trend had been gradually shifting down since the fall of 2001.

The finished-product inventory-to-shipments ratio shifted up slightly to 0.44 in October. The ratio is a key

measure of the time that would be required in order to exhaust finished-product inventories if shipments were to remain at their current level.

Rising inventories contribute to a higher inventory-to-shipments ratio

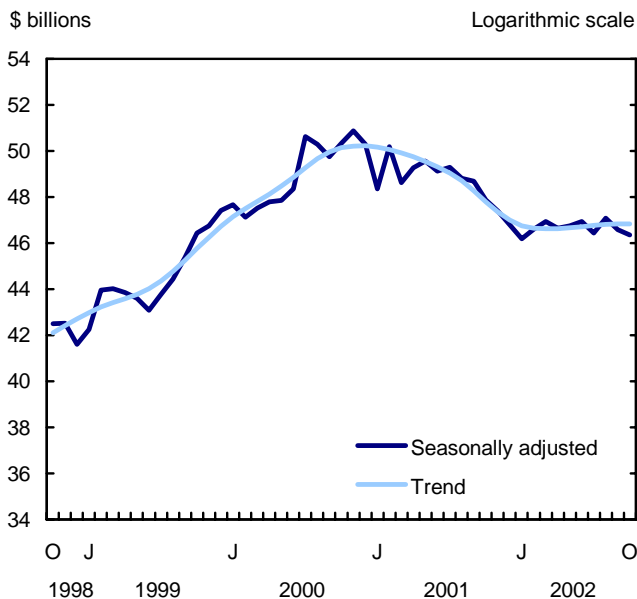


Manufacturers face fewer unfilled orders for a second straight month

Unfilled orders decreased 0.5% in October, following a 1.1% drop in September. Orders decreased to \$46.3 billion, the lowest level since January. Fewer orders for machinery, aerospace products and parts and heavy trucks offset a rise in unfilled orders for computers and electronic products, this industry's first increase since July.

New orders posted a 0.8% increase to \$44.0 billion in October, partly recovering September's losses (-2.2%). Manufacturers reported higher orders for computers and electronic products, which offset a sharp decline in the machinery industry.

Lower unfilled orders in October



Available on CANSIM: tables 304-0014 and 304-0015.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2101.

The October 2002 issue of the *Monthly Survey of Manufacturing* (31-001-XIB, \$15/\$147) 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.

All data are benchmarked to the 1998 Annual Survey of Manufactures.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; fax: 613-951-9499; manufact@statcan.ca). To enquire about the concepts, methods or data quality of the release, contact Russell Kowaluk (613-951-0600; kowarus@statcan.ca), Manufacturing, Construction and Energy Division. □

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventory-to-shipments ratio
	Seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
October 2001	40,570	-2.1	63,392	-0.9	47,880	-1.7	39,756	-3.8	1.56
November 2001	41,190	1.5	62,954	-0.7	47,401	-1.0	40,712	2.4	1.53
December 2001	40,380	-2.0	62,767	-0.3	46,789	-1.3	39,768	-2.3	1.55
January 2002	41,782	3.5	62,311	-0.7	46,178	-1.3	41,170	3.5	1.49
February 2002	42,168	0.9	62,213	-0.2	46,596	0.9	42,586	3.4	1.48
March 2002	41,803	-0.9	61,724	-0.8	46,931	0.7	42,137	-1.1	1.48
April 2002	43,982	5.2	61,861	0.2	46,641	-0.6	43,693	3.7	1.41
May 2002	43,380	-1.4	61,657	-0.3	46,761	0.3	43,500	-0.4	1.42
June 2002	43,228	-0.3	61,612	-0.1	46,933	0.4	43,400	-0.2	1.43
July 2002	43,649	1.0	61,958	0.6	46,440	-1.1	43,156	-0.6	1.42
August 2002	43,962	0.7	62,362	0.7	47,093	1.4	44,615	3.4	1.42
September 2002	44,160	0.4	62,326	-0.1	46,576	-1.1	43,642	-2.2	1.41
October 2002	44,226	0.1	62,647	0.5	46,345	-0.5	43,995	0.8	1.42

Manufacturing industries except motor vehicle, parts and accessories.

	Shipments		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
October 2001	33,312	-1.3	60,111	-1.0	46,427	-1.5	32,589	-3.3
November 2001	33,555	0.7	59,667	-0.7	45,946	-1.0	33,074	1.5
December 2001	32,808	-2.2	59,489	-0.3	45,273	-1.5	32,135	-2.8
January 2002	34,114	4.0	58,890	-1.0	44,578	-1.5	33,419	4.0
February 2002	33,969	-0.4	58,798	-0.2	45,007	1.0	34,398	2.9
March 2002	33,955	-0.0	58,362	-0.7	45,299	0.6	34,247	-0.4
April 2002	35,103	3.4	58,431	0.1	44,970	-0.7	34,774	1.5
May 2002	35,058	-0.1	58,179	-0.4	45,046	0.2	35,135	1.0
June 2002	34,865	-0.6	58,174	0.0	45,234	0.4	35,052	-0.2
July 2002	34,846	-0.1	58,383	0.4	44,707	-1.2	34,319	-2.1
August 2002	35,344	1.4	58,871	0.8	45,403	1.6	36,040	5.0
September 2002	35,725	1.1	58,813	-0.1	45,004	-0.9	35,327	-2.0
October 2002	35,756	0.1	59,210	0.7	44,862	-0.3	35,613	0.8

OTHER RELEASES

Child-friendly neighbourhoods

1999

The vast majority of Canadians feel they can count on other people in their neighbourhood to help keep it safe, according to a new study. However, the proportion varies widely according to the type of housing in which they live.

The study, based on data from the National Longitudinal Survey of Children and Youth (NLSCY), found a wide gap in the level of confidence between people who live in single-family, semi-detached or garden homes, and those who live in duplexes or apartments.

In 1999, roughly 90% of individuals who lived in single-family, semi-detached or garden homes felt that their neighbours are willing to help each other, watch out that children are safe, or watch out for trouble in their absence.

On the other hand, only about 75% of people who lived in duplexes or apartments felt the same way.

About 86% of residents of single-family, semi-detached or garden homes felt that their neighbourhood had adults for their children to look up to. Only 68% of people in duplexes or apartments shared that same feeling.

The study, published in the current issue of *Canadian social trends*, also found that parents who did volunteer work were more likely to rank their neighbourhoods highly than those who did not.

About 58% of those who volunteered ranked their neighbourhood as an excellent place to bring up children, compared with 48% of those who did not volunteer. Those who volunteered were also more likely to strongly agree or agree that neighbours deal with problems together, and were willing to help each other.

Because the type and location of housing people choose depend on what they can afford, income has a large impact on a family's perceptions of safety. In 1999, 63% of those who had incomes above \$80,000 felt that their neighbourhood was an excellent place to bring up children, compared with only 35% of those with incomes below \$15,000.

Note: The NLSCY is conducted by Statistics Canada in partnership with Human Resources Development Canada. It is designed to develop a better understanding of the factors that contribute to a child's development over time. In 1999, more than 30,000 children were sampled for the third cycle of the NLSCY.

Information on methods and data quality available in the Integrated Meta Data Base: survey numbers, including related surveys, 4450 and 4504.

The winter 2002 issue of *Canadian social trends* (11-008-XIE, \$8/\$27; 11-008-XPE, \$11/\$36) 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 Alice Peters (613-951-4086), Housing, Family and Social Statistics Division. ■

Lumber industry: Crucial contributor to Canada's prosperity

2001

Historically, forest products have always made a substantial contribution to Canada's trade surplus. In 2001, they generated a surplus of \$36.4 billion, 57% of Canada's total trade surplus. Forest products surplus alone exceeded the surplus created by the automotive product and agriculture and fishing sectors combined.

Canada has a trade surplus in forest products with almost every nation in the world; in other words, it exports more than it imports. The largest surplus is with the United States, which was the destination of nearly 80% of Canada's total forest products exports in 2001.

The lumber industry is at the heart of the forest industry. Indeed, unlike other manufacturing sectors, the lumber industry uses primarily Canadian inputs. It utilizes logs harvested mostly in Canada and creates tens of thousands of jobs in the logging industry. In addition, the sawdust and wood chips produced by the lumber industry are the main input used by the pulp and paper sector which employs more than 100,000 workers.

The Labour Force Survey shows that nearly 1,000 sawmills in Canada employed more than 80,000 workers in 2001, the majority of them in British Columbia, Quebec and Ontario.

Nevertheless, the contribution of the lumber industry to Canada's economy extends far beyond the direct jobs it creates. Indeed, the lumber industry is a crucial part of the economic fabric of hundreds of Canadian remote communities and the livelihood of thousands of workers.

Consequently, trade disputes such as the current softwood lumber disagreement with the United States have a significant impact on Canada. In May, the

United States slapped countervailing and anti-dumping duties averaging more than 27% on Canadian softwood exports. Ottawa is fighting the allegations and the punishing duties at the World Trade Organization and under the North American Free Trade Agreement. The issue is likely to be on the political agenda for quite some time

This article *The Lumber industry: Crucial contributor to Canada's prosperity* describes the main characteristics of the Canadian lumber industry and assesses different impacts of lumber trade disputes. It also puts into perspective the strong dependence of the Canadian lumber industry on the US market, by far its biggest customer.

The research paper *The lumber industry: Crucial contributor to Canada's prosperity* (31F0027MIE, no. 1, free) is now available on the Statistics Canada's website (www.statcan.ca). From the *Products and Services* page, under *Browse our Internet publications*, choose *Free*, then *Manufacturing*.

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, contact Daniel Dufour (613-951-5370; daniel.dufour@statcan.ca), Marketing Division, or

Gilles Simard (613-951-3516; simales@statcan.ca), Manufacturing, Construction and Energy Division. ■

Particleboard, oriented strandboard and fibreboard

October 2002

Data on particleboard, oriented strandboard and fibreboard for October 2002 are now available.

Available on CANSIM: table 303-0002.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2141.

The October 2002 issue of *Particleboard, oriented strandboard and fibreboard*, Vol. 38, no. 10 (36-003-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 the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Canadian social trends, Winter 2002, no. 67
Catalogue number **11-008-XIE** (\$8/\$27).

Canadian social trends, Winter 2002, no. 67
Catalogue number **11-008-XPE** (\$11/\$36).

The lumber industry: Crucial contributor to Canada's prosperity
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Particleboard, oriented strandboard and fibreboard,
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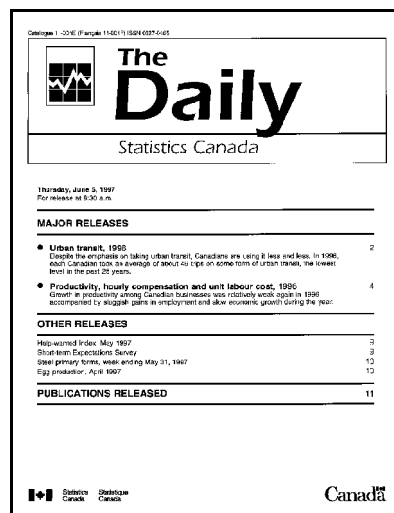
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