



The Daily

Statistics Canada

Friday, February 1, 2002

Released at 8:30 a.m. Eastern time

MAJOR RELEASES

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In January, manufacturers continued to express dissatisfaction with inventory levels. Production and employment prospects for the first quarter remained negative.
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MAJOR RELEASES

Business Conditions Survey: Manufacturing industries

January 2002

Manufacturers continued to indicate dissatisfaction with finished product inventory levels in January, according to the January Quarterly Business Conditions Survey.

The voluntary survey, to which almost 4,000 responded, showed almost one-third of manufacturers said their finished product inventory levels were too high.

More than one-third of manufacturers expected to reduce output during the next three months, and almost one-quarter indicated their workforce would decline.

Producers also reported they were slightly less concerned than they were in October 2001, when the last survey was taken, with both current levels of new orders and unfilled orders. The proportion reporting lower-than-normal unfilled orders improved 16 percentage points in January to 30%.

More manufacturers concerned with finished product inventory

Almost one-third of manufacturers said their current level of finished product inventory was too high, up from one-fifth in October 2001. Sixty-five percent said their finished product inventory was about right, down from 78% in the previous survey.

According to the Monthly Survey of Manufacturing, finished product inventory levels in November 2001 were \$19.7 billion, down from a high of more than \$20.2 billion in June 2001.

In the January survey, the balance of opinion regarding the current level of finished product inventory slipped 9 points to -27. Manufacturers in the transportation equipment and paper products industries were mostly responsible for the increase in negative reports. Offsetting this trend, producers in the wood products industries indicated less worry about inventory levels.

The balance of opinion was determined by subtracting the proportion of manufacturers who stated their finished product inventory was too high from the proportion whose finished product inventory was too low.

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.

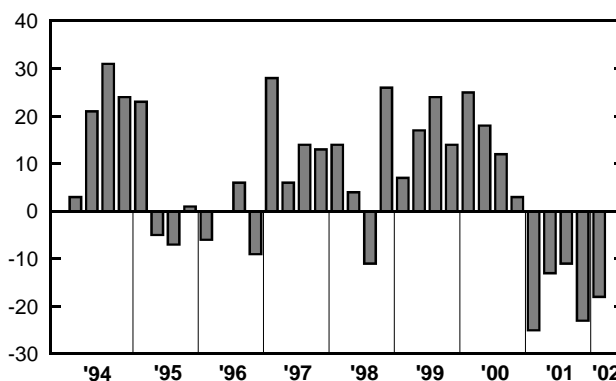
Data in this release are seasonally adjusted, except for those on production difficulties.

One-third of manufacturers expect to cut production further

About 17% of manufacturers said they planned to increase production in the first quarter, up from 10% who said so in the October 2001 survey. The proportion expecting to reduce production in the next three months rose slightly from 33% to 35%.

Producers in the transportation equipment and paper products industries were the major contributors to these lowered expectations. However, manufacturers in the primary metals and wood products industries were more upbeat about production prospects. The balance of opinion for production prospects improved 5 points to -18 in January, still a far cry from the balance of +25 in the January 2000 survey.

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



Employment prospects in manufacturing still uncertain

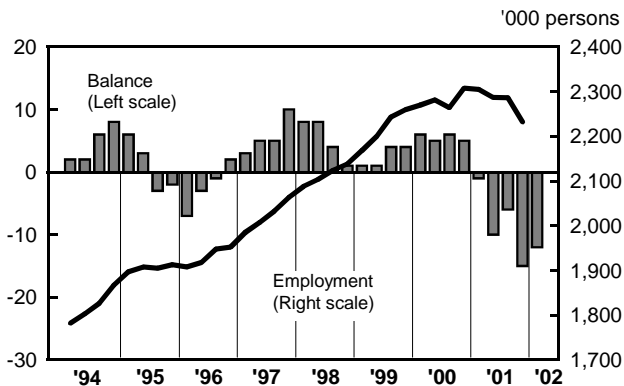
Employment prospects in manufacturing remained uncertain in the first quarter. About 21% of manufacturers reported that their workforce would contract in the next three months, a slight improvement over the 24% who said they intended to cut employment in October 2001.

Prospects of falling employment levels remained widespread across the major manufacturing groupings. The indications were strongest in three industries: wood products, fabricated metal products and paper products. The Labour Force Survey reported employment in manufacturing decreased by more than 111,000 (-4.8%) during 2001, down from a peak of just over 2.3 million in December 2000.

About 70% of manufacturers reported their employment levels would remain constant. Producers in the transportation equipment industries said their employment levels would change little in the first quarter.

The balance of opinion for employment prospects for the next three months improved 3 points from October 2001 to -12.

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



Fewer manufacturers concerned with backlog of unfilled orders

Sixty-five percent of manufacturers said their backlog of unfilled orders was about normal, a substantial increase from 50% in the October 2001 survey.

About 30% of manufacturers reported lower-than-normal satisfaction with unfilled orders,

but this was a strong improvement from 46% in October 2001.

At the same time, only 5% said their level was higher than normal, compared with 4% in October 2001 and 10% in January 2001.

The -25 balance of opinion on unfilled orders improved from the -42 posted in October 2001, the lowest since the first quarter of 1992 (-51). Producers in the transportation equipment and primary metals industries were the major contributors to the improved balance.

According to the Monthly Survey of Manufacturing, unfilled orders in November eased back a further 0.8% to \$47.6 billion. Unfilled orders have generally been edging downwards since peaking in November 2000 at \$50.9 billion.

Manufacturers slightly less concerned about orders received

In the January survey, 38% of manufacturers reported concern about declining orders received, a 5-point improvement from 43% in October and still more than four times the 9% posted in January 2000.

The proportion reporting that new orders were rising more than doubled in January (12%) after reaching a low of 5% in October 2001. Manufacturers in the transportation equipment and primary metals industries were the major contributors to this slightly more positive result.

The balance of opinion on the current level of orders received increased to -26, 12 points higher than in October 2001.

Fewer manufacturers report production impediments

About 85% of manufacturers cited little in the way of production impediments in January, up 5 points from October 2001. The proportion reporting a shortage of skilled labour decreased 3 points to 4%.

Available on CANSIM: tables 302-0001 to 302-0003.

Only unadjusted data are available in these CANSIM tables.

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

	January 2001	April 2001	July 2001	October 2001	January 2002
	Seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
About the same	43	59	55	57	48
Higher	16	14	17	10	17
Lower	41	27	28	33	35
Balance	-25	-13	-11	-23	-18
Orders received are:					
About the same	42	54	52	52	50
Rising	13	12	7	5	12
Declining	45	34	41	43	38
Balance	-32	-22	-34	-38	-26
Present backlog of unfilled orders is:					
About normal	55	55	54	50	65
Higher than normal	10	6	6	4	5
Lower than normal	35	39	40	46	30
Balance	-25	-33	-34	-42	-25
Finished product inventory on hand is:					
About right	66	74	70	78	65
Too low	3	5	2	2	4
Too high ¹	31	21	28	20	31
Balance	-28	-16	-26	-18	-27
Employment during the next three months will:					
Change little	65	72	72	67	70
Increase	17	9	11	9	9
Decrease	18	19	17	24	21
Balance	-1	-10	-6	-15	-12
	Unadjusted				
Sources of production difficulties					
Working capital shortage	2	3	2	3	3
Skilled labour shortage	8	8	7	7	4
Unskilled labour shortage	2	2	3	2	0
Raw material shortage	4	2	2	2	2
Other difficulties	6	5	6	6	5
No difficulties	79	82	80	80	85

¹ No evident seasonality.

OTHER RELEASES

Quarterly Retail Commodity Survey

Third quarter 2001

Shoppers spent \$73.5 billion on goods and services at retail stores in the third quarter, only 2.1% more than they did in the third quarter of 2000. This was the smallest year-over-year quarterly increase in retail spending since the fourth quarter of 1998, and well below the 5.3% gain of the first half of 2001. The weak results were broadly based and reflected consumer reaction to the events of September 11 as well as the impact of lower prices for gasoline. (All data in this release have not been adjusted for seasonality and all percentage changes are year-over-year.)

Reflecting lower prices for gasoline, sales of automotive fuels, oils and additives were down 2.5% from the third quarter of 2000. Spending on clothing, footwear and accessories was down marginally and sales of motor vehicles, parts and services were relatively unchanged. Sales of home furnishings and electronics recorded one of the strongest year-over-year increases for the third quarter, but at 3.9% this was weak by historical standards.

Sales by commodity, all retail stores

	Third quarter 2000 ^r	Second quarter 2001 ^r	Third quarter 2001 ^p	Third quarter 2000 to third quarter 2001
	Unadjusted			
	\$ millions		% change	
Commodity				
Food and beverages	15,947	16,007	16,455	3.2
Health and personal care products	4,792	5,119	5,150	7.5
Clothing, footwear and accessories	6,554	6,518	6,530	-0.4
Home furnishings and electronics	5,423	5,071	5,633	3.9
Motor vehicles, parts and services	21,175	24,089	21,203	0.1
Automotive fuels, oils and additives	5,907	5,991	5,760	-2.5
All other goods and services	12,231	13,408	12,804	4.7
Total	72,029	76,203	73,534	2.1

^r Revised data.

^p Preliminary data.

Sales of clothing, footwear and accessories were down slightly compared with the third quarter of 2000. This was the first time since the inception of this survey in 1997 that the year-over-year change in sales for this commodity group was negative. The 0.4% decline was

in sharp contrast to the 5.4% increase recorded for the first half of 2001.

Within the clothing, footwear and accessories commodity grouping, sales of jewellery, luggage and footwear remained relatively unchanged while sales of clothing and accessories were down slightly (-0.5%). Clothing sales differed, however; children's (+3.8%) and women's clothing and accessories (+0.6%), fared better than men's (-5.8%).

Results also differed by type of retailer. Clothing and accessory sales were down more sharply for general merchandise stores (-3.3%) compared with specialty clothing stores (-0.3%), but sales of clothing at sporting goods stores gained 7.9%.

Third quarter sales of motor vehicles, parts and services were relatively unchanged from the third quarter of 2000; higher sales of automotive parts and services were offset by lower sales of new motor vehicles (cars and trucks). Sales of new trucks (including vans and sport utility vehicles) were especially hard hit, dropping 4.1%, or \$230 million. The weak third quarter results in new motor vehicle sales (-2.4%) followed a strong year-over-year sales increase (+4.6%) in the second quarter.

Sales of home furnishings and electronics rose 3.9% from the third quarter of 2000. Although this was one of the stronger increases for the third quarter of 2001, it was the smallest year-over-year increase recorded by this commodity group since the inception of the survey. Within the commodity grouping, results were mixed. Sales of furniture (+1.3%) and electronics (+2.8%) were weaker than average, but sales of home furnishings other than furniture (e.g., floor coverings, bedding, linens, lamps and artwork) were up 7.5%. Even within the electronics grouping, results varied — sales of computers and software were down 3.7% but sales of telephones and other home electronics were up 14.1%. (For historical reasons, stores specializing in selling computers are classified as wholesalers and are therefore excluded from these estimates.)

At the major commodity group level, the largest year-over-year increase in the third quarter of 2001 was for health and personal care products (+7.5%) due to continued strength in the sales of prescription drugs (+11.4%). Although drug stores continue to be the major player in this market, they are facing growing competition from supermarkets and general merchandise stores. For example, their market share of prescription and non-prescription drugs, vitamins and other health supplements was 72.4%, down from 73.4% in the third quarter of 2000.

The Quarterly Retail Commodity Survey analyses quarterly retail sales at the national level on the basis of

commodities, using data from the Monthly Retail Trade Survey.

Available on CANSIM: table 080-0010.

To order data, or for general information, contact the Client Services Unit (1-877-421-3067; 613-951-2549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Janet Sear (613-951-5580; janet.sear@statcan.ca), Distributive Trades Division. ■

Coal production

2001 (preliminary)

Data on the volume and value of coal production by province are now available for 2001.

To order data, or for general information, contact the dissemination officer (1-866-873-8789; 613-951-9497; energ@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Serge Grenier (613-951-3566; serge.grenier@statcan.ca), Manufacturing, Construction and Energy Division. ■

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Canada's international transactions in securities,
Vol. 67, no. 11, November 2001
Catalogue number 67-002-XIB (\$14/\$132).

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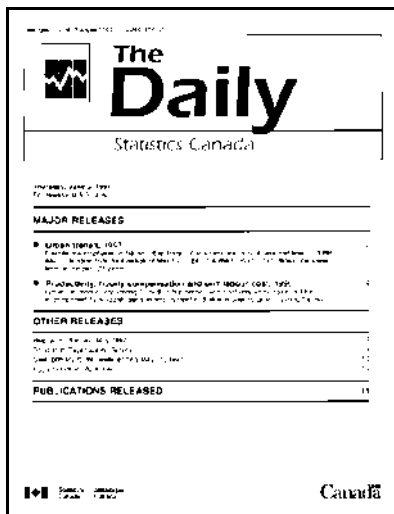
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Statistics Canada's official release bulletin

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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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, February 1, 2002

RELEASE DATES: FEBRUARY 4 TO 8

(Release dates are subject to change.)

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6	Building permits	December 2001
6	Help-wanted Index	January 2002
7	Movie theatres and drive-ins	1999/2000
8	Labour Force Survey	January 2002



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