



# The Daily

Statistics Canada

Tuesday, February 18, 2003

Released at 8:30 am Eastern time

---

## MAJOR RELEASES

---

- **Monthly Survey of Manufacturing, December 2002 and annual 2002** 2  
A sharp decline in the motor vehicle and parts industries was behind a 0.9% decrease in manufacturing shipments in December. Shipments fell to \$43.0 billion, a nine-month low.
- 

## OTHER RELEASES

---

- Innovation analysis bulletin, February 2003 7
  - Construction Union Wage Rate Index, January 2003 7
  - For-hire motor carriers of freight, all carriers, second quarter 2002 7
- 

## NEW PRODUCTS

---



---

## MAJOR RELEASES

---

### Monthly Survey of Manufacturing

December 2002 and annual 2002

A sharp decline in the motor vehicle and parts industries was behind a 0.9% decrease in manufacturing shipments in December. Shipments fell to \$43.0 billion, a nine-month low.

Although shipments were down for the third consecutive month, December's decline was highly concentrated in the transportation equipment sector. Excluding the motor vehicles and parts industries, manufacturing shipments advanced a solid 1.3%. Only 9 of the 21 manufacturing industries representing 43% of total shipments reported decreases in December.

On a more negative note, finished-product inventories edged up 0.1%, marking the fifth consecutive rise. This also represented the longest string of monthly increases in finished-product inventories since the previous build-up of stocks in 2000.

Unfilled orders and new orders were also down in December, contributing to a weak fourth quarter.

Rising inventories and lower orders were in line with the guarded mood of manufacturers, as seen in January's quarterly Business Conditions Survey. Although opinions on production prospects improved slightly, many producers indicated lower satisfaction with the levels of new and unfilled orders for the first quarter of 2003. Orders have been trending down throughout the fall of 2002.

#### Following a hiring spree, manufacturing employment slips in recent months

Manufacturers continued to shed jobs in December (-24,700) and January (-14,600), as reported by the most recent Labour Force Survey. Employment levels fell in four of the last five months, with job losses of 38,000 (-1.6%) in manufacturing since August. Despite the recent decline, Canadian manufacturers created 109,000 new jobs (+4.9%) in 2002.

#### Most provinces report higher shipments in December

Only three provinces and the territories reported lower shipments in December, although the sharp reduction in Ontario's motor vehicle and parts industries dominated at the national level. Shipments in Ontario

#### Note to readers

*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.*

fell \$701.6 million (-3.0%), by far the largest drop among the provinces. Nova Scotia and Newfoundland and Labrador also edged down in December.

New Brunswick and Quebec led the majority of provinces that reported stronger shipments in December.

#### US shipments fall as inventories rise

Shipments in the United States fell back 0.6% in December, following a 1.1% drop in November. As in Canada, the transportation equipment sector was responsible for the decline.

US manufacturing inventories rose 0.5% in December, partly the result of a 1.0% increase in stocks of durable goods. This was the first rise in durable goods inventories since January 2001.

### Shipments by province and territory

	November	December	November to December 2002
	2002		
	Seasonally adjusted		
	\$ millions		% change
Newfoundland and Labrador	196	196	-0.2
Prince Edward Island	111	113	2.2
Nova Scotia	753	739	-1.9
New Brunswick	1,020	1,181	15.8
Quebec	10,092	10,190	1.0
Ontario	23,213	22,511	-3.0
Manitoba	980	1,001	2.2
Saskatchewan	608	614	1.0
Alberta	3,591	3,609	0.5
British Columbia	2,868	2,884	0.5
Yukon, Northwest Territories and Nunavut	5	5	-10.5

### Motor vehicles and parts pull down shipments in Canada

Despite a strong start to 2002, the motor vehicle industry did not end the year on a positive note. Shipments plunged 11.1% to \$4.7 billion in December, the fifth consecutive decline. In addition to the usual seasonal shutdowns at various assembly plants, some manufacturers extended plant closures by a few weeks, in an effort to reduce inventories.

Throughout 2002, low interest rates and attractive financing incentives contributed to strong consumer demand for new motor vehicles in North America. Uncertainty regarding the sustainability of that demand in the new year contributed to the slowdown of the motor vehicle manufacturing in the fourth quarter of 2002.

Concerns with rising inventory levels and the recent slowdown in motor vehicle manufacturing contributed to a 9.8% drop in shipments of motor vehicle parts in December. Shipments fell to \$2.5 billion, the third decline in four months and the largest monthly decrease in shipments in two years.

### Big boost in shipments of petroleum and coal products

Partly offsetting the overall decrease in total shipments in December, shipments of petroleum and coal products increased 8.2% to \$3.1 billion, wiping out November's 6.8% decrease. The increase in shipment activity this month was due to manufacturers' intent to replenish inventories and the return to full production by some refineries that were temporarily shut-down for maintenance in November.

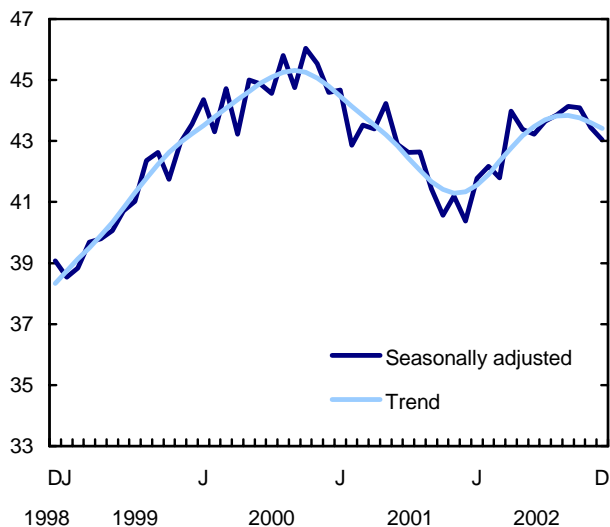
The threat of war in Iraq and the general strike in Venezuela have contributed to considerable volatility in

prices and production levels in recent months. Although petroleum and coal product prices remained relatively flat in December (-0.1%), prices were up significantly (+24.5%) from December 2001.

Also up this month were shipments of chemical products, which advanced 4.1% to \$3.4 billion, the fourth increase in five months. As well, the booming housing market contributed to a 7.6% rise in the shipments of furniture and related products. Shipments hit \$1.1 billion in December, the highest level in two years.

### Manufacturers reduce shipments for the third straight month

\$ billions Logarithmic scale



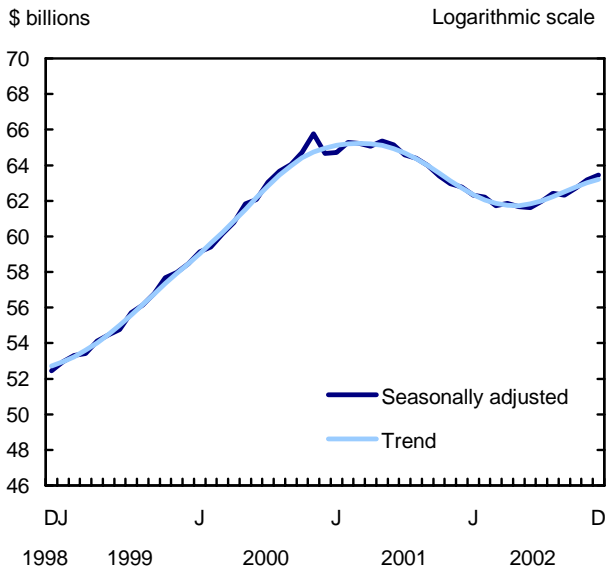
### Manufacturers' inventories continue to accumulate

Manufacturers' inventories rose 0.4% to \$63.4 billion in December. Inventories have been gradually accumulating since July, and are now at a 15-month high.

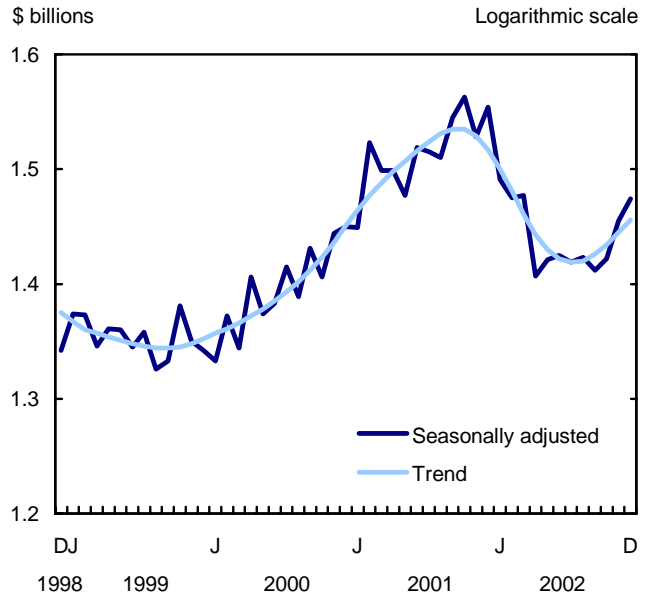
December's increase was concentrated in raw materials inventories, which jumped 0.9% to \$27.6 billion. Finished-product inventories edged up 0.1% to \$19.7 billion. Although the increase was negligible, it was the fifth consecutive rise for finished products; this may be a sign of slowing demand. December's finished-product inventories were up 4.9% from July's recent low of \$18.8 billion.

Inventories of petroleum and coal products soared 8.2% to \$1.6 billion in December, as manufacturers worked on replenishing depleted stocks. The motor vehicles (+4.4%) and the motor vehicle parts (+3.9%) industries also reported higher inventories in December.

**Inventories at the highest point since September 2001**



**The inventory-to-shipment ratio continues to rise**



**The inventory-to-shipment ratio hits a nine-month high**

The inventory-to-shipment ratio rose to 1.47 in December, up from 1.45 in November. Mounting inventories and a sharp decline in shipments boosted the inventory-to-shipment ratio to the highest level since March. Before the recent run up, the ratio had remained relatively stable since April, as manufacturers controlled their inventory levels and shipments grew moderately.

The finished-products inventory-to-shipment ratio continued to edge up in December, rising to 0.46 from 0.45 in November, the highest level since March. The ratio is a measure of the time that would be required in order to exhaust finished-product inventories if shipments were to remain at their current level.

**Unfilled orders weaken for the fourth month in a row**

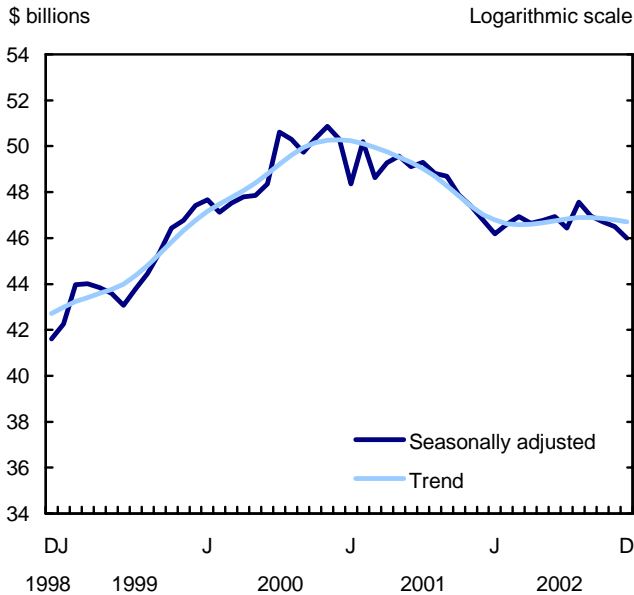
Following a steady decline since September, unfilled orders fell back a further 1.1% to \$46.0 billion in December. Orders were at the lowest level in over three years.

The decline in unfilled orders in the fourth quarter of 2002 concurs with manufacturers' concerns noted in January's quarterly Business Conditions Survey. Some 20% of manufacturers indicated that the level of unfilled orders was lower than normal, up from 18% in the October report.

Industries of the transportation equipment sector (-1.2%) were largely responsible for the lower reported unfilled orders in December. Some manufacturers noted fewer new orders to replace completed contracts in recent months. Unfilled orders were also down in the fabricated metal products (-4.5%) and the primary metals (-5.5%) industries.

New orders fell back 1.6% to \$42.5 billion in December, following a 1.3% drop in November. Fewer new orders in the motor vehicles and parts industries contributed to the third drop in the last four months.

**Unfilled orders continue to slide**



**Manufacturers turn the corner in 2002**

Unprecedented demand for motor vehicles in North America, coupled with a generally strong domestic economy, contributed to the turnaround by Canadian manufacturers. Shipments rose 1.9% to \$518.8 billion in 2002, following a 5.2% decline in 2001.

Notwithstanding the increase in shipments in 2002, the year ended on a less positive note as manufacturers cut back production levels in recent months due to a gradual build-up of inventories. Total inventories, which had been in decline earlier in 2002, ended the year up 1.4% from December 2001.

Unfilled orders have also been decelerating in the second half of the year. Orders were down 1.9% in December 2002 from the December 2001.

**Consumers' role important**

Consumers played a large part in the resilience of the Canadian manufacturing sector in 2002. Following the downturn of 2001, stellar growth in employment, near-record lows in interest rates and higher incomes contributed to strong demand for new homes and automobiles. As a result, 14 of 21 manufacturing industries representing 84% of total shipments reported increases in 2002.

Shipments of motor vehicles led all industries in 2002, rising 5.7% for the year. Manufacturers made up some of the ground lost in 2001 when the industry turned down by 14.8%. The strength of the motor vehicle industry also benefited the manufacturers of

motor vehicle parts, where shipments expanded 10.2% for the year.

Also up significantly in 2002 were shipments of the primary metals (+8.6%) and wood products (+7.1%).

**Faltering demand lowers shipments of computers and airplanes in 2002**

The year 2002 was not without losses. After the high-tech meltdown of 2001, shipments of the beleaguered computer and electronic products industry fell an additional 16.4% in 2002, following deep cuts of 32.2% in 2001. Market uncertainty and weak global demand continued to plague the industry.

Canada's aerospace products and parts manufacturers were adversely affected by the slowdown of the global aviation sector. Shipments of aerospace products and parts decreased 15.1% in 2002, as new orders dried up.

**The auto industry drives Ontario**

Ontario, Canada's key manufacturing province, made strong gains in 2002 compared with 2001. Shipments recovered 3.4% following a 6.4% drop in 2001. Contributing strongly to the increase were the motor vehicles and parts industries.

In Quebec, lower shipments by the computer and aerospace industries were not enough to offset a 0.9% advance in manufacturing shipments for 2002. Primary metals and wood products were among several industries reporting higher shipments in the province.

An increase of 3.7% in New Brunswick led the Atlantic provinces in terms of annual shipments in 2002. Prince Edward Island (+9.6%), Nova Scotia (+1.3%) and Newfoundland and Labrador (+1.7%) were up as well.

**Manufacturing activity weakens in Alberta**

In Western Canada, all provinces except Alberta reported higher manufacturing output in 2002.

Manufacturers in Alberta reported a 3.2% decrease in shipments in 2002. The continuing downfall of the high-tech sector, the devastating drought, higher costs for electricity, and lower petroleum and coal product prices earlier in the year were factors in the decrease. Declines in the computer and electronic products and machinery industries, as well as the chemical industry contributed to the overall drop in shipments for 2002.

British Columbia's resource-based economy, hit hard in 2001 (-9.7%), edged up slightly in 2002 as shipments increased 0.3%. British Columbia's wood products industry posted strong shipment gains following the reinstatement of the US tariffs on

Canadian softwood lumber exports in May. The non-metallic mineral products industry also contributed to the higher output in 2002.

Manitoba (+0.5%) and Saskatchewan (+1.4%) both reported increased shipments in 2002. Improvements in the food, machinery and furniture boosted Manitoba's output for the year. Increases in Saskatchewan's wood products and transportation equipment industries offset a sharp decline in the electrical equipment, appliance and component industry.

**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 December 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](mailto:manufact@statcan.ca)). To enquire about the concepts, methods or data quality of the release, contact Russell Kowaluk (613-951-0600; [kowarus@statcan.ca](mailto:kowarus@statcan.ca)), Manufacturing, Construction and Energy Division.

### Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
	Seasonally adjusted								
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	43,851	0.5	62,407	0.7	47,556	2.4	44,968	4.2	1.42
September 2002	44,134	0.6	62,320	-0.1	46,963	-1.2	43,541	-3.2	1.41
October 2002	44,086	-0.1	62,708	0.6	46,697	-0.6	43,820	0.6	1.42
November 2002	43,437	-1.5	63,183	0.8	46,490	-0.4	43,230	-1.3	1.45
December 2002	43,043	-0.9	63,444	0.4	45,987	-1.1	42,540	-1.6	1.47

### Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	\$millions	% change	\$millions	% change	\$millions	% change	\$millions	% change
	Seasonally adjusted							
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	35,261	1.2	58,914	0.9	45,663	2.1	36,218	5.5
September 2002	35,787	1.5	58,808	-0.2	44,932	-1.6	35,056	-3.2
October 2002	35,832	0.1	59,256	0.8	44,742	-0.4	35,642	1.7
November 2002	35,376	-1.3	59,590	0.6	44,568	-0.4	35,202	-1.2
December 2002	35,841	1.3	59,702	0.2	44,140	-1.0	35,412	0.6

---

## OTHER RELEASES

---

### Innovation analysis bulletin

February 2003

The *Innovation analysis bulletin* focusses on trends in science, technology and the information society. The bulletin includes updates on government science and technology activities, industrial research and development, intellectual property commercialization, advanced technologies and innovation, biotechnology, connectedness, telecommunications and broadcasting, and electronic commerce.

The current issue contains articles on financing innovation, wireless technologies, research and development in the service sector, high-speed Internet use, electronic commerce, studies at Statistics Canada, biotechnology innovator firms, and biotechnology revenues.

The February 2003 issue of *Innovation analysis bulletin* (88-003-XIE, free) is now available on Statistics Canada's website ([www.statcan.ca](http://www.statcan.ca)). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Science and technology*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Rad Joseph (613-951-6830; fax: 613-951-9920) or Claire Racine-Lebel (613-951-6309), Science, Innovation and Electronic Information Division. ■

### Construction Union Wage Rate Index

January 2003

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in January from the revised December level of 125.3 (1992=100). The Composite index increased 2.9% from January 2002.

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes on a 1992=100 time base are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

Available on CANSIM: tables 327-0003 and 327-0004.

### Information on methods and data quality available in the Integrated Meta Data Base: survey number 2307.

The first quarter 2003 issue of *Capital expenditure price statistics* (62-007-XPB, \$24/\$79) will be available in June 2003. See *How to order products*.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Rebecca McDougall (613-951-3357; fax: 613-951-1539; [infounit@statcan.ca](mailto:infounit@statcan.ca)), Prices Division. ■

### For-hire motor carriers of freight, all carriers

Second quarter 2002

There were an estimated 2,889 for-hire trucking companies based in Canada with annual revenues of \$1 million or more in the second quarter of 2002, down from 2,946 carriers in the second quarter of 2001. Operating revenues totalled \$5.03 billion and operating expenses reached \$4.66 billion, down 6.2% and 5.8% respectively from the second quarter of 2001.

Average operating revenues (-4.4%) and expenses (+3.9%) were both down from the second quarter of 2001. Average expenses were at \$1.74 million compared with \$1.82 million in the second quarter of 2001. The decrease was driven by lower payments to owner-operators combined with lower purchased transportation and other expenses. However, average costs per carrier were higher for salaries and wages (+6.4%). The operating ratio (operating expenses divided by operating revenues) rose slightly to 0.93.

For-hire trucking transportation revenues from international movements increased 4.5% to more than \$1.81 billion from \$1.73 billion in the second quarter of 2001. Revenues from outbound movements were down 1.0%, but revenues from inbound movements increased by more than 10%.

Available on CANSIM: table 403-0002.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Denis Pilon (613-951-2707; fax: 613-951-0579; [denis.pilon@statcan.ca](mailto:denis.pilon@statcan.ca)), Transportation Division. ■

## NEW PRODUCTS

**A geographic profile of Canadian livestock, 1991–2001, no. 62**  
Catalogue number **21-601-MIE**  
(free).

**Innovation analysis bulletin, February 2003, Vol. 5, no. 1**  
Catalogue number **88-003-XIE**  
(free).

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

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB are electronic versions on diskette and -XCB are electronic versions on compact disc.

### How to order products

**Order products by phone:**

Please refer to the • Title • Catalogue number • Volume number • Issue number • Your VISA or MasterCard number.


In Canada and the United States call: **1-800-267-6677**  
From other countries call: **1-613-951-7277**  
To fax your order: **1-877-287-4369**  
Address changes or account inquiries: **1-800-700-1033**

**To order a product by mail write:** Statistics Canada, Circulation Management, Dissemination Division, Ottawa, K1A 0T6. Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 7% GST and applicable PST.

**To order by Internet:** write to [order@statcan.ca](mailto:order@statcan.ca) or download an electronic version by accessing Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)) under the headings *Our products and services* and *Publications for sale (\$)*.

**Authorized agents and bookstores also carry Statistics Canada's catalogued publications.**

Catalogue 11-001-XIE (Parque 11-001-XIE) ISBN 0887-6445



Statistics Canada

Thursday, June 3, 1997  
For release at 8:30 a.m.

**MAJOR RELEASES**

- **Urban transit, 1995** 2  
Discusses the attitudes on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 4.5 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4  
Growth in productivity among Canadian businesses was noticeably 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** 2
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

**PUBLICATIONS RELEASED** 11

Statistics Canada / Statistique Canada

### Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at <http://www.statcan.ca>. To receive *The Daily* each morning by e-mail, send an e-mail message to [lstproc@statcan.ca](mailto:lstproc@statcan.ca). Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2003. Citation in newsprint, magazine, radio, and television reporting is permitted subject to the requirement that Statistics Canada is acknowledged as the source. Any other reproduction is permitted subject to the requirement that Statistics Canada is acknowledged as the source on all copies as follows: Statistics Canada, *The Daily*, catalogue 11-001-XIE, along with date and page references.