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The Daily

Statistics Canada

Thursday, December 23, 2004
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  Growth in the Canadian economy in October was at a standstill for a second month in a row as reduced foreign demand and labour strife took their toll.

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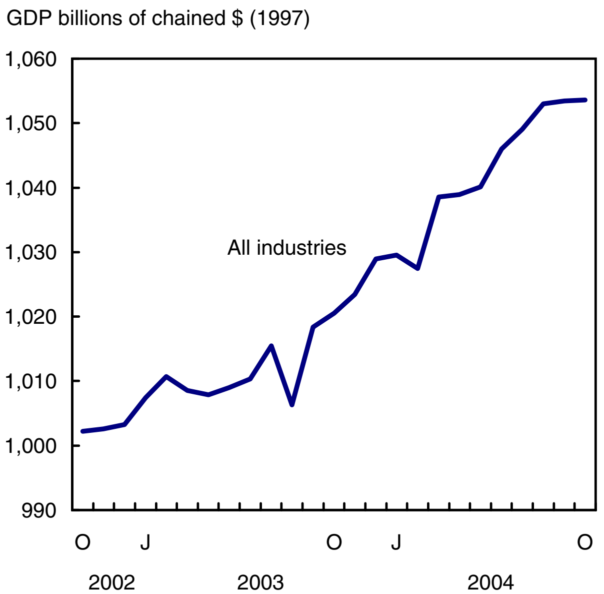
Major releases

Gross domestic product by industry

October 2004

For a second month in a row, growth in the Canadian economy was at a standstill in October largely due to reduced foreign demand for fabricated products and to labour strife. Both the goods and services producing sectors were affected. The output of the manufacturing sector and of utilities decreased, whereas the service sector was hurt by labour disputes in the federal public service and in professional sports.

Economic growth at a standstill



Industrial production (the output of Canada's factories, mines and utilities) decreased by 0.2% in October. Manufacturers and utilities reduced their output by 0.3%. The output of the mining sector however increased 0.2% due to intense oil and gas exploration activities and to the resolution of a labour dispute. In the United States, the Index of industrial production rose 0.6% in October, with all three sectors showing strength.

Note to readers

In September 2002 (reference month: July 2002), the monthly gross domestic product (GDP) by industry program introduced the first stage of a conversion to a Chain Fisher formula, by adopting annually chained Fisher Input-output benchmarks in its calculation of real GDP for 1997 to 2001. However, beginning with January 2002 onwards, the monthly estimates are derived by chaining a Laspeyres volume index at 2001 prices to the prior period. The monthly GDP data are expressed in chained dollars with 1997 as reference year. This conversion brings the monthly GDP by industry estimates more in line with the quarterly expenditure-based GDP data, chained quarterly. For more information, see the Chain Fisher Volume Index page on our Web site.

With this release of monthly GDP by industry, revisions have been made back to January 2004.

Manufacturing sector retreats for a second straight month

Manufacturers reduced their output in October (-0.3%) for a second consecutive month. Foreign demand for fabricated products was reduced in the wake of a strengthening dollar that gained 3.3% during the month vis-à-vis the US currency, reaching its highest level in 12 years. The weakness was widespread as only 4 of the 21 major manufacturing groups advanced in October. Manufacturing of non-durable goods dropped 0.6% while output of durable products edged down 0.1%.

The output of all types of primary metal products was down in October: iron and steel products (-2.0%), aluminum products (-1.2%), non-ferrous metal products (-2.1%) and foundries (-2.9%). The fabrication of many types of machinery decreased, including those used for metalwork (-3.3%), for agriculture, construction and mining (-0.5%) as well as general purpose machinery (-1.8%). The production of chemical products was down 0.9% largely because of lower output of pharmaceuticals and medicine (-2.1%) and of resin and synthetic rubber (-2.2%). Nevertheless, the output of chemical products remained 9% higher than its year-ago level. Paper manufacturing excluding newsprint dropped 4.6% while printing activity was down 1.2%. The output of refineries and other petroleum and coal product manufacturers decreased 1.7%.

Strength in the fabrication of wood products (+1.7%) and of transportation equipment (+0.4%) partly alleviated the general downturn in manufacturing. Growth was widespread across wood products manufacturing. Sawmills increased their output 1.1%, production of veneer, plywood and other structural wood products was up 2.6%, while the fabrication of other wood products, such as millwork and wood containers, increased 2.4%. Motor vehicle production was up 1.3%, helped by a surge in the output of heavy-duty trucks. The output of furniture and related products was up 1.4%. Non-metallic mineral production increased 1.2%, led by increased output of ready-mix concrete (+2.5%) due to robust housing starts in some areas.

Construction activity declines

Construction activity was reduced by 0.6% in October. Residential construction retreated 0.5% on account of fewer housing starts. Large decreases in housing starts were observed in British Columbia and the Atlantic provinces. Ontario also saw a reduction in housing starts. There were increases however in Quebec and the Prairies.

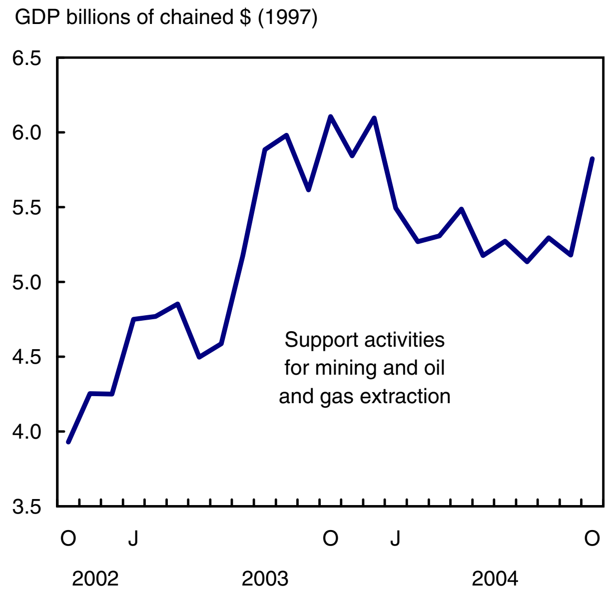
Non-residential construction decreased a further 1.2% for a seventh consecutive month in October. All types of construction declined, especially institutional and industrial. Non-residential building permits were virtually unchanged in value in October, as a strong gain in building permits for industrial structures was completely offset by declines for commercial and institutional structures. This growth reflected strong investment intentions in the manufacturing sector. Engineering and repair construction activity pulled back 0.3%.

A surge in oil and gas exploration

Support activities for mining, oil and gas extraction, mostly oil and gas exploration, jumped 12% in October after bad September weather in the Prairies delayed the increased interest brought about by the upsurge in the price of crude oil on international markets. Extraction of oil and natural gas however decreased 1.3% because of lower than usual oil production on the East coast.

Overall, production in the mining, oil and gas sector was up 0.2% as it also benefited from the end of a strike in iron mines that started in July 2004. The output of iron mines was still 21% below the peak reached in February. Diamond (-6.8%) and potash (-3.9%) production was also down.

A surge in oil and gas exploration



Dealer incentives propel motor vehicle sales

Retailing activity increased 0.9% in October on the strength of motor vehicle sales bolstered by dealer incentives. General merchandise and department stores increased their sales, as well as furniture, home furnishings and computer and software stores. Consumers reduced their spending in food and beverage stores, clothing and accessories stores, and in miscellaneous stores.

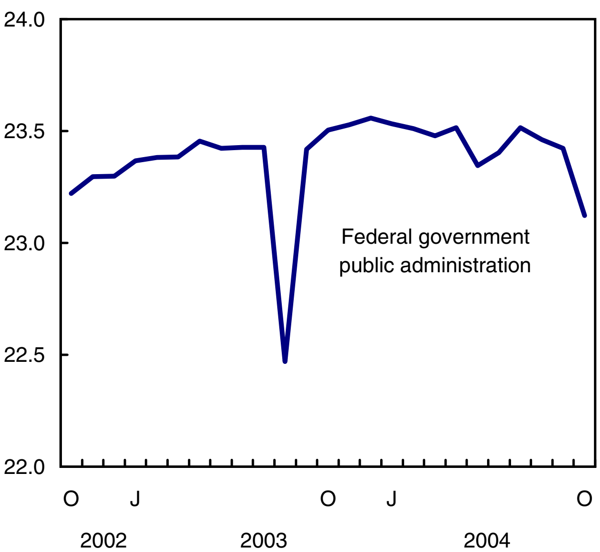
Wholesaling activity decreased 0.1%. The decrease was led by machinery and electronic equipment, personal and household goods, food, beverage and tobacco products, and automotive products. Increases were recorded in the wholesaling of farm products, particularly grain dealers, building materials and other products.

Labour disruptions hamper the service sector

Two labour conflicts held back the service sector in October. Strike activities by some employees of the federal government across the country reduced the output of the federal public administration by 1.3%. The lockout of the National Hockey League players caused a 2.1% drop in the output of the arts and entertainment industries.

Strikes hit the federal public administration

GDP billions of chained $ (1997)



Other sectors

The information and communication technology industries declined 0.2% in October with reductions in both goods and services production. Tourism related industries had a mixed performance, with air transportation increasing 0.4% while accommodation and food services contracted 0.2%.

Available on CANSIM: tables 379-0017 to 379-0022.

Definitions, data sources and methods: survey numbers, including related surveys, 1301 and 1302.

The October 2004 issue of *Gross Domestic Product by Industry*, Vol. 18, no. 10 (15-001-XIE, $12/$118) is now available. See *How to order products*. A print-on-demand version is available at a different price.

Data on gross domestic product by industry for November 2004 will be released on January 31, 2005.

For general information or to order data, contact Yolande Chantigny (1-800-887-IMAD; *imad@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Bernard Lefrançois (613-951-3622), Industry Measures and Analysis Division.

□

Monthly gross domestic product by industry at basic prices in chained dollars (1997)

	May 2004[r]	June 2004[r]	July 2004[r]	August 2004[r]	September 2004[r]	October 2004[p]	October 2004	October 2003 to October 2004
	seasonally adjusted							
	month-to-month % change						$ level[1]	% change
All Industries	**0.1**	**0.6**	**0.3**	**0.4**	**0.0**	**0.0**	**1,053,578**	**3.2**
Goods-producing industries	**0.2**	**0.7**	**0.3**	**0.7**	**-0.1**	**-0.2**	**330,025**	**3.4**
Agriculture, forestry, fishing and hunting	0.9	1.4	0.1	-0.6	1.2	0.1	23,851	4.6
Mining and oil and gas extraction	0.8	-0.7	-0.3	0.5	-1.0	0.2	37,627	-0.0
Utilities	0.6	-0.2	0.9	1.1	0.7	-0.3	26,058	4.0
Construction	-0.0	-1.1	0.8	0.4	0.1	-0.6	58,001	1.9
Manufacturing	-0.0	1.7	0.3	1.0	-0.2	-0.3	184,269	4.8
Services-producing industries	**0.1**	**0.5**	**0.3**	**0.2**	**0.1**	**0.1**	**724,768**	**3.2**
Wholesale trade	-0.8	1.4	0.8	0.6	-0.3	-0.1	66,354	4.9
Retail trade	-0.2	0.4	0.6	1.1	0.4	0.9	60,742	5.0
Transportation and warehousing	0.9	0.4	-0.2	-0.1	0.2	0.6	50,749	5.2
Information and cultural industries	0.2	0.1	0.5	-0.1	-0.2	0.4	43,231	2.8
Finance, insurance and real estate	0.0	0.1	0.1	0.3	0.3	0.3	212,820	4.0
Professional, scientific and technical services	0.1	0.1	0.0	0.2	-0.2	0.2	46,414	2.0
Administrative and waste management services	0.1	0.5	0.2	0.2	-0.1	-0.2	22,142	2.3
Education services	0.7	1.7	-0.3	-0.2	-0.1	0.2	45,863	3.4
Health care and social assistance	0.0	1.7	0.6	0.1	0.1	-0.0	63,250	1.7
Arts, entertainment and recreation	-0.6	-1.0	2.1	1.2	-1.9	-2.1	9,400	-3.1
Accommodation and food services	1.0	-0.4	0.0	-0.7	1.3	-0.2	23,476	0.9
Other services (except public administration)	-0.0	0.3	-0.1	-0.2	0.7	0.0	24,632	1.3
Public administration	-0.3	0.4	0.5	0.0	-0.0	-0.8	57,219	0.9
Other aggregations								
Industrial production	0.2	1.0	0.2	0.9	-0.3	-0.2	248,488	3.6
Non-durable manufacturing industries	-0.1	1.9	-0.1	0.6	0.2	-0.6	74,941	3.2
Durable manufacturing industries	-0.0	1.7	0.7	1.3	-0.4	-0.1	109,187	6.0
Business sector industries	0.1	0.5	0.3	0.5	0.1	0.0	895,481	3.5
Non-business sector industries	0.1	1.2	0.4	-0.0	-0.1	-0.2	158,319	1.8
Information and communication technologies industries	1.1	0.4	1.8	1.9	-0.8	-0.2	62,071	6.6
Energy sector	0.4	-0.6	-0.1	0.3	0.2	-0.1	60,168	2.2

r Revised figures.
p Preliminary figures.
1. Millions of dollars at annual rate.

■

Other releases

Study: Rural-urban income gap

1980 to 2000

Average incomes in Canada's rural population increased in every province during the past two decades, in many cases at a faster rate than average incomes in urban areas, according to a new study.

As a result, the gap in incomes between the urban and rural population narrowed in six provinces between 1980 and 2000. At the same time, the share of the rural population living in low income has also declined, relative to the share of the urban population living in low income.

The study, which updates a previous article, uses census data to compare the incomes of rural and urban residents in Canada from 1980 to 2000. (All income data are per capita and adjusted for inflation.)

Average income in Canada's predominantly rural regions amounted to $19,491 in 2000, up 25.7% from 1980. At the same time, average income in predominantly urban regions rose 21.6% to $24,248.

The study showed that people living in rural regions of Atlantic Canada improved their financial position more than any other rural area during the two-decade period. In percentage terms, the Atlantic provinces ranked at the top for rural income growth between 1980 and 2000.

Leading the way was New Brunswick, where rural residents recorded a 39.8% gain in average income from $13,000 in 1980 to just over $18,200 in 2000. The rural population in each of the other Atlantic provinces saw gains of over one-third.

In contrast, the average income of rural residents in Saskatchewan rose by only 9.4% from $15,900 in 1980 to $17,400 in 2000.

The income gap between the rural and urban population narrowed in six provinces during this period: New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia.

For example, in New Brunswick, the average urban income in 1980 was $3,224 higher than the average rural income. By 2000, this gap had narrowed to $2,220.

In 1980, 16% of Canada's rural population as a whole had average incomes below Statistics Canada's low-income cutoff. By 2000, this proportion had declined to 14%. This was in sharp contrast to urban regions of Canada, where the share of people with low incomes increased from 16% to 18%.

Overall, between 1980 and 2000, the incidence of low income in rural regions declined in all provinces, except British Columbia, where it rose from 12% to nearly 15%.

In 1980, only British Columbia and Quebec had a smaller incidence of low income in rural regions compared with urban regions. By 2000, the situation was almost reversed. All provinces except Nova Scotia and Newfoundland and Labrador had a smaller incidence of low incomes in rural regions than they did in urban areas.

This was due to a growing incidence of low incomes in urban areas, not to a declining incidence of low incomes in rural areas.

The *Rural and Small Town Canada Analysis Bulletin*, Vol. 5, no. 7, entitled "The rural-urban income gap within provinces: An Update to 2000" (21-006-XIE2004007, free) is now available on our Web site. From the *Our products and services* page, under *Browse our Internet products*, choose *Free* then *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Vik Singh (613-951-5666; *vik.singh@statcan.ca*), Agriculture Division. ■

Engineering services industry

2003

The engineering services industry went through a slow period in 2003, amid dampened capital expenditure resulting from investment uncertainties.

Operating revenues in 2003 were up a mere 1.6% to $11.0 billion from $10.9 billion in 2002. This growth can be attributed to the continuing gains in exports. Exports accounted for 13.2% of total operating revenues in 2003, compared with 12.0% in 2002 and just 10.3% in 2001.

Engineering services accounted for 84% of industry operating revenues in 2003, with the remainder mostly generated in related fields such as project management services and environmental consulting services.

Market share of the 20 largest firms amounted to one-third of industry revenues, a small decline compared with 2002.

Two-thirds of revenues were generated from sales to clients in the business sector and foreign based clients, while less than one-third came from clients in the public sector.

The industry's operating profit margin was squeezed to 10.0% in 2003 from 10.9% in 2002.

The slowdown took its toll on Ontario. Revenues of establishments operating in Ontario sagged by 2.3% in 2003, following the near flat result recorded a year earlier. Newfoundland and Labrador also showed a decline, whereas all other provinces and territories recorded small to moderate increases.

Engineering service firms operating in Ontario had a market share of 33%, followed by those in Alberta (24%), Quebec (21%) and British Columbia (14%).

Of the 77,000 people employed by firms in the engineering industry in 2003, three out of four belonged to the professional category (for example, engineers, technicians and technologists) and other professionals.

Engineering services accounted for 0.5% of the Canadian economy in 2003, contributing $6.0 billion to gross domestic product. This industry is comprised of establishments primarily engaged in applying principles of engineering in the design, development and utilization of machines, materials, instruments, structures, processes and systems.

Available on CANSIM: table 360-0005.

Definitions, data sources and methods: survey number 2439.

Results from the 2003 Annual Survey of Engineering Services are now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kyoomars Haghandish (613-951-6304; fax: 613-951-6696; *kyoomars.haghandish@statcan.ca*), or Denyse Brazeau (613-951-5634; fax: 613-951-6696; *denyse.brazeau@statcan.ca*), Service Industries Division. ■

Construction Union Wage Rate Index

November 2004

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in November compared with the revised October level of 129.9 (1992=100). The Composite index increased 1.2% compared with the revised November 2003 index.

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.

Definitions, data sources and methods: survey number 2307.

The fourth quarter 2004 issue of *Capital Expenditure Price Statistics* (62-007-XPB, $26/$85) will be available in March 2005.

For more information, or to enquire about the concepts, methods or data quality for this release, contact Client Services Unit (613-951-9606; fax: 613-951-1539; *infounit@statcan.ca*), or Louise Chaîné (613-951-3393), Prices Division. ■

Natural gas sales

October 2004 (preliminary)

Natural gas sales totalled 5 292 million cubic metres in October, down 1.4% from October 2003. Weaker sale volumes in the commercial sector (-2.9%) and reduced volume (-1.5%) in the industrial sector (including direct sales) erased the marginal gain shown in the residential sector.

Natural gas sales

	October 2004^p	October 2003	October 2003 to October 2004
	thousands of cubic metres		% change
Natural gas sales	**5 292 341**	**5 369 486**	**-1.4**
Residential	988 686	988 409	0.0
Commercial	792 397	815 684	-2.9
Industrial	1 654 263	1 680 353	-1.5
Direct	1 856 994	1 885 040	
	year-to-date		
	2004^p	2003	2003 to 2004
	thousands of cubic metres		% change
Natural gas sales	**57 411 115**	**57 852 872**	**-0.8**
Residential	13 088 622	13 501 027	-3.1
Commercial	9 857 641	10 332 844	-4.6
Industrial	16 210 856	15 949 399	1.3
Direct	18 253 995	18 069 602	

p *Preliminary figures.*

Year-to-date sales at the end of October were down 0.8% from the same period of 2003. Both the residential (-3.1%) and the commercial (-4.6%) sectors posted declines. Use of natural gas by the industrial (including direct sales) sector has risen 1.3% so far this year.

Definitions, data sources and methods: survey number 2149.

For more information, to order data or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; *energ@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Aircraft movement statistics

November 2004 (preliminary)

The 42 Canadian airports with NAV CANADA air traffic control towers reported 349,707 take-offs and landings in November, down 0.1% compared with November 2003 (350,045) and the ninth consecutive decrease in year-over-year comparisons of monthly movements. Year-over-year decreases in aircraft movements were reported by 23 airports in November 2004 compared with November 2003. Declines of greater than 20% were reported by 6 airports this month compared with 11 airports in October.

Itinerant movements (flights from one airport to another) increased by 2.3% (+5,378 movements) in November 2004 compared with November 2003, following two months of decline. Local movements (flights that remain in the vicinity of the airport) declined by 4.9% (-5,716 movements) in November 2004, the ninth consecutive month of decline.

The top 10 airports in terms of volumes of itinerant movements in November showed year-over-year variations ranging from a 17.0% increase (+948 movements) at Toronto/Buttonville Municipal to a decline of 4.5% (-309 movements) at Montréal/St-Hubert. Of the top 10 airports, 8 recorded increases in itinerant movements compared with 5 airports in October 2004.

The top 10 airports in terms of local movements showed year-over-year variations ranging from a 29.9% increase (+1,587 movements) at Toronto/Buttonville Municipal to a decline of 18.4% (-1,146 movements) at Edmonton/Villeneuve. Of the top 10 airports, 6 recorded decreases in local movements compared with 4 airports in October 2004.

The November issue of *Aircraft Movement Statistics*, Vol. 3, no. 11 (51F0001PIE, TP1496, free) is now available on our Web site. From the *Our products and services* page, choose *Free publications*, then *Transport and warehousing*.

Preliminary statistics for the 56 Canadian airports with NAV CANADA flight service stations are also available for November.

Definitions, data sources and methods: survey number 2715.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

Aircraft movement statistics: Major airports

September 2004

The September 2004 monthly report, Vol. 1 (TP141, free) is now available on Transport Canada's Web site at the following URL: (*http://www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm*).

Note: The TP 141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (those without air traffic control towers). Both volumes are available free upon release on Transport Canada's Web site.

For more information about this Web site, contact Michel Villeneuve (613-990-3825; *villenm@tc.gc.ca*), Transport Canada.

Definitions, data sources and methods: survey number 2715.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

New products

Gross Domestic Product by Industry, October 2004, Vol. 18, no. 10
Catalogue number 15-001-XIE ($12/$118).

Rural and Small Town Canada Analysis Bulletin: The Rural-Urban Income Gap Within Provinces: An Update to 2000, Vol. 5, no. 7
Catalogue number 21-006-XIE2004007
(free).

Aircraft Movement Statistics, November 2004, Vol. 3, no. 11
Catalogue number 51F0001PIE
(free).

Income Research Paper Series: Comparison of Income Estimates across Household Survey Programs, 2000, no. 12
Catalogue number 75F0002MIE2004012
(free).

Health reports: Supplement: How Healthy are Canadians? Annual Report, 2004
Catalogue number 82-003-SIE
(free).

Health Reports: Supplement: How Healthy are Canadians? Annual Report, 2004
Catalogue number 82-003-SPE ($22).

Quarterly Demographic Statistics, July to September 2004, Vol. 18, no. 3
Catalogue number 91-002-XIB ($9/$27).

Quarterly Demographic Statistics, July to September 2004, Vol. 18, no. 3
Catalogue number 91-002-XPB ($11/$36).

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

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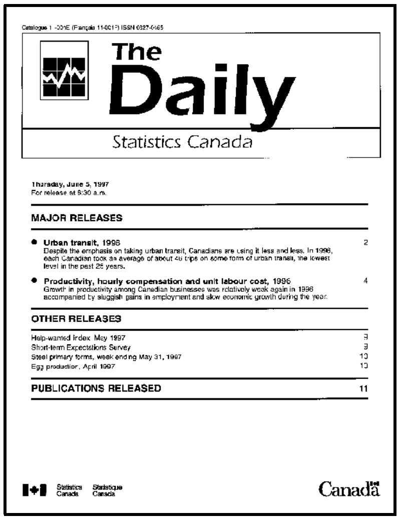

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The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **Urban transit, 1996** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips 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

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Egg production, April 1997	10

PUBLICATIONS RELEASED 11

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