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MAJOR RELEASES

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MAJOR RELEASES

Monthly Survey of Manufacturing

February 2004

Industrial prices spiralled upwards in February, contributing to a 0.8% rise in shipments to $45.8 billion, the highest level since September.

Canadian manufacturers will likely face challenges ahead as prices continue to rise. Soaring demand for lumber and raw steel contributed to significant price gains in recent months. Meanwhile, the Organization of Petroleum Exporting Countries (OPEC) recently proposed to cutback crude oil production as of April 1. The possibility of a reduction to production quotas, in an industry currently facing strong demand, has sent petroleum prices to near record levels.

The Canadian dollar eased back somewhat in February following the decade-high levels of January. Although manufacturers seem to be holding their own, absorbing some of the higher costs attributed to the appreciating dollar, this factor remains a cause for concern. More than 50% of Canadian manufactured products are destined for markets abroad.

Shipment values of nondurable goods boosted by prices

In February, higher prices pulled up shipments of nondurable goods by 1.1% to $19.5 billion, the fourth increase in a row. Manufacturers of durable goods reported a 0.6% rise in shipments, making up some of the ground lost in January (-1.3%). In total, 12 of 21 industries accounting for 54.0% of total shipments, reported increases.

Alberta manufacturers post big gains

Six provinces, led by Alberta, reported higher shipments in February. Computer and electronic products manufacturing and wood products were among several industries contributing to Alberta's 3.4% (+$131 million) rise in shipments to $4.0 billion, the seventh consecutive gain.

Ontario (+$113 million) and New Brunswick (+$87 million) followed Alberta's lead. Value of shipments in Ontario rose by 0.5% to $23.9 billion, partly compensating for the 0.7% drop in January. Fabricated metal products and a boost in computer and electronic product output were among the contributors. Following a weak January, New Brunswick posted widespread gains as shipments recovered by 8.7% to $1.1 billion.

Note to readers

With the January 2004 release, estimates of shipments, inventories and orders have been revised back to January 1999. Although the historical month-to-month movements were preserved, there were adjustments made to the levels of the Monthly Survey of Manufacturing (MSM).

These adjustments were the result of several factors: the use of new and revised data; updates to the industrial classification (NAICS); the updating of the seasonal adjustment factors; and most significantly, the benchmarking of the MSM to the 2000 and 2001 Annual Survey of Manufactures levels.

The average level of adjustment for shipments from reference year 1999 to 2003 was approximately +5.5%.

For more detailed information on the revision process, please refer to the MSM's concepts, methods and data quality report.

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

***Durable goods industries** include 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.

Manufacturing shipments, provinces and territories

	January 2004	February 2004	January to February 2004
	seasonally adjusted		
	$ millions		% change
Canada	**45,407**	**45,786**	**0.8**
Newfoundland and Labrador	237	237	-0.1
Prince Edward Island	114	124	8.8
Nova Scotia	715	691	-3.3
New Brunswick	999	1,086	8.7
Quebec	10,862	10,846	-0.1
Ontario	23,793	23,906	0.5
Manitoba	972	971	-0.1
Saskatchewan	693	714	3.1
Alberta	3,909	4,040	3.4
British Columbia	3,105	3,164	1.9
Yukon	1	1	-8.3
Northwest Territories including Nunavut	7	5	-20.0

Sizable increases by a few industries in February

Manufacturers of computers (+10.5%) and fabricated metal products (+5.3%) reported strong activity in February, while higher prices contributed to gains in the petroleum (+3.9%) and wood products (+4.1%) industries.

Volatility continued in the manufacturing of computer and electronic products. In February, shipments rebounded to $1.7 billion, following successive losses in December (-0.8%) and January (-7.8%). Canada's telecommunications sector remains tepid, despite a rebound in manufacturing by their US counterparts, where shipments have soared 17.5% in the first two months of 2004.

Meanwhile, various subindustries of fabricated metal products manufacturing contributed to the 5.3% boost in shipments to $2.6 billion. This represented a partial recovery from January's steep drop (-6.5%).

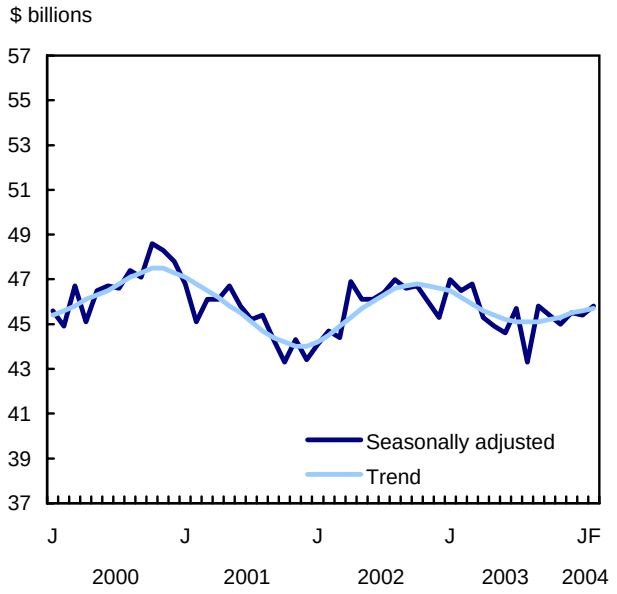
Petroleum and wood prices on the rise again

Shipments of petroleum and coal products jumped 3.9% to $3.3 billion in February, the highest level since March 2003. Rising prices for crude oil, partly caused by strong global demand and a possible cut in production quotas, contributed to the boost in the value of petroleum shipments.

Wood products manufacturing jumped 4.1% to $2.7 billion, the highest level in three months. The ongoing construction boom in Canada and the United States continued to generate heavy demand for wood products, and contributed to recent price gains. Wood product prices have soared almost 10% since December.

Offsetting some of February's increase, manufacturers of transportation equipment reported fewer shipments. Motor vehicles shipments fell 3.1% to $5.4 billion, while production of aerospace products and parts decreased a substantial 14.1% to $863 million. Both industries reported successive increases in December and January.

Shipments bounce back

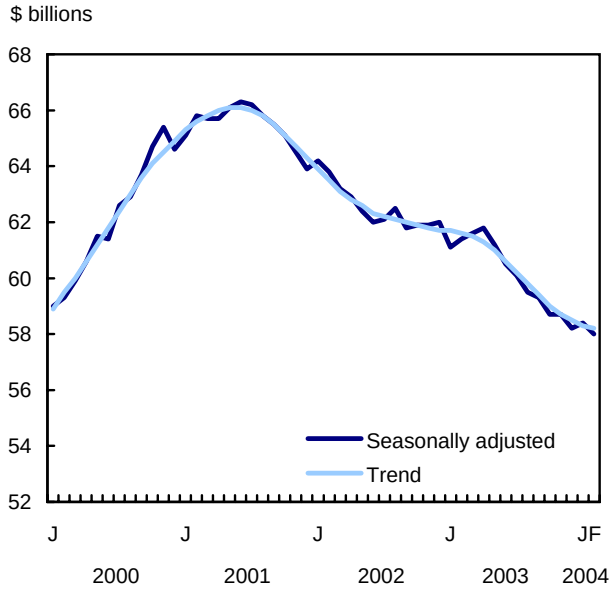


Inventories tumble to a four-year low

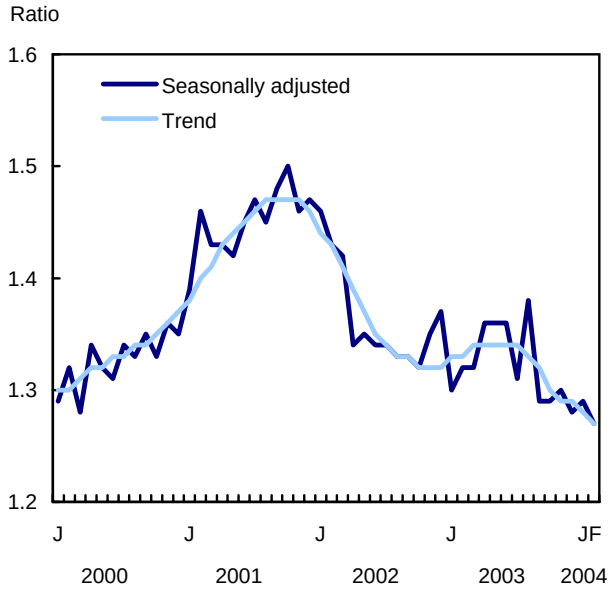
In February, inventories fell another 0.8% to $58.0 billion, the ninth decrease in the past 10 months. A significant drop in goods-in-process inventories (-3.2%), coupled with lower raw materials (-0.6%) were the factors behind the overall decline. Finished-product inventories were up 0.6% to $20.2 billion, the first increase since April 2003.

The decrease in inventories was concentrated in the durable goods industries, with aerospace (-11.8%), computers (-2.4%) and railroad rolling stock (-9.9%) contributing.

Manufacturers hold fewer inventories in February



The inventory-to-shipments ratio declines



The inventory-to-shipments ratio drops to a four-year low

The inventory-to-shipments ratio stood at 1.27 in February, the lowest level in just over four years. The ratio, which eased back from 1.29 in January, has been trending down since early last year as manufacturers kept inventories in check, along with a gradual improvement in shipments.

The ratio is a key measure of the time measured in months that would be required in order to exhaust inventories if shipments were to remain at their current level.

Aerospace manufacturing lifts unfilled orders

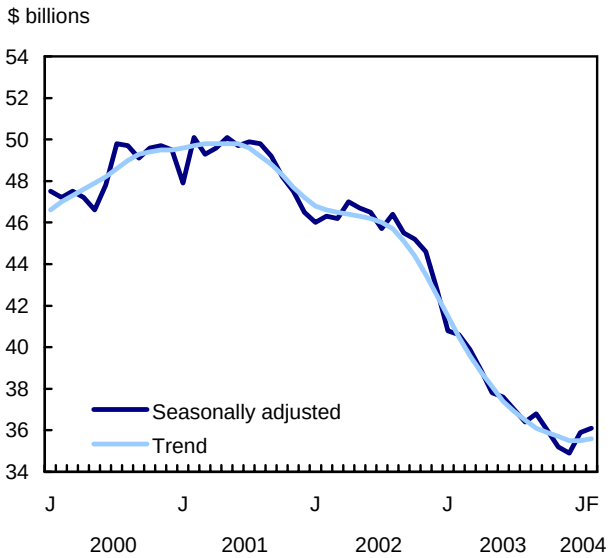
Bolstered by the signing of several new contacts in the aerospace products and parts industry, total unfilled orders increased 0.6% to $36.1 billion in February, which followed January's 2.8% advance. Excluding aerospace manufacturing, unfilled orders actually decreased 0.3%.

The trend for unfilled orders turned positive for the first time since mid-2001.

Aerospace products and parts manufacturers reported unfilled orders of $12.3 billion in February, up 2.4%. This marked the third consecutive increase for the otherwise beleaguered industry. The machinery (+4.8%) and fabricated metal products (+4.5%) industries also reported increases. A sharp decline in the computer and electronic products industry (-10.6%), partly offset the overall increase in unfilled orders.

Following solid gains in December (+2.4%) and January (+2.5%), new orders fell back 0.8% to $46.0 billion in February. Weaknesses in computers, motor vehicles and aerospace products and parts manufacturing contributed to the drop.

Manufacturers' unfilled orders accumulate two months in a row



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

Definitions, data sources and methods: survey number 2101.

The February 2004 issue of the *Monthly Survey of Manufacturing* (31-001-XIE, $17/$158) will soon be available.

Data for shipments by province in greater detail than normally published may be available on request.

The last year Monthly Survey of Manufacturing data was benchmarked to the Annual Survey of Manufactures was 2001.

Data for March from the Monthly Survey of Manufacturing will be released on May 14.

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 Daniela Ravindra (613-951-3514; *ravidan@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
	seasonally adjusted								
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change	
February 2003	46,450	-1.2	61,410	0.4	40,559	-0.5	46,239	2.8	1.32
March 2003	46,832	0.8	61,625	0.4	39,853	-1.7	46,126	-0.2	1.32
April 2003	45,287	-3.3	61,789	0.3	38,866	-2.5	44,300	-4.0	1.36
May 2003	44,879	-0.9	61,243	-0.9	37,811	-2.7	43,824	-1.1	1.36
June 2003	44,569	-0.7	60,481	-1.2	37,576	-0.6	44,335	1.2	1.36
July 2003	45,735	2.6	60,129	-0.6	37,020	-1.5	45,179	1.9	1.31
August 2003	43,290	-5.3	59,541	-1.0	36,433	-1.6	42,702	-5.5	1.38
September 2003	45,818	5.8	59,307	-0.4	36,838	1.1	46,223	8.2	1.29
October 2003	45,373	-1.0	58,748	-0.9	35,984	-2.3	44,519	-3.7	1.29
November 2003	44,993	-0.8	58,708	-0.1	35,204	-2.2	44,213	-0.7	1.30
December 2003	45,535	1.2	58,215	-0.8	34,930	-0.8	45,261	2.4	1.28
January 2004	45,407	-0.3	58,442	0.4	35,903	2.8	46,380	2.5	1.29
February 2004	45,786	0.8	57,997	-0.8	36,130	0.6	46,014	-0.8	1.27

All manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	seasonally adjusted							
	$ millions	% change	$ millions	% change	$ millions	% change	$ millions	% change
February 2003	37,835	-1.1	58,255	0.4	38,848	-0.5	37,639	4.0
March 2003	37,918	0.2	58,460	0.4	38,174	-1.7	37,243	-1.1
April 2003	36,760	-3.1	58,565	0.2	37,221	-2.5	35,808	-3.9
May 2003	36,382	-1.0	58,053	-0.9	36,223	-2.7	35,383	-1.2
June 2003	36,263	-0.3	57,338	-1.2	35,984	-0.7	36,024	1.8
July 2003	36,823	1.5	56,984	-0.6	35,446	-1.5	36,285	0.7
August 2003	35,982	-2.3	56,508	-0.8	34,819	-1.8	35,356	-2.6
September 2003	37,482	4.2	56,143	-0.6	35,213	1.1	37,876	7.1
October 2003	37,087	-1.1	55,638	-0.9	34,303	-2.6	36,177	-4.5
November 2003	37,013	-0.2	55,615	-0.0	33,474	-2.4	36,183	0.0
December 2003	37,345	0.9	55,148	-0.8	33,162	-0.9	37,033	2.3
January 2004	37,260	-0.2	55,400	0.5	34,099	2.8	38,197	3.1
February 2004	37,768	1.4	54,786	-1.1	34,263	0.5	37,933	-0.7

■

OTHER RELEASES

Research Data Centres: Information and Technical Bulletin

The Research Data Centres (RDC) program introduces the *Research Data Centres: Information and Technical Bulletin*, a new forum for current and prospective RDC users to exchange practical information and techniques for analysing datasets available at the centres.

The bulletin will be released in the spring and fall of each year. The first issue contains the following articles: "Constructing survival analysis models with independent variables that change over time: Application using data from the Survey of Labour and Income Dynamics," "Producing efficient data files using Stat/Transfer," "Bootstrapping made easy: A Stata ADO file," and "Variance estimation with plausible value achievement data: Two STATA programs for use with the YITS and PISA data."

The first issue of the *Research Data Centres: Information and Technical Bulletin* (12-002-XIE, free) is now available online.

Note: The RDC program is part of an initiative by Statistics Canada, the Social Science and Humanities Research Council and universities to help strengthen Canada's social research capacity.

For more information about the *Research Data Centres: Information and Technical Bulletin*, or to obtain submission guidelines, contact James Chowhan (905-525-9140, ext. 27967), Research Data Centre Analyst, McMaster University Research Data Centre.

For more information about the RDC program, contact Gustave Goldmann (613-951-1472), Research Data Centres program. ■

Dairy statistics
February 2004 (preliminary)

Consumers purchased 242 500 kilolitres of milk and cream in February 2004, up 4.8% from February 2003.

Definitions, data sources and methods: survey numbers, including related surveys, 3430, 3431 and 3432.

The first quarter 2004 issue of *The Dairy Review* (23-001-XIB, $29/$96) will be available in May.

For more information, or to enquire about the concepts, methods or data quality of the release, contact Anna Michalowska (1-800-465-1991; 613-951-2442; fax: 613-951-3868), Agriculture Division. ■

Refined petroleum products
February 2004 (preliminary)

Data on the production, inventories and domestic sales of refined petroleum products for February are now available. Other selected data about these products are also available.

Definitions, data sources and methods: survey number 2150.

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; (*energ@statcan.ca*), Energy, Manufacturing, Construction and Energy Division. ■

Industrial Chemicals and Synthetic Resins
February 2004

Data on industrial chemicals and synthetic resins for February are now available.

Available on CANSIM: table 303-0014.

Definitions, data sources and methods: survey number 2183.

The February 2004 issue of *Industrial Chemicals and Synthetic Resins*, Vol. 47, no. 2 (46-002-XIE, $6/$51) 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

The Research Data Centres: Information and Technical Bulletin, Spring 2004, Vol. 1, no. 1
Catalogue number 12-002-XIE
(free).

Industrial Chemicals and Synthetic Resins, February 2004, Vol. 47, no. 2
Catalogue number 46-002-XIE ($6/$51).

Employment, Earnings and Hours, January 2004, Vol. 82, no. 1
Catalogue number 72-002-XIB ($26/$257).

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 or –XDE are electronic versions on diskette and -XCB or –XCE are electronic versions on compact disc.

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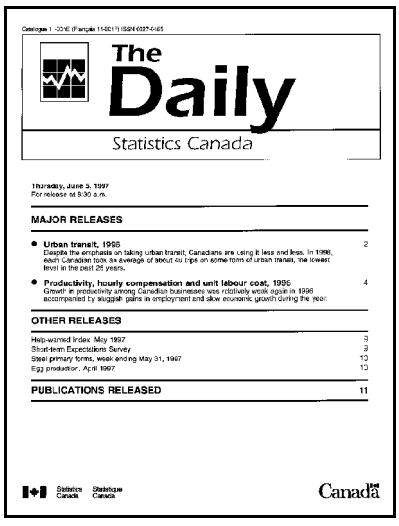
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MAJOR RELEASES

- **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 40 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.

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