



# The Daily

Statistics Canada

**Wednesday, November 23, 2005**

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## Releases

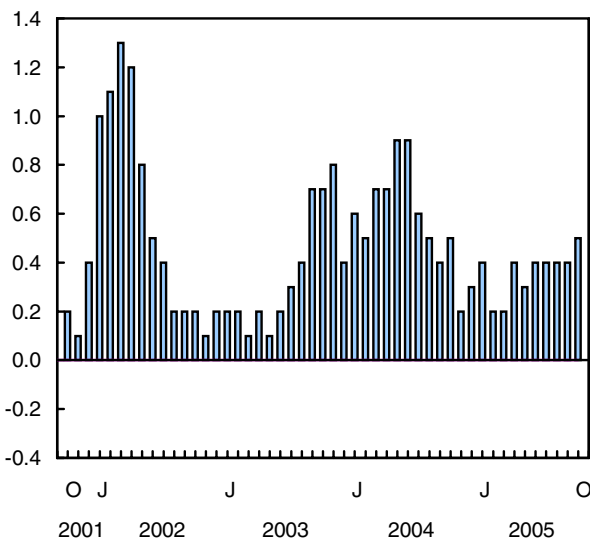
### Leading indicators

October 2005

The leading indicator posted a solid 0.5% gain in October, up from a 0.4% advance in September. Recent months have seen a shift in growth from household spending to investment demand. Housing was the only one of the ten components to decline, compared with two in September.

#### Composite leading indicator

Smoothed % change



New orders for durable goods saw the largest increase since January, driven by Western Canada. Primary metals, metal fabricating, machinery and transportation equipment all hit their highs for the

year in response to the investment boom in the oil patch. These orders have begun to show up in shipments, which turned up after trending down over the previous five months. This left the ratio of shipments to inventories unchanged for only the second time this year. The average workweek held on to its recent gains. The investment surge also continued to boost employment in business services.

Household demand softened after leading growth most of the year. The slowdown was concentrated in Central and Eastern Canada, areas hard-hit by the jump in gasoline prices. As a result, vehicle sales tumbled in these provinces, reining in slightly the overall growth of durable goods sales from a three-year high. The housing index registered its first drop since March, led by lower housing starts.

The US leading indicator eked out only a 0.1% gain, partly slowed by the effects of Hurricane Katrina. Excluding the interest rate spread, the US index has essentially been little changed all this year.

**Available on CANSIM: table 377-0003.**

**Definitions, data sources and methods: survey number 1601.**

A more detailed analysis of the components is available on our Web site. From the *Canadian Statistics* page, choose *National Accounts*, then click on the banner ad for *Canadian Economic Observer*. From that page, choose *Issues of CEO*, then *Composite Index*. For more information on the economy, consult the November issue of *Canadian Economic Observer*, Vol. 18, no. 11 (11-010-XIB, \$19/\$182), now available.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Francine Roy (613-951-3627; [ceo@statcan.ca](mailto:ceo@statcan.ca)) Current Economic Analysis Group. □

## Leading indicators

	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005	Last month of data available % change
<b>Composite leading indicator (1992=100)</b>	<b>204.0</b>	<b>204.9</b>	<b>205.7</b>	<b>206.5</b>	<b>207.4</b>	<b>208.4</b>	<b>0.5</b>
Housing index (1992=100) <sup>1</sup>	138.9	142.9	145.6	146.1	146.7	146.2	-0.3
Business and personal services employment (‘000)	2,620	2,625	2,631	2,650	2,659	2,667	0.3
S&P/TSX stock price index (1975=1,000)	9,492	9,632	9,783	9,994	10,323	10,478	1.5
Money supply, M1 (\$ millions, 1992) <sup>2</sup>	137,380	138,310	137,792	137,649	137,464	137,673	0.2
US Conference Board leading indicator (1992=100) <sup>3</sup>	124.7	124.6	124.9	125.0	125.2	125.3	0.1
<b>Manufacturing</b>							
Average workweek (hours)	38.2	38.2	38.3	38.3	38.4	38.4	0.0
New orders, durables (\$ millions, 1992) <sup>4</sup>	25,165	25,444	25,598	25,370	25,521	25,819	1.2
Shipments/inventories of finished goods <sup>4</sup>	1.86	1.84	1.84	1.83	1.81	1.81	0.00 <sup>5</sup>
<b>Retail trade</b>							
Furniture and appliance sales (\$ millions, 1992) <sup>4</sup>	2,185	2,215	2,236	2,247	2,251	2,259	0.3
Other durable goods sales (\$ millions, 1992) <sup>4</sup>	7,831	7,929	7,995	8,089	8,189	8,254	0.8
<b>Unsmoothed composite leading indicator</b>	<b>204.9</b>	<b>207.3</b>	<b>206.7</b>	<b>208.6</b>	<b>209.7</b>	<b>209.6</b>	<b>0.0</b>

1. Composite index of housing starts (units) and house sales (multiple listing service).
2. Deflated by the Consumer Price Index for all items.
3. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.
4. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.
5. Difference from previous month.

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## Study: Youth and the labour market 1997 to 2004

The labour market for young Canadians aged 15 to 24 has rebounded sharply from a 21-year low in 1997 thanks to a stronger economy, according to a study published today in *Perspectives on Labour and Income*.

The recession at the beginning of the 1990s had a lasting effect on the youth labour market. By 1997, the employment and participation rates for this age group were at their lowest point since the mid-1970s.

Since then, employment among these young people has grown at a fast pace, even faster than among adult workers. Between 1997 and 2004, job creation among youth rose 21.1%, the equivalent of 428,000 new jobs. This compares with a growth rate of just 15.8% among adults aged 25 and over.

As a result, the unemployment rate among young people fell from 16.3% in 1997 to 13.4% in 2004. At the same time, the proportion participating in the labour force increased from a record low of 61.5% to 67.0%. And the employment rate increased 7 percentage points, from 51.5% in 1997 to 58.1% in 2004. Although a large increase, this employment rate still does not match the 63.3% peak reached in 1989.

In particular, the strong economy has benefited young women, whose job gains have outstripped those of young men, breaking a long-standing trend. During periods of economic growth, young men have historically had higher rates of employment than young women.

Of the 428,000 new jobs, young women captured 240,000, which was a 24.7% gain from 1997, compared with 188,000 for young men, a 17.7% gain. Also, employment growth was proportionately stronger for teens aged 15 to 19 than for older youth aged 20 to 24.

Among teenagers, both sexes have had similar employment rates since the 1980s. However, during the late 1990s a gap emerged, and in 2004, the employment rate for girls was 46.1%, well above the 43.3% for boys.

The retail trade sector, the largest employer of teenagers, was the driving force behind new jobs for teenagers. Between 1997 and 2004, employment among teens grew by 192,000, with half of this growth (97,000) in retail trade.

A distant second was the accommodation and food services sector, where 61,000 new jobs were added. In both sectors, more jobs went to girls than boys. That

is because more women tend to take jobs as cashiers, salespeople or servers in food and beverage outlets. These were the occupations with above-average growth rates during this eight-year period.

Among young adults aged 20 to 24, employment rose 18%, the equivalent of 236,000 jobs. Women again got more jobs than men.

Growth in this age group was spread across several industries. For young women, it occurred mainly in health care and social assistance, and in information, culture and recreation and educational services. For young men, the growth sectors were construction; business, building and other support services; and finance, insurance, real estate and leasing.

### Definitions, data sources and methods: survey number 3701.

The article "Youth and the labour market" is available in the November online edition of *Perspectives on Labour and Income*, Vol. 6, no. 11 (75-001-XIE, \$6/\$52), which 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 Jeannine Usalcas (613-951-4720; [jeannine.usalcas@statcan.ca](mailto:jeannine.usalcas@statcan.ca)), Labour Statistics Division. ■

## Fixed assets 2005

By the end of 2005, the country will have more than \$2.6 trillion in structures and equipment in use to produce goods and services in the economy. This represents an increase (in real terms) of 33% over the last 10 years.

About two-thirds of this total consists of building and engineering structures, while about one-third comprises machinery and equipment. A decade ago, this ratio was closer to three-quarters for structures and one-quarter for machinery and equipment.

Growth has been particularly strong in machinery and equipment assets, which will amount to an estimated \$936 billion by the end of 2005, a 79% increase during the past 10 years.

This growth in investment in machinery and equipment, which embeds the newest technology, helps better prepare the nation's industries to face growing international competition.

## Fixed assets 2005

	Building and engineering structures	Machinery and equipment	Total
	\$ billions constant 1997		
<b>Total</b>	<b>1,710.6</b>	<b>935.8</b>	<b>2,646.4</b>
Business sector	1,161.2	847.7	2,008.9
Public administration, education and health and social assistance	549.4	88.1	637.5

Over the past decade, capital intensity (as measured by the value of fixed assets over employment) has shown increases in all sectors except manufacturing, and real estate and rental and leasing, where it remains unchanged.

During that time, capital intensity has risen fastest in the service-producing industries. Finance and insurance, and miscellaneous services now employ more than double the capital per worker than was used in 1995.

## Capital intensity by sector, per employee

	1995	2005	1995 to 2005
	\$ thousands constant 1997		% var.
Forestry and logging	62	110	77
Mining and oil and gas extraction	1,583	1,907	20
Utilities	2,747	3,083	12
Construction	59	60	2
Manufacturing	155	155	0
Trade <sup>1</sup>	30	44	47
Transportation and warehousing	297	337	13
Information and cultural industries	314	423	35
Finance and insurance	98	215	119
Real estate and rental and leasing	844	842	0
Educational services	96	124	29
Health care and social assistance	43	57	33
Arts, entertainment and recreation	53	80	51
Accommodation and food services	31	34	10
Miscellaneous services <sup>2</sup>	13	33	154
Other services (except public administration)	32	44	38
Public administration	505	561	11
<b>Total</b>	<b>177</b>	<b>193</b>	<b>9</b>

1. Includes wholesale and retail trade.

2. Includes professional, scientific and technical services, management of companies and enterprises, and administrative and support, waste management and remediation services.

The weakness of investment in the manufacturing sector is also corroborated by the ratio of net to gross value of fixed assets (the ratio of capital depletion). This ratio measures the physical condition of the stock of capital, whether it is more or less up to date.

In the past few years, this ratio has been persistently under 50%, indicating that new investment is not enough to replace the value of capital used up.

The manufacturing sector would require capital expenditures of about \$50 billion in the next two years to bring this ratio above 50% and to enter an expansion investment pattern. This new investment will boost the labour productivity and increase the competitiveness of the sector.

## Ratio of capital depletion in manufacturing

	Value of fixed assets		
	Gross <sup>1</sup>	Net <sup>2</sup>	Ratio
	\$ billions constant 1997		
1995	273.8	137.5	0.502
1996	277.3	139.3	0.502
1997	282.6	143.0	0.506
1998	287.8	146.4	0.509
1999	293.0	149.4	0.510
2000	298.5	152.5	0.511
2001	299.3	150.9	0.504
2002	297.9	147.3	0.494
2003	299.3	146.9	0.491
2004	300.5	146.9	0.489
2005	304.6	150.0	0.493

1. Gross stocks are the value of the equipment and structures that are available to the economy before account is taken of their loss in value through use, obsolescence or accident.

2. Net stocks are the depreciated value of past acquisitions of assets that remain in the gross stock. They represent the value of productive services remaining in the gross stock after depreciation charges have been deducted.

**Note:** These series are presented on the basis of the North American Industry Classification System (NAICS Canada 2002). At this time we have both current and constant dollar series available. These series using a chain Fisher Formula will be available early in December.

**Available on CANSIM: table 031-0002.**

**Definitions, data sources and methods: survey number 2820.**

To order data, contact Flo Magmanlac (613-951-2765). For more information, or to enquire about the concepts, methods or data quality of this release, contact Richard Landry (613-951-2579), Investment and Capital Stock Division. ■

## Machinery and equipment price indexes

Third quarter 2005

The Machinery and Equipment Price Index (MEPI) was 126.2 (1986=100) in the third quarter of 2005, down 1.8% from the second quarter. Both the domestic (-0.6%) and imported (-2.9%) components decreased during this period. Compared with the third quarter

of 2004, the index fell 2.5%, due mainly to the 5.2% decline in the import series.

All industrial sector indexes decreased compared with the previous quarter. The total index drop was mostly influenced by manufacturing (-1.6%), transport, communication, storage and utilities (-1.5%) and agriculture (-2.8%). Paper and allied products (-2.0%) and chemicals and chemical products (-1.6%) contributed the most to the manufacturing decrease. The downward movement of transport, communication, storage and utilities costs was influenced most by electric power (-1.3%), telephones (-2.3%) and air transport (-2.2%).

At the commodity level, compared to the last quarter, the greatest contributors to the decline were specialized industrial equipment (-1.7%), trucks (-2.8%) and passenger automobiles (-2.4%). The specialized industrial equipment was led by a 2.5% decline in the imported component.

On a quarterly basis, the Canadian dollar strengthened (+3.55%) versus the American dollar, helping to lower imported goods prices.

#### Machinery and equipment price indexes (1986=100)

	Relative importance	Third quarter 2005 <sup>P</sup>	Second quarter to third quarter 2005	Third quarter 2004 to third quarter 2005
			% change	
<b>Machinery and Equipment Price Index</b>	<b>100.0</b>	<b>126.2</b>	<b>-1.8</b>	<b>-2.5</b>
Agriculture	11.0	137.5	-2.8	-5.8
Forestry	1.5	139.1	-1.4	-1.9
Fishing	0.6	125.9	-2.0	-2.8
Mines, quarries and oil wells	6.0	130.4	-1.8	-2.5
Manufacturing	29.9	135.7	-1.6	-1.5
Construction	3.5	129.8	-2.0	-3.6
Transportation, communication, storage and utilities	25.9	122.5	-1.5	-1.8
Trade	4.0	113.8	-1.5	-2.1
Finance, insurance and real estate	1.8	108.5	-1.1	-0.9
Community, business and personal services	11.1	101.8	-1.9	-3.0
Public administration	4.7	123.2	-1.9	-2.6

<sup>P</sup> Preliminary.

**Available on CANSIM: tables 327-0013, 327-0014 and 327-0016.**

**Definitions, data sources and methods: survey number 2312.**

The third quarter issue of *Capital Expenditure Price Statistics* (62-007-XIE, \$20/\$59) will be available in January.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Mark Martin (613-951-3350; fax: 613-951-1539, [infounit@statcan.ca](mailto:infounit@statcan.ca)), Prices Division. ■

#### Particleboard, oriented strandboard and fibreboard

September 2005

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

**Available on CANSIM: table 303-0058.**

**Definitions, data sources and methods: survey number 2141.**

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](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

#### Crude oil and natural gas: Production

September 2005 (preliminary)

Provincial crude oil and marketable natural gas production data are now available for September.

**Definitions, data sources and methods: survey number 2198.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Marketing and Dissemination Section, (613-951-9497; 1-866-873-8789; [energ@statcan.ca](mailto:energ@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## New products

**Steel, Tubular Products and Steel Wire,**  
September 2005, Vol. 1, no. 9  
Catalogue number 41-019-XIE (\$6/\$51).

**World Trade Analyzer**  
Catalogue number 65F0016XCE  
(various prices).

**Perspectives on Labour and Income,** November 2005,  
Vol. 6, no. 11  
Catalogue number 75-001-XIE (\$6/\$52).

**Comparability of ICD-10 and ICD-9 for Mortality  
Statistics in Canada, 2005**  
Catalogue number 84-548-XIE  
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Statistics Canada

Thursday, June 5, 1997  
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**MAJOR RELEASES**

- **Urban transit, 1995** 2  
Despite the emphasis on taking urban transit, Canadians are taking it less and less. In 1995, about 1.5 billion trips were taken on public transit, a decline from 1.6 billion in 1994. The lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4  
Growth in productivity among Canadian businesses was relatively weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.

**OTHER RELEASES**

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