

Friday, May 13, 2005
Released at 8:30 a.m. Eastern time

## Releases

Monthly Survey of Manufacturing, March 20052For the second consecutive month, the transportation equipment sector put the brakes onmanufacturing shipments which dropped $2.4 \%$ to $\$ 49.7$ billion in March. This followed a $0.7 \%$decline in February and largely wiped out the $2.6 \%$ gain manufacturers registered in January.Study: Too many trucks on the road?, 2000 to 2003 ..... 6
Dairy statistics, March 2005 ..... 6
Steel primary forms- weekly data, week ending May 7, 2005 ..... 7
Steel pipe and tubing, March 2005 ..... 7
New products ..... 8
Release dates: May 16 to May 20 ..... 9

## Releases

## Monthly Survey of Manufacturing <br> March 2005

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Manufacturing shipments, provinces and territories

|  | $\begin{gathered} \text { February } \\ 2005^{r} \end{gathered}$ | $\begin{aligned} & \hline \text { March } \\ & 2005^{p} \end{aligned}$ | February <br> to <br> March <br> 2005 |
| :---: | :---: | :---: | :---: |
|  | seasonally adjusted |  |  |
|  | \$ millio |  | \% change |
| Canada | 50,900 | 49,690 | -2.4 |
| Newfoundland and Labrador | 270 | 296 | 9.6 |
| Prince Edward Island | 118 | 117 | -1.0 |
| Nova Scotia | 815 | 776 | -4.8 |
| New Brunswick | 1,200 | 1,310 | 9.1 |
| Quebec | 11,810 | 11,526 | -2.4 |
| Ontario | 26,394 | 25,328 | -4.0 |
| Manitoba | 1,085 | 1,089 | 0.4 |
| Saskatchewan | 863 | 853 | -1.2 |
| Alberta | 4,741 | 4,804 | 1.3 |
| British Columbia | 3,586 | 3,581 | -0.1 |
| Yukon | 1 | 1 | 7.7 |
| Northwest Territories including Nunavut | 15 | 9 | -42.4 |

March's weakness in shipments was wide ranging; the majority of manufacturing industries (16 of 21) accounting for $80 \%$ of total shipments, reported declines. Excluding the transportation equipment sector, total manufacturing shipments were down $0.2 \%$, but this drop was offset by high industrial prices for petroleum and coal products.

Despite the slump in shipments, the backlog of unfilled orders rose by $2.1 \%$ to $\$ 39.0$ billion in March, a two-year high.

## Crude oil prices soar

The price of crude oil soared to new heights in March. Market angst regarding possible oil supply shortages in the United States sent crude prices to record levels by mid-month. The price of petroleum and coal products jumped 7.1\% in March, and has risen 15\% since the start of the year. As a result, price-inflated shipments of petroleum hit $\$ 4.3$ billion, a jump of $7.3 \%$.

## Note to readers

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, appliances 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.


#### Abstract

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 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.

March's gain in petroleum shipments was responsible for the $0.9 \%$ advance in nondurable goods manufacturing which stood at $\$ 21.8$ billion.

Ontario ( $-\$ 1.1$ billion) and Quebec (- $\$ 284$ million) led the six provinces and the Northwest Territories which posted decreases in March. They were partly offset by higher shipments in New Brunswick ( $+\$ 109$ million) and Alberta ( $+\$ 62$ million), due to the strength in resource-based industries.

## So far in 2005, manufacturers ship more compared to last year

Despite soaring petroleum prices and a strong Canadian dollar now lingering above the 80 cent US mark, these less-than-ideal market forces did not completely deter manufacturing in the first three months of 2005. Quarterly shipments were up $5.7 \%$ compared to January-to-March 2004.

According to the latest Business Conditions Survey, manufacturers anticipate they will maintain the same level of production in the coming three months, notwithstanding several production impediments. These
impediments include the strengthened Canadian dollar, high finished product inventories, shortages of raw materials and labour, and cheap imports.

## Fewer cars, trucks and planes assembled

The high cost of gasoline and a rise in borrowing costs may be partly contributing to the sharp drop in shipments of motor vehicles and parts in March. Following a $4.3 \%$ decline in February, motor vehicle manufacturers continued on the same course, reducing shipments a further $11.4 \%$ to $\$ 5.4$ billion.

Also feeling the pinch of a slowdown in the manufacturing of motor vehicles, the parts industry posted a sharp $10.2 \%$ drop in shipments to $\$ 2.5$ billion in March. The motor vehicle parts industry has been on a weakening trend over the last year; shipments now stand at a 19-month low.


Recent announcements by some motor vehicle manufacturers of temporary plant closures in April and May do not bode well for future shipments in the short term for the motor vehicle and parts industries.

Aerospace products and parts production also slowed in March, falling $16.8 \%$ to $\$ 938$ million. Despite the drop, orders for aircraft and parts have been picking up in recent months, which may translate into production in the months to come. Following several years of trimming bottom lines and corporate restructuring, several global airlines are now placing orders to upgrade their fleets with new, fuel-efficient aircraft.

Slightly offsetting some of the decrease in March were higher shipments of petroleum and coal products $(+7.3 \%)$ and a recent surge in the production of railroad and rolling stock (+13.8\%).

## Manufacturers continued to stock up

Inventories have continued unabated since January 2004 and March was no exception. Inventories climbed a further $0.5 \%$ to $\$ 64.5$ billion, the highest level since November 2001.

The boost in inventories was largely concentrated in raw materials, which increased $1.1 \%$ to $\$ 27.9$ billion in March, the third monthly gain. This was partly counterbalanced by the relatively stable levels of goods-in-process ( $\$ 14.4$ billion) and finished products ( $\$ 22.2$ billion) inventories.

The motor vehicles ( $+15.0 \%$ ), fabricated metal products ( $+1.6 \%$ ) and beverage and tobacco products $(+2.6 \%)$ industries were the primary contributors to the rise in inventories in March.


## Lower shipments boost the inventory-to-shipment ratio

March's substantial drop in shipments coupled with a rise in inventories contributed to the sizeable boost in the inventory-to-shipment ratio. The ratio, which has been on an upward trend since last summer, rose to 1.30 in March from February's 1.26. This was its highest level since November 2003.

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


## Manufacturers report a boost in unfilled orders

Manufacturers' backlog of unfilled orders gained some ground in March, rising $2.1 \%$ to $\$ 39.0$ billion. This marked the second increase in orders in 2005 and further strengthened the trend of unfilled orders, which has been positive for the last four months.

New contract signings in several high-tech industries improved the bottom line of orders for the computer and electronic products industry. Unfilled orders for computers jumped $10.6 \%$ to $\$ 3.6$ billion, a two-year high.

Also on an upward trend, the aerospace (+1.7\%) and machinery ( $+3.6 \%$ ) industries both reported solid gains in unfilled orders in March.

## New orders slip

New orders declined to $\$ 50.5$ billion ( $-0.5 \%$ ) in March, following a $4.6 \%$ drop in February. Major contributors to the decline in new orders were the motor vehicles, motor vehicle parts and plastics and rubber products industries.

A number of new contract announcements in recent months contributed to a healthy gain in the volatile aerospace industry. Excluding aerospace products and parts manufacturing, new orders declined $2.0 \%$.


Four consecutive monthly increases in new orders of computers and electronic products was good news for this once beleaguered industry. Orders surpassed the $\$ 2.0$ billion mark for the first time since mid-2003, and are now up $33 \%$ since November.

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

Definitions, data sources and methods: survey number 2101.

Due to processing delays, data for CANSIM table no. 377-0008 will be updated shortly.

The publication Monthly Survey of Manufacturing publication (31-001-XIE) has been discontinued. Reference month December 2004 was the final issue of the publication. Data for the Monthly Survey of Manufacturing program will continue to be available on CANSIM, Canadian Statistics and by special request.

Data from the April 2005 Monthly Survey of Manufacturing will be released on June 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 Russell Kowaluk (613-951-0600, 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 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | seasonally adjusted |  |  |  |  |  |  |  |  |
|  | \$ millions | change | \$ millions | change | \$ millions |  | \$ millions | \% change |  |
| March 2004 | 48,366 | 4.3 | 58,838 | 0.3 | 36,362 | 0.0 | 48,381 | 3.4 | 1.22 |
| April 2004 | 48,749 | 0.8 | 59,304 | 0.8 | 37,279 | 2.5 | 49,667 | 2.7 | 1.22 |
| May 2004 | 49,296 | 1.1 | 60,154 | 1.4 | 37,226 | -0.1 | 49,243 | -0.9 | 1.22 |
| June 2004 | 49,988 | 1.4 | 60,492 | 0.6 | 37,375 | 0.4 | 50,136 | 1.8 | 1.21 |
| July 2004 | 50,325 | 0.7 | 60,938 | 0.7 | 37,906 | 1.4 | 50,856 | 1.4 | 1.21 |
| August 2004 | 50,667 | 0.7 | 61,823 | 1.5 | 37,592 | -0.8 | 50,353 | -1.0 | 1.22 |
| September 2004 | 50,552 | -0.2 | 62,268 | 0.7 | 37,144 | -1.2 | 50,104 | -0.5 | 1.23 |
| October 2004 | 50,146 | -0.8 | 62,364 | 0.2 | 37,096 | -0.1 | 50,098 | 0.0 | 1.24 |
| November 2004 | 50,437 | 0.6 | 62,478 | 0.2 | 36,570 | -1.4 | 49,911 | -0.4 | 1.24 |
| December 2004 | 49,964 | -0.9 | 62,902 | 0.7 | 36,527 | -0.1 | 49,922 | 0.0 | 1.26 |
| January 2005 | 51,270 | 2.6 | 63,922 | 1.6 | 38,399 | 5.1 | 53,141 | 6.4 | 1.25 |
| February 2005 | 50,900 | -0.7 | 64,152 | 0.4 | 38,207 | -0.5 | 50,708 | -4.6 | 1.26 |
| March 2005 | 49,690 | -2.4 | 64,487 | 0.5 | 38,991 | 2.1 | 50,475 | -0.5 | 1.30 |

Manufacturing industries except motor vehicle, parts and accessories

|  | Shipments |  | Inventories |  | Unfilled orders |  | New orders |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | seasonally adjusted |  |  |  |  |  |  |  |
|  | \$millions | \% change | \$millions | \% change | \$millions | \% change | \$millions | \% change |
| March 2004 | 39,665 | 3.8 | 55,473 | 0.0 | 34,387 | -0.3 | 39,564 | 2.5 |
| April 2004 | 39,922 | 0.6 | 55,799 | 0.6 | 35,196 | 2.4 | 40,731 | 2.9 |
| May 2004 | 40,374 | 1.1 | 56,713 | 1.6 | 35,133 | -0.2 | 40,311 | -1.0 |
| June 2004 | 41,007 | 1.6 | 57,086 | 0.7 | 35,321 | 0.5 | 41,195 | 2.2 |
| July 2004 | 41,366 | 0.9 | 57,496 | 0.7 | 35,787 | 1.3 | 41,832 | 1.5 |
| August 2004 | 41,594 | 0.6 | 58,291 | 1.4 | 35,572 | -0.6 | 41,378 | -1.1 |
| September 2004 | 41,391 | -0.5 | 58,785 | 0.8 | 35,224 | -1.0 | 41,044 | -0.8 |
| October 2004 | 41,420 | 0.1 | 58,930 | 0.2 | 35,284 | 0.2 | 41,480 | 1.1 |
| November 2004 | 41,845 | 1.0 | 59,171 | 0.4 | 34,754 | -1.5 | 41,314 | -0.4 |
| December 2004 | 41,282 | -1.3 | 59,501 | 0.6 | 34,612 | -0.4 | 41,140 | -0.4 |
| January 2005 | 42,064 | 1.9 | 60,513 | 1.7 | 36,298 | 4.9 | 43,750 | 6.3 |
| February 2005 | 42,044 | -0.0 | 60,845 | 0.5 | 35,952 | -1.0 | 41,698 | -4.7 |
| March 2005 | 41,811 | -0.6 | 60,980 | 0.2 | 36,710 | 2.1 | 42,569 | 2.1 |

## Study: Too many trucks on the road?

2000 to 2003
Car drivers can be forgiven if they have the impression that there are more trucks on Canada's road, but it just isn't the case, according to a new study.

The study, which takes an in-depth look at the competition for space on the nation's roads, found that between 2000 and 2003, the number of trucks actually edged down $0.2 \%$, while there were $5.5 \%$ more cars on the roads.

In other words, for every truck registered with a provincial or territorial government in 2000, there were 25 cars. Three years later, there were 27 cars for every registered truck.

In terms of the largest trucks such as 18 -wheelers, there were 63 cars for every truck in 2003, up from 62 in 2000.

However, the likelihood that car drivers encounter trucks is higher because trucks were driven 2.5 times more kilometres on average than cars. As a result, car drivers are likely to see more trucks on the road than the registration counts would suggest.

The likelihood of encountering a truck varies with the day of the week, the time of the day and the location. Trucks are relatively more 'visible' than cars during weekdays, at night and at border crossings.

The study suggests that with the population on the rise and the economy growing, the competition is likely to get even more intense.

At border crossing points, for example, the congestion in truck traffic has already reached substantial proportions (although dedicated lines for commercial traffic may improve the situation at the actual crossing).

The study uses data on registrations and performance from the Canadian Vehicle Survey. This is a voluntary vehicle-based survey started in 1999 and conducted by Statistics Canada with funding from Transport Canada.

A major factor in truck traffic on roads these days is the concept of "just-in-time" delivery of freight, whereby factories require delivery that's synchronized with manufacturing processes.

The trucking industry has become so efficient that manufacturing plants and other businesses can use them as warehouses on wheels. Parts and products are scheduled to arrive as they are needed, rather than taking up space on a warehouse floor.

In addition, one of the fastest growing sources of business has been linked to cross-border trade. By road dominated as a means of transportation for trade between Canada and the United States in 2003. In terms of revenue, over 53\% of Canadian exports and $79 \%$ of imports were moved by truck.

Carriers hauled 8.7 million shipments across the Canada-US border in 2003, with freight totalling more than 85 million tonnes.

Definitions, data sources and methods: survey numbers, including related surveys, 2749 and 5005.

The analytical article Too Many Trucks on the Road?, 2000 to 2003 (11-621-MIE2005028, free) is now available online in the Analysis in Brief series (11-621-MIE).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Gord Baldwin (613-951-0407), Transportation Division.

## Dairy statistics

March 2005 (preliminary)
Dairy farmers sold 654000 kilolitres of milk and cream to dairies in March, down 1.4\% from March 2004.

Available on CANSIM: tables 003-0007 to 003-0012, 003-0029, 003-0033 and 003-0034.

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

The first quarter 2005 issue of The dairy review (23-001-XIB, \$29/\$96) will be available in May.

For more information, contact Anna Michalowska (613-951-2442 or toll free 1-800-465-1991; fax: 613-951-3868), Agriculture Division.

## Steel primary forms- weekly data

Week ending May 7, 2005 (preliminary)
Steel primary forms production for the week ending May 7 totaled 268751 metric tonnes, down 18.2\% from 328567 tonnes a week earlier and down 15.2\% from 316852 tonnes in the same week of 2004.

The year-to-date total as of May 7 was 5605069 tonnes, down 1.8\% from 5704928 tonnes in the same period of 2004.

Definitions, data sources and methods: survey number 2131.

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.

## Steel pipe and tubing

March 2005
Data on Production and shipments of steel pipe and tubing are now available for March.

Available on CANSIM: table 303-0046.
Definitions, data sources and methods: survey number 2105.

The February 2005 issue of Steel, Tubular Products and Steel Wire, (41-019-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

Analysis in brief : Too many trucks on the road?, 2000 to 2003, no. 28
Catalogue number 11-621-MIE2005028 (free).

Steel, tubular products and steel wire, February 2005, Vol. 1, no. 2
Catalogue number 41-019-XIE (\$6/\$51).

Energy statistics handbook, Fourth quarter 2004 Catalogue number 57-601-XIE (\$38/\$107).

Energy statistics handbook, Fourth quarter 2004
Catalogue number 57-601-XCB (\$54/\$161).

New motor vehicle sales, March 2005, Vol. 77, no. 3 Catalogue number 63-007-XIE (\$14/\$133).

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

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



## Release dates: May 16 to May 20

(Release dates are subject to change.)

| Release <br> date | Title | Reference period |
| :--- | :--- | :--- |
| 17 | Foreign direct investment | 2004 |
| 17 | Is Inflation Higher for seniors? | 1992 to 2004 |
| 18 | Canada's international transactions in securities | March 2005 |
| 18 | Wholesale trade | March 2005 |
| 18 | Travel between Canada and other countries | March 2005 |
| 19 | International trade in culture goods | 2004 |
| 19 | Canadian Compulsory School Laws and their Impact on | 1971 to 2001 |
| 20 | Educational Attainment and Future Earnings | April 2005 |
| 20 | Consumer Price Index | March 2005 |

