



The Daily

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Manufacturers continued to hold their own in April as they reported another healthy gain in unfilled orders, the third in four months. At the all-industry level, manufacturing shipments have essentially plateaued since October 2004, despite monthly volatility in some industries.	
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Releases

Monthly Survey of Manufacturing

April 2005

Manufacturers continued to hold their own in April as they reported another healthy gain in unfilled orders, the third in four months. At the all-industry level, manufacturing shipments have essentially plateaued since October 2004, despite monthly volatility in some industries.

Big ticket, durable goods industries contributed to a 1.1% boost in unfilled orders to \$39.5 billion, following a 1.8% gain in March. Meanwhile, manufacturing shipments rose 0.9% to \$50.2 billion in April, partly recovering the losses incurred in February (-0.9%) and March (-2.2%).

Manufacturers persevere in the face of economic concerns

Manufacturers have remained resilient despite some less-than ideal economic influences. Ongoing geopolitical unrest and concerns over US domestic petroleum supplies once again sent the price of crude oil to record levels in early April. Rising input costs, increased global competition and an appreciated value of the Canadian dollar were some of the challenges manufacturers continued to face.

According to the latest Business Conditions Survey, manufacturers reported that they would maintain the same level of production in the coming three months. The most recent survey seems to confirm their expectations. On the other hand, manufacturers did express concern with the low level of unfilled orders going into the second quarter of 2005. Strong domestic and foreign demand, which has fuelled several manufacturing industries, may impact some of these concerns.

Strong gains in unfilled orders

Unfilled orders, which may contribute to future shipments if they are not cancelled, have been on an

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.

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.

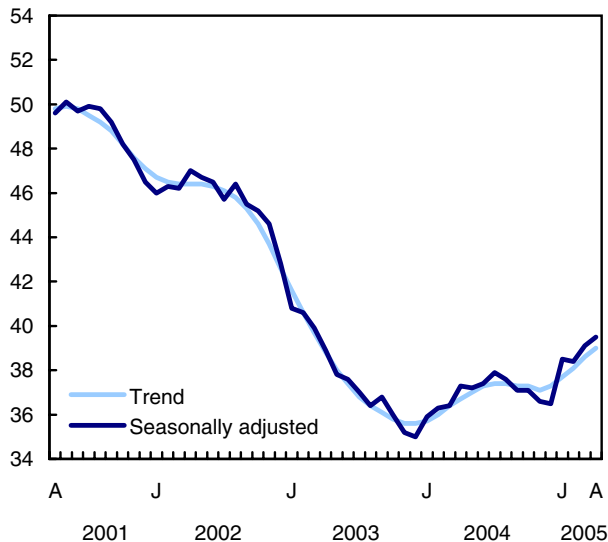
Not all orders will be translated into Canadian factory shipments because portions of large contracts can be subcontracted out to manufacturers in other countries.

upward trend since November and by April, reached the highest level since March 2003. Currently, unfilled orders are up a substantial 7.4% compared to one year ago.

The aerospace products and parts industry (+2.4%), primary metals (+5.9%) and fabricated metals (+1.8%) were the main contributors to the rise in orders in April. Following a string of recent order announcements, the aerospace industry continued to show strength. Unfilled orders rose for the fourth time in the last five months, improving to \$12.6 billion in April. Excluding the aerospace industry, unfilled orders remained up 0.6%.

Unfilled orders continue to gain ground

\$ billions



Manufacturers boost shipments, partly making up for recent losses

Following substantial declines in February (-0.9%) and March (-2.2%), manufacturers posted a 0.9% increase in shipments to \$50.2 billion in April. At 1997 prices, shipments edged up 0.1% to \$46.9 billion in April, following a 2.2% drop in March.

The volatile transportation equipment sector (+5.2%) boosted shipments of durable goods 1.9% to \$28.5 billion. In recent months, weakness in the motor vehicle and parts industries, plus the irregular production of aerospace products, contributed to a general decline in durable goods manufacturing. Meanwhile, shipments of non-durable goods slipped back 0.3% in April.

Despite some significant month-to-month variability of "high-profile" industries, including motor vehicles and aerospace, other manufacturing sectors have picked up the pace to fill the void. Improved demand and high industrial prices have boosted shipment levels of various industries in 2005, which offset the weakness in some of the more volatile industries. As a result, the trend for total shipments has been relatively constant since October 2004.

Shipments up compared to last year

Year-to-date shipments were up 4.8% compared to the first four months of 2004. Some of the big movers in 2005 included the price-driven petroleum industry

(+25.5%), fabricated metal products (+12.8%) and machinery (+13.7%).

Manufacturers operated at a record 87.0% of capacity in the first quarter of 2005, according to the most recent report on industrial capacity utilization rates. Rates increased significantly among various durable goods industries including computers, machinery and fabricated metal products.

By province, Ontario (+\$369.4 million), Quebec (+\$180.5 million) and Alberta (+\$128.2 million) led the six provinces reporting higher shipments in April. These provinces offset resource-based declines in New Brunswick (-\$154.9 million) and British Columbia (-\$50.3 million).

Manufacturing shipments

	March 2005 ^r	April 2005 ^p	March to April 2005
Seasonally adjusted			
	\$ millions		% change
Canada	49,782	50,241	0.9
Newfoundland and Labrador	277	231	-16.7
Prince Edward Island	121	127	4.9
Nova Scotia	774	805	4.0
New Brunswick	1,307	1,152	-11.9
Quebec	11,614	11,794	1.6
Ontario	25,365	25,734	1.5
Manitoba	1,085	1,110	2.3
Saskatchewan	840	812	-3.3
Alberta	4,813	4,941	2.7
British Columbia	3,573	3,523	-1.4
Yukon	1	1	-4.4
Northwest Territories including Nunavut	12	10	-15.6

^r Revised data.

^p Preliminary data.

Shipments of transportation equipment gains ground

Motor vehicle parts manufacturing rose 9.6% to \$2.7 billion in April, largely offsetting March's 10.5% decline. Despite April's rise, which was only the second increase in seven months, considerable uncertainty remains in the automotive and parts sector.

Some motor vehicle plants have temporarily shut or slowed assembly lines in recent months to control inventories and to cut costs. This has contributed to the ongoing downward trend of the motor vehicle parts industry, which began in early 2004.

The motor vehicle industry boosted shipments 2.6% to \$5.6 billion in April. Despite the rise, the value of shipments was down substantially from the recent high (\$6.4 billion) in January and the short-term prospects are not encouraging, as some plants have announced further shutdowns in May.

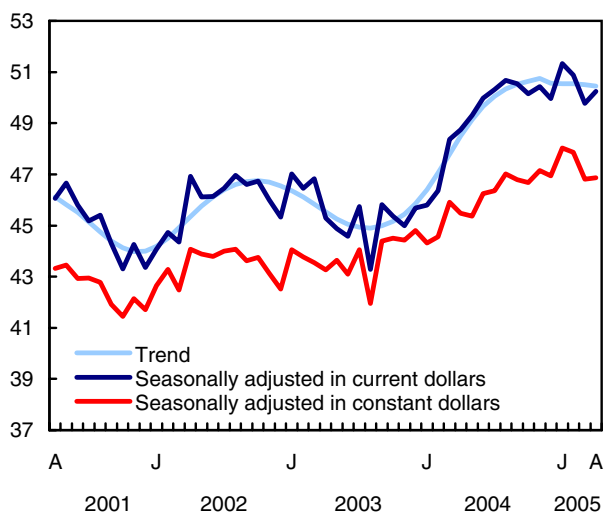
The aerospace products and parts industry reported a 13.3% jump in production to \$1.1 billion. A build-up in orders has contributed to the gains in this once beleaguered industry. Offsetting some of April's overall increase were paper (-2.1%) and wood products (-1.7%) manufacturing.

the last nine months. Manufacturers' finished products have risen 10% over the last year.

Goods in process inventories fell back 1.0% to \$14.3 billion, counterbalancing the rise in finished products. Inventories of raw materials were constant at \$28.0 billion in April.

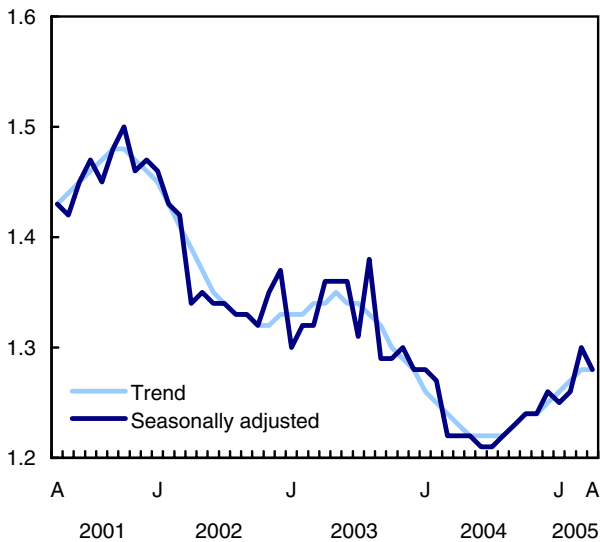
Manufacturing of transportation equipment boost shipments

\$ billions



Inventory-to-shipment ratio falls back

Ratio



New orders on the rise

New orders were up 0.4% to \$50.7 billion in April, following decreases in February (-4.9%) and March (-0.5%). New contracts received in the transportation

equipment sector were largely responsible for the increase. Excluding the transportation sector, new orders slipped 0.3%.

Motor vehicle parts (+9.5%), aerospace products and parts (+18.4%) and primary metals (+4.0%) manufacturing were the main contributor in April.

Following March's strong showing, when new orders for the computer and electronic products industry surpassed the \$2 billion mark for the first time since mid-2003, manufacturers' order books dropped 10.1% in April.

Available on CANSIM: tables 304-0014, 304-0015 and 377-0008.

Definitions, data sources and methods: survey number 2101.

Data from the May Monthly Survey of Manufacturing will be released on July 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	% change	\$ millions	% change	
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	51,332	2.7	63,978	1.7	38,536	5.5	53,340	6.8	1.25
February 2005	50,888	-0.9	64,244	0.4	38,363	-0.4	50,715	-4.9	1.26
March 2005	49,782	-2.2	64,579	0.5	39,051	1.8	50,470	-0.5	1.30
April 2005	50,241	0.9	64,549	-0.0	39,494	1.1	50,684	0.4	1.28

Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
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	42,088	2.0	60,565	1.8	36,432	5.3	43,908	6.7
February 2005	42,074	-0.0	60,929	0.6	36,104	-0.9	41,746	-4.9
March 2005	41,833	-0.6	61,092	0.3	36,764	1.8	42,492	1.8
April 2005	41,915	0.2	61,208	0.2	37,243	1.3	42,394	-0.2

For-hire motor carriers of freight, top carriers

First quarter 2005

The top 91 for-hire motor carriers of freight (Canadian-based trucking companies earning \$25 million or more annually) generated operating revenue of \$2.22 billion and expenses of \$2.08 billion in the first quarter. Average per-carrier revenue increased 3.8% from the first quarter of 2004 to \$24.4 million. Average per-carrier expenses increased 2.5% to \$22.8 million.

The top for-hire carriers' operating ratio (operating expenses divided by operating revenue) was 0.94, compared with 0.95 in the first quarter of 2004. A ratio greater than 1.00 represents an operating loss.

First quarter 2005 data on the top for-hire carriers, taken from the Quarterly Motor Carriers of Freight Survey, provide results from 66 general freight carriers and 25 specialized freight carriers.

Note: With few exceptions, additions and deletions to the top carriers are done only for the first quarter of each calendar year, while the composition of a top carrier may change at any time due to acquisitions or divestitures. Year-over-year variations in revenue and expenses may arise from changes to the mix of companies included in the top carriers and/or changes in the financial results reported by individual carriers. The revenue and expenses attributed to top carriers may also include that of some companies with less than \$25 million in annual revenue, particularly when these companies exist in complex corporate structures where their individual activities may be difficult to accurately measure.

Definitions, data sources and methods: survey number 2748.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ron Chretien (613-951-8774; ron.chretien@statcan.ca) or Denis Pilon (613-951-2707; fax: 613-951-0579; denis.pilon@statcan.ca), Transportation Division. ■

Airport activity

2004 (preliminary)

In 2004, 87.5 million passengers enplaned and deplaned at Canadian airports, up 11.6% over 2003. Airport activity has finally exceeded pre-September 2001 levels. For the first time since the tragic events, the number of enplaned and deplaned passengers at Canadian airports was higher (+1.7%) compared to 2000. Level of airport activity was higher in 2004 compared to 2000 both in the domestic (+5.2%) and other

international markets (+8.3%), while it was still lower in transborder markets (-11.2%).

Definitions, data sources and methods: survey number 2701.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Rolf Hakka (613-951-0068; fax: 613-951-0010; aviationstatistics@statcan.ca), Transportation Division. ■

Scheduled air passenger origin and destination: Canada–United States

2002 (preliminary)

Just over 14.9 million passengers travelled on scheduled services between Canada and the United States in 2002, down 2.0% compared to 2001 (15.2 million passengers) but higher than 1999 (14.7 million). The decrease in 2002 was partly related to the events of September 11, 2001. The peak year of travel between Canada and United States since the introduction of the 1995 Open Skies Agreement was in 2000 (15.3 million passengers).

Annual and quarterly data from the Scheduled Air Passenger Origin and Destination Survey between Canada and United States are now available for 2002. Summary tables will be released soon in the *Aviation: Service Bulletin* (51-004-XIB, \$9) and later this year, the *Air Passenger Origin and Destination, Canada–United States Report 2002* (51-205-XIB, \$37).

Definitions, data sources and methods: survey number 2703.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Geneviève Ouellet (613-951-8236; aviationstatistics@statcan.ca), Transportation Division. ■

Dairy statistics

April 2005 (preliminary)

Consumers purchased 254 970 kilolitres of milk and cream in April, down 2.9% from April 2004.

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

The second quarter issue of *The Dairy Review* (23-001-XIB, \$29/\$96) will be available in August.

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

Primary iron and steel

April 2005

Data on primary iron and steel are now available for April.

Available on CANSIM: tables 303-0048 to 303-0051.

Definitions, data sources and methods: survey numbers, including related surveys, 2116 and 2184.

The April 2005 issue of *Steel, Tubular Products and Steel Wire* (41-019-XIE, \$6/\$51) will soon be available.

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

Infomat: A Weekly Review, June 14, 2005
Catalogue number 11-002-XWE (\$100).

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

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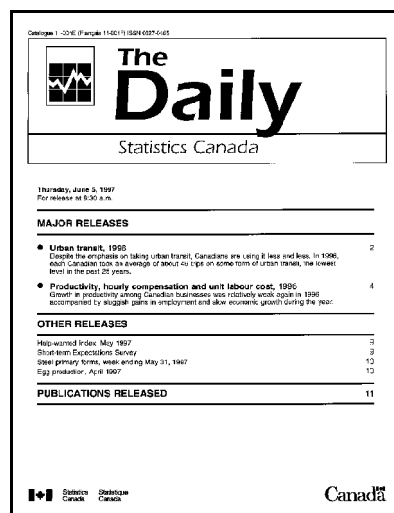
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