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## Releases

## Wholesale trade

May 2005
Wholesale sales rose for the fourth consecutive month in May, edging up $0.2 \%$ after jumping $1.2 \%$ in April. Most of the growth in May was attributable to increased demand for "other products" (mainly chemicals and other farm supplies) and continuing strong demand for machinery and electronic equipment among businesses. The increase in May was partly dampened by lower wholesale sales of building materials.


In May, four of the seven sectors, with sales representing $67 \%$ of total sales, posted gains. The largest increases were in the machinery and electronic equipment sector ( $+2.4 \%$ ) and the "other products" category ( $+1.5 \%$ ). The steepest declines were in farm products ( $-3.5 \%$ ) and building materials ( $-3.0 \%$ ).

In constant dollars, wholesale sales rose $0.2 \%$ in May.

Since September 2003, total wholesale sales have generally been rising, with most trade groups showing strength. Previously, lower sales of motor vehicles were the main reason for the decline that began in April 2003.

## Strong sales in the machinery and electronic equipment sector

Wholesale sales in the machinery and electronic equipment sector posted their fourth increase in five months, rising $2.4 \%$ in May. Most of the growth was attributable to increased demand for machinery and equipment $(+3.8 \%)$, especially farm machinery. Since September 2003, wholesalers in this group have benefited from increased business spending on capital goods. With the rise of the Canadian dollar, these goods, which are largely imported from the United States, have become less costly for Canadian purchasers. Most of the machinery and tools purchased come from the United States.


Wholesalers of computers and electronic equipment sold $\$ 2.6$ billion worth of goods and services in May, up $1.8 \%$ from April. Unlike machinery and equipment, this group has not enjoyed steady growth. One consequence of the bursting of the technology bubble in 2000 was that business spending on electronic equipment stalled. This phenomenon, which began in 2001, continues to affect wholesalers in this industry.

## Sales of "other products" continue to grow

Following a $7.4 \%$ rise in April, sales in the "other products" category grew $1.5 \%$ in May. Wholesalers of chemicals and other farm supplies were again the main source of this growth. Some components posted relatively high prices in April and May, which contributed to this growth. Since September 2003, sales in the "other products" category, while unstable, have generally been rising on the strength of global demand. That demand has been especially favourable for wholesalers in Saskatchewan.

## Sales of building materials fall

Wholesale sales of lumber and millwork fell 4.7\% in May, the third drop in four months. Despite that drop, sales in this sector remained $7.6 \%$ higher than in May 2004. The drop resulted in part from the weakness of residential building activity. According to the Canada Mortgage and Housing Corporation, the number of housing starts fell $9.9 \%$ in the first quarter of 2005.

Meanwhile, lumber exports fell $4.0 \%$ in May. Wholesalers are responsible for roughly $25 \%$ of the exports of these types of goods. Since March, US housing starts have weakened after reaching a 20-year peak in the first two months of the year. Approximately one-third of the lumber consumed in the United States comes from Canada.

Wholesale sales of building supplies also declined in May ( $-3.3 \%$ ). This was the first drop in six months. From January to May, sales of this group were up 11.3\% compared to the same period of 2004. This group is dependent on the renovation market, which continues to boom. In the first quarter of 2005, $\$ 6.2$ billion was spent on renovations, up $10.8 \%$ from the $\$ 5.6$ billion spent in the first quarter of 2004.

## Western provinces continue to enjoy growth

As in previous months, wholesalers in Western Canada continued to lead the growth of wholesale sales. All of the western provinces posted higher wholesale sales in May except Manitoba, where sales fell 3.2\% following a robust 9.7\% increase in April.

Saskatchewan wholesalers posted higher sales for the third time in four months in May, advancing 3.2\%. The increase was attributable to the "other products" category and the machinery and equipment group. Sales were up $22.4 \%$ from January to May compared to the same period in 2004, the strongest increase among the provinces. A surge in resource prices helped
boost wholesale sales in Saskatchewan. Saskatchewan wholesalers have generally posted rising sales since March 2004, following a period of contraction that began in March 2003.

British Columbia wholesalers also registered a third advance in four months, with their sales increasing 1.5\% to $\$ 4.0$ billion. Increases were reported in many groups, notably "other products" (such as paper, paper products and disposable plastic products) and motor vehicles. Since October 2003, British Columbia's total wholesale sales have generally been rising.

Following a $1.1 \%$ decline recorded in April, Quebec wholesale sales grew $0.9 \%$ in May. This gain was mainly attributable to wholesale sales of "other products" and motor vehicles. Despite the increase in May, Quebec wholesale sales have generally been stable since the start of the year, following a period of strong growth that began in October 2003.

Wholesale sales slipped $0.3 \%$ in Ontario, only partly offsetting the strong 2.0\% increase in April. May's drop was mainly attributable to building materials, a sector which had experienced strong growth the previous month.

## Inventories up slightly

Inventories edged up $0.4 \%$ in May after declining for only the second time in eight months in April ( $-0.3 \%$ ). The trend in total inventories has generally been upward since November 2003, after a period of five months in which wholesalers had reduced their inventories.

The inventory-to-sales ratio remained essentially unchanged in May at 1.20 . This ratio has generally remained stable since October 2004, following a downward period that began in October 2003.

## Available on CANSIM: tables 081-0007 to 081-0010.

Definitions, data sources and methods: survey number 2401.

The May 2005 issue of Wholesale Trade (63-008-XIE, \$15/\$150) will be available soon.

Wholesale trade estimates for June will be released on August 17.

For data or general information, contact Client Services (1-877-421-3067; 613-951-3549; wholesaleinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Jean Lebreux (613-951-4907 or 613-293-3368; jean.lebreux@statcan.ca), Distributive Trades Division.

The Daily, July 20, 2005

Wholesale merchants' sales


[^0]Wholesale merchants' inventories and inventory-to-sales ratio

|  | May |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: |

[^1]
## Leading indicators

June 2005
The leading index rose by $0.3 \%$ in June, the same increase as in May. Domestic demand continued to strengthen, boosted by an upturn in housing in June. Six of the ten components advanced, one less than in May as manufacturing lost some of its recent strength. Overall, three components fell while one was unchanged. The US leading indicator continued to slump, although their economy remained strong. Without the drop in the US index, Canada's leading indicator would have risen 0.6 \%.


After turning up in May for the first time in almost a year, the housing index jumped $2.6 \%$ in June, its largest gain in a year. Condominium construction led the advance in May: in fact, it was the only area of starts which was ahead of last year's pace. Nearly one-third of all condos were being built in Vancouver. Western Canada also accounted for the record number of existing home sales in June.

Despite the burst of new construction, housing prices remained well under control, a reflection of the balance between supply and demand. Costs were contained by the price of land, which has risen only $4.2 \%$ compared with the 1989 boom when it rose $26.2 \%$. Moreover, wages in construction have risen less than all other industries over the last 10 years. And the price of materials remains weak, notably lumber, where restrictions on exports have directed supplies to the domestic market.

The growth of new orders for manufacturing was interrupted by a slump for transportation equipment, especially the volatile aerospace section. Excluding this industry, new orders remained close to the high set in January. Another measure of the solid underlying trend in manufacturing is that their demand for labour held onto the gain made in May. Moreover, capacity utilization in the first quarter was at its highest level since 1987, with several investment-related industries either setting new records (notably machinery and non-metallic minerals) or approaching them (lumber and fabricated metal). Employment in business services resumed its growth after a pause in May.

The stock market was lifted by energy and consumer goods.

The US leading indicator slumped anew with a $0.3 \%$ drop. It has fallen steadily over the past year, largely because of the rising yield curve. Users should be aware that the US Conference Board next month will revise its calculation of the yield curve, to correct for the exaggerated impact it has had on the overall US index.

Available on CANSIM: table 377-0003.
Definitions, data sources and methods: survey number 1601.

For more information on the economy, consult the July 2005 issue of Canadian Economic Observer, Vol. 18, no. 7 (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) Current Economic Analysis Group.

## Leading indicators

|  | $\begin{array}{r} \text { January } \\ 2005 \end{array}$ | $\begin{array}{r} \hline \text { February } \\ 2005 \end{array}$ | $\begin{array}{r} \hline \text { March } \\ 2005 \end{array}$ | $\begin{aligned} & \text { April } \\ & 2005 \end{aligned}$ | $\begin{array}{r} \text { May } \\ 2005 \end{array}$ | $\begin{aligned} & \text { June } \\ & 2005 \end{aligned}$ | $\begin{array}{r} \text { Last } \\ \text { month } \\ \text { of } \\ \text { data } \\ \text { available } \\ \hline \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | \% change |
| Composite leading indicator (1992=100) | 201.8 | 202.2 | 202.6 | 203.4 | 204.1 | 204.7 | 0.3 |
| Housing index (1992=100) ${ }^{1}$ | 138.7 | 138.3 | 138.2 | 138.3 | 138.8 | 142.4 | 2.6 |
| Business and personal services employment ('000) | 2,618 | 2,620 | 2,612 | 2,619 | 2,619 | 2,624 | 0.2 |
| S\&P/TSX stock price index (1975=1,000) | 9,004 | 9,204 | 9,352 | 9,420 | 9,492 | 9,632 | 1.5 |
| Money supply, M1 (\$ millions, 1992) ${ }^{2}$ | 131,877 | 133,232 | 134,113 | 136,047 | 137,410 | 138,335 | 0.7 |
| U.S. composite leading indicator $(1992=100)^{3}$ | 115.0 | 114.9 | 114.9 | 114.8 | 114.7 | 114.4 | -0.3 |
| Manufacturing |  |  |  |  |  |  |  |
| Average workweek (hours) | 38.3 | 38.3 | 38.2 | 38.2 | 38.3 | 38.3 | 0.0 |
| New orders, durables (\$ millions, 1992) ${ }^{4}$ | 23,842 | 24,041 | 24,693 | 24,858 | 25,009 | 24,995 | -0.1 |
| Shipments/inventories of finished goods ${ }^{4}$ | 1.91 | 1.89 | 1.88 | 1.87 | 1.86 | 1.84 | -0.02 |
| Retail trade |  |  |  |  |  |  |  |
| Furniture and appliance sales (\$ millions, 1992) ${ }^{4}$ | 2,122 | 2,130 | 2,148 | 2,167 | 2,187 | 2,219 | 1.5 |
| Other durable goods sales (\$ millions, 1992) ${ }^{4}$ | 7,777 | 7,762 | 7,771 | 7,825 | 7,837 | 7,936 | 1.3 |
| Unsmoothed composite leading indicator | 203.0 | 203.3 | 204.3 | 205.2 | 205.0 | 205.7 | 0.3 |

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.

## Study: Who gains from computer use? 1999 to 2000

Controlling for a number of personal characteristics, computer users earned 17\% more than non-users in 2000. However, such comparisons do not account for "selection effects:" the likelihood that more productive workers are more frequently assigned to use computers. Using a technique that accounts for selection effects lowers the computer wage premium to $4 \%$.

Computers should have a positive impact on productivity or companies would not invest in them. However, besides the selection effects mentioned above, computers may affect the productivity and wages of groups of workers differently. Computers may complement the skills of highly trained workers or substitute for the skill of others, perhaps lowering their wages.

Using a panel of workers surveyed in the 1999 and 2000 Workplace and Employee Survey, this study examines computer wage premium for specific subgroups of workers by education, occupation, and computer application. It also measures the longer-term returns to continued computer use and the effects of previous computer experience and training to determine whether the difference between the small returns for adopters and the much larger returns for continued users can be attributed to learning costs.

Six broad occupational groups were examined: managers, professionals, technical and skilled production workers, marketing and sales workers, clerical and administrative workers, and unskilled production workers with no trade or certification.

Even after controlling for selection effects, managers earned a statistically significant 7\% more in the first year of computer use, compared with $4 \%$ for technical/trade workers. The remaining occupational groups, however, earned no statistically significant wage premium for adopting computers.

The computer wage premium was quite high for workers with an advanced degree (18\%) or a bachelor's degree (10\%), still positive for those with college or vocational training (3\%), but not statistically different from zero for those with a high school diploma or less.

Returns to using different software vary markedly, suggesting higher returns when the application allows creative or cognitive skills to be better utilized. Workers who use other machinery or computer-controlled technology (such as scanners and cash registers) do not earn a significant premium.

Over the longer term, the premium increases. The worker who used a computer in both 1999 and 2000 earned an average $8.3 \%$ wage
premium, more than double the return for the first year adopters. In addition, continued users in most skill groups earned more than a $5 \%$ return to computer use in 2000.

## Definitions, data sources and methods: survey number 2615.

The article "Who gains from computer use?" is available in the July 2005 online issue of Perspectives on Labour and Income, Vol. 6, no. 7 (75-001-XIE, \$6/\$52).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Cindy Zoghi (202-691-5680; zoghi.cindy@bls.gov) or Sabrina Wulff Pabilonia (202-691-5614; pabilonia.sabrina@bls.gov), U.S. Bureau of Labor Statistics, or Ted Wannell (613-951-3546; ted.wannell@statcan.ca), Labour and Household Surveys Analysis Division.

## Study: Job strain and retirement 1994 to 2002

Job strain, caused by a combination of a heavy workload, time constraints, conflicting demands and lack of control, may be an overlooked factor in the decision to retire.

Indeed, even after a long career, some individuals in certain occupations may delay retirement for the simple reason that they enjoy their work (because they are able to balance demands with the power to make decisions). On the other hand, many workers who feel stressed and dissatisfied with their job may feel they cannot retire too soon, according to a new study.

Using the National Population Health Survey, this study examines whether older workers (aged 45 to 57 in 1994) who experience high job strain will be more likely to retire than those who do not feel the same pressure at work.

The study found that, between 1996 and 2002, older workers in managerial, professional or technical jobs with high job strain were much more likely to retire early than those with low job strain.

However, for sales, services, clerical and blue-collar occupations, job strain was not related to retirement.

Because managers, professionals and technicians have higher levels of education, they may expect their job to offer a fair amount of latitude and a chance to use their competencies and professional skills. Also, since managers, professionals and technicians generally have higher incomes and are more likely to be covered by a pension plan, those in high-pressure jobs may be less hesitant to retire.

If job strain can be mitigated by the ability to balance demands with the power to make decisions, older workers may be more inclined to continue working.

Definitions, data sources and methods: survey numbers, including related surveys, 3236 and 3225.

The article "Job strain and retirement" is available in the July 2005 online edition of Perspectives on Labour and Income, Vol. 6, no. 7 (75-001-XIE, \$6/\$52).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Grant Schellenberg (613-951-9580 or grant.schellenberg@statcan.ca), Social and Aboriginal Statistics Division.

## Travel between Canada and other countries May 2005

Canadian travel to overseas countries continued its record setting trend in May, reaching an all-time high for the third straight month. Canadian residents took an estimated 548,000 trips to overseas destinations in May, up 3.5\% from the previous record set in April.

During the first five months of 2005 , the number of trips to overseas countries has increased by $10.9 \%$ compared to the same period last year. (Unless otherwise specified, data are seasonally adjusted.)

However, Canadians took fewer trips south of the border. Canadian travel to the United States fell to 3.1 million trips in May, down $0.4 \%$ compared to April. A drop in same-day car travel contributed to this decrease as Canadians took 1.8 million same-day car trips to the United States, down 1.3\% from the previous month.

Overnight trips to the United States increased 1.3\% to 1.3 million in May, due to gains in overnight car and plane travel. Nearly 730,000 Canadians took overnight car trips to the United States, up 2.3\% since April. Overnight plane trips rose $0.4 \%$ to 432,000 , the highest level in over four years.

Overall, Canadian travel abroad rose 0.2\% to 3.7 million trips in May, as the increase in travel to overseas countries surpassed the decline in trips to the United States.

Meanwhile, travel to Canada fell to 3.1 million trips in May, its lowest level since August 2004 as fewer Americans visited Canada.

American travel to Canada reached a nine-month low as 2.7 million Americans visited our country in May, down $1.5 \%$ from April. The drop was entirely due to a $4.0 \%$ decline in same-day car trips to Canada. This was the third lowest level in same-day car trips to Canada in over 30 years.

On the other hand, more Americans took overnight trips across the border in May. Overnight travel to Canada climbed $0.5 \%$ to 1.2 million trips - its highest level since November 2004. A rise in overnight travel by car and by plane, both up $0.5 \%$ from April, contributed to this increase.

Overnight car travel from the United States reached 760,000 trips in May, its highest level since December 2004. Meanwhile, overnight plane travel rebounded to 329,000 trips after three consecutive monthly declines.

Overseas residents took nearly 391,000 trips to Canada in May, up 1.3\% from April and the highest level since October 2004. This increase was partly fuelled by double-digit jumps in travel from the United Kingdom (+15.6\%), Canada's most important overseas market, and from the Netherlands (+12.8\%).

Between April and May, the Canadian dollar gained in value against the euro and British pound sterling but fell against other major foreign currencies such as the US dollar and the Japanese yen.

## Available on CANSIM: tables 427-0001 to 427-0006.

## Definitions, data sources and methods: survey number 5005.

The May 2005 issue of International Travel, Advance Information, Vol. 21, no. 5 (66-001-PIE, \$7/\$59) is now available. See How to order products.

For general information, contact Client Services (1-800-307-3382; 613-951-7608; fax: 613-951-9040; cult.tourstats@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Eric Desjardins (613-951-1781; eric.desjardins@statcan.ca), Culture, Tourism and the Centre for Education Statistics.

Travel between Canada and other countries


[^2]Revised figures.

1. Totals exceed the sum of "same-day car trips" and "total trips, one or more nights" because they include all of the same-day trips.
2. Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.
3. Figures for other countries exclude same-day entries by land only, via the United States.
4. Includes same-day and one or more night trips.

## Stocks of frozen poultry meat <br> July 1, 2005 (preliminary)

Stocks of frozen poultry meat in cold storage on July 1 totalled 60,986 metric tonnes, up $5.9 \%$ from a year ago.

Definitions, data sources and methods: survey
number 3425 .
For more information, or to enquire about the concepts, methods or data quality of this release, contact Sandra Gielfeldt (613-951-2505; sandy.gielfeldt@statcan.ca), Agriculture Division.

## Large urban transit

May 2005 (preliminary)
Combined ridership on 10 large urban transit systems in Canada was 0.6 \% higher in May than it was for the same month in 2004.

Approximately 105 million passenger trips were taken on these transit systems in May. These systems account for about $80 \%$ of total urban transit in Canada.

The trips generated $\$ 160.2$ million in revenue in May (excluding subsidies), up $3.4 \%$ compared with May 2004.

Available on CANSIM: table 408-0004.
Definitions, data sources and methods: survey number 2745.

For more information, or to enquire about the concepts, methods or data quality of this release,
contact the Dissemination Unit (1-866-500-8400; fax: 1-613-951-0009; transportationstatistics@statcan.ca), Transportation Division.

## New products

International Travel, Advance Information, May 2005, Vol. 21, no. 5
Catalogue number 66-001-PIE (\$7/\$59).

Canada's International Transactions in Securities,
May 2005, Vol. 71, no. 5
Catalogue number 67-002-XIE (\$15/\$142).

Perspectives on Labour and Income, July 2005, Vol. 6, no. 7
Catalogue number 75-001-XIE (\$6/\$52).

Culture, Tourism and the Centre for Education Statistics - Research Papers: The Education
Services Industry in Canada, no. 33 Catalogue number 81-595-MIE2005033 (free).

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

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[^0]:    ${ }^{r}$ Revised.
    p Preliminary.

[^1]:    $r$ Revised.
    p Preliminary.

[^2]:    p Preliminary figures.

