



The Daily

Statistics Canada

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Canada's merchandise trade surplus with the world widened in 2004 as prices surged for key export commodities such as energy and metals. Both exports and imports registered big gains, more than offsetting declines in 2003.	
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Releases

International merchandise trade: Annual review 2004

Canada's merchandise trade surplus with the world widened in 2004 as prices surged for key export commodities such as energy and metals.

Both exports and imports registered big gains, more than offsetting declines in 2003. This reversal occurred despite a soaring loonie, the value of which averaged 76.9 US cents in 2004, up from 71.4 US cents the year before.

Canada established two key records in merchandise trade last year: an all-time high in the trade surplus with the United States, our leading trading partner; and an all-time high in the deficit with China, a growing force on the international scene and now Canada's second largest national trading partner.

Canada's deficit with China last year was larger than with any other single country. If current trade patterns continue, Canada's deficit with China could outstrip our deficit with the European Union in 2005.

The deficit with the European Union narrowed for a second consecutive year in 2004, while the deficit with Japan fell below the \$5-billion mark for the first time since 1997. The deficit with Mexico increased slightly.

The value of Canadian exports rose 7.6% to a record \$430.4 billion, thanks to continued strong energy prices and demand for metals and minerals. Imports increased 6.2% to \$363.1 billion.

Canada's trade surplus jumped from \$58.2 billion in 2003 to \$67.2 billion, driven primarily by price spikes in key export commodities.

Exports to the United States increased 6.6% last year, while those to the European Union rose 13.6%.

Shipments to China and Mexico each increased by over one-third. Gains to China were concentrated in wood pulp, wheat and organic chemicals.

Energy, forestry main contributors to trade surplus

Energy products and forestry products were the one-two contributors to Canada's trade surplus last year. The United States bought just about all the natural gas and crude oil exported from Canada last year.

Total energy exports last year rose by 14.4% to \$69.2 billion.

Energy imports also grew rapidly, largely driven by price increases. Imports rose 26.8% to a record \$24.9 billion, with most gains in crude petroleum and coal. The trade surplus in energy rose to \$44.3 billion in 2004, up from \$40.9 billion in 2003.

Available on CANSIM: tables 228-0001 to 228-0003 and 228-0033 to 228-0046.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

The publication *International Merchandise Trade Annual Review, 2004* (65-208-XIE, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Trade*.

For more information on products and services, contact Anne Couillard, (1-800-294-5583; 613-951-6867). To enquire about the concepts, methods or data quality of this release, contact Steve Grunau (613-951-0712), International Trade Division. ■

Current economic conditions

August 2005

According to the August assessment of current economic conditions in the latest edition of *Canadian Economic Observer*, mining led economic growth in the spring, and the boom in commodities sent investment in non-residential construction soaring in Western Canada. Household spending took a breather in May, although housing and autos sales turned up again in June. First-quarter growth was driven by consumer spending and business investment.

Investment in non-residential building rose 2.6% in the second quarter, thanks to record spending in Alberta and British Columbia (up 13% and 19% respectively). The spate of new industrial, office and shopping centre projects was reflected in a double-digit job gain in business services in these provinces. The business services industry includes areas such as architectural and legal services, which are required as firms draw up plans for expansion. Conversely, investment slumped in Central Canada due to cuts in industrial building.

Elsewhere, Western Canada held its lead over the rest of the country. While retail sales in May tumbled in the rest of Canada, they gained nearly another percentage point in the Prairies and remained essentially unchanged in British Columbia.

Although floods in Alberta helped drive housing starts down from their high for the year in May, the number of existing houses sold broke another record. British Columbia and the Prairies accounted for around 40% of sales of existing units at the national level in the first half of the year. Non-residential building permits have nearly doubled from last year.

Alberta held onto the gain in shipments made in April, and it has been responsible for much of the national growth since the turn of the year. It also continued to reap most of the revenues from Canadian export growth. In the second quarter, it reinforced its first-quarter gains with further advances in energy, capital goods and processed meat.

In British Columbia, shipments were bolstered by domestic demand after a two-month decline. The upswing was led by building materials and machinery, with exports trailing due to weakness in forest products.

The downturn in pulp shipments to China continued. Over the last few years, China has imported almost as much waste paper and cardboard (mostly from the United States) as pulp, which has hurt Canadian pulp exports. China has invested heavily in new paper recycling technologies.

In contrast to Western Canada, shipments resumed their downward trend in the central part of the country. They were off 0.7% in Ontario, and have dropped 5% since January.

This reflects the weakness in Ontario's exports, the only region to have posted a decrease so far this year compared with last year. The slump is confined to the paper and automotive sectors, but they represent about 40% of the province's total exports.

Domestic demand in Ontario was split between a sharp decrease in retail sales and buoyant investment. Housing starts jumped to their highest level since February 2003, a mark surpassed only once before in the early 1970s. Growth in non-residential building permits remained below the national average, although they are up so far this year compared with 2004.

The economy slowed in Quebec. Shipments were down, largely because of the volatile aircraft industry. Exports continued their upward climb. However, domestic demand fell sharply. Retail sales slumped (-1.3%) as employment edged down since January (the Atlantic provinces are the only other region where employment has declined). And non-residential building permits fell about 10% this year with the completion of a number of major projects started over the past two years.

Definitions, data sources and methods: survey numbers, including related surveys, 1901 and 3701.

The August 2005 issue of the electronic version of *Canadian Economic Observer*, Vol. 18, no. 8 (11-010-XIB), \$19/\$182) is now available. See *How to order products*. The printed version of this publication (11-010-XPB, \$25/\$243) will be available on August 18.

For more information about the *Canadian Economic Observer*, go to the *Canadian Statistics* page of our Web site, choose *National Accounts* then click on the banner ad for *Canadian Economic Observer*.

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

Canadian Tobacco Use Monitoring Survey

February to December 2004

Fewer women aged 20 to 24 smoked in 2004, but the same cannot be said about their male counterparts, according to new results of an ongoing survey.

The Canadian Tobacco Use Monitoring Survey (CTUMS) found a slight decline in the overall prevalence of smoking in Canada in 2004. Although the change was not statistically significant, it confirms the downward trend of recent years.

An estimated 5.1 million Canadians, or 20% of the population aged 15 and older, reported smoking daily

or occasionally in 2004. As before, among Canadians aged 15 and older, more men (22%) smoked than women (17%).

Women aged 20 to 24 decreased smoking significantly. The prevalence of smoking among women in this age group declined to 25% in 2004 compared with 30% in 2003. On the other hand, the smoking rate for men aged 20 to 24 remained at about 31%, the same as in 2003.

The smoking rate for teens (15 to 19 years old) was 18% in 2004. There was no difference between prevalence of smoking among boys and girls.

Provincial differences in smoking prevalence are levelling out. Only British Columbia, at 15%, stands out with the lowest rate. In the rest of the country, inter-provincial differences were not sufficient to produce a statistically significant ranking. The rates ranged from 19% to 24%.

Canadians continue to smoke fewer cigarettes than in previous years. In 2004, those who smoked daily, as the majority of smokers do, consumed on average about 15 cigarettes per day. Men smoked more than women, and adults aged 25 or older smoked more than teens and young adults.

Canadians face increasing smoking restrictions in public places. While complete restriction on smoking in the workplace was reported by 75% of non-smokers, smokers also reported such constraint, albeit at a lower rate (56%).

Overall, smokers appeared to be divided almost equally between those who tried to quit in the past year and those who did not.

Note: The CTUMS, conducted since 1999 by Statistics Canada on behalf of Health Canada, provides timely, reliable and continuous data on tobacco use and related issues. The survey's objective is to track changes in smoking status and amount smoked, especially for 15- to 24-year-olds who are most at risk for taking up smoking. This release is based on data obtained from about 20,000 respondents between February and December of 2004.

Definitions, data sources and methods: survey number 4440.

Data from February to December 2004 are now available in the *Canadian Tobacco Use Monitoring Survey Microdata File* (82M0020XCB, \$2,140). See *How to order products*.

For more information about the survey results, contact Chris Williams (613-946-4250; christopher_williams@hc-sc.gc.ca), Health Canada, or visit the Tobacco Control Program Web site (http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/index_e.html).

For information on the public-use microdata file, contact Client Services (1-800-461-9050; 613-951-3321; fax: 613-951-4527; ssd@statcan.ca), Special Surveys Division. ■

Shipments of solid fuel burning heating products

Second quarter 2005

Data on shipments of solid fuel burning heating products are now available for the second quarter.

Available on CANSIM: table 303-0063.

Definitions, data sources and methods: survey number 2189.

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. ■

Commercial Software Price Index

June 2005

The Commercial Software Price Index (CSPI) is a monthly series measuring the change in the purchase price of pre-packaged software typically bought by businesses and governments. The CSPI (2001=100) for June was 78.6, down 0.3% from May.

This index is available at the Canada level only.

Available on CANSIM: table 331-0003.

Definitions, data sources and methods: survey number 5068.

For more information on these indexes, contact Client Services (1-866-230-2248; 613-951-9606; infounit@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Fred Barzyk (613-951-2493; fred.barzyk@statcan.ca), Prices Division. ■

New products

Canadian Economic Observer, August 2005, Vol. 18, no. 8
Catalogue number 11-010-XIB (\$19/\$182).

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

International Merchandise Trade Annual Review, 2004
Catalogue number 65-208-XIE (free).

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

Canadian Tobacco Use Monitoring Survey Microdata File, 2004 (cycle 2)
Catalogue number 82M0020XCB (\$2,140).

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Authorized agents and bookstores also carry Statistics Canada's catalogued publications.

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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about two trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses rose noticeably weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- Help-wanted index, May 1997 3
- Short-term Expectations Survey 2
- Steel primary forms, week ending May 31, 1997 12
- Egg production, Apr. 1997 13

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