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Perspectives on Labour and Income

December 2006 online edition

The December 2006 online edition of *Perspectives on Labour and Income*, released today, features two articles.

"Revisiting wealth inequality" examines wealth distribution among Canadian families over the 1984 to 2005 period, finding an increase in the gap between families with the highest net worth and those with the lowest.

"Work hours instability" uses longitudinal data from the Survey of Labour and Income Dynamics to look at annual work hours. The study finds that instability in work hours is associated with low job quality, non-standard work, low income levels, stress and bad health. The results also suggest that the variability is not likely to be of the worker's choosing.

The December 2006 online edition of *Perspectives on Labour and Income*, Vol. 7, no. 12 (75-001-XWE, free) is available from the *Publications* module of our website.

For more information, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division.



Releases

Industrial capacity utilization rates

Third quarter 2006

Canadian industries cut back their use of production capacity between July and September to its lowest point in three years.

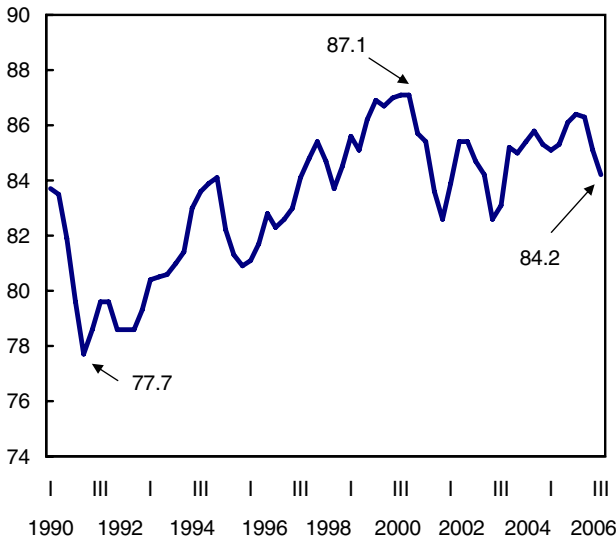
Industries operated at 84.2% of their capacity during the third quarter, down from 85.1% in the second. It was the third consecutive quarterly decline and the first time since the third quarter of 2003 that the rate has fallen below 85.0%.

Gains in exports were not enough to offset the slowdown in demand for automotive products and the cooling residential construction market.

The third-quarter rate was 3.4 percentage points below the all-time high of 87.6% reached in the first quarter of 1988.

Capacity use drops

%(rate of capacity use)



The industrial capacity utilization rate is the ratio of an industry's actual output to its estimated potential output. For this release, rates have been revised back to the first quarter of 2000 to reflect the revised source data.

In the manufacturing sector, capacity use declined in 12 of 21 groups. Manufacturers suffered the impact of slowing foreign demand for automotive products and a downturn in residential construction. This had a negative impact on manufacturing companies that supply the housing market. Profits among manufacturing firms, except for petroleum and coal products, were down in the third quarter.

According to the October 2006 Business Conditions Survey, manufacturers are anticipating a decline in production in the fourth quarter.

Elsewhere, rates also fell in three sectors: forestry and logging, construction and electrical power. The only sectors outside manufacturing to post an increase in their third-quarter rates were mining and oil and gas extraction.

The mining sector benefited from strong demand in China and other export markets as well as low inventory levels. These pushed up prices for a number of metals to unprecedented levels. Metal mining companies posted record profits in the third quarter.

Manufacturing: Slower foreign demand for auto products

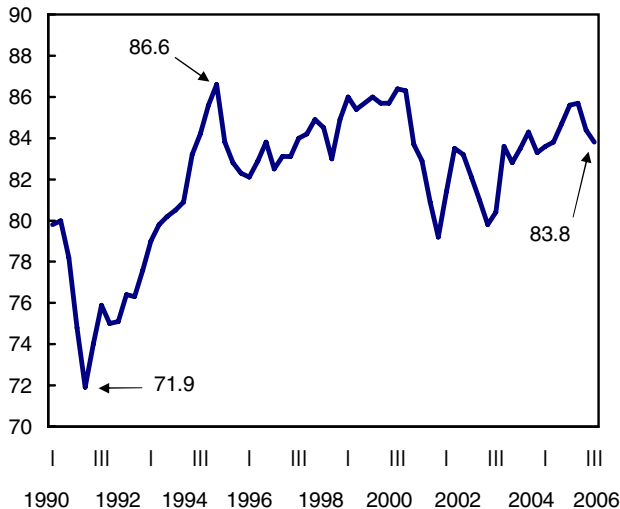
Manufacturers reduced their production capacity utilization for a second quarter in a row, with a rate of 83.8%, down from the 84.4% in the previous quarter.

Four industries (transportation equipment, plastic and rubber products, metal products and printing) played a large part in lowering the rate in the manufacturing sector.

Capacity use rose in three industries: beverage and tobacco products; paper; and machinery manufacturing.

Small decline in the rate in the manufacturing sector

%(rate of capacity use)



In the transportation equipment manufacturing industry, the rate fell from 88.0% to 85.3%, the largest drop since the second quarter of 2003, when it tumbled 3.3 points. The downturn in foreign demand for motor vehicles and parts was responsible for much of the 2.3% decline in production in this industry.

The slowdown in demand for automotive products also had an impact on the plastic and rubber products manufacturing industry. Cuts in production of plastic automotive parts and tires accounted for much of a 1.4% drop in production in this industry. Capacity use hit 80.1%, down from 82.4% in the second quarter. This was the lowest rate for this industry since early 1996 when a level of 78.0% was recorded.

Among manufacturers of fabricated metal products, the rate was 79.4%, down from 81.1% in the second quarter. The vast majority of the principal components in this group played a role in this decline, accounting for a 1.0% drop in production in this industry.

In the printing industry, capacity use fell 3.8 points to 70.9%, owing to a 3.3% drop in production.

In the paper manufacturing industry, a dip in production was more than offset by a reduction in production capacity. So the rate rose from 87.7% to 89.1% in the third quarter.

Beverage and tobacco manufacturers posted their strongest increase in capacity utilization in nearly three years. The rate for this industry climbed from 75.0% to 78.1%, as a result of an increase in beverage production. Tobacco production fell in the third quarter.

Machinery manufacturers increased their production capacity utilization in response to rising international demand for their products. Production increased 1.5% and capacity use was 88.4%, up from the second-quarter level of 87.5%.

Decline in most of the other sectors

Capacity use in the construction sector fell from 87.1% to 85.2%. An increase in engineering construction offset a drop in residential and non-residential construction, and production was up slightly. However, this slight rise in production did not match the increase in production capacity.

In the forestry and logging sector, the rate tumbled 7.5 percentage points to 80.1%. The slowdown in residential construction in the United States was a key factor in a 9.8% drop in production in this sector.

Temperate weather in August and September meant less demand for electricity. As a result, capacity use in the electrical power sector dropped 1.2 points to 85.7%.

In the mining sector, the rate edged up 0.3 points to 85.3%. Foreign demand for non-metallic minerals played an especially significant role in pushing up production in this sector by 2.5%.

In the oil and gas extraction sector, increased production of crude petroleum was behind the positive results as natural gas production stagnated from July to September. Accordingly, capacity utilization in this sector rose from 82.0% to 82.7%.

Available on CANSIM: table 028-0002.

Definitions, data sources and methods: survey number 2821.

Data for the fourth quarter of 2006 on industrial capacity utilization rates will be released on March 14, 2007.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mychèle Gagnon (613-951-0994) or Michel Labonté (613-951-9690), Investment and Capital Stock Division. □

Industrial capacity utilization rates

	Third quarter 2005 ^r	Second quarter 2006 ^r	Third quarter 2006	Third quarter 2005 to third quarter 2006	Second to third quarter 2006
	%			percentage point change	
Total industrial	86.1	85.1	84.2	-1.9	-0.9
Forestry and logging	90.0	87.6	80.1	-9.9	-7.5
Mining and oil and gas extraction	87.2	83.2	83.8	-3.4	0.6
Oil and gas extraction	82.5	82.0	82.7	0.2	0.7
Mining	94.2	85.0	85.3	-8.9	0.3
Electric power generation, transmission and distribution	90.1	87.5	86.3	-3.8	-1.2
Construction	87.5	87.1	85.2	-2.3	-1.9
Manufacturing	84.7	84.4	83.8	-0.9	-0.6
Food	81.3	81.9	82.3	1.0	0.4
Beverage and tobacco products	78.7	75.0	78.1	-0.6	3.1
Beverage	82.4	77.1	80.6	-1.8	3.5
Tobacco	66.2	65.0	64.6	-1.6	-0.4
Textile mills	79.7	69.8	68.1	-11.6	-1.7
Textile product mills	82.1	70.5	68.6	-13.5	-1.9
Clothing	78.5	81.8	79.2	0.7	-2.6
Leather and allied products	67.8	81.4	80.9	13.1	-0.5
Wood products	88.0	82.4	81.9	-6.1	-0.5
Paper	89.6	87.7	89.1	-0.5	1.4
Printing and related support activities	76.5	74.7	70.9	-5.6	-3.8
Petroleum and coal products	90.6	85.4	86.6	-4.0	1.2
Chemical	80.5	84.3	84.5	4.0	0.2
Plastics and rubber products	89.1	82.4	80.1	-9.0	-2.3
Plastic products	88.5	80.6	78.4	-10.1	-2.2
Rubber products	91.2	88.8	86.2	-5.0	-2.6
Non-metallic mineral products	86.0	86.8	83.6	-2.4	-3.2
Primary metal	92.5	95.1	95.0	2.5	-0.1
Fabricated metal products	79.6	81.1	79.4	-0.2	-1.7
Machinery	85.1	87.5	88.4	3.3	0.9
Computer and electronic products	85.6	90.5	90.2	4.6	-0.3
Electrical equipment, appliance and component	73.7	76.6	77.0	3.3	0.4
Transportation equipment	89.3	88.0	85.3	-4.0	-2.7
Furniture and related products	80.7	76.0	77.8	-2.9	1.8
Miscellaneous manufacturing	84.4	81.5	81.7	-2.7	0.2

^r revised



New motor vehicle sales

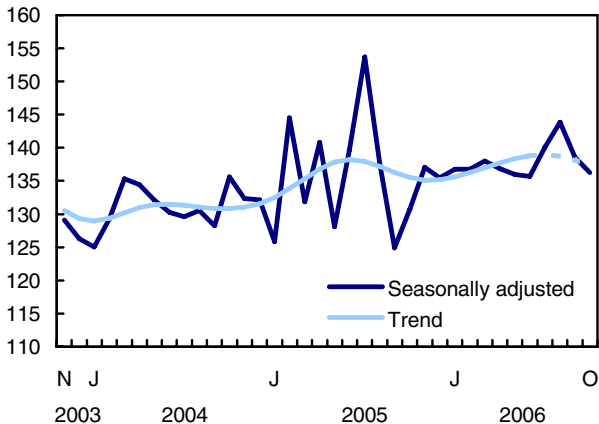
October 2006

New motor vehicle sales continued to soften in October, resulting in a second consecutive monthly decrease. Weak demand for North American-built passenger cars was entirely responsible for a 1.6% decline in new motor vehicle sales.

Consumers purchased 136,298 new vehicles in October, a decrease of 2,286 vehicles from the previous month. Preliminary figures from the automotive industry show sales of new motor vehicles are expected to switch gears in November, rising approximately 3.0%, mainly due to increased demand for passenger cars.

New motor vehicle sales down for a second consecutive month

Thousands of units



Note: The last few points could be subject to revisions when more data are added. This is indicated by the dashed line.

The decline in October, combined with the decrease in September, almost offset the gains made in July and August, resulting in a trend which is relatively flat. New motor vehicle sales were relatively stable during the first half of 2006, following a series of sales swings in 2005 — largely influenced by the introduction and removal of dealer incentive programs.

Market share slips for North American-built cars

Passenger car sales fell 6.5% in October to 68,465 vehicles. October sales caused the market share for passenger cars to slip to 50.2% of total sales, the lowest level since July 2005.

The decline in sales of passenger cars was entirely attributable to a plunge in North American-built car

Note to readers

All data in this release are seasonally adjusted.

Passenger cars include those used for personal and commercial purposes, such as taxis or rental cars. **Trucks** include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

North American built new motor vehicles include vehicles manufactured or assembled in Canada, the United States or Mexico. All other new motor vehicles are considered to have been manufactured overseas.

For reasons of confidentiality, data for Yukon, the Northwest Territories and Nunavut are included with those for British Columbia.

The New Motor Vehicle Sales Survey is compiled on the basis of figures obtained from motor vehicle manufacturers and importers. These results may vary from those obtained directly from auto dealers, due to possible differences in record keeping.

sales, which fell 10.8% in October. This was the lowest sales level since May 2005 for North American-built cars. Sales of overseas-built cars rose 2.2% in the same period, after two consecutive monthly declines.

North American-built cars still largely dominate the market, representing about two-thirds of the passenger cars sold in Canada. However, overseas manufacturers are making gains, accounting for 36.0% of passenger car sales in October. Overseas-built vehicles have generally been gaining market share over the last 10 years.

Truck sales grew 3.8% in October to 67,833 vehicles, about 1,400 vehicles more than in an average month in 2006. The truck segment (which includes minivans, sport-utility vehicles, light and heavy trucks, vans and buses) had been the main force behind sales swings observed in the past three months.

Almost half the decrease in sales occurs in Ontario

New motor vehicle sales decreased in six provinces in October, with Nova Scotia (-5.0%) and Saskatchewan (-4.5%) experiencing the largest declines.

In Ontario, new motor vehicle sales slipped 2.2% to 49,229 vehicles in October. This decline represents 49.0% of the national decrease in October, despite representing only one-third of the Canadian automotive market. This was the second consecutive decrease and the lowest number of new motor vehicles sold since October 2005.

Sales in British Columbia declined 3.8% after four consecutive monthly increases. October sales represent the largest monthly sales decline since September 2005.

Sales of new motor vehicles in Manitoba increased for a second consecutive month, rising 3.0%. Manitoba sales have been on an upward trend since May 2006.

Available on CANSIM: tables 079-0001 and 079-0002.

Definitions, data sources and methods: survey number 2402.

The October 2006 issue of *New Motor Vehicle Sales* (63-007-XIE, free) will be available soon.

Data on new motor vehicle sales for November will be released on January 15, 2007.

For general information or to order data, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Ashley Ker (613-951-2252), Distributive Trades Division.

New motor vehicle sales

	October 2005	September 2006 ^r	October 2006 ^p	October 2005 to October 2006	September to October 2006
Seasonally adjusted					
	Number of vehicles			% change	
New motor vehicles	130,773	138,584	136,298	4.2	-1.6
Passenger cars	70,235	73,221	68,465	-2.5	-6.5
North American ¹	47,989	49,091	43,795	-8.7	-10.8
Overseas	22,246	24,130	24,670	10.9	2.2
Trucks, vans and buses	60,538	65,363	67,833	12.1	3.8
New motor vehicles					
Newfoundland and Labrador	2,048	1,957	1,982	-3.2	1.3
Prince Edward Island	383	388	384	0.3	-1.0
Nova Scotia	3,517	4,125	3,919	11.4	-5.0
New Brunswick	2,808	2,946	2,949	5.0	0.1
Quebec	33,472	33,523	33,030	-1.3	-1.5
Ontario	49,117	50,350	49,229	0.2	-2.2
Manitoba	3,551	3,864	3,981	12.1	3.0
Saskatchewan	2,789	3,420	3,266	17.1	-4.5
Alberta	18,221	21,023	21,219	16.5	0.9
British Columbia ²	14,868	16,988	16,339	9.9	-3.8
	October 2005	September 2006 ^r	October 2006 ^p	October 2005 to October 2006	
Unadjusted					
	number of vehicles			% change	
New motor vehicles	118,993	140,065	123,083	3.4	
Passenger cars	64,249	72,815	62,448	-2.8	
North American ¹	43,844	48,497	38,841	-11.4	
Overseas	20,405	24,318	23,607	15.7	
Trucks, vans and buses	54,744	67,250	60,635	10.8	
New motor vehicles					
Newfoundland and Labrador	1,730	1,979	1,611	-6.9	
Prince Edward Island	329	404	331	0.6	
Nova Scotia	2,885	3,708	3,096	7.3	
New Brunswick	2,291	2,843	2,471	7.9	
Quebec	29,330	33,612	29,445	0.4	
Ontario	46,527	52,466	45,664	-1.9	
Manitoba	3,156	4,223	3,565	13.0	
Saskatchewan	2,592	3,612	3,060	18.1	
Alberta	16,986	21,049	19,600	15.4	
British Columbia ²	13,167	16,169	14,240	8.1	

^r revised

^p preliminary

1. Manufactured or assembled in Canada, the United States or Mexico.

2. Includes the Northwest Territories and Nunavut.

Study: Inequality in wealth 1984 to 2005

The gap between the nation's families with the highest net worth and those with the lowest widened between 1999 and 2005, in part because of gains in the value of housing, a new study shows.

The study, published today in *Perspectives on Labour and Income*, ranked family units into five groups, or quintiles, from the lowest net worth to the highest. Each represented 20%, or one-fifth, of all families.

Between 1999 and 2005, the median net worth of families in the top fifth of the wealth distribution increased by 19%, while the net worth of their counterparts in the bottom fifth remained virtually unchanged.

In 2005, those in the top 20% of the wealth distribution had a median net worth (excluding the value of employer-sponsored pension plans) estimated at \$551,000 (in 2005 dollars). In other words, half of the families in the top 20% of the wealth distribution had net worth more than this figure, and half less. The corresponding numbers were \$465,000 in 1999 and \$336,000 in 1984.

In contrast, the median net worth of the families in the bottom fifth stagnated between 1984 and 2005. In fact, the value of their assets never exceeded the value of their debts during the 1984 to 2005 period.

As a result, the top 20% of families held 75% of total household wealth in 2005, compared to 73% in 1999 and 69% in 1984.

The study was based on results of the 1984 Assets and Debts Survey, and the Survey of Financial Security conducted in 1999 and 2005.

Net worth is the amount an individual or family would clear after selling all assets, such as residences, stocks and registered retirement savings plans; and paying off all debts, such as mortgages, car loans and student loans. The terms "net worth" and "wealth" are interchangeable. Families include unattached individuals.

To make the concept of net worth comparable among all three surveys, this study excluded various items from the 1999 and 2005 data since they were not included in the 1984 survey. These were: employer-sponsored pension plans, contents of

the home, collectibles and valuables, annuities, and registered retirement income funds.

On that basis, the median net worth of all Canadian families in 2005 amounted to about \$84,800, compared with \$74,400 in 1999 and \$67,300 in 1984.

Part of the growth in net worth among families in the top 20% of the distribution was fuelled by increases in the value of housing.

In both 1999 and 2005, the vast majority of these families (at least 95%) owned a house. During the six-year period, the median value of their principal residence rose a solid \$75,000, reflecting sharp increases in housing prices.

In contrast, the value of holdings on a principal residence changed little among families in the bottom 20%. At most, 6% of these families owned a house during this time.

The growing inequality in net worth during the past six years followed an increase in inequality in family after-tax income that occurred during the 1990s. This suggests that growing income dispersion over the last decade also contributed to the increase in concentration of wealth.

The study also showed that population aging was not a factor behind the growth in wealth inequality between 1984 and 2005. In fact, it found that wealth concentration would have risen even more had the age structure of the population remained constant over time.

While the median wealth of families and unattached individuals rose 26% between 1984 and 2005, it fell substantially among families in which the major income recipient was aged 25 to 34.

In 2005, these families and individuals had median wealth holdings of \$13,400, much lower than \$27,000 in 1984 and \$17,400 in 1999.

This decline was due mainly to the fact that cumulative earnings of young men (the sum of earnings they receive over several years) fell substantially between the 1970s and 1990s.

Between 1994 and 2004, these cumulative earnings averaged roughly \$267,000, compared with \$330,000 accumulated between 1973 and 1983.

In contrast, cumulative earnings of young women increased about \$10,000 from \$166,000 to \$177,000 during these periods.

Three factors were behind the decline among young men. First, they now stay in school longer than their counterparts did during the mid-1970s. This reduces the number of years during which they receive significant wages. Second, once out of school, they are less likely to have a full-time, and therefore relatively well-paid, job than in the past.

Third, those who did work on a full-year, full-time basis earned less annually during much of the 1990s than their counterparts did previously.

Increases in student loan debt played a minor role. One reason is that student debt is carried mainly by post-secondary graduates, who represent only a fraction of young individuals. In fact, average amounts owed on student loans rose by a modest \$3,300 between 1984 and 2005.

Definitions, data sources and methods: survey number 2620.

The article "Revisiting wealth inequality" is now available in the December 2006 online edition of *Perspectives on Labour and Income*, Vol. 7, no. 12 (75-001-XWE, free) from the *Publications* module of our website.

For further information or to enquire about the concepts, methods or data quality of this release, contact René Morissette (613-951-3608; rene.morissette@statcan.ca), or Xuelin Zhang (613-951-4295; xuelin.zhang@statcan.ca), Business and Labour Market Analysis Division.

Median wealth of families (including unattached individuals), by quintile, 1984 to 2005¹

Quintile	1984	1999	2005	1999 to 2005	1984 to 2005
	(2005 dollars)			% change	
Bottom	0	-700	-1,000	-43	...
Second	14,100	14,400	12,500	-13	-11
Third	67,300	74,400	84,800	14	26
Fourth	143,400	181,400	212,600	17	48
Top	335,500	464,900	551,000	19	64

... not applicable

1. Excluding the value of registered pension plans.



Dairy statistics

October 2006 (preliminary)

Dairy farmers sold 610 800 kilolitres of milk and cream to dairies in October, down 2.1% from October 2005.

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

The fourth quarter 2006 issue of the new publication *Dairy Statistics* (23-014-XIE, free) will be available in February 2007.

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

Aircraft movement statistics: Small airports

August 2006

The August 2006 monthly report, Vol. 2 (TP141, free) is available on Transport Canada's website at the following URL (<http://www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm>).

Note: The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (i.e., those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (i.e., those without air traffic control towers). Both volumes are available free upon release at Transport Canada's website.

For more information about this website, contact Michel Villeneuve (613-990-3825; villenm@tc.gc.ca), Transport Canada.

Definitions, data sources and methods: survey number 2715.

release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; aviationstatistics@statcan.ca), Transportation Division. ■

For more information, or to enquire about the concepts, methods or data quality of this

New products

Quarterly Financial Statistics for Enterprises, Third quarter 2006, Vol. 17, no. 3
Catalogue number 61-008-XIE
 (free).

Imports by Commodity, October 2006, Vol. 63, no. 10
Catalogue number 65-007-XCB (\$40/\$387).

Imports by Commodity, October 2006, Vol. 63, no. 10
Catalogue number 65-007-XPB (\$84/\$828).

Perspectives on Labour and Income, Vol. 7, no. 12
Catalogue number 75-001-XWE
 (free).

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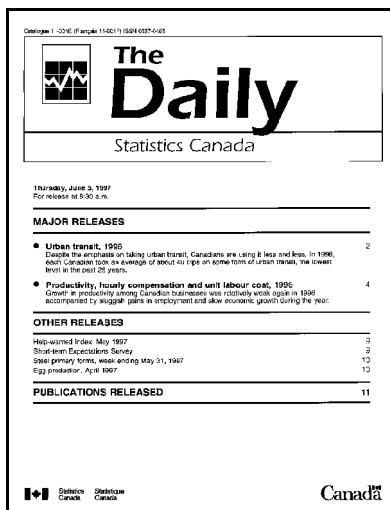
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