



The Daily

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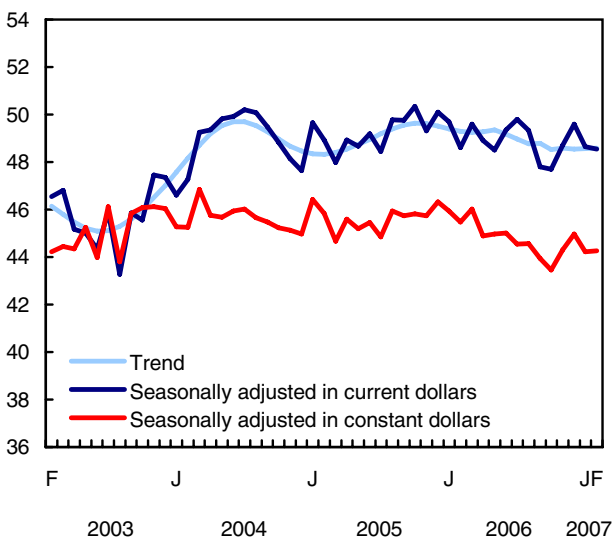
Monthly Survey of Manufacturing

February 2007

Factory shipments edged down in February, in spite of the effects of a refinery fire in the petroleum and coal industry and a rail strike on the supply chain of manufacturers of transportation equipment, chemicals and non-metallic minerals.

Factory shipments down slightly

\$ billions



Manufacturers shipped goods worth an estimated \$48.5 billion in February, down 0.2% from the previous month but 0.1% more than in February last year.

Manufacturing shipments showed resilience in the face of a national rail strike and a fire which left central Canadian oil refiners scrambling to fill demand for automobile fuel.

Taking price fluctuations into account, the volume of shipments rose 0.1% to \$44.3 billion, the third increase in four months.

Overall, shipments fell in 14 of 21 manufacturing sectors, representing 56% of total output.

Shipments of durable goods dropped 0.5% to \$26.5 billion on declines in the wood, machinery, computer and electrical equipment industries. Shipments of non-durable goods rose by 0.1%

Note to readers

Preliminary estimates are provided for the current reference month. Estimates, based on late responses, are revised for the three prior months.

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 plastics 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. Also, some orders may be cancelled.

to \$22.0 billion thanks to an increase in the petroleum and coal sector.

Companies in the transportation sector shipped \$9.7 billion worth of goods in February, up 0.6% after falling from the recent peak of \$10.2 billion in December.

One of the bright spots for manufacturing was in new orders, which increased 1.9% to \$50.7 billion, the second highest level in 16 months.

Unfilled factory orders, an indicator of future shipments, increased to \$46.8 billion, the highest level since November 2001.

The prices for petroleum and coal products rebounded 4.6% in February, following the 4.1% decline in January and the 4.6% rise in December. In February, prices for petroleum products were boosted by a reduction in the activity of some refineries.

Manufacturing employment fell in February following six months of little change. February's losses were primarily in Quebec, according to the Labour Force Survey.

Manufacturing shipments, provinces and territories

	January 2007 ^r	February 2007 ^p	January to February 2007
Seasonally adjusted			
	\$ millions		% change
Canada	48,639	48,545	-0.2
Newfoundland and Labrador	192	206	7.6
Prince Edward Island	123	129	5.1
Nova Scotia	803	799	-0.4
New Brunswick	1,208	1,155	-4.4
Quebec	11,493	11,568	0.7
Ontario	23,705	23,606	-0.4
Manitoba	1,242	1,271	2.3
Saskatchewan	921	871	-5.4
Alberta	5,473	5,508	0.6
British Columbia	3,472	3,424	-1.4
Yukon	3	3	5.8
Northwest Territories including Nunavut	5	5	-1.6

^r revised

^p preliminary

Transportation stalls after fourth-quarter comeback

In spite of interruptions in the auto assembly supply chain caused by a rail strike, the transportation equipment sector increased 0.6% to \$9.7 billion when auto plants returned to production in February, following maintenance down time in January.

Motor vehicle assembly, parts and accessories industries combined gained 2.5% to \$7.6 billion, recovering some ground lost in January from the recent peak of \$7.9 billion in December.

At the same time, aerospace shipments fell 2.4% to \$1.2 billion, a second decline following two consecutive gains.

Shipments of petroleum and coal products were up 3.9% in February on stronger prices, and volumes increased slightly – in spite of a national rail strike and a refinery fire in Ontario as the industry filled orders from stocks. Increased Alberta refinery activity made up for Ontario's shortfall.

The two week long rail strike at a single major rail carrier also disrupted the supply chain of inputs into the primary metals and chemicals industries. Consequently, shipments of chemicals fell 2.0% to \$4.2 billion while smelters of primary metals shipped a mere 0.4% more — in spite of a 2.8% increase in prices of primary metals and a 5.8% jump in the price of non-ferrous metals such as copper, zinc and aluminum.

Shipment values for primary metals were boosted in February by a surge in the price for nickel products (+16.9%) and, to a lesser extent, by the appreciation of copper and copper alloy products (+4.9%). Prices for these two metals were driven by export demand in Asia, which continued to be strong. Prices for nickel, a major component in the production of stainless steel,

continued to rise toward a new peak, with the level of the index for February reaching 73.8% higher than the average for 2006.

Shipment gains and losses split evenly among provinces

Manufacturing shipments fell in five provinces in February, with gains and losses evenly split among the regions.

Shipments in Ontario edged down 0.4% to \$23.6 billion. The largest decline was in the petroleum and coal industry, as a refinery fire hampered the province's ability to supply fuel in the second half of the month. However, on the upside, the transportation equipment sector increased 0.9% to \$7.9 billion.

In Quebec, shipments increased 0.7% to \$11.6 billion, as improved shipments in the petroleum and coal and machinery offset widespread declines in 14 of 21 industries.

Alberta shipments increased 0.6% to \$5.5 billion even though 12 of 21 industries reported declines. Petroleum and coal shipments increased 9.5% to \$1.2 billion, on a combination of higher prices and stronger shipment volumes. The largest offsetting decline was in machinery, which fell 8.6% to \$481 million.

In British Columbia, the decline in shipments deepened, falling 1.4% to \$3.4 billion after a 0.5% drop in January. Overall, 12 of 21 British Columbia industries reported declines, the most significant being the wood industry. Only primary metals, miscellaneous manufacturing and non-metallic minerals posted significant increases.

Manitoba shipments rose 2.3% to \$1.3 billion, with the primary metals and transportation industries bouncing back as increases in 7 industries more than offset smaller declines in the remaining 14.

In Saskatchewan, shipments fell 5.4% to \$871 million on lower production of foodstuffs.

Shipments by manufacturers in the Atlantic provinces fell by 1.5% to \$2.3 billion in February. New Brunswick reported the most significant decrease while Nova Scotia's decline was a moderate 0.4%.

New orders hits highest level in 16 months

New orders increased 1.9% to \$50.7 billion. Aside from December's peak of \$50.8 billion, new orders hit the highest level in 16 months in February.

The largest gain was in the transportation equipment sector where they increased 11.1%. February was a strong month for new orders in the aerospace industry, rising by nearly a billion dollars (+51.0%) to \$2.8 billion.

However, the two largest industries for new orders declined, with motor vehicles falling 0.4% to \$5.2 billion while primary metals orders fell 2.1% to \$4.3 billion.

New orders for motor vehicles with parts and accessories combined edged up 0.3% to \$7.5 billion.

Unfilled orders surge to highest level in over five years

Unfilled orders increased 4.9% to \$46.8 billion, the highest level since November 2001.

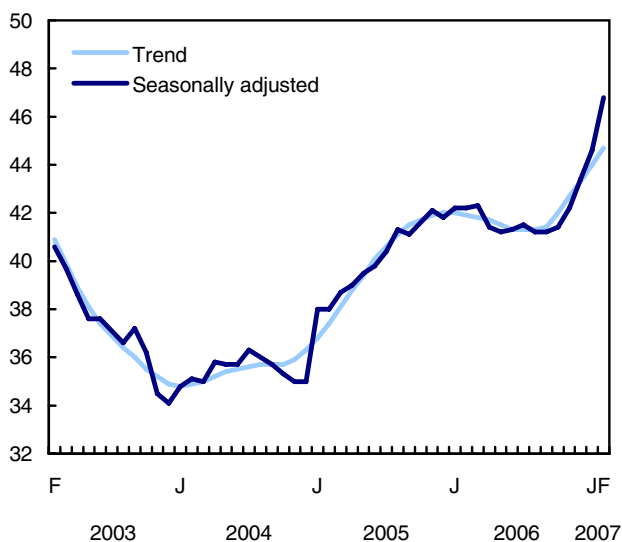
The transportation equipment sector, in particular aerospace and motor vehicles, typically accounts for half of all unfilled orders in the manufacturing sector.

Unfilled orders in the transportation equipment industry increased by \$1.7 billion in February. Most of the unfilled orders were in the aerospace industry, which rose by \$1.6 billion to their highest level since December 2002.

At the same time, unfilled orders for machinery increased for the fourth consecutive month, rising 4.6% to \$6.2 billion, the highest level since April 2000.

Unfilled orders have been rising for three years

\$ billions



Inventories drawn down in the face of rail strike, refinery fire

A two week long rail strike at a major Canadian carrier compelled manufacturers to draw on inventories in an attempt to maintain production levels. Total inventories for manufacturers fell 0.4% to \$62.8 billion

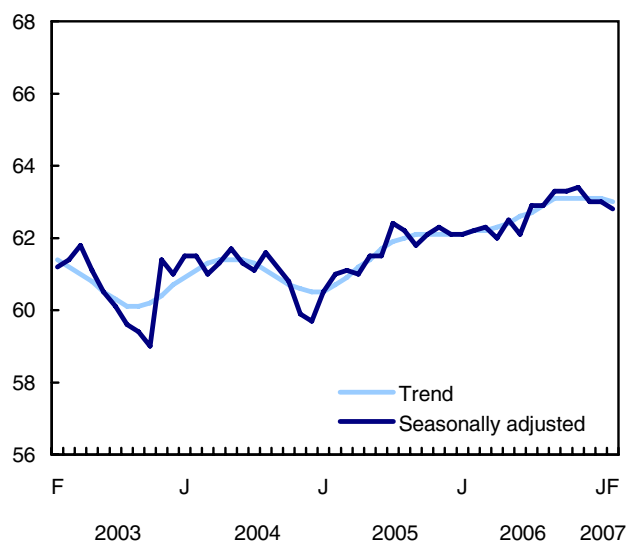
in February, after hovering near record levels for several months. Allowing for the 4.6% increase in the price of petroleum and coal during this time, the industry actually tapped an estimated 4.6% of finished goods and 6.1% of raw materials of inventories to fill its orders in February.

While companies in 11 of 21 industries increased their inventories, rail dependent industries such as chemicals (-1.3%) and motor vehicles (-6.2%) used their inventories to tide them over during interruptions in the supply chain.

By stage of fabrication, goods in process inventories have eased lower in six of the last seven months. Inventories of raw materials have declined in five of the last six months, while finished products inventories fell 0.3%, a second drop after rising steadily over the previous six months.

Inventories levels ease lower

\$ billions



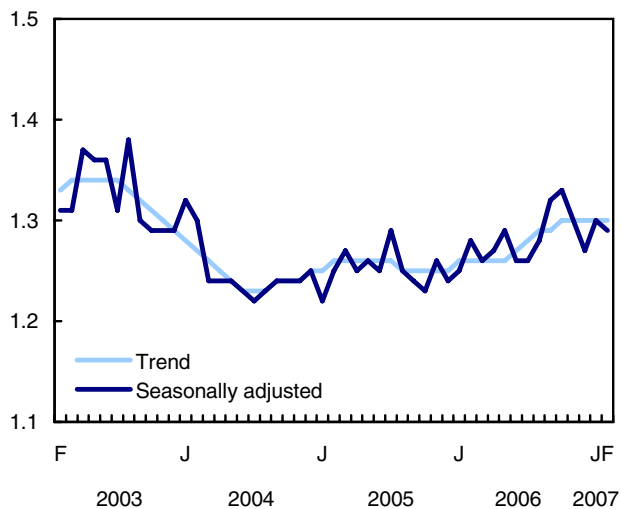
Inventory-to-shipment ratio decreases

The inventory-to-shipment ratio decreased to 1.29 from 1.30 in January. The ratio has fluctuated from a peak of 1.33 in October to the recent low of 1.27 in December.

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.

Inventory-to-shipment ratio declines on inventory use

Ratio



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

Definitions, data sources and methods: survey number 2101.

All data are benchmarked to the 2004 Annual Survey of Manufactures.

Data from the March Monthly Survey of Manufacturing will be released on May 15.

For general information or to order data, contact the dissemination officer (toll-free 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 Daryl Keen (613-951-1810, keendar@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	
February 2006	48,479	-2.4	62,216	0.2	42,183	0.0	48,483	-3.2	1.28
March 2006	49,469	2.0	62,292	0.1	42,308	0.3	49,594	2.3	1.26
April 2006	48,827	-1.3	62,003	-0.5	41,386	-2.2	47,905	-3.4	1.27
May 2006	48,505	-0.7	62,495	0.8	41,154	-0.6	48,273	0.8	1.29
June 2006	49,356	1.8	62,132	-0.6	41,298	0.4	49,474	2.5	1.26
July 2006	49,805	0.9	62,898	1.2	41,485	0.5	49,992	1.0	1.26
August 2006	49,326	-1.0	62,935	0.1	41,207	-0.7	49,048	-1.9	1.28
September 2006	47,791	-3.1	63,302	0.6	41,202	0.0	47,786	-2.6	1.32
October 2006	47,701	-0.2	63,303	0.0	41,403	0.5	47,903	0.2	1.33
November 2006	48,703	2.1	63,370	0.1	42,192	1.9	49,493	3.3	1.30
December 2006	49,591	1.8	63,019	-0.6	43,448	3.0	50,846	2.7	1.27
January 2007	48,639	-1.9	63,011	-0.0	44,594	2.6	49,785	-2.1	1.30
February 2007	48,545	-0.2	62,779	-0.4	46,762	4.9	50,712	1.9	1.29

Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
February 2006	40,787	-3.0	59,329	0.5	39,652	-0.3	40,669	-4.0
March 2006	42,086	3.2	59,496	0.3	39,552	-0.3	41,985	3.2
April 2006	41,432	-1.6	59,275	-0.4	38,668	-2.2	40,548	-3.4
May 2006	41,330	-0.2	59,782	0.9	38,422	-0.6	41,084	1.3
June 2006	41,966	1.5	59,464	-0.5	38,722	0.8	42,239	2.8
July 2006	42,448	1.2	59,959	0.8	38,988	0.7	42,715	1.1
August 2006	42,103	-0.8	60,119	0.3	38,965	-0.1	42,080	-1.5
September 2006	40,959	-2.7	60,394	0.5	39,271	0.8	41,265	-1.9
October 2006	40,996	0.1	60,345	-0.1	39,860	1.5	41,585	0.8
November 2006	41,217	0.5	60,483	0.2	40,869	2.5	42,225	1.5
December 2006	41,648	1.0	60,210	-0.5	42,238	3.4	43,017	1.9
January 2007	41,213	-1.0	60,135	-0.1	43,285	2.5	42,260	-1.8
February 2007	40,936	-0.7	59,987	-0.2	45,515	5.2	43,166	2.1



Annual Survey of Manufactures and Logging

2005

The Annual Survey of Manufactures and Logging collects information on over 250 different industries. Principal statistics for manufacturing industries are now available for Canada, the provinces and for the territories for 2005. The principal statistics for 2004 have been revised.

Available on CANSIM: table 301-0006.

Definitions, data sources and methods: survey numbers, including related surveys, 2103 and 2107.

To order data, for more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Steel wire and specified wire products

February 2007

Data on steel wire and specified wire products production are now available for February.

Available on CANSIM: table 303-0047.

Definitions, data sources and methods: survey number 2106.

The February 2007 issue of *Steel, Tubular Products and Steel Wire* (41-019-XIE, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789;

613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Steel pipe and tubing

February 2007

Data on the production and shipments of steel pipe and tubing are now available for February.

Available on CANSIM: table 303-0046.

Definitions, data sources and methods: survey number 2105.

The February 2007 issue of *Steel, Tubular Products and Steel Wire* (41-019-XIE, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Refined petroleum products

February 2007 (preliminary)

Data on the production, inventories and domestic sales of refined petroleum products are now available for February. Other selected data about these products are also available.

Definitions, data sources and methods: survey number 2150.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (613-951-9497 or toll-free 1-866-873-8789; energy@statcan.ca), Manufacturing, Construction and Energy Division. ■

New products

New Motor Vehicle Sales, February 2007, Vol. 79, no. 2
Catalogue number 63-007-XWE
 (free).

Employment, Earnings and Hours, January 2007, Vol. 85, no. 1
Catalogue number 72-002-XIB
 (free).

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 -XDE are electronic versions on diskette; -XCB or -XCE are electronic versions on compact disc; -XVB or -XVE are electronic versions on DVD and -XBB or -XBE a database.

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The Daily

 Statistics Canada

Thursday, June 5, 1997
 For release at 9:30 a.m.

MAJOR RELEASES

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

OTHER RELEASES

- **Map-based Index, May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

PUBLICATIONS RELEASED 11

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