



# The Daily

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### Monthly Survey of Manufacturing, March 2008

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Following a positive start to the year, manufacturers lost some ground in March as a result of wide-ranging weakness.

### Study: Resource boom in Saskatchewan and Newfoundland and Labrador

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## Releases

### Monthly Survey of Manufacturing

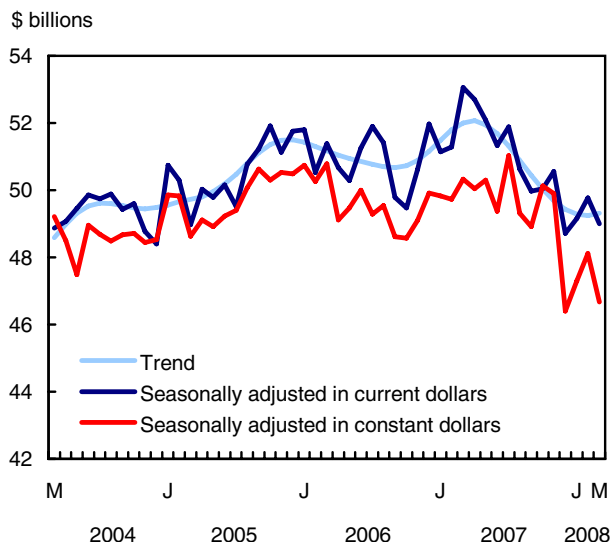
March 2008

Manufacturers gave back some of their recent gains in March as factory sales retreated 1.6% to \$49.0 billion.

The scope of March's slowdown was extensive as 18 of the 21 manufacturing industries, representing 76% of total sales, posted declines. A sharp downturn in motor vehicle manufacturing was the chief contributor.

Sales were down 7.7% compared with the peak level of \$53.1 billion set in March 2007.

#### Widespread weakness pulls down manufacturing sales



#### Manufacturing activity falters during the first quarter

In the first quarter of 2008, manufacturing sales fell 5.5% to \$143.8 billion compared with the same period one year earlier. The ongoing slump in the auto sector contributed to the decrease.

March's decline in sales was the first in 2008 as manufacturers had recovered slightly from December's

#### 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 sales assuming that the orders are not cancelled.

**New orders** are those received whether sold in the current month or not. They are measured as the sum of sales 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 sold. 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 sales because portions of large contracts can be subcontracted out to manufacturers in other countries. Also, some orders may be cancelled.

slowdown (-3.6%). Market uncertainty in the United States, Canada's dominant trading partner, has contributed to volatility in some manufacturing industries.

In terms of the volume of goods manufactured, rising industrial prices for various commodities, including primary metals, petroleum products, grains and oilseeds, may be partly offsetting some of the weakness in the manufacturing sector. At 2002 prices, manufacturing sales fell 3.0% to \$46.7 billion in March, the first decrease since December.

At the provincial level, Ontario (-2.9%) and Alberta (-1.4%) led the decreases among the six provinces reporting lower sales in March. Quebec's sales rose 0.3% on the strength of the aerospace industry.

**Manufacturing sales, provinces and territories**

	February 2008 <sup>r</sup>	March 2008 <sup>p</sup>	February to March 2008
Seasonally adjusted			
	\$ millions		% change
<b>Canada</b>	<b>49,775</b>	<b>48,994</b>	<b>-1.6</b>
Newfoundland and Labrador	501	489	-2.3
Prince Edward Island	119	120	0.6
Nova Scotia	885	846	-4.3
New Brunswick	1,456	1,480	1.6
Quebec	12,218	12,252	0.3
Ontario	23,424	22,746	-2.9
Manitoba	1,321	1,324	0.2
Saskatchewan	951	915	-3.7
Alberta	5,533	5,455	-1.4
British Columbia	3,360	3,359	0.0
Yukon	2	3	3.8
Northwest Territories including Nunavut	4	5	7.9

<sup>r</sup> revised<sup>p</sup> preliminary**More problems for the auto sector**

Labour strife at some North American auto parts plants contributed to a significant drop in the Canadian production of motor vehicles and parts in March. This was in addition to other factors affecting the industry, including a weakening US economy, rising energy prices and shifts in consumer demand for more fuel-efficient vehicles.

Manufacturing sales of motor vehicles dropped 6.2% to \$4.0 billion in March. Temporary factory closures were also a factor in a 5.0% decline in the sales of motor vehicle parts.

Shipping delays contributed to a 3.0% decrease in manufacturing sales of chemical products in March. In addition, computers and electronic products manufacturers posted a 7.6% reduction in sales, the third decline in five months. Manufacturing sales of computers have been generally weakening over the last couple of years.

On the positive side, robust demand for aerospace products and parts drove up production levels 17.0% to \$1.7 billion in March.

For the aerospace industry, the value of production is used instead of sales of goods manufactured. This value is calculated by adjusting monthly sales of goods manufactured by the monthly change in inventories of goods in process and finished products manufactured.

Higher prices for various metals contributed to a 2.9% advance in manufacturing sales of primary metals.

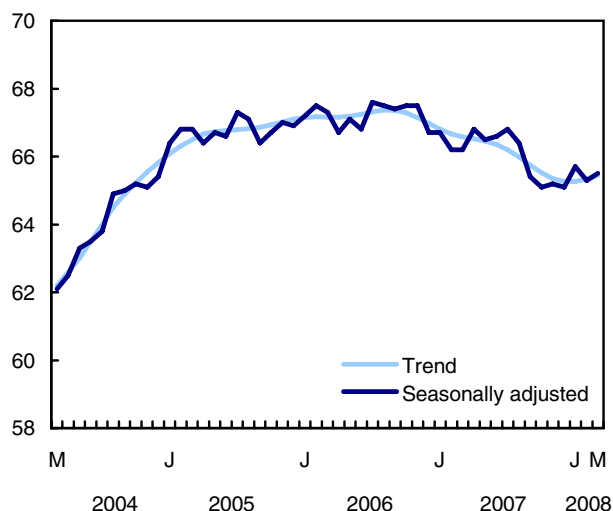
**Manufacturers' inventories edge slightly higher**

A sizeable 1.1% drop in inventories of raw materials was entirely offset by increases in goods in process (+1.1%) and finished products (+1.3%). As a result, total inventories remained little changed in March at \$65.5 billion (+0.2%), which followed a 0.6% decline in February.

Industries posting inventory gains in March included aerospace and primary metals, which were counterbalanced by declines in inventories of food, as well as those of the beleaguered wood products industry.

**Inventories edge slightly higher**

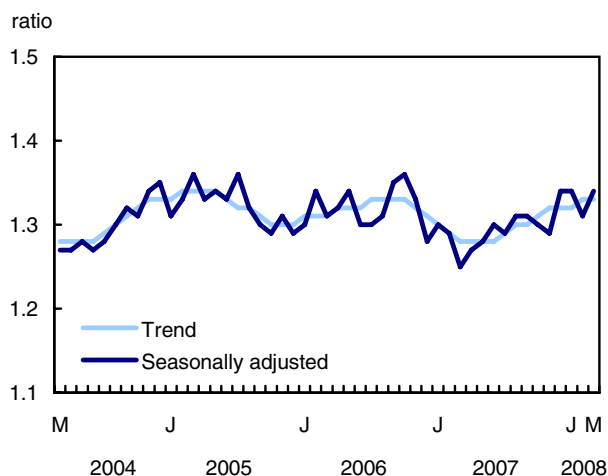
\$ billions



On the basis of weaker manufacturing sales during the month, the inventory-to-sales ratio advanced to 1.34 in March from 1.31 in February. March's level was in step with its recent high of December and January. The ratio has been on an upward trend since mid-2007.

The inventory-to-sales ratio is a measure of the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

## The inventory-to-sales ratio springs back to recent high



## Orders rise due to the strength of aerospace manufacturing

The value of new contracts received and those already on the books continued to rise in March, as a result of robust demand for aircraft and parts.

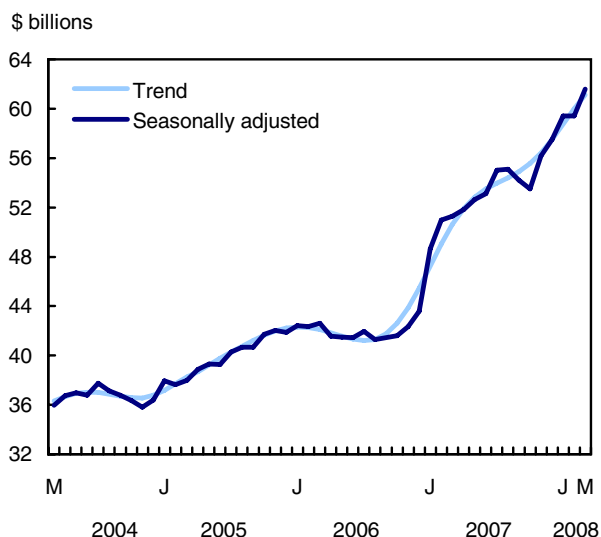
New orders strengthened by 2.9% to \$51.2 billion, on the heels of new aerospace contracts. Excluding the aerospace industry, new orders were down 2.2%.

Manufacturers' unfilled orders increased another 3.7% to \$61.6 billion in March, surpassing the \$60 billion mark for the first time.

The backlog of unfilled orders, which has been gradually rising over the last year and a half, was 20% higher than in March 2007 (\$51.3 billion). Unprecedented demand for aircraft and related parts was largely responsible for the gain.

Excluding the aerospace industry, unfilled orders slipped 0.2% in March.

## Unfilled orders for aerospace products continue to surge



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

Definitions, data sources and methods: survey number 2101.

For a more detailed synopsis of the trends and indicators that affected manufacturers in 2007, the "Annual review of manufacturing" was released on April 29, 2008 in *Analysis in Brief* (11-621-MWE, free), and is available from the *Publications* module of our website.

Data from the April Monthly Survey of Manufacturing will be released on June 13.

For general information or to order data, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; fax: 613-951-3877; [manufact@statcan.ca](mailto:manufact@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Russell Kowaluk (613-951-0600; [russell.kowaluk@statcan.ca](mailto:russell.kowaluk@statcan.ca)), Manufacturing, Construction and Energy Division.

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## Sales, inventories and orders in all manufacturing industries

	Sales		Inventories		Unfilled orders		New orders		Inventory-to-sales ratio
	Seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
March 2007	53,059	3.5	66,154	0.0	51,287	0.6	53,359	-0.5	1.25
April 2007	52,703	-0.7	66,781	0.9	51,848	1.1	53,264	-0.2	1.27
May 2007	52,087	-1.2	66,533	-0.4	52,628	1.5	52,868	-0.7	1.28
June 2007	51,326	-1.5	66,570	0.1	53,135	1.0	51,869	-1.9	1.30
July 2007	51,886	1.1	66,789	0.3	55,007	3.5	53,758	3.6	1.29
August 2007	50,630	-2.4	66,354	-0.7	55,112	0.2	50,736	-5.6	1.31
September 2007	49,970	-1.3	65,359	-1.5	54,242	-1.6	49,099	-3.2	1.31
October 2007	50,042	0.1	65,073	-0.4	53,542	-1.3	49,342	0.5	1.30
November 2007	50,560	1.0	65,245	0.3	56,183	4.9	53,201	7.8	1.29
December 2007	48,715	-3.6	65,120	-0.2	57,461	2.3	49,994	-6	1.34
January 2008	49,154	0.9	65,710	0.9	59,392	3.4	51,084	2.2	1.34
February 2008	49,775	1.3	65,333	-0.6	59,368	0.0	49,751	-2.6	1.31
March 2008	48,994	-1.6	65,477	0.2	61,579	3.7	51,205	2.9	1.34

## Manufacturing industries except motor vehicle, parts and accessories

	Sales		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
March 2007	44,529	2.4	63,169	0.0	50,335	0.8	44,931	-2.1
April 2007	45,033	1.1	63,785	1.0	50,835	1.0	45,533	1.3
May 2007	44,658	-0.8	63,574	-0.3	51,579	1.5	45,402	-0.3
June 2007	44,421	-0.5	63,567	0.0	52,093	1.0	44,972	-0.9
July 2007	43,887	-1.2	63,766	0.3	53,962	3.6	45,756	1.7
August 2007	43,765	-0.3	63,364	-0.6	54,167	0.4	43,970	-3.9
September 2007	42,341	-3.3	62,528	-1.3	53,381	-1.5	41,555	-5.5
October 2007	42,939	1.4	62,294	-0.4	52,687	-1.3	42,245	1.7
November 2007	43,312	0.9	62,564	0.4	55,365	5.1	45,990	8.9
December 2007	43,035	-0.6	62,541	0.0	56,627	2.3	44,297	-3.7
January 2008	43,264	0.5	63,013	0.8	58,526	3.4	45,163	2.0
February 2008	43,461	0.5	62,648	-0.6	58,400	-0.2	43,335	-4.0
March 2008	43,047	-1.0	62,832	0.3	60,536	3.7	45,182	4.3

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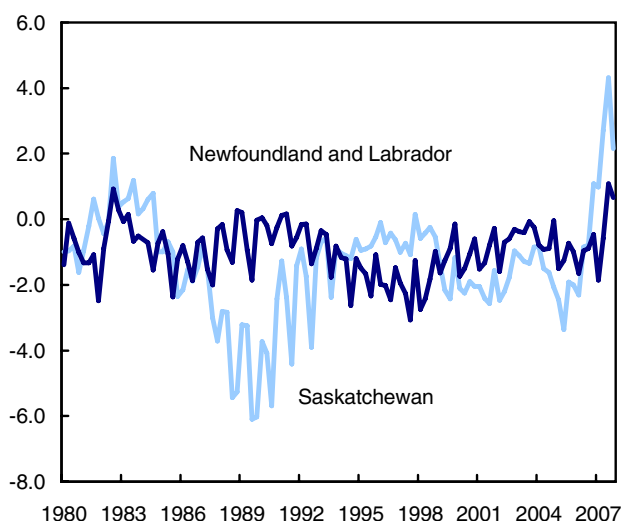
## Study: Resource boom in Saskatchewan and Newfoundland and Labrador

Saskatchewan and Newfoundland and Labrador have stepped into a new era of prosperity, according to a study released today in the *Canadian Economic Observer*.

The ongoing commodity boom, starting in 2002, offered a unique opportunity for these two provinces to tap into their natural resources as never before. Driven by export growth, notably that of crude oil, Newfoundland and Labrador's economy led the nation in terms of growth in nominal gross domestic product (GDP) in 2007, at 13.4%. Saskatchewan followed with growth of 11.4%, ahead of Alberta's 8.3%.

### Net interprovincial migration to Saskatchewan and Newfoundland and Labrador

thousands of people



Newfoundland and Labrador's growth in nominal GDP of 76% between 2002 and 2007 also topped Alberta's gain of 73%. Saskatchewan posted the third highest gain over the period, its GDP advancing 49%.

In terms of GDP per capita, Newfoundland and Labrador has registered the largest turnaround in one decade in Canadian history. In 1997, it was \$10,000 below the Canada average, and as recently as 2005 it remained below-average. But in 2007, it jumped to \$57,348, over \$10,000 above the Canada average of \$46,441.

Alberta (\$74,825), Newfoundland and Labrador and Saskatchewan (\$51,327) were the only three provinces where GDP per capita was above average in 2007.

Higher crude oil prices have been driving the boom in Newfoundland and Labrador and Saskatchewan. They are the top producers of crude petroleum in Canada after Alberta, accounting for almost one-third of Canada's production.

Newfoundland and Labrador's international exports soared 20% in 2007, the most rapid growth of any province. Between 2002 and 2007, exports doubled to reach \$12 billion, as prices rose for Newfoundland and Labrador's energy products and metals.

In 2007, Saskatchewan exported \$21 billion to other countries, a 13% increase over 2006. This placed Saskatchewan behind only Newfoundland and Labrador for the title of fastest growing provincial exports. In addition to crude oil, agricultural products, potash, and uranium have made major gains since 2005.

Perhaps most significantly, both Newfoundland and Labrador and Saskatchewan have reversed their long-term trend of a declining population. In the last two quarters of 2007, the number of people moving into Newfoundland and Labrador was the highest that it had been in 30 years. At the same time, out-migration slowed, resulting in the population increasing for the first time in 15 years.

Saskatchewan's population grew 0.8% in 2007, its first increase in over a decade, which put the population once again to 1 million. Moreover, the population of the 15 and over age group in Saskatchewan in April 2008 was 2.0% larger than it was in April 2007. This was just slightly slower than the 2.2% year-over-year increase in Alberta.

As incomes have risen and population growth has resumed, Newfoundland and Labrador and Saskatchewan consumers have gone on a buying binge, leading provincial growth in retail, housing and auto sales.

**Definitions, data sources and methods: survey numbers, including related surveys, 1902, 2198, 2201, 3601 and 3701.**

The study, "From lagging to leading: Newfoundland and Saskatchewan dig into the resource boom", is included in the May 2008 Internet edition of *Canadian Economic Observer*, Vol. 21, no. 5 (11-010-XWB, free), now available from the *Publications* module of our website. The monthly paper version of *Canadian Economic Observer*, Vol. 21,

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no. 5 (11-010-XPB, \$25/\$243), will be available on May 22.

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For more information, or to enquire about the concepts, methods or data quality of this release, contact Diana Wyman (613-951-4181; [ceo@statcan.ca](mailto:ceo@statcan.ca)), Current Economic Analysis Division. ■

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## Canadian Portfolio Investment Survey

Year-end 2006

Canadian investors continued to place funds abroad at a strong pace in 2006, with holdings of foreign securities at market value reaching \$737.7 billion by year-end. This was the highest annual growth of foreign portfolio assets since 1999, a period marked by strong increases in stock market prices as a result of a booming high-tech sector.

Increases in 2006 reflected major advances in holdings of foreign debt instruments. This form of investment continued to increase as a percentage of total foreign holdings to reach over 20% in 2006, as opposed to a share of 9% at its lowest in 1999. This stood in contrast to 1999, when the growth in foreign equities accounted for all of the increase in Canadian portfolio investment abroad.

The unprecedented investment in foreign debt instruments observed since the elimination of the ceiling on foreign holdings of institutional investors by the federal government in 2005 was the main contributor to the growth in holdings of debt securities. On the equity side, the vast majority of the increase was attributable to global equity price gains, and the revaluation effect on foreign currency denominated instruments from the depreciation of the Canadian dollar against the Euro and the British pound.

On a geographical basis, holdings of US securities accounted for just over half of all Canadian holdings of foreign securities in 2006, down from a peak of 60% in 2002. Portfolio investment in European countries gained a higher share of the total portfolio of Canadian investment abroad in 2006, led by strong increases in Western European countries.

However, gains were more widely distributed geographically in 2006. The high global demand for commodities helped many emerging markets to post strong economic growth in 2006, which also translated into investment opportunities. Along with the

intense economic activity in China and India, notable increases in Canadian portfolio investment abroad were recorded in the countries of South-Eastern Asia such as Indonesia, Malaysia, the Philippines and Singapore, with increases ranging from 75% to 125%.

For portfolio investment in foreign equities only, Canadian holdings in the BRIC country grouping (Brazil, Russia, India and China) almost doubled, led by resource-based stocks. Canadian holdings of Chinese stocks more than doubled while holdings of Russian equities more than tripled on a market value basis in 2006.

Canadian portfolio investment abroad was spread over 90 countries at the end of 2006. Although strong gains were observed in some emerging markets, the top five countries of portfolio investment (United States, United Kingdom, Japan, France and Germany) still represented over three-quarters of the total investment in foreign securities at the end of the year.

**Note:** The survey collects information on portfolio investment assets at year-end, at market value, broken down by country of issuer. Portfolio investment is defined as investment in foreign securities undertaken for the sake of investment income or capital gains. Foreign securities are defined as an investment in equity and debt instruments issued by a non-resident issuer.

**Available on CANSIM: table 376-0064.**

**Definitions, data sources and methods: survey number 1537.**

For more information or to order data, contact Client Services (613-951-1855; [infobalance@statcan.ca](mailto:infobalance@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Francis Salifu (613-951-2428) or Eric Boulay (613-951-1872), Balance of Payments Division. □



## Market value of Canadian portfolio investment abroad at year-end

	2003	2004	2005	2006
	\$ millions			
<b>America</b>	<b>254,810</b>	<b>270,271</b>	<b>322,134</b>	<b>420,119</b>
United States	238,928	248,116	292,984	379,703
Cayman Islands	5,134	8,679	10,717	14,944
Bermuda	3,248	4,736	6,478	9,117
Brazil	2,267	2,967	4,354	5,896
Mexico	3,260	3,659	4,542	5,651
All other countries	1,973	2,114	3,059	4,808
<b>Europe</b>	<b>113,757</b>	<b>131,418</b>	<b>152,232</b>	<b>219,420</b>
United Kingdom	43,534	50,600	57,463	75,474
France	15,461	16,552	19,251	28,810
Germany	11,109	11,579	14,533	27,027
Netherlands	9,383	11,237	12,594	17,275
Switzerland	10,201	11,128	12,725	16,627
All other countries	24,069	30,322	35,666	54,207
<b>Asia and Oceania</b>	<b>44,090</b>	<b>51,991</b>	<b>69,427</b>	<b>92,515</b>
Japan	24,598	29,060	39,554	46,450
Australia	5,778	8,315	10,314	15,046
South Korea	3,535	3,959	6,262	8,800
Hong Kong	3,457	3,820	4,199	6,288
Taiwan	969	1,191	1,931	3,848
All other countries	5,753	5,646	7,167	12,083
<b>All other countries</b>	<b>4,972</b>	<b>4,811</b>	<b>3,875</b>	<b>5,637</b>
<b>Total</b>	<b>417,629</b>	<b>458,491</b>	<b>547,668</b>	<b>737,691</b>

## Construction Union Wage Rate Index

April 2008

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in April compared with the March level of 140.3 (1992=100). The composite index increased 0.9% compared with the revised April 2007 index (138.1).

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes on a 1992=100 time base are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

**Available on CANSIM: tables 327-0003 and 327-0004.**

**Definitions, data sources and methods: survey number 2307.**

The second quarter 2008 issue of *Capital Expenditure Price Statistics* (62-007-XWE, free) will be available in October.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Client Services Unit (613-951-9606; fax: 613-951-1539; [prices-prix@statcan.ca](mailto:prices-prix@statcan.ca)), or Louise Chainé (613-951-3393), Prices Division. ■

## Dairy statistics

March 2008 (preliminary)

Consumers purchased 245 200 kilolitres of milk and cream in March, down 2.6% from March 2007. Sales of milk were 2.5% lower than one year earlier, at 222 500 kilolitres, and cream sales, at almost 22 700 kilolitres, were 3.3% lower.

**Available on CANSIM: tables 003-0007 to 003-0012, 002-0029, 003-0033 and 003-0034.**

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

The first quarter 2008 issue of *Dairy Statistics*, Vol. 3, no. 1 (23-014-XWE, free), is now available from the *Publications* module of our website.

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

July 2007

Guelph, Ontario was the most active site overall in July 2007 with 5,537 movements, down 1,344 (-19.5%) from July 2006. All of these movements were local

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movements (flights that remain in the vicinity of the airport).

Goose Bay, Newfoundland and Labrador, was the most active airport for itinerant movements with 3,676 take-offs and landings in July 2007, up 15.1% compared with July 2006

The July 2007 issue of *Aircraft Movement Statistics, Airports without Air Traffic Control Towers (TP 141)*, Vol. 2, no. 7 (51-008-XWE, free), is now available from the *Publications* module of our website. This report is a joint publication of Statistics Canada and Transport Canada. It is also known as Transport Canada report TP 141.

**Available on CANSIM: tables 401-0021 and 401-0022.**

**Definitions, data sources and methods: survey number 2715.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-500-8400; [transportationstatistics@statcan.ca](mailto:transportationstatistics@statcan.ca)), Transportation Division. ■

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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