

# The Daily

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## Statistics Canada

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#### **Consumer Price Index, July 2008**

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Consumer prices rose 3.4% in July 2008 compared with July 2007, an increase from the 3.1% rise recorded in the 12 months to June 2008. Higher gasoline prices continued to exert the strongest upward pressure on consumer prices.

#### **Quarterly financial statistics for enterprises, second quarter 2008**

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Canadian corporations earned \$69.4 billion in operating profits in the second quarter of 2008, up 2.5% from the first quarter, helped by an increase in commodity prices.

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## Releases

### Consumer Price Index

July 2008

Consumer prices rose 3.4% in July 2008 compared with July 2007, an increase from the 3.1% rise recorded in the 12 months to June 2008. Higher gasoline prices continued to exert the strongest upward pressure on consumer prices.

July saw the highest 12-month increase since March 2003. A climb in gasoline prices was the primary source of higher consumer prices in July. The 12-month variation in the Consumer Price Index (CPI) and the gasoline price index have been increasing at a faster pace over the past four months.

Consumer prices excluding gasoline advanced 2.1%, up from the 1.8% 12-month rate of growth posted for June.

Lower prices to purchase and lease passenger vehicles partially offset the impact of rising gasoline prices and eased the overall increase in transportation costs for consumers.

The seasonally-adjusted monthly all-items CPI advanced 0.3% between June and July 2008, down from the 0.8% rise posted in June.

### 12-month change: Consumers continue to feel the pinch of higher gasoline prices

Gasoline prices were the main factor behind the climb in consumer prices from July 2007 to July 2008.

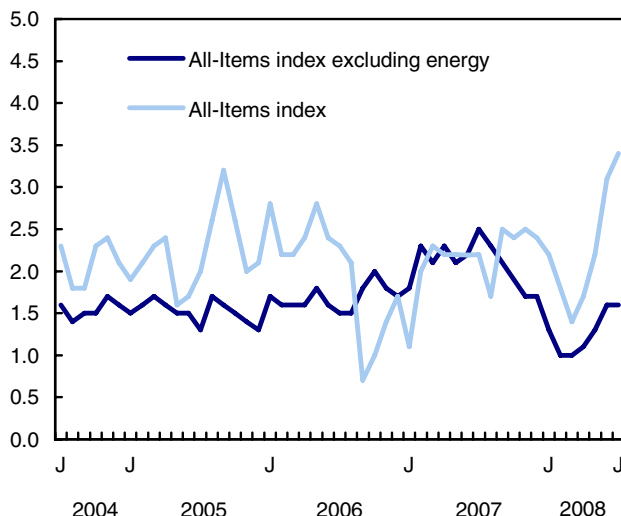
Prices at the pump rose 28.6% in the 12 months to July 2008. While gasoline prices continued to rise, the overall increase in transportation costs was partially offset by lower prices to purchase and lease passenger vehicles, which fell 8.9% in July compared with the same month a year earlier. Overall, transportation costs rose by 6.1% in the 12 months to July 2008.

The mortgage interest cost index advanced 8.5% from July 2007 to July 2008, down from the 9.0% increase posted in the 12 months to June. The slowdown in the rise in mortgage interest cost was due more to a softening of new housing prices rather than to lower mortgage interest rates.

Higher natural gas prices (+25.0%) also contributed to the rise in consumer prices in July. The increase in natural gas prices was partly due to a decline in prices that occurred at the same time last year and to recent increases related to oil prices.

### Percentage change from the same month of the previous year

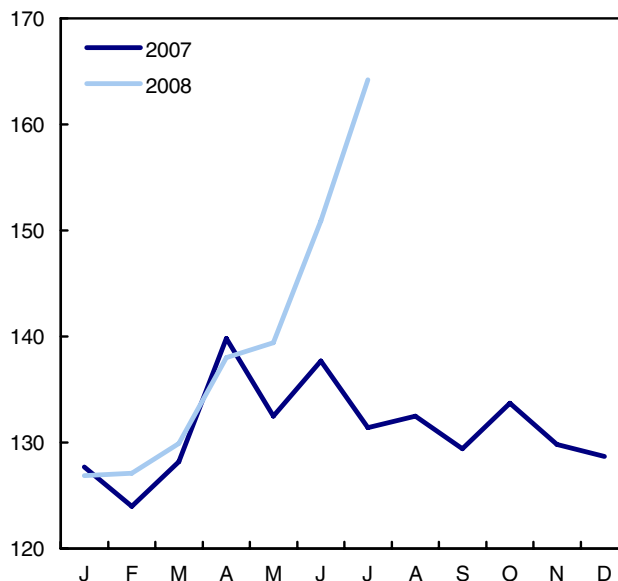
12-month % change



### Evolution of natural gas prices

Index (2002=100)

not seasonally adjusted

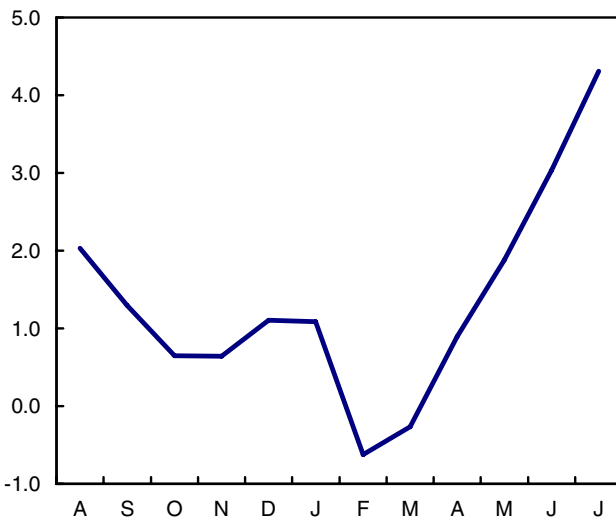


Prices for fuel oil and other fuels, products which are derived from oil, also put significant upward pressure on consumer prices in July.

A 4.3% rise in prices for food purchased from stores, led by a 13.2% rise in prices for bakery products, continued to exert upward pressure on consumer prices in July. Price increases for other food products closely related to grain, such as breakfast cereal, rice, pasta and flour and flour based mixes, continued to increase in the 12 months to July 2008.

#### Prices for food purchased from stores continue to rise

12-month % change



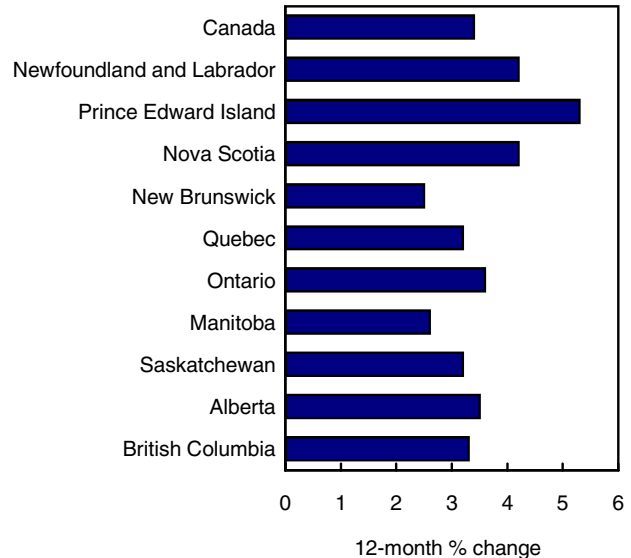
The drop in prices to purchase and lease passenger vehicles helped to offset the rise of the all-items index in July. Competition among vehicle manufacturers remains strong as manufacturers compete for market share by increasing incentives.

Prices for computer equipment and supplies continued to fall in July (-12.0%), although the decline was the smallest since August 2003. Prices for other electronic equipment items such as video equipment and photographic equipment and supplies also continued their downward trend in July.

#### The provinces: The three most eastern provinces bear the brunt of increasing consumer prices

Consumers in Prince Edward Island (+5.3%), Newfoundland and Labrador (+4.2%) and Nova Scotia (+4.2%) faced the largest consumer price increases.

#### Consumers in the most eastern provinces face the greatest rise in consumer prices



Gasoline prices contributed largely to the rise in consumer prices observed across the country. Gasoline prices rose the most in British Columbia (+31.5%).

Other provinces, especially those in Central Canada, also posted strong price increases for gasoline. In Ontario, gasoline prices rose 30.1% and in Quebec they increased 30.9%.

Besides higher prices for gasoline, price increases for other energy components, such as fuel oil and other fuels and electricity, rose sharply in Newfoundland and Labrador, Prince Edward Island and Nova Scotia in the 12 months to July. The rise in these energy components largely accounted for the growth in consumer prices posted in these provinces.

In Alberta, it was higher costs for owned accommodation that primarily pushed up consumer prices 3.5% in the 12 months to July. This was a substantial slowdown from the 4.4% rate of growth posted in June.

While consumers across the country faced higher prices for gasoline and mortgage interest costs, lower prices to purchase and lease passenger vehicles helped to offset these price increases. Changes in prices to purchase and lease passenger vehicles ranged from a 7.6% decrease in Quebec to an 11.4% decline in New Brunswick.

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**The 12-month variation of the Bank of Canada core index remains unchanged**

The Bank of Canada's core index rose 1.5% from July 2007 to July 2008. The index is obtained by removing from the all-items CPI the effect of changes in indirect taxes and eight of the most volatile components identified by the Bank of Canada. These volatile components are fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; heating oil and other fuels; gasoline; inter-city transportation; and tobacco products and smokers' supplies.

July was the fourth consecutive month that the 12-month core index increased 1.5%.

The seasonally-adjusted monthly core index edged up 0.1% in July, after advancing 0.3% in June.

For a more detailed analysis, consult the publication *The Consumer Price Index*.

**Available on CANSIM: tables 326-0009, 326-0012, 326-0015 and 326-0020 to 326-0022.**

**Definitions, data sources and methods: survey number 2301.**

More information about the concepts and use of the CPI are also available online in *Your Guide to the Consumer Price Index* (62-557-XIB, free), from the *Publications* module of our website.

The July 2008 issue of *The Consumer Price Index*, Vol. 87, no. 7 (62-001-XWE, free), is now available from the *Publications* module of our website. A paper copy is also available (62-001-XPE, \$12/\$111). A more detailed analysis of the CPI is available in this publication. See *How to order products*.

The August Consumer Price Index will be released on September 23.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; fax: 613-951-1539; [prices-prix@statcan.gc.ca](mailto:prices-prix@statcan.gc.ca)), Prices Division.

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## Consumer Price Index and major components (2002=100)

	Relative importance <sup>1</sup>	July 2008	June 2008	July 2007	June to July 2008	July 2007 to July 2008
Unadjusted						
					% change	
<b>All-items</b>	<b>100.00<sup>2</sup></b>	<b>115.8</b>	<b>115.4</b>	<b>112.0</b>	<b>0.3</b>	<b>3.4</b>
Food	17.04	116.5	115.8	112.3	0.6	3.7
Shelter	26.62	123.3	122.3	117.0	0.8	5.4
Household operations and furnishings	11.10	104.4	104.3	103.2	0.1	1.2
Clothing and footwear	5.36	93.3	92.5	94.6	0.9	-1.4
Transportation	19.88	125.7	125.8	118.5	-0.1	6.1
Health and personal care	4.73	108.5	108.7	107.5	-0.2	0.9
Recreation, education and reading	12.20	103.2	102.9	103.0	0.3	0.2
Alcoholic beverages and tobacco products	3.07	127.6	127.7	126.0	-0.1	1.3
All-items (1992=100)		137.8	137.3	133.3	0.4	3.4
<b>Special aggregates</b>						
Goods	48.78	112.1	111.6	108.6	0.4	3.2
Services	51.22	119.4	119.1	115.3	0.3	3.6
All-items excluding food and energy	73.57	110.4	110.3	109.1	0.1	1.2
Energy	9.38	169.1	165.3	139.6	2.3	21.1
Core CPI <sup>3</sup>	82.71	111.7	111.6	110.0	0.1	1.5

1. 2005 CPI basket weights at April 2007 prices, Canada : Effective May 2007. Detailed weights are available under the Documentation section of survey 2301 ([www.statcan.ca/english/sdds/index.htm](http://www.statcan.ca/english/sdds/index.htm)).
2. Figures may not add to 100% due to rounding.
3. The measure of Core Consumer Price Index (CPI) excludes from the all-items CPI the effect of changes in indirect taxes and eight of the most volatile components identified by the Bank of Canada: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; and tobacco products and smokers' supplies. For additional information on Core CPI, please consult the Bank of Canada website ([www.bankofcanada.ca/en/inflation/index.htm](http://www.bankofcanada.ca/en/inflation/index.htm)).

## Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit<sup>1</sup> (2002=100)

	July 2008	June 2008	July 2007	June to July 2008	July 2007 to July 2008
Unadjusted					
				% change	
Newfoundland and Labrador	116.3	115.4	111.6	0.8	4.2
Prince Edward Island	120.0	119.5	114.0	0.4	5.3
Nova Scotia	117.8	117.8	113.0	0.0	4.2
New Brunswick	114.9	114.5	112.1	0.3	2.5
Québec	114.1	114.1	110.6	0.0	3.2
Ontario	115.1	114.2	111.1	0.8	3.6
Manitoba	115.0	114.4	112.1	0.5	2.6
Saskatchewan	116.9	117.0	113.3	-0.1	3.2
Alberta	123.3	124.0	119.1	-0.6	3.5
British Columbia	114.2	113.6	110.5	0.5	3.3
Whitehorse	115.3	114.6	110.7	0.6	4.2
Yellowknife <sup>2</sup>	116.6	116.6	111.5	0.0	4.6
Iqaluit (Dec. 2002=100)	111.6	110.5	108.9	1.0	2.5

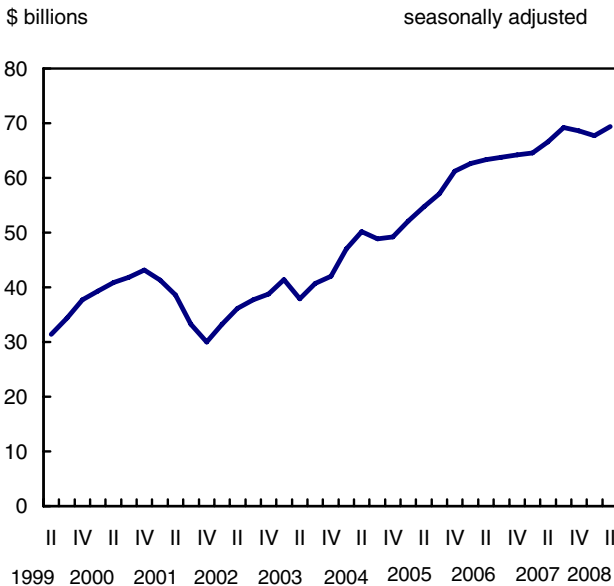
1. View the geographical details for the city of Whitehorse, the city of Yellowknife and the town of Iqaluit.
2. Part of the increase first recorded in the shelter index for Yellowknife for December 2004 inadvertently reflected rent increases that actually occurred earlier. As a result, the change in the shelter index was overstated in December 2004, and was understated in the previous two years. The shelter index series for Yellowknife has been corrected from December 2002. In addition, the Yellowknife All-items CPI and some Yellowknife special aggregate index series have also changed. Data for Canada and all other provinces and territories were not affected.

## Quarterly financial statistics for enterprises

Second quarter 2008 (preliminary)

Canadian corporations earned \$69.4 billion in operating profits in the second quarter of 2008, up 2.5% from the first quarter, helped by an increase in commodity prices.

### Operating profits increase



Overall, 15 of 22 industry groups reported higher profits. Among the 15 industry groups that helped to push profits higher, 2 main groups (oil and gas extraction and manufacturing) led the way. The gains in manufacturing were primarily due to petroleum and coal products manufacturers. Offsetting some of these gains were declines in both depository and credit intermediaries and insurance and related carriers.

Profits in the non-financial sector grew 4.1% to \$50.6 billion, while those in the financial sector declined 1.7% to \$18.8 billion.

### Crude and natural-gas prices push profits higher

Oil and gas extractors and refiners (petroleum and coal products manufacturers) continued to benefit from

#### Note to readers

These quarterly financial statistics are based upon a sample survey and represent the activities of all corporations in Canada, except those that are government controlled or not-for-profit. An enterprise can be a single corporation or a family of corporations under common ownership and control, for which consolidated financial statements are produced.

Profits and earnings referred to in this analysis are operating profits earned from normal business activities, excluding valuation adjustments. For non-financial industries, operating profits exclude interest and dividend revenue and capital gains/losses. For financial industries, interest and dividend revenue, capital gains/losses and interest paid on deposits are included in the calculation of operating profits.

Operating profits differ from after-tax profits, which represent the bottom-line profits earned by corporations.

Quarterly profit numbers referred to in the text are seasonally adjusted.

increased crude oil and natural gas prices in the second quarter, as both experienced strong gains in profits.

### Mining profits advance on healthy demand

Mining profits advanced as prices for potash and other inputs to fertilizer strengthened, as worldwide demand for crop fertilizers continued to grow. In addition, coal (a key input into the production of steel) helped push profits higher, reflecting robust worldwide demand for steel.

### Manufacturers continue to struggle with rising input costs

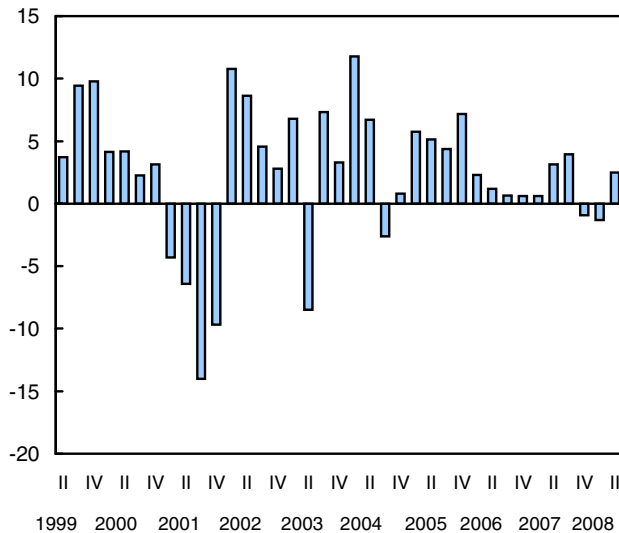
Excluding petroleum and coal manufacturers, profits for the manufacturing sector were relatively flat, dampened by higher input costs. The Raw Materials Price Index showed prices paid for raw materials increased in each month within the quarter.

Motor vehicle and parts manufacturers posted losses in the second quarter amidst on-going restructuring partly brought on by changing consumer preferences in light of high fuel prices.

Chemical, plastics, and rubber product manufacturers earned higher profits in the second quarter on the strength of fertilizer manufacturers.

## Operating profit growth

quarterly % change in profits



## Transportation and warehousing: Fuel costs continue to undermine growth

Transportation and warehousing earnings were down, as higher fuel costs continued to hurt profit margins. Slumping shipments for automotive and lumber products continued to affect railway profits. Results from the April and May Railway Carloadings Survey show loadings of lumber were at their lowest for those months in eight years. Meanwhile, airlines responded by increasing fees.

## Consumers continue to spend in the second quarter

Telecommunications' earnings grew in the second quarter as strong subscription growth, coupled with

relatively new revenue streams such as wireless data plans, helped push profits higher. Retailers also saw their operating profits grow. However, this growth was the smallest in six quarters.

## Banks lead the decline in the financial industry

The 1.7% decline to \$18.8 billion in the financial sector represents the third straight quarter in which profits have decreased.

Banking and other depository credit intermediaries' earnings retreated for the third consecutive quarter, as a result of losses from exposure to asset backed commercial paper and lower investment banking revenue.

Available on CANSIM: tables 187-0001 and 187-0002.

Definitions, data sources and methods: survey number 2501.

The second quarter 2008 issue of the *Quarterly Financial Statistics for Enterprises* (61-008-XWE, free) will be available soon.

Financial statistics for enterprises for the third quarter of 2008 will be released on November 20.

For more information, or to order data, contact Louise Noel (toll-free 1-888-811-6235; 613-951-2604; [iofd-clientservicesunit@statcan.gc.ca](mailto:iofd-clientservicesunit@statcan.gc.ca)). To enquire about the concepts, methods, or data quality of this release, contact Boran Plong (613-951-2649; [boran.plong@statcan.gc.ca](mailto:boran.plong@statcan.gc.ca)), Philippe Marceau (613-951-4390; [philippe.marceau@statcan.gc.ca](mailto:philippe.marceau@statcan.gc.ca)) or David Sabourin (613-951-3735; [david.sabourin@statcan.gc.ca](mailto:david.sabourin@statcan.gc.ca)), Industrial Organization and Finance Division.

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# Quarterly financial statistics for enterprises

	Second quarter 2007 <sup>r</sup>	First quarter 2008 <sup>r</sup>	Second quarter 2008 <sup>p</sup>	Second quarter 2007 to second quarter 2008	First quarter to second quarter 2008
Seasonally adjusted					
	\$ billions		% change		
<b>All Industries</b>					
Operating revenue	751.1	777.2	788.4	5.0	1.4
Operating profit	66.6	67.7	69.4	4.2	2.5
After-tax profit	44.4	45.1	47.6	7.2	5.5
<b>Non-financial</b>					
Operating revenue	676.7	698.8	712.3	5.3	1.9
Operating profit	46.3	48.6	50.6	9.4	4.1
After-tax profit	31.1	33.3	35.9	15.3	7.8
<b>Financial</b>					
Operating revenue	74.4	78.4	76.1	2.3	-2.9
Operating profit	20.3	19.1	18.8	-7.8	-1.7
After-tax profit	13.3	11.8	11.7	-11.9	-0.9

<sup>r</sup> revised

<sup>p</sup> preliminary

**Note:** Figures may not add up to totals because of rounding.

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## Construction Union Wage Rate Index

July 2008

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in July compared with the June level of 142.0 (1992=100). The composite index increased 0.2% compared with the July 2007 index (141.7).

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 third quarter 2008 issue of *Capital Expenditure Price Statistics* (62-007-XWE, free) will be available in January 2009.

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

## Large urban transit

June 2008 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 4.1% higher in June than it was for the same month in 2007.

Approximately 124.4 million passenger trips were taken on these transit systems in June. These systems account for about 80% of total urban transit in Canada.

The trips generated \$211.9 million in revenue in June (excluding subsidies), a 6.8% increase over June 2007.

**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 Client Services (toll-free 1-866-500-8400; fax: 613-951-0009; [transportationstatistics@statcan.gc.ca](mailto:transportationstatistics@statcan.gc.ca)), Transportation Division. ■

## Investment in new housing construction

June 2008

Data on the investment in new housing construction (including single dwellings, semi-detached dwellings, row housing, apartments and condominiums) are now available for June.

These series are not offered on CANSIM.

**Definitions, data sources and methods: survey number 5155.**

To order data, for more information, or to enquire about the concepts, methods or data quality of this release, contact Nicole Charron (613-951-0087; [bdp\\_information@statcan.gc.ca](mailto:bdp_information@statcan.gc.ca)), Investment and Capital Stock Division. ■

## New products

**Canadian Economic Observer**, August 2008, Vol. 21, no. 8  
**Catalogue number 11-010-XPB** (\$25/\$243).

**The Consumer Price Index**, July 2008, Vol. 87, no. 7  
**Catalogue number 62-001-XWE**  
(free).

**The Consumer Price Index**, July 2008, Vol. 87, no. 7  
**Catalogue number 62-001-XPE** (\$12/\$111).

**Retail Trade**, June 2008, Vol. 80, no. 6  
**Catalogue number 63-005-XWE**  
(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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