

The Daily

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Releases

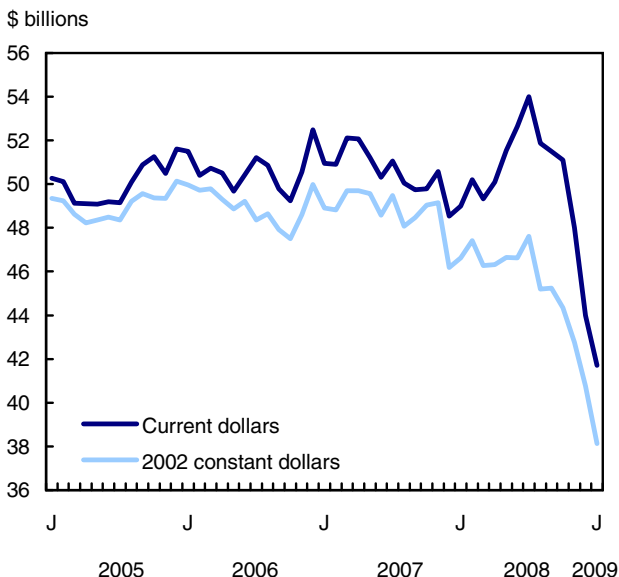
Monthly Survey of Manufacturing

January 2009

Manufacturing sales decreased 5.4% to \$41.7 billion in January, falling to the lowest level in almost 10 years. Motor vehicle and motor vehicle parts industries, particularly in Ontario, reported record decreases during the month. Excluding motor vehicles and parts and accessories, manufacturing sales decreased a more moderate 1.2% compared with December.

Constant dollar manufacturing sales, which are measured in 2002 prices, fell 6.4% to \$38.1 billion in January. This was the sharpest decrease in constant dollar sales since the current series started in 1997.

Manufacturing sales continue sharp descent



At the industry level, sales in 14 of 21 manufacturing industries decreased in January, accounting for about three-fifths of total sales.

Sales decreases centred in transportation equipment industry

The transportation equipment industry reported its largest monthly decline on record, falling 27.3% in January. Most of the decline was due to lower sales by motor vehicle (-46.3%) and motor vehicle parts manufacturers (-27.1%). Both sectors were faced with

Note to readers

All data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified.

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

Production-based industries

For the aerospace industry and shipbuilding industries, 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.

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. New orders are measured as the sum of sales for the current month plus the change in unfilled orders from the previous month to the current month.

severe market downturns, which resulted in extended closures and slowdowns at numerous plants during the month.

Primary metal manufacturers also reported lower sales in January. Sales fell 10.5% in January, following decreases of 13.9% in December and 19.1% in November. Primary metal manufacturers have seen prices decrease steadily since August 2008, and the recent declines in sales have been exacerbated by weakening global demand.

Some sectors had a slight increase in manufacturing sales in January, following the decreases reported by 20 of 21 industries in December. Petroleum and coal product manufacturers reported a 7.2% increase compared with December. This was the first gain in seven months, as industry prices stabilized in January after having fallen about 50% between July and December 2008. In addition, food manufacturers saw sales increase by 4.4% after three months of declines.

Ontario leads declines

In January, six provinces reported lower manufacturing sales. Ontario reported the largest decrease, with sales falling by 11.3%. Excluding Ontario, manufacturing sales in the country edged down 0.3% compared with December.

Manufacturing sales in Ontario fell \$2.3 billion dollars, mostly as a result of a record drop in motor vehicle and motor vehicle parts sales. Motor vehicle manufacturing sales decreased 46.9% or \$1.5 billion, and motor vehicle parts sales decreased 27.2% or \$367 million.

Manitoba (-4.9%) and British Columbia (-3.0%) had the other notable sales decreases during the month.

The Atlantic provinces posted mostly positive results, with sales up 2.3% in the region compared with December. Alberta also managed a slight gain in January, the first since September 2008. Sales rose 0.6% on a slight rebound in the chemical and petroleum product industries.

Manufacturing sales, provinces and territories

	December 2008 ^r	January 2009 ^p	December 2008 to January 2009
Seasonally adjusted			
	\$ millions		% change ¹
Canada	44,022	41,651	-5.4
Newfoundland and Labrador	348	344	-1.2
Prince Edward Island	104	125	20.2
Nova Scotia	722	740	2.4
New Brunswick	1,009	1,024	1.5
Quebec	11,464	11,459	0.0
Ontario	20,231	17,943	-11.3
Manitoba	1,303	1,239	-4.9
Saskatchewan	916	907	-0.9
Alberta	4,991	5,023	0.6
British Columbia	2,928	2,841	-3.0
Yukon	3	3	-3.0
Northwest Territories and Nunavut	4	4	19.3

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

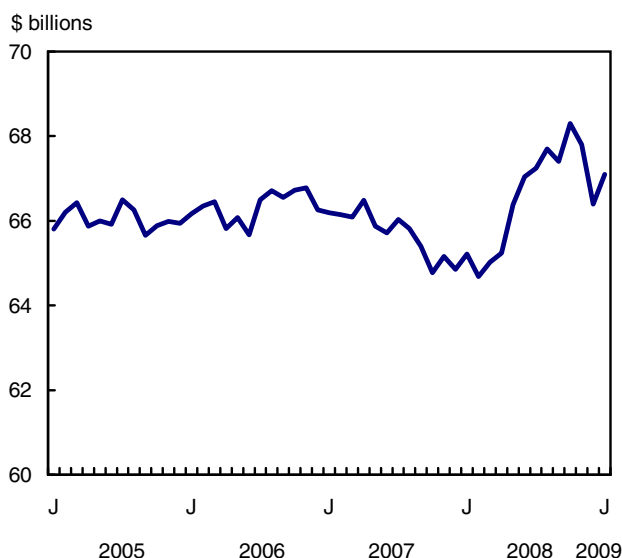
Inventory levels advance slightly

Inventory levels rose 1.2% to \$67.1 billion in January, pulled higher by a 2.8% increase in goods-in-process. Inventory levels have generally been increasing since March 2008.

The increase in inventories was led by the transportation equipment industry. Motor vehicle manufacturers reported a 36.8% gain in inventory levels, while aerospace product and parts inventories rose 3.3% in January.

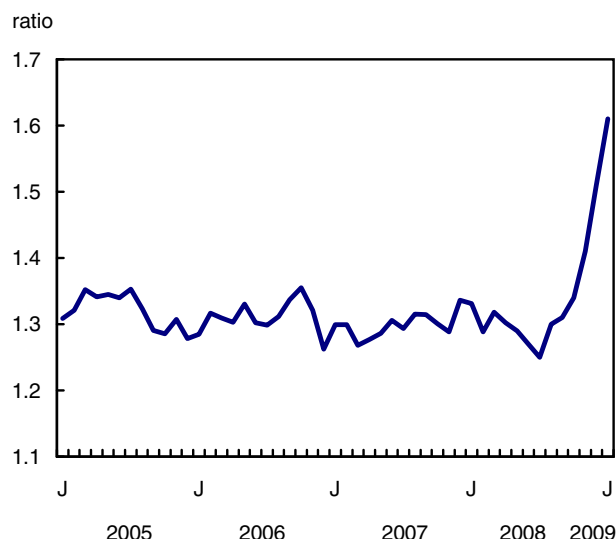
Petroleum and coal products reported the largest decrease in inventories, down 5.2% compared with December.

Inventory levels rise for the first time in three months

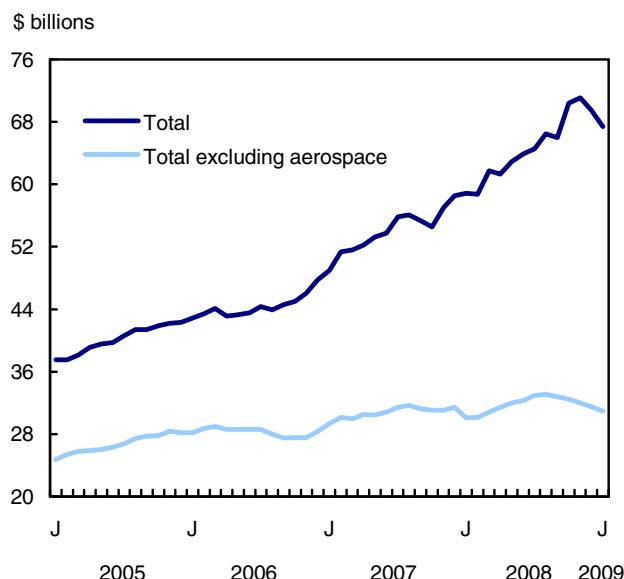


The inventory-to-sales ratio rose 10 basis points to 1.61, moving well above the three-year average of 1.32. The inventory-to-sales ratio has increased by almost a third since July 2008. The inventory-to-sales ratio is a measure of the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

The inventory-to-sales ratio up by almost one-third since July 2008



Unfilled orders down for a second month



Unfilled orders becoming filled orders

The backlog of unfilled orders dropped for a second month, decreasing 3.0% compared with December. Unfilled orders fell to \$67.4 billion, pulled lower mainly by the aerospace products and parts industry. Aerospace manufacturers reported some order cancellations in January, which partially accounted for the industry's 4.1% or \$1.5 billion drop in unfilled orders.

Excluding the aerospace industry, unfilled orders decreased 1.7% in January. Primary metals (-14.7%) and machinery manufacturers (-2.5%) posted the other notable decreases in unfilled orders during the month.

New orders decreased 6.7% to \$39.6 billion in January, the lowest level since December 1998.

New orders for motor vehicles, motor vehicle parts, and aerospace products and parts were the leading causes of January's decrease in new orders. The transportation equipment industry as a whole reported a 38.6% drop in new orders in January.

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

Definitions, data sources and methods: survey number 2101.

Data from the February Monthly Survey of Manufacturing will be released on April 16.

For more information, or to order data, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; fax: 613-951-3877; manufact@statcan.gc.ca). To enquire about the concepts, methods or data quality of this release, contact Elton Cryderman (613-951-4317; elton.cryderman@statcan.gc.ca), Manufacturing 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	
January 2008	48,999	1.0	65,220	0.6	58,857	0.6	49,326	-1.5	1.33
February 2008	50,211	2.5	64,679	-0.8	58,733	-0.2	50,088	1.5	1.29
March 2008	49,326	-1.8	65,026	0.5	61,753	5.1	52,346	4.5	1.32
April 2008	50,102	1.6	65,240	0.3	61,306	-0.7	49,655	-5.1	1.30
May 2008	51,509	2.8	66,389	1.8	62,866	2.5	53,069	6.9	1.29
June 2008	52,646	2.2	67,046	1.0	63,903	1.6	53,683	1.2	1.27
July 2008	53,998	2.6	67,243	0.3	64,564	1.0	54,660	1.8	1.25
August 2008	51,873	-3.9	67,682	0.7	66,493	3.0	53,802	-1.6	1.30
September 2008	51,495	-0.7	67,433	-0.4	65,965	-0.8	51,040	-5.1	1.31
October 2008	51,114	-0.7	68,330	1.3	70,438	6.8	55,597	8.9	1.34
November 2008	47,938	-6.2	67,807	-0.8	71,068	0.9	48,568	-12.6	1.41
December 2008	44,022	-8.2	66,359	-2.1	69,471	-2.2	42,425	-12.6	1.51
January 2009	41,651	-5.4	67,125	1.2	67,405	-3.0	39,585	-6.7	1.61

Manufacturing industries except motor vehicle, parts and accessories

	Sales		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change
January 2008	43,283	0.9	62,580	0.4	58,162	0.6	43,635	-1.6
February 2008	43,889	1.4	62,055	-0.8	57,955	-0.4	43,682	0.1
March 2008	43,496	-0.9	62,425	0.6	60,896	5.1	46,437	6.3
April 2008	44,288	1.8	62,669	0.4	60,325	-0.9	43,717	-5.9
May 2008	45,625	3.0	63,753	1.7	61,763	2.4	47,062	7.7
June 2008	46,579	2.1	64,529	1.2	62,769	1.6	47,586	1.1
July 2008	47,763	2.5	64,644	0.2	63,459	1.1	48,453	1.8
August 2008	46,100	-3.5	65,190	0.8	65,468	3.2	48,109	-0.7
September 2008	45,806	-0.6	65,077	-0.2	65,062	-0.6	45,474	-5.5
October 2008	45,662	-0.3	65,821	1.1	69,775	7.2	50,384	10.8
November 2008	42,445	-7.0	65,323	-0.8	70,423	0.9	43,093	-14.5
December 2008	39,347	-7.3	64,114	-1.9	68,922	-2.1	37,847	-12.2
January 2009	38,859	-1.2	64,485	0.6	66,931	-2.9	36,867	-2.6

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Labour productivity, hourly compensation and unit labour cost

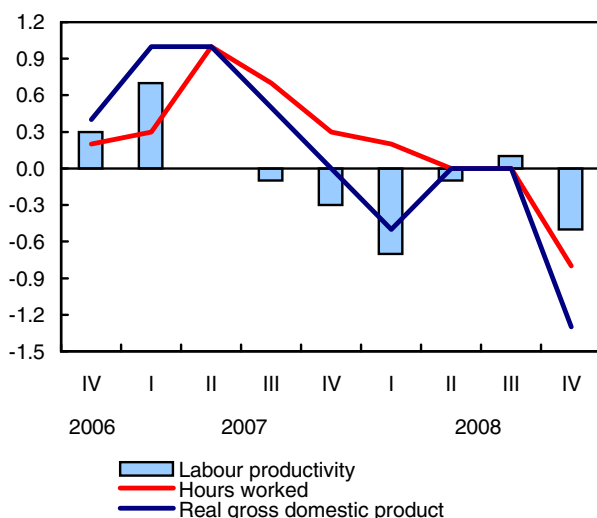
2008 and fourth quarter 2008

The labour productivity of Canadian businesses fell 0.5% in the fourth quarter, extending the period of weakness in the business sector that began in the second quarter of 2007.

In the fourth quarter, productivity declined as output dropped more rapidly than hours worked.

Productivity in Canadian businesses declines in the fourth quarter

quarterly % change



The real gross domestic product (GDP) of Canadian businesses shrank by 1.3% in the fourth quarter, reflecting weak domestic demand and the continuing slump in exports. This was the largest decline since the first quarter of 1991 when business sector GDP declined 2.2%.

At the same time, hours worked fell 0.8% in the fourth quarter of 2008 after remaining virtually unchanged in the previous two quarters.

The majority of industries experienced a drop in productivity in the fourth quarter. Wholesale trade, manufacturing and finance, insurance and real estate accounted for much of the decline.

In the United States, productivity in the business sector edged down 0.1% in the fourth quarter. It was the first quarterly decrease since the fourth quarter of 2007.

Note to readers

This release contains a brief analysis of detailed data on labour productivity growth and other related variables. A more thorough analysis, including additional charts and tables, is available in the Canadian Economic Accounts Quarterly Review.

The term "productivity" in this release refers to labour productivity. For the purposes of this analysis, labour productivity, gross domestic product (GDP) and unit labour cost cover the business sector only.

Calculations of the productivity growth rate and its related variables in the text and tables of this release are based on index numbers rounded to three decimal places. On CANSIM, the calculations would be based on index numbers that are rounded to one decimal place.

Labour productivity is a measure of real GDP per hour worked. Productivity gains occur when the production of goods and services grows faster than the volume of work dedicated to their production.

Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP, and is, therefore, a measure of upward or downward pressure on prices from wages.

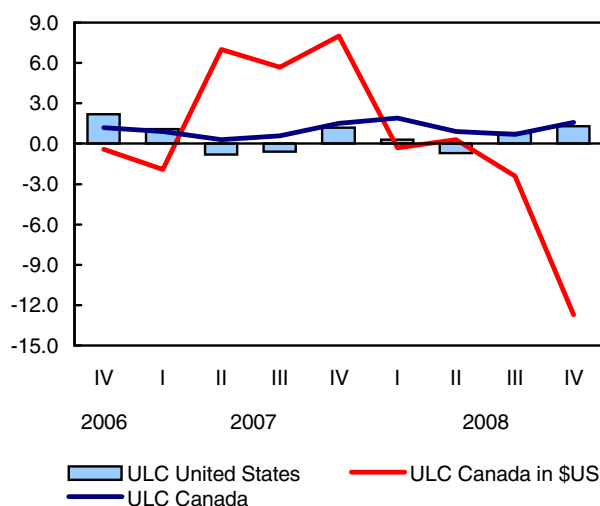
Revisions

For this release, the Canadian estimates were revised retroactively to the first quarter of 2008.

Labour costs per unit of production in Canadian dollars rose by 1.6% for Canadian businesses in the fourth quarter. This was just over twice the rate registered in the previous quarter (+0.7%).

Canadian unit labour costs (ULC) in US dollars declines sharply

quarterly % change



The rise reflected the quarterly increase of 1.1% in hourly compensation, combined with the decline in productivity. In the first three quarters of 2008, the average quarterly growth rate of hourly compensation in Canada was 0.9%.

In the fourth quarter, the Canadian dollar depreciated by 14.1% relative to its American counterpart. Canadian unit labour costs measured in US dollars decreased substantially due to this depreciation.

American businesses saw their unit labour costs climb 1.3% in the fourth quarter, up from the growth rate of 0.8% for the previous quarter.

Annual 2008

For 2008 as a whole, labour productivity in the Canadian business sector fell 1.1%. It was the first annual decline since 1996.

In 2008, the production of goods and services by Canadian businesses fell by 0.3%. At the same time, hours worked continued to rise, albeit at only half the rate of the previous two years.

Despite a slight decrease in the fourth quarter, productivity in American businesses grew 2.7% for 2008 as a whole, appreciably higher than the annual rates for the previous three years.

This occurred in a context marked by a gradual slowdown in the annual growth rate of American GDP that began in 2005, and the first annual decrease in hours worked in five years.

Available on CANSIM: tables 383-0008 and 383-0012.

Definitions, data sources and methods: survey number 5042.

A more comprehensive analysis, including additional charts and tables, can be found in the fourth quarter 2008 issue of *Canadian Economic Accounts Quarterly Review* (13-010-XWE, free), which is now available from the *Publications* module of our website.

First quarter 2009 data for labour productivity, hourly compensation and unit labour cost will be released on June 16.

To order data, contact Client Services (productivity.measures@statcan.gc.ca). For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Pierre Maynard (613-951-3654; fax: 613-951-3618; jean-pierre.maynard@statcan.gc.ca), Income and Expenditure Accounts Division.

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Business sector: Labour productivity and related variables for Canada and the United States

	Fourth quarter 2006	First quarter 2007	Second quarter 2007	Third quarter 2007	Fourth quarter 2007	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008
	% change from previous quarter, seasonally adjusted								
Canada									
Labour productivity	0.3	0.7	0.0	-0.1	-0.3	-0.7	-0.1	0.1	-0.5
Real gross domestic product	0.4	1.0	1.0	0.5	0.0	-0.5	0.0	0.0	-1.3
Hours worked	0.2	0.3	1.0	0.7	0.3	0.2	0.0	0.0	-0.8
Hourly compensation	1.5	1.6	0.2	0.4	1.3	1.2	0.8	0.8	1.1
Unit labour cost	1.2	0.9	0.3	0.6	1.5	1.9	0.9	0.7	1.6
Exchange rate ¹	-1.6	-2.7	6.7	5.0	6.5	-2.3	-0.6	-3.0	-14.1
Unit labour cost in US dollars	-0.4	-1.9	7.0	5.7	8.0	-0.3	0.3	-2.4	-12.7
United States²									
Labour productivity	-0.1	-0.2	1.4	1.8	-0.3	0.5	1.1	0.6	-0.1
Real gross domestic product	0.4	-0.2	1.4	1.3	-0.2	0.2	0.7	-0.4	-2.2
Hours worked	0.5	0.0	0.0	-0.4	0.1	-0.4	-0.5	-1.0	-2.1
Hourly compensation	2.1	1.0	0.6	1.1	0.9	0.9	0.5	1.4	1.2
Unit labour cost	2.2	1.1	-0.8	-0.6	1.2	0.3	-0.7	0.8	1.3
	2004	2005	2006	2007	2008	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008
	% change from the previous year					% change from same quarter of previous year, seasonally adjusted			
Canada									
Labour productivity	0.2	2.2	1.4	0.7	-1.1	-1.2	-1.2	-1.0	-1.2
Real gross domestic product	3.2	2.9	3.1	2.6	-0.3	1.0	0.0	-0.5	-1.8
Hours worked	3.0	0.8	1.6	1.9	0.8	2.2	1.2	0.5	-0.6
Hourly compensation	3.3	4.8	5.0	4.3	3.8	3.1	3.8	4.1	4.0
Unit labour cost	3.1	2.5	3.6	3.6	4.9	4.4	5.0	5.2	5.3
Exchange rate ¹	7.5	7.3	6.8	6.0	0.9	16.6	8.7	0.3	-19.0
Unit labour cost in US dollars	10.9	10.0	10.6	9.9	5.7	21.8	14.2	5.4	-14.8
United States²									
Labour productivity	2.9	1.8	0.9	1.6	2.7	3.5	3.2	2.0	2.2
Real gross domestic product	4.2	3.5	3.0	2.0	0.8	2.8	2.0	0.2	-1.8
Hours worked	1.2	1.7	2.1	0.5	-1.9	-0.7	-1.2	-1.7	-3.9
Hourly compensation	3.8	3.9	3.8	4.2	3.7	3.5	3.4	3.7	4.0
Unit labour cost	0.8	2.1	2.9	2.6	0.9	0.0	0.2	1.6	1.8

1. The exchange rate corresponds to the Canadian dollar value expressed in US dollars.

2. US data are from Bureau of Labor Statistics, Productivity and costs: Fourth quarter 2008 published in NEWS, March 5.

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Aircraft movement statistics: Small airports

December 2008

The number of take-offs and landings at the 120 airports without air traffic control towers reached 34,418 movements in December, down 1% compared with the 34,780 take-offs and landings for the 120 airports reported in December 2007. Moosonee, Ontario, was the most active site in December 2008 with 2,744 movements.

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

Definitions, data sources and methods: survey number 2715.

The December 2008 issue of *Aircraft Movement Statistics: Airports without Air Traffic Control Towers (TP 141)* (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.

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.gc.ca), Transportation Division. ■

Refined petroleum products

January 2009 (preliminary)

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

Available on CANSIM: tables 134-0001 to 134-0004.

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; toll-free 1-866-873-8789; energ@statcan.gc.ca), Manufacturing and Energy Division. ■

Crude oil and natural gas production

January 2009 (preliminary)

Provincial crude oil and marketable natural gas production data are now available for January.

Definitions, data sources and methods: survey number 2198.

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

Supply and disposition of refined petroleum products

December 2008

Data on the supply, disposition and domestic sales of refined petroleum products are now available for December.

Definitions, data sources and methods: survey number 2150.

The December 2008 issue of *The Supply and Disposition of Refined Petroleum Products in Canada*, Vol. 63, no. 12 (45-004-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 the dissemination officer (613-951-9497; toll-free 1-866-873-8789; energ@statcan.gc.ca), Manufacturing and Energy Division. ■

New products

Canadian Economic Accounts Quarterly Review,
Fourth quarter 2008, Vol. 7, no. 4
Catalogue number 13-010-XWE
(free).

**The Supply and Disposition of Refined Petroleum
Products in Canada**, December 2008, Vol. 63, no. 12
Catalogue number 45-004-XWE
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Traffic Control Towers (TP 141)**, December 2008
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