

The Daily

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Releases

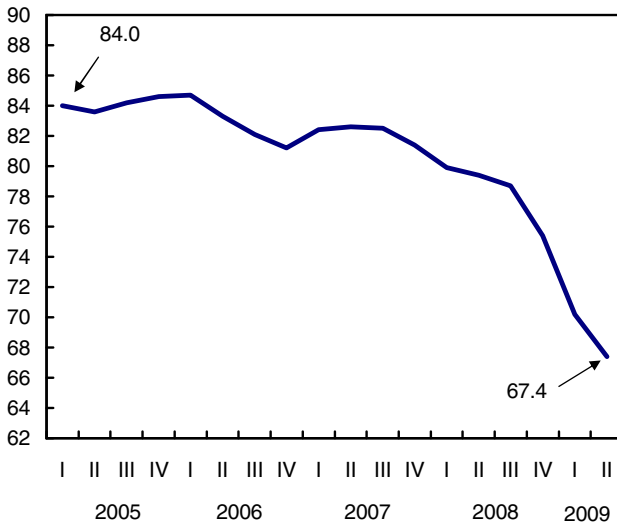
Industrial capacity utilization rates

Second quarter 2009

Canadian industries lowered their rate of capacity utilization by 2.8 percentage points to 67.4% in the second quarter, a much smaller decline than the decrease of 5.2 percentage points in the first quarter. However, industrial capacity use still reached its lowest level since the start of the data series in 1987.

Capacity use continues to fall

% (rate of capacity use)



All sectors except food manufacturing saw their capacity use fall, albeit at a slower pace compared with the first quarter.

Of the 21 major industries in the manufacturing group, 20 used less of their production capacity in the second quarter, reflecting the weak demand for manufactured goods. The utilization rate in the transportation equipment industry fell 0.9 percentage

Note to readers

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 2007 to reflect the revised source data.

points to 46.0%, after decreasing 12.1 points in the first quarter of 2009 and 9.2 points in the fourth quarter of 2008.

The primary metal manufacturing industry led the decline in the manufacturing group. Capacity use in this industry fell to 61.9%, the lowest level on record and well below the peak of 97.6% in the third quarter of 2008.

In the non-manufacturing group, capacity use fell in all sectors with the most notable drop posted by the mining and oil and gas extraction sector. The mining sector operated at 50.2% of its production capacity in the second quarter, down from 56.5% in the first quarter, while the oil and gas extraction sector cut capacity use by 1.9 percentage points to 76.1%, completely erasing the 1.2 percentage point gain registered in the first quarter.

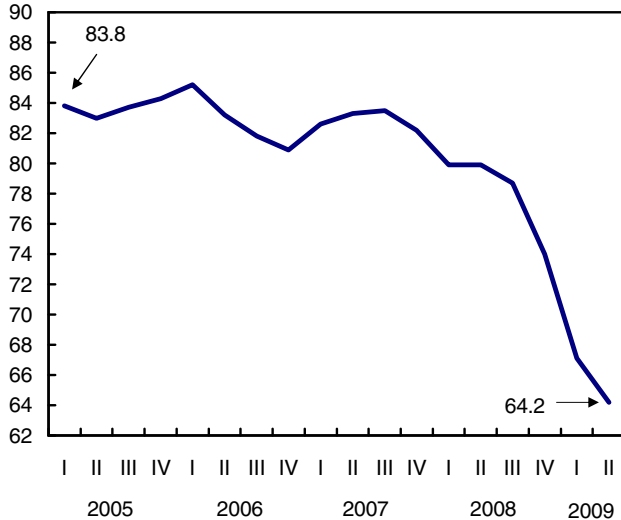
Manufacturing: A more moderate quarterly decline in capacity use

In the second quarter, manufacturers reduced their use of production capacity for a fourth consecutive quarter to 64.2%, compared with 67.1% in the first quarter of 2009 and 79.9% in the second quarter of 2008. This was a more moderate quarterly decline in capacity use than in the first quarter of 2009.

Both non-durable and durable goods-producing industries, particularly primary metal, fabricated metal product, machinery manufacturing industries and, to a lesser extent, transportation equipment industry, contributed to the lower rate in the manufacturing group. The above four industries represent more than one-third of output in total manufacturing.

A more moderate quarterly decline in manufacturing

% (rate of capacity use)



In the primary metal manufacturing industry, weak demand and temporary plant closures led to a sharp decline in the production of all main components in this industry, with the exception of alumina and aluminum production and processing. As a result, the capacity use fell 10.2 percentage points to 61.9%. This was the third consecutive double-digit quarterly decline.

Machinery manufacturers used 67.0% of their production capacity in the second quarter, down 7.0 percentage points from the first quarter. The substantial cutback in output by mining and oil and gas field machinery manufacturers and metalworking machinery manufacturers played a key role in pushing down the rate in this industry.

Capacity use in fabricated metal product manufacturing continued its downward trend, which started in the first quarter of 2008, dropping from 70.1% in the first quarter of 2008 to 65.9% in the second quarter. A 4.9% reduction in production for the majority of the main components in this industry was behind the drop in the rate.

The utilization rate in the transportation equipment industry fell 0.9 percentage points to 46.0%, reflecting a 1.2% cutback in production. The 6.1% increase in motor vehicle manufacturing was more than offset by the production decrease from other key components in this industry, including motor vehicle parts and aerospace product and parts manufacturing.

In the food manufacturing industry, industrial capacity utilization settled at 81.5% in the second quarter, remaining unchanged from the first quarter. The 0.2% rise in production in this industry was entirely absorbed by the slight growth in production capacity.

Non-manufacturing: Mining and oil and gas extraction led the decline

In the non-manufacturing group, capacity use declined in all sectors in the second quarter, led by the mining and oil and gas extraction sector.

After posting a positive result in the first quarter, the utilization rate in the oil and gas extraction sector dropped 1.9 percentage points to 76.1%, as production of both crude petroleum and natural gas contracted in the second quarter.

In the mining sector, excluding oil and gas extraction, capacity use fell 6.3 percentage points to 50.2%, a less pronounced decline compared with 14.5 points drop in the first quarter. Large decreases in output of metal ore, non-metallic mineral mining and support activities for mining, and oil and gas extraction, all contributed to the rate reduction.

The forestry and logging sector operated at 64.2% of its capacity in the second quarter, down 7.8 percentage points from the first quarter. This was mainly due to a 13.0% drop in production, as a result of continued weak demand for wood products.

In the construction sector, the rate declined from 73.0% to 71.1%, largely the result of a 2.1% decrease in production. Capacity use in the electric power generation, transmission and distribution sector slipped to 78.8%, a reflection of lower demand for electricity.

Available on CANSIM: table 028-0002.

Definitions, data sources and methods: survey number 2821.

Data on industrial capacity utilization rates for the third quarter of 2009 will be released on December 14.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Xiang Zhou (613-951-0457; xiang.zhou@statcan.gc.ca), Investment and Capital Stock Division.

□

Industrial capacity utilization rates

	Fourth quarter 2008 ^r	First quarter 2009 ^r	Second quarter 2009	Fourth quarter 2008 to first quarter 2009	First to second quarter 2009
	%			percentage point change	
Total industrial	75.4	70.2	67.4	-5.2	-2.8
Forestry and logging	74.3	72.0	64.2	-2.3	-7.8
Mining and oil and gas extraction	75.1	71.5	68.2	-3.6	-3.3
Oil and gas extraction	76.8	78.0	76.1	1.2	-1.9
Mining	71.0	56.5	50.2	-14.5	-6.3
Electric power generation, transmission and distribution	82.8	80.6	78.8	-2.2	-1.8
Construction	76.8	73.0	71.1	-3.8	-1.9
Manufacturing	74.0	67.1	64.2	-6.9	-2.9
Food	80.5	81.5	81.5	1.0	0.0
Beverage and tobacco products	72.5	73.7	70.3	1.2	-3.4
Beverage	73.5	73.9	70.4	0.4	-3.5
Tobacco	66.1	72.2	70.0	6.1	-2.2
Textile mills	65.3	59.3	54.2	-6.0	-5.1
Textile product mills	75.0	64.5	53.4	-10.5	-11.1
Clothing	70.6	67.8	60.8	-2.8	-7.0
Leather and allied products	76.7	77.7	71.4	1.0	-6.3
Wood products	69.3	62.2	59.2	-7.1	-3.0
Paper	81.3	77.0	73.1	-4.3	-3.9
Printing and related support activities	69.7	66.1	63.6	-3.6	-2.5
Petroleum and coal products	79.7	79.5	76.7	-0.2	-2.8
Chemical	78.8	74.7	72.7	-4.1	-2.0
Plastics and rubber products	68.5	61.6	57.4	-6.9	-4.2
Plastic products	67.3	60.4	56.8	-6.9	-3.6
Rubber products	74.2	67.1	60.3	-7.1	-6.8
Non-metallic mineral products	77.6	65.0	62.8	-12.6	-2.2
Primary metal	84.1	72.1	61.9	-12.0	-10.2
Fabricated metal products	77.2	70.1	65.9	-7.1	-4.2
Machinery	81.8	74.0	67.0	-7.8	-7.0
Computer and electronic products	85.4	81.9	80.7	-3.5	-1.2
Electrical equipment, appliance and component	85.2	76.5	74.1	-8.7	-2.4
Transportation equipment	59.0	46.9	46.0	-12.1	-0.9
Furniture and related products	74.1	66.9	63.5	-7.2	-3.4
Miscellaneous manufacturing	78.6	75.4	75.3	-3.2	-0.1

^r revised



National balance sheet accounts

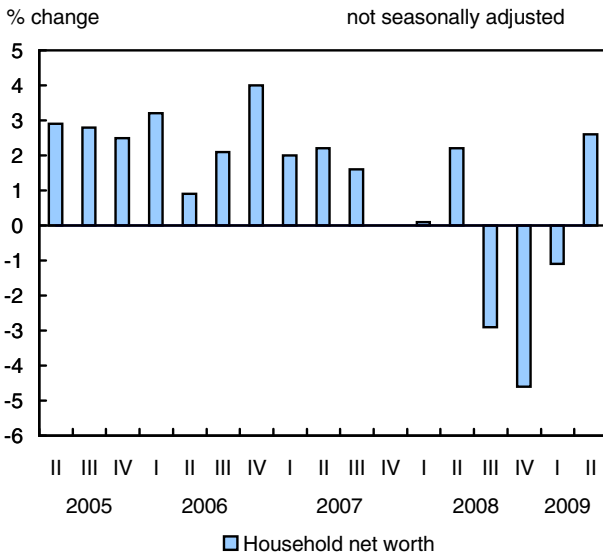
Second quarter 2009

National net worth declined \$68 billion to \$5.9 trillion in the second quarter.

Household net worth picks up, led by large stock market gains

Household net worth advanced \$141 billion to \$5.6 trillion in the second quarter, after losing ground in the three previous quarters. Canadian stock markets recovered partially in the second quarter with the Standard and Poor's / Toronto Stock Exchange composite index up nearly 20%. The resulting increase in the value of household financial assets (including shares, mutual funds, and pension assets) was the principal factor behind the rise in household net worth.

Household net worth up after three quarters of decline



Household credit market debt (consumer credit plus mortgages and loans) advanced at a quicker pace than in the first quarter. This was led by substantial mortgage borrowing related to increased activity in the resale housing markets and an upswing in consumer credit, which reflected a pickup in motor vehicle purchases.

Despite the growth in credit market debt, households debt relative to net worth edged down during the second quarter, as gains in assets more than offset the increase in liabilities. Households had 24.8 cents of debt for every dollar of net worth, compared with 24.9 cents in the first quarter.

Note to readers

The national balance sheet accounts are comprised of the balance sheets of all of the sectors of the economy: the persons and unincorporated business (households), corporate, government and non-resident sectors. They cover all national non-financial assets and financial claims and associated liabilities outstanding in all sectors.

National net worth is national wealth less net foreign liabilities (i.e., what is owed to non-residents less what non-residents owe to Canadians). Alternatively, it is the sum of the net worth of the persons and unincorporated business, corporate and government sectors.

Quarterly series, both book and market value, are available from the first quarter of 1990. Marketable securities are at market value, unless otherwise stated. For more information on the market value estimates, consult the Balance sheet estimates at market value page of our website.

Additional sub-sector tables for the national balance sheet on a market value basis are now available on request (613-951-3640; iead-info-dcrd@statcan.gc.ca). The sub-sectors covered include a number of institutional investors, such as life insurance and pension funds, mutual funds, and chartered banks and near banks. These tables will provide the same level of detail as our existing market value tables, in terms of the financial instruments presented, and will cover the first quarter of 1990 to the second quarter of 2009.

Government net debt continues to increase

The net worth of the government sector was largely unchanged in the second quarter, as the gains in the value of assets offset increased liabilities.

The federal government's credit market debt increased by \$9.4 billion in the second quarter, with significantly less borrowing activity than in the previous two quarters. Funds raised in the previous two quarters were associated with liquidity initiatives, including the Insured Mortgage Purchase Program.

The credit market debt of other levels of government also rose during the quarter, due to substantial provincial bond and short-term paper issuances. Overall, total government net debt (at book value) as a percentage of gross domestic product increased to 39.8%, from 38.3% in the previous quarter and from 36.0% in the same quarter last year. Nevertheless, it remained well below the 90% range reached in the mid-1990s.

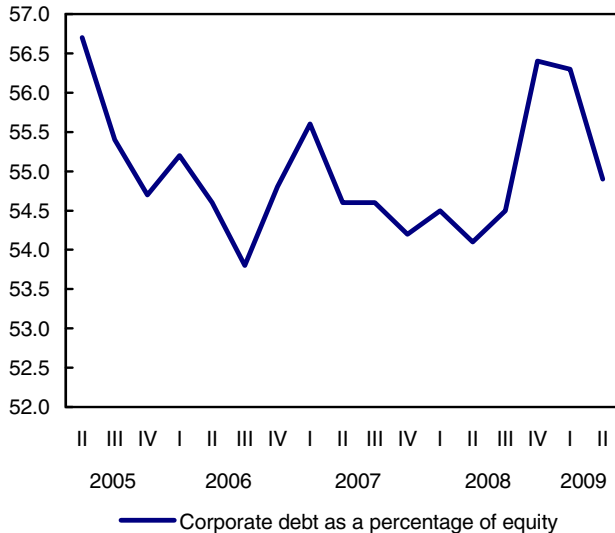
Corporate debt-to-equity ratio down

The net worth of the overall corporate sector declined \$208 billion in the second quarter, largely reflecting market driven increases in the value of corporations' equity owned by shareholders, coupled with declines in the value of non-financial assets.

Although bond issuances were strong during the quarter, overall credit market debt of non-financial private corporations was down, led by decreases in loans and short-term paper. Non-financial private corporations' credit market debt-to-equity ratio decreased in the second quarter.

Corporate leverage decreases

not seasonally adjusted



Financial institutions and institutional investor's financial positions improve

Institutional investors, such as trustee pension plans and mutual funds, witnessed an increase in the value of their marketable securities, with the partial recovery in equity markets in the second quarter. These gains were moderated by losses on foreign currency denominated assets, resulting from a substantial appreciation of the Canadian dollar in the quarter. Financial institutions also recorded increases in loan assets during the second quarter, including mortgages and consumer credit.

Issuances of *National Housing Act* mortgage-backed securities were significantly lower in the second quarter than in the previous quarter, when the market for these securities was augmented by the Insured Mortgage Purchase Program. This resulted in lower purchases of debt instruments by financial institutions during the quarter.

National net worth

National net worth declined for the second consecutive quarter, and has fallen by \$92.9 billion in the first half of 2009.

The change in national net worth reflected continued declines in national saving and an expanded international balance of payments deficit, as well as substantial revaluation effects. The impact of rising foreign equity markets on Canadian institutional investors' international assets was more than offset by the downward revaluation effect on those same foreign currency denominated assets. Canada recorded a net foreign debt position (on a market value basis) in the second quarter, reversing a net asset position posted in the previous quarter.

On a per capita basis, national net worth fell from \$178,800 in first quarter to \$176,100 in the second quarter.

Available on CANSIM: tables 378-0003 to 378-0010 and 378-0012 to 378-0014.

Definitions, data sources and methods: survey number 1806.

The complete second quarter 2009 *National Balance Sheet Accounts: Data Tables*, Vol. 2, no. 2 (13-022-X, 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 information officer (613-951-3640; iead-info-dcrd@statcan.gc.ca), Income and Expenditure Accounts Division.

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National balance sheet accounts

	First quarter 2008	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	Second quarter 2009	First quarter to second quarter 2009
Market value, not seasonally adjusted							
	\$ billions						change in \$ billions
National net worth¹	5,728	5,792	5,942	6,030	6,005	5,937	-68
	1.5	1.1	2.6	1.5	-0.4	-1.1	...
National wealth ¹	5,741	5,845	5,958	5,976	5,970	5,942	-28
	1.4	1.8	1.9	0.3	-0.1	-0.5	...
Net foreign debt	-13	-53	-15	54	35	-4	-39
National net worth, by sector							
Personal sector	5,835	5,964	5,789	5,526	5,463	5,604	141
Corporate sector	-92	-185	153	528	609	401	-208
Government sector	-16	13	0	-24	-67	-68	-1
	\$						change in dollars
National net worth per capita	172,600	173,900	177,700	180,000	178,800	176,100	-2,700

... not applicable

1. The first line is the series itself expressed in billions of dollars. The second line is the period-to-period percentage change.



Dairy statistics

July 2009 (preliminary)

Consumers purchased 255 600 kilolitres of milk and cream in July, up 0.5% from July 2008. Sales of milk increased 0.8% from the same month one year earlier and cream sales were 1.7% lower.

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

The third quarter 2009 issue of *Dairy Statistics*, Vol. 4, no. 3 (23-014-X, free) will be available in November.

For more information, call Client Services (toll-free 1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Anna Michalowska (613-951-2442; anna.michalowska@statcan.gc.ca), Agriculture Division. ■

Cement

July 2009

Data on cement are now available for July.

Available on CANSIM: tables 303-0060 and 303-0061.

Definitions, data sources and methods: survey number 2140.

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.gc.ca), Manufacturing and Energy Division. ■

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