



Informa

A Weekly Review

NOV 24 2000

Friday, November 24, 2000

OVERVIEW

◆ Shipments of electronics fall

Shipments of electrical and electronic products fell 8.1% in September, resulting in a 1.0% decline in shipments of manufacturing firms.

◆ The composite index maintains its growth rate

The leading indicator grew by 0.7% in October, matching its gain in September. Household demand and firms contributed to overall growth.

◆ Wholesale sales decline for second straight month

Wholesale sales declined for the second consecutive month in September (-0.9%). Lower sales were reported in 6 of the 11 trade groups. Despite this, wholesale sales grew by a modest 0.3% in the third quarter.

◆ Teenagers' tobacco use unchanged

Slightly more than six million people were smokers in 1999, 25% of the population aged 15 and over. The proportion of teenagers 15 to 19 who smoke appears to have reached a plateau of around 28%.

◆ New motor vehicle sales continue to grow

The number of new motor vehicles sold in September grew for a second consecutive month, rising 1.8% compared with August. Both passenger cars and trucks contributed to this growth.

◆ For half of owners, business is their only source of income

According to the Survey of Micro-enterprises, 54% of owners of small businesses in operation since at least 1995 depended on their business as the only source of income for their household.

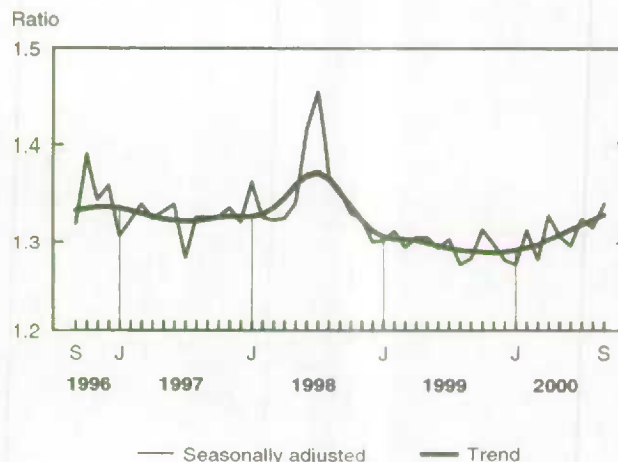
Shipments of electronics fall

Firms shipped \$44.9 billion worth of goods in September, 1.0% less than in August. The most significant drop was in the electrical and electronic products sector. Excluding that sector, the value of shipments was down only 0.2%. Decreased shipments were reported by 13 of the 22 major industry groups, representing 46.2% of total shipments. The trend in manufacturers' shipments has begun to show signs of decelerating in 2000.

In the electrical and electronic products sector, the value of shipments in September fell 8.1% to \$4.2 billion, after gaining 10.8% in August. The decline was highly concentrated in the communications segment and the electronic parts and components segment, both of which had seen significant increases in August. September's decrease was the result of a greater reliance on imported components and an unseasonably large surge in shipments in August.

Despite the jump in August and the decline in September, shipments in the electrical and electronic products sector were still greater than in July. Year-to-date shipments in this industry totalled \$35.1 billion, up 33.1% over the same period in 1999.

Inventory-to-shipments ratio



(continued on page 2)



... Shipments of electronics fall

The aircraft and parts industry, which shipped \$1.3 billion worth of goods in September, registered the second largest decline (-4.9%) for the month. On the other hand, shipments in the motor vehicles industry rose 1.1%, as some firms stepped up shipments of 2001-model vehicles while offering rebates on last year's models.

Manufacturers' inventories rose 1.0% in September to \$60.2 billion, continuing the trend of increasing inventories that began in February 1999. As in August, September's upswing was largely in goods-in-process inventories (+2.8%), as companies in the aircraft and parts industry and the railroad rolling stock industry worked to complete outstanding contracts.

The inventory-to-shipments ratio rose to 1.34 in September. After falling to 1.27 in January, the ratio has started to edge upwards in recent months, owing to an accumulation of goods-in-process inventories.

Manufacturers' unfilled orders declined 0.8% in September to \$55.5 billion. Much of the decrease was in the transportation equipment industry (-1.2%), where unfilled orders were down for a second straight month after climbing to a record level in July.

The value of new orders dropped 1.6% in September, led by decreases in the electrical and electronic products industry (-7.9%) and the transportation equipment industry (-1.8%).

Manufacturers' shipments, September 2000 Seasonally adjusted

	\$ millions	% change, previous month
Canada	44,852	-1.0
Newfoundland	179	2.8
Prince Edward Island	82	1.2
Nova Scotia	711	-4.3
New Brunswick	879	0.0
Quebec	10,771	-3.9
Ontario	24,173	0.1
Manitoba	887	1.1
Saskatchewan	582	-1.1
Alberta	3,458	-0.9
British Columbia	3,124	0.7
Yukon, Northwest Territories and Nunavut	4	-0.4

*The September 2000 issue of the **Monthly survey of manufacturing** (31-001-XPB, \$20/\$196) is now on sale. More detailed data for shipments by province may be available on request. For more information, contact Guy Sabourin (613-951-3508; sabguy@statcan.ca), Manufacturing, Construction and Energy Division. See also "Current trends" on page 7.*

The composite index maintains its growth rate

The leading indicator grew by 0.7% in October, matching its upward-revised gain in September. The sources of growth remained widespread; 8 of the 10 components advanced, one more than in the previous month.

Household demand continued its expansion, particularly for housing. Housing starts posted a second straight gain, continuing its recovery from strikes. Housing sales were reinforced by solid job growth at the end of summer. Growth in demand for durable goods slowed to 0.9%, after a 1.4% gain in September.

Firms also continued to contribute to overall growth. Employment in business services remained the driving force behind the gains in total services, which matched September's 0.7% increase. Since August, employment in this sector has expanded by 40,000 persons. Rising demand for labour was also reflected in a longer work week in manufacturing, up 0.5% in October, its third straight increase.

The U.S. leading indicator continued to slip marginally, while the recent dip in the stock market started to slow overall growth.

*The November 2000 issue of **Canadian economic observer** (11-010-XPB, \$23/\$227) is now available. For more information, contact Francine Roy (613-951-3627), Current Economic Analysis Group. See also "Current trends" on page 7.*

Wholesale sales decline for second straight month

Wholesale sales delined for the second consecutive month in September, down 0.9% from August to \$31.6 billion. Lower sales were reported in 6 of the 11 trade groups.

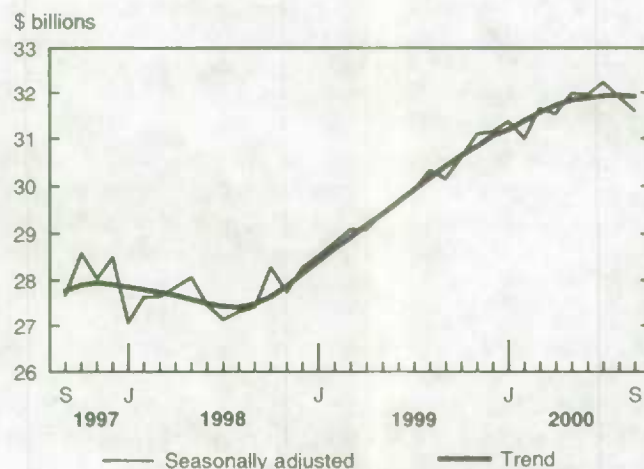
The largest declines were reported by wholesalers in the other products category (-3.2%), food products (-2.0%), motor vehicles, parts and accessories (-1.3%) and industrial and other machinery, equipment and supplies (-0.1%). Wholesalers of farm machinery, equipment and supplies also reported a notable decline (-4.8%). The brightest spot for wholesalers in September was in apparel and dry goods (+7.8%).

Even though wholesale sales declined in August and September, the third quarter was positive for wholesalers in general, whose sales grew by a modest 0.3% compared with the second quarter. The only sectors to report falling sales for a second consecutive quarter were metals, hardware, plumbing and heating equipment and supplies, and lumber and building materials.

For wholesalers of metals, hardware, plumbing and heating equipment and supplies, third quarter sales were down 0.6%, following a drop of 0.7% in the second quarter. For wholesalers of lumber and building materials, sales were off 0.8% in the third quarter and 6.2% in the second. Price may be a factor in these declines. Despite healthy demand for their products, these wholesalers have been hurt by a drop in the price of lumber as a result of an oversupply.

Wholesale sales declined in September in all provinces and territories except Newfoundland (+0.3%). Contributing the most to the increase registered in that province were wholesalers of

Wholesale sales



industrial and other machinery, equipment and supplies, as well as computers, packaged software and other electronic machinery. Newfoundland wholesalers also continue to benefit from the province's burgeoning petroleum industry.

Alberta wholesalers may be starting to benefit from the current rise in oil and gas prices. Although sales in that province were off 0.4% in September, they rose 3.2% during the third quarter. This was the highest quarterly increase among all the provinces. The industrial and other machinery, equipment and supplies sector and the metals, hardware, plumbing and heating equipment and supplies sector, both strongly linked to the oil and gas industry, were among the major contributors to this quarterly increase.

Ontario wholesalers reported their third consecutive monthly decline in September (-0.2%). A large contributor to this decline was the 1.3% drop country-wide in the wholesaling of motor vehicles, parts and accessories. Ontario wholesalers account for approximately 75% of the total wholesale sales of motor vehicles, parts and accessories.

Inventories held by wholesalers continued to increase in September; compared with August they rose 0.5%, to \$43.0 billion. All sectors registered an increase in inventories, except computers, packaged software and other electronic machinery (-2.0%) and motor vehicles, parts and accessories (-1.1%). The inventory-to-sales ratio rose from 1.34 in August to 1.36 in September. The ratio has generally levelled off since late 1999.

The September 2000 issue of *Wholesale trade* (63-008-XIB, \$14 / \$140) will be available shortly. For data or general information, contact Client Services (1 877 421-3067; 613-951-3549; wholesaleinfo@statcan.ca). For analytical information, contact Alexander Hays (613-951-3552; haysale@statcan.ca), Distributive Trades Division.

Wholesale trade, September 2000

Seasonally adjusted

	\$ millions	% change, previous month	% change, previous year
Canada	31,590	-0.9	4.8
Newfoundland	227	0.3	5.0
Prince Edward Island	53	-1.8	2.4
Nova Scotia	544	-5.8	-0.8
New Brunswick	409	-0.4	6.4
Quebec	6,389	-2.0	2.2
Ontario	15,913	-0.2	6.9
Manitoba	901	-0.9	3.2
Saskatchewan	857	-4.8	-1.0
Alberta	3,073	-0.4	11.9
British Columbia	3,202	-0.8	-2.9
Yukon	9	-14.5	-19.7
Northwest Territories	11	-12.4	-4.8
Nunavut	2	-4.0	25.4

Teenagers' tobacco use unchanged

Slightly more than six million people were smokers in 1999, 25% of the population aged 15 and over. The proportion of teenagers 15 to 19 who smoke appears to have reached a plateau of around 28%. This is consistent with results from other surveys conducted since 1994.

In the 15-to-17 age group, about 26% of women were smokers, compared with 20% of men. However, the proportion changes with age. In the 18-to-19 group, about 36% of men were smokers, compared with 32% of women. Among young adults aged 20 to 22, about 42% of men were smokers, compared with 34% of women.

An estimated 6.1 million people were former smokers, about the same as the number of current smokers. In the second half of 1999, 49% of all daily smokers reported they had tried to quit at least once for at least 24 hours during the previous 12 months. Of those who had tried to quit, 27% had made four or more attempts.

Attempts to quit were strongly related to age, indicating that fewer smokers make fewer individual attempts with increasing age. Three-quarters of teen smokers made one or more attempts to

Note to readers

The Canadian Tobacco Use Monitoring Survey, conducted by Statistics Canada on behalf of Health Canada, provides reliable and continual data on tobacco use and related issues. The survey's primary objective is to track changes in smoking status and the amount smoked, especially for populations most at risk, such as those aged 15 to 24. The survey was conducted in two waves: one from February to June 1999, the other from July to December 1999. About 22,000 people were interviewed.

quit in 1999. This is consistent with earlier studies showing that new smokers report a strong motivation to stop smoking.

Data are now available for a full year of the Canadian Tobacco Use Monitoring Survey. For more information on the survey results, contact Anne Zaborski (613-954-0152; anne_zaborski@hc-sc.gc.ca), Health Canada, or visit the department's Web site (www.hc-sc.gc.ca/hppb/tobacco/index.html). For more information about this article, contact Eddy Ross (613-951-3240; rossedd@statcan.ca), Special Surveys Division.

New motor vehicle sales continue to grow

The number of new motor vehicles sold in September grew for a second consecutive month, rising 1.8% compared with August. In all, 142,548 new vehicles were purchased, 2,586 more units than in August. Both passenger cars and trucks contributed to this increase. Incentives offered by manufacturers to clear out 2000 model year inventories helped to sustain the rise in sales that started last spring.

Sales of new passenger cars increased for a third straight month in September. In all, 75,592 new passenger cars were sold, 2.0% more than in August. This monthly increase is largely attributable to sales of overseas-built cars. Since the start of the year, sales of overseas-built passenger cars have grown at a faster pace (+11.5%) than have sales of North American-built cars (+5.7%). Partly as a result of the gains in recent months, sales of new passenger cars have rebounded.

For a second straight month, the number of new trucks sold increased in September, up 1.6% from August. A total of 66,956 trucks were sold, an increase of 1,080 units. New truck sales have been rising since the start of the year.

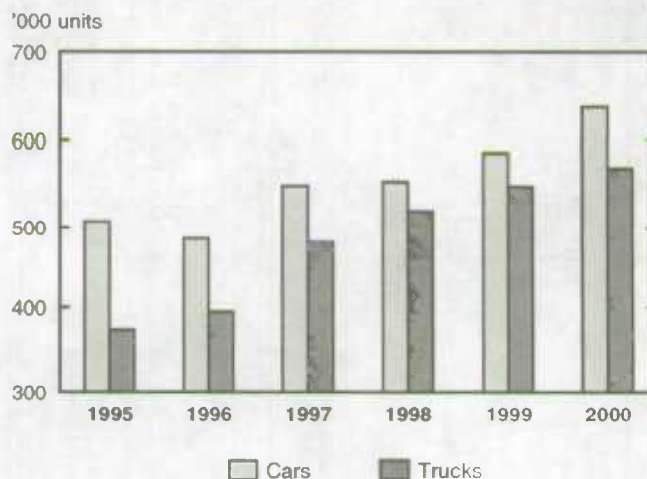
Prince Edward Island registered the largest increase in new motor vehicle sales in September (+13.5%), after another sizable gain in August (+9.8%). These two increases followed a sharp drop in July (-20.8%). In Nova Scotia, new motor vehicle sales rose 3.4%, up for a second straight month. Despite this, sales in Nova Scotia have been edging down since the fall of 1999. Sales of new motor vehicles also rose in Ontario, for a second straight month (+3.0%). Sales in that province have been rising since the spring of 2000.

Note to readers

Passenger cars include those used for personal and commercial purposes, such as taxis or rental cars. Trucks include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

North American-built new motor vehicles include vehicles manufactured or assembled in Canada, the United States or Mexico. All other new motor vehicles are considered to have been manufactured overseas. All figures in this article are seasonally adjusted.

Cumulative new motor vehicle sales,
January to September 2000



(continued on page 5)

... New motor vehicle sales continue to grow

The only declines in new motor vehicle sales in September occurred in Saskatchewan (-1.6%) and the region formed by British Columbia, Yukon, the Northwest Territories and Nunavut (-0.2%).

For the first nine months of 2000, new motor vehicle sales were 6.1% higher than in the same period of 1999. Sales of passenger cars propelled cumulative sales, growing faster (+8.5%) than those of trucks (+3.5%). However, preliminary figures from

the auto industry, which indicate a sizable drop in October new motor vehicle sales, especially for trucks, could cast a shadow over the strong performance of cumulative sales.

The September 2000 issue of New motor vehicle sales (63-007-XIB, \$13/\$124) is now available. For data or general information, contact Client Services (1 877 421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, contact Clérance Kimanyi (613-951-6363; kimacle@statcan.ca), Distributive Trades Division.

For half of owners, business is their only source of income

According to the Survey of Micro-enterprises, 54% of owner of small businesses in operation since at least 1995 depended on their business as the only source of income for their household.

An additional 26% relied on the business as the most important source of income, though not the only source, and the remaining 20% reported that the business was neither the only nor the most important source of income.

According to the survey, 67% of the owners started their business from scratch. About 24% of the businesses were bought from someone else, and 6% were family inheritances, which were especially common in the agriculture sector.

Only 30% of the business owners were willing to risk their personal assets for the growth of their company. Thirty-seven

Note to readers

The Survey of Micro-enterprises, conducted by Statistics Canada on behalf of Industry Canada during the summer of 2000, received responses from the majority owners of about 1,500 businesses. It included several questions exploring the factors and issues affecting the viability and growth of small firms. Results are representative of firms in operation since at least 1995 and having one to four employees in December of 1995.

percent of all respondents said their business was established in the market and was expanding at the time of the survey.

Industry Canada will release a final report with detailed findings of the Survey of Micro-enterprises in the spring of 2001. For more information, contact Jamie Brunet (613-951-6684; jamie.brunet@statcan.ca), Small Business and Special Surveys Division.

New from Statistics Canada

Canadian economic observer November 2000

The November issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyses current economic conditions, summarizes the major economic events that occurred in October and presents a feature article on new hirings and permanent separations.

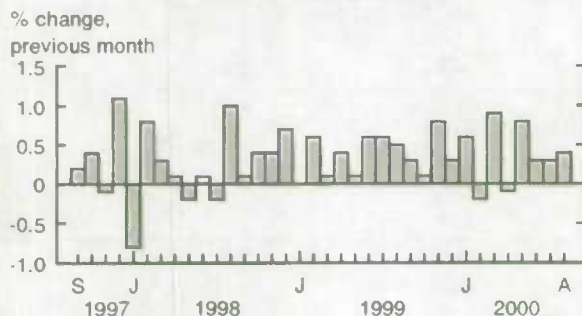
A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The November 2000 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available. For more information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.



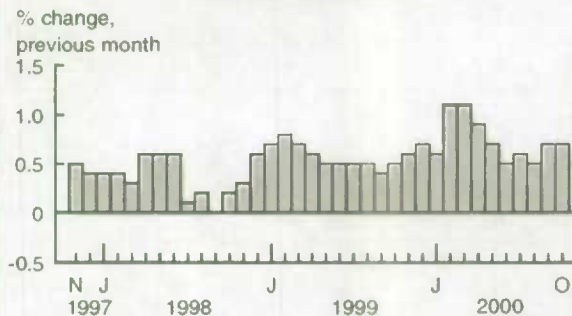
Current trends

Gross domestic product



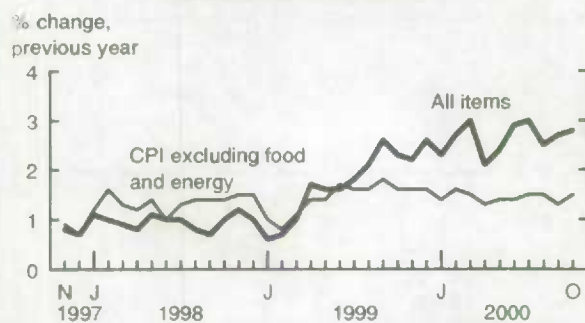
The economy continued on a steady course in August, as gross domestic product rose 0.4%.

Composite Index



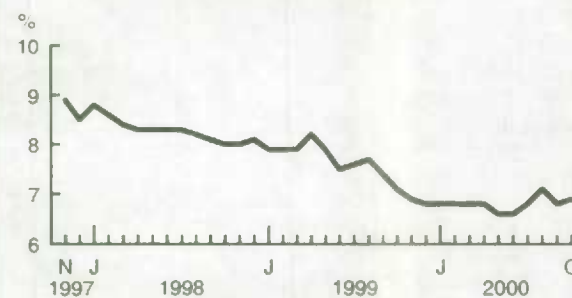
The leading indicator grew by 0.7% in October, matching its gain in September. The growth was widespread.

Consumer Price Index



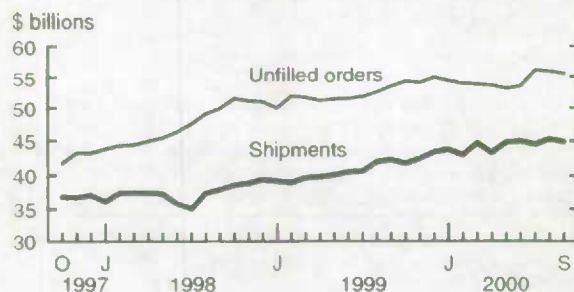
Consumer prices for goods and services were 2.8% higher in October 2000 than they were a year earlier. Excluding food and energy, prices rose 1.5%.

Unemployment rate



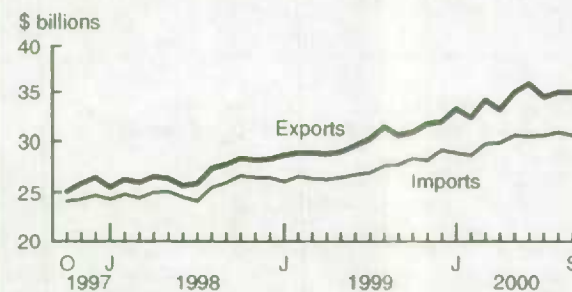
The unemployment rate edged up 0.1 percentage points to 6.9% in October, as more people participated in the labour market.

Manufacturing



Manufacturers' shipments were down 1.0% in September to \$44.9 billion. The backlog of unfilled orders decreased 0.8% to \$55.5 billion.

Merchandise trade



In September, the value of merchandise exports increased a marginal 0.1% from August to \$34.9 billion. Imports declined 0.7% to \$30.6 billion.

Note: All series are seasonally adjusted except the Consumer Price Index.

Latest statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product (\$ billion, 1992)	August	792.6	0.4%	4.4%
Composite Index (1992=100)	October	167.6	0.7%	9.0%
Operating profits of enterprises (\$ billion)	Q2 2000	51.9	1.7%	21.6%
Capacity utilization (%)	Q2 2000	87.9	0.4†	4.1†
DOMESTIC DEMAND				
Retail trade (\$ billion)	September*	23.5	0.4%	6.0%
Department store sales (\$ billions)	September	1.49	-1.1%	-4.4%
New motor vehicle sales (thousand of units)	September	142.5	1.8%	7.8%
Wholesale trade (\$ billion)	September*	31.6	-0.9%	4.8%
LABOUR				
Employment (millions)	October	14.98	0.1%	2.3%
Unemployment rate (%)	October	6.9	0.1†	-0.2†
Participation rate (%)	October	66.0	0.1†	0.5†
Average weekly earnings (\$)	August	630.37	0.6%	3.0%
Help-wanted Index (1996=100)	October	178	2.3%	8.5%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	September*	34.9	0.1%	14.1%
Merchandise imports (\$ billion)	September*	30.6	-0.7%	10.4%
Merchandise trade balance (all figures in \$ billion)	September*	4.3	0.2	1.4
MANUFACTURING				
Shipments (\$ billion)	September*	44.9	-1.0%	6.1%
New orders (\$ billion)	September*	44.4	-1.6%	2.8%
Unfilled orders (\$ billion)	September*	55.5	-0.8%	3.8%
Inventory/shipments ratio	September*	1.34	0.02	0.04
PRICES				
Consumer Price Index (1992=100)	October*	114.6	0.2%	2.8%
Industrial Product Price Index (1992=100)	September	128.4	0.5%	4.0%
Raw Materials Price Index (1992=100)	September	149.1	3.0%	18.1%
New Housing Price Index (1992=100)	September	103.7	0.2%	2.4%

Note: All series are seasonally adjusted with the exception of the price indexes.

* new this week

† percentage point

Infomat

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CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS International travel, advance information, Vol. 16, no. 9		66-001-PIB	6/55
CURRENT ECONOMIC ANALYSIS Canadian economic observer	November 2000	11-010-XPB	23/227
DEMOGRAPHY Quarterly demographic statistics Quarterly demographic statistics	Q2 2000 Q2 2000	91-002-XIB 91-002-XPB	8/25 10/33
DISTRIBUTIVE TRADES New motor vehicle sales Retail trade Retail trade	September 2000 August 2000 August 2000	63-007-XIB 63-005-XIB 63-005-XPB	13/124 16/155 21/206
MANUFACTURING, CONSTRUCTION AND ENERGY Construction-type plywood Monthly Survey of Manufacturing Oils and fats Particleboard, oriented strandboard and fibreboard	September 2000 September 2000 September 2000 September 2000	35-001-XIB 31-001-XPB 32-006-XIB 36-003-XIB	5/47 20/196 5/47 5/47
PRICES The Consumer Price Index	October 2000	62-001-XPB	11/103
SCIENCE, INNOVATION AND ELECTRONIC INFORMATION Service bulletin—Science statistics, The provincial research organizations, Vol. 24, no. 4	1998	88-001-XIB	6/59

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