



Infomatt

A Weekly Review

Friday, May 31, 2002

INSIDE

◆ Composite index: Biggest back-to-back gain in nearly two decades

The composite index, an early indicator of how the economy is performing, rose 1.2% in April, following a gain of 1.3% in March. It was the biggest back-to-back monthly increase in almost 20 years.

◆ Retailers post healthy quarterly sales

Despite the lack of sales growth in March and February, retailers posted a healthy 2.6% gain in the first quarter of 2002 compared with the fourth quarter of 2001. Retail sales in the first quarter were 6.6% above those of the same quarter of 2001.

◆ Robust jump in net cash income for farmers

Net cash income — the difference between a farmer's cash receipts and operating expenses — increased at its fastest rate in at least a decade last year. Farmers recorded net cash income of \$8.8 billion, up 29.8% from 2000.

◆ Foreign investors raise holdings of Canadian debt instruments

Foreign investors acquired \$3.7 billion of Canadian debt instruments in March while reducing their holdings of Canadian stocks by a similar amount. Meanwhile, Canadian investors added \$2.3 billion to their holdings of foreign stocks.

Food, cigarette prices bump up cost of living

In April, consumers paid 1.7% more than a year ago for the goods and services in the Consumer Price Index (CPI) basket, down slightly from March's advance.

Food prices were again the main source of upward pressure on the CPI. Much of the 3.3% increase recorded since April 2001 can be explained by the prices of restaurant meals and fresh vegetables. The 23.3% rise in cigarette prices, mainly attributable to higher taxes, was also a significant factor.

Despite recent increases, energy prices continued to have a moderating effect on the 12-month increases in the index, since the CPI excluding energy has advanced 2.4% in the past year. In fact, energy prices were 5.1% lower than in April 2001. Natural gas continued to lead the way with an average price decrease of 26.5%. Gasoline prices were 4.2% lower than a year ago, while electricity prices rose 8.2%, somewhat tempering the drop in the energy index.

Internationally, the United States and Europe appear to be experiencing a situation similar to that of Canada with respect to inflation. European inflation fell for a fourth consecutive month in

(continued on page 2)

Consumer Price Index, April 2002

% change, previous year, not seasonally adjusted

	All items	Food	Shelter	Transportation	Energy
Canada	1.7	3.3	0.3	1.3	-5.1
Newfoundland and Labrador	2.9	4.4	4.0	2.8	0.8
Prince Edward Island	1.9	4.1	-2.1	0.8	-9.6
Nova Scotia	2.1	3.8	0.5	1.8	-2.7
New Brunswick	2.4	3.9	0.5	3.1	-1.2
Quebec	1.0	2.7	0.7	-1.5	-5.9
Ontario	1.4	3.4	0.3	0.6	-8.1
Manitoba	1.2	2.9	-1.7	2.0	-3.6
Saskatchewan	3.6	1.7	3.9	2.9	7.7
Alberta	3.4	4.4	-0.2	4.8	-1.8
British Columbia	2.3	3.9	-0.6	4.0	-2.2
Whitehorse	0.3	1.1	-1.3	2.1	-3.6
Yellowknife	2.6	2.1	2.4	3.8	0.9



Statistics
Canada

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Canada

Canada

Food, cigarette prices... (continued from page 1)

April (compared with the same month of the previous year). The U.S. Consumer Price Index has registered variations almost identical to that of the Canadian index with increases of 1.6%, compared with 12 months ago, and 0.6% between March and April.

On a monthly basis, the CPI rose for a fifth consecutive month (+0.6%). The 6.8% jump in gasoline prices for April, though smaller than in March, accounted for at least half of the increase. Other factors contributing to the rise, although to a lesser extent, were higher prices for cigarettes, new vehicles and air transportation.

The 4.0% rise in cigarette prices was due mainly to increases in provincial sales taxes. These increases were felt mostly in

Alberta (+22.5%) and Saskatchewan (+27.4%). The prices of new vehicles rose 1.0%, largely because of a price increase in the manufacturer's retail suggested price.

Air transportation prices advanced 4.8% in April. More than half of this rise was attributable to the new Air Traveller Security Charge. Natural gas prices fell 12.9% from March to April, the sixth consecutive monthly decline. Lettuce prices, which had risen dramatically in March, fell back in April. The 29.8% drop was mainly attributable to improved weather conditions in California and Arizona.

The April 2002 issue of the Consumer Price Index (Internet: 62-001-XIB, \$8/\$77, paper: 62-001-XPB, \$11/\$103) is now available. For more information, call Louise Chainé (1-866-230-2248; 613-951-9606; Prices Division, or Joanne Moreau (613-951-7130). (See also "Current trends" on page 6.)

Composite index: Biggest back-to-back gain in nearly two decades

The composite index, an early indicator of how the economy is performing, rose 1.2% in April, following a gain of 1.3% in March. It was the biggest back-to-back monthly increase in almost 20 years.

Nine of the 10 components in the index increased, one more than in March, while one component was unchanged.

Manufacturing turned up noticeably as household and export demand improved. New orders for durable goods registered a second straight increase.

The housing index continued to grow in April, on top of the explosive growth it has posted in recent months. Sales of existing homes rose after falling in March and February.

The U.S. leading indicator showed steady growth, buoyed by financial markets.

The May 2002 issue of Canadian economic observer (paper: 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 6.)

Retailers post healthy quarterly sales

Consumer spending in retail stores remained essentially flat for a second consecutive month in March.

Sales stood at \$25.2 billion, down slightly from February (-0.2%). This follows strong sales gains of at least 1.2% in January and in each of the last three months of 2001.

Drug and furniture were the only retail sectors posting sales advances. Sales in the remaining sectors declined slightly or remained essentially unchanged, except for clothing stores, which posted a sizeable 1.7% decline.

Despite the lack of sales growth in March and February, retailers posted a healthy 2.6% gain in the first quarter of 2002 compared with the fourth quarter of 2001. Retail sales in the first quarter were 6.6% above those of the first quarter of 2001.

Consumers spent more in drug stores during the first quarter, pushing sales up 4.3% from the fourth quarter of 2001. This was the strongest quarterly gain in drug store sales in nine years and follows a year of exceptionally strong sales in 2001.

Drug store sales in the first quarter were 10.3% higher than the same quarter in 2001. Among the more prominent explanations for the general strength in drug store sales are the introduction of new higher priced pharmaceuticals and increased per capita consumption.

Even with lower sales in March and February, motor and recreational vehicle dealers reported a 4.0% sales increase in the first quarter from the fourth quarter of 2001, when sales advanced 7.3%.

Sales in furniture stores bounced back in March (+0.7%) after falling 1.6% in February. In spite of slower growth in the first three months, sales in furniture stores remained 3.1% higher than in the previous quarter and 10.6% above the first quarter of 2001. Housing starts, which provide stimulus for furniture store sales, advanced 6.8% in 2001.

Sales in clothing stores remained flat in the first quarter, after advancing 3.8% in the fourth quarter of 2001. Prices of clothing and footwear fell 0.5% in the first quarter from the previous quarter. Clothing stores posted the weakest year-over-year sales gain (+3.2%) of all retail sectors in the first quarter.

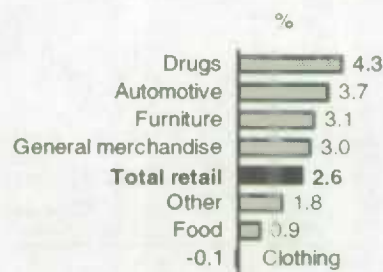
Except for Nova Scotia (+3.6%) and Newfoundland and

Note to readers

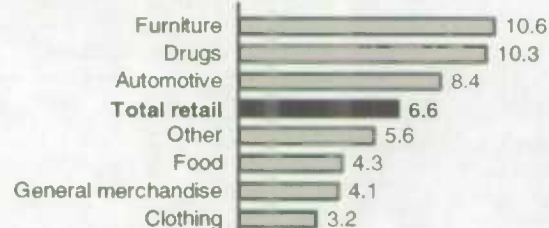
This month's revised seasonally adjusted estimates represent only January and February 2002 instead of the usual three-month period. This was necessary in order to keep the sum of unadjusted monthly estimates for 2001 equal to the sum of seasonally adjusted monthly estimates.

Retail sales by sector

First quarter 2002 over fourth quarter 2001



First quarter 2002 over first quarter 2001



Labrador (+0.5%), all provinces posted retail sales advances of between 2.0% and 3.0% in the first quarter.

The March 2002 issue of *Retail trade* (Internet: 63-005-XIB, \$16/\$155) is now available. For general information, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, contact Paul Gratton (613-951-3541; paul.gratton@statcan.ca), Distributive Trades Division.

Robust increase in net cash income for farmers

Net cash income — the difference between a farmer's cash receipts and operating expenses — increased at its fastest rate in at least a decade last year.

Farmers recorded net cash income of \$8.8 billion, up 29.8% from 2000, as both cash receipts and operating expenses hit record highs. It was the second straight annual increase, and a vast change from a series of annual declines during the late 1990s.

Farm cash income has not increased at such a pace since 1992 when it rose 24.7% from 1991.

Last year's increase was due mainly to a booming livestock sector and marginal growth in crop receipts, as farmers substantially reduced their grain and oilseed stocks. The increase occurred despite sharply higher costs of inputs such as feed and fertilizer.

Cash receipts rose 9.7% to \$36.2 billion. Increased receipts from the livestock sector were responsible for more than one-half

the gain, while higher program payments accounted for almost 30%. Farmers received \$3.8 billion in government program payments, up \$925 million.

The higher program payments resulted from poor growing conditions and increased allocations from various income disaster programs.

Operating expenses rose 4.4% to \$27.4 billion. Aside from higher fertilizer and feed costs, hikes in natural gas prices led to a jump in heating fuel expenses. Most provinces also saw increases in livestock purchases.

Provincially, net cash income rose in all provinces except Nova Scotia, where lower fruit receipts contributed to a 4.6% decline.

Net cash income varies widely from one farm to another because of factors such as commodities produced, prices and weather. This is especially true for crop producers, who have been hit hard by low prices, as well as by drought or extremely wet conditions in many areas.

The \$36.2 billion farmers received in cash receipts last year was 18.6% higher than the average for the previous five years, from 1996 to 2000. Cash receipts rose in every province, with Manitoba posting the largest gain, 16.2%.

Cash receipts for livestock producers rose for the third straight year to a record \$18.9 billion, driven by higher revenues from cattle and hogs. This level was 10.7% higher than 2000 and 25.4% above the previous five-year average.

However, crop receipts advanced only a marginal 3.3% to \$13.6 billion, the first increase in four years. They remained 1.2% below the previous five-year average.

According to preliminary data for the first quarter of 2002, total cash receipts for farmers reached \$8.9 billion between January and March, up a slight 0.6% from the same quarter last year. Crop producers continued facing difficulties, as their receipts fell 5.4% to the lowest quarterly level in eight years.

For more information, contact Kimberley Boyuk (613-951-2510; kimberley.boyuk@statcan.ca), Agriculture Division.

Net farm income

	2000 ^r	2001 ^p
	\$ millions	
Canada	6,803	8,828
Newfoundland and Labrador	10	16
Prince Edward Island	42	54
Nova Scotia	87	83
New Brunswick	60	89
Quebec	1,215	1,250
Ontario	1,580	1,813
Manitoba	643	1,021
Saskatchewan	1,175	1,867
Alberta	1,516	2,126
British Columbia	476	510

^r Revised.

^p Preliminary.

Foreign investors raise holdings of Canadian debt instruments

Foreign investors acquired \$3.7 billion of Canadian debt instruments in March while reducing their holdings of Canadian stocks by a similar amount.

A resurgence of bond borrowing in foreign markets resulted in foreign investors, mainly Americans, increasing their holdings of Canadian bonds by \$2.4 billion. The increased investment went entirely to Canadian corporate bonds.

Foreign investors made their first significant investment in Canadian money market paper this year, adding \$1.2 billion to their holdings. The investment was made solely by European investors and was spread over paper of all issuing sectors except for provincial paper.

Foreign holdings of Canadian stocks dropped by \$3.5 billion, the largest decline in over a year. Foreign investors sold a significant \$2.6 billion of existing shares back to Canadians. Also contributing to the decline was the acquisition of a Canadian company whose shares were exchanged for shares of the foreign acquiring company.

Related market information

A 25 basis-point rise in Canadian short-term interest rates versus a much smaller rise in comparable U.S. rates in March pushed up the differential to 51 basis points, further in favour of investing in Canada. A near half percentage point rise in both Canadian and U.S. 10-year government bond rates caused the differential, which also favours investment in Canada, to decline marginally to 44 basis points.

Canadian stock prices closed 2.8% higher in March, following two months of negligible declines. In a similar pattern, American stock prices gained 3.7% in March erasing the declines recorded in January and February.

Consequently, Canadians added a further \$2.3 billion to their holdings of foreign stocks in March. Nearly two-thirds of the increase was a result of the takeover of the Canadian company, as Canadian shareholders received shares in the foreign company.

The March 2002 issue of *Canada's international transactions in securities* (Internet: 67-002-X1B, \$14/\$132; paper: 67-002-XPB, \$18/\$176) will be available soon. For more information, contact Donald Granger (613-951-1864), Balance of Payments Division.

Advanced technology use in food processing

The main benefits that food-processing plants received from adopting advanced technology were gains in labour productivity and a better ability to meet regulatory requirements.

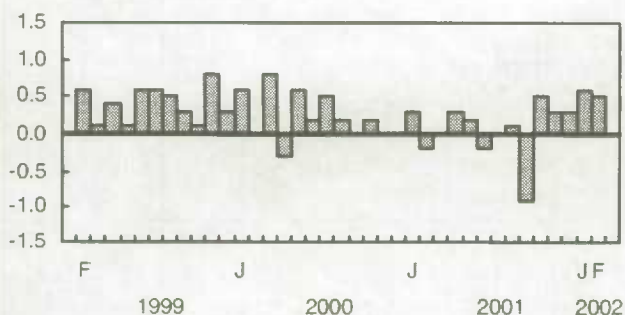
The study *Enhancing food safety and productivity: Technology use in the Canadian food processing industry* examines both the factors that contribute to and impede the adoption of advanced technologies in the food-processing sector. The study uses data on the adoption of advanced technology from the 1998 Survey of Advanced Technology in the Canadian Food Processing Industry.

Enhancing food safety and productivity: Technology use in the Canadian food processing industry (Internet: 11F0019M1E) is available on Statistics Canada's website (www.statcan.ca). From the Our products and services page, choose Research papers (free), then Social conditions. For more information, contact John Baldwin (613-951-8588, baldjoh@statcan.ca), Micro-economic Studies and Analysis Division.

Current trends

Gross domestic product

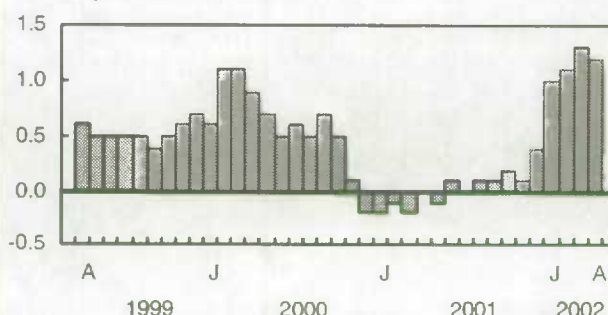
% change, previous month



Total economic activity advanced 0.5% in February, after rising 0.6% in January.

Composite index

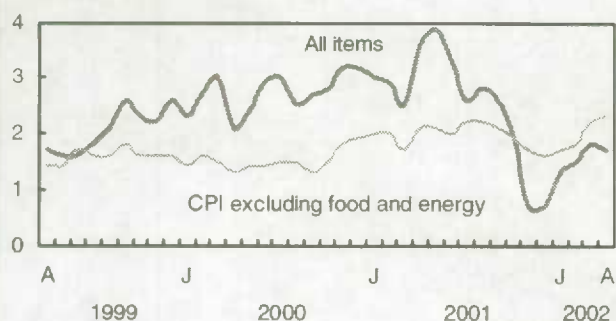
% change, previous month



The leading indicator gained 1.2% in April. Manufacturing turned up noticeably as household and export demand improved.

Consumer Price Index

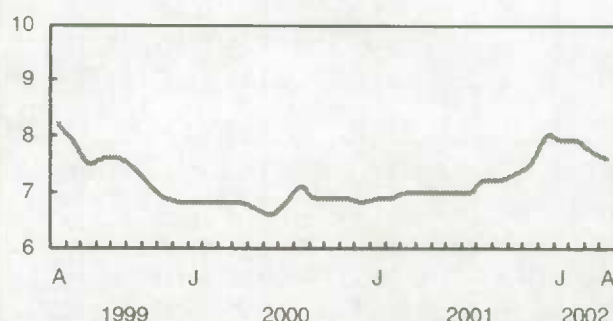
% change, previous year



Consumer prices for goods and services were 1.7% higher in April than they were a year earlier. Excluding food and energy, prices rose 2.3%.

Unemployment rate

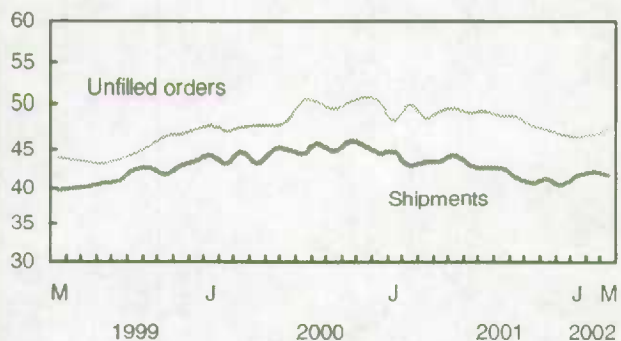
%



In April, the unemployment rate fell 0.1 percentage points to 7.6%.

Manufacturing

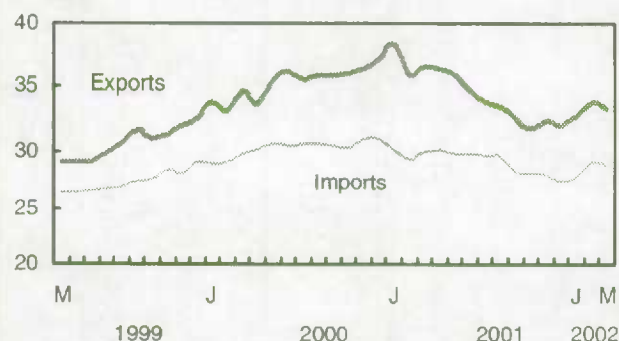
\$ billions



Manufacturers' shipments declined 0.7% in March to \$41.7 billion. The backlog of unfilled orders rose 1.4% to \$47.6 billion.

Merchandise trade

\$ billions



In March, the value of merchandise exports slipped 2.0% to \$33.2 billion. Imports decreased 1.0% to \$28.8 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 (\$ billions, 1997) ¹	February	953.1	0.5%	1.8%
Composite Index (1992=100)	April	175.2	1.2%	5.4%
Operating profits of enterprises (\$ billions)	Q4 2001	33.8	-5.6%	-29.9%
Capacity utilization rate (%) ²	Q4 2001	80.3	-1.2†	-4.8†
DOMESTIC DEMAND				
Retail trade (\$ billions)	March	25.2	-0.2%	6.1%
New motor vehicle sales (thousands of units)	March	139.9	-3.8%	10.2%
Wholesale trade (\$ billions)	March	33.6	-0.2%	2.8%
LABOUR				
Employment (millions)	April	15.3	0.2%	1.4%
Unemployment rate (%)	April	7.6	-0.1†	0.6†
Participation rate (%)	April	66.6	0.0†	0.5†
Average weekly earnings (\$)	March*	674.04	0.1%	1.9%
Help-wanted Index (1996=100)	April	126.6	0.2%	-21.4%
Regular Employment Insurance beneficiaries (in thousands)	March*	548.8	-0.8%	9.1%
INTERNATIONAL TRADE				
Merchandise exports (\$ billions)	March	33.2	-2.0%	-9.1%
Merchandise imports (\$ billions)	March	28.8	-1.0%	-4.1%
Merchandise trade balance (all figures in \$ billions)	March	4.4	-0.4	9.2
MANUFACTURING				
Shipments (\$ billions)	March	41.7	-0.7%	-4.2%
New orders (\$ billions)	March	42.3	-0.3%	0.9%
Unfilled orders (\$ billions)	March	47.6	1.4%	-2.1%
Inventory/shipments ratio	March	1.49	0.01	-0.01
PRICES				
Consumer Price Index (1992=100)	April	118.4	0.6%	1.7%
Industrial Product Price Index (1997=100)	April*	107.3	0.1%	-1.5%
Raw Materials Price Index (1997=100)	April*	112.0	1.1%	-5.7%
New Housing Price Index (1992=100)	March	108.7	0.4%	3.3%

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

* new this week

† percentage point

¹ 1997 replaces 1992 as the base year used in determining prices for gross domestic product by industry. Also, valuation has been changed from factor cost to basic prices.

² Calculation of the rates of capacity use is now based on the 1997 North American Industrial Classification System (NAICS), which has replaced the 1980 Standard Industrial Classification.

Infomat

A weekly review

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Products released from May 23 to 29, 2002

SUBJECT AREA Title of product	Period	Catalogue number	Price (\$) (issue/subscription)
AGRICULTURE			
Farm cash receipts	Q1 2002	21-001-XIB	15/48
The dairy review	Q1 2002	23-001-XIB	27/89
ANALYTICAL STUDIES			
Enhancing food safety and productivity: Technology use in the Canadian food processing industry		11F0019MIE2002168	free
Financing innovation in new small firms: New evidence from Canada		11F0019MIE2002190	free
The importance of entry to Canadian manufacturing with an appendix on measurement issues		11F0019MIE2002189	free
The trend to smaller producers in manufacturing: A Canada/U.S. comparison		11F0027MIE2002003	free
CANADIAN CENTRE FOR JUSTICE STATISTICS			
Legal aid in Canada: Description of operations	March 2001	85-217-XIB	30
Legal aid in Canada: Resource and caseload data tables	2000-2001	85F0028XIE	24
Legal aid in Canada: Resources and caseload statistics	2000-2001	85F0015XIE	20
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
Government expenditures on culture	1999-2000	87F0001XPE	50
CURRENT ECONOMIC ANALYSIS			
Canadian economic observer	May 2002	11-010-XPB	23/227
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Retail trade	March 2002	63-005-XIB	16/155
Wholesale trade	March 2002	63-008-XIB	14/140
INTERNATIONAL TRADE			
A profile of Canadian exporters	1993-2000	65-506-XIE	25
Canadian international merchandise trade	March 2002	65-001-XIB	14/141
Canadian international merchandise trade	March 2002	65-001-XPB	19/188
Imports by commodity	March 2002	65-007-XMB	37/361
Imports by commodity	March 2002	65-007-XPB	78/773
MANUFACTURING, CONSTRUCTION AND ENERGY			
Asphalt roofing	April 2002	45-001-XIB	5/47
Mineral wool including fibrous glass insulation	April 2002	44-004-XIB	5/47
Production and disposition of tobacco products	April 2002	32-022-XIB	5/47
PRICES			
Industry price indexes	March 2002	62-011-XPB	22/217
SCIENCE, INNOVATION AND ELECTRONIC INFORMATION			
Radio and television broadcasting	2000	56-204-XIE	32
TRANSPORTATION			
Canadian Vehicle Survey	Q4 2001	53F0004XIE	free
Monthly railway carloadings	March 2002	52-001-XIE	8/77

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17 General Social Survey: marriage bonds, 2001	18 Monthly Survey of Manufacturing, April 2002 Gender pay differentials, 1999	19 Travel between Canada and other countries, April 2002 Wholesale trade, April 2002	20 Canadian international merchandise trade, April 2002 Retail trade, April 2002	21 Quarterly financial statistics for enterprises, Q1 2002
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