



Infomat

A Weekly Review

Friday, July 4, 2003

INSIDE

◆ Sixth straight increase of Composite Index

The composite leading index rose 0.2% in May. The financial market indicators took over from household spending in offsetting the weakness in manufacturing that arose from slow export demand.

◆ Growth in national net worth slows down

National net worth advanced 1.0% (seasonally adjusted) in the first quarter of 2003, compared with the previous quarter gain of 1.9%. It reached \$3.8 trillion by the end of the first quarter.

◆ After-tax family income rises for the fifth consecutive year

Higher government transfers and lower personal income taxes caused after-tax income to rise and the number of lower income families to fall for the fifth straight year in 2001.

Gross domestic product suffers its first fall since September 2001

The economy experienced its first contraction since the events of September 11, 2001, as gross domestic product (GDP) fell 0.2% in April.

Industrial production (manufacturing, mining and utilities) fell a further 0.8%. A decline in the demand for heating fuels adversely affected electricity generation and natural gas distribution while the demand for new homes partly fuelled the latest economic expansion.

In April, however, a number of special domestic and international factors stalled this demand which resulted in lower output for residential construction and the retailing industry.

(continued on page 2)

Manufacturing sector (GDP)

GDP \$ billions chained 1997



Gross domestic product... (continued from page 1)

Continued demand for cellular, Internet and long distance services led to increased output for telecommunication services.

Manufacturing output decreased 0.4%. Durable goods manufacturers were responsible for much of the weakness and primary metal manufacturers suffered the largest setback. Manufacturers of information and communication technologies (ICT) also reduced output a further 1.9%.

A drop in aircraft and aircraft parts production, as well as sluggish motor vehicle parts output left the transportation sector at its lowest level of the year. In contrast, motor vehicle manufacturers increased production levels of cars and trucks while manufacturers of heavy trucks increased production levels by 36%.

Housing starts declined for a second consecutive month. The residential construction industry fell 0.4% in April, although it was still 12% higher than in April 2002.

Retail sales also declined for the second consecutive month in April, falling 0.3%. Lower sales at gasoline service stations were mainly responsible for this drop. Sales at new motor vehicle dealers were down 1.6% from year-ago levels.

Partly due to the outbreak of SARS in Toronto, the air transportation industry fell a further 6.3% in April. Total aircraft movements at the Toronto/LB Pearson airport were down 7.9%. International travel in and out of Canada suffered an across-the-board slowdown in April (-5.8%) and same-day trips to Canada

from the United States dropped (-5.6%). The number of US residents who came to Canada for a stay of at least one night also dropped in April (-15%). In overseas markets, travel from Hong Kong plummeted 32%, closely followed by South Korea (-29%) and Japan (-29%).

Activity levels in the hotel industry were down 6.0% in April, Toronto registering a drop of 30% from its usual seasonal range of 70%. Restaurants and bars posted a decline of 0.3% and Ontario total restaurant receipts declined 1.6%. In contrast, retail sales at grocery stores were up 1.4%.

Although output in the Pay TV and specialty TV industry increased 0.6%, output declined in performing arts and spectator sports (-2.4%), car rental and leasing (-3.2%), travel agents (-6.2%) and taxi and limousine services (-3.6%).

In the health care sector, two opposite effects of SARS were at play. Work related to the fight against SARS increased, but some medical tests and surgeries were postponed. Health care workers in quarantine, specialists without work and those performing lower skilled jobs were kept on the payrolls. In hospitals, however, many of the affected employees reportedly used "working quarantine". In other words, affected hospitals continued to function and employees continued to work there.

The April 2003 issue of Gross domestic product by industry (Internet: 15-001-XIE, \$11/\$110) is now available. For general information or to order data, contact Yolande Chantigny (1-800-887-4623; imad@statcan.ca). (See also "Current trends" on page 5.)

Sixth straight increase in Composite Index

The composite leading index rose 0.2% in May, its sixth straight such increase after April's original estimate of 0.1% was revised. The financial market indicators took over from household spending in offsetting the weakness in manufacturing that arose from slow export demand. Half of the components edged up or were stable in May, while five components fell, one more than in April.

The stock market posted another sharp gain in May, having regained most of the ground lost over the previous year. All the sub-indexes advanced, led by another double-digit increase for information technology. The real money supply also turned up sharply, posting its first increase since January as well as its largest since early 2002.

Within household demand, only furniture and appliance sales continued to expand. The drop in the housing index in March and April moderated to just 0.1% in May, as existing home sales rose for the first time in four months. Pulled down by a sluggish labour market, demand for durable goods fell after a one-month upturn.

The US leading indicator continued to lag behind the Canadian index. This gap was driven by the household sector, where jobs in the United States fell slightly again in May. Weak export demand was largely behind the slack in manufacturing in Canada. Driven by higher inventories, the ratio of shipments to stocks slipped for a second straight month. The trend of new orders for durable goods remained lethargic.

For more information on the economy, the June 2003 issue of Canadian economic observer (Internet: 11-010-X1B, \$17/\$170; 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 5.)

Growth in national net worth slows down

National net worth advanced 1.0% (seasonally adjusted) in the first quarter, compared with the previous quarter gain of 1.9%. The slower growth in the first quarter was driven by a net foreign liability increase. The rise in the net foreign debt was, in turn, related to the appreciation of the Canadian dollar and strong growth in national net worth in the fourth quarter.

National net worth reached \$3.8 trillion by the end of the first quarter and per capita worth was up 0.6% from the fourth quarter. National wealth (non-financial assets such as houses and business inventories) stood at \$4.0 trillion at the end of the first quarter, advancing at a faster pace (+1.5%) than in the fourth quarter. Growth arose principally from gains in the value of residential real estate and strong non-farm inventory accumulation in the first quarter.

Total credit market debt was unchanged from the previous quarter, debt growth being constrained by lower values of liabilities denominated in foreign currencies in the corporate and government sectors.

Higher undistributed earnings and lower capital spending pushed the corporate sector into a further huge surplus position in the first quarter.

Among non-financial private corporations, the debt-to-equity ratio declined sharply. The ratio of short-term debt to long-term debt declined further, as businesses took advantage of the low interest rates and continued to replace loan liabilities with bonds.

Household net worth advanced at a slower pace than in the fourth quarter and was led by gains in the value of household non-financial assets in the first quarter. The ratio of consumer credit and mortgage debt to personal disposable income rose to a new high of 99.0% (seasonally adjusted). In contrast, household financial asset growth was constrained by declines in pension and mutual fund assets.

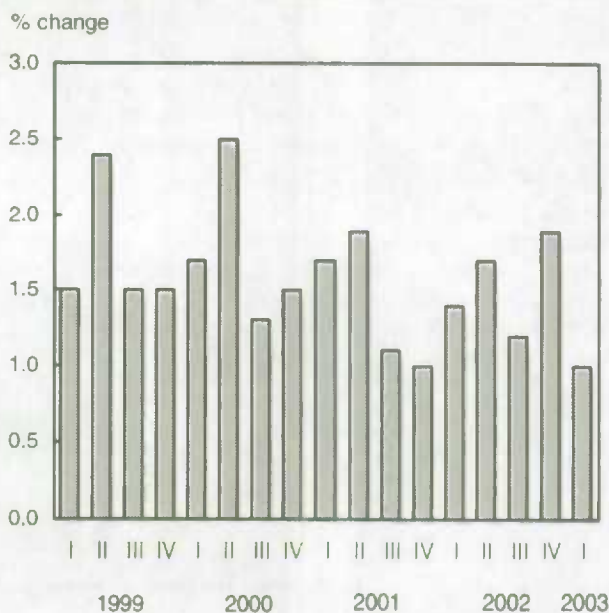
Government net debt edged up in the quarter, even as it fell relative to gross domestic product (seasonally adjusted). With the exception of two quarters of increases, this ratio has been on a steady decline since the second quarter of 1996

Note to readers

National wealth is the sum of non-financial assets in all sectors of the economy. National net worth is wealth less Canada's net international investment position.

Data for Canadian foreign investment in marketable securities for certain institutional investors' sectors may differ from those reported in other Statistics Canada surveys. This difference reflects the increased gap between the book value of Canadian asset-holders marketable foreign equity securities at acquisition, and the underlying book values of the foreign firms whose shares are being held and traded.

National net worth



The first quarter 2003 issue of *National balance sheet accounts, quarterly estimates* (Internet: 13-214-X1E, \$21/\$45) is now available. For more information, contact Client Services (613-951-3810; iead-info-drcd@statcan.ca), or the information officer (613-951-3640), Income and Expenditure Accounts Division.

Part-time work and family-friendly practices

The report *Part-time work and family-friendly practices in Canadian workplaces* examines two human resource practices that help employees harmonize life at work with their family responsibilities. These two practices are part-time work and the provision of "family-friendly" work arrangements, such as flextime and telework.

Data suggest that most companies do not foster climates that promote the integration of work and family through formal workplace practices. Access to family-friendly practices appears to depend on the company's characteristics, such as size and industry, rather than on the personal needs or family characteristics of its employees. Access to family-supportive practices was generally highest among well-educated employees in managerial or professional job while women had lower participation rates in flexible work arrangements than did men.

Part-time work and family-friendly practices in Canadian workplaces (Internet: 71-584-M1E, no. 6, free) is now available on Statistics Canada's website (www.statcan.ca). For more information, contact the media relations unit (819-994-5559), Human Resources Development Canada.

After-tax family income rises for the fifth consecutive year

Higher government transfers and lower personal income taxes caused after-tax income to rise and the number of lower income families to fall for the fifth straight year in 2001.

In 2001, after-tax income for families (two people or more) reached an estimated \$58,000 (+3.4%). Average government transfers paid to families rose 3.3% in 2001 to \$7,100 whereas the average amount families paid in income taxes fell 8.2%. Income taxes accounted for 18.1% of total income down from 19.9% in 2000.

Female lone-parent families after-tax income increased 4.6% and the average market income of female lone-parent families also rose 5.7% in 2001. From 1996 to 2001, it increased 46%, an average annual growth rate of 7.9%.

The low-income rate among children under 18 years of age declined for the fifth straight year in 2001. An estimated 786,000 children (11.4%) were living in low-income families. These levels were down from 868,000 (12.5%) in 2000.

For the population as a whole in the 10 provinces, about 3.2 million people (10.4%) were living in low income. The proportion of families in low income decreased for the fifth consecutive year (646,000 families in 2001, down from 666,000 in 2000 and 870,000 in 1996). For the 3,107,000 two-parent families with children, the low-income rate was 6.7%.

In 2001, 3.3% of senior families (in which the major income recipient was aged 65 and older) were in low income. Senior

Note to readers

Market income is the sum of earnings from employment and net self-employment income, investment income, and private retirement income. It is also called 'income before taxes and transfers'.

After-tax income is the total of market income and government transfers, less income tax.

families received on average an estimated \$19,900 in government transfers, accounting for 43% of their total income before taxes.

Families in every province registered increases in average after-tax income in 2001, except for Nova Scotia and Prince Edward Island. The largest increases were in Alberta (+6.5%), Quebec (+4.8%) and British Columbia (+4.7%). There were slight increases in average family market income in Alberta (+4.6%) and Manitoba (+3.0%). Despite the fact that it remained unchanged at \$72,100, Ontario retained the highest average market income of the provinces. All provinces posted declines of 3% or more in average income taxes paid by families in 2001 with British Columbia and Prince Edward Island registering the largest declines (-13%).

The CD-ROM Income trends in Canada, 1980-2001 (13F0022XCB, \$195) is now available. The electronic publication Income in Canada, 2001 (Internet: 75-202-XIE, \$34) is also available. For more information, contact Client Services (1-888-297-7355; 613-951-7355; income@statcan.ca), Income Statistics Division.

Sources of workplace stress

Long hours and too many demands on time are the chief causes of work-related stress for Canadians, reports the article "Sources of workplace stress" in the June online edition of *Perspectives on labour and income*.

In 1994 and 2000, the highest proportion of working Canadians (34%) cited too many demands or hours as the most common source of stress in the workplace. However, stress related to job security decreased over this period. In 1994, 22% of workers cited fear of losing their job as their main source of stress. By 2000, this figure had dropped to 13%.

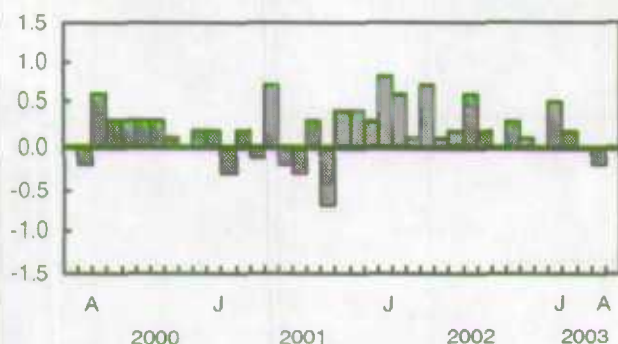
Managers and professionals were significantly more likely than workers in primary industries to report stress from too many demands or hours.

The article "Sources of workplace stress" is available in the June 2003 online edition of Perspectives on labour and income, Vol. 4, no. 6 (Internet: 75-001-XIE, \$5/\$48). For more information, contact Cara Williams (613-951-6972; cara.williams@statcan.ca), Labour and Household Surveys Analysis Division.

Current trends

Gross domestic product

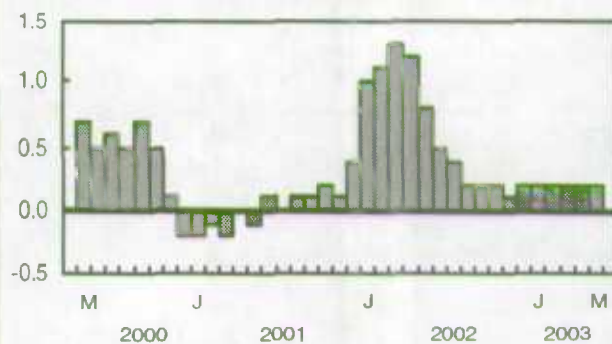
% change, previous month



Total economic activity dropped 0.2% in April, after remaining unchanged in March.

Composite Index

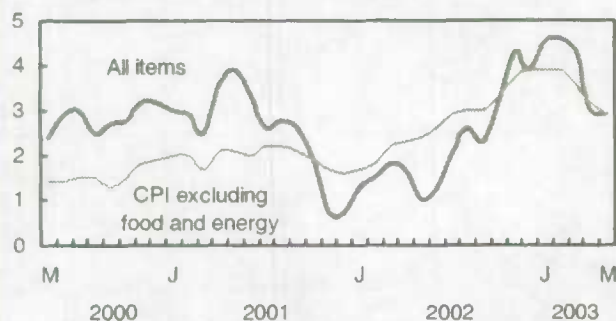
% change, previous month



The leading indicator grew 0.2% in May after rising 0.2% in April.

Consumer Price Index

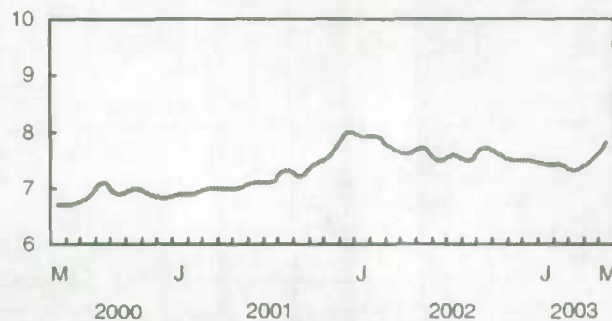
% change, previous year



Consumer prices for goods and services were 2.9% higher in May than they were a year earlier. Excluding food and energy, prices also rose 2.9%.

Unemployment rate

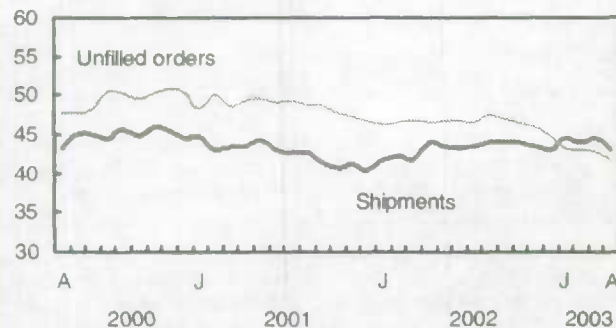
%



In May, the unemployment rate rose 0.3 percentage points to 7.8%.

Manufacturing

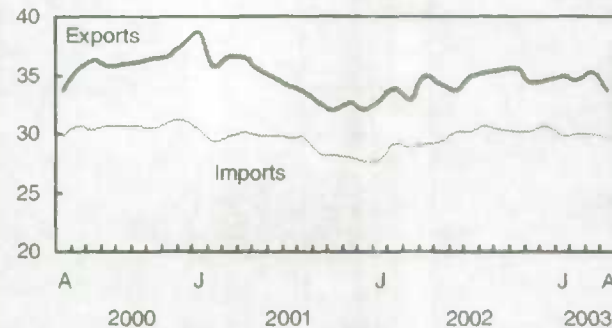
\$ billions



Manufacturers' shipments fell 3.4% in April to \$43.0 billion. The backlog of unfilled orders declined 1.9% to \$41.8 billion.

Merchandise trade

\$ billions



In April, the value of merchandise exports dropped 4.5% to \$33.7 billion. Imports fell 1.3% to \$29.6 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 (\$ billions, 1997) ¹	April*	991.3	-0.2%	1.8%
Composite Index (1992=100)	May	181.5	0.2%	2.8%
Operating profits of enterprises (\$ billions)	Q1 2003	42.9	10.6%	26.6%
Capacity utilization rate (%) ²	Q1 2003	82.8	0.3†	1.2†
DOMESTIC DEMAND				
Retail trade (\$ billions)	April	26.1	-0.9%	2.2%
New motor vehicle sales (thousands of units)	April	132.5	-3.8%	-7.4%
Wholesale trade (\$ billions)	April	35.9	-1.1%	3.2%
LABOUR				
Employment (millions)	May	15.7	-0.1%	2.3%
Unemployment rate (%)	May	7.8	0.3†	0.1†
Participation rate (%)	May	67.5	0.1†	0.7†
Average weekly earnings (\$)	April	687.17	0.1%	1.3%
Regular Employment Insurance beneficiaries (in thousands)	April*	543.4	1.3%	1.2%
INTERNATIONAL TRADE				
Merchandise exports (\$ billions)	April	33.7	-4.5%	-3.3%
Merchandise imports (\$ billions)	April	29.6	-1.3%	1.7%
Merchandise trade balance (all figures in \$ billions)	April	4.1	-1.2	-1.7
MANUFACTURING				
Shipments (\$ billions)	April	43.0	-3.4%	-2.3%
New orders (\$ billions)	April	42.2	-4.5%	-3.5%
Unfilled orders (\$ billions)	April	41.8	-1.9%	-10.4%
Inventory/shipments ratio	April	1.49	0.06	0.08
PRICES				
Consumer Price Index (1992=100)	May	122.0	0.1%	2.9%
Industrial Product Price Index (1997=100)	May*	105.2	-2.0%	-1.7%
Raw Materials Price Index (1997=100)	May*	113.0	-2.5%	-0.5%
New Housing Price Index (1992=100)	April	114.3	0.4%	4.5%

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 Industry Classification System (NAICS), which has replaced the 1980 Standard Industrial Classification.

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Products released from June 26 to July 2, 2003

SUBJECT AREA Title of product	Period	Catalogue number	Price (\$) (issue/subscription)
AGRICULTURE			
Canada food stats	June 2003	23F0001XCB	75/120
Direct payments to agriculture producers — Agriculture economic statistics	May 2003	21-015-XIE	free
Farm cash receipts — Agriculture economic statistics	May 2003	21-011-XIE	free
Farm debt outstanding — Agriculture economic statistics	May 2003	21-014-XIE	free
Farm operating expenses and depreciation charges — Agriculture economic statistics	May 2003	21-012-XIE	free
Farm Product Price Index	April 2003	21-007-XIB	free
Field crop reporting series: Preliminary estimates of principal crop areas, Canada	2003	22-002-XIB	11/66
Field crop reporting series: Principal estimates of principal field crop areas, Canada	2003	22-002-XPB	15/88
Food consumption in Canada: Part 1	2002	32-229-XIB	26
Fruit and vegetable production	June 2003	22-003-XIB	23/46
Net farm income — Agriculture economic statistics	May 2003	21-010-XIE	free
Stocks of frozen and chilled meats	June 2003	23-009-XIE	free
Value of farm capital — Agriculture economic statistics	May 2003	21-013-XIE	free
ANALYTICAL STUDIES			
The evolving workplace series: Part-time work and family-friendly practices in Canada workplaces	1980-2001	71-584-MIE	free
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS			
Canadian Travel Survey: Domestic travel	2001	87-212-XIE	29
Tables for the Survey of Book Publishing and Exclusive Agents	2000-01	87F0004XDB	50
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INCOME AND EXPENDITURE ACCOUNTS			
National tourism indicators, quarterly estimates	Q1 2003	13-009-XIB	free
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MANUFACTURING, CONSTRUCTION AND ENERGY			
Non-metallic mineral mining and quarrying	2001	26-226-XIB	free
Production and disposition of tobacco products	May 2003	32-022-XIB	5/47
PRICES			
Canadian Foreign Post Indexes	July 2003	62-013-XIE	free
SCIENCE AND INNOVATION			
Innovation analysis bulletin	June 2003	88-003-XIE	free
TRANSPORTATION			
Aircraft movement statistics	May 2003	51F0001PIE	free

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