



# Infommat

## A Weekly Review

DEC - 8 2003

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Friday, December 5, 2003

### INSIDE

#### ◆ SPOTLIGHT: Agriculture

Today's *Spotlight* is on the final round of data from the 2001 Census of Agriculture. This report combines data from the Census of Agriculture and the 2001 Census of Population. As a result, many characteristics of the farm population, such as age, income sources, immigration, religion and so on, can be compared with the general population.

#### ◆ Largest current account surplus in two years

Canada's current account surplus with the rest of the world increased to its highest level in two years during the third quarter. The main factor behind the increase was a higher surplus on trade in goods.

#### ◆ Violence at home fosters violence in children

Young children who witness physical acts of violence in the home have much higher odds of showing aggression or anxiety in later childhood, according to a new study. A one-year snapshot taken in 1998/99 showed that one in 12 children aged four to seven, or an estimated 120,000, had witnessed some form of violence at home.

### GDP edges up as consumer spending accelerates

Canada's economic output edged up 0.3% between July and September in the wake of the fastest growth in consumer spending in six quarters and stronger business investment in plant and equipment.

The third-quarter gain followed a second-quarter result that was revised down from a decline of 0.1% to a decline of 0.2%.

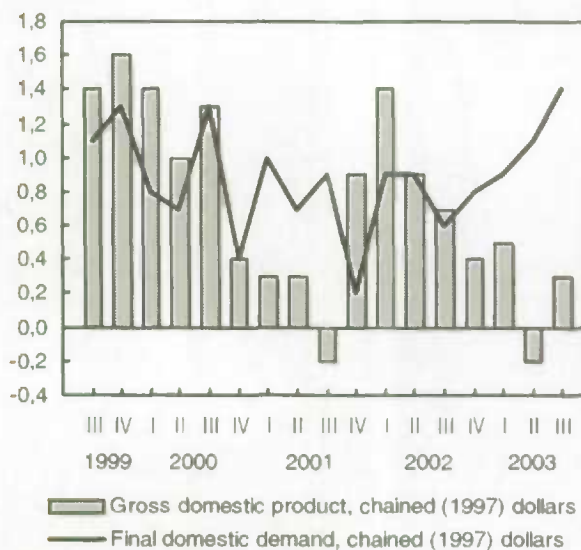
On an annualized basis, real GDP grew 1.1% in Canada in the third quarter, compared with an 8.2% gain in the United States.

Weakness in the third quarter came from the dollar-sensitive export sector, and from a substantial \$3.4-billion decline in non-farm inventories. Manufacturers unloaded lumber inventories to supply housing demand, and cleared motor vehicles at the wholesale and retail trade levels.

*(continued on page 2)*

#### GDP growth edges up

Quarterly % change



## GDP edges up as... (continued from page 1)

Exports of goods and services declined for the fourth straight quarter. This was the longest string of negative quarters in more than 40 years, resulting partly from the stronger Canadian dollar.

Output in manufacturing also declined for a fourth consecutive quarter, resulting in the largest cumulative contraction of output since the high-tech meltdown in 2001.

The weakness was widespread, led by producers of chemicals, machinery, pulp and paper products, electric lighting equipment, clothing and textiles. Despite the slump in manufacturing, industrial production advanced marginally, largely on the strength of diamond mining.

### Real gross domestic product, chained (1997) dollars<sup>1</sup>

	Change	Annualized change	Year-over- year change
	%		
First quarter 2002	1.4	5.8	2.5
Second quarter 2002	0.9	3.8	3.2
Third quarter 2002	0.7	2.7	4.0
Fourth quarter 2002	0.4	1.6	3.5
First quarter 2003	0.5	2.0	2.5
Second quarter 2003	-0.2	-0.7	1.4
Third quarter 2003	0.3	1.1	1.0

1. The change is the growth rate from one period to the next. The annualized change is the growth rate compounded annually. The year-over-year change is the growth rate of a given quarter compared with the same quarter in a previous year.

Meanwhile, consumers were spending more and saving less. Consumer spending rose 1.2% in the third quarter, its fastest rate in six quarters. This outpaced the 0.8% gain in personal disposable income. At the same time, the saving rate – the proportion of their disposal income that individuals save – fell to 1.3%, its lowest level in more than 40 years.

Business investment in plant and equipment was up 3.1% in the third quarter, the third straight quarterly gain and the fastest pace in 15 quarters.

Travel and tourism rebounded after a dismal first half of 2003, rocked by the war in Iraq and SARS among other factors. Consumer spending on restaurant and accommodation services rebounded, but remained below its level in the fourth quarter of 2002.

Travel spending abroad by Canadians more than recovered the ground lost in the previous three quarters. In addition, spending by foreign travelers in Canada partly recovered from its setback. Output increased significantly in various industries: air transportation, accommodation, food services and travel agents.

The quarter ended on a high note as gross domestic product by industry rose 1.1% in September, the biggest monthly gain since July 1997. The economy rebounded from the power outage in Ontario that sent GDP plummeting in August, temporarily wiping out July's solid gains.

Much of the strength in September came from a surge in manufacturing output and a return to normal activity levels in the public administration sector following the electrical blackout in August.

For more information, contact Jo Ann MacMillan (613-951-7248), Industry Measures and Analysis Division.

## EI beneficiaries down for second consecutive month

The number of people receiving Employment Insurance benefits declined for a second consecutive month in September after six monthly gains.

An estimated 579,900 people (adjusted for seasonality) received regular EI benefits, down 1.2% from August.

Eight provinces and territories recorded declines. However, the national results were largely influenced by declines in Ontario and British Columbia.

For more information, contact Gilles Groleau (613-951-4091), Labour Statistics Division.



# SPOTLIGHT: Agriculture

## Immigrants represent lowest share of farm population

Immigrants accounted for their lowest ever share of Canada's farm population in 2001, according to the final round of data from the Census of Agriculture.

As of May 15, 2001, 49,295 people who lived on Canada's farms were immigrants. These individuals represented 6.8% of the total farm population of 727,130.

More and more, immigrants to Canada have settled in large cities. As a result, during the past 30 years, immigrants have accounted for a progressively smaller share of a farm population that is itself in decline. In 1991, they accounted for 7.2%, in 1981, 8.2% and in 1971, 8.5%.

In contrast, data from the Census of Population showed that the proportion of Canada's population in 2001 who were immigrants had reached its highest level in 70 years, 18.4%.

The farm population itself in 2001 was only about half the level of nearly 1.6 million people in 1971.

The 2001 Census of Agriculture enumerated 346,200 farm operators, of which 9.4% or 32,460 were immigrants. Nearly eight out of 10 of these immigrant farm operators were born in Europe. In contrast, only 7% were born in Asia.

People who were born in the Netherlands represented the highest share of immigrant farm operators in Canada. In 2001, there were 7,460 immigrant farm operators who were born in the Netherlands, 23% of the total.

They were followed by 4,405 who were born in the United Kingdom, or 14% of the total, and 3,785 or 12%, born in Germany. Between one-third and one-half of immigrant farmers from each of these countries came to Canada before 1961.

Proportion of immigrants in the general and farm populations, Canada

		Census year			
		1971	1981	1991	2001
Total farm population		1,589,355	1,058,780	865,900	727,130
Immigrants in farm population	Number	135,380	86,410	61,970	49,295
	%	8.5	8.2	7.2	6.8
Total general population		21,568,310	24,083,500	26,994,045	29,639,030
Immigrants in general population	Number	3,295,530	3,843,335	4,342,890	5,448,480
	%	15.3	16	16.1	18.4

Just over 4,000 immigrants who arrived between 1991 and 2001 became farm operators in Canada. Of these, the vast majority, 79% or 3,200, were born in Europe. In contrast, those who were born in Asia were a distant second, only 9% of the total.

This is a sharp contrast to all recent arrivals to Canada. Of all immigrants who settled in Canada during the 1990s, 58% were born in Asia, and only 20% in Europe.

You can read detailed analyses in three reports free on Statistics Canada's website: *Farm population: bucking the trend in a country shaped by immigrants*; *Keeping the faith on the farm*; *Income of farm families*.

For more information, contact Gaye Ward (613-951-3172), Census of Agriculture.

## Family income: gap reopens between farm and non-farm families

Average income for both farm families and those who did not live on farms increased between 1995 and 2000.

In 1995, the characteristic gap favouring average family income in the general population over average farm family income temporarily closed. It reopened in 2000.

In 1995, farm families received \$59,614 in average total income, just slightly above the average of \$59,515 received by all families in the general population. By 2000, the average income for families in the general population had reached \$66,263, about \$2,000 higher than the average of \$64,160 for farm families.

For purposes of perspective, Agriculture and Agri-Food Canada divides farms into four groups: retirement, lifestyle, low-income and business-focused. The definitions are based on factors such as the operator's age, sales classes, level of production, specialization, participation and dependence on farm income.

Total family income for the business-focused farms with receipts of \$250,000 and over averaged \$68,265 in 2000. Net farm income accounted for almost 40% of this total, the highest proportion of any group. However, families on these farms accounted for only 9% of all farm families.

Average family income was highest for lifestyle farms, defined as small farms managed by families with off-farm income greater than \$50,000. In 2000, families on these farms had an average income of \$93,177. However, net farm income accounted for only 2% of this total.

## Largest current account surplus in two years

**C**anada's current account surplus with the rest of the world increased to its highest level in two years during the third quarter. The main factor behind the increase was a higher surplus on trade in goods.

Between July and September, the current account surplus reached \$7.3 billion on a seasonally adjusted basis, up \$2.3 billion from the previous three months. It was the highest surplus since the second quarter of 2001.

This increase occurred as the Canadian dollar fluctuated against its American counterpart after making substantial gains earlier in 2003. The dollar lost ground against other major currencies in the quarter, especially the yen.

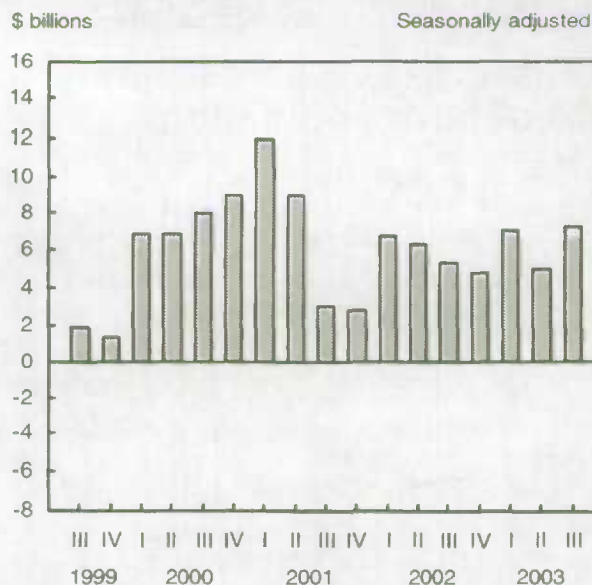
The current account summarizes all foreign transactions associated with current economic activity in Canada. It includes four main types of transactions: trade in goods, trade in services (including travel), flows of investment income and transfers.

The surplus in goods reached \$15.5 billion in the third quarter, \$1.8 billion higher than in the previous quarter, as imports plunged and exports remained virtually unchanged.

The deficit on trade in services improved slightly, but remained high primarily as a result of the continuing high deficit for international travel.

The travel deficit rose for the third consecutive quarter, hitting \$1.2 billion, its highest level in nine years. The number of Canadians travelling outside the country rebounded in the third quarter. However, travel receipts recovered only slightly after a record decline in spending by foreign visitors in the second quarter. This was caused by concerns about SARS and mad cow disease.

### Current account balance



In the financial account, which is not seasonally adjusted, foreign direct investors injected just \$2 billion into the Canadian economy between July and September, the lowest quarterly level in more than eight years.

Canadian direct investment abroad amounted to \$4.9 billion, more than double the level from the previous three months.

For more information, contact Arthur Ridgeway (613-951-8907), Balance of Payments Division.

## Corporate profits return to growth despite blackout

Corporate profits resumed their growth between July and September despite the impact of the mid-August power outage that left most of Ontario in the dark.

Operating profits for the third quarter hit \$41.6 billion, up 3.7% from the previous three months. This marked a return to growth after a setback in the second quarter. Before that, profits had increased for five straight quarters.

On a year-over-year basis, profits were up 11.3% from the third quarter of 2002.

The manufacturing sector recovered somewhat in the third quarter, but the blackout limited the gains. Operating profits of manufacturers rose to \$8.8 billion from \$8.5 billion. However, this was well below the profits earned in each of the preceding four quarters.

Manufacturers reliant on the export market continued to feel the impact of the stronger Canadian dollar on export prices. However, importers and companies incurring costs in US dollars benefited.

Strong consumer spending pushed profits up across the board for retailers to a record \$2.6 billion.

For more information, contact Bill Potter (613-951-2662), Industrial Organization and Finance Division.



## Violence at home fosters violence in children

**Y**oung children who witness physical acts of violence in the home have much higher odds of showing aggression or anxiety in later childhood, according to a new study.

For most children, witnessing violence was infrequent and did not recur two and four years later. Even so, the experience was related to subsequent behavioural and emotional problems.

In a key finding, the study determined that both boys and girls who saw some form of physical violence at home in 1994/95 were more likely to be overtly aggressive later in childhood. That is, they bullied or threatened people, or physically attacked them two and four years later, by the time they were aged eight to 11.

The study determined whether the children had witnessed violence by asking the parent how often the child saw adults or teens in the home physically fighting, hitting or otherwise trying to hurt others. Because the analysis was based on information provided by a parent, it referred only to violence that they were aware of, and were willing to disclose.

Boys who had seen violence at home in 1994/95 had higher odds of being overtly aggressive two years and four years later,

compared with boys who had not seen violent behaviour at home. Those who had seen violence also had higher odds of anxiety two years later in 1996/97.

The increased odds of subsequent anxiety among boys are somewhat surprising. Other studies have found that boys are more likely to react with externalizing behaviour such as physical aggression. These findings are notable because anxiety is less visible than aggression, and as a result, much more difficult to identify in younger children.

Among girls, those who had seen violence had higher odds of overt and indirect aggression two years later than did girls who had not seen violence at home in 1994/95. In 1998/99, these girls still had higher odds of showing overt aggression, as well as anxiety.

A one-year snapshot taken in 1998/99 showed that one in 12 children aged four to seven, or an estimated 120,000, had witnessed some form of violence at home.

You can read the full article *Witnessing violence: Aggression and anxiety in young children* (82-003-SIE) free on Statistics Canada's website ([www.statcan.ca](http://www.statcan.ca)).

For more information, contact Kathleen Moss (613-951-1635), Health Statistics Division.

## Canada food stats: Doorway to data on food and nutrition

*Canada food stats* is an easy-to-use CD-ROM that provides access to a broad spectrum of food statistics and indicators.

It contains information on food consumption and food prices, nutrition, supply and demand, as well as data on the food industry, processing, employment, productivity, trade and much more.

This product contains over 65 formatted reports with up to 40 years of data in some cases, along with topical analyses.

The *Canada food stats* CD-ROM (23F0001XCB) can be ordered on Statistics Canada's website ([www.statcan.ca](http://www.statcan.ca)).

For more information, contact Conrad Ogrodnik (613-951-2860), Agriculture Division.

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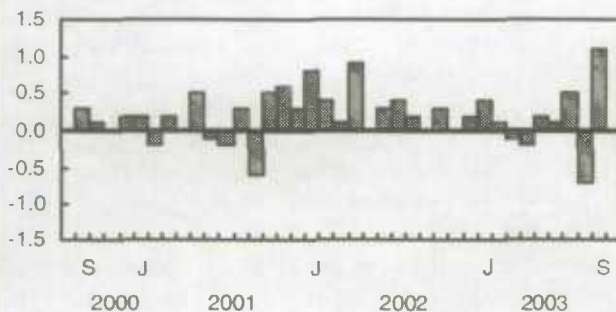
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## Current trends

### Gross domestic product

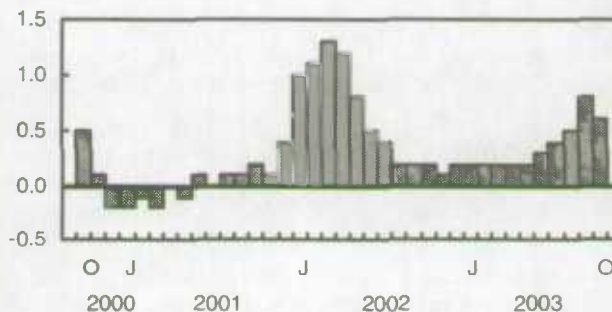
% change, previous month



Total economic activity increased 1.1% in September, after a 0.7% decrease in August.

### Composite Index

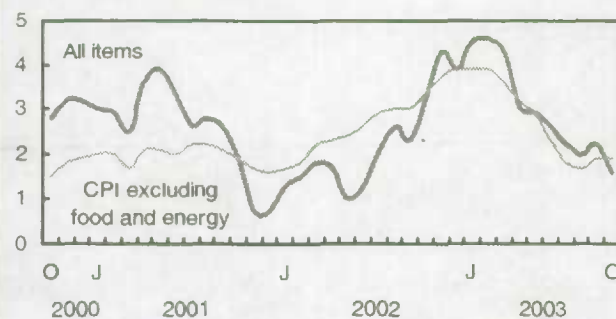
% change, previous month



The leading indicator grew 0.6% in October after rising 0.8% in September.

### Consumer Price Index

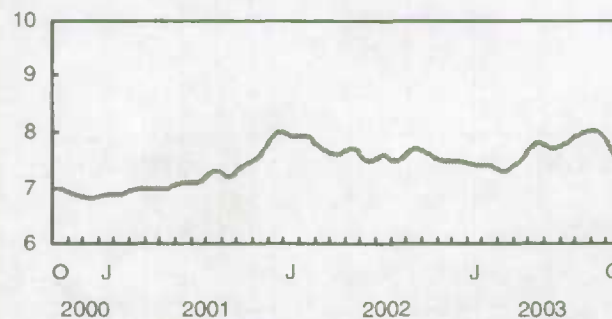
% change, previous year



Consumer prices for goods and services were 1.6% higher in October than they were a year earlier. Excluding food and energy, prices rose 1.9%.

### Unemployment rate

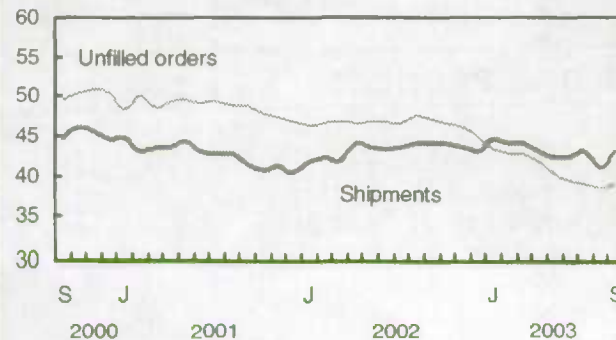
%



In October, the unemployment rate fell to 7.6%.

### Manufacturing

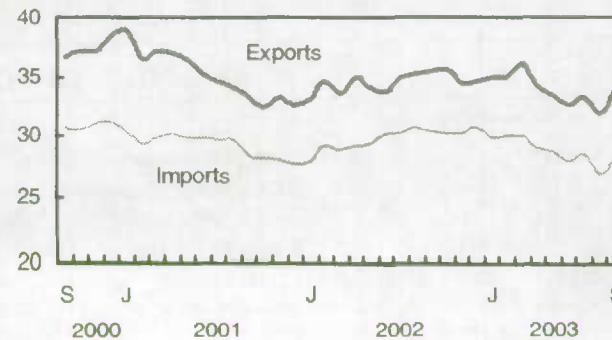
\$ billions



Manufacturers' shipments increased 5.2% in September to \$43.0 billion. The backlog of unfilled orders increased 1.1% to \$38.8 billion.

### Merchandise trade

\$ billions



In September, exports increased 4.7% to \$33.7 billion. Imports increased 4.9% to \$28.0 billion.

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



## Latest statistics

	Period	Level	Change, previous period	Change, previous year
<b>GENERAL</b>				
Gross domestic product (\$ billions, 1997) <sup>1</sup>	September*	1,018.1	1.1%	1.9%
Composite Index (1992=100)	October	185.0	0.6%	3.8%
Operating profits of enterprises (\$ billions)	Q3 2003*	41.6	3.7%	11.3%
Capacity utilization rate (%) <sup>2</sup>	Q2 2003	82.5	-1.2†	-1.1†
<b>DOMESTIC DEMAND</b>				
Retail trade (\$ billions)	September	26.4	-0.8%	3.3%
New motor vehicle sales (thousands of units)	September	145.3	1.9%	-3.3%
Wholesale trade (\$ billions)	September	36.6	6.1%	3.2%
<b>LABOUR</b>				
Employment (millions)	October	15.8	0.4%	1.6%
Unemployment rate (%)	October	7.6	-0.4†	0.0†
Participation rate (%)	October	67.5	-0.1†	0.3†
Average weekly earnings (\$)	September*	692.75	1.08%	1.33%
Regular Employment Insurance beneficiaries (in thousands)	September*	579.90	-1.2%	4.6%
<b>INTERNATIONAL TRADE</b>				
Merchandise exports (\$ billions)	September	33.7	4.7%	-4.9%
Merchandise imports (\$ billions)	September	28.0	4.5%	-7.6%
Merchandise trade balance (all figures in \$ billions)	September	5.6	0.3	0.5
<b>MANUFACTURING</b>				
Shipments (\$ billions)	September	43.0	5.2%	-2.5%
New orders (\$ billions)	September	43.4	8.0%	-0.2%
Unfilled orders (\$ billions)	September	38.8	1.1%	-17.3%
Inventory/shipments ratio	September	1.42	-1.2	-1.1
<b>PRICES</b>				
Consumer Price Index (1992=100)	October	122.4	-0.2%	1.6%
Industrial Product Price Index (1997=100)	October*	104.9	-0.9%	-3.8%
Raw Materials Price Index (1997=100)	October*	108.3	1.1%	-7.8%
New Housing Price Index (1992=100)	September	117.9	0.5%	5.1%

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

\* new this week

† percentage point

<sup>1</sup> 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.

<sup>2</sup> 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.

## Infomat

### A weekly review

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