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MAJOR RELEASES

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Quarterly Business Conditions Survey, Manufacturing Industries

April 1993

Seasonally Adjusted Data

The balance of Canadian manufacturers' opinions about the expected volume of production in the upcoming quarter remained positive, although it decreased during the April 1993 survey. The balance of opinion concerning the current backlog of unfilled orders and finished-products inventories improved between the January and April 1993 surveys. There was little change from the January 1993 survey in the balance of opinion concerning current levels of orders received and employment prospects for the next three months.

Highlights

- Canadian manufacturers' optimism about the **expected volume of production** dropped eight points to +11 in April 1993 survey. The April balance is similar to the levels of +10 and +12 seen during the last two surveys of 1992. It is a marked improvement over the -2 level posted one year earlier in the April 1992 survey.

  The balance of +11 in April is calculated by subtracting the pessimistic 22% who expected a "lower than normal" volume of production from the optimistic 33% who expected a "higher than normal" volume of production. The remaining 45% expected a "normal" volume of production.

- The balance of opinion for current **orders received** changed little since the last survey. It stood at +12 in April 1993, one point lower than the +13 posted in January 1993. Two consecutive positive balances for orders received had not been seen since the October 1988 and January 1989 surveys.

- The January 1993 balance of opinion concerning **employment prospects** in the next three months decreased one point to -11. This indicates that, on balance, employment is expected to decrease but at a slower rate than during 1991 when the balance of opinion dipped to -25 during the second quarter.

Note to Users

Production, inventories and orders responses to the Business Conditions Survey are weighted by the value of the respondent's shipments reported to the 1989 Annual Survey of Manufactures. Weights for the employment prospects responses are based on the number of employees reported to the Annual Survey of Manufactures.

Survey weights and sampled units have been benchmarked to the 1989 Annual Survey of Manufactures (ASM) and data back to 1989 have been revised accordingly. In general, trends for the revised data have remained the same as those prior to benchmarking to the 1989 Annual Survey of Manufactures.

The balance is the difference between the proportion related to the positive-type response (e.g., higher volume of production) and the proportion related to the negative-type response (e.g., lower volume of production). Both the raw data (raw) and seasonally adjusted (s.a.) data are given for the balance. The seasonally adjusted value for the neutral components (e.g., expected production about the same) is calculated by subtracting the sum of the seasonally adjusted values of the other two components from 100.

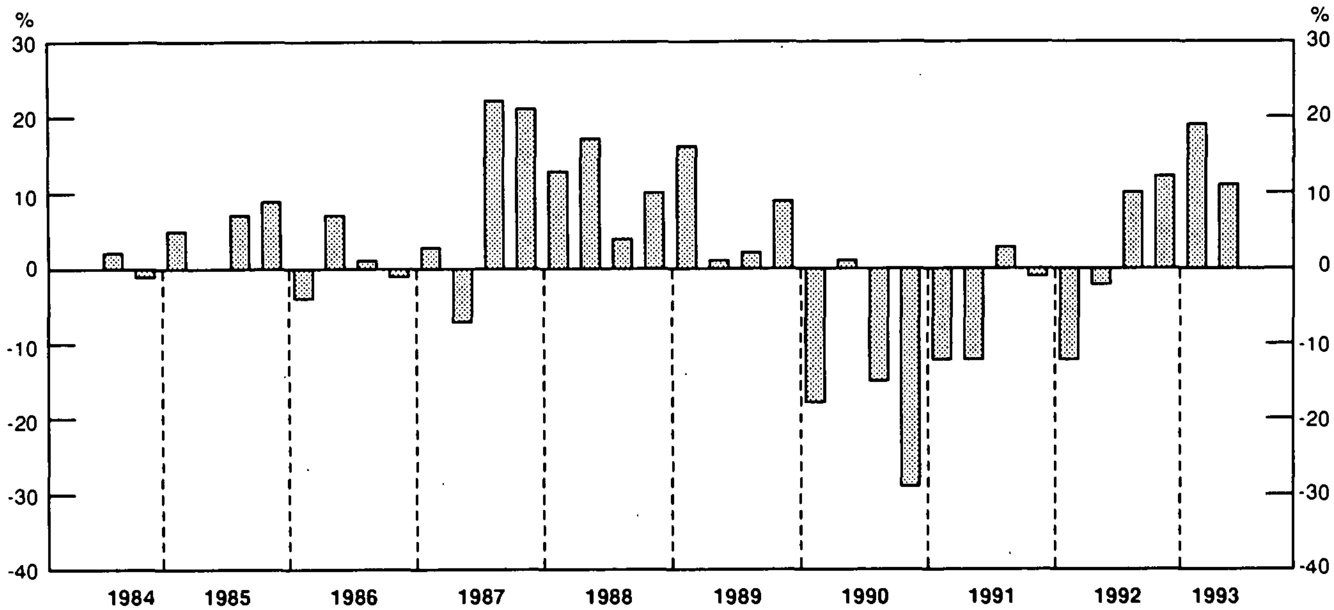
The Business Conditions Survey is carried out in January, April, July and October and the majority of responses are recorded in the first two weeks of these months. Results are based on replies from about 5,000 manufacturers.

- The balance of opinion concerning the current **backlog of unfilled orders** stood at -15 in the April 1993 survey. This is an eight-point improvement over January 1993 and a major gain when compared to the recent low of -58 recorded in the April 1991 survey. This change is consistent with the Monthly Survey of Manufacturing, where the trend for unfilled orders has increased for the last three months.

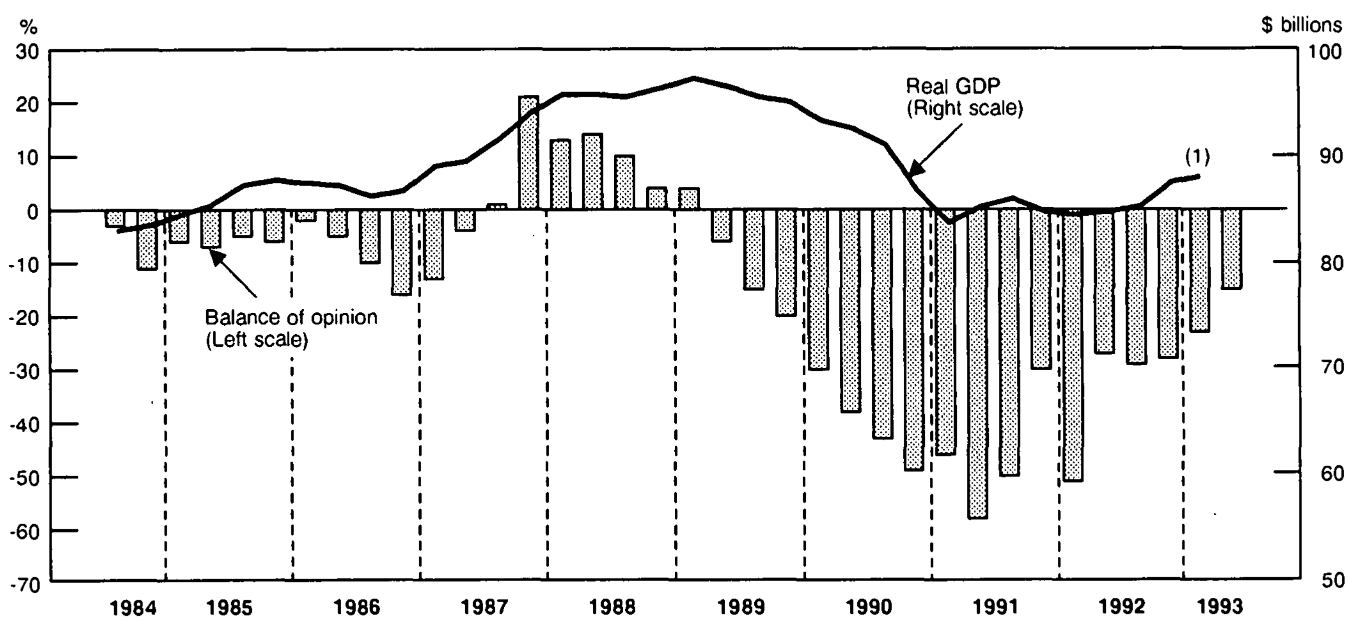
  Unfilled orders are the stock of orders that will generate future shipments, assuming that orders are not cancelled.

- The balance of opinion concerning current levels of **finished-product inventories** gained seven points, improving from -25 in January 1993 to -18 in April 1993. The largest contributor to this improvement was the transportation equipment industry, where 92% (unadjusted data) reported finished-products inventories are "about right" compared with 62% (unadjusted data) in the January 1993 survey.

Balance of Opinion for Expected Volume of Production
Next Three Months vs Last Three Months



Balance of Opinion on Backlog of Unfilled Orders
and Real GDP for Manufacturing Industries
Seasonally adjusted



(1) January and February 1993 average

Unadjusted Data

- About 85% of Canadian manufacturers did not report any particular production difficulties in the April 1993 survey. Some 6% reported that a shortage of working capital impeded their level of production, unchanged from the January survey. A shortage of skilled labour was indicated as a production impediment by 2% of manufacturers. For the 10th consecutive quarter, less than 0.5% of respondents reported that a shortage of unskilled labour is impeding their production.

Available on CANSIM (raw data only): matrices 2843-2845.

For further information, please contact Claude Robillard (613-951-3507), Monthly Survey of Manufacturing Section, Industry Division.

Business Conditions Survey, Canadian Manufacturing Industries

April 1993

	April 1992	July 1992	October 1992	January 1993	April 1993
			seasonally adjusted		
Volume of production during next three month compared with last three months will be:					
About the same	46	46	48	45	45
Higher	26	32	32	37	33
Lower	28	22	20	18	22
Balance	-2	10	12	19	11
Balance (raw)	18	-3	15	7	29
			seasonally adjusted		
Orders received are:					
About the same	65	48	62	57	58
Rising	11	21	13	28	27
Declining	24	31	25	15	15
Balance	-13	-10	-12	13	12
Balance (raw)	-8	-8	-15	11	14
			seasonally adjusted		
Present backlog of unfilled orders is:					
About normal	45	51	58	65	63
Higher than Normal	14	10	7	6	11
Lower than Normal	41	39	35	29	26
Balance	-27	-29	-28	-23	-15
Balance (raw)	-27	-28	-27	-22	-17
			seasonally adjusted		
Finished product inventory on hand is:					
About right	64	71	68	67	74
Too low	3	6	3	4	4
Too high[1]	33	23	29	29	22
Balance	-30	-17	-26	-25	-18
Balance (raw)	-31	-17	-25	-25	-19
			seasonally adjusted		
Employment during the next three months will:					
Change little	64	63	67	66	65
Increase	9	10	8	12	12
Decrease	27	27	25	22	23
Balance	-18	-17	-17	-10	-11
Balance (raw)	-9	-14	-25	-15	-2
			raw		
Sources of production difficulties:					
Working capital shortage	8	7	6	6	6
Skilled labour shortage	2	3	2	2	2
Unskilled labour shortage	0	0	0	0	0
Raw material shortage	3	3	3	3	4
Other difficulties	6	8	7	5	3
No difficulties	81	78	80	84	85

[1] *No evident seasonality.*

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Short-term Expectations Survey

The increase in the Consumer Price Index for April is forecast at 2.1%, with minimum and maximum values of 1.7% and 2.3%, respectively. In March, the mean forecast (2.2%) overestimated the outcome (1.9%).

The mean forecast of the unemployment rate for April is forecast at 11.0% (minimum 10.8%, maximum 11.3%). For March, the mean forecast (10.8%) underestimated the outcome by 0.2 percentage points.

March merchandise exports are forecast to be $14.4 billion, with a minimum of $14.0 billion and a maximum of $14.8 billion. For February, the mean forecast ($14.4 billion) matched the outcome. The forecast of imports for March is $13.4 billion, with a minimum of $13.0 billion and a maximum of $13.7 billion. For February, the mean forecast of $13.1 billion underestimated the actual imports by $0.2 billion.

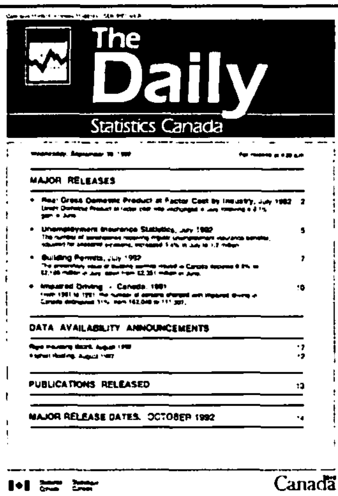
Note to Users

Since April 1990, Statistics Canada has been canvassing a small group of economic analysts (an average of 23 participants) and requesting from them a one-month-ahead forecast of key economic indicators.

This month participants were asked for forecasts of the year-over-year change in the Consumer Price Index and the unemployment rate for April 1993, the level of merchandise exports and imports for March 1993, as well as the month-to-month change in the Gross Domestic Product for March 1993.

The Gross Domestic Product (at factor cost by industry at 1986 prices) is forecast to have changed by 0.3% between February and March 1993, with minimum and maximum changes of 0.1% and 0.6%. Between January and February 1993, the mean forecast (0.3%) underestimated the outcome by a slight 0.1%.

For a complete set of tables or more information concerning this survey, contact Diane Lachapelle (613-951-0568). □



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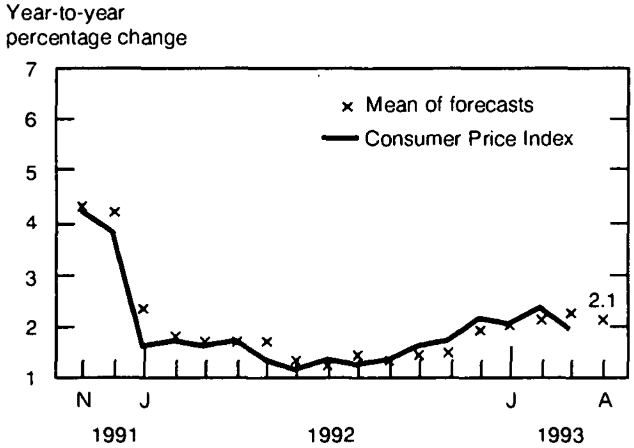
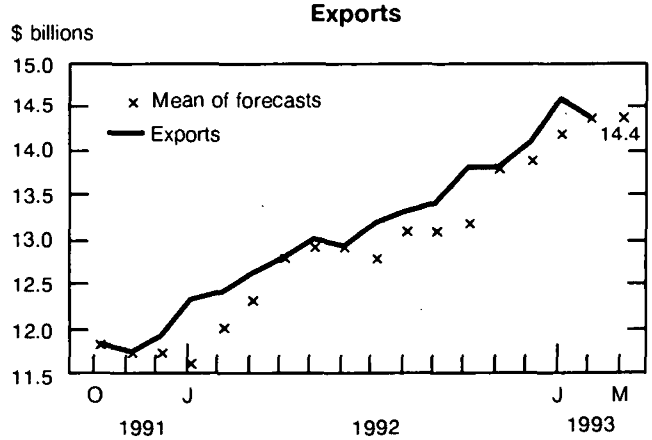
FORECASTS VS. ACTUAL

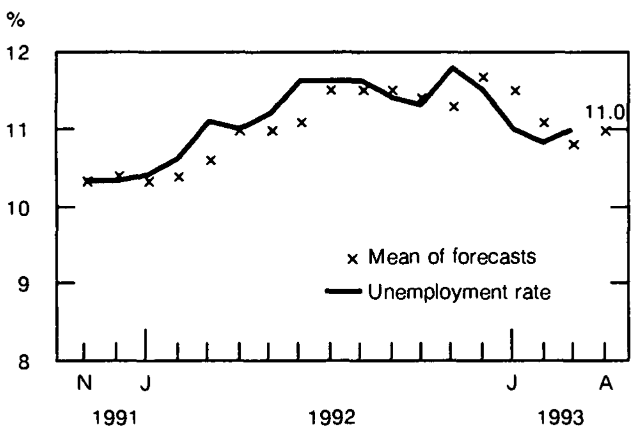
Consumer Price Index



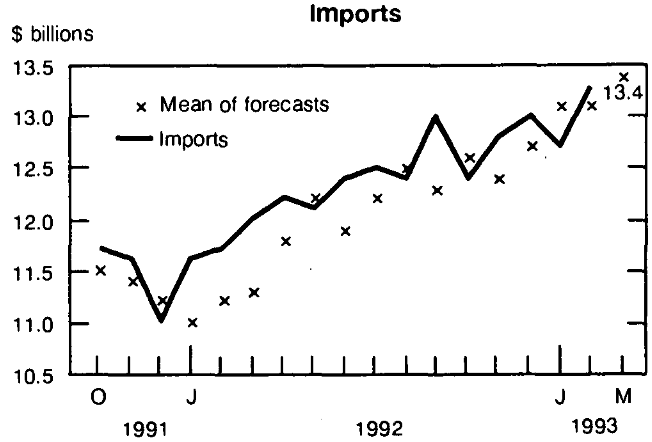
Canadian International Trade Exports



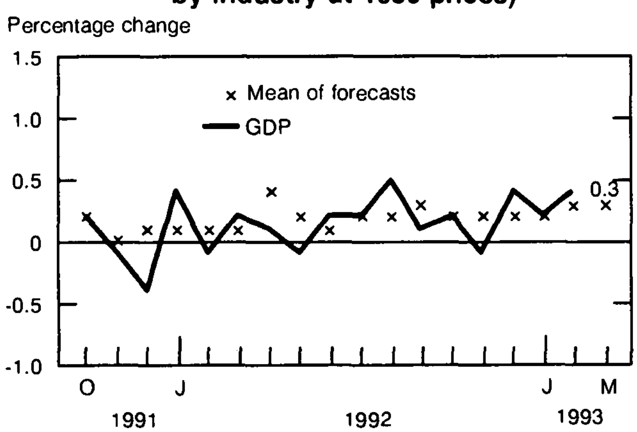
Unemployment Rate



Canadian International Trade Imports



Gross Domestic Product (at factor cost by industry at 1986 prices)



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PUBLICATIONS RELEASED

Crude Petroleum and Natural Gas Production, January 1993.
Catalogue number 26-006
(Canada: $10/$100; United States: US$12/US$120; Other Countries: US$14/US$140).

Rigid Insulating Board, March 1993.
Catalogue number 36-002
(Canada: $5/$50; United States: US$6/US$60; Other Countries: US$7/US$70).

Gypsum Products, March 1993.
Catalogue number 44-003
(Canada: $5/$50; United States: US$6/US$60; Other Countries: US$7/US$70).

Coal and Coke Statistics, February 1993.
Catalogue number 45-002
(Canada: $10/$100; United States: US$12/US$120; Other Countries: US$14/US$140).

Industrial Chemicals and Synthetic Resins, March 1993.
Catalogue number 46-002
(Canada: $5.60/$56; United States: US$6.70/US$67; Other Countries: US$7.80/US$78).

Electric Power Statistics, February 1993.
Catalogue number 57-001
(Canada: $10/$100; United States: US$12/US$120; Other Countries: US$14/US$140).

Retail Trade, February 1993.
Catalogue number 63-005
(Canada: $18.20/$182; United States: US$21.80/US$218; Other Countries: US$25.50/US$255).

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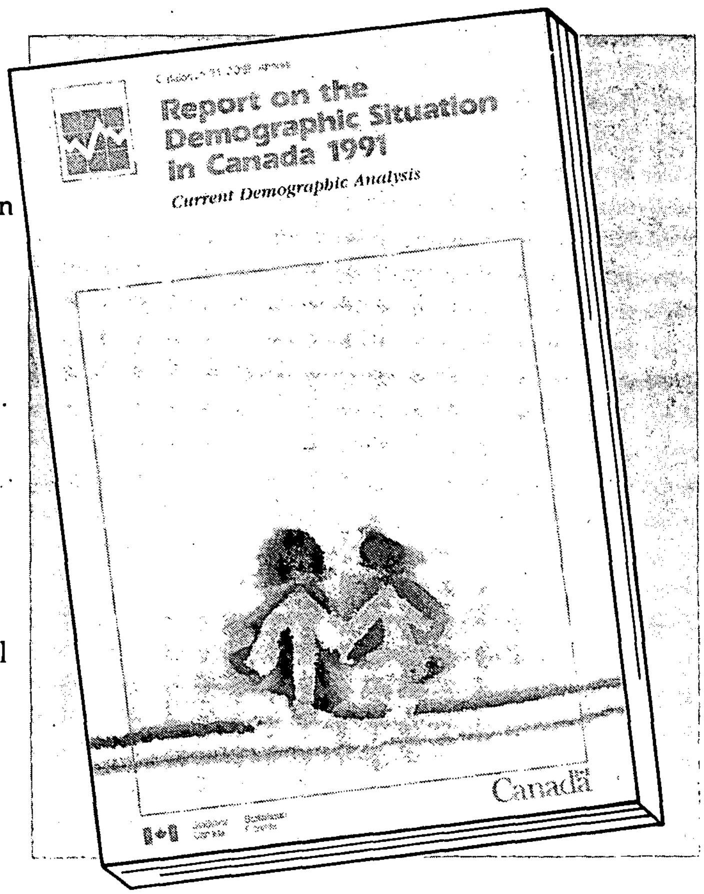

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