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Statistics Canada

Thursday, December 15, 1994

For release at 8:30 a.m.

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Manufacturers regained much of the September decline as shipments rebounded 1.0% in October to \$30.0 billion. Manufacturers' shipments have grown 13% since December 1993.

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Canadian economic observer

December 1994

The December issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, current economic events, and a feature article on the distribution of unemployment insurance benefits and taxes. A 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 December 1994 issue of *Canadian economic observer* (11-010, \$22/\$220) is now available. See "How to order publications".

For further information on this release, call Cindy Bloskie (613-951-3634), Current Analysis Group.



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Standard industrial classification 1980

Two new products are now available from Standards Division. The *1980 standard industrial classification (SIC) manual* is now available in diskette form. The default format is ASCII. It can also be made available in WordPerfect, and may be available in other formats upon request. For a single user the purchase price of this diskette is C\$120. The network version costs C\$360.

The publication *Concordance between the standard industrial classifications of Canada and the United States (1980 Canadian SIC and 1987 United States SIC)* has been amended. A free copy of the addendum and free replacements of diskette versions of this publication are available upon request from Standards Division or from Statistics Canada's Regional Reference Centres.

To obtain a free copy of the addendum to the concordance or to order the 1980 SIC manual in diskette form, contact JoAnn Casey (613-951-3433, fax: 613-951-8578, the Internet: standards@statcan.ca), Standards Division.

MAJOR RELEASES

Transfers of income through unemployment insurance

1986-1990

In Canada, unemployment insurance (UI) contributions are not based on the risk of unemployment. As a result, the same industries, provinces, and firms have been receiving more in benefits than they have been contributing in premiums every year since at least the 1970s.

Not only are there large transfers between industries, there are also significant transfers within industries. In fact, most industries consist of two groups: firms which repeatedly withdraw more in benefits than they contribute and firms which repeatedly contribute more than they withdraw.

Primary industries, construction, and the provinces east of Ontario are the major UI recipients

Between 1986 and 1990, construction workers received an average \$1.2 billion a year more in UI benefits than the industry paid in premiums. Put another way, they were paid \$2.90 in benefits for each \$1 of premiums.

UI benefits also exceeded contributions in the agriculture, forestry and fishing industries. The benefits to contributions ratio was highest in forestry, where \$6.17 in benefits were received for every \$1 paid in premiums. By comparison, the finance industry got the lowest—only 51 cents for every \$1.

In some services industries, benefit levels fell far short of contributions. For example, in the community, business and personal services industry and in public administration contributions exceeded benefits by around \$700 million a year.

The general pattern at the provincial level is of a transfer of money from Ontario to points eastward. Almost \$2.3 billion was taken out of the Ontario economy each year by the UI program, while about the same amount was put into the economies east of the Ottawa River. Manitoba, Saskatchewan and Alberta were net contributors, but British Columbia was a net recipient (see the following table for a complete breakdown by industry and province).

UI income transfers between industries and regions, annual average 1986-1990

	UI benefits less UI contributions	Dollars of UI benefits per dollar of UI contributions
	\$ millions	
Industries		
Agriculture	222.3	3.58
Forestry	265.1	6.17
Fishing and trapping	97.0	4.70
Mining	-16.7	0.94
Manufacturing	-132.9	0.95
Construction	1,227.6	2.90
Transportation	-473.2	0.59
Trade	-129.2	0.93
Finance	-427.7	0.51
Community, business and personal services	-712.8	0.81
Public administration	-665.7	0.59
Provinces/territories		
Newfoundland	666.2	4.32
Prince Edward Island	113.7	3.42
Nova Scotia	227.8	1.59
New Brunswick	395.7	2.36
Quebec	871.2	1.28
Ontario	-2,297.3	0.58
Manitoba	-77.4	0.84
Saskatchewan	-29.4	0.92
Alberta	-164.2	0.87
British Columbia	315.5	1.22
Northwest Territories	-9.5	0.72
Yukon	9.5	1.57

These patterns have persisted for at least the last 15 years. A comparison of two recent periods (the 1975-1982 period and the 1986-1990 period) shows these patterns quite clearly. Virtually all the industries that received more than they contributed during the earlier period also did so during the later period. Similarly, those industries which were overall contributors during the earlier period were still overall contributors during the latter period.

The same firms are net recipients year in, year out

Not only do the same industries consistently account for more benefits than contributions, but so do the same firms. Approximately 69,000 firms (12% of the total number of firms) received a net transfer through UI in every year between 1986 and 1990. These firms accounted for 14% of all jobs but for more than 38% of all UI benefits paid over the course of these four years. In this sense, a small fraction of firms can be considered frequent users of the UI program.

Most of these firms are found in a small number of industries. About 22% of them are in construction. Another 17% are in services industries like restaurants, hotels/motels and related groups.

On the other hand, over 235,000 firms (about 42% of the total) never accounted for more benefits than they contributed in premiums between 1986 and 1990. These firms accounted for 56% of all jobs but for only 31% of all UI benefits paid.

UI transfers income between firms in the same industry

Most industries consist of two types of firms: those that are always net recipients and those that are always net contributors. For example, almost 26% of all construction firms are always net UI recipients, but almost as large a proportion (23%) are always net contributors. This pattern is evident even in industries that contribute more than they withdraw from UI. For example, in public administration fully 22% of employers are always net recipients.

Firms as frequent users of UI* 1986-1990

Number of years between 1986 and 1990 when UI benefits exceeded UI contributions	Number of firms	% of firms	% of jobs	% of UI paid
None	235,176	41.5	56.3	31.3
1 year	118,612	20.9	12.6	9.7
2 years	82,840	14.6	8.8	9.4
3 years	61,604	10.9	8.2	11.6
All 4 years	68,731	12.1	14.1	38.1
Total	566,963	100.0	100.0	100.0

* For firms that were operating during all four years.

This release is drawn from a feature article, "The distribution of UI benefits and taxes in Canada", in the December 1994 issue of *Canadian economic observer*, now available. See "How to order publications."

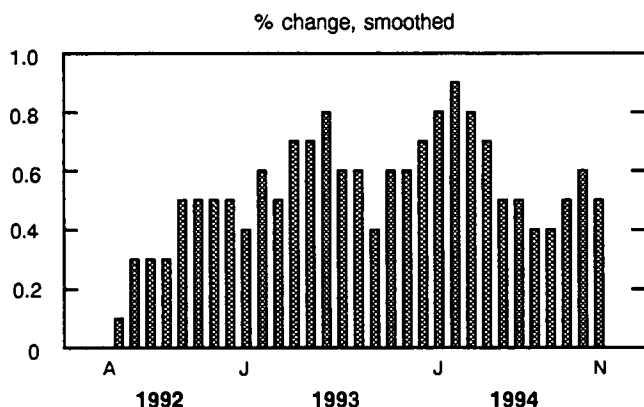
For further information on this release, contact Miles Corak (613-951-9047), Business and Labour Market Analysis Division. ■

Composite index

November 1994

Growth of the composite index was little changed at 0.5% in November, compared to an upward revised gain of 0.6% in October. The manufacturing components have sustained their growth in recent months, reflecting the buoyancy of exports and investment. Conversely, household demand continued to lend little support to the growth of the economy.

Composite index



New orders for durable goods continued their upward trend that dates back over a year—led by exports, capital and intermediate goods. Shipments

of these goods also continued to increase rapidly relative to inventories; as a result, the ratio of shipments to stocks broke a record high in each of the latest three months. This upsurge in demand also led to a second straight lengthening of the average workweek, the first back-to-back gains since March and April. Manufacturers increasingly resorted to boosting employment.

All of the components related to household demand have turned negative, following the third-quarter slump in disposable income. The housing index posted the largest drop (-1.7%), its seventh straight. Falling house sales last summer and the ensuing rise in unoccupied homes culminated in a drop in housing starts, particularly in Central Canada. Meanwhile, furniture and appliance sales fell for the first time in 10 months, while other durable goods also retreated.

The leading indicator for the United States has tracked the growth of demand for Canada's exports. Spending on housing and autos weakened, but U.S. industrial production rebounded sharply from a drop in September.

Available on CANSIM: matrix 191.

For more information on the economy, the December 1994 issue of the *Canadian economic observer* (11-010, \$22/\$220) is available today. See "How to order publications".

For further information on this release, contact Francine Roy (613-951-3627), Current Economic Analysis Division. □

Composite index

Data used in the composite index calculation for:	June 1994	July 1994	August 1994	September 1994	October 1994	November 1994	Last month of data available
							% change
Composite leading indicator (1981 = 100)	166.4	167.1	167.8	168.6	169.6	170.4	0.5
Housing index ¹	129.7	127.8	125.2	122.8	120.5	118.4	-1.7
Business and personal services employment (thousands)	1,859	1,871	1,885	1,898	1,909	1,919	0.5
TSE 300 stock price index (1975 = 1000)	4,337	4,286	4,264	4,264	4,267	4,246	-0.5
Money supply (M1) (millions of 1981 \$) ²	29,885	30,136	30,275	30,347	30,359	30,335	-0.1
U.S. composite leading index (1967 = 100) ³	214.2	214.9	215.4	215.9	216.3	216.7	0.2
Manufacturing							
Average workweek	38.9	38.8	38.8	38.8	38.9	39.0	0.3
New orders, durables (millions of 1981 \$) ⁴	10,853.3	10,970.2	11,105.1	11,288.9	11,516.8	11,740.3	1.9
Shipments/inventories ratio ⁴	1.56	1.56	1.56	1.58	1.60	1.63	0.03*
Retail trade							
Furniture and appliance sales (millions of 1981 \$) ⁴	1,115.4	1,121.7	1,126.8	1,130.8	1,132.6	1,130.0	-0.2
Other durable goods sales (millions of 1981 \$) ⁴	3,919.5	3,951.8	3,991.0	3,991.0	3,970.2	3,960.4	-0.2
Unsmoothed composite	167.0	168.4	169.3	170.9	172.1	171.1	-0.6

¹ Composite index of housing starts (units) and house sales (MLS).

² Deflated by the consumer price index for all items.

³ The figures in this row reflect data published in the month indicated but the figures themselves refer to data for the immediately preceding month.

⁴ The figures in this row reflect data published in the month indicated but the figures themselves refer to data for two months preceding.

* Difference from previous month.

Monthly survey of manufacturing

October 1994

The seasonally adjusted value of shipments grew 1.0% to \$30.0 billion in October as manufacturers regained much of the drop in September. Overall, manufacturers have increased shipments 13% since December 1993. Manufacturers in 14 of the 22 major groups (accounting for 68% of shipments) posted gains, while seven declined and one remained flat. The most significant gains were in the paper and allied products, wood, and electrical and electronic products industries. The largest decline was in the refined petroleum and coal industry.

Though the rate of increase has slowed considerably in recent months, production has been strong. As well, several indicators suggest continued optimism in the future for manufacturers' shipments. Employment levels in manufacturing increased in October and November (see the labour force survey). The backlog of unfilled orders continued to grow, especially for long-term projects, led by swelling demand for electrical and electronic products and continuing strong demand for heavy and medium-sized trucks. Also, while capacity utilization in the manufacturing sector increased in the third quarter, additional production capacity is being created from strong investment in machinery and equipment. In addition, manufacturers anticipate favourable production prospects in the fourth quarter (see the business conditions survey).

Shipments rebound after a one-month dip

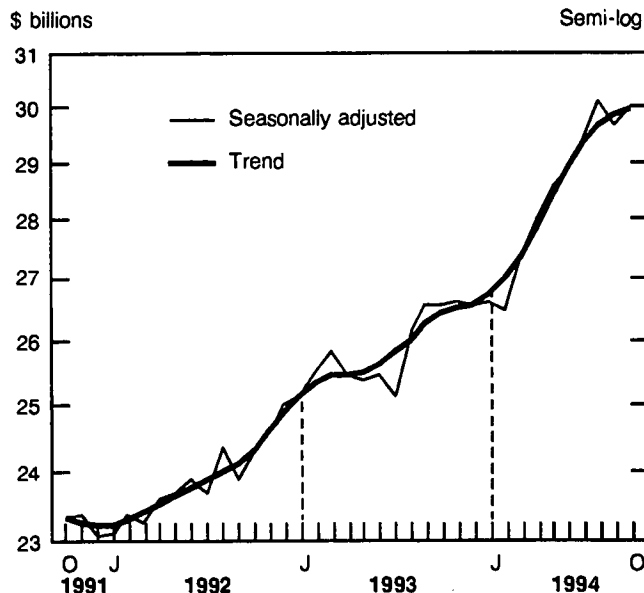
The largest increases, in current dollars, were in the following industries: paper and allied products (+5.1%), where demand and price increases have been evident; wood (+3.5%), where production and demand have been returning to former levels as labour disputes are resolved; and electrical and electronic products (+2.9%), where demand is strengthening. A 1.7% price decrease in the refined petroleum and coal industry was a major factor behind a 4.8% decline in this industry (see October's industrial product price index).

Definitions

Unfilled orders: the stock of orders that will contribute to future shipments, assuming orders are not cancelled.

New orders: the sum of shipments for the current month (i.e., orders received and shipped within the same month) plus the change in unfilled orders.

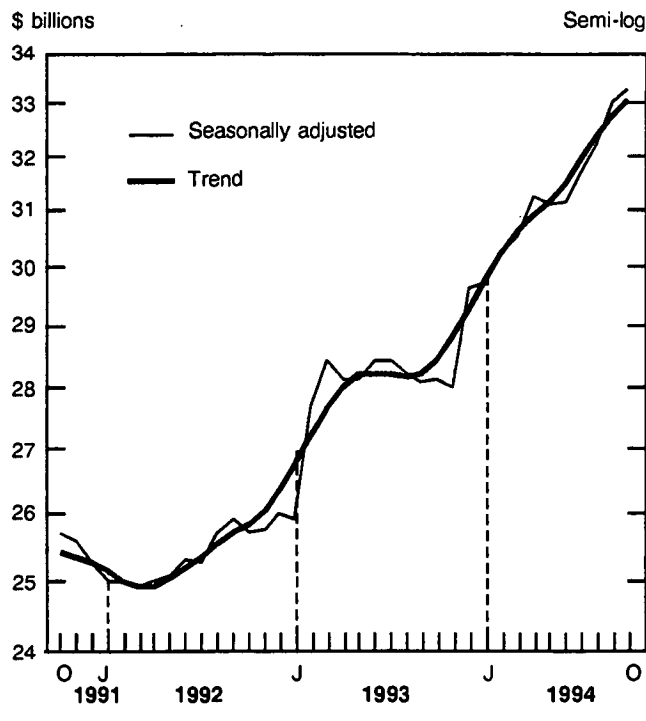
Shipments



Unfilled orders continue to swell

Unfilled orders held by manufacturers increased in 10 of the last 11 months. A 1.0% increase in October to \$33.3 billion was stoked by surging demand in the electrical and electronic products industry and in the transportation equipment products industry. The growth in orders, and ultimately in shipments, in the electrical and electronic products industry supports a report released on October 19, 1994 by Evans Research Corporation. That report estimated Canadian electronics manufacturers will ship products worth 18% more in 1994 than in the previous year.

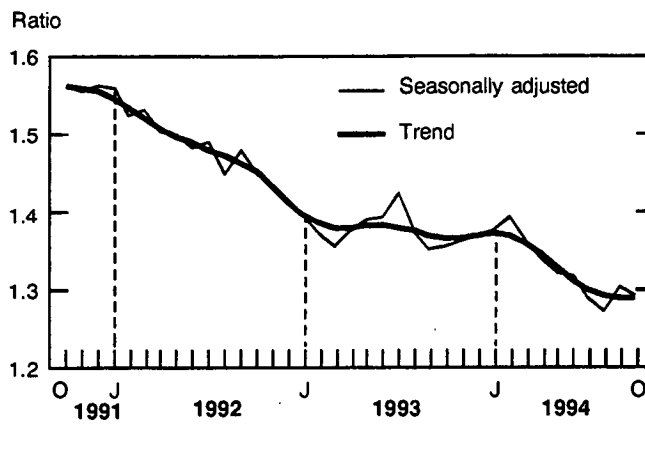
Unfilled orders



Inventories to shipments ratio remains relatively stable

Despite rising inventory levels (+0.3% in October), the inventories to shipments ratio has remained around 1.29 for four months as growth in shipments has generally outpaced growth in inventories. Manufacturers, encouraged by strong order books, appeared satisfied with inventory levels according to the business conditions survey released on November 2nd.

Inventories to shipments ratio



Available on CANSIM: matrices 9550-9580.

The October 1994 issue of *Monthly survey of manufacturing* (31-001, \$19/\$190) will be available shortly. See "How to order publications".

Data on shipments by province in greater detail may be available on request.

For further information on this release, contact Danielle Gendron, Information and Classification Section (613-951-9497), or the Monthly Survey of Manufacturing Section (613-951-9832), Industry Division. □

Shipments, inventories and orders in all manufacturing industries

Period	Shipments		Inventories		Unfilled orders		New orders	Inventories to shipments ratio	
	seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
October 1993	26,514	0.0	35,872	0.3	28,069	0.1	26,532	0.5	1.35
November 1993	26,569	0.2	36,121	0.7	27,981	-0.3	26,481	-0.2	1.36
December 1993	26,510	-0.2	36,247	0.3	29,646	6.0	28,175	6.4	1.37
January 1994	26,582	0.3	36,523	0.8	29,745	0.3	26,681	-5.3	1.37
February 1994	26,457	-0.5	36,866	0.9	30,283	1.8	26,995	1.2	1.39
March 1994	27,365	3.4	37,246	1.0	30,535	0.8	27,617	2.3	1.36
April 1994	27,997	2.3	37,418	0.5	31,282	2.4	28,744	4.1	1.34
May 1994	28,528	1.9	37,637	0.6	31,110	-0.5	28,357	-1.3	1.32
June 1994	28,882	1.2	37,940	0.8	31,180	0.2	28,951	2.1	1.31
July 1994	29,372	1.7	37,833	-0.3	31,656	1.5	29,849	3.1	1.29
August 1994	30,070	2.4	38,197	1.0	32,205	1.7	30,620	2.6	1.27
September 1994	29,677	-1.3	38,592	1.0	32,998	2.5	30,470	-0.5	1.30
October 1994	29,976	1.0	38,688	0.3	33,316	1.0	30,293	-0.6	1.29

OTHER RELEASES

Steel primary forms

Week ending December 10, 1994 (preliminary)

Steel primary forms production for the week ending December 10, 1994 totalled 262 549 tonnes, down 1.0% from the week-earlier 265 256 tonnes and down 8.9% from the year-earlier 288 062 tonnes.

The cumulative total at the end of the week was 13 011 018 tonnes, a 3.6% decrease from 13 498 831 tonnes for the same period in 1993.

For further information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■

Oil pipeline transport

September 1994

In September net receipts of crude oil and refined petroleum products into pipelines increased 6.0% to 16 609 554 cubic metres (m³) from September 1993. Year-to-date receipts to the end of September, at 149 416 095 m³, were up 5.8% from the same period in 1993.

Pipeline exports of crude oil increased 3.2% from September 1993, to 4 665 040 m³. Pipeline imports rose to 891 177 m³, up 11.3% from September 1993. Year-to-date exports at the end of September 1994 (41 249 598 m³) were up 8.0% from 1993, while year-to-date imports (8 574 576 m³) were up 4.4%.

September deliveries of crude oil by pipeline to Canadian refineries totalled 5 176 334 m³, a 9.7% increase from 1993; September deliveries of liquid petroleum gases and refined petroleum products increased 13.0% to 429 330 m³.

Available on CANSIM: matrix 181.

The September 1994 issue of *Oil pipeline transport* (55-001, \$11/\$110) will be available the third week of December. See "How to order publications".

For further information on this release, contact Gerard O'Connor (613-951-3562), Energy Section, Industry Division. ■

Dairy review

October 1994

Creamery butter production totalled 6.9 thousand tonnes in October, a 1.7% increase from October

1993. Cheddar cheese production amounted to 9.3 thousand tonnes, an 8.4% decrease from October 1993.

An estimated 566.0 thousand kilolitres of milk were sold off farms for all purposes in September 1994, a 3.2% increase from September 1993. This brought the total estimate of milk sold off farms during the first nine months of 1994 to 5.3 million kilolitres, a 3.4% increase over the January to September 1993 period.

Available on CANSIM: matrices 3428, 5632-5638, 5650-5661, 5664-5667 and 5673.

The October 1994 issue of *The dairy review* (23-001, \$14/\$138) is scheduled for release on January 6, 1995. See "How to order publications".

For further information on this release, contact Robert Freeman (613-951-2508), Agriculture Division. ■

Fruit and vegetable production

December 1994 issue

The most recent updates to data on the area, production and value of fruits and vegetables are now available.

Available on CANSIM: matrices 1371-1395, 1397-1399, 1401-1406, 5587-5590, 5593-5610, 5614-5620, 5623, 5624 and 5627.

Fruit and vegetable production (22-003, \$26/\$104) is now available. See "How to order publications".

For further information on this release, contact Gerry Mason (613-951-0573), Agriculture Division. ■

Processed fruits and vegetables

October 1994

Data for October 1994 on processed fruits and vegetables are now available.

Canned and frozen fruits and vegetables, monthly (32-011, \$6/\$60) will be available shortly. See "How to order publications".

For further information on this release, contact Peter Zylstra (613-951-3511), Industry Division. ■

PUBLICATIONS RELEASED

Canadian economic observer, December 1994.
Catalogue number 11-010
(Canada: \$22/\$220; United States: US\$27/US\$264;
other countries: US\$31/US\$308).

Gross domestic product by industry,
September 1994.
Catalogue number 15-001
(Canada: \$14/\$140; United States: US\$17/US\$168;
other countries: US\$20/US\$196).

Particleboard, waferboard and fibreboard,
October 1994.
Catalogue number 36-003
(Canada: \$6/\$60; United States: US\$8/US\$72;
other countries: US\$9/US\$84).

Steel wire and specified wire products,
October 1994.
Catalogue number 41-006
(Canada: \$6/\$60; United States: US\$8/US\$72;
other countries: US\$9/US\$84).

**Production and shipments of steel pipe and
tubing**, October 1994.
Catalogue number 41-011
(Canada: \$6/\$60; United States: US\$8/US\$72;
other countries: US\$9/US\$84).

Passenger bus and urban transit statistics,
October 1994.
Catalogue number 53-003
(Canada: \$8/\$80; United States: US\$10/US\$96;
other countries: US\$12/US\$112).

Energy statistics handbook, December 1994.
Catalogue number 57-601
(Canada: \$330; United States: US\$400;
other countries: US\$460).

Consumer prices and price indexes,
April-June 1994.
Catalogue number 62-010
(Canada: \$20/\$80; United States: US\$24/US\$96;
other countries: US\$28/US\$112).

The paper used in this publication meets the minimum
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Information Sciences – Permanence of Paper for Printed
Library Materials, ANSI Z39.48 – 1984.



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