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The Daily

Statistics Canada

Thursday, November 2, 1995
For release at 8:30 a.m.

MAJOR RELEASES

OTHER RELEASES

PUBLICATIONS RELEASED

MAJOR RELEASES

Business conditions survey, manufacturing industries
October 1995

Manufacturers were more optimistic about production prospects in the October 1995 Business Conditions Survey than they were last quarter. Even so, they did not expect this to lead to growth in employment. They still felt that inventories were too high, but the level of concern remained stable. Concern about orders increased, but at a slower rate than in the July survey.

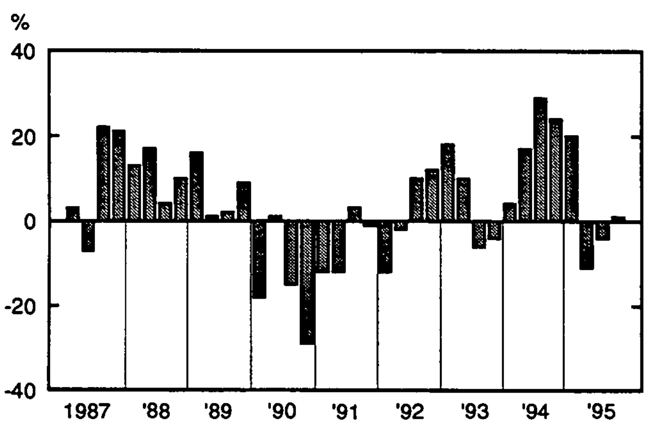
Manufacturers optimistic about production prospects

The balance of manufacturers' opinions about production prospects over the next three months was up 5 points from -4 in July 1995 to 1 in October 1995. Prospects also improved in the July survey following a drop in April.

Manufacturing output (as measured by gross domestic product) increased 0.4% in August, the third increase in four months. Before these recent increases, output declined 2.1% from a peak in January to April 1995.

(The balance of opinion of 1 in October was arrived at by subtracting the 29% of manufacturers that expected production to be lower over the next three months from the 30% that expected production to be higher.)

Balance of opinion on expected volume of production
Next three months vs last three months



> ***Note to readers***
>
> *The Business Conditions Survey is conducted quarterly in January, April, July and October. Most responses are recorded in the first two weeks of these months. Results are based on replies from about 5,000 manufacturers and are weighted by a manufacturer's shipments or employment. Consequently, larger manufacturers have a correspondingly larger impact on the results than smaller manufacturers.*
>
> *Except for the data on production difficulties, data in this release are seasonally adjusted.*

Concern about inventories still high

Though high, the level of concern about inventories was unchanged from July's balance, at -15. The balance has been at the same level for the last three quarters.

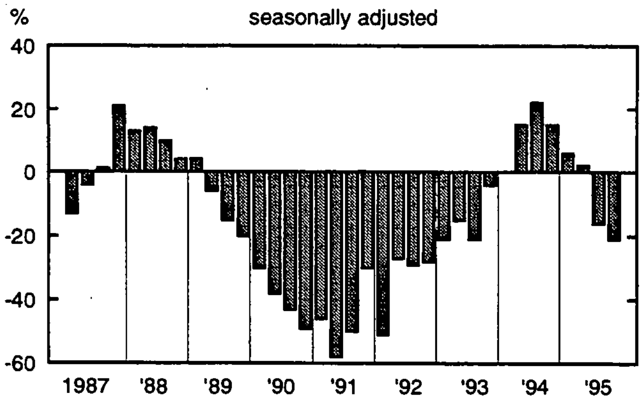
The Business Conditions Survey's picture of the inventory situation is supported by data from the Monthly Survey of Manufacturing. Inventories were still rising in August, but at a much slower pace than in the first half of 1995. August shipments increased dramatically, causing the inventories-to-shipments ratio to improve considerably.

Manufacturers remained concerned about new orders and the backlog of unfilled orders

The balance of manufacturers' opinions about new orders and the backlog of unfilled orders dropped 5 points each to -14 and -21 respectively. The decrease was much smaller than in July 1995.

The backlog of unfilled orders decreased in three of the four months up to August. Before May 1995, unfilled orders increased for over two years (see Monthly Survey of Manufacturing data).

Balance of opinion on backlog of unfilled orders



Prospects for manufacturing employment continued to be weak

Employment prospects stayed about the same, with only a slight increase of 1 point since last quarter (from -4 to -3). Employment prospects had been on a gentle downward trend for the previous three surveys.

More concern about shortage of working capital

Concern about working capital rebounded to 5%, an increase of 2 percentage points. Apart from this increase and an increase in April 1995, manufacturers have been less concerned about working capital for most of the last two years.

Concern about shortage of raw materials as a production difficulty was down another 2 percentage points to 3% in October. This was down from the recent peak of 7% (April 1995).

Shortage of skilled labour was reported as a difficulty by 5% of manufacturers. This was up 1 percentage point from the 4% recorded in the previous five quarters.

Available on CANSIM: matrices 2843-2845.

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

Business conditions survey, manufacturing industries

	Oct. 1994	Jan. 1995	April 1995	July 1995	Oct. 1995
	seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
about the same	48	42	61	50	41
higher	38	39	14	23	30
lower	14	19	25	27	29
Balance	24	20	-11	-4	1
Orders received are:					
about the same	57	61	63	53	46
rising	38	30	20	19	20
declining	5	9	17	28	34
Balance	33	21	3	-9	-14
Present backlog of unfilled orders is:					
about normal	65	56	72	54	49
higher than normal	25	25	15	15	15
lower than normal	10	19	13	31	36
Balance	15	6	2	-16	-21
Finished-product inventory on hand is:					
About right	84	80	73	77	77
Too low	6	5	6	4	4
Too high[1]	10	15	21	19	19
Balance	-4	-10	-15	-15	-15
Employment during the next three months will:					
change little	74	75	71	68	71
increase	16	14	14	14	13
decrease	10	11	15	18	16
Balance	6	3	-1	-4	-3
	unadjusted				
Sources of production difficulties					
Working capital shortage	3	2	5	3	5
Skilled labour shortage	4	4	4	4	5
Unskilled labour shortage	0	0	0	0	0
Raw material shortage	6	6	7	5	3
Other difficulties	2	3	2	3	2
No difficulties	84	84	83	85	86

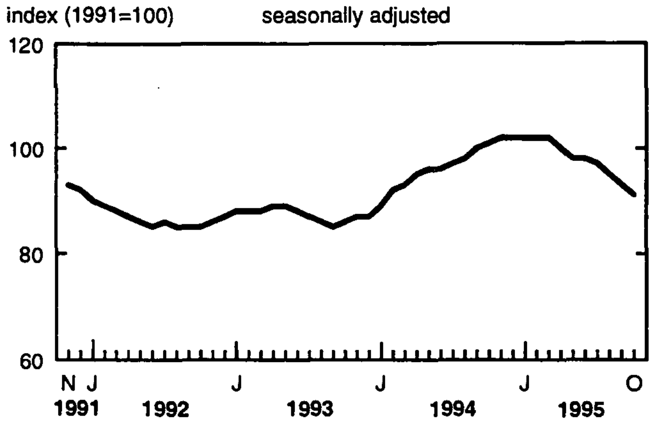
[1] *No evident seasonality.*

Help-wanted index

October 1995

The help-wanted index continued to decline in October, falling to 91 (1991=100). After gaining 15% in 1994, the index stalled at 102 between November 1994 and March 1995. Since then, it has declined 11%.

The help-wanted index continued to decline in October



The help-wanted index is an indicator of the intent of employers to hire new workers. The recent drop in the number of help-wanted ads may be partly explained by the persistent weakness of manufacturers' unfilled orders and by the buildup of inventories (see Monthly Survey of Manufacturing).

In October, the index increased 3% in the Atlantic provinces. But that increase was more than offset by decreases of 3% in Ontario, 2% in Quebec and the Prairies, and 1% in British Columbia.

All the regional indexes peaked in early 1995. By October, there had been several month-to-month drops in Ontario and the Prairie provinces (down for three months), Quebec (down for four months) and British Columbia (down for seven months).

Note to readers

The help-wanted index is compiled from the number of help-wanted ads published in 22 newspapers in 20 major metropolitan areas. For those labour markets, the index reflects changes in the demand for labour. However, since not all jobs are filled through help-wanted ads, the index represents only a part of all hiring.

The help-wanted indexes have been seasonally adjusted and smoothed to ease month-to-month comparisons.

Available on CANSIM: matrix 105 (levels 8-9).

Help-wanted indexes for the surveyed metropolitan areas are available on request.

For further information on this release, contact Adib Farhat (613-951-4045) or Carole Fraser (613-951-4039), Labour Division (fax: 613-951-4087).

Help-wanted index
(1991=100)

	Oct. 1994	Aug. 1995	Sept. 1995	Oct. 1995	Oct. 1994 to Oct. 1995	Sept. 1995 to Oct. 1995
	seasonally adjusted					
					% change	
Canada	**101**	**95**	**93**	**91**	**-10**	**-2**
Atlantic provinces	104	102	99	102	-2	3
Quebec	101	100	98	96	-5	-2
Ontario	103	103	100	97	-6	-3
Prairies provinces	96	87	85	83	-14	-2
British Columbia	83	74	72	71	-14	-1

■

OTHER RELEASES

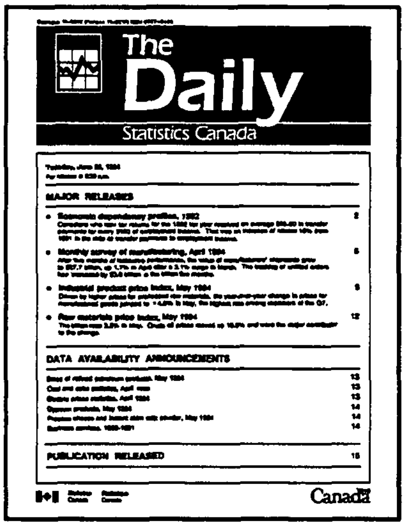
Steel primary forms

Week ending October 28, 1995 (preliminary)

Steel primary forms production for the week ending October 28, 1995, totalled 270 308 tonnes, up 5.4% from 256 465 tonnes a week earlier, but down 6.1% from 287 718 tonnes a year earlier.

The year-to-date total at the end of the week was 11 944 020 tonnes, a 5.2% increase from 11 357 787 tonnes for the same period in 1994.

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



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PUBLICATIONS RELEASED

Rigid insulating board, September 1995
Catalogue number 36-002
(Canada: $6/$60; United States: US$8/US$72; other countries: US$9/US$84).

Asphalt roofing, September 1995
Catalogue number 45-001
(Canada: $6/$60; United States: US$8/US$72; other countries: US$9/US$84).

Labour force information, for the week ended October 14, 1995
Catalogue number 71-001P
(Canada: $10/$100; United States: US$12/US$120; other countries: US$14/US$140).
Available at 7:00 a.m. on Friday, November 3

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