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The Daily

Statistics Canada

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

MAJOR RELEASES

OTHER RELEASES

MAJOR RELEASES

Business conditions survey, manufacturing industries

January 1995

At the start of 1995, manufacturers were still positive and remained more satisfied than they were a year earlier. However, manufacturers were less positive than in the October survey about their backlog of unfilled orders and finished-product inventory levels. They were also slightly less optimistic about prospects for production and employment over the next three months.

This slight downward shift in manufacturers' opinions has taken place amid a climate of concern about rising interest rates, the sustainability of demand, and higher raw material prices (particularly for aluminum, paper and plastics).

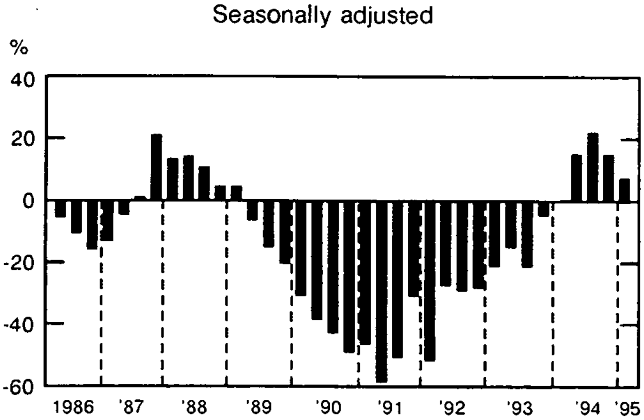
Less satisfaction with unfilled orders backlog and orders received

In the January 1995 survey, 26% of manufacturers said their backlog of unfilled orders was "higher than normal", whereas 19% said it was "lower than normal". January's balance of opinion of +7 (the difference between the 26% "higher than normal" and the 19% "lower than normal") was down for a second time (by eight points from the October survey and a further seven points from July).

However, manufacturers' satisfaction with their backlog of unfilled orders remained higher than a year earlier, and was much higher than the large negative balances—in the -15 to -58 range—recorded during the four years from July 1989 to July 1993.

Balance of opinion on backlog of unfilled orders

Seasonally adjusted



Note to users

The business conditions survey is conducted 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 data on production difficulties, data in this release are seasonally adjusted.

With this release, data have been revised back to 1992. Revisions are due to updating the sample and weights. Revisions generally have a minor effect on previously released data.

Manufacturers were also somewhat less positive about orders received. After increasing for the previous five quarters, manufacturers' satisfaction dropped nine points to +24. However the balance remained strongly positive, and was also well above the large negative balances recorded from April 1989 to October 1992.

Some concern about inventory levels

For the first time in five quarters, more manufacturers thought that inventories were too high than in the previous quarter. Sixteen percent of manufacturers thought finished-product inventories were too high, up from 10% in the October survey.

Data from the monthly survey of manufacturing show that, up to November 1994 (apart from July 1994), manufacturers' inventories have been increasing for more than a year, but at a slower pace than shipments. Until the most recent business conditions survey, manufacturers appear to have been satisfied with increases in inventory levels.

Slightly less confidence about production prospects and employment over the next three months

Manufacturers were less confident about prospects for production over the next three months compared to the last two surveys. Eighteen percent expected a decrease in production, up from 14% in the October survey. This is still much better than a year earlier, when 29% expected production to be lower over the next three months.

Along with the decreased satisfaction with orders, inventories and prospects for production, there has been a slight shift in attitudes toward employment. Manufacturers' confidence about employment prospects for the next three months decreased three points to +3. This was the first decline since relatively strong increases were recorded starting five quarters ago. Still, the +3 is significantly higher than the -2 recorded a year earlier.

The employment prospects indicator generally tracks manufacturing employment from the labour force survey quite well.

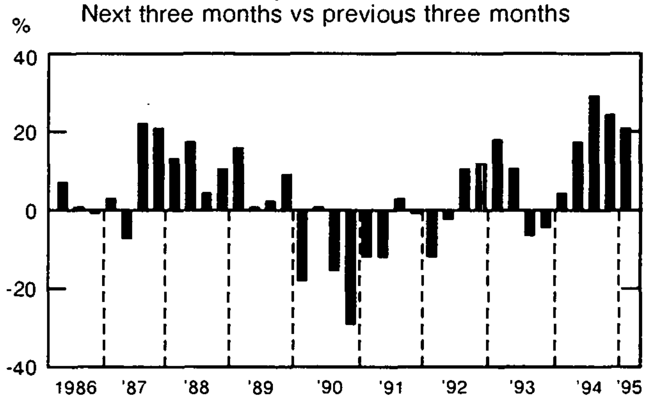
Concern about raw material shortages nears a record level

For the last three surveys, raw material shortages as a production difficulty were reported by 6% of manufacturers. This is double the level a year earlier and is close to the high of 7% reached before the onset of the 1989 downturn.

Shortage of working capital has returned to a historically low level of 2%, compared with a high of 10% in October 1991. Even so, it is still more of a problem for small establishments, where 10% still report this as a production difficulty.

Balance of opinion for expected volume of production

Next three months vs previous three months



Shortage of skilled labour was reported by 4% of manufacturers in the last three surveys. This is double the 2% rate at the start of 1994, but much less than the 12% average recorded of 1989.

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

	January 1994	April 1994	July 1994	October 1994	Janurary 1995
	seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
about the same	38	47	47	48	43
higher	33	35	41	38	39
lower	29	18	12	14	18
Balance	4	17	29	24	21
Orders received are:					
about the same	61	53	56	57	60
rising	28	37	38	38	32
declining	11	10	6	5	8
Balance	17	27	32	33	24
Present backlog of unfilled orders is:					
about normal	68	65	64	65	55
higher than normal	16	25	29	25	26
lower than normal	16	10	7	10	19
Balance	0	15	22	15	7
Finished-product inventory on hand is:					
about right	65	79	83	84	80
too low	6	5	7	6	4
too high[1]	29	16	10	10	16
Balance	-23	-11	-3	-4	-12
Employment during the next three months will:					
change little	64	63	68	74	75
increase	17	18	17	16	14
decrease	19	19	15	10	11
Balance	-2	-1	2	6	3
	unadjusted				
Sources of production difficulties					
Working capital shortage	6	5	3	3	2
Skilled labour shortage	2	2	4	4	4
Unskilled labour shortage	0	0	0	0	0
Raw material shortage	3	5	6	6	6
Other difficulties	3	3	2	2	3
No difficulties	85	84	84	84	84

[1] *No evident seasonality.*

■

Stocks of grain

December 31, 1994

Farm stocks of wheat (excluding durum) at December 31, 1994 declined from the previous year by 44% to 11.5 million tonnes—the lowest level since 1988. This decrease resulted from a 22% drop in wheat production combined with a 67% increase in farmers' marketings. Ideal weather allowed producers to harvest and begin deliveries of grain earlier in 1994 than in 1993.

Durum wheat

Farm stocks of durum wheat were 3.3 million tonnes, up only 10% from the previous year. A 43% surge in production was offset by a corresponding 32% jump in marketings. Canadian durum wheat is primarily used in the production of pasta products.

Canola

Despite record production, farm stocks of canola rose only 9% from a year earlier, to 2.7 million tonnes. Records were set throughout the canola industry as record farmers' marketings from August to December led to record exports and a record crush by oilseed processors.

> ***Note to users***
>
> *Producer marketings are important to the data analysis of the stocks of grain survey. Data on licensed marketings originate mainly from the Canadian Grain Commission. Data on unlicensed marketings, interprovincial movements, and provisions for lagged reporting are estimated by Statistics Canada.*
>
> *Supply-disposition tables containing the data on stocks and all relevant marketing data are available monthly in* Cereals and oilseeds review (22-007). *Tri-annual supply-disposition tables are also available from the Grain Marketing Unit, either by fax or mail, usually on the release day of the new data on stocks or production.*
>
> *For further information, contact Alain Bertrand (613-951-3859) in Ottawa or Karen Gray (204-983-2856) in Winnipeg.*

Flaxseed

Farm stocks of flaxseed were up 21% in response to 53% growth in production. Marketings increased 50% over the previous year as Canadian farmers maintained their position as the world's leading exporters of flaxseed. European demand in early fall combined with good prices to boost deliveries to a new record.

Field crop reporting series no. 1: Stocks of Canadian grain at December 31, 1994 (22-002, $15/$85) is now available. See "How to order publications".

For further information on this release, contact Tony Dupuis (613-951-0572) or Oliver Code (613-951-8719), Crops Section, Agriculture Division.

■

OTHER RELEASES

Crude oil and natural gas—correction
November 1994

The table that appeared with this release yesterday omitted a number. The January 1994 to November 1994 figure for "natural gas, Canadian sales" that read 4 204.0 should have read 54 204.0.

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

Non-residential building construction price indexes
Fourth quarter 1994

The non-residential building construction price index for the fourth quarter of 1994 rose to 125.7 (1986 = 100), a 0.5% increase over the third quarter of 1994 and a 2.5% increase over the fourth quarter of 1993. Higher prices for materials appear to be the driving force behind the increases.

These indexes measure selling price changes of general and trade contractors for non-residential building construction (i.e., commercial, industrial, institutional). The indexes exclude the cost of land, design and real estate fees. Coverage includes seven major metropolitan areas (Halifax, Montréal, Ottawa, Toronto, Calgary, Edmonton and Vancouver) and a composite for Canada.

Available on CANSIM: matrices 2042 and 2043.

The fourth quarter 1994 issue of *Construction price statistics* (62-007, $19/$76) will be available in March. See "How to order publications".

For further information on this release, contact Paul-Roméo Danis (613-951-3350, fax: 613-951-2848), Information and Current Analysis Unit, Prices Division. ■

Cement
December 1994

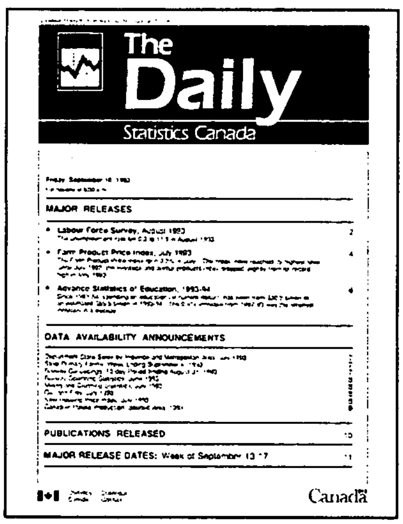
Manufacturers shipped 675 656 tonnes of cement in December, up 24.3% from 543 506 tonnes in December 1993 but down 30.8% from 975 812 tonnes in November 1994.

For January to December 1994, shipments totalled 10 584 414 tonnes, up 12.7% from 9 393 581 tonnes during the same period in 1993.

Available on CANSIM: matrices 92 (series 1.1 and 1.2) and 122 (series 35).

The December 1994 issue of *Cement* (44-001, $6/$60) will be available later.

For further information on this release, contact Roland Joubert (613-951-3527), Industry Division. ■



Statistics Canada's official release bulletin

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Head of Official Release: Jacques Lefebvre (613-951-1088)

PUBLICATIONS RELEASED

Field crop reporting series no. 1: Stocks of Canadian grain at December 31, 1994.
Vol. 74, no. 1.
Catalogue number 22-002
(Canada: $15/$85; United States: US$18/US$102; other countries: US$21/US$119).

Crude petroleum and natural gas production, October 1994.
Catalogue number 26-006
(Canada: $11/$110; United States: US$14/US$132; other countries: US$16/US$154).

Construction type plywood, November 1994.
Catalogue number 35-001
(Canada: $6/$60; United States: US$8/US$72; other countries: US$9/US$84).

Production, shipments and stocks on hand of sawmills in British Columbia, November 1994.
Catalogue number 35-003
(Canada: $8/$80; United States: US$10/US$96; other countries: US$12/US$112).

Aviation service bulletin, vol. 27, no. 1.
Catalogue number 51-004
(Canada: $10/$99; United States: US$12/US$119; other countries: US$14/US$139).

Cancer in Canada, 1991.
Catalogue number 82-218
(Canada: $25; United States: US$30; other countries: US$35).

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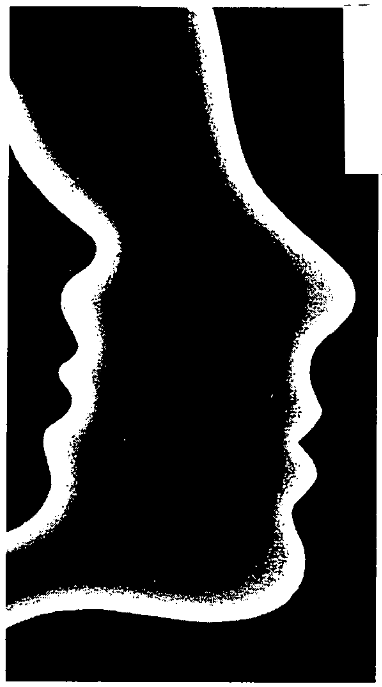

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