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Manufacturers were slightly more cautious in their outlook for the first quarter of 2006 compared to the fourth quarter of 2005. Fewer new orders, near record rates for capacity utilization, a strong Canadian dollar and continued competition from foreign imports were some of the challenges facing manufacturers in recent months.

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Releases

Business Conditions Survey: Manufacturing industries

January 2006

Manufacturers were slightly more cautious in their outlook for the first quarter of 2006 compared to the fourth quarter of 2005. Fewer new orders, near record rates for capacity utilization, a strong Canadian dollar and continued competition from foreign imports were some of the challenges facing manufacturers in recent months. As a result, manufacturers do not expect to expand production in the first quarter of 2006.

Meanwhile, national employment prospects remained slightly negative for the quarter, although there were still divergences in opinions towards employment prospects expressed by manufacturers in the western provinces and those in central Canada.

The Business Conditions Survey is a quarterly survey requesting opinions on production impediments, finished product inventory levels, new and unfilled order levels, production and employment prospects in the coming three months. The voluntary survey was conducted in the first two weeks of January and attracted almost 4,000 responses from manufacturers.

Little change in manufacturers' production prospects

Some 15% of manufacturers stated they would increase production in the first quarter of 2006 while another 15% expected to decrease production, leaving the balance of opinion at zero. This was a 1 point decrease from the +1 balance posted in the October survey. The October 2005 balance was the only positive one for that year. The balance had stood at zero in both the January and April surveys and had dropped to -2 in July 2005.

Manufacturers in the primary metal, chemical, plastics and rubber products industries were the most optimistic about production prospects for the first three months of 2006. A lack of capacity continued to be an issue for some manufacturers. According to the "Industrial capacity utilization rates" release in *The Daily* on December 9, manufacturers operated at 86.1% of capacity in the third quarter of 2005.

The balance of opinion is determined by subtracting the proportion of manufacturers who stated production

Note to readers

The Business Conditions Survey is conducted in January, April, July and October; the majority of responses are recorded in the first two weeks of these months. Results are based on replies from about 4,000 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.

would decrease in the coming three months from the proportion who stated production would be increasing.

Satisfaction with level of orders received down slightly

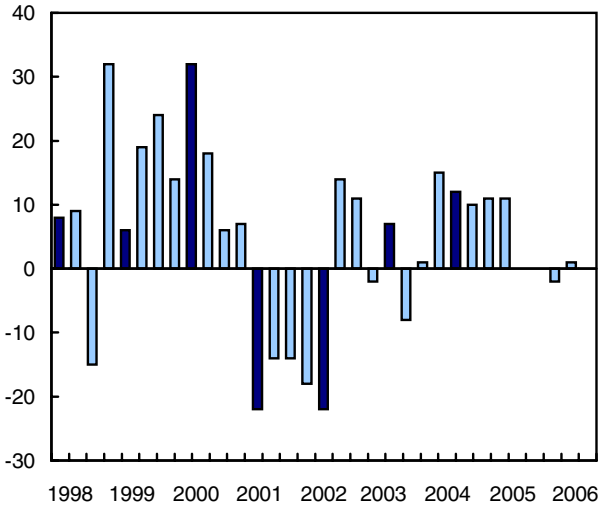
Although positive for a second consecutive quarter, the balance of opinion concerning current levels of new orders dropped 3 points from the October 2005 survey to +1. This remained lower than the most recent high of +13 balance posted in the October 2004 survey. The number of manufacturers who stated that orders received were declining increased 4 points to 14% in January. Producers in the computer and electronic products industry were the major contributors to the lower balance of opinion for orders received. According to November's Monthly Survey of Manufacturing, new orders for all manufacturing industries were down 1.8% to just over \$51.7 billion.

Manufacturers express concerns over levels of unfilled orders

In the January survey, 20% of manufacturers indicated they had a lower-than-normal backlog of unfilled orders compared to another 15% that had a higher-than-normal backlog. As a result, the balance of opinion concerning the current level of unfilled orders stood at -5. This was a 4 point decrease from the October survey results. Producers in the transportation equipment, and computer and electronic products industries, as well as in the primary metals and paper industries were the major contributors to the decrease in the unfilled orders balance of opinion. According to November's Monthly Survey of Manufacturing, unfilled orders picked up 0.6% to just under \$42.7 billion, the highest level in almost three years.

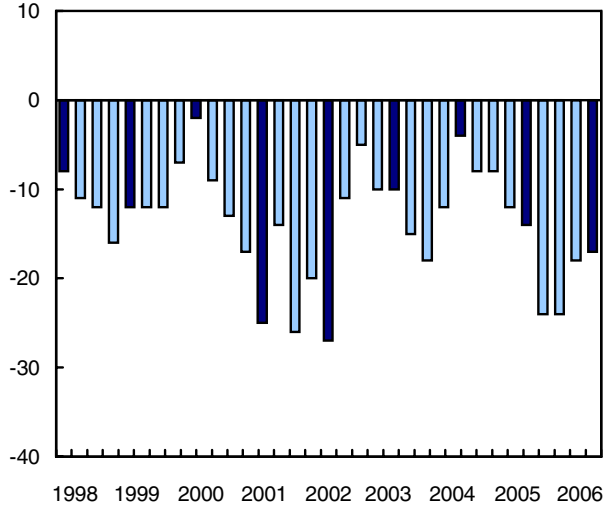
Balance of opinion for expected volume of production next three months vs last three months

Balance of opinion



Balance of opinion for current level of finished-product inventory on hand

Balance of opinion



Manufacturers slightly less concerned with finished product inventories

In January, three-quarters of manufacturers reported that the current level of finished product inventories was about right, up 7 points from the October level. Some 21% stated that inventories were too high, while 4% said inventories were too low. This left the balance of opinion at -17, a 1 point improvement over the October balance. According to November's Monthly Survey of Manufacturing, finished product inventories edged up 0.6% to almost \$22 billion, the highest level since August 2005.

Overall manufacturers' employment prospects show little change despite continuing surge in Alberta

The balance of opinion for employment prospects for the next three months increased 1 point to -1 in January. While 86% of manufacturers stated that they would keep or add to their work force, 14% indicated that they expected to decrease employment in the first quarter of 2006. Regionally, manufacturers expected slightly lower employment levels in Ontario (balance -7) and Quebec (balance -5) which more than offset a red hot market in Alberta (balance +26) where manufacturers still reported difficulty in finding skilled labour. According to the December Labour Force Survey, employment in the manufacturing sector stood at 2.18 million, down 0.1% from the November level. In 2005 there were 100,000 (-4.4%) fewer people working in the manufacturing sector.

Manufacturers report fewer production impediments

The number of manufacturers reporting no production impediments increased 7 points to 81% in January. The proportion reporting a shortage of skilled labour was down 3 points in January to 6%. What had been fuelling the number was a shortage of skilled labour in Alberta. Some 19% of manufacturers in Alberta indicated they were facing skilled labour shortages, down from 42% in October. Labour Force Survey employment in Alberta's manufacturing sector stood at 129,100 in December, a 4% increase from October. Producers reporting other production impediments decreased 2 points to 3% in January. Comments in this category continued to relate to impediments caused by the high value of the Canadian dollar and competition with cheap foreign imports.

Available on CANSIM: tables 302-0007 and 302-0008.

Definitions, data sources and methods: survey number 2152.

Business Conditions Survey data for April 2006 will be released on April 27.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; fax: 613-951-9499; manufact@statcan.ca). To enquire about the concepts, methods or data quality of the release, contact Claude Robillard (613-951-3507; claudio.robillard@statcan.ca), Manufacturing, Construction and Energy Division.

Business Conditions Survey: Manufacturing industries

	January 2005	April 2005	July 2005	October 2005	January 2006
	seasonally adjusted				
Volume of production during next three months compared with last three months will be:					
About the same (%)	73	64	60	69	70
Higher (%)	13	18	19	16	15
Lower (%)	13	18	21	15	15
Balance of opinion	0	0	-2	1	0
Orders received are:					
About the same (%)	69	60	65	76	71
Rising (%)	15	17	13	14	15
Declining (%)	16	23	22	10	14
Balance of opinion	-1	-6	-9	4	1
Present backlog of unfilled orders is:					
About normal (%)	63	52	58	61	65
Higher than Normal (%)	11	12	18	19	15
Lower than Normal (%)	26	35	23	20	20
Balance of opinion	-15	-23	-5	-1	-5
Finished product inventory on hand is:					
About right (%)	74	66	72	68	75
Too low (%)	6	5	2	7	4
Too high (%)	20	29	26	25	21
Balance of opinion	-14	-24	-24	-18	-17
Employment during the next three months will:					
Change little (%)	71	65	71	72	73
Increase (%)	13	19	14	13	13
Decrease (%)	15	16	14	15	14
Balance of opinion	-2	3	0	-2	-1
	unadjusted %				
Sources of production difficulties:					
Working capital shortage	2	3	2	3	3
Skilled labour shortage	5	7	8	9	6
Unskilled labour shortage	1	2	3	4	4
Raw material shortage	4	5	4	5	4
Other difficulties	2	12	3	5	3
No difficulties	86	71	79	74	81

1. No evident seasonality.

Business Conditions Survey: Manufacturing industries — Production prospects balance of opinion for select industries

Major group industries	January 2005	April 2005	July 2005	October 2005	January 2006
	seasonally adjusted				
Non-durable goods					
Food	4	1	2	2	-5
Chemical	5	2	7	-3	-1
Petroleum and coal products	6	-1	2	8	18
Paper	21	-7	-10	35	-63
Plastic and rubber products	6	6	-5	-6	-1
	10	4	8	8	14
Durable goods					
Transportation equipment	-2	-3	-8	5	13
Primary metal	0	-8	-8	0	0
Wood products	-12	9	-9	10	28
Fabricated metal products	-2	-8	3	-9	3
Machinery	14	5	20	27	3
Computer and electronic products	13	12	15	10	9
	5	23	-1	8	-29

Study: On the road again, a profile of truckers

2004

Trucking plays a major role in Canada's economy. More than 53% of exports to the United States and 78% of all imports were shipped by truck in 2004, according to a new study published today in the online version of *Perspectives on Labour and Income*.

However, because of the sector's steady growth, an aging work force, and the declining popularity of the occupation, the industry may soon face a shortage of qualified truckers.

Nearly 271,000 people, the vast majority of them men, worked as truckers in 2004. Four out of every five were employees, while the others were self-employed, commonly known as owner-operators.

Just over 60% of all truckers worked directly for a company whose principal activity was transporting freight.

Truck drivers constitute a relatively older work force. In 2004, the average age for wage-earning truckers was 42, and for their self-employed counterparts, 45.

Also, 18% were aged 55 or older, compared with 13% for workers in general. For the first time in 2004, truckers aged 55 and over outnumbered those under 30, indicating that the occupation may be hit by a large number of retirements in the coming years.

At the same time, truckers appear more likely to remain longer in the labour force. For example, trucking was the sixth most popular occupation among employed men aged 65 and over in 2001.

Just as worrisome is the lack of young truck drivers. Only 5% were under 25 in 2004, compared with 15% in the labour force as a whole. Similarly, just over one-quarter of truckers were between 15 and 34, as opposed to 37% in the labour force as a whole.

From the standpoint of supply, this indicates that today's young workers are less inclined than the previous generation to enter the occupation.

One factor in recruiting is the minimum age for obtaining a commercial vehicle driver's licence. In Canada, this age ranges between 18 and 20 depending on the province, while in most American states, the age is 21.

In practice, transport companies demand an even higher minimum age than that set by legislation. While this could be related to the high cost of insurance for young drivers (especially in international transport), it is more likely due to the importance given to practical driving experience.

Overall, truckers are less educated than the average, and their ranks contain a smaller percentage of immigrants than overall. Truckers earn a wage close

to the average for all occupations, but they receive fewer benefits, especially with respect to a retirement plan.

By the same token, truckers work many more hours than the average for all occupations, often according to irregular schedules.

Definitions, data sources and methods: survey numbers, including related surveys, 2748, 3701, 3889 and 3901.

The article "On the road again" is now available in the January 2006 online edition of *Perspectives on Labour and Income*, Vol. 7, no. 1 (75-001-XIE, \$6/\$52). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Vincent Dubé (613-951-7031; vincent.dube@statcan.ca) or Denis Pilon (613-951-2707; denis.pilon@statcan.ca), Transportation Division. ■

Study: Labour market shifts in manufacturing, construction and natural resources

2002 to 2005

Canada's hard-hit manufacturing sector, challenged by the rising Canadian dollar, shed jobs for the third year in a row in 2005.

However, while manufacturing has been declining, a number of other industries have seen employment gains. The fastest growing industries have been construction and natural resources, which have more than made up for the losses in manufacturing during the past three years, according to a new analysis of Canada's labour market.

The study, published today in the online version of *Perspectives on Labour and Income*, examines the performance of the three sectors between 2002 and 2005, focusing on resource-rich Western Canada and Central Canada's large manufacturing base.

During this period, employment in the manufacturing industry fell by nearly 149,000, or 6.4%, to about 2,173,000. Two-thirds of this decline occurred in 2005 alone.

The three-year decline in manufacturing jobs was the most significant period of contraction in the industry since the recession of the early 1990s. Still, the current weakness in manufacturing pales in comparison. In the early 1990s, factory jobs were disappearing at twice the rate they are now.

On the other hand, the construction and natural resources sectors, particularly Canada's oil and natural gas industry, are both booming.

Since the end of 2002, construction employment has risen by about 167,000, a 19% increase. Job gains in construction have been particularly strong in British Columbia, Quebec, Ontario and Alberta, as a result of soaring investment in non-residential construction.

At the same time, employment in natural resources has risen by just under 40,000, a gain of about 15%. The growth has been led by Alberta's oil and gas industry.

Overall, at the end of 2005, manufacturing accounted for 14% of total employment and construction, 6%. Natural resources represented only 2%. However, in Alberta, the 127,000 jobs in natural resources accounted for 7% of the province's overall employment.

Crude oil prices have skyrocketed in recent years, setting new highs throughout 2005. As a result, employment in the Alberta oil patch has jumped by about 30% since 2002. By the end of 2005, the region of Athabasca, Grande Prairie and Peace River had the hottest labour market in the country, with an unemployment rate of only 2.2%.

During the mid-to-late 1990s, manufacturing was a major source of new jobs. This ended in 2001, when the high-tech meltdown spurred many layoffs in the sector. More recently, manufacturing has been challenged by the value of the loonie which hit a 14-year high in the last quarter of 2005.

Manufacturing losses have been widespread, but some sectors have suffered more than others. Losses were pronounced in clothing and textiles, for example. Employment in the manufacturing of computer and electronic products was also down, having yet to recover fully from the high-tech meltdown.

Central Canada has been especially hard hit, with Quebec losing 68,000 factory jobs and Ontario 61,000 during the past three years. These losses account for just under 90% of the nationwide net loss in manufacturing during that period.

Definitions, data sources and methods: survey number 3701.

The article "Recent changes in employment by industry" is now available in the January 2006 online edition of *Perspectives on Labour and Income*, Vol. 7, no. 1 (75-001-XIE, \$6/\$52). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Vincent Ferrao (613-951-4750; vincent.ferrao@statcan.ca), Labour Statistics Division. ■

Restaurants, caterers and taverns
November 2005 (preliminary)

Total estimated sales of the restaurants, caterers and taverns industry reached \$3.1 billion in November, a 3.5% increase over November 2004. (Data are neither seasonally adjusted, nor adjusted for inflation.)

The largest year-over-year increases, at the provincial level, were recorded in Alberta (+10.6%), Ontario (+6.6%), Quebec (+3.9%) and Saskatchewan (+3.8%).

The year-over-year increase in sales, at the national level, was due to higher sales at full service (+5.6%) and limited service (+2.6%) restaurants. These two sectors accounted for 85% of industry sales in November. Food service contractors (+11.1%) also posted significant growth. That sector account for about 6% of industry sales.

Note: Sales estimates at the provincial and national level were revised from March 2005. The revisions include late data received from respondents and the corresponding updates were made. Estimated data were replaced by reported data (once they became available), as well companies that were not part of the industry group were reclassified. To obtain the revised data, refer to the following CANSIM table.

Available on CANSIM: table 355-0001.

Definitions, data sources and methods: survey number 2419.

For more information, to enquire about the concepts, methods or data quality, or to obtain the new methodology paper about the Monthly Restaurants, Caterers and Taverns Survey contact Alain Mbassegue (613-951-2011; fax: 613-951-6696, alain.mbassegue@statcan.ca), Service Industries Division. □

Food services sales

	November 2004 ^r	October 2005 ^r	November 2005 ^p	November 2004 to November 2005
not seasonally adjusted				
	\$ thousands			% change
Total, food services sales	3,001,831	3,213,864	3,105,745	3.5
Full service restaurants	1,388,257	1,504,712	1,465,759	5.6
Limited service restaurants	1,144,440	1,220,081	1,174,412	2.6
Food service contractors	170,814	191,544	189,805	11.1
Social and mobile caterers	72,861	79,775	70,277	- 3.5
Drinking places	225,460	217,752	205,492	- 8.9
Provinces and territories				
Newfoundland and Labrador	37,814	35,896	35,273	- 6.7
Prince Edward Island	12,937	12,552	11,491	- 11.2
Nova Scotia	71,081	75,475	70,872	- 0.3
New Brunswick	62,480	57,757	58,548	- 6.3
Quebec	615,023	676,461	638,867	3.9
Ontario	1,190,013	1,305,423	1,269,065	6.6
Manitoba	85,177	80,288	78,431	- 7.9
Saskatchewan	72,529	80,795	75,285	3.8
Alberta	343,185	382,864	379,427	10.6
British Columbia	501,566	496,839	479,647	- 4.4
Yukon	3,581	2,477	2,282	- 36.3
Northwest Territories	5,832	6,663	6,245	7.1
Nunavut	614	373	312	- 49.2

^r Revised.

^p Preliminary.

Commercialization of intellectual property in the higher education sector 2004 (preliminary)

Universities and hospitals recorded moderate gains in commercializing inventions between 2003 and 2004, according to preliminary data from the Survey of Intellectual Property Commercialization in the Higher Education Sector.

The number of inventions entering the commercialization pipeline rose in 2004. The number of invention disclosures was up 19%, while the number of patents held increased by 23%.

However, income from intellectual property commercialization was down 8% from 2003 to \$51 million.

Universities and their affiliated research hospitals make an important contribution to innovation in

Canada's economy. Besides generating new knowledge and training highly qualified graduates, some of the technology they produce is patented and licensed to companies for incorporation into commercial products. Some of these companies are spin-offs, that is, they are uniquely created to license and commercialize technology developed at the institution.

Available on CANSIM: table 358-0025.

Definitions, data sources and methods: survey number 4222.

For further information, or to enquire about the concepts, methods and data quality of this release, contact Cathy Read (613-951-3838; fax: 613-951-9920; cathy.read@statcan.ca), Science, Innovation and Electronic Information Division.

Steel primary forms, weekly data

Week ending January 21, 2006 (preliminary)

Steel primary forms production for the week ending January 21 totalled 289 494 metric tonnes, up 2.6% from 282 135 tonnes a week earlier and down 2.8% from 297 695 tonnes in the same week of 2005.

The year-to-date total as of January 21 was 864 487 tonnes, down 8.5% from 945 059 tonnes in the same period of 2005.

Definitions, data sources and methods: survey number 2131.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; *manufact@statcan.ca*), Manufacturing, Construction and Energy Division. ■

New products

Steel, Tubular Products and Steel Wire,
November 2005, Vol. 1, no. 11
Catalogue number 41-019-XIE (\$6/\$51).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

Perspectives on Labour and Income, January 2006,
Vol. 7, no. 1
Catalogue number 75-001-XIE (\$6/\$52).

Catalogue numbers with an -XWE, -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette; -XCB or -XCE are electronic versions on compact disc and -XBB or -XBE a database.

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Thursday, June 3, 1997
For release at 8:30 a.m.



MAJOR RELEASES

- **Urban transit, 1995** 2
Changes in expenditures on taking urban transit; Canadians are riding it less and less. In 1996, each Canadian took an average of about 60 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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The Daily, January 27, 2006

Release dates: January 30 to February 3, 2006

(Release dates are subject to change.)

Release date	Title	Reference period
30	Industrial product and raw materials price indexes	December 2005
30	Study: Canada's aging public infrastructure	1961 to 2003
31	Gross domestic product by industry	November 2005
31	Health Services Access Survey	2005
1	Grain stocks	As of December 31, 2005
