



Industry  
Canada

Industrie  
Canada

# Monthly Economic Indicators

**March/April 2003**

The "Monthly Economic Indicators" (MEI) provides a variety of economic analysis and data in a convenient format. The MEI does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. It is available to all employees of Industry Canada in either hard or electronic copy, or can be accessed via the Internet at [http://strategis.ic.gc.ca/sc\\_ecnmy/mera/engdoc/03.html](http://strategis.ic.gc.ca/sc_ecnmy/mera/engdoc/03.html).

Canada

# MONTHLY ECONOMIC INDICATORS

## March/April 2003

### HIGHLIGHTS

-  ***In January, real Gross Domestic Product (GDP) growth gained 0.4%, following slow growth in the final months of 2002.***
-  ***Employment increased by 14 000 in March, putting total job creation to 67 000 since the beginning of the year. In contrast, employment decreased in the United States (U.S.) in the first quarter.***
-  ***Domestic demand should provide the bulk of support to growth in the first quarter.***
-  ***As uncertainties over the conflict in Iraq recede, question marks remain on the strength of the global economic recovery in the near term.***
-  ***The Bank of Canada raised its overnight rate in March, while the U.S. Federal Reserve kept its policy rate unchanged.***
-  ***The Canadian dollar continued to make gains and surpassed US¢68.0 in early April, its highest level in three years.***

### Key Monthly Economic Indicators

		% Change since		
		last month	last year	
Real GDP (\$97 B)	993.1	0.4	3.4	Jan
Goods	307.7	0.6	4.1	Jan
Services	685.7	0.3	3.1	Jan
Composite Index	180.6	0.3	5.7	Feb
Employment (000's)	15,717	0.1	2.9	Mar
Full-time	12,758	0.2	2.6	Mar
Part-time	2,959	-0.3	4.4	Mar
Unemployment* (%)	7.3	7.4	7.7	Mar
Youth*	12.7	13.2	13.6	Mar
Adult*	6.3	6.3	6.5	Mar
CPI inflation*	4.6	4.5	1.5	Feb
Retail Sales (\$M)	25,995	0.7	2.9	Jan
Housing Starts (000's)**	210.5	-14.5	-1.3	Mar
Trade Balance* (\$M)	4,921	4,079	5,089	Jan
Exports	34,967	1.3	6.3	Jan
Imports	30,045	-1.3	8.0	Jan
M&E	8,663	-1.8	3.8	Jan

		March	
		April 9***	2003
3-mth Corp. paper (%)*	3.26	3.28	2.36
Long bond yield (%)*	5.06	5.13	5.79
Canadian dollar (US¢)*	68.17	68.13	62.73

\*Data in levels only – % change not reported  
 \*\*Canada Mortgage and Housing Corporation  
 \*\*\*Bank of Canada's Weekly Financial Statistics  
 All other data from Statistics Canada

The "Monthly Economic Indicators" (MEI) provides a variety of economic analysis and data in a convenient format. The MEI does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. It is available to all employees of Industry Canada in either hard or electronic copy, or can be accessed via the Internet at [http://strategis.ic.gc.ca/sc\\_ecnmy/mera/engdoc/03.html](http://strategis.ic.gc.ca/sc_ecnmy/mera/engdoc/03.html).



Industry Canada  
Industrie Canada

Canada 

# MONTHLY ECONOMIC INDICATORS

## March/April 2003

### CONTENTS

The Economy	Page
<i>Real GDP by Industry</i> .....	3
<i>Consumer Spending and Attitudes</i> .....	4
<i>Business Investment in Plant and Equipment</i> .....	5
<i>Housing</i> .....	6
<i>Trade and Competitiveness</i> .....	7
<b>Labour Market Trends</b>	
<i>Employment and Unemployment</i> .....	8
<i>Industry Overview</i> .....	9
<i>Provincial Overview</i> .....	10
<b>Prices and Financial Markets</b>	
<i>Consumer and Commodity Prices</i> .....	11
<i>Short-term and Long-term Interest Rates</i> .....	12
<i>Exchange Rates and Stock Prices</i> .....	13
<b>The United States Economy</b>	
<i>U.S. Economic Trends</i> .....	14
<b>Coming Up...</b>	
<i>Key Future Data Releases/Planned Events</i> .....	15

This report uses data available as of April 9, 2003. It has been prepared by Eric Chalifoux, Stéphane Crépeau, Anik Dufour, Kevin Koch, Joseph Macaluso, Arif Mahmud, Sue Moore, François Poitras, François Rimbaud, and Patrick Taylor of the Micro-Economic Analysis Directorate, under the direction of Hossein Rostami and François Poitras. Translation has been provided by Lucie Larocque and Sue Hopf is responsible for production support.

Sources of information include, primarily, Statistics Canada, as well as the Bank of Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Conference Board of Canada, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics.

Unless cited otherwise, data contained in graphs and tables are derived from Statistics Canada.

Please address comments to François Poitras at 613-957-3404 or through the Internet at [poitras.francois@ic.gc.ca](mailto:poitras.francois@ic.gc.ca).



## Real GDP by Industry

### Output surged in January...

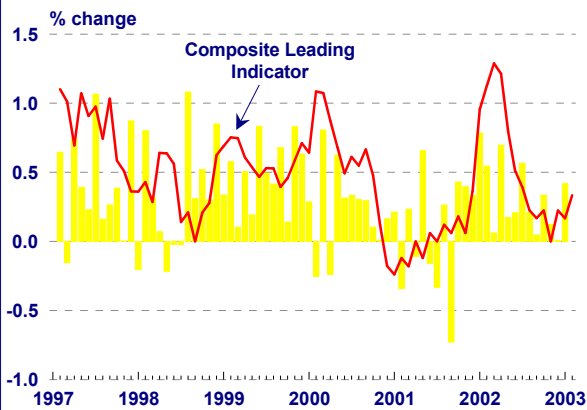
- Real GDP at basic prices\* surged 0.4% in January, following two months of sluggish growth. January's strong performance was mainly the result of a buoyant Wholesale Trade sector and gains in motor vehicle manufacturing as firms likely build up inventories in advance of an anticipated war with Iraq. This, together with other indicators, including a rise in the composite leading indicator, points to continued growth in the first quarter of this year.

### ...with gains both in the Goods and Services sectors

- Production in the goods sector rose 0.6% in January, up from a decline of 0.1% in December. January's below-normal temperatures benefited the Utilities and Mining & Oil & Gas Extraction sectors. However, colder temperatures had a dampening effect on Construction. Meanwhile, Manufacturing output rose 0.7% as motor vehicle manufacturers boosted output by 6.2% following a four-month retrenchment.
- Services output increased 0.3% in January, after rising 0.1% in December. Surging motor vehicle and parts production pushed Wholesaling higher. But lower consumer confidence and cold temperatures hampered new motor vehicle and furniture sales which lowered Retail Sales. Accommodation & Food was down 0.6% reflecting lower activity in the hospitality industry which remained affected by geopolitical uncertainty.

\*Starting with July data, the Chain-Fisher formula is used to derive monthly GDP estimates. The change is applied from January 1997 and will be pushed back to January 1961 within a year.

### Real GDP at Basic Prices



### Real GDP at Basic Prices (1997 chained dollars)

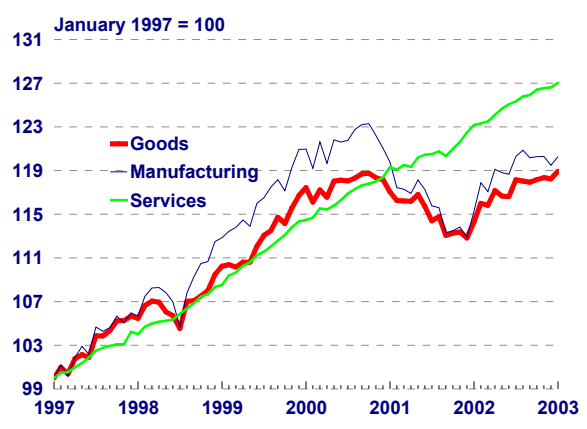
January 2003	\$ millions	monthly change	% Change since last	
			month	year
<b>Total Economy</b>	<b>993,145</b>	<b>4,138</b>	<b>0.4</b>	<b>3.4</b>
<b>Business Sector</b>	<b>842,527</b>	<b>3,955</b>	<b>0.5</b>	<b>3.6</b>
<b>Goods-producing</b>	<b>307,682</b>	<b>1,799</b>	<b>0.6</b>	<b>4.1</b>
Agri., Forest, Fish, Hunt*	22,008	243	1.1	7.7
Mining & Oil & Gas Extraction	38,329	352	0.9	2.7
Utilities	28,693	604	2.2	5.5
Construction	52,468	-480	-0.9	2.1
Manufacturing	165,790	1,090	0.7	4.3
<b>Service-producing</b>	<b>685,724</b>	<b>2,331</b>	<b>0.3</b>	<b>3.1</b>
Wholesale Trade	61,435	1,567	2.6	8.9
Retail Trade	54,864	-92	-0.2	0.6
Transportation & Warehousing	45,463	73	0.2	3.8
Information & Cultural	46,237	-210	-0.5	3.4
FIRE**	195,760	530	0.3	1.8
Professional***	46,565	150	0.3	4.7
Admin & Waste Mgmt	21,891	80	0.4	5.8
Education	44,738	81	0.2	2.3
Health & Social	58,323	85	0.1	4.2
Arts, Entertain. & Recreation	9,361	81	0.9	3.9
Accommodation & Food	23,443	-142	-0.6	1.2
Other	22,560	74	0.3	3.1
Public Administration	56,048	106	0.2	2.2

\*Agriculture, forestry, fishing & hunting

\*\*Finance, Insurance & Real Estate

\*\*\*Professional, scientific & technical services

### Real GDP by Major Sector



# THE ECONOMY



## Consumer Spending and Attitudes

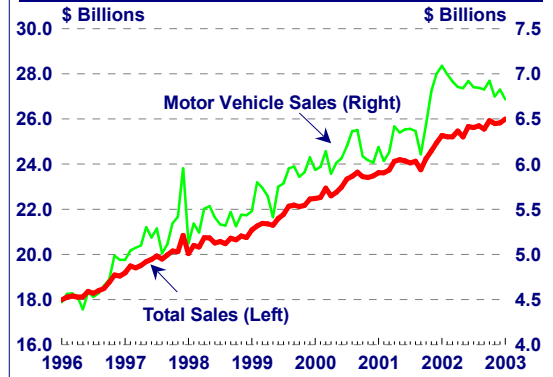
### Consumer spending rises sharply in the fourth quarter...

- Real consumer spending grew 4.4% in the fourth quarter following 1.6% growth in the third quarter. Real consumer spending rose 2.9% in 2002 as opposed to 2.6% in 2001.
- The fourth quarter advance was led primarily by an 8.6% increase in sales of durable goods (following a 4.1% decline in the third quarter), stemming from a higher demand for motor vehicles, furniture, and appliances. Sales of semi-durables also posted impressive gains in the fourth quarter, rising at a rate of 5.3%, compared to a decline of 1.9% in the previous quarter.

### ...but the outlook is mixed for the first quarter of 2003

- Following an increase of 2.0% (annual rate) in the fourth quarter, real retail sales would grow 0.4% in the first quarter, if nothing else changes. Meanwhile, given the important drop in January (14.1%), demand for new vehicles will likely slow in the first quarter.
- Consumer confidence continued its downward trend. After remaining well above 121 points throughout 2002, the index plunged down to 114.3 points in the first quarter of 2003, its lowest level since the third quarter of 2001.
- On the positive side, personal disposable income increased 4.2% in the fourth quarter and should register reasonable growth in the first quarter given the healthy state of the labour market.

### Total Retail and Motor Vehicle Sales



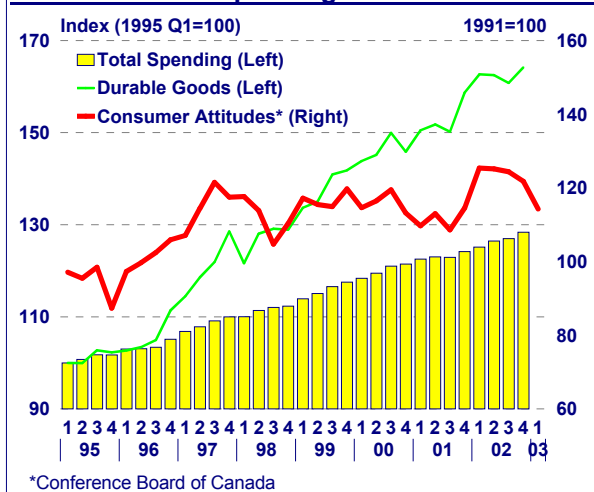
### Retail Sales and Consumer Credit

January 2003	\$ millions	% Change since	
		last month	last year
<b>Total Retail Sales (S.A.)</b>	25,995	0.7	2.9
Food	5,731	0.4	6.0
Drug Stores	1,314	0.2	2.7
Clothing	1,377	3.1	1.8
Furniture	1,546	-1.7	3.7
Automotive	10,426	0.8	1.7
General Merch. Stores	2,879	1.8	3.0
All other Stores	2,722	0.0	1.3
Total ex. motor vehicles	19,279	1.5	6.1
<b>Consumer Credit</b>	223	0.4	8.6

### Real Consumer Spending and Household Finances

	\$ Millions, SAAR (unless otherwise noted)			
	2001	2002	2002 Q3	2002 Q4
<b>Real Consumption (97\$)</b>	579,999	596,812	597,917	604,452
% change	2.6	2.9	1.6	4.4
Durable Goods	85,939	91,410	90,438	92,323
% change	4.5	6.4	-4.1	8.6
Semi-Durable Goods	52,360	54,374	54,099	54,801
% change	3.8	3.8	-1.9	5.3
Non-Durable Goods	133,186	135,573	135,927	137,550
% change	1.1	1.8	3.0	4.9
Services	308,888	316,165	318,030	320,446
% change	2.6	2.4	3.0	3.1
<b>Disposable Income</b>	665,924	695,857	698,348	705,624
% change	4.4	4.5	3.3	4.2
<b>Saving Rate (%)</b>	4.6	4.5	4.2	3.7
<b>Debt-to-Income Ratio (%)</b>	95.2	96.7	97.1	97.6

### Real Consumer Spending and Attitudes



\*Conference Board of Canada

# THE ECONOMY



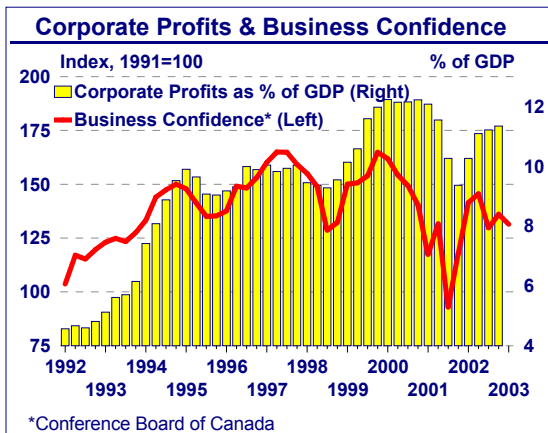
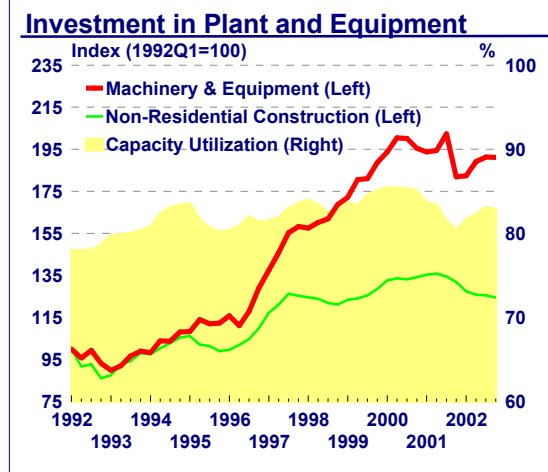
## Business Investment

**While profits increased, investment stalled in the fourth quarter...**

- Machinery & Equipment (M&E) investment fell by 0.4% (annualized) in the fourth quarter, following respectable growth in the previous three quarters.
- Non-residential construction fell by 3.2%, the sixth consecutive quarterly decline. It has now reached its lowest point since 1999.
- On the positive side, corporate operating profits continued their recovery, rising by 22% in the fourth quarter. Corporate operating profits rose 5.6% in 2002 after falling 14.6% in 2001.

**...and uncertainty continues to weigh on investment decisions**

- Recovering profits could signal future increases of investments. However, uncertainty over the global economic recovery will likely exert a negative impact on investment prospects. In fact, the recent drop of the Conference Board Business Confidence Index (from 136 in the fourth quarter to 131.5 in the first quarter) indicates that investment projects could be put on hold.



### Business Investment and Corporate Finances

\$ Millions, SAAR (unless otherwise noted)

	2001	2002	2002 Q1	2002 Q2	2002 Q3	2002 Q4
<b>BUSINESS INVESTMENT</b>						
<b>Machinery &amp; Equipment (1997\$)</b>	87,145	85,067	82,308	85,374	86,340	86,247
% change	-2.2	-2.4	0.9	15.8	4.6	-0.4
<b>Non-residential Construction (1997\$)</b>	48,126	45,061	45,632	45,078	44,950	44,585
% change	0.8	-6.4	-12.9	-4.8	-1.1	-3.2
<b>Capacity Utilization (% , Non-farm goods)</b>	82.3	82.5	81.7	82.3	83.1	82.9
Capacity Utilization (Mfg. sector)	81.9	83.5	82.1	83.4	84.3	84.3
<b>CORPORATE FINANCES &amp; ATTITUDES</b>						
<b>Corporate Operating Profits</b>	147,759	156,316	139,708	158,128	159,648	167,780
% change	-14.6	5.8	49.7	64.1	3.9	22.0
Profits - Non-financial industries	113,095	123,917	107,872	123,920	128,036	135,840
% change	-16.9	9.6	47.0	74.2	14.0	26.7
Profits - Financial industries	34,664	32,401	31,840	34,212	31,612	31,940
% change	-6.2	-6.5	59.3	33.3	-27.1	4.2
<b>Business Credit</b>	849,269	880,792	872,486	878,879	883,954	887,848
% change	5.5	3.7	3.6	3.0	2.3	1.8



### Housing activity remained strong in the fourth quarter...

- Following a 16.3% (annual rate) rebound in the third quarter, real residential construction growth increased by 11.3% in the fourth quarter. For the whole of 2002, real residential investment grew at a rate of 16.0%, almost four times that of 2001 (+4.7%).

### ...and stayed healthy in the first quarter of 2003

- After reaching a 16-year high of 246,100 units in February, housing starts fell to 210,500 units in March. Still, starts averaged a robust 213,300 units in the first quarter, an increase of 3.4% (annual rate) from its fourth quarter level. Moreover, housing starts remained well above the long-term demographic replacement demand of 165,000 units.
- Despite a 14.4% drop in February, the value of building permits is up 3.1% so far in the first quarter and sales of existing homes remains strong.
- Housing activity continues to be supported by healthy job creation, income growth and a high level of housing affordability despite recent mortgage rate increases.

### Housing Activity



\*Canada Mortgage and Housing Corporation

### Monthly Housing Indicators

	Levels	Change since	
		Last month	Last year
<b>Residential Construction (1)*</b> (\$97M, basic prices)	18,281	-2.1%	10.0%
<b>Building Permits, \$M (2)*</b>	2,386	-14.2%	2.4%
<b>Sales of Existing Homes (2)**</b> (# of units)	23,820	-409	-3,539
<b>Housing Starts, (3)***</b> (# of units, SAAR)	210,500	-35,600	-2,700
Newfoundland & Labrador	1,500	-600	-600
Prince Edward Island	500	-200	-500
Nova Scotia	19,900	13,900	16,000
New Brunswick	2,600	-300	-200
Quebec	39,800	-4,400	-2,300
Ontario	76,900	-42,300	-8,900
Manitoba	3,500	-100	-100
Saskatchewan	3,300	800	1,400
Alberta	40,800	-600	-8,000
British Columbia	21,700	-1,800	500

1 - January data; 2 - February data; 3 - March data

Sources: \*Statistics Canada; \*\*Canadian Real Estate Association; \*\*\*Canada Mortgage and Housing Corporation

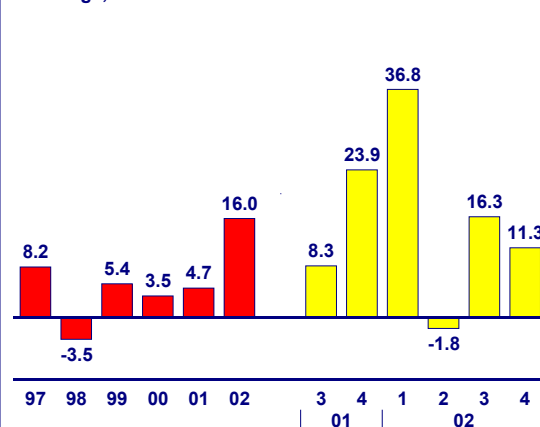
### Real Investment in Residential Structures

\$97 Millions, SAAR (unless otherwise noted)

	2001	2002	2002 Q3	2002 Q4
Construction by Business sector	47,967	55,627	56,226	57,745
% change	4.7	16.0	16.3	11.3
New Housing	23,866	29,736	30,672	31,564
% change	6.2	24.6	30.4	12.2
Alterations & Improvements	16,529	17,380	17,520	17,900
% change	0.0	5.1	8.5	9.0
Ownership & Transfer Costs	7,754	8,632	8,216	8,400
% change	10.0	11.3	-10.5	9.3
<b>Residential Construction</b>	48,201	55,847	56,475	57,936
% change	4.7	15.9	16.1	10.8

### Growth in Real Residential Construction

% change, SAAR





## Trade and Competitiveness

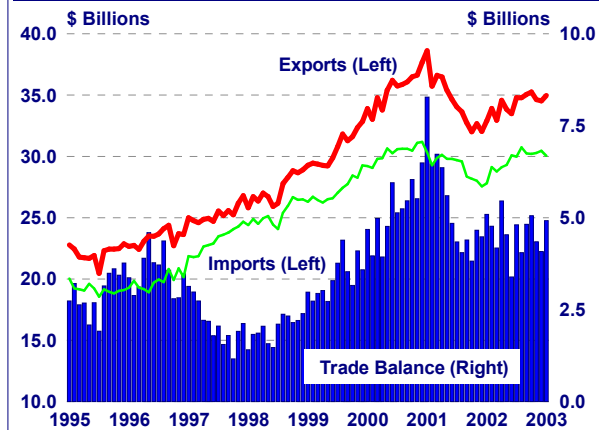
### Exports rose and imports fell in January...

- Merchandise exports rose by 1.3% in January, following declines in November and December. Exports of Energy (+7.6%) and M&E (+4.6%) posted the highest increases. Exports to the European Union jumped 27.2% and to Japan 6.3%, while those to the U.S. edged up only 0.2%.
- Total imports fell by 1.3% in January as significant decreases from Japan, the European Union and non-OECD countries more than offset higher imports from the U.S. and other OECD countries. Declines were posted by Automotive products (-7.4%), M&E (-1.8%) and Other Consumer Goods (-0.5%). The largest increase was posted by imports of Energy (+9.0%).

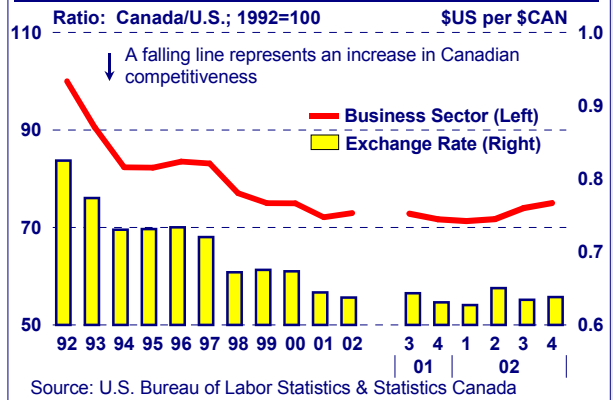
### ...leading to an increase in the trade surplus

- The merchandise trade surplus increased by \$842 million to \$4.9 billion in January, after falling two consecutive months. Canada's trade surplus with the U.S. decreased by \$360 million to \$8.0 billion and the trade deficit with all other trading partners decreased by \$1.2 billion to \$3.1 billion.
- Sputtering U.S. growth will likely limit net exports' contribution to Canadian growth in the first quarter.

### Merchandise Trade Flows and Balance



### Canada-United States Unit Labour Cost Ratios



### Merchandise Trade

January 2003	Levels (\$ millions)		Year-to-date (\$ millions)		Change (\$M)		% Change
	December 2002	January 2003	Jan.-Dec. 2001	Jan.-Dec. 2002	Dec. to Jan. 2003	Dec. to Jan. 2003	Jan.-Dec. 2001 to Jan.-Dec. 2002
<b>Exports</b>	<b>34,527</b>	<b>34,967</b>	<b>414,638</b>	<b>410,687</b>	<b>440</b>	<b>1.3</b>	<b>-1.0</b>
to United States	29,288	29,349	350,907	348,384	61	0.2	-0.7
<b>Imports</b>	<b>30,447</b>	<b>30,045</b>	<b>350,622</b>	<b>356,109</b>	<b>-402</b>	<b>-1.3</b>	<b>1.6</b>
from United States	20,956	21,377	255,027	254,688	421	2.0	-0.1
<b>Trade Balance</b>	<b>4,079</b>	<b>4,921</b>	<b>64,016</b>	<b>54,578</b>	<b>842</b>		
with United States	8,332	7,972	95,880	93,696	-360		
<b>Exports by Commodity</b>							
Agriculture/Fishing Products	2,557	2,453	30,883	30,541	-104	-4.1	-1.1
Energy Products	5,186	5,580	54,744	50,421	394	7.6	-7.9
Forestry Products	3,066	2,911	39,307	36,650	-155	-5.1	-6.8
Industrial Goods & Materials	5,921	5,711	66,797	69,435	-210	-3.5	3.9
Machinery & Equipment	7,715	8,072	99,733	94,718	357	4.6	-5.0
Automotive Products	7,422	7,516	92,858	97,083	94	1.3	4.5
Other Consumer Goods	1,461	1,548	15,972	17,342	87	6.0	8.6
<b>Imports by Commodity</b>							
Agriculture/Fishing Products	1,832	1,860	20,357	21,778	28	1.5	7.0
Energy Products	1,470	1,602	17,752	16,458	132	9.0	-7.3
Forestry Products	259	266	2,886	3,134	7	2.7	8.6
Industrial Goods & Materials	5,848	5,946	68,456	68,828	98	1.7	0.5
Machinery & Equipment	8,823	8,663	112,422	105,784	-160	-1.8	-5.9
Automotive Products	7,239	6,706	72,546	81,445	-533	-7.4	12.3
Other Consumer Goods	3,984	3,966	42,926	46,416	-18	-0.5	8.1





## Employment and Unemployment

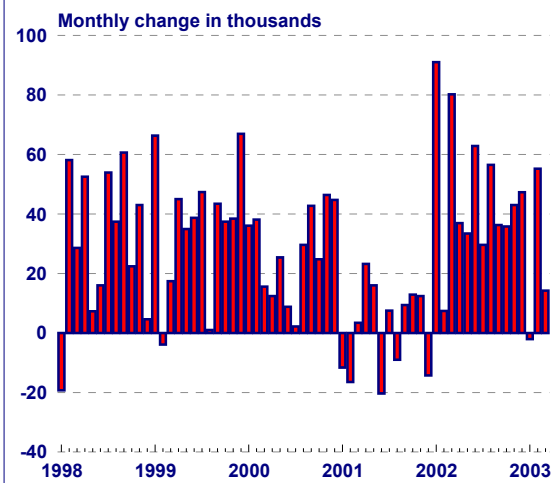
### Canada's labour market held firm in March...

- Employment rose by 14 000 in March, following a strong gain of 55 000 in February. This brought job gains over the first quarter to 67 000.
- Full-time jobs (+23 000) accounted for all the employment growth in March, with gains totalling 85 000 in the first quarter. On the other hand, part-time employment has continued to show weakness, with 17 000 fewer people working part-time in the first quarter.
- In contrast, the employment situation deteriorated further in the U.S. as non-farm employment decreased by 108 000 in March, reaching its lowest level since December 1999. The unemployment rate was unchanged at 5.8%.

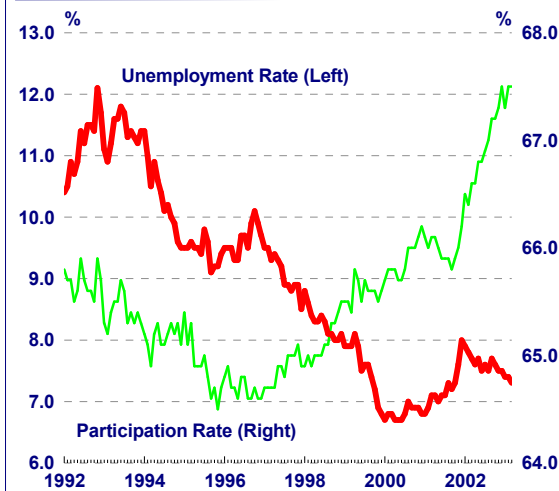
### ...and the unemployment rate fell slightly

- In line with employment growth, the unemployment rate edged down 0.1 percentage point to 7.3% in March, its lowest rate since October 2001.
- The employment rate (62.5%) and the participation rate (67.5%) remained at their historical highs, reflecting the current strength of the labour market.
- A small gain in employment (+7 000) and a large drop in the labour force participation pushed down the youth unemployment rate 0.5 percentage point to 12.7%. The unemployment rate of adults was unchanged at 6.3%.

### Employment



### Unemployment Rate



### Labour Force Trends

(in thousands)	Levels			Change since			% Change since	
	2002 March	2003 February	2003 March	last month	last year	year-to- date	last month	last year
<b>Employment</b>	15,268.1	15,702.8	15,717.0	14.2	448.9	67.3	0.1	2.9
<b>Full-time</b>	12,433.1	12,735.3	12,758.0	22.7	324.9	84.6	0.2	2.6
<b>Part-time</b>	2,835.0	2,967.5	2,959.0	-8.5	124.0	-17.3	-0.3	4.4
<b>Youth 15-24</b>	2,355.8	2,422.5	2,429.3	6.8	73.5	24.8	0.3	3.1
<b>Adult 25+</b>	12,912.3	13,280.3	13,287.7	7.4	375.4	42.5	0.1	2.9
<b>Self-employed</b>	2,293.5	2,379.3	2,392.0	12.7	98.5	13.5	0.5	4.3
<b>Unemployment</b>	1,274.8	1,257.9	1,246.7	-11.2	-28.1	-28.9	-0.9	-2.2
<b>Unemployment Rate</b>	7.7	7.4	7.3	-0.1	-0.4	-0.2		
<b>Youth 15-24</b>	13.6	13.2	12.7	-0.5	-0.9	-0.6		
<b>Adult 25+</b>	6.5	6.3	6.3	0.0	-0.2	-0.1		
<b>Labour Force</b>	16,543.0	16,960.6	16,963.7	3.1	420.7	38.4	0.0	2.5
<b>Participation Rate</b>	66.6	67.5	67.5	0.0	0.9	0.0		
<b>Employment Rate</b>	61.5	62.5	62.5	0.0	1.0	0.1		

# LABOUR MARKET TRENDS



## Industry Overview

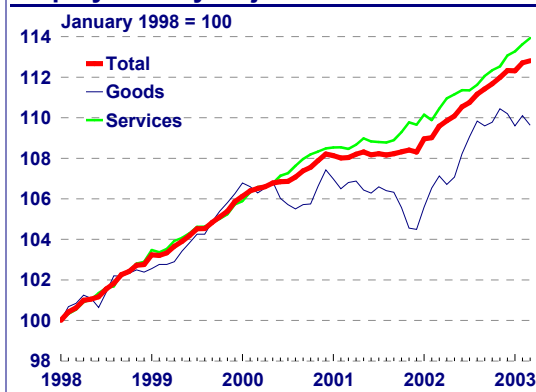
### Job losses in manufacturing pushed down employment in the Goods sector...

- Employment in the Goods-producing sectors fell by 17 000 in March, erasing most of the gains recorded in February. The struggling U.S. economy took its toll on export-oriented sectors. Manufacturing employment dropped 37 000, with losses concentrated in automotive, plastics, food and wood products. Manufacturing jobs (-54 000) have declined in five of the last seven months. Employment decreased in Agriculture (-8 000), marking the fourth consecutive monthly decline.
- Employment in Construction jumped 12 000 in March, the first gain since December. Employment in this sector was 59 000 (+6.8%) higher than a year ago, given a buoyant residential sector. Employment in the Natural Resources also rose (+11 000), mostly in mining, oil and gas extraction, which have benefited from higher energy prices.

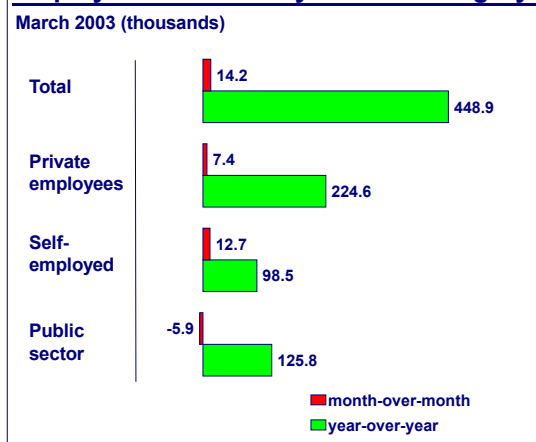
### ...while Services employment continued its upward trend

- Employment in Service-producing industries rose 32 000 in March and 88 000 jobs have been created since the beginning of the year. The large majority of March's gains were posted in Accommodation and Food services (+33 000) and concentrated in full-service restaurants. Other services (+12 000), Transportation and Warehousing (+3 000) and Educational services (+3 000) also increased.
- The largest losses were recorded by Public Administration (-6 000), and Finance, Real Estate & Leasing (-5 000).

## Employment by Major Sector



## Employment Growth by Worker Category



## Industrial Employment Trends

(in thousands)	Levels			Change since			% Change since	
	2002 March	2003 February	2003 March	last month	last year	year-to-date	last month	last year
<b>Goods-producing</b>	3,898.3	4,006.6	3,989.2	-17.4	90.9	-20.8	-0.4	2.3
Agriculture	314.1	347.8	340.1	-7.7	26.0	-15.1	-2.2	8.3
Natural Resources*	283.9	279.9	290.8	10.9	6.9	20.5	3.9	2.4
Utilities	126.1	127.1	131.5	4.4	5.4	0.4	3.5	4.3
Construction	856.7	903.1	915.2	12.1	58.5	3.9	1.3	6.8
Manufacturing	2,317.5	2,348.7	2,311.5	-37.2	-6.0	-30.7	-1.6	-0.3
<b>Services-producing</b>	11,369.8	11,696.2	11,727.8	31.6	358.0	88.2	0.3	3.1
Trade	2,437.3	2,448.7	2,447.0	-1.7	9.7	0.5	-0.1	0.4
Transportation*	733.1	763.4	766.3	2.9	33.2	0.5	0.4	4.5
FIRE*	882.8	934.3	929.3	-5.0	46.5	25.7	-0.5	5.3
Professional/Scientific	976.0	1,008.6	1,006.3	-2.3	30.3	-14.5	-0.2	3.1
Management/Administrative	594.9	612.5	610.4	-2.1	15.5	-1.9	-0.3	2.6
Educational Services	985.5	1,051.5	1,054.3	2.8	68.8	4.1	0.3	7.0
Health Care/Social Assistance	1,558.7	1,670.7	1,669.8	-0.9	111.1	15.0	-0.1	7.1
Information/Culture/Recreation	709.5	685.8	685.7	-0.1	-23.8	-7.8	0.0	-3.4
Accommodation & Food	1,005.0	1,013.0	1,045.6	32.6	40.6	29.4	3.2	4.0
Other Services	697.0	711.1	723.1	12.0	26.1	28.0	1.7	3.7
Public Administration	789.8	796.5	790.1	-6.4	0.3	9.1	-0.8	0.0

\*Natural Resources: Forestry, Fishing, Mining, Oil & Gas; Transportation includes warehousing; FIRE: Finance, Insurance, Real Estate & Leasing.

# LABOUR MARKET TRENDS



## Provincial Overview

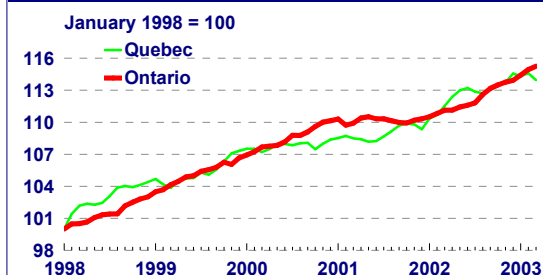
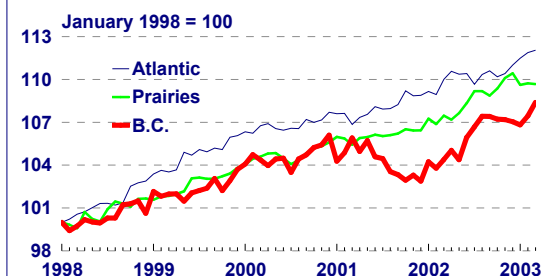
### Job gains were concentrated in British Columbia and Ontario...

- Employment increased by 18 000 (+0.9%) in British Columbia, all in full-time, as Goods-producing industries continued to report strong gains. Ontario's employment (+0.3%) continued to trend upward as a reduction in Manufacturing was more than offset by gains in Health & Social Assistance and Accommodation & Food.
- Employment fell 21 000 (-0.6%) in Quebec, following two months of small changes. The largest losses were in Manufacturing, due mainly to declines in wood products, clothing and aerospace industries. There were little employment changes in other provinces.

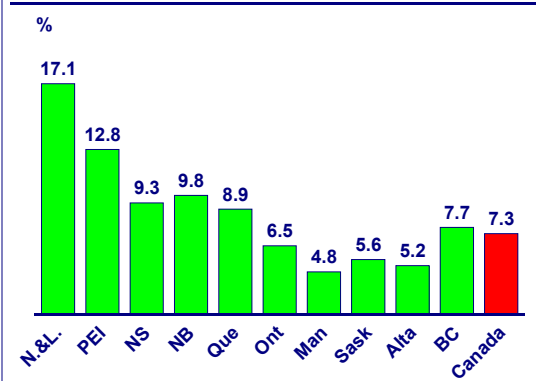
### ...and the unemployment rate decreased in six of the ten provinces

- Nova Scotia's unemployment rate increased to 9.3%, as more people sought jobs. A small gain in employment and a drop in the labour force pushed down the unemployment rate to 17.1% in Newfoundland & Labrador and to 9.8% in New Brunswick. Prince Edward Island's rate rose 1.3 percentage point to 12.8%.
- In Quebec, employment losses pushed up the unemployment rate from 8.6% in February to 8.9% in March. Ontario's unemployment rate declined for the third consecutive month (0.2 percentage point to 6.5%), reaching its lowest level since September 2001.
- Employment growth helped push the unemployment rates down to 7.7% in British Columbia and 4.8% in Manitoba. Despite a small decrease in employment, the unemployment rate dropped from 6.0% to 5.6% in Saskatchewan, as less people looked for jobs. Alberta's rate edged up 0.1 percentage point to 5.2%.

### Regional employment patterns



### Unemployment Rates -- March 2003



### Provincial Employment and Unemployment Trends

	Employment (thousands)					Unemployment Rate (%)		
	Levels	Change since last month		Change since last year		Levels	Change since	
	2003 March	(000's)	%	(000's)	%	2003 March	last month	last year
Canada	15,717.0	14.2	0.1	448.9	2.9	7.3	-0.1	-0.4
Newfoundland & Labrador	218.7	0.1	0.0	3.2	1.5	17.1	-0.4	0.5
Prince Edward Island	67.2	-0.6	-0.9	0.9	1.4	12.8	1.3	0.4
Nova Scotia	436.3	0.9	0.2	10.8	2.5	9.3	0.4	-0.4
New Brunswick	351.4	1.2	0.3	4.6	1.3	9.8	-0.9	-0.5
Quebec	3,634.5	-20.8	-0.6	76.6	2.2	8.9	0.3	0.1
Ontario	6,237.0	17.1	0.3	223.0	3.7	6.5	-0.2	-0.6
Manitoba	567.2	0.5	0.1	0.1	0.0	4.8	-0.3	-0.2
Saskatchewan	487.4	-0.2	0.0	11.8	2.5	5.6	-0.4	-0.1
Alberta	1,697.6	-1.7	-0.1	43.4	2.6	5.2	0.1	0.3
British Columbia	2,019.7	17.7	0.9	74.4	3.8	7.7	-0.5	-1.3



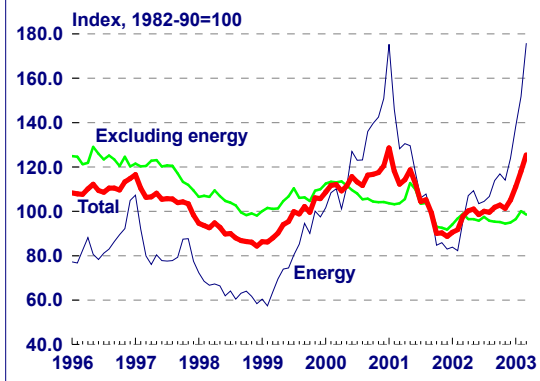
### Inflation was 4.6% in February...

- The year-over-year increase in the Consumer Price Index (CPI) edged up from 4.5% in January to 4.6% in February, with the energy subset up from 15.3% to 19.7%. Excluding energy, inflation was down from 3.5% to 3.4%, with three of the eight major components posting smaller increases than in January. Clothing prices fell for the fifteenth month in the past year and a half. Larger rises in homeowner insurance premiums and household furnishing costs exerted upward pressure.
- On a monthly basis, the CPI was up 0.7%, following a decline of 0.3% in December and a rise of 0.8% in January. Transportation costs continued to rise and clothing and recreation costs recovered after a string of declines. Meanwhile, food and shelter costs levelled off.
- In March, higher energy prices led to a 6.3% increase in commodity prices. However, energy prices came down in early April as anxiety related to crude oil supply eased.

### ...and the "core" rate remained above the target range

- The "core" rate of inflation, which excludes the eight most volatile components and indirect taxes, was down from 3.3% in January to 3.1% in February, remaining above the upper bound of the 1%-3% official target range.

### Commodity Prices (\$US basis)



### Consumer Prices

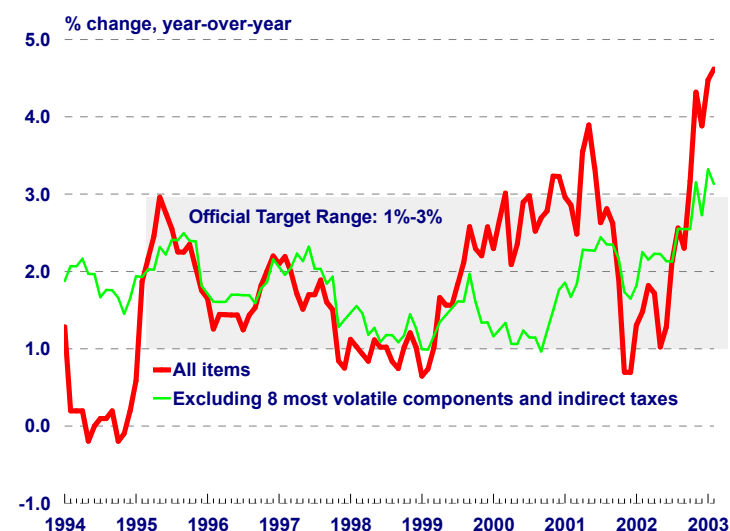
February 2003

	Index (1992=100)	% Change since	
		last month	last year
<b>All items CPI</b>	122.3	0.7	4.6
Food	122.1	-0.2	1.2
Shelter	116.7	0.4	3.2
Household operations	114.5	0.5	1.2
Clothing & Footwear	103.8	2.2	-1.5
Transportation	144.1	1.6	13.0
Health & Personal Care	116.4	0.3	1.4
Recreation, Educ. & Reading	127.1	1.4	2.4
Alcohol & Tobacco	133.5	1.1	18.2
<b>Excl. 8 Most Volatile/Indirect Taxes</b>	121.9	0.5	3.1
Energy	146.5	4.3	19.7

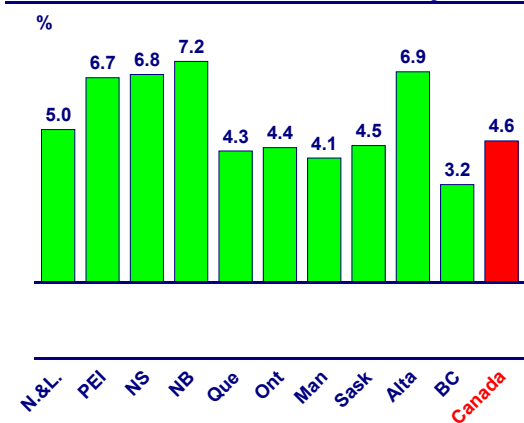
### Commodity Prices (March 2003)

Index, 1982-90=100	125.5	6.3	28.3
Excluding Energy	98.5	-1.6	-0.4
Energy	175.8	15.8	83.9

### Consumer Price Index



### Provincial CPI Inflation -- February 2003





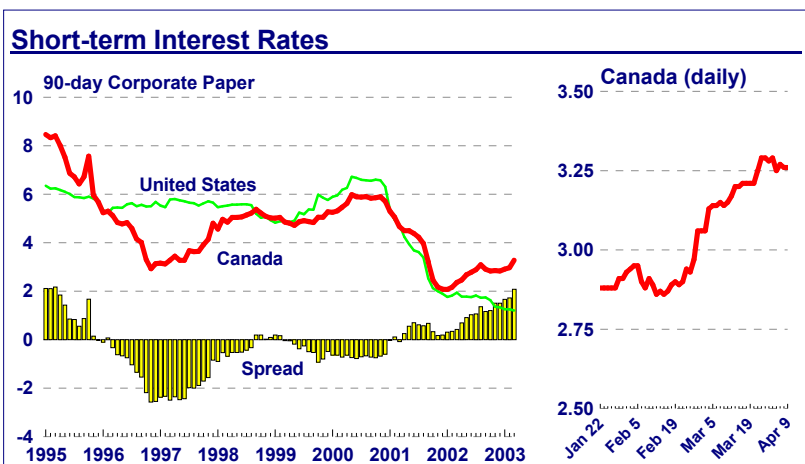
## Short-term and Long-term Interest Rates

### The Bank of Canada raised interest rates while the Fed remained cautious

- The Bank of Canada increased its overnight rate by a quarter of a percent to 3.0% on March 4. The Bank indicated that, with the strength in domestic demand, above-target inflation rates elevated the risks of higher inflation rate expectations. On March 18, the Federal Reserve (Fed) left the Fed Funds rate unchanged at 1.25%. The Fed conceded that geopolitical uncertainties were clouding an already mixed set of incoming economic data, which would require enhanced vigilance in the meanwhile. The next policy-setting dates in Canada and the United States are April 15 and May 6, respectively.
- In line with these developments, the Canadian 90-day corporate rate jumped to 3.3% after having remained around 2.9% for several months, while its U.S. counterpart stayed around 1.2%. This brought the Canada-U.S. rate spread to 204 basis points (bps) in early April, up from 172 bps in February and the highest since the spring of 1995.

### Bond markets go along with unsettled investor sentiment

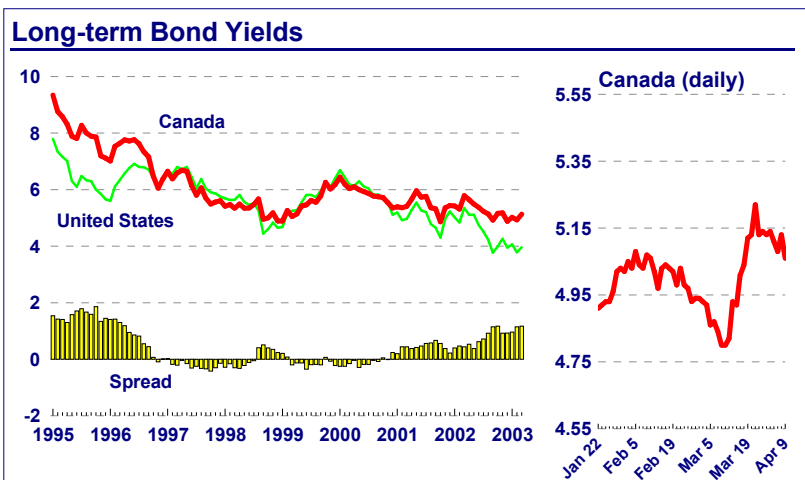
- Long-term interest rates rose from a low of 4.8% on March 10 to a high of 5.22% on March 21, as investors switched funds to equities following the start of the war in Iraq. They subsequently fell as investors shifted their attention to economic fundamentals and uncertainty over the global economic recovery. In the U.S., long-term yields increased from a low of 3.6% on March 12 to 3.93% on April 9.
- One-year mortgage rates were up to 5.35% in early April after staying at 4.90% in the previous four months. Meanwhile, 5-year rates rose to 6.85% from 6.45% in January and 6.60% in February.



#### Key Market Rates

(end of period)	90-day Corporate Paper	spread against U.S.	Long Bond Yield	spread against U.S.
2001	2.08	0.19	5.44	0.22
2002	2.83	1.50	4.88	0.93
Oct 2002	2.83	1.20	5.16	1.17
Nov	2.85	1.50	5.18	0.92
Dec	2.83	1.50	4.88	0.93
Jan 2003	2.91	1.66	5.02	0.96
Feb	2.97	1.72	4.93	1.15
Mar	3.28	2.08	5.13	1.17
April 9*	3.26	2.04	5.06	1.13

A positive spread indicates that Canadian rates are above their U.S. counterparts. \* Bank of Canada's Weekly Financial Statistics



#### Key Lending Rates

(end of period)	Overnight Rate	Prime Lending Rate	Mortgage Rate	
			1 year	5 year
2001	2.25	4.00	4.60	6.85
2002	2.75	4.50	4.90	6.70
Oct 2002	2.75	4.50	5.30	7.00
Nov	2.75	4.50	4.90	6.70
Dec	2.75	4.50	4.90	6.70
Jan 2003	2.75	4.50	4.90	6.45
Feb	2.75	4.50	4.90	6.60
Mar	3.00	4.75	5.35	6.85
April 9*	3.00	4.75	5.35	6.85

\* Bank of Canada's Weekly Financial Statistics

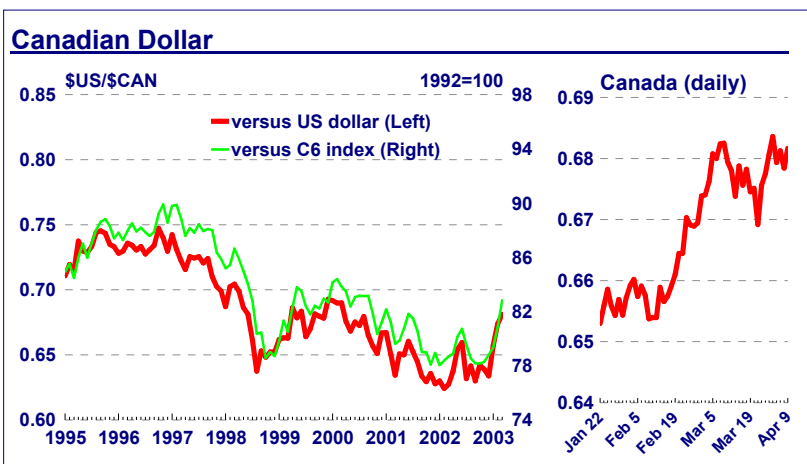


### The Canadian dollar reached a three-year high in March

- The Canadian dollar touched US\$68.4 in late March, up 7.1% since the beginning of 2003 and its highest level since April 2000. Comparatively, good economic conditions in Canada combined with rises in commodity prices and in the short-term Canada-U.S. interest rate spread have buttressed the currency. Furthermore, the dollar has benefited from the weakening of the U.S. currency caused by concern over substantial fiscal and current account deficits.
- Year-to-date, the Canadian dollar has appreciated by about 8% against the Yen and by about 4% against the Euro. Meanwhile, the U.S. dollar has lost about 2% of its value against the Euro and had also depreciated against the Yen, but regained some ground recently.

### The prospect of a short war in the Middle East lifted stock markets

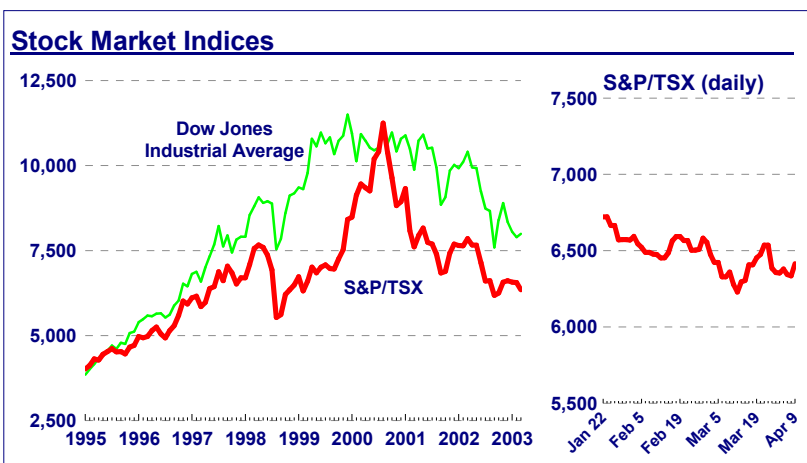
- North American stock indices recovered in March as the launching of the attack in Iraq helped investors look beyond the military operations to a pick-up in economic activity and corporate profit. The Dow Jones, which was down by more than 12% since the beginning of the year, had regained three quarters of its loss on April 4. Meanwhile, the S&P/TSX index fell 6% to a low of 6229 on March 12, but regained half of its loss by April 4.
- The Dow Jones and the S&P/TSX closed at 8277 and 6395, respectively, on April 4.



#### The Canadian Dollar

(close)	\$US vs. \$CAN	index vs. C-6 (92=100)	\$CAN vs. EURO	yen vs. \$CAN
2001	0.6278	78.95	1.387	80.76
2002	0.6339	78.80	1.483	78.20
Oct 2002	0.6421	78.17	1.548	78.53
Nov	0.6390	78.29	1.573	77.40
Dec	0.6339	78.80	1.588	78.20
Jan 2003	0.6572	79.37	1.637	77.07
Feb	0.6739	80.83	1.631	78.93
Mar	0.6813	82.83	1.594	80.40
April 9*	0.6817	83.09	1.576	81.50

\* Bank of Canada's Weekly Financial Statistics



#### Key Stock Market Indexes

	% change from		
	March Close	last month	last year
<b>S&amp;P/TSX</b>	<b>6,343</b>	<b>-3.2</b>	<b>-19.2</b>
Oil & Gas	10,084	-5.1	-3.6
Metals & Minerals	3,584	-3.7	-24.3
Utilities	9,545	-0.6	-4.6
Paper & Forest	4,569	-5.5	-20.3
Merchandising	6,185	-1.7	-18.4
Financial Services	10,525	-0.4	-7.8
Gold	5,104	-11.1	-17.6
<b>S&amp;P 500</b>	<b>848.2</b>	<b>0.8</b>	<b>-26.1</b>
<b>Dow Jones</b>	<b>7,992</b>	<b>1.3</b>	<b>-23.2</b>



## U.S. Economic Trends

### Real GDP growth slowed in the fourth quarter...

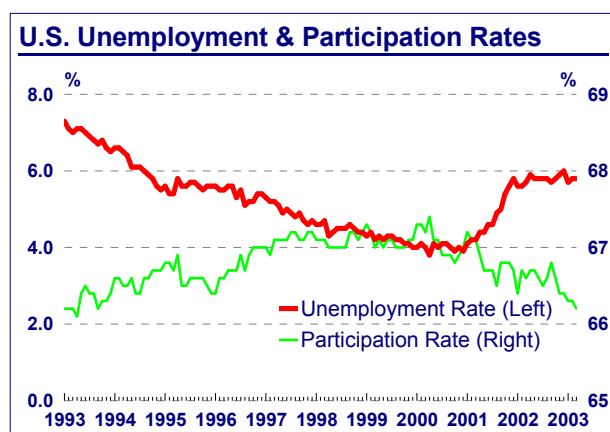
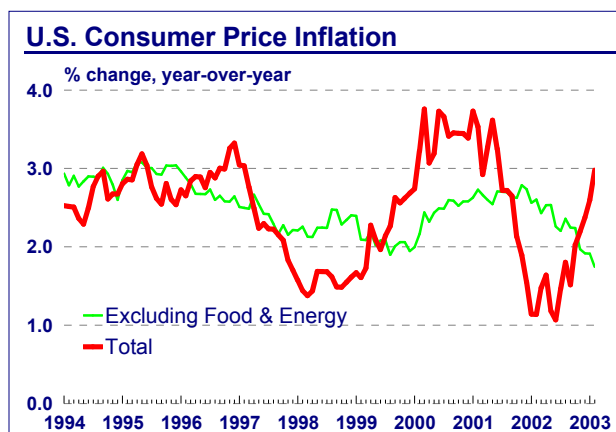
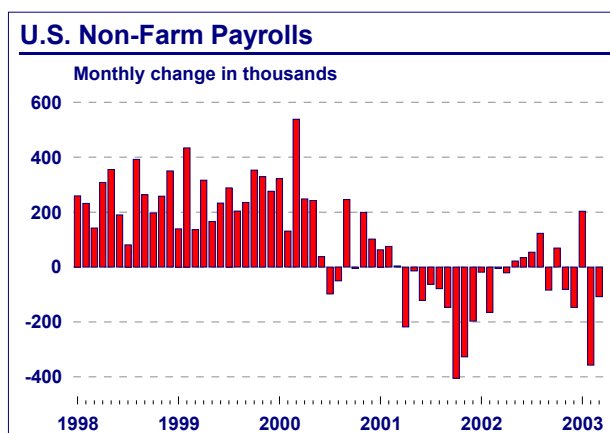
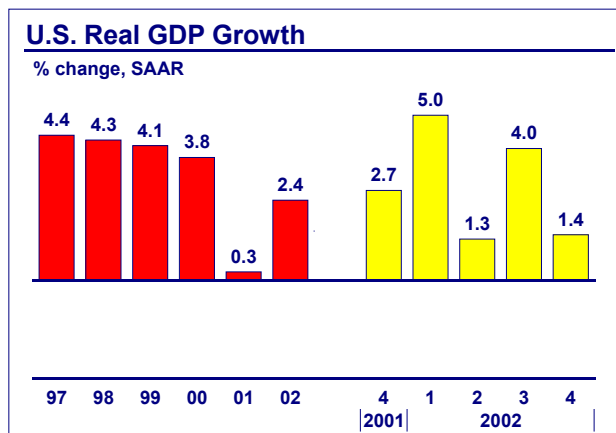
- Real GDP grew 1.4% (upwardly revised from 0.7%) in the fourth quarter, down from 4.0% in the third. Lower vehicle sales accounted for much of the decline, but the revised figures show that overall consumer spending grew more than first estimated (1.7% compared to preliminary estimates of 1.0%). Rising imports and lower exports also contributed to the slowdown.

### ...and recent indicators point to slow growth in the first quarter

- Weak consumer spending and geopolitical uncertainties undermined the U.S. recovery in the first quarter. As such, retail sales declined 1.6% in February accompanied by a sharp drop in motor vehicle sales. Likewise, the housing market, a source of strength in 2002, showed signs of slowing with housing starts declining 11.0% in February. In March, the Consumer Sentiment Index (University of Michigan) fell further to 77.6, its lowest level since September 1993. On the other hand, industrial production increased in January and February, but in March, the Institute of Supply Management manufacturing index slipped to 46.2, following four consecutive months above the 50 mark (an index value greater than 50 indicates an expanding sector).

### The labour market weakened further in March

- After plunging 357 000 in February, non-farm employment fell 108 000 in March. The services-producing sector accounted for most of the losses, but manufacturing employment fell at a larger rate (0.2%). The unemployment rate held steady in March at 5.8%.
- Productivity in the non-farm sector rose 0.8% (annual rate) in the fourth quarter following a rise of 5.5% in the third quarter. On a year-over-year basis, higher energy prices pushed up CPI inflation by 0.4 percentage point in February to 3.0%. Core inflation fell to 1.7% from 1.9% in January.

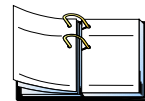


Source: U.S. Bureau of Economic Analysis & U.S. Bureau of Labor Statistics

## COMING UP

### Key Future Data Releases and Planned Events

---



#### CANADA

Canadian International Merchandise Trade - February	April 10
Key Policy Interest Rate Announcement	April 15
Monthly Survey of Manufacturing - February	April 16
Consumer Price Index - March	April 23
Real GDP by industry - February	April 30
Labour Force Survey - April	May 9
Financial Statistics for Enterprises - 1st Quarter	June 11
Balance of International Payments - 1st Quarter	May 29
National Economic and Financial Accounts - 1st Quarter	May 30

#### UNITED STATES

Consumer Price Index - March	April 16
International Trade in Goods and Services - February	April 10
Federal Open Market Committee Meeting	May 6
GDP - 1st Quarter 2003 (advance)	April 25
The Employment Situation - April	May 2

Note: The March/April 2003 MEI uses data available as of April 9, 2003