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Releases

Canada's balance of international payments, second quarter 2009 2

Canada's current account deficit expanded to \$11.2 billion during the second quarter of 2009, which also marked the first quarterly deficit on international trade in goods in more than 30 years. Non-residents continued to supply substantial funds to the Canadian economy through securities markets, led by a surge in purchases of new issues of Canadian bonds.

Industrial product and raw materials price indexes, July 2009 8

The Industrial Product Price Index and the Raw Materials Price Index declined 0.5% and 3.8% respectively in July compared with June, mainly due to falling petroleum prices.

Payroll employment, earnings and hours, June 2009 11

Total non-farm payroll employment fell by 47,000 in June, down 0.3% from May, bringing total losses to 442,600 since the peak in October 2008. The proportion of industries experiencing job losses in June edged down to 60%.

Computer and peripherals price indexes, July 2009 16

Commercial Software Price Index, July 2009 16

Placement of hatchery chicks and turkey poults, July 2009 16

Poultry and eggs, April to June 2009 16

New products 17

Release dates: August 31 to September 4, 2009 18



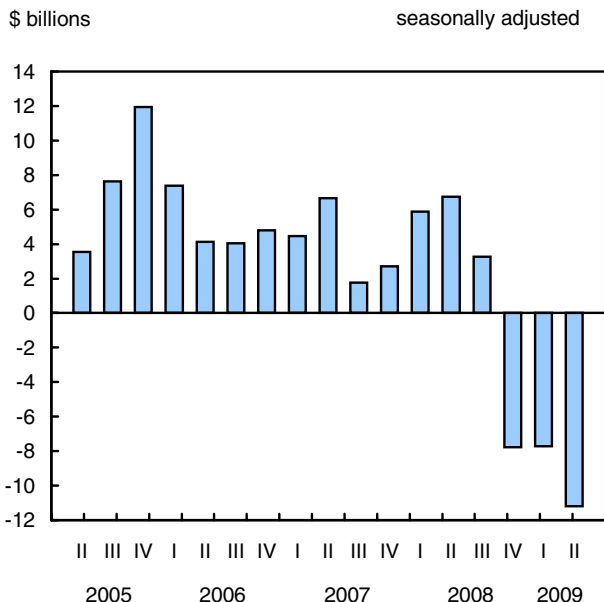
Releases

Canada's balance of international payments

Second quarter 2009

Canada's overall current account deficit expanded to \$11.2 billion during the second quarter of 2009, which also marked the first quarterly deficit on international trade in goods in more than 30 years. This marked the third quarterly current account deficit since the Canadian economy contracted in the fourth quarter of 2008.

Current account balance



In the capital and financial account (unadjusted for seasonal variation), net borrowing from abroad continued. In particular, cross-border financial flows in securities provided substantial inflows of funds to Canada in the second quarter of 2009. A large part of this activity was led by a surge in new issues of Canadian bonds purchased by foreign investors.

Note to readers

The **balance of payments** covers all economic transactions between Canadian residents and non-residents, in two accounts — the current account and the capital and financial account.

The **current account** covers transactions in goods, services, investment income and current transfers. Exports and interest income are examples of receipts, while imports and interest expense are payments. The overall balance of receipts and payments is Canada's current account **surplus** or **deficit**.

The **capital and financial account** is mainly composed of transactions in financial instruments. Financial assets and liabilities with non-residents are presented in three functional classes: direct investment, portfolio investment and all other types of investment. These flows arise from financial activities of either Canadian residents (foreign assets of Canadian investors) or non-residents (Canadian liabilities to foreign investors). Transactions resulting in capital inflows to Canada are presented as positive values while those giving rise to capital outflows from Canada are shown as negative values.

In principle, a current account surplus corresponds to an equivalent net outflow in the capital and financial account; and, a current account deficit corresponds to an equivalent net inflow in the capital and financial account. In other words, the two accounts should add to zero. In practice, as data are compiled from multiple sources, this is rarely the case and gives rise to measurement error. The **statistical discrepancy** is the unobserved net inflow or outflow.

Current account

Balance on goods deteriorates to register first deficit since 1976

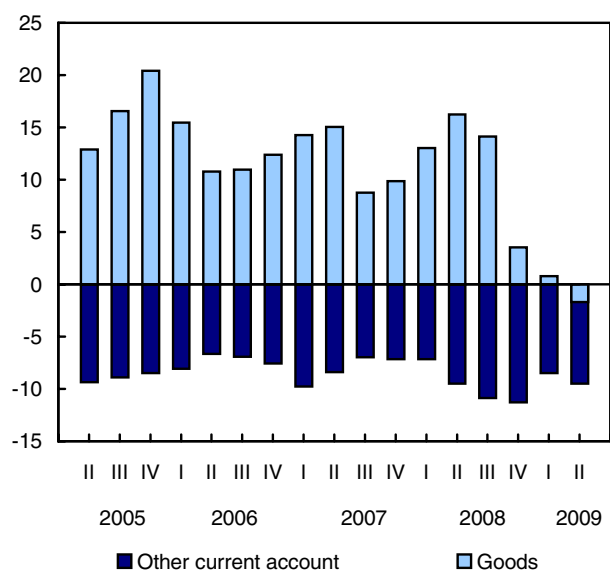
The value of Canada's international trade in goods continued to shrink in the second quarter of 2009, with the decline in exports again exceeding that of imports. Goods exports fell \$9.3 billion to \$87.6 billion, with reductions spread over most commodities. For their part, imports of goods were down \$6.8 billion to \$89.4 billion. As a result, the overall goods balance (-\$1.7 billion) posted a deficit for the first time since the first quarter of 1976. Trade flows with the United States have been a significant factor in this development as the bilateral goods surplus with the United States narrowed further, down \$3.2 billion in the second quarter from the previous quarter. Over the last three quarters, the bilateral goods surplus with the United States has fallen by \$17.6 billion.

Reductions on total exports were widespread in the second quarter. Machinery and equipment were down \$3.5 billion as volumes dropped for all components. Industrial goods fell \$2.2 billion mainly on lower volumes, amounting to a drop of almost 40% over

the last three quarters. Sales of automotive products edged down in the second quarter following a significant reduction in the previous quarter. The value of energy products sold abroad declined \$1.8 billion. Natural gas prices fell by more than one-third during the quarter, which led to a reduction of \$2.3 billion in the value of exports for that commodity; however, exports of crude petroleum were up \$1.3 billion, despite lower volumes.

Goods and other current account balances

\$ billions seasonally adjusted



As the Canadian dollar appreciated (+8.5% against the US dollar), lower prices were more important in explaining overall import declines in the second quarter. Imports of machinery and equipment dominated with a decline of \$3.2 billion, about evenly accounted for by lower volumes and lower prices. Industrial goods imports fell \$2.4 billion, led by lower prices for almost all the commodities and supplemented by lower volumes for metals and metal ores. Automotive products were flat in the second quarter, following a large import decline in the first quarter. Imports of energy products were largely unchanged in the second quarter, as increases in volume of crude petroleum were more than offset by declines in the volumes of other energy products.

Services deficit narrows, while investment income deficit expands

The overall services deficit narrowed in the second quarter as deficits in transportation and in commercial services were reduced somewhat. Both transportation payments and receipts continued to decline in line with lower activity in merchandise trade. Commercial services payments edged down, despite an increase in the commissions paid on new issues of Canadian bonds and on trade of outstanding foreign stocks. However, the travel deficit was unchanged in the second quarter at \$2.9 billion, as lower receipts from American travellers in Canada were offset by lower spending by Canadians travelling to countries other than United States.

In the second quarter, payments on investment income increased \$0.7 billion such that the deficit on investment income expanded \$1.0 billion. On the payments side, profits accruing to foreign direct investors were up \$1.3 billion, largely accounted for by the transportation equipment sector. At the same time, income receipts on portfolio assets were down \$0.4 billion.

Capital and financial account

Foreign demand for Canadian bonds leads inflows of funds

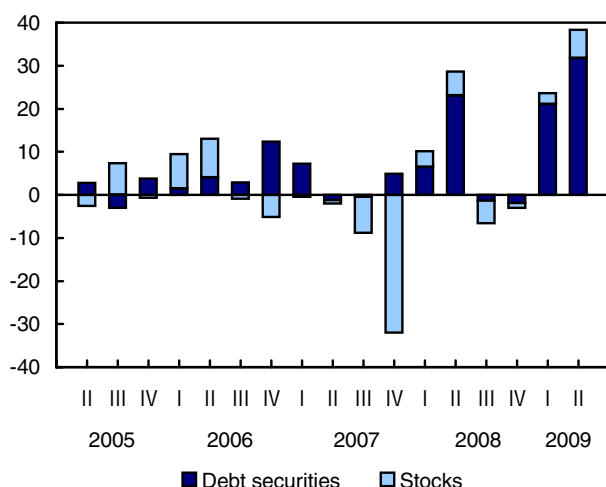
Non-residents invested \$38.3 billion in Canadian securities in the second quarter of 2009, as they acquired bonds at an unprecedented rate. This activity accounted for the lion's share of inflows of funds in the quarter. Overall, non-resident investors have picked up \$62 billion of Canadian securities in the first half of 2009.

In the second quarter, foreign investors added a further \$30.7 billion of Canadian bonds to their portfolios. Nearly 70% of this activity was comprised of new issues of bonds, reflecting strong borrowing of corporations and provincial governments. The remainder of this activity was mainly the result of secondary market purchases of federal bonds, as yields on these bonds increased to levels last seen in the third quarter of 2008.

In addition, non-residents continued to buy Canadian money market instruments for the fifth straight quarter but at a much reduced pace, acquiring \$1.0 billion during the quarter compared with \$19.5 billion in the last two quarters. Although Canadian short-term interest rates remained above US rates in the second quarter, the differential has narrowed.

Foreign portfolio investment in Canada

\$ billions



Foreign investment in Canadian equities was also relatively robust as Canadian stock prices increased strongly during the quarter. The Canadian stock market rebounded between March and June with the Standard and Poor's / Toronto Stock Exchange index up nearly 20% during the period. Acquisitions of Canadian stocks by non-resident investors were up \$6.6 billion in the second quarter, as investment focused on banking and other financial shares.

Canadian investment in foreign securities slows

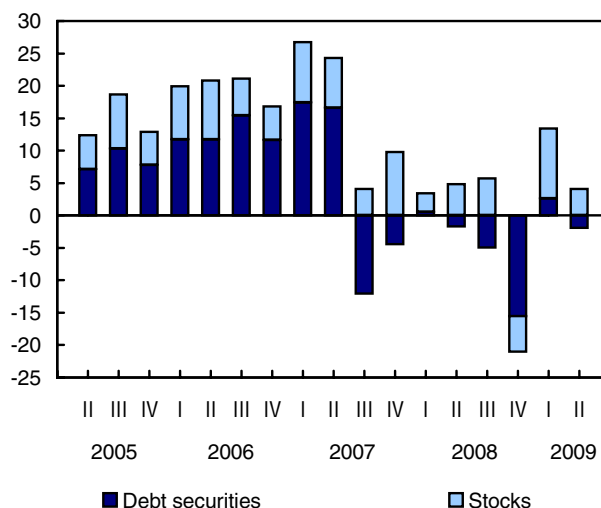
Canadian investment in foreign securities slowed to \$2.1 billion in the second quarter from \$13.4 billion in the previous quarter, as investment in foreign equities was at a much reduced pace. Nevertheless, Canadian investors acquired \$4.1 billion of foreign shares in the second quarter as major global stock markets posted strong gains. Investment in the quarter was equally split between US and non-US instruments: the US mainly private equities and the European shares mainly from the consumer products sector.

Meanwhile, Canadians disposed of \$1.9 billion of foreign debt instruments, both bonds and short-term paper, during the second quarter. Transactions in US government debt instruments resulted in a substantial divestment of \$3.3 billion, partly offset by the acquisition

of \$1.2 billion of non-US debt securities. This was the first net investment in non-US debt securities since the second quarter of 2007.

Canadian portfolio investment abroad¹

\$ billions



1. Reverse of balance of payments signs.

Direct investment activity remains subdued

Cross-border direct investment activity was again relatively moderate in the second quarter with little merger and acquisition activity. Canadian direct investment abroad of \$3.8 billion in the second quarter was comprised of earnings reinvested in operations of foreign subsidiaries, largely Canadian financial firms. Foreign direct investment in Canada amounted to a withdrawal of \$660 million of funds, mainly by US and British direct investors.

Reductions of other Canadian liabilities moderate total inflows of funds

Transactions in the other investment account of the balance of payments resulted in a net outflow in the second quarter. Canadian liabilities to non-residents, essentially in the form of short-term loans and bank deposits, were down \$18.7 billion following sizable increases in the previous three quarters.

Available on CANSIM: tables 376-0001 to 376-0017 and 376-0035.

Definitions, data sources and methods: survey numbers, including related surveys, 1534, 1535, 1536 and 1537.

The second quarter 2009 issue of *Canada's Balance of International Payments* (67-001-X, free) will be available soon.

The balance of international payments data for the third quarter of 2009 will be released on November 27.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-1855; infobalance@statcan.gc.ca), Balance of Payments Division.

□

Balance of payments

	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	Second quarter 2009	2007	2008
	Not seasonally adjusted						
	\$ millions						
Current account							
Receipts							
Goods and services	147,681	148,813	132,622	109,463	106,085	532,763	560,335
Goods	130,062	128,806	115,720	93,933	89,518	463,127	489,857
Services	17,619	20,007	16,902	15,530	16,567	69,637	70,478
Investment income	19,814	17,608	15,603	14,043	14,198	76,546	71,667
Direct investment	11,050	9,223	7,523	6,186	6,625	41,884	37,590
Portfolio investment	5,739	5,647	5,265	5,698	5,292	22,066	22,198
Other investment	3,026	2,738	2,814	2,159	2,280	12,596	11,880
Current transfers	2,229	2,109	3,228	2,917	1,831	9,489	10,322
Current account receipts	169,725	168,530	151,453	126,423	122,113	618,798	642,324
Payments							
Goods and services	137,679	137,074	135,697	116,582	113,291	503,840	535,965
Goods	114,204	113,793	113,028	92,918	91,204	415,229	442,988
Services	23,475	23,281	22,669	23,664	22,087	88,611	92,977
Investment income	22,562	22,674	20,853	16,674	17,323	87,880	86,891
Direct investment	11,640	11,132	8,072	5,570	7,078	39,830	40,001
Portfolio investment	7,775	8,179	8,480	8,226	8,221	30,999	31,981
Other investment	3,147	3,363	4,302	2,877	2,024	17,051	14,908
Current transfers	2,453	2,659	2,760	3,582	2,227	11,473	11,353
Current account payments	162,695	162,407	159,310	136,838	132,842	603,192	634,209
Current account balance	7,030	6,123	-7,857	-10,415	-10,728	15,606	8,115
Capital and financial account^{1, 2}							
Capital account	1,191	1,113	1,023	1,213	1,090	4,258	4,520
Financial account	-5,201	-10,405	11,262	13,989	12,109	-23,819	-11,641
Canadian assets, net flows							
Canadian direct investment abroad	-11,912	-26,676	-14,444	-2,235	-3,828	-64,056	-82,874
Portfolio investment	-3,167	-783	21,057	-13,430	-2,140	-48,426	13,652
Foreign bonds	1,121	4,319	11,599	-533	1,652	-28,902	16,354
Foreign stocks	-4,815	-5,739	5,531	-10,795	-4,081	-30,946	-7,914
Foreign money market	527	637	3,927	-2,102	289	11,422	5,212
Other investment	-7,754	-394	-7,654	-1,632	-826	-63,194	-34,311
Loans	1,734	6,446	-5,123	720	-6,577	-10,237	-626
Deposits	-7,797	-8,531	-6,691	3,474	1,765	-42,202	-37,227
Official international reserves	-1,816	-779	638	-1,078	-547	-4,644	-1,711
Other assets	125	2,469	3,522	-4,747	4,533	-6,111	5,253
Total Canadian assets, net flows	-22,833	-27,854	-1,041	-17,297	-6,794	-175,676	-103,533
Canadian liabilities, net flows							
Foreign direct investment in Canada	5,566	16,591	8,867	1,099	-660	116,448	47,710
Portfolio investment	28,648	-6,656	-3,092	23,604	38,278	-31,590	29,057
Canadian bonds	20,352	-3,333	-11,743	11,447	30,665	11,548	15,179
Canadian stocks	5,617	-5,323	-1,246	2,587	6,565	-41,994	2,746
Canadian money market	2,679	2,000	9,897	9,570	1,047	-1,143	11,132
Other investment	-16,582	7,514	6,528	6,584	-18,715	66,999	15,124
Loans	-1,422	3,091	573	1,671	-9,839	13,084	3,208
Deposits	-15,598	4,270	8,535	4,674	-8,581	48,566	13,372
Other liabilities	438	153	-2,581	239	-294	5,349	-1,456
Total Canadian liabilities, net flows	17,632	17,449	12,303	31,286	18,903	151,857	91,891
Total capital and financial account, net flows	-4,010	-9,292	12,285	15,201	13,199	-19,562	-7,122
Statistical discrepancy	-3,020	3,169	-4,428	-4,786	-2,471	3,955	-994

1. A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or from a decrease in liabilities to non-residents.

2. Transactions are recorded on a net basis.

Current account

	Second quarter 2008	Third quarter 2008	Fourth quarter 2008	First quarter 2009	Second quarter 2009	2007	2008
	Seasonally adjusted						
	\$ millions						
Receipts							
Goods and services	143,916	146,864	134,111	113,763	104,269	532,763	560,335
Goods	126,385	129,144	116,332	96,937	87,645	463,127	489,857
Services	17,531	17,719	17,779	16,826	16,625	69,637	70,478
Travel	4,026	4,053	4,006	3,891	3,829	16,468	16,119
Transportation	3,212	3,247	3,105	2,853	2,566	11,881	12,598
Commercial services	9,855	9,965	10,205	9,613	9,755	39,627	39,974
Government services	439	454	464	469	474	1,660	1,787
Investment income	19,214	17,902	15,534	14,144	13,902	76,546	71,667
Direct investment	10,625	9,475	7,348	6,301	6,423	41,884	37,590
Interest	758	829	483	390	350	1,935	2,690
Profits	9,867	8,646	6,866	5,911	6,073	39,949	34,900
Portfolio investment	5,608	5,672	5,395	5,614	5,226	22,066	22,198
Interest	1,749	1,764	1,477	1,655	1,426	8,067	6,637
Dividends	3,859	3,908	3,918	3,959	3,799	13,999	15,561
Other investment	2,981	2,755	2,791	2,230	2,253	12,596	11,880
Current transfers	2,569	2,494	2,831	2,604	2,074	9,489	10,322
Private	617	630	693	765	767	2,599	2,515
Official	1,952	1,864	2,138	1,839	1,307	6,890	7,807
Total receipts	165,699	167,260	152,476	130,512	120,245	618,798	642,324
Payments							
Goods and services	133,402	138,198	136,732	118,942	111,423	503,840	535,965
Goods	110,154	115,028	112,815	96,172	89,359	415,229	442,988
Services	23,247	23,170	23,918	22,769	22,064	88,611	92,977
Travel	7,247	7,245	7,032	6,775	6,726	26,511	28,734
Transportation	5,279	5,531	5,622	5,199	4,770	19,842	21,590
Commercial services	10,431	10,103	10,970	10,520	10,266	41,120	41,484
Government services	290	290	294	276	302	1,137	1,170
Investment income	22,571	22,972	20,664	16,596	17,332	87,880	86,891
Direct investment	11,434	11,066	8,225	5,688	6,933	39,830	40,001
Interest	728	737	738	626	617	3,711	2,947
Profits	10,706	10,329	7,487	5,062	6,316	36,118	37,054
Portfolio investment	7,760	8,145	8,487	8,290	8,217	30,999	31,981
Interest	5,622	5,909	6,328	6,232	6,180	22,851	23,370
Dividends	2,138	2,236	2,159	2,058	2,038	8,147	8,612
Other investment	3,377	3,762	3,952	2,619	2,182	17,051	14,908
Current transfers	2,977	2,833	2,840	2,704	2,692	11,473	11,353
Private	1,812	1,842	1,819	1,685	1,611	7,759	7,252
Official	1,165	991	1,021	1,019	1,081	3,713	4,101
Total payments	158,951	164,004	160,236	138,242	131,447	603,192	634,209
Balances							
Goods and services	10,514	8,666	-2,621	-5,178	-7,154	28,924	24,370
Goods	16,230	14,116	3,517	765	-1,714	47,898	46,869
Services	-5,716	-5,451	-6,139	-5,943	-5,439	-18,974	-22,499
Travel	-3,222	-3,193	-3,026	-2,884	-2,897	-10,043	-12,615
Transportation	-2,068	-2,284	-2,518	-2,345	-2,203	-7,961	-8,992
Commercial services	-576	-138	-765	-907	-511	-1,493	-1,510
Government services	150	164	170	193	172	522	618
Investment income	-3,358	-5,070	-5,130	-2,452	-3,431	-11,334	-15,223
Direct investment	-809	-1,591	-876	613	-510	2,054	-2,411
Interest	30	92	-255	-236	-267	-1,776	-258
Profits	-839	-1,683	-621	849	-244	3,830	-2,154
Portfolio investment	-2,153	-2,472	-3,092	-2,676	-2,992	-8,933	-9,783
Interest	-3,873	-4,144	-4,851	-4,577	-4,753	-14,784	-16,733
Dividends	1,721	1,672	1,758	1,901	1,761	5,851	6,950
Other investment	-397	-1,007	-1,161	-389	71	-4,455	-3,029
Current transfers	-408	-339	-9	-100	-618	-1,984	-1,031
Private	-1,195	-1,213	-1,126	-920	-843	-5,160	-4,737
Official	787	874	1,117	820	225	3,176	3,706
Current account	6,748	3,257	-7,760	-7,730	-11,202	15,606	8,115

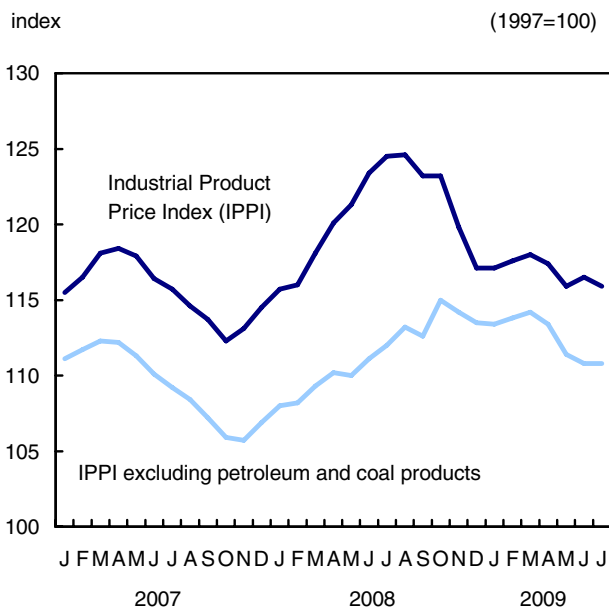
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Industrial product and raw materials price indexes

July 2009

The Industrial Product Price Index (IPPI) and the Raw Materials Price Index (RMPI) declined 0.5% and 3.8% respectively in July compared with June, mainly due to falling petroleum prices.

Prices for industrial goods decrease



July's decrease in the IPPI followed an increase of 0.5% in June. The index registered its lowest level in the past 18 months. Furthermore, it was down 7.0% from the peak reached in August 2008.

The IPPI was pulled down to a large extent by the 5.2% reduction in petroleum and coal prices. The decline in petroleum and coal prices in July followed three consecutive monthly increases, including a substantial 10.8% gain in June.

In July, excluding petroleum and coal prices, the IPPI remained unchanged after declining for three consecutive months. The decreases observed for fruit, vegetables and feed products and for motor vehicles and other transport equipment were offset by increases in other groups, led by lumber and other wood products as well as primary metal products.

The Canadian dollar edged up 0.4% in July in relation to the US dollar. Some Canadian producers who export their products to the United States are

Note to readers

The **Industrial Product Price Index (IPPI)** reflects the prices that producers in Canada receive as the goods leave the plant gate. It does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time a good leaves the plant and the time the final user takes possession of it, including the transportation, wholesale, and retail costs.

Canadian producers export many goods. They often quote their prices in foreign currencies, particularly for motor vehicles, pulp and paper products, and wood products. Determining the full effect of fluctuating exchange rates on the IPPI is a difficult analytical task. However, it should be noted that many prices collected to calculate the IPPI are quoted in US dollars and then converted into Canadian dollars. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI.

The conversion of prices received in US dollars is based on the average monthly exchange rate (noon spot rate) established by the Bank of Canada, and it is available on CANSIM in table 176-0064 (series v37426). Monthly and annual variations in the exchange rate, as described in the text, are calculated according to the indirect quotation of the exchange rate (for example, CAN\$1 = US\$X).

The **Raw Materials Price Index (RMPI)** reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in a world market. Unlike the IPPI, the RMPI includes goods that are not produced in Canada.

generally paid in prices set in US dollars. Consequently, the relative weakness of the US dollar in relation to the Canadian dollar had the effect of reducing the corresponding prices in Canadian dollars. If the exchange rate used to convert these prices had remained unchanged, the IPPI would have declined 0.4% instead of 0.5%.

12-month change: Fifth consecutive decline in the Industrial Product Price Index

Year over year, the IPPI declined 6.9% in July, strengthening the downward trend for a fifth consecutive month.

The IPPI was pulled down mainly by the prices for petroleum and coal products (-41.1%) and primary metal products (-17.7%). This decline in prices was mainly tempered by higher prices for motor vehicles and other transport equipment (+7.9%).

Year over year, the prices for products excluding petroleum and coal fell 1.1% in July following a 0.3% drop in June.

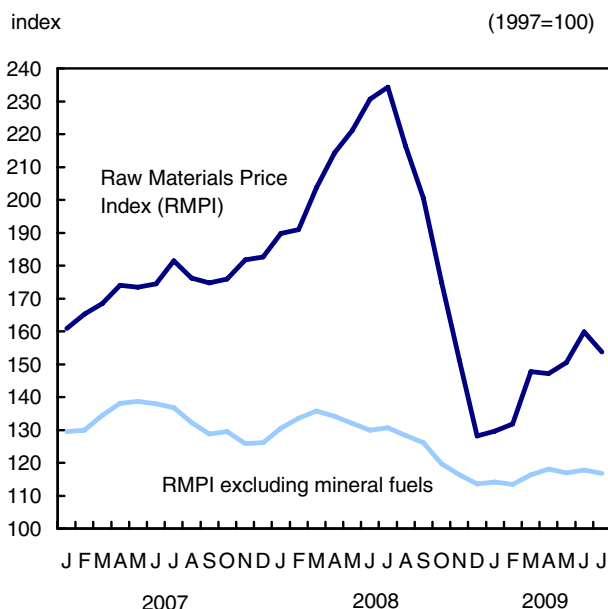
Since July 2008, the Canadian dollar has lost 9.8% of its value against its US counterpart, and if the direct effect of the exchange rate had been excluded, the IPPI would have fallen 9.7% instead of 6.9%.

Raw Materials Price Index: Index pulled down by lower prices for crude oil

The RMPI fell 3.8% in July, in contrast with increases of 2.2% in May and 6.2% in June.

Prices for mineral fuels fell 6.8% in July, following two consecutive monthly increases, including a 12.4% rise in June. The drop in mineral fuels was mainly due to the 7.2% decrease in the price for crude oil. Excluding mineral fuels, the RMPI declined 0.8%, after rising 0.7% in June.

Raw materials prices decline



From July 2008 to July 2009, raw material prices dropped 34.4%, the largest year-over-year decline since 1977, the first year for which this index was calculated. The decrease in raw material prices was attributable to the strong 49.0% price reduction for mineral fuels and, to a lesser extent, to the declines for non-ferrous metals (-15.0%) and vegetable products (-19.8%).

Available on CANSIM: tables 329-0038 to 329-0049 and 330-0006.

Definitions, data sources and methods: survey numbers, including related surveys, 2306 and 2318.

The July 2009 issue of *Industry Price Indexes* (62-011-X, free) will soon be available.

The industrial product and raw material price indexes for August will be released on September 30.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-9606, fax: 613-951-2848, prices-prix@statcan.gc.ca), Producer Prices Division.

□

Industrial product price indexes

	Relative importance ¹	July 2008	June 2009 ^r	July 2009 ^p	July 2008 to July 2009	June to July 2009
		(1997=100)			% change	
Industrial Product Price Index (IPPI)	100.00	124.5	116.5	115.9	-6.9	-0.5
IPPI excluding petroleum and coal products	94.32	112.0	110.8	110.8	-1.1	0.0
Aggregation by commodities						
Meat, fish and dairy products	5.78	113.2	112.9	112.8	-0.4	-0.1
Fruit, vegetables, feeds and other food products	5.99	121.1	119.0	117.6	-2.9	-1.2
Beverages	1.57	126.7	129.8	129.8	2.4	0.0
Tobacco and tobacco products	0.63	220.5	223.4	223.4	1.3	0.0
Rubber, leather and plastic fabricated products	3.30	118.7	120.0	120.1	1.2	0.1
Textile products	1.58	100.5	102.2	102.1	1.6	-0.1
Knitted products and clothing	1.51	105.0	104.8	105.0	0.0	0.2
Lumber and other wood products	6.30	82.1	80.3	81.0	-1.3	0.9
Furniture and fixtures	1.59	123.7	124.7	124.4	0.6	-0.2
Pulp and paper products	7.23	107.2	107.7	107.6	0.4	-0.1
Printing and publishing	1.70	119.6	123.8	123.7	3.4	-0.1
Primary metal products	7.80	151.6	124.2	124.7	-17.7	0.4
Metal fabricated products	4.11	135.7	131.5	131.6	-3.0	0.1
Machinery and equipment	5.48	105.9	110.7	110.7	4.5	0.0
Motor vehicles and other transport equipment	22.16	86.8	93.9	93.7	7.9	-0.2
Electrical and communications products	5.77	90.3	94.4	94.2	4.3	-0.2
Non-metallic mineral products	1.98	125.3	128.6	128.6	2.6	0.0
Petroleum and coal products ²	5.68	355.9	221.4	209.8	-41.1	-5.2
Chemicals and chemical products	7.07	143.4	132.9	133.1	-7.2	0.2
Miscellaneous manufactured products	2.40	121.9	123.4	122.8	0.7	-0.5
Miscellaneous non-manufactured products	0.38	303.3	260.7	268.4	-11.5	3.0
Intermediate goods³	60.14	132.4	119.3	118.7	-10.3	-0.5
First-stage intermediate goods ⁴	7.71	156.4	123.9	125.6	-19.7	1.4
Second-stage intermediate goods ⁵	52.43	128.7	118.6	117.6	-8.6	-0.8
Finished goods⁶	39.86	112.7	112.4	111.7	-0.9	-0.6
Finished foods and feeds	8.50	119.1	120.5	120.5	1.2	0.0
Capital equipment	11.73	97.0	103.0	102.7	5.9	-0.3
All other finished goods	19.63	119.4	114.6	113.2	-5.2	-1.2

^r revised

^p preliminary

1. The relative importance is based on the 1997 values of production at December 1996 prices.

2. This index is estimated for the current month.

3. Intermediate goods are goods used principally to produce other goods.

4. First-stage intermediate goods are items used most frequently to produce other intermediate goods.

5. Second-stage intermediate goods are items most commonly used to produce final goods.

6. Finished goods are goods most commonly used for immediate consumption or for capital investment.

Raw materials price indexes

	Relative importance ¹	July 2008	June 2009 ^r	July 2009 ^p	July 2008 to July 2009	June to July 2009
		(1997=100)			% change	
Raw Materials Price Index (RMPI)	100.00	234.3	159.8	153.7	-34.4	-3.8
Mineral fuels	35.16	458.4	250.6	233.6	-49.0	-6.8
Vegetable products	10.28	136.6	115.3	109.6	-19.8	-4.9
Animals and animal products	20.30	109.5	110.5	110.3	0.7	-0.2
Wood	15.60	81.5	76.6	76.6	-6.0	0.0
Ferrous materials	3.36	181.5	127.8	128.1	-29.4	0.2
Non-ferrous metals	12.93	190.5	161.9	162.0	-15.0	0.1
Non-metallic minerals	2.38	170.8	177.2	176.8	3.5	-0.2
RMPI excluding mineral fuels	64.84	130.7	117.8	116.8	-10.6	-0.8

^r revised

^p preliminary

1. The relative importance is based on the 1997 values of intermediate inputs at December 1996 prices.

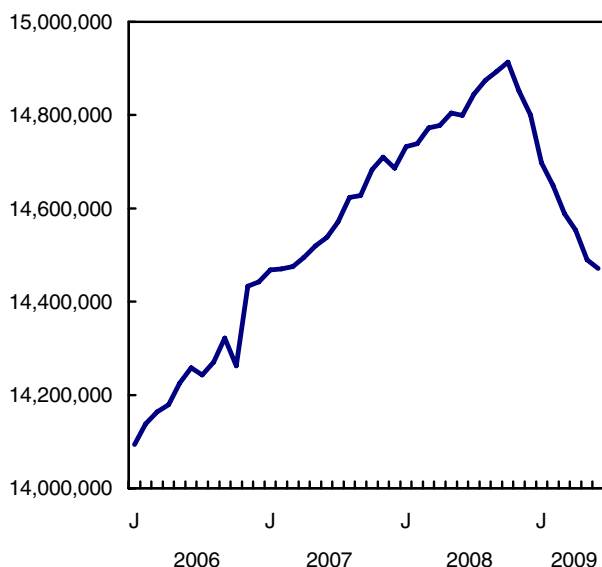
Payroll employment, earnings and hours

June 2009 (preliminary)

Total non-farm payroll employment fell by 47,000 in June, down 0.3% from May, bringing total losses to 442,600 since the peak in October 2008. The proportion of industries experiencing job losses in June edged down to 60%.

Total payroll employment

number of jobs



These data come from the Survey of Employment, Payrolls and Hours (SEPH). SEPH is a business survey that provides a detailed portrait of employees from an industry perspective, complementing information on total employment from the Labour Force Survey (LFS), which is a survey from a household perspective.

In June, 183 of the 305 (60%) industries covered by the survey experienced declines, down from 186 (61%) in May. During this current economic downturn, the highest proportion of industries shedding jobs was in January at 75%.

Most of the job losses in June were in the service sector while losses within the goods sector were mainly in manufacturing.

Payroll employment fell in most provinces in June, particularly in Ontario and Alberta. Manitoba was the only province with a significant increase in payroll employment during the month.

The average weekly earnings of payroll employees, including overtime, was \$823.23 in June. This increase

Note to readers

Unless otherwise specified, data in this release refer to payroll employment and earnings data obtained from the Survey of Employment, Payrolls and Hours (SEPH).

Each month, Statistics Canada now provides enhanced analysis of the current labour market situation, using SEPH and other sources. The Labour Force Survey (LFS) will provide the first picture of overall labour market conditions, with unemployment and total employment and who is affected by changes in the labour market. Later in the month, Statistics Canada will provide additional detail by industry through the SEPH Daily release, and regional detail through the Employment Insurance statistics.

With the release of January 2009 SEPH data on March 31, 2009, an improved estimation method for earnings and hours data was introduced and estimates back to 2001 were revised to ensure continuity in data series.

of 1.8% from June 2008 was at a faster pace than the 1.3% gain observed between May 2008 and May 2009, but was down considerably from the most recent year-over-year peak in average weekly earnings of 3.0% in October 2008.

Heavy job losses in retail and wholesale trade

Payroll employment in services declined by 29,200 (-0.3%) in June. Nearly half of these job losses were in the retail and wholesale trade sector (-14,400). The largest payroll employment declines in this sector were in electronics and appliance stores (-2,100); department stores (-2,000); computer and communications equipment and supplies wholesaler-distributors (-2,000); and grocery stores (-1,800).

Employees in professional, scientific and technical services also experienced job losses, particularly those in accounting, tax preparation, bookkeeping and payroll services (-2,600); computer systems design and related services (-1,700); and management, scientific and technical consulting services (-1,100).

In June, the number of employees also fell in full-service restaurants (-3,200); business support services (-2,100); traveller accommodation (-2,000); and employment services (-1,700).

Despite fairly widespread losses in the service sector, some industries experienced job growth in June, such as elementary and secondary schools (+3,400); universities (+2,600); and insurance carriers (+2,200).

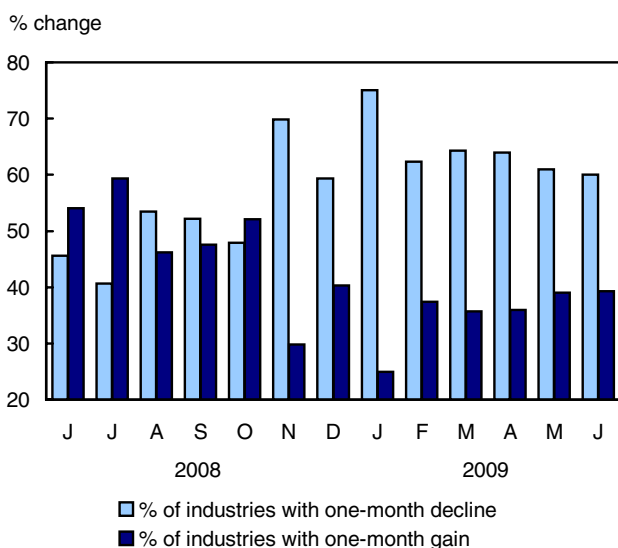
Job losses in fewer industries within manufacturing sector

There were job losses in 51 of 86 (59%) manufacturing industries in June, the fewest number of declines within manufacturing since July 2008.

In June, one-third of the 12,900 job losses in manufacturing were in plastic products (-1,800); architectural and structural metals (-1,400) and seafood product preparation and packaging (-1,100). The remaining job losses were spread out among 48 other manufacturing industries.

An increase in the number of non-residential construction employees (+2,200) in June was largely offset by a decline among building equipment contractors (-1,800), leaving overall construction payroll employment little changed from the month before. Since peaking in October 2008, the number of employees in construction has declined by 62,600 (-7.4%).

Proportion of industries experiencing a month-to-month change in payroll employment, June 2008 to June 2009



A review of recent trends in payroll employment by industry

Since labour market conditions began to deteriorate last autumn, payroll employment has fallen considerably. Since October 2008, at a detailed industry level, the largest declines have been in employment services (-29,100); support activities for mining and oil and gas extraction (-22,400); motor vehicle parts manufacturing (-18,500); and architectural, engineering and related services (-16,400).

Many other industries remain in sharp job decline, while a few have rebounded, or have experienced modest growth during the downturn.

Employment losses tied to the goods sector

Many of the industries to have payroll employment declines since October 2008 were in the goods sector, particularly manufacturing, construction and mining, or were in services with close ties to these goods industries. These include employment services (-29,100); architectural, engineering and related services (-16,400); both specialized (-10,000) and general (-7,100) freight trucking; automobile dealers (-5,500); and building supplies dealers (-4,800).

Industries with job growth since October 2008 have strong public sector activity

Since October 2008, of the industries that have had growth in payroll employment, many have strong ties to the public sector, including: other provincial and territorial public administration (+20,200); nursing care facilities (+10,300); and general medical and surgical hospitals (+8,600).

Average weekly earnings

The average weekly earnings of payroll employees, including overtime, was \$823.23 in June. This increase of 1.8% from June 2008 was at a faster pace than the 1.3% gain observed between May 2008 and May 2009, but was down considerably from the most recent year-over-year peak in average weekly earnings of 3.0% in October 2008.

Between June 2008 and June 2009, average weekly earnings in Canada's largest industrial sectors were up 6.0% in health care and social assistance, 3.4% in public administration, 2.8% in retail trade and 0.1% in accommodation and food services.

For the same year-over-year period, average weekly earnings fell 5.4% in manufacturing and 2.4% in educational services.

Provincially, the biggest increase in average weekly earnings was in Prince Edward Island, increasing by 6.5% from June 2008 to June 2009. Over the same period, average weekly earnings rose by 4.9% in Newfoundland and Labrador and 4.3% in Alberta. Ontario experienced the smallest year-over-year increase at 0.7%.

Total hours

Compared with a year earlier, the total hours worked by hourly paid employees in Canada fell by 1.8% in June. Since the the growth in total hours worked by hourly paid employees, including overtime, peaked in

October 2008, year-over-year growth in hours worked has slowed, slipping into negative territory in May and June.

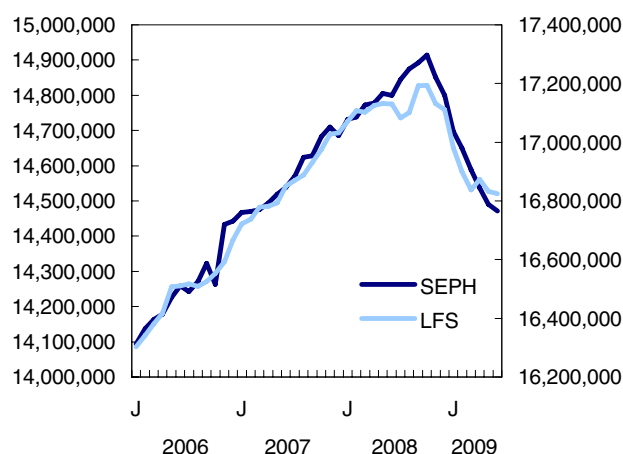
Comparing SEPH and LFS

Data on employment, wages and hours worked are produced by two major Statistics Canada monthly surveys: LFS and SEPH. Survey estimates differ for conceptual reasons and for methodological reasons. The information source is the key distinction between the two surveys: SEPH provides information related to occupied jobs based on a census of administrative data from businesses whereas LFS provides information on the employment characteristics of individuals based on a survey of households. While the estimates from the survey do differ, the trends in the data are quite similar.

Non-farm payroll employment of the Survey of Employment Payrolls and Hours and total employment of the Labour Force Survey

Non-farm payroll employment, Survey of Employment, Payrolls and Hours (SEPH)

Total employment, Labour Force Survey (LFS)



Since each of these surveys addresses different needs, the choice of data depends on the users' goals. Other conceptual and methodological differences between the two surveys include: degree of coverage of industries and the self-employed, treatment of multiple-job holders, and the survey reference period. The effects of these differences vary by industry.

Available on CANSIM: tables 281-0023 to 281-0039 and 281-0041 to 281-0046.

Definitions, data sources and methods: survey number 2612.

Detailed industry data, data by size of enterprise based on employment, and other labour market indicators will be available soon in the monthly publication *Employment, Earnings and Hours* (72-002-X, free).

Data on payroll employment, earnings and hours for July will be released on September 30.

For more information, or to order data, contact Client Services (toll-free 1-866-873-8788; 613-951-4090; labour@statcan.gc.ca). To enquire about the revisions, or the concepts, methods or data quality of this release, contact Jason Gilmore (613-951-7118), Labour Statistics Division.

□

Number of employees

Industry group (North American Industry Classification System)	December 2008	June 2008	May 2009 ^r	June 2009 ^p	May to June 2009	June 2008 to June 2009	December 2008 to June 2009
Seasonally adjusted							
	thousands				% change		
Industrial aggregate	14,800.4	14,799.3	14,518.3	14,471.3	-0.3	-2.2	-2.2
Forestry, logging and support	44.7	47.5	37.9	38.2	0.8	-19.6	-14.5
Mining and quarrying, and oil and gas extraction	203.5	200.0	182.6	177.0	-3.1	-11.5	-13.0
Utilities	122.7	120.1	119.5	119.8	0.3	-0.2	-2.4
Construction	817.7	832.1	784.1	785.1	0.1	-5.6	-4.0
Manufacturing	1,599.6	1,675.4	1,484.9	1,471.9	-0.9	-12.1	-8.0
Wholesale trade	753.7	758.5	731.6	725.7	-0.8	-4.3	-3.7
Retail trade	1,884.0	1,905.9	1,864.2	1,856.3	-0.4	-2.6	-1.5
Transportation and warehousing	696.7	695.7	677.0	672.8	-0.6	-3.3	-3.4
Information and cultural industries	326.3	324.2	323.5	323.5	0.0	-0.2	-0.9
Finance and insurance	666.4	655.3	664.2	668.1	0.6	2.0	0.3
Real estate and rental and leasing	246.8	254.1	240.1	239.8	-0.1	-5.6	-2.8
Professional, scientific and technical services	766.6	750.4	744.2	733.1	-1.5	-2.3	-4.4
Management of companies and enterprises	121.3	122.3	117.9	115.9	-1.7	-5.2	-4.5
Administrative and support, waste management and remediation services	754.2	779.3	719.1	712.7	-0.9	-8.5	-5.5
Educational services	1,147.5	1,136.2	1,145.9	1,151.7	0.5	1.4	0.4
Health care and social assistance	1,567.2	1,519.0	1,574.9	1,576.9	0.1	3.8	0.6
Arts, entertainment and recreation	242.1	239.5	250.9	250.3	-0.2	4.5	3.4
Accommodation and food services	1,095.3	1,070.9	1,066.4	1,057.1	-0.9	-1.3	-3.5
Other services (excluding public administration)	510.5	508.0	504.5	504.4	0.0	-0.7	-1.2
Public administration	1,024.4	999.9	1,032.1	1,030.0	-0.2	3.0	0.5
Provinces and territories							
Newfoundland and Labrador	192.4	189.7	191.0	188.0	-1.6	-0.9	-2.3
Prince Edward Island	61.5	60.8	63.0	63.1	0.2	3.8	2.6
Nova Scotia	393.0	397.0	391.6	390.8	-0.2	-1.6	-0.6
New Brunswick	311.0	314.6	307.0	307.3	0.1	-2.3	-1.2
Quebec	3,393.1	3,368.6	3,345.0	3,341.6	-0.1	-0.8	-1.5
Ontario	5,671.0	5,708.6	5,544.9	5,521.8	-0.4	-3.3	-2.6
Manitoba	562.8	560.9	559.3	561.3	0.4	0.1	-0.3
Saskatchewan	439.9	434.5	440.2	439.7	-0.1	1.2	0.0
Alberta	1,789.8	1,768.8	1,728.5	1,713.0	-0.9	-3.2	-4.3
British Columbia	1,935.0	1,941.3	1,884.3	1,880.4	-0.2	-3.1	-2.8
Yukon	19.5	19.6	19.2	19.2	0.0	-2.0	-1.5
Northwest Territories ¹	26.8	25.5	26.5	27.4	3.4	7.5	2.2
Nunavut ¹	10.1	10.4	10.2	10.3	1.0	-1.0	2.0

^r revised

^p preliminary

1. Data not seasonally adjusted.

Average weekly earnings (including overtime) for all employees

Industry group (North American Industry Classification System)	June 2008	May 2009 ^r	June 2009 ^p	May to June 2009	June 2008 to June 2009
Seasonally adjusted					
	\$			% change	
Industrial aggregate	808.91	817.87	823.23	0.7	1.8
Forestry, logging and support	940.90	810.36	836.82	3.3	-11.1
Mining and quarrying, and oil and gas extraction	1,501.91	1,625.78	1,714.51	5.5	14.2
Utilities	1,439.14	1,481.41	1,490.02	0.6	3.5
Construction	999.19	1,044.84	1,066.24	2.0	6.7
Manufacturing	960.48	899.94	908.51	1.0	-5.4
Wholesale trade	942.53	969.98	1,007.25	3.8	6.9
Retail trade	470.19	489.66	483.41	-1.3	2.8
Transportation and warehousing	874.49	882.28	876.02	-0.7	0.2
Information and cultural industries	1,004.55	1,126.14	1,111.39	-1.3	10.6
Finance and insurance	996.89	1,042.40	1,037.83	-0.4	4.1
Real estate and rental and leasing	791.41	745.80	798.88	7.1	0.9
Professional, scientific and technical services	1,094.05	1,122.67	1,150.54	2.5	5.2
Management of companies and enterprises	1,083.20	1,090.62	1,165.50	6.9	7.6
Administrative and support, waste management and remediation services	701.10	645.34	657.33	1.9	-6.2
Educational services	872.57	844.23	851.39	0.8	-2.4
Health care and social assistance	733.55	782.25	777.67	-0.6	6.0
Arts, entertainment and recreation	508.13	509.81	510.30	0.1	0.4
Accommodation and food services	328.14	336.63	328.45	-2.4	0.1
Other services (excluding public administration)	688.19	684.86	693.70	1.3	0.8
Public administration	1,036.14	1,060.25	1,071.77	1.1	3.4
Provinces and territories					
Newfoundland and Labrador	766.97	803.30	804.81	0.2	4.9
Prince Edward Island	649.37	686.16	691.63	0.8	6.5
Nova Scotia	707.28	727.64	726.11	-0.2	2.7
New Brunswick	723.90	738.01	737.45	-0.1	1.9
Quebec	750.54	752.03	770.86	2.5	2.7
Ontario	837.66	843.11	843.43	0.0	0.7
Manitoba	745.40	763.15	765.26	0.3	2.7
Saskatchewan	783.53	802.72	803.77	0.1	2.6
Alberta	923.07	943.78	962.77	2.0	4.3
British Columbia	791.11	798.49	798.75	0.0	1.0
Yukon	863.26	891.72	898.96	0.8	4.1
Northwest Territories ¹	1,052.89	1,141.62	1,117.62	-2.1	6.1
Nunavut ¹	889.17	879.77	867.31	-1.4	-2.5

^r revised

^p preliminary

1. Data not seasonally adjusted.



Computer and peripherals price indexes

July 2009

The price index for commercial computers decreased 0.52% in July compared with June. The index for consumer computers declined 0.86% from June.

In the case of computer peripherals, monitor prices decreased 0.83% and printer prices fell 0.44% in July from a month earlier.

Note: These indexes are available at the Canada level only.

Available on CANSIM: tables 331-0004 and 331-0005.

Definitions, data sources and methods: survey number 5032.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; prices-prix@statcan.gc.ca), Producer Prices Division. ■

Commercial Software Price Index

July 2009

The Commercial Software Price Index (CSPI) increased 1.54% in July compared with a month earlier. Year over year, the CSPI rose by 5.92%.

Note: The Commercial Software Price Index is a monthly series measuring the change in the purchase price of pre-packaged software typically bought by businesses and governments.

This index is available at the Canada level only.

Available on CANSIM: table 331-0003.

Definitions, data sources and methods: survey number 5068.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; prices-prix@statcan.gc.ca), Producer Prices Division. ■

Placement of hatchery chicks and turkey poults

July 2009 (preliminary)

Placements of hatchery chicks on farms reached 57.9 million birds in July, down 1.5% from July 2008. Placements of turkey poults on farms decreased 6.1% to 2.0 million birds.

Available on CANSIM: table 003-0021.

Definitions, data sources and methods: survey number 5039.

For more information, call Client Services (toll-free 1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Robert Plourde (613-951-8716; robert.plourde@statcan.gc.ca), Agriculture Division. ■

Poultry and eggs

April to June 2009

Data on poultry and egg production are now available for April to June.

Note: The data on eggs available for human consumption at the retail weight level and at the adjusted weight level have been revised for the year 2008.

Available on CANSIM: tables 003-0017 to 003-0020, 003-0022 to 003-0024, 003-0038, 003-0039 and 003-0079.

Definitions, data sources and methods: survey numbers, including related surveys, 3425 and 5039.

The April to June 2009 issue of the *Poultry and Eggs Statistics*, Vol. 6, no. 2 (23-015-X, free), is now available from the *Publications* module of our website.

For more information, call Client Services (toll-free 1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Robert Plourde (613-951-8716; robert.plourde@statcan.gc.ca), Agriculture Division. ■

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The Daily, August 28, 2009

Release dates: August 31 to September 4, 2009

(Release dates are subject to change.)

Release date	Title	Reference period
31	Canadian economic accounts	Second quarter 2009
31	Gross domestic product by industry	June 2009
1	Financial flow accounts	Second quarter 2009
4	Labour Force Survey	August 2009