



The Daily

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Sales of new motor vehicles declined in September, almost completely offsetting the gains made in August. Seasonally adjusted data from the New Motor Vehicle Sales Survey show that 140,263 new vehicles were sold in September. This represents a decrease of 2.1% from August.	
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Releases

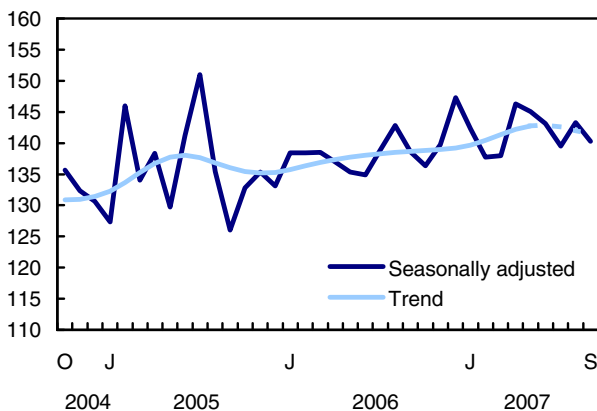
New motor vehicle sales

September 2007

Sales of new motor vehicles declined in September, almost completely offsetting the gains made in August. Seasonally adjusted data from the New Motor Vehicle Sales Survey show that 140,263 new vehicles were sold in September. This represents a decrease of 2.1% from August.

September new motor vehicle sales decline after August rebound

Thousands of units



Note: The last few points could be subject to revisions when more data are added. This is indicated by the dashed line.

The September decline is attributable mainly to a decline in truck sales (which include minivans, sport-utility vehicles, light and heavy trucks, vans and buses). While declines were widespread across Canada, Ontario and Alberta accounted for the lion's share.

Decreases in sales in July and September resulted in a 2.6% decline in the number of new motor vehicles sold in the third quarter from the second quarter of 2007. This did not completely offset the gains made in the second quarter (+4.0%), the strongest quarterly growth in almost four years. Passenger cars followed a similar pattern, while a 3.4% third quarter decline in truck sales more than offset any gains made in the second quarter.

Preliminary industry data for the month of October show that new motor vehicle sales are expected to decline 2% due to a decrease in passenger car sales.

Note to readers

All data in this release are seasonally adjusted.

Passenger cars include those used for personal and commercial purposes, such as taxis or rental cars. **Trucks** include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

North American-built new motor vehicles include vehicles manufactured or assembled in Canada, the United States or Mexico. All other new motor vehicles are considered to have been manufactured overseas.

For reasons of confidentiality, data for Yukon, the Northwest Territories and Nunavut are included with those for British Columbia.

The New Motor Vehicle Sales Survey is compiled on the basis of figures obtained from motor vehicle manufacturers and importers. These results may vary from those obtained directly from auto dealers due to possible differences in record keeping.

Trucks behind sales decrease in September

Sales of new trucks declined 4.1% in September to 67,215 vehicles. This decrease almost completely offset gains made in August. Combined with low sales in July, sales in August and September resulted in a 3.4% decline in truck sales for the third quarter. This was the lowest quarterly growth rate since the fourth quarter of 2003.

Unit sales of passenger cars were stable in September (-0.2%), totalling 73,048 units. Sales of North American-built vehicles (-0.4%) fell marginally to 46,624 units, while those of overseas-built vehicles (+0.2%) increased slightly to 26,424.

Third quarter sales of passenger cars offset some of the gains made in the second quarter, falling 1.9%. The majority of this decline came from a 2.7% decrease in sales of North American-built vehicles. Sales of overseas-built models (-0.5%) were more stable in the third quarter. So far in 2007, overseas-built cars have accounted for 36.1% of total passenger cars sold. This is higher than the 2006 average of 33.6%, and the highest share since 1992.

Declines in Ontario and Alberta bring down national sales

September unit sales were down in eight provinces, with decreases in both Ontario (-4.0%) and Alberta (-5.3%) accounting for 86% of the total decline across the country.

All four Atlantic Provinces had declines in September. Newfoundland and Labrador (-4.3%)

experienced its second straight decrease, and Prince Edward Island (-10.1%), Nova Scotia (-1.5%) and New Brunswick (-3.8%) each offset gains made in August.

Sales in Saskatchewan (-4.8%) were down after two months of growth. Only four sales declines have been recorded in this province since August 2006. Sales in Manitoba (-0.2%) were relatively stable.

Two provinces mitigated the national decline in September. New motor vehicle sales in Quebec (+1.9%) grew for the second straight month, while sales growth in British Columbia (+0.5%) almost offset the small declines registered in August.

Nine provinces had declines in the number of new motor vehicles sold in the third quarter of 2007, with only Nova Scotia (+3.1%) registering an increase. The largest decline was in Prince Edward Island (-4.0%) after four consecutive quarters of growth.

The decline in Quebec (-3.9%) followed a 5.5% growth in the second quarter of 2007, the strongest

quarterly growth since the third quarter of 2003. As for Ontario (-3.5%), it also followed a strong second quarter (+4.7%), the strongest quarterly growth since the fourth quarter of 2001.

Available on CANSIM: tables 079-0001 and 079-0002.

Definitions, data sources and methods: survey number 2402.

The September 2007 issue of *New Motor Vehicle Sales* (63-007-XWE, free) will be available soon.

Data on new motor vehicle sales for October will be released on December 17.

For more information or to order data, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Joseph Dunlavy (613-951-0193), Distributive Trades Division. □

New motor vehicle sales

	September 2006	August 2007 ^r	September 2007 ^p	September 2006 to September 2007	August to September 2007
Seasonally adjusted					
	number of vehicles			% change	
New motor vehicles	138,563	143,278	140,263	1.2	-2.1
Passenger cars	72,146	73,166	73,048	1.3	-0.2
North American ¹	47,747	46,791	46,624	-2.4	-0.4
Overseas	24,399	26,375	26,424	8.3	0.2
Trucks, vans and buses	66,418	70,112	67,215	1.2	-4.1
New motor vehicles					
Newfoundland and Labrador	1,987	2,389	2,286	15.0	-4.3
Prince Edward Island	391	467	420	7.4	-10.1
Nova Scotia	4,005	4,213	4,149	3.6	-1.5
New Brunswick	2,959	3,207	3,084	4.2	-3.8
Quebec	33,707	34,769	35,445	5.2	1.9
Ontario	50,682	51,832	49,758	-1.8	-4.0
Manitoba	3,861	3,947	3,939	2.0	-0.2
Saskatchewan	3,411	3,886	3,699	8.4	-4.8
Alberta	20,825	21,831	20,665	-0.8	-5.3
British Columbia ²	16,733	16,737	16,819	0.5	0.5
	September 2006	August 2007 ^r	September 2007 ^p	September 2006 to September 2007	
Unadjusted					
	number of vehicles			% change	
New motor vehicles	140,065	160,883	134,530	-4.0	
Passenger cars	72,815	84,021	70,783	-2.8	
North American ¹	48,497	53,703	45,441	-6.3	
Overseas	24,318	30,318	25,342	4.2	
Trucks, vans and buses	67,250	76,862	63,747	-5.2	
New motor vehicles					
Newfoundland and Labrador	1,979	2,970	2,162	9.2	
Prince Edward Island	404	637	383	-5.2	
Nova Scotia	3,708	4,967	3,853	3.9	
New Brunswick	2,843	3,767	2,846	0.1	
Quebec	33,612	39,972	33,565	-0.1	
Ontario	52,466	57,586	48,352	-7.8	
Manitoba	4,223	4,721	4,132	-2.2	
Saskatchewan	3,612	4,633	3,609	-0.1	
Alberta	21,049	23,475	19,681	-6.5	
British Columbia ²	16,169	18,155	15,947	-1.4	

^r revised

^p preliminary

1. Manufactured or assembled in Canada, the United States or Mexico.

2. Includes Yukon, the Northwest Territories and Nunavut.

Note: Figures may not add up to totals due to rounding.



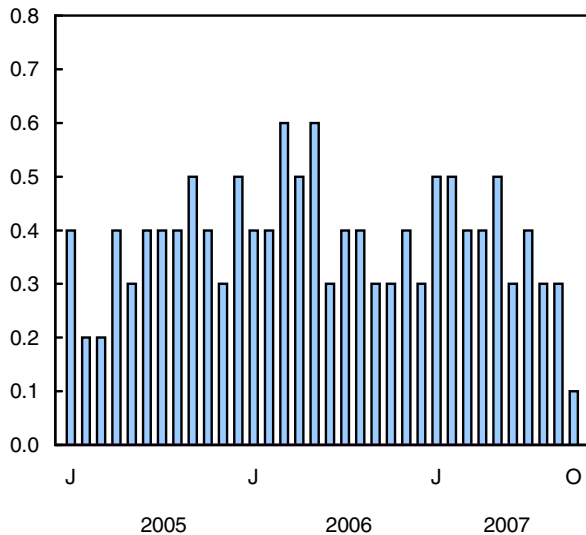
Leading indicators

October 2007

The composite index rose 0.1% in October after a downward-revised gain of 0.3% in September. Of the 10 components, 6 increased, while 4 declined, the highest number of components to decline since October 2006. The weakness was concentrated in housing starts and new orders, which returned to more normal levels after exceptional gains in September. Growth was sustained by consumer spending and the financial sector.

Composite leading indicator

Smoothed % change



The housing index fell 1.7% after three large monthly gains. Both components declined. Existing home sales

in autumn retreated from the record highs set during the summer, while housing starts returned to more normal levels after a burst in the construction of multiple units sent overall starts to a 29-year high in September.

The underlying trend in household spending remained positive. Spending on durable goods rose another 0.6%, and auto sales remained strong in October. The personal sector was the driving force behind the growth in services employment in October.

The Toronto stock market continued to set new records. While energy stocks continued to benefit from record oil prices, there were notable gains in technology stocks as well.

Manufacturers continued to be squeezed between sluggish export demand from the US and the rising Canadian dollar. The US leading indicator eked out a 0.1% increase, as strong financial and labour markets overcame more declines in housing. New orders received by Canadian manufacturers fell 1.7%. Small declines in the average workweek and the ratio of sales to inventories are probably more indicative of the underlying trend in manufacturing.

Available on CANSIM: table 377-0003.

Definitions, data sources and methods: survey number 1601.

This release will be reprinted in the December 2007 issue of the *Canadian Economic Observer*. For more information on the economy in October, consult the November 2007 issue of the *Canadian Economic Observer*, Vol. 20, no. 11 (11-010-XWB, free), now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group. □

Leading indicators

	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	Last month of data available % change
Composite leading indicator (1992=100)	226.3	227.0	227.8	228.4	229.0	229.2	0.1
Housing index (1992=100) ¹	147.7	146.4	148.4	149.6	151.3	148.8	-1.7
Business and personal services employment (thousands)	2,836	2,842	2,850	2,851	2,863	2,867	0.1
S&P/TSX stock price index (1975=1,000)	13,344	13,518	13,683	13,782	13,918	14,032	0.8
Money supply, M1 (\$ millions, 1992) ²	163,100	163,530	164,367	165,492	166,699	168,128	0.9
U.S. Conference Board leading indicator (1992=100) ³	126.9	126.8	126.7	127.0	126.9	127.0	0.1
Manufacturing							
Average workweek (hours)	38.5	38.5	38.5	38.5	38.4	38.3	-0.3
New orders, durables (\$ millions, 1992) ⁴	27,275	27,329	27,148	26,908	27,022	26,560	-1.7
Shipments/inventories of finished goods ⁴	1.84	1.84	1.84	1.84	1.84	1.83	-0.01 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	2,633	2,652	2,673	2,680	2,703	2,721	0.7
Other durable goods sales (\$ millions, 1992) ⁴	8,950	9,033	9,150	9,195	9,251	9,306	0.6
Unsmoothed composite leading indicator	228.6	228.9	229.3	228.3	230.1	229.2	-0.4

1. Composite index of housing starts (units) and house sales (multiple listing service).

2. Deflated by the Consumer Price Index for all items.

3. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.

4. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.

5. Difference from previous month.

Current economic conditions

Output and employment continued to expand steadily, unfazed by the late-summer turmoil in credit markets and the rapid ascent of the Canadian dollar.

The resiliency of the economy reflects a number of factors. While the turmoil in financial markets disrupted commercial paper in August, total short-term business credit grew steadily in August and September as borrowers switched to other instruments. The stock market recovered in September and October from small losses over the summer.

In no other sector was the resiliency of the economy to shocks better demonstrated than in manufacturing. Even after the exchange rate hit parity with the US, two indicators of manufacturing remained positive in October. The Business Conditions Survey reported that more manufacturers plan to expand than to reduce both output and payrolls in the fourth quarter. This was borne out by factory employment in October, which held onto its gain over the summer despite growing reports of shortages of both skilled and unskilled labour. The steady rise in the Canadian dollar will further test the resiliency of manufacturers.

Household demand rebounded strongly in Central Canada in August and September. Quebec took the lead with a jump of almost 50% in housing starts in September. The unusual strength was largely due to the construction of housing for the elderly in Montréal.

The increase of almost 1,000 new and vacant multiple units in this city since its low in April, and the summer slowdown in sales of existing homes indicate that the underlying trend is more modest. However, new home prices were up only 4.3% year-over-year, one of the lowest in the country, making owning a home easier. Retail sales saw an end to two straight monthly decreases.

Housing starts in Ontario recovered to near their high set in January, while retail sales increased 2%, driven by a wide range of goods. At the same time, 30,000 more American tourists were visiting the province than in July, despite the higher Canadian dollar. Moreover, the higher Canadian dollar does not appear to have discouraged employment either, which picked up throughout the summer, stimulating labour income. In October, Ontario posted the strongest year-over-year increase in employment (+2.5%) since July 2003. This represents 164,000 more jobs in the past 12 months. Manufacturing sales fell for the fourth time in five months in August, largely due to the automobile industry.

Retail sales fell in British Columbia for the first time in 2007 after slowing over the summer. Shipments, however, halted a three-month slide. Shipments of metals rebounded sharply, offsetting the negative impact on production of the forestry strike. The drop in forestry products aggravated the decrease in exports to Japan, where the gross domestic product fell in the second quarter.

In the Prairies, shipments also strengthened, climbing 2.6% to reverse decreases in June and July. Saskatchewan has been the exception in this region for a number of months, recording its sixth increase in retail sales since the start of 2007. Its Canada-high year-over-year growth of 13.5% occurs at a time when property values are on the rise. In Saskatoon, for example, new home prices have risen about 50%, driven by employment growth of nearly 10% in only two years.

Definitions, data sources and methods: survey numbers, including related surveys, 1301, 1901, 2152, 2306, 2406 and 3701.

The print version of the November 2007 issue of the *Canadian Economic Observer*, Vol. 20, no. 11 (11-010-XPB, \$25/\$243), will be available soon. This issue summarizes the major economic events that occurred in October, and presents an article entitled, "Trading with a giant: An update of Canada-China trade".

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group. ■

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MAJOR RELEASES

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

OTHER RELEASES

- **Highered Index, May 1997** 3
- **Short-term Expectations Survey** 3
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- **Flag production, April 1997** 12

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