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- **Canada's international transactions in securities, December 2002**
 Foreign investors reduced their holdings of Canadian securities by \$0.4 billion in December, after making large back-to-back investments in October and November totalling \$9.7 billion.

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- **National Graduates Survey: A profile of young Canadian graduates, 2000**
 College diplomas and bachelor's degrees proved their value to young Canadians who entered the labour market throughout the 1990s. Even though young college and bachelor graduates in the class of 1995 owed more at graduation than the 1990 graduates, they were paying those loans off at a faster rate than the class of 1990.

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MAJOR RELEASES

Canada's international transactions in securities

December 2002

Foreign investors reduced their holdings of Canadian securities by \$0.4 billion in December, after making large back-to-back investments in October and November totalling \$9.7 billion.

Foreign investors reduce bond holdings but continue to invest in money market paper

Foreign investors reduced their holdings of Canadian bonds by \$2.6 billion in December, after having amassed \$9.8 billion from August to November. New bond issues sold in foreign markets rose to \$6.6 billion, their second highest monthly amount in 2002, driven by new bonds issued by federal enterprises, provincial governments and corporations. This, however, was not sufficient to offset the record \$7.9 billion of retirements of foreign-held bonds in December.

Foreign investment in the primary market (new issues less retirements) for the year 2002 was \$1.2 billion, compared with \$23.9 billion in 2001. Retirements again exceeded new issues for governments and their enterprises, but at a reduced pace. Although new issues by the corporate sector slowed from the very rapid pace of 2001, they still raised \$5.9 billion in net new issues, coming entirely in the first half of 2002.

Foreign investment in the secondary bond market was \$0.3 billion in December bringing the total foreign accumulation in that market for 2002 to a record \$14.5 billion. Nearly 70% of this investment was directed to federal bonds, with most of the balance to federal enterprise and corporate bonds. Three-quarters of total foreign investment in Canadian bonds in 2002 (primary and secondary markets) came from American investors, with the balance from British investors.

In December, foreign investors added a further \$1.3 billion to their holdings of Canadian money market paper. December's investment brought to \$4.0 billion the investment for the last three months of 2002; this followed virtually no investment over the first nine months of 2002. Half of this fourth-quarter investment came from the United States, where

Related market information

In December, the differential in **short-term interest rates** between the United States and Canada fell off marginally, with US short-term rates at the end of December 144 basis points lower on average than those in Canada. US short-term rates fell lower to 1.19% in December compared with 2.63% for Canadian short-term rates.

For **long-term interest rates**, a similar decline in both Canadian and United States rates caused the differential favouring investment in Canada to remain virtually unchanged at 93 basis points in December.

Canadian **stock prices** continued their recovery in December, albeit with a small 0.7% gain. This represented the third consecutive gain totalling 7.0% since September 2002 when prices reached a four-year low. With the gains of the past three months, the S&P/TSX composite index was able to cut its losses to 14.0% for 2002 as a whole.

In comparison, the recovery in American stock prices stopped after two months with a loss of 6.0% in December. American prices (Standard & Poor's composite 500 index) however still managed a 7.9% gain overall in the final three months but lost a full 24% for 2002 as a whole.

After climbing to a one-year high of US 65.95 cents at the end of June 2002 and then promptly losing a full two and three-quarters cents in July, the **Canadian dollar** stabilized to the end of 2002. The decline of US 0.51 cents against the US dollar in December left the dollar to close the year at US 63.39 cents.

Definitions

The data series on international security transactions cover portfolio transactions in stocks and bonds (both Canadian and foreign issues) and Canadian money market instruments (or paper).

Stocks include common and preferred equities, as well as warrants.

Debt securities include bonds and money market instruments.

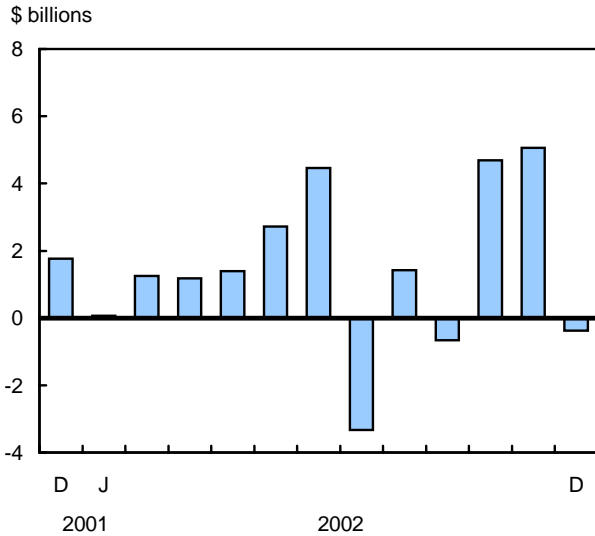
Bonds have an original term to maturity of more than one year.

Money market instruments have an original term to maturity of one year or less. **Government of Canada paper** includes treasury bills and US-dollar Canada bills. **Other money market instruments** includes treasury bills and other paper issued by other Canadian governments or their enterprises, bankers' acceptances, bearer demand notes of banks, commercial paper and other short-term paper.

short-term interest rates have been steadily declining compared with those in Canada. In December, however, the differential in rates between the United States and

Canada fell off marginally, with US short-term rates at the end of December 144 basis points lower on average than those in Canada.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

Foreign investors continue to add to their holdings of Canadian stock

Foreign investors increased their holdings of Canadian stocks by \$0.9 billion in December, an amount similar to that for November. Coincident with foreign buying of shares in November and December was an increase in share prices. Canadian stock prices continued their recovery in December, albeit with a small 0.7% gain. This was the third consecutive monthly gain, totalling 7.0% since September 2002, when prices had reached a four-year low.

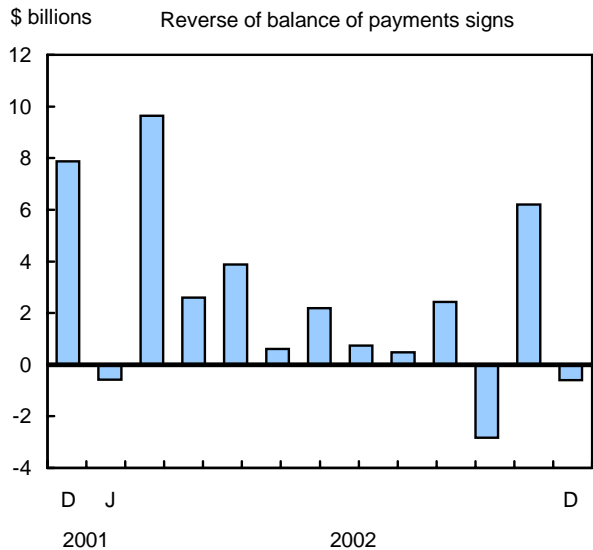
Despite the late-year buying, foreign investors sold \$8.4 billion of secondary market shares in 2002. However, foreign investors financed \$6.6 billion of new Canadian shares. These consisted of new share offerings in foreign markets and treasury shares issued to foreign investors for the purposes of mergers and acquisitions. Overall in 2002, foreign investors reduced their holdings of Canadian stocks by \$1.8 billion, the first annual reduction in seven years.

Canadian investors reduce their investments in both foreign bonds and stocks

After making a \$6.2 billion investment in foreign securities in November, Canadian investors

sold off \$0.6 billion of foreign stocks and bonds in December. Canadian investment in foreign securities for all 2002 amounted to \$24.7 billion, down from 2000 and 2001 but comparable to annual investments posted in the second half of the 1990s. Three-quarters (\$18.5 billion) was directed to foreign equities, with the vast majority going to US equities. The remainder (\$6.2 billion) was invested in foreign bonds, 65% of which went to US treasuries with the balance being split between overseas and corporate US bonds.

Canadian investment in foreign securities¹



¹ Includes bonds and stocks.

Available on CANSIM: tables 376-0018 to 376-0029 and 376-0042.

Information on methods and data quality available in the Integrated Meta Data Base: survey numbers, including related surveys, 1532, 1534, 1535 and 1537.

The December 2002 issue of *Canada's international transactions in securities* (67-002-XIE, \$14/\$132) will be available soon. See *How to order products*.

For more information or to enquire about the concepts, methods or data quality of this release, contact Donald Granger (613-951-1864), Balance of Payments Division.



Canada's international transactions in securities

	September 2002	October 2002	November 2002	December 2002	January to December 2001	January to December 2002
	\$ millions					
Foreign investment in Canadian securities	-657	4,688	5,059	-380	30,868	17,875
Bonds (net)	1,048	4,499	1,849	-2,621	33,609	15,805
Outstanding	106	4,463	2,014	313	9,042	14,474
New issues	4,822	2,536	2,270	6,559	76,826	46,954
Retirements	-4,072	-3,012	-2,549	-7,948	-52,934	-45,763
Change in interest payable ¹	193	513	114	-1,546	674	141
Money market paper (net)	-753	436	2,246	1,322	-7,349	3,861
Government of Canada	-176	21	543	904	-4,578	2,059
Other	-576	414	1,702	418	-2,771	1,802
Stocks (net)	-952	-247	964	919	4,608	-1,791
Outstanding	-1,399	-1,175	436	570	1,270	-8,391
Other transactions	447	928	528	349	3,338	6,600
Canadian investment in foreign securities	-2,424	2,820	-6,195	603	-37,718	-24,738
Bonds (net)	-1,756	2,829	-3,260	408	-1,882	-6,209
Stocks (net)	-669	-9	-2,935	196	-35,836	-18,528

¹ Interest accrued less interest paid.

Note: A minus sign indicates an outflow of money from Canada, that is, a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.



National Graduates Survey: A profile of young Canadian graduates 2000

College diplomas and bachelor's degrees consistently proved their value to young Canadians who entered the labour market throughout the 1990s, according to a new study.

Even though young college and bachelor graduates in the class of 1995 owed more at graduation than the 1990 graduates, they were paying those loans off at a faster rate than the class of 1990.

The study uses data from the National Survey of Graduates to examine labour market outcomes for young college and bachelor graduates in the classes of 1986, 1990 and 1995 who entered their programs directly from high school.

Young college and bachelor graduates continued to do well when it came to getting not just a job, but a good job. Generally, university graduates got better paying jobs. Both college and bachelor graduates from engineering and related fields of study consistently landed higher paying jobs.

Unemployment rates for youth

	1988	1991	1992	1995	1997	2000
High school graduates (20 to 24 years old)	15.8	...	13.2	...
High school graduates (25 to 29 years old)	...	12.8	...	12.4	...	7.4
Young community college graduates	7.2	7.3	9.1	6.4	6.9	3.3
Young bachelor graduates	11.1	6.7	10.9	5.7	8.1	5.4

.. Figures not available.

... Figures not appropriate or not applicable.

Note: Data for college and bachelor graduates are from the National Graduates Survey (NGS) and refer to graduates who were under 25 at time of graduation and who had entered their programs directly from high school. Data for youth with only high school are from the Labour Force Survey and approximate the age group of the cohort at the time of the NGS.

Two years after graduation, college graduates had higher employment rates than bachelor graduates. For the classes of 1986 and 1990, bachelor graduates caught up after five years. This was not the case for the class of 1995; the difference in employment rates diminished by 2000, but young college graduates were still more likely to have a job. The longer transition to employment for bachelor graduates was partly explained by the fact that some bachelor graduates continued with further education.

Bachelor graduates' unemployment rates were somewhat less sensitive than those of college graduates to shifts in labour market conditions. Their unemployment rates remained relatively low during the 1991 recession, an indication that a higher level of

Note to readers

This new report, *Finding their way: A profile of young Canadian graduates, examines the labour market outcomes of young college and bachelor graduates who had entered their program directly from high school. It uses data from the National Graduates Survey to compare outcomes for young graduates from 1986, 1990 and 1995.*

More specifically, this new report focusses on bachelor and community college graduates who were aged 24 or under at graduation; who had high school or the equivalent as their highest level of educational attainment when they entered college or university; who had not obtained any further degrees or diplomas; and who were living in Canada and attending school 12 months prior to university or community college enrolment.

The National Graduates Survey interviews postsecondary graduates two years and five years after graduation. The survey's sample is large (29,000 for five years after graduation for the Class of 1995, representing 294,000 graduates) and representative of graduates from different fields of study.

education tends to help insulate individuals from the effects of economic downturns.

Recent graduates paying back larger loans

Even though young college and bachelor graduates in the class of 1995 owed more at graduation than the 1990 graduates, they were paying those loans off at a faster rate than the class of 1990.

Given the lengthier program requirements and higher tuition fees at universities, the levels of student debt were 42% higher for the 1995 bachelor graduates than for the college graduates.

College graduates in the class of 1995 owed on average \$8,300 in government loans, up 57% from the \$5,300 owed by graduates in the class of 1990. Bachelor graduates, on the other hand, owed \$11,800, which was 34% more than the \$8,800 owed by 1990 graduates.

Young college and bachelor graduates of the class of 1995 had both paid off just over a quarter of the loan by two years after graduation, which was considerably less than for 1990 graduates (40% of loans repaid for college, and 34% for bachelor). Five years after graduation, however, both had paid back 55% of their original loan, almost as much as the class of 1990.

Graduates' ability to repay student loans is affected by a variety of factors such as interest rates, labour market conditions and the amount of any other debts they hold.

The survey asked graduates, at two and five years after graduation, if they had any difficulty in paying back their loans. Although the overwhelming majority of young graduates did not report any difficulties,

the 1995 graduates were more likely to indicate difficulties than the young graduates of the class of 1990.

Average amounts owed to federal and provincial loan programs, young graduates

	1990 graduates	1995 graduates
	2000 constant \$	
College		
At graduation	5,300	8,300
2 years later	3,200	5,900
5 years later	2,100	3,800
Bachelor		
At graduation	8,800	11,800
2 years later	5,800	8,500
5 years later	3,800	5,400

Of the 1990 college graduates, 8% reported difficulties two years after graduation; this increased slightly to 11% five years after graduation. College graduates from the class of 1995 were more likely than the class of 1990 to report difficulties in repaying their loans both two and five years after graduation: 13% had experienced problems by two years after graduating, as did 16% in 2000.

Among 1990 bachelor graduates, 15% reported difficulty two years after graduation, as did 13% five years out. In the case of 1995 bachelor graduates, 20% had experienced problems by two years after graduation, but this dropped to 16% after five years.

Graduates in engineering and related fields consistently earned more

The best paying disciplines for bachelor graduates in the class of 1995 were engineering and applied sciences, which had median earnings of \$56,000 in 2000, and mathematics and physical sciences, which had median earnings of \$54,000. (Median is the point at which one-half of graduates are above and one-half are below.)

Engineering and related fields of study consistently paid the best for both college and bachelor graduates. Median earnings in 2000 for college graduates in engineering and applied sciences in the class of 1995 were \$40,000, which was the same as for bachelor graduates overall.

Young college graduates move more quickly into the labour market

Two years after graduation, young college graduates were more likely to have a job than bachelor graduates. For the classes of 1986 and 1990, bachelor graduates

caught up after five years. This was not the case for the class of 1995; the difference in employment rates diminished by 2000, but young college graduates were still more likely to have a job.

The longer transition to employment for bachelor graduates was partly due to the fact that some bachelor graduates continued with further education and were not yet established in the labour market.

Bachelor graduates also had a higher unemployment rate two years after graduation than college graduates. Five years after graduation, however, the rate for bachelor graduates of the classes of 1986 and 1990 had dropped below that of college graduates.

For the class of 1995, college graduates still had the lower unemployment rates in 2000.

Young bachelor graduates better insulated against downturns

Despite major differences in the economic climate faced by the graduates in this study, at least 85% of the college and 80% of the young bachelor graduates from all three classes were working two years after graduation.

Five years out, 94% of the 1995 college graduates had jobs, compared with 90% of bachelor graduates.

Unemployment rates for bachelor graduates were somewhat less sensitive than those of college graduates to shifts in labour market conditions. The pattern of unemployment during favourable and unfavourable labour market climates for community college graduates was similar to that of all youth aged 20 to 24 and 25 to 29, whereas for bachelor graduates, labour market prospects seemed less affected by changes in overall labour market conditions.

Although more study is required, there is evidence that higher levels of education may help insulate individuals from the impact of economic downturns. In fact, for the class of 1986, although college graduates faced higher unemployment rates going into the recession, unemployment rates for bachelor graduates actually fell.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5012.

The report *Finding their way: A profile of young Canadian graduates* (81-595-MIE, no. 3, free) is now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Education*.

Additional information collected from graduates previously surveyed in the Survey of 1995 Graduates who moved to the United States will be available later in 2003.

For more information, or to enquire about the concepts, methods or data quality of this release, contact

Client Services (1-800-307-3382; 613-951-7608; fax: 613-951-9040; educationstats@statcan.ca), Culture, Tourism and the Centre for Education Statistics. ■

OTHER RELEASES

Mineral wool including fibrous glass insulation

January 2003

Data on mineral wool including fibrous glass insulation are now available for January.

Available on CANSIM: table 303-0004.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2110.

The January 2003 issue of *Mineral wool including fibrous glass insulation*, Vol. 55, no. 1 (44-004-XIB, \$5/\$47) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination

officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Deliveries of major grains

January 2003

Data on grain deliveries are now available for January.

Available on CANSIM: table 001-0001.

The January 2003 issue of *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) will be available in April. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; sue.anderson@statcan.ca), Agriculture Division. ■

NEW PRODUCTS

Mineral wool including fibrous glass insulation,
January 2003, Vol. 55, no. 1
Catalogue number 44-004-XIB (\$5/\$47).

Imports by commodity, December 2002, Vol. 59,
no. 12
Catalogue number 65-007-XMB (\$37/\$361).

Imports by commodity, December 2002, Vol. 59,
no. 12
Catalogue number 65-007-XPB (\$78/\$773).

**Finding their way: A profile of young Canadian
graduates**, no. 3
Catalogue number 81-595-MIE
(free).

2001 Census results teacher's kit, 2001
Catalogue number 92F0192XIE
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MAJOR RELEASES

- **Urban transit, 1996** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took 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 noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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