



Infomat

A Weekly Review

Thursday, April 1, 1999

OVERVIEW

◆ **Canadians still investing a massive amount in foreign securities**

In January, Canadian investors continued to invest a significant amount in foreign securities. Meanwhile, foreigners sold off a record amount of Canadian securities in January.

◆ **Leading indicator continues its steady advance**

After January's increase, the leading indicator continued to grow in February at a gradual pace. Demand firmed for both housing and durable goods.

◆ **Department store sales up**

After sales instability throughout most of 1998, department stores started 1999 by growing their sales for two months in a row.

◆ **Average weekly earnings decrease**

From December to January, employees' average weekly earnings decreased. Compared with January 1998, earnings were virtually unchanged.

◆ **Number of EI recipients still falling**

In January, the number of claimants receiving the regular benefits of employment insurance declined for a sixth straight month.

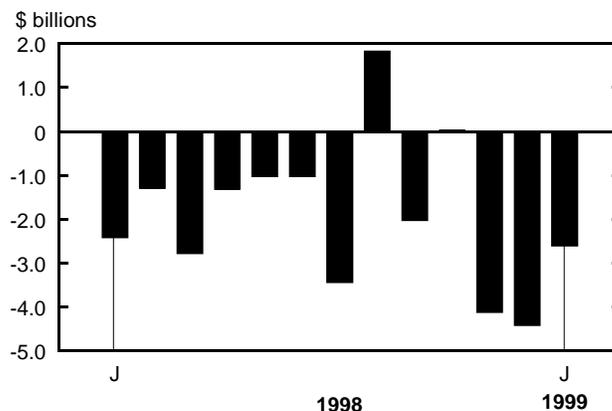
Canadians still investing a massive amount in foreign securities

In January, Canadian investors bought a further \$2.6 billion worth of foreign securities. The investment was split evenly between foreign stocks and bonds. It brought their investment over the three months from November to a massive \$11 billion.

Although down from December's record, Canadians' investment in foreign stocks in January amounted to a significant \$1.3 billion. Of that amount, 60% went to overseas shares—a shift from the 1998 trend that saw the majority (66%) go to U.S. shares. Similarly, Canadian residents invested \$1.3 billion in foreign bonds (almost exclusively in U.S. treasury bonds) for a second consecutive month. This was a continuation of the large investments seen during the second half of 1998.

Meanwhile, foreign investors cut their holdings of Canadian securities in January by a record \$6 billion. The selling eclipsed the September 1998 record by a small amount. The disinvestment was concentrated in short-term paper (three-quarters of it was Government of Canada treasury bills). A substantial \$4.7 billion was withdrawn. The non-resident selling was well diversified geographically.

Canadian investment in foreign stocks and bonds



(continued on page 2)



... Canadians still investing a massive amount in foreign securities

Foreigners also reduced their holdings of Canadian bonds. After purchasing \$2.2 billion of bonds in December, they sold off \$1.3 billion worth in January. Mainly, the selling resulted from an average amount of retirements (\$2.5 billion) that outweighed an unusually low amount of new issues in foreign markets (\$1.4 billion)—the lowest monthly amount in three-and-a-half years. Modest foreign selling in the secondary market was targeted solely to government bonds. In January, foreign investment in Canadian stocks was negligible for a second consecutive month.

Available on CANSIM: matrices 2328-2330, 2378-2380 and 4195.

The January 1999 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176) will be available shortly. For further information, contact Don Granger (613-951-1864), Balance of Payments and Financial Flows Division.

Note to readers

In January, the interest-rate differential on both short- and long-term government instruments continued to marginally favour investment in Canada. Short-term U.S. rates declined by 15 basis points, while there was no change in Canadian rates. This widened the interest-rate gap between the two countries by some 15 basis points to the 30 basis-points level. On long-term instruments, the gap was virtually unchanged at about 15 basis points, as rates in both countries were unchanged from December.

Both Canadian and U.S. stock prices continued their climb back, recording their fifth consecutive monthly gain. A 3.8% gain in January helped Canadian stocks (as measured by the TSE 300 composite index) recoup three-quarters of the loss they sustained from May to August 1998. The rebound in U.S. stocks over this same period has been much more pronounced. Not only has the index recouped the loss, but it moved 13% ahead (as of January) of the high monthly close recorded in April 1998.

After holding at slightly above 65 cents U.S. in the last two months of 1998, the Canadian dollar showed signs of strengthening in early 1999. It closed January a full cent higher at slightly more than 66 cents U.S., a level not seen since September 1998. The Canadian dollar also made important gains against other major international currencies in January. Throughout 1998, the Canadian dollar lost more against these currencies than it did against the American dollar.

Leading indicator continues its steady advance

The leading indicator continued to advance steadily, up 0.5% in February after a 0.4% gain in January. Only 1 of the 10 components was down (compared with 3 in January), as demand firmed for both housing and durable goods.

Manufacturing continued to dominate overall growth, powered by exports to the United States. New orders posted a fifth consecutive increase, its longest string since 1997. A second straight increase in the ratio of shipments to inventories of finished goods was also the best since 1997. Manufacturers met their growing need for labour by boosting the workweek. Employment levelled off in February. The recent upswing in the U.S. leading indicator is an encouraging signal of continued growth in manufacturing.

Household spending improved on most fronts after a choppy performance over the previous six months. The housing index picked up as a result of strong gains in sales of existing homes. Along with housing, furniture and appliance sales followed an upward trend. Outlays for durable goods snapped out of a two-month decline, as auto sales continued to recover. These gains followed several months of strong employment and low inflation.

Available on CANSIM : matrix 191.

The March 1999 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available. For further information, contact Francine Roy (613-951-3627), Current Economic Analysis Group. See also "Current trends" on page 6.

Department store sales up

Department store sales rose 4.8% in January to \$1.51 billion (seasonally adjusted), up from \$1.44 billion in December 1998. Compared with January 1998, sales climbed 7.4% (not seasonally adjusted).

Department store sales including concessions

Not seasonally adjusted

	January 1998	January 1999	January 1998 to January 1999
	\$ millions		% change
Canada	922.0	991.0	7.4
Newfoundland and Prince Edward Island ¹	15.9	17.5	10.0
Nova Scotia	26.1	28.2	8.3
New Brunswick	19.6	20.2	3.4
Quebec	166.1	186.3	12.2
Ontario	388.1	422.6	8.9
Manitoba	39.4	40.4	2.6
Saskatchewan	31.0	33.4	7.8
Alberta	110.3	116.4	5.5
British Columbia, Yukon, Northwest Territories ¹	125.6	125.6	0.0

¹ For reasons of confidentiality, the data for Newfoundland and Prince Edward Island are combined, as are the data for British Columbia, the Yukon and the Northwest Territories.

Monthly department store sales declined throughout the spring of 1998, and then regained those losses later on in the year. The volatile picture seen for most of 1998 was due to store closures and restructuring. In January 1999, there were 70 fewer department stores than in January 1998—a reduction of about 9%. The majority of the store closures last year occurred between March and August.

In January, department store sales increased in most provinces compared with January 1998 (not seasonally adjusted). The largest increases were in Quebec (+12.2%), Newfoundland and Prince Edward Island (+10.0%) and Ontario (+8.9%). Department store sales in British Columbia remained unchanged.

Available on CANSIM: matrices 111-113.

Accounts receivable data for department stores are also available now available. To purchase data, or for general information, contact Client Services (613-951-3549; 1 877 421-3067; retailinfo@statcan.ca). For analytical information, contact Greg Peterson (613-951-3592; petegre@statcan.ca), Distributive Trades Division.

Average weekly earnings decrease

In January, employees' average weekly earnings decreased by \$3.88 to \$605.24, leaving earnings unchanged compared with January 1998.

Average weekly earnings, all industries, January 1999

Seasonally adjusted

	\$	% change, previous month	% change, previous year
	Canada	605.24	-0.6
Newfoundland	535.82	-1.3	2.8
Prince Edward Island	481.38	-2.7	-0.8
Nova Scotia	512.10	-1.4	2.7
New Brunswick	523.33	-0.3	1.3
Quebec	567.90	-0.6	-1.2
Ontario	644.66	-0.8	-0.9
Manitoba	542.78	-0.8	1.6
Saskatchewan	550.19	0.5	2.8
Alberta	619.99	-1.2	2.0
British Columbia	620.55	-0.1	1.0
Yukon	634.58	-4.7	-8.2
Northwest Territories	709.85	-2.9	-1.2

Compared with January 1998, growth in earnings differed markedly by employee type. For hourly-rated employees (roughly 50% of paid employees), earnings grew 2.9%. That growth resulted from a 2% increase in the average hourly rate, as well as from a slight increase in paid hours. Salaried employees (39% of paid employees) saw earnings decline from January 1998 by about 0.9%. And for commissioned sales persons, earnings made a large drop of almost 8%.

In January, hourly-rated employees worked an average 31.5 hours (including overtime), down slightly from December's 31.6 hours. Average hours paid grew by 0.3 hours compared with January 1998. The growth was notable in manufacturing, where the increased hours reflected the growth in manufacturing output in the past year.

Payroll employment increased in January. Employers added 22,000 additional workers to their payrolls. The employment gains were strongest in construction, retail, finance, insurance and real estate.

Available on CANSIM: matrices 4285-4466, 9438-9452, 9639-9664 and 9899-9911.

The January 1999 issue of *Employment, earnings and hours* (72-002-XPB, \$32/\$320) presents the month's industry data and other labour market indicators in detail. Annual averages for 1998 are now available from CANSIM and by custom tabulation. For further information, contact Jean Leduc (613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division.

Number of EI recipients still falling

In January, 519,980 Canadians received employment insurance (EI) payments (the regular benefits), down from December by 3.0%. This was the sixth consecutive monthly decline. The number of beneficiaries fell in eight provinces and in both

EI beneficiaries receiving regular benefits, January 1999 Seasonally adjusted

	Beneficiaries	% change, previous month	% change, previous year
Canada	519,980	-3.0	-7.2
Newfoundland	33,480	-0.1	2.3
Prince Edward Island	8,800	-2.5	2.3
Nova Scotia	28,640	0.0	0.7
New Brunswick	34,170	-2.0	-5.5
Quebec	176,600	-2.5	-14.7
Ontario	112,650	-3.0	-16.4
Manitoba	13,620	-2.3	9.9
Saskatchewan	12,320	-0.9	43.4
Alberta	36,680	1.3	44.4
British Columbia	64,770	-4.6	-3.0
Yukon	1,230	-8.0	15.6
Northwest Territories	1,220	-5.1	10.4

territories; it remained unchanged in Nova Scotia and increased 1.3% in Alberta. The total amount of regular benefits that EI paid out in January dropped 6.0% to \$668.5 million.

In September 1998, Statistics Canada suspended the release of statistics on EI claims. The claims data were not available for the period from July to December 1998. Starting with the January 1999 period, these data are reinstated and include data back to July 1998. Note that the Employment Insurance Act allows each province or administrative region of Human Resources Development Canada some autonomy in the way claims are handled. The changes from month to month in claims levels may be affected by these differences in provincial/regional administrative procedures.

The number of beneficiaries is a measure of all persons who received EI benefits for the week containing the 15th day of the month. The data on regular benefit payments is the total of all payments received by individuals for the entire month. These two different reference periods must be considered when making comparisons.

Available on CANSIM : matrices 26 (series 1.6), 5700-5719, 5729, 5730, 5735 and 5736.

Annual data on the number of employees who made employment insurance contributions and the amount of their contributions are now available for 1997. Data are also available on insurable earnings and on work earnings. For more information, contact Gilles Groleau (613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division.

New from Statistics Canada



Canadian economic observer March 1999

The March issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyzes the current economic conditions, summarizes the major economic events that occurred in February and presents a feature article on the role of self-employment in job creation in Canada and the United States.

A separate statistical summary contains a wide range of tables and charts on the principal economic indicators for Canada, the provinces and the major industrial nations.

The March 1999 issue of Canadian economic observer (11-010-XPB, \$23/\$227) is now available. For further information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.

Dimensions series 1996 Census

The Dimensions series demonstrates the analytical potential of census information. Statistics Canada has recently released the fifth and sixth in a series of seven CD-ROMs.

Ethnocultural and social characteristics of the Canadian population profiles visible minorities, immigrants and ethnic groups. Data are also given for the labour market experience of graduates, the diversity of households, and families. *Portrait of the aboriginal population in Canada* presents data on selected demographic, cultural, social and economic characteristics of the aboriginal population in Canada.

These CD-ROMs are packaged with the software Beyond 20/20™. This browser's many powerful features allow the user to quickly search and sort data, and to easily copy tables and charts to other Windows applications.

The CD-ROMs Ethnocultural and social characteristics of the Canadian population (94F0004XCB, \$60) and Portrait of the aboriginal population in Canada are now available. For further information, contact your nearest Statistics Canada Regional Reference Centre.

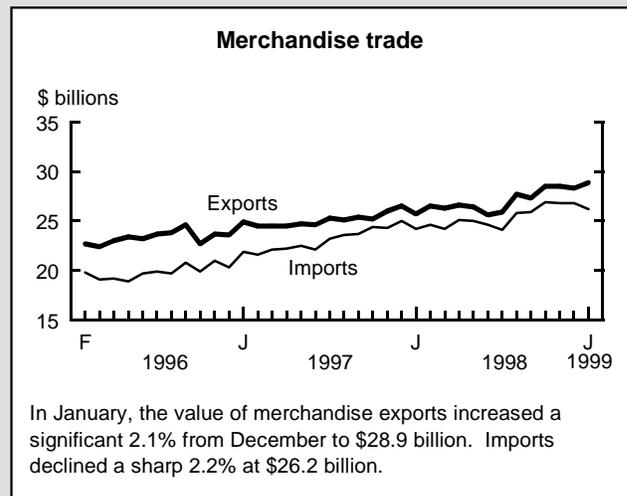
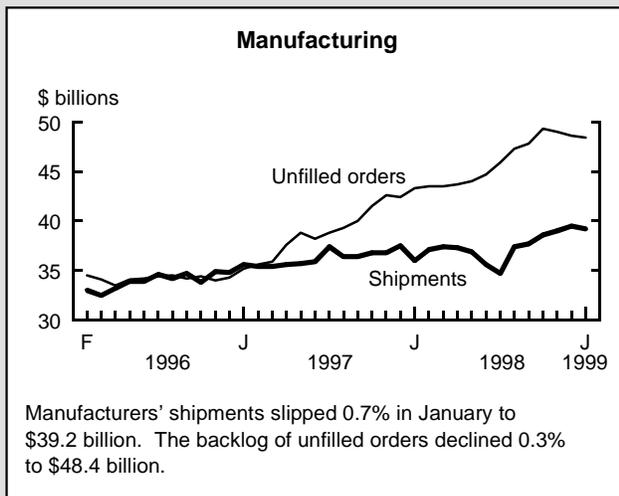
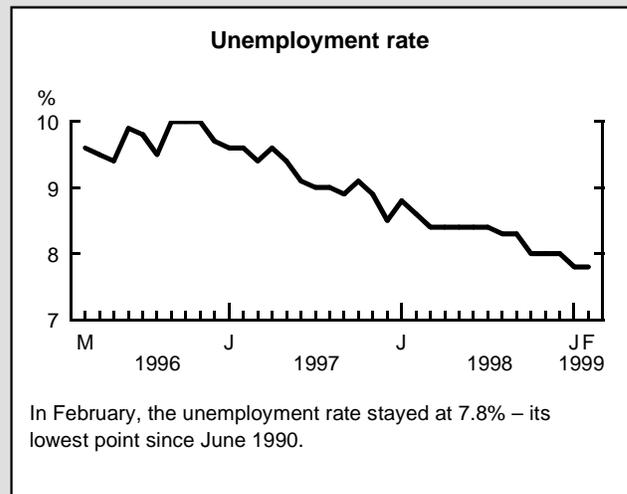
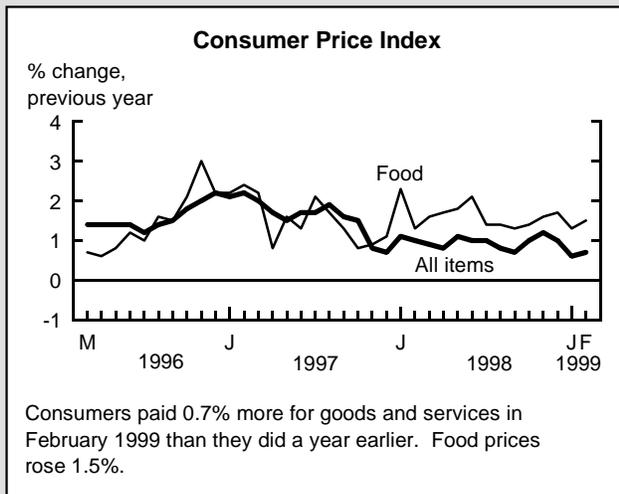
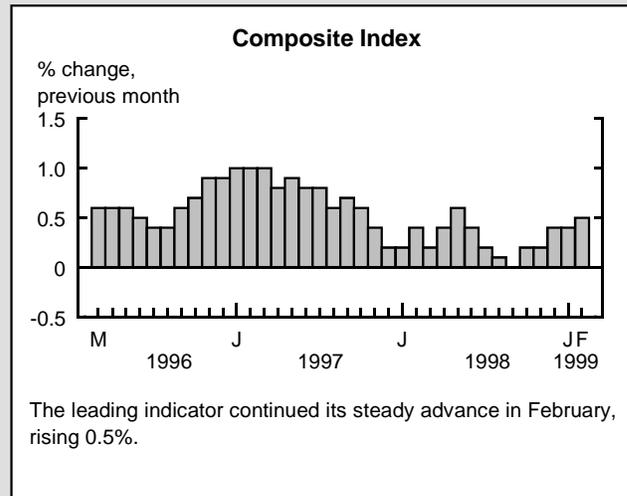
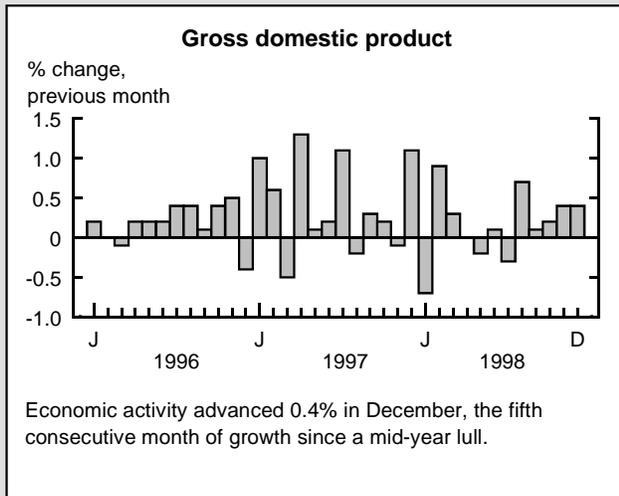
Canada's international investment position 1998

International investment, both in Canada and abroad, forms one cornerstone of Canada's economy. *Canada's international investment position* gives a detailed account of Canada's assets and liabilities abroad. This publication will help you understand today's economy and how it has evolved. Useful geographical comparisons, such as Canada's position in relation to European Union countries, are also featured.

Canada's international investment position, 1998 (paper: 67-202-XPB, \$52; Internet: 67-202-XIB, \$39) is now available. For further information, contact Christian Lajule (613-951-2062), Balance of Payments and Financial Flows Division.



Current trends



Note: All series are seasonally adjusted except the Consumer Price Index.

Latest statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product (\$ billion, 1992)	January*	730.1	0.2%	3.1%
Composite Index (1981=100)	February	211.1	0.5%	3.9%
Operating profits of enterprises (\$ billion)	Q4 1998	28.7	15.1%	- 1.0%
Capacity utilization (%)	Q4 1998	82.5	0.7†	- 0.9†
DOMESTIC DEMAND				
Retail trade (\$ billion)	January	21.2	1.7%	5.1%
New motor vehicle sales (thousand of units)	January	122.5	3.6%	15.0%
LABOUR				
Employment (millions)	February	14.66	0.1%	3.4%
Unemployment rate (%)	February	7.8	0.0†	- 0.8†
Participation rate (%)	February	65.8	0.0†	0.8†
Labour income (\$ billion)	December	39.4	0.5%	3.4%
Average weekly earnings (\$)	January*	605.24	- 0.6%	- 0.2%
Help-wanted Index (1996=100)	February	148	0.7%	8.8%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	January	28.9	2.1%	12.7%
Merchandise imports (\$ billion)	January	26.2	- 2.2%	8.3%
Merchandise trade balance (all figures in \$ billion)	January	2.7	1.2	1.2
MANUFACTURING				
Shipments (\$ billion)	January	39.2	- 0.7%	8.9%
New orders (\$ billion)	January	39.1	0.8%	5.9%
Unfilled orders (\$ billion)	January	48.4	- 0.3%	11.6%
Inventory/shipments ratio	January	1.26	0.00	- 0.07
PRICES				
Consumer Price Index (1992=100)	February	109.1	0.2%	0.7%
Industrial Product Price Index (1992=100)	February*	119.4	- 0.4%	- 0.5%
Raw Materials Price Index (1992=100)	February*	101.5	- 1.8%	- 10.3%
New Housing Price Index (1992=100)	January	100.3	0.0%	0.5%

Note: All series are seasonally adjusted with the exception of the price indexes.

* new this week

† percentage point

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A weekly review

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Publications released from March 25 to 31, 1999

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription	
			Canada (C\$)	Outside Canada (US\$)
AGRICULTURE				
Cereals and oilseeds review	January 1999	22-007-XPB	15/149	15/149
Vista on the agri-food industry and the farm community	March 1999			
Internet		21-004-XIE	Free	Free
Paper		21-004-XPB	Free	Free
BALANCE OF PAYMENTS AND FINANCIAL FLOWS				
Canada's international investment position	1998			
Internet		67-202-XIB	39	--
Paper		67-202-XPB	52	52
CANADIAN CENTRE FOR JUSTICE STATISTICS				
Juristat: Sex offenders, Vol. 19, no. 3				
Internet		85-002-XIE	8/70	--
Paper		85-002-XPE	10/93	10/93
Juristat: Youth court statistics highlights, Vol. 19, no. 2	1997/98			
Internet		85-002-XIE	8/70	--
Paper		85-002-XPE	10/93	10/93
Youth court statistics	1997/98			
Microfiche		85-522-XMB	27	27
Paper		85-522-XPB	37	37
CULTURE, TOURISM AND THE CENTRE FOR EDUCATION STATISTICS				
Education quarterly review, Vol. 5, no. 3	1999	81-003-XPB	21/68	21/68
CURRENT ECONOMIC ANALYSIS				
Canadian economic observer	March 1999	11-010-XPB	23/227	23/227
DISTRIBUTIVE TRADES				
Wholesale trade	January 1999	63-008-XIB	14/140	--
MANUFACTURING, CONSTRUCTION AND ENERGY				
Asphalt roofing	February 1999	45-001-XIB	5/47	--
Cement	January 1999	44-001-XIB	5/47	--
Electric lamps, light bulbs and tubes	February 1999	43-009-XIB	5/47	--
Production and disposition of tobacco products	February 1999	32-022-XPB	7/62	7/62
Pulpwood and wood residue statistics	January 1999	25-001-XIB	6/55	--
MICROECONOMIC STUDIES AND ANALYSIS				
The defining characteristics of entrants in science-based industries	March 1999	88-517-XPB	25	25
SERVICES				
Leisure and personal services	1994/96	63-233-XPB	34	34

Catalogue numbers with an -XIB or an -XIE extension are Internet versions (B signifies bilingual, E signifies English); those with -XMB or -XME are microfiche; and -XPB or -XPE denote the paper version. XDB means the electronic version on diskette or compact disc. All Internet publications are priced in Canadian dollars.

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