



Infommat

A Weekly Review

Friday, April 3, 1998

OVERVIEW

◆ Canadian investors buy more foreign securities

Canadian investors stepped up their purchase of foreign securities in January. Meanwhile, foreign investors switched from selling Canadian securities to buying them.

◆ Goods and services cost more

Although consumers paid more for goods and services in February than they did a year earlier, the low annual inflation rates continued.

◆ Crude oil pushes raw material prices down

Manufacturers paid less for raw materials in February than in the previous month, mostly due to falling crude oil prices.

◆ Little movement in industrial prices

Industrial product prices remained almost unchanged between January and February. Prices have shown little overall movement since early 1995.

◆ Slight increase in EI beneficiaries

There was a slight increase in the number of Canadians receiving Employment Insurance benefits in January.

◆ Composite Index up slightly

The Composite Index rose slightly in February, regaining some of the momentum lost during last fall's strikes and January's ice storm.

◆ Work absenteeism

In 1997, each full-time paid worker lost about one week of work, on average, for personal reasons.

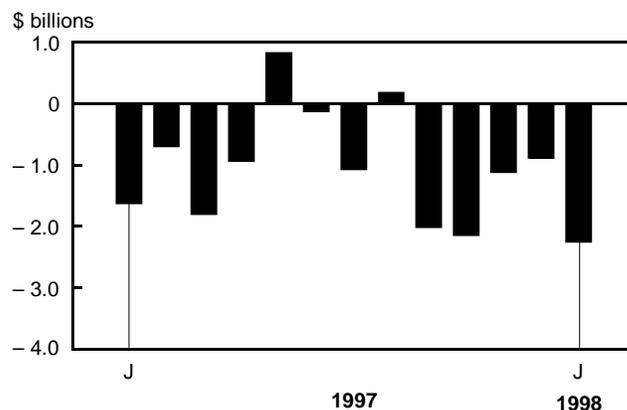
Canadian investors buy more foreign securities

In January, Canadian investors bought \$2.2 billion in foreign securities, roughly split between bonds and stocks. This was their highest investment in 13 months. Meanwhile, foreign investors bought \$1.0 billion of Canadian securities after selling \$4.1 billion in November and December combined.

Resident investors bought \$1.2 billion of foreign bonds in January, largely in government and corporate U.S. bonds. This followed a small disinvestment in December, and continued the significant investments made during 1997 that resulted in record buying for the year. Canadian residents also added a further \$1.0 billion to their holdings of foreign stocks, as they acquired mainly U.S. stocks for the second month in a row.

Foreign investors bought \$1.4 billion of money market paper, following a small disinvestment in December. This continued the alternating pattern of investment/disinvestment seen in recent months. The entire purchase consisted of short-term paper as small amounts of bonds and stocks were sold.

Canadian investment in foreign securities¹



1. Includes bonds and stocks.

(continued on page 2)



... Canadian investors buy more foreign securities

After eight straight months of buying Canadian stocks, foreign investors sold a small amount in January. Non-residents also sold a modest amount of bonds after back-to-back sell-offs of over \$3 billion in both November and December. January's selling was driven by secondary market divestments of government securities.

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

The January 1998 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 Division.

Note to readers

Interest rates: The differential between Canadian and American short-term rates, which has favoured investment in the United States since March 1996, fell to less than 100 basis points in January 1998. This was well below the near 250 basis points reached earlier in 1997. A marginal differential between Canadian and American long-term rates shifted back in favour of U.S. investment in January 1998.

Stock prices: In January 1998, Canadian stock prices (as measured by the TSE 300 composite index) were virtually unchanged from December after gaining 13% in 1997. U.S. stock prices (as measured by Standard and Poor's 500 index) added a further 1.0% in January to post an impressive 31% gain over 1997.

Canadian dollar: In January, the Canadian dollar closed lower for the fourth consecutive month, losing a further 1.25 cents to hit US68.70 cents. The Canadian dollar, in terms of the U.S. dollar, has lost 5% of its value since September 1997.

Goods and services cost more

In February 1998, consumers paid 1.0% more for the goods and services that make up the Consumer Price Index (CPI) basket than they did a year earlier. Canadians faced higher costs for food, telephone service, travel tours, air transportation, clothing, and tuition fees. On the other hand, they did benefit from lower charges for energy, mortgage interest, and computers. Since November 1997, the annual rate of inflation has been low, ranging between 0.7% and 1.1%.

Although the CPI edged up only 0.1% between January and February, some important offsetting price movements occurred. Travel tours, cablevision, cigarettes, clothing and footwear led the group of commodities showing significant price increases. Large price decreases were recorded for fresh vegetables, gasoline and natural gas.

Travel tours cost considerably more in February. It is a very popular month to travel and some operators introduced a surcharge to compensate for the weak Canadian dollar. Cablevision rates rose (+8.2%) when several companies ended their free trial periods for the new specialty channels; in addition, some rate increases were introduced. Smokers in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island had to pay more for cigarettes, reflecting provincial and federal tax increases. Both clothing and footwear showed seasonal price increases.

Fresh vegetable prices plunged in February (-11.2%), reflecting a return to more normal growing conditions in the southwestern United States. Drivers enjoyed the fifth straight month of lower gasoline prices (-1.9%), while natural gas cost consumers less than it did in January (-6.1%).

Compared with February 1997, the highest provincial price increases were in Quebec (+1.5%). At the other end of the spectrum, prices declined 0.1% in British Columbia. Two tax changes

Consumer Price Index, February 1998
% change, previous year, not seasonally adjusted

	All-items	Food	Energy	Housing	Transportation
Canada	1.0	1.3	-0.3	-0.6	-4.8
Newfoundland	0.7	0.8	0.6	1.6	2.2
Prince Edward Island	0.6	4.6	-4.1	-0.5	-7.1
Nova Scotia	1.1	1.5	0.2	1.5	0.6
New Brunswick	1.1	1.0	2.0	-0.7	3.0
Quebec	1.5	2.5	0.1	-0.2	-3.5
Ontario	1.2	1.3	0.3	-0.6	-4.2
Manitoba	0.7	-0.8	0.9	-0.3	-3.9
Saskatchewan	0.8	-0.4	2.1	-0.1	-2.4
Alberta	0.1	0.9	-2.0	-1.6	-14.8
British Columbia	-0.1	0.8	-2.4	-1.1	-8.1
Whitehorse	1.8	4.8	-0.3	3.3	1.1
Yellowknife	-0.3	0.6	-2.0	3.2	-4.0

contributed to Quebec's large annual price movements: an increase in provincial sales tax was introduced in January, followed by a cigarette tax hike in February. In British Columbia, household operations and furnishings was the only major component that recorded an annual price change above the national average.

Between January and February, changes in the provincial CPIs ranged from a high of 0.3% in Prince Edward Island, Ontario and Saskatchewan, to a low of 0.7% in Alberta.

Available on CANSIM: matrices 9940-9970.

The February 1998 issue of the Consumer Price Index (62-001-XPB, \$11/\$103) is now available. For further information, contact Prices Division (613-951-9606; fax: 613-951-2848; Internet: infounit@statcan.ca). (See also "Current trends" on page 7.)

Crude oil pushes raw material prices down

In February, manufacturers paid 1.4% less for their raw materials than they did in January. Although lower crude oil prices contributed most to the decline, natural gas, cattle, and aluminum materials also recorded price decreases. Higher prices for hogs, canola, corn and silver partly offset the overall decline. If the mineral fuels category (90% of which is crude oil) were excluded, raw material prices would actually have edged down 0.1% between January and February. Compared with February 1997, prices were 13.4% lower. Excluding mineral fuels, the 12-month change would have shown an 8.4% decrease.

Crude oil prices fell again in February (-4.9%), for the fourth consecutive month. The crude oil supply was in a very generous surplus position as OPEC and non-OPEC countries boosted output, and the mild winter reduced demand for heating oil. Natural gas prices dropped 4.8% compared with January.

The animal and animal products group showed no overall price change in February. Hog prices rose 5.2% after declining for six months; however, lower cattle prices (-3.2%) almost entirely offset the increase. Compared with February 1998, animal and animal product prices were down 5.8%.

Non-ferrous metal prices declined for the sixth month (-0.4%). Lower prices for aluminum materials, copper concentrates, nickel concentrates, and zinc were greatly offset by higher silver and gold prices. Prices for non-ferrous metals declined 13.3% compared with the same month of last year.

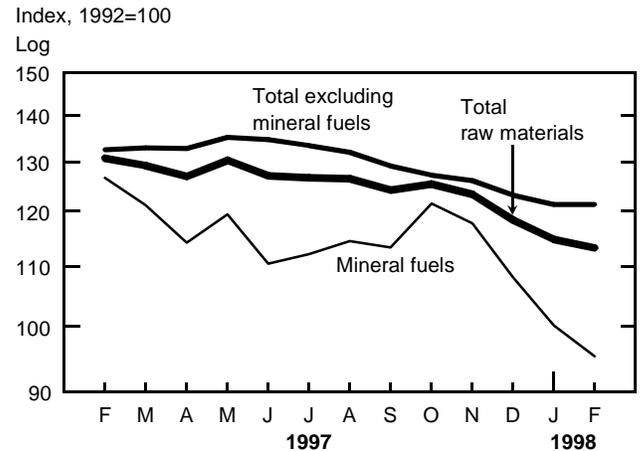
Vegetable product prices edged up in February (+0.4%), as higher prices for canola, corn, and raw tobacco were almost offset by lower prices for coffee and unrefined sugar. On a 12-month basis, vegetable product prices posted a 1.4% decline.

Wood prices edged down 0.2% compared with January. Log prices showed little change, while pulpwood prices fell 0.7%. Compared with February 1997, log prices declined 19.4% and

Note to readers

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 Industrial Product Price Index, the RMPI includes goods that are not produced in Canada.

Raw material prices



pulpwood prices increased 5.8%. Metal scrap prices showed little overall monthly change. Prices for non-ferrous metal scrap were up, but iron and steel scrap prices declined.

Available on CANSIM: matrix 1879.

The February 1998 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available shortly. For further information, contact the Client Services Unit (613-951-3350; fax: 613-951-2848; Internet: infounit@statcan.ca), Prices Division.

Little movement in industrial prices

Industrial product prices remained almost unchanged in February (-0.1%). The significant declines recorded by the refined petroleum products and pulp industries were offset by price increases in the sawmill and motor vehicle industries. Canada-U.S. exchange rate movements had a noticeable effect on the 12 month change, which showed a 0.5% increase. Industrial prices have shown little overall movement since early 1995.

In February, overall prices for automobiles, trucks and buses rose 0.4%. This increase was almost entirely due to the effect of the rise in the value of the U.S. dollar on prices received by motor vehicle manufacturers. Prices for automobile exports were up about 0.5%, while domestic prices were down 0.1%. Truck export prices were up 0.4%, while domestic prices were unchanged. If the effect of the exchange rate were removed, manufacturers' prices for exported vehicles would have changed little.

Softwood lumber prices rose 1.8% following six consecutive monthly declines. Despite this increase, prices were down more than 13% compared with the previous year. Constant dollar

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 when a good leaves the plant and the time when 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, paper, and wood products. A rise or fall in the value of the Canadian dollar against the U.S. dollar therefore affects the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar has been estimated to change the IPPI by approximately 0.2%.

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... Little movement in industrial prices

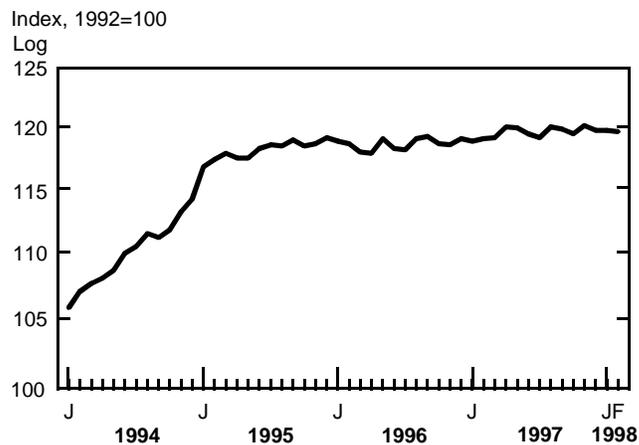
shipments by Canadian sawmills peaked in April 1997. However, by January 1998, such shipments had fallen more than 30%. In volume terms, lumber exports were down about 25% over the same period.

Manufacturers' prices for gasoline and fuel oil fell for a sixth consecutive month in February. The overall price level dropped 2.2% and stood 15.4% lower than a year earlier. Pulp prices, which were down 3.8%, have declined 6.4% since their most recent peak in November 1997. In constant dollars, pulp industry shipments showed little overall change throughout 1996 and 1997, but they were down slightly in January.

Between mid-January and mid-February, the value of the U.S. dollar edged up 0.4% to stand 6.9% higher than a year earlier. If the effect of the decline in the value of the Canadian dollar were excluded, industrial prices would have declined 0.2% between January and February, and they would have decreased 0.9% compared with February 1997.

In the United States, Canada's major trading partner, industrial production has been slowing for some months. Manufacturing prices in the United States dropped 0.1% in February, and stood 1.3% lower than a year earlier.

Industrial product prices



Available on CANSIM: matrices 1870-1878.

The February 1998 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available shortly. For further information, contact the Client Services Unit (613-951-3350; Internet: infounit@statcan.ca; fax 613-951-2848), Prices Division.

Slight increase in EI beneficiaries

The estimated number of Canadians who received regular Employment Insurance (EI) benefits increased slightly from December to 565,690 in January. Four provinces and territories contributed to this advance. Regular benefit payments increased 3.9% to \$704.2 million. Led by Quebec (+9.0%) and Manitoba (+6.5%), five provinces recorded increases.

The number of individuals applying for EI benefits increased 5.6% to 241,000. With Saskatchewan (+24.4%) and the Northwest Territories (+27.4%) in the lead, a total of eight provinces and the Yukon posted advances.

Available on CANSIM: matrices 26 (series 1.6), 5700-5717, 5735 and 5736.

For further information, contact Michael Scrim (613-951-4090; fax: 613-951-4087; Internet: labour@statcan.ca), Labour Division.

Note to readers

The yearly adjustments to the regular weeks paid, regular benefits paid, and claims received data series have been completed for the Christmas period. Revisions have been made to these data on a seasonally adjusted basis for 1996 and 1997 and are available by special request.

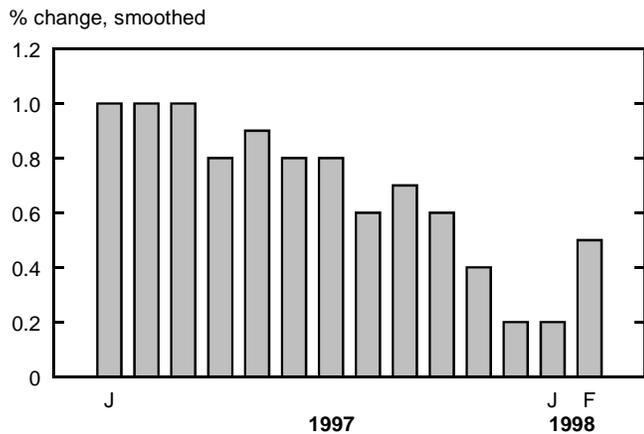
EI beneficiaries receiving regular benefits, January 1998 Seasonally adjusted

	Total	% change, previous month	% change, previous year
Canada	565,690	0.6	- 9.4
Newfoundland	33,030	2.8	- 10.3
Prince Edward Island	8,640	- 2.6	- 10.8
Nova Scotia	28,920	- 2.7	- 13.0
New Brunswick	35,950	- 0.2	- 7.7
Quebec	209,440	3.8	- 2.9
Ontario	134,810	- 1.4	- 16.1
Manitoba	12,310	- 1.3	- 13.7
Saskatchewan	8,990	- 5.3	- 12.4
Alberta	25,310	- 0.3	- 24.8
British Columbia	67,380	2.5	- 4.4
Yukon	1,110	- 3.8	- 7.4
Northwest Territories	1,100	1.7	- 6.2

Composite Index up slightly

The Composite Index rose 0.5% in February, regaining some of the momentum lost to the negative effect of strikes last fall and the ice storm in January. The growth of the index had slowed markedly from 0.7% in September to 0.2% in December and January.

Composite Index



Employment in business services picked up to 0.8% growth in February, a good sign that investment spending will rebound from its fourth-quarter dip. This is supported by the continued strong growth in non-residential building intentions for this year. Meanwhile, the stock market bounced back strongly to hit a new record.

Household demand declined by 0.5% in February, posting its 10th straight decrease. House sales remained near a two-year low. However, housing starts rebounded, partly because of unusually warm weather in most regions.

Elsewhere, the manufacturing sector remained lacklustre. New orders for durable goods decelerated rapidly in the last two months. The average workweek did not recover fully from its January drop. A slowdown in orders for consumer goods was partly responsible for the slowdown in the U.S. leading index.

Available on CANSIM: matrix 191.

For further information, see the March 1998 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227), which is now available. For further information, contact Francine Roy (613-951-3627), Current Economic Analysis Group. (See also "Current trends" on page 7.)

Work absenteeism

In 1997, nearly half a million full-time paid workers (5.5%) lost some work time for personal reasons. These absences amounted to about 66 million workdays in total. Each full-time paid worker lost 7.4 days of work, on average, for personal reasons. This consisted of 6.2 days lost to illness or disability, and a further 1.2 days to personal or family responsibilities.

Excluding maternity leave, women took off an average 9.1 days in 1997, about one and a half times the average for men (6.3 days). However, had maternity leave been included, women would have lost 13.8 working days. Women with pre-schoolers lost almost three times as many work days for personal or family responsibilities as did women in general. And men with pre-schoolers lost twice as much time as men overall.

Work absenteeism also increases with age. Youths who worked full time averaged slightly less than 5 days off, while workers aged 55 to 64 lost nearly 11 days of work. The difference was due mainly to illness or disability absences.

Unionized workers lost more time than their non-unionized counterparts: 10.7 days, compared with 5.6. However, this was not surprising since most, if not all, collective agreements include paid sick leave entitlements. Absenteeism was highest for full-time workers in public administration, and in transportation and communication, where each group averaged a loss of 8.9 days. Both are highly unionized industries. The number of work days lost was lowest in the less-unionized agriculture and trade industries (5.5 and 5.8 days respectively).

Note to readers

Until now, Statistics Canada data on work absences always included maternity leave. The elimination of maternity leave from the estimates has led to an overall decline in work absence estimates for personal or family responsibilities, particularly for women. Unfortunately, the pre-1997 estimates could not be adjusted to conform to these changes, so the recent estimates are not comparable with other years. There have been no changes, however, to the illness or disability code, so this series can be compared with previous years.

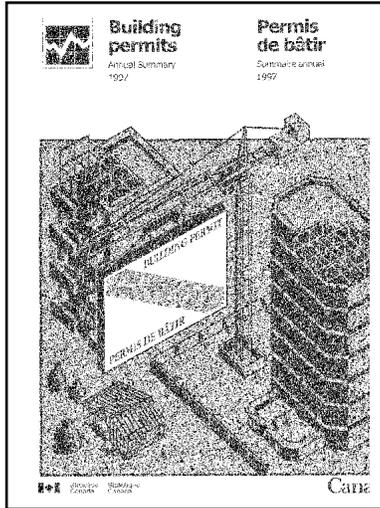
Work absence estimates refer to full-time paid workers holding only one job. Part-time, self-employed and unpaid family workers are excluded, as are multiple jobholders and women on maternity leave.

Workers in companies with more than 500 employees were absent an average 9.0 days, compared with 6.2 days for workers in firms with fewer than 20 employees. This was also expected, given the likelihood of union coverage, and therefore paid sick leave entitlements, for workers both in large firms and with permanent work status.

The Spring 1998 issue of *Perspectives on labour and income* (75-001-XPE, \$18/\$58) is now available. For further information, contact Ernest Akyeampong (613-951-4624), Labour and Household Surveys Analysis Division.

New from Statistics Canada

Building permits: Annual summary 1997



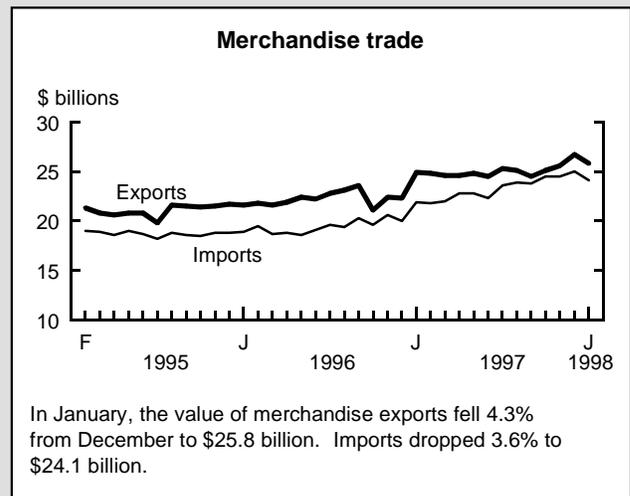
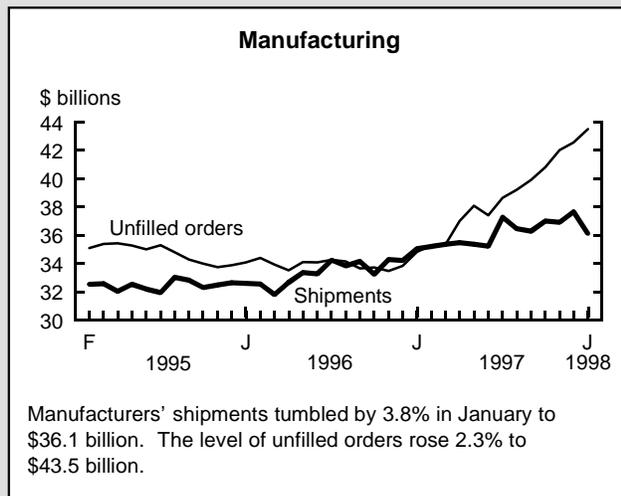
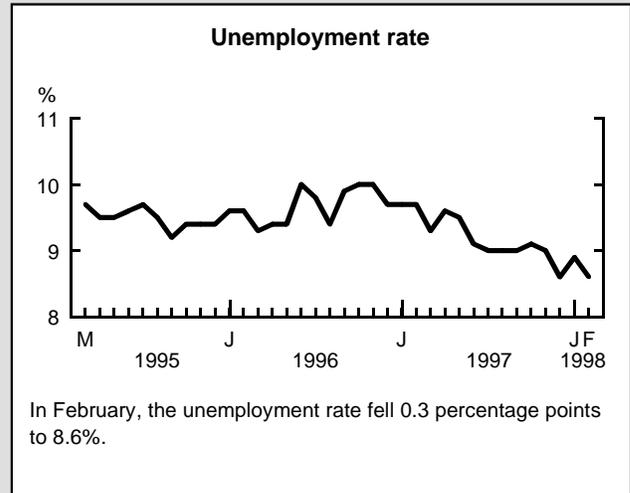
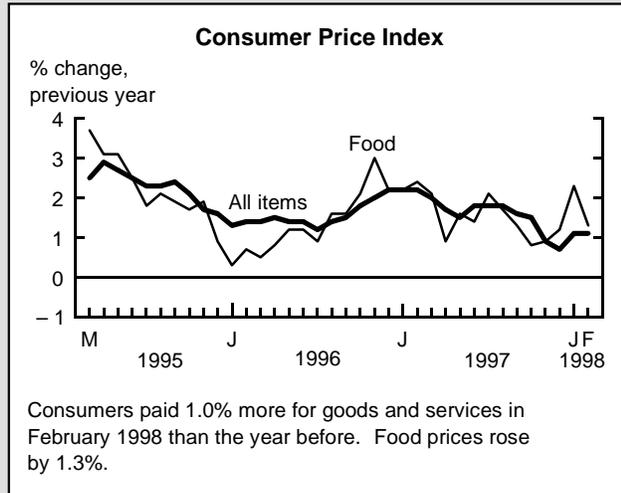
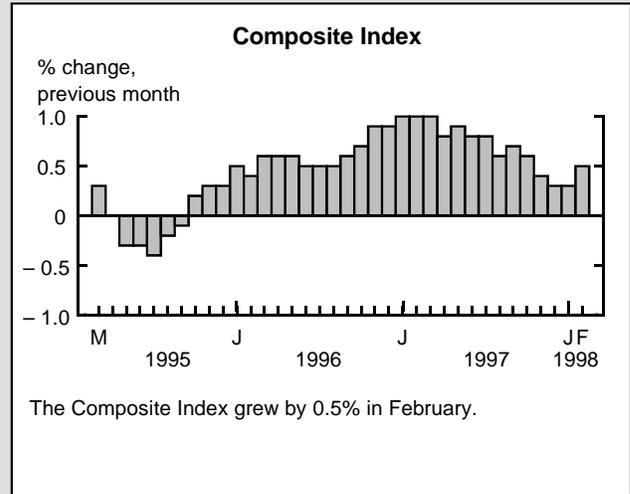
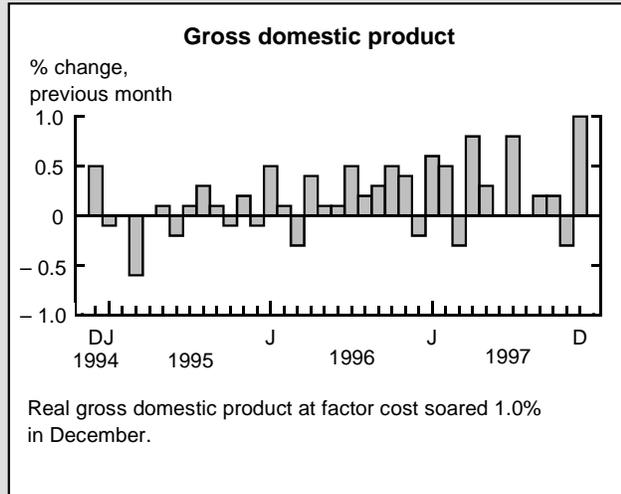
The monthly Building and Demolitions Permits Survey collects data on building construction by municipalities in Canada. It covers 2,400 municipalities representing 93% of the population. The other 7% of the population live in very small communities whose levels of building activity have little impact on the total. The value of planned construction activities shown in this publication excludes engineering projects (such as waterworks, sewers and culverts) and land.

Since the issuance of a building permit is one of the first steps in the construction process, these statistics are widely used as a leading indicator of building activity by investors, planners and various levels of government. It is also essential for calculating capital expenditures.

The publication contains a summary analysis and statistical data tables related to the number and value of building permits issued by sector (residential and non-residential), building category, type of building and type of dwelling, value range or category, and different geographic levels of aggregation (census metropolitan area and its municipalities).

*The 1997 issue of **Building permits: Annual summary** (64-203-XPB, paper version \$62; 64-203-XMB, microfiche version \$37, 64-203-XIB, Internet version \$47) is now available. For further information, contact Joanne Bureau (613-951-9689; Internet: burejoa@statcan.ca), Investment and Capital Stock Division.*

Current trends



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

Latest monthly statistics

	Period	Level	Change, previous period	Change, previous year
GENERAL				
Gross domestic product (\$ billion, 1992)	December	704.9	1.0%	4.5%
Composite Index (1981=100)	February*	203.7	0.5%	7.9%
Operating profits of enterprises (\$ billion)	Q4 1997	29.2	3.1%	16.0%
Capacity utilization (%)	Q4 1997	85.6	0.3†	2.5†
DOMESTIC DEMAND				
Retail trade (\$ billion)	January	19.8	-1.9%	5.1%
New motor vehicle sales (thousand of units)	January	105.6	-27.0%	0.7%
LABOUR				
Employment (millions)	February	14.2	0.6%	3.3%
Unemployment rate (%)	February	8.6	-0.3†	-1.1†
Participation rate (%)	February	65.0	0.1†	0.4†
Labour income (\$ billion)	January*	37.7	-0.0%	3.2%
Average weekly earnings (\$)	December	601.79	0.2%	1.0%
INTERNATIONAL TRADE				
Merchandise exports (\$ billion)	January	25.8	-4.3%	3.9%
Merchandise imports (\$ billion)	January	24.1	-3.6%	9.7%
Merchandise trade balance (all figures in \$ billion)	January	1.7	-0.2	-1.2
MANUFACTURING				
Shipments (\$ billion)	January	36.1	-3.8%	2.2%
New orders (\$ billion)	January	37.1	-0.8%	1.9%
Unfilled orders (\$ billion)	January	43.5	2.3%	23.1%
Inventory/shipments ratio	January	1.33	0.05	0.04
PRICES				
Consumer Price Index (1992=100)	February*	107.2	0.1%	1.0%
Industrial Product Price Index (1992=100)	February*	119.6	-0.1%	0.5%
Raw Materials Price Index (1992=100)	February*	113.3	-1.4%	-13.4%
New Housing Price Index (1986=100)	January	99.8	0.1%	1.2%

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

* new this week

† percentage point

Infomat

A weekly review

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Publications released from March 27 to April 2, 1998

Division/Title of publication	Period	Catalogue number	Price: Issue/Subscription	
			Canada (C\$)	Outside Canada (US\$)
BALANCE OF PAYMENTS				
Canada's balance of international payments:	Q4 1997			
Internet		67-001-XIB	7	7
paper		67-001-XPB	38/124	38/124
DISTRIBUTIVE TRADES				
Wholesale trade	January 1998	63-008-XPB	19/186	19/186
INVESTMENT AND CAPITAL STOCK				
Building permits, annual summary:	1997			
Internet		64-203-XIB	47	47
microfiche		64-203-XMB	37	37
paper		64-203-XPB	62	62
MANUFACTURING, CONSTRUCTION AND ENERGY				
Asphalt roofing	January 1998	45-001-XPB	7/62	7/62
Beverage and tobacco products industries	1995	32-251-XPB	40	40
Energy statistics handbook:	March 1998			
diskette		57-601-XDE	284	284
paper		57-601-UPB	387	387
Gas utilities	December 1997	55-002-XPB	17/165	17/165
Mineral wool including fibrous glass insulation	February 1998	44-004-XPB	7/62	7/62
Monthly Survey of Manufacturing	January 1998	31-001-XPB	20/96	20/96
Primary metal industries	1995	41-250-XPB	40	40
Transportation equipment industries	1995	42-251-XPB	40	40
PRICES				
Construction price statistics	Q4 1997	62-007-XPB	24/79	24/79
TRANSPORTATION				
Aviation: Service bulletin	March 1998	51-004-XPB	11/109	11/109

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