

MONTHLY ECONOMIC INDICATORS

March 2001

HIGHLIGHTS

-  **Output growth slows in the fourth quarter of 2000, as the effects of the U.S. slowdown spill over into Canada.**
-  **Employment falls in February, but the unemployment rate holds steady at 6.9%.**
-  **To boost slowing demand, the Bank of Canada lowers its key interest rate 50 basis points in March.**
-  **The Canadian dollar falls below US¢65 in March, edging closer to its all-time low set in 1998.**
-  **Higher energy prices boost Canada's trade surplus to a record high in 2000.**

Key Monthly Economic Indicators

		% Change since		
		last month	last year	
Real GDP (\$92 B)	796.2	0.2	3.3	Dec.
Goods	258.5	-0.2	2.0	Dec.
Services	537.8	0.4	4.0	Dec.
Composite Index	166.3	-0.4	6.1	Jan.
Employment (000's)	15,044	-0.2	1.5	Feb.
Full-time	12,335	-0.0	1.6	Feb.
Part-time	2,709	-0.7	1.2	Feb.
Unemployment* (%)	6.9	6.9	6.8	Feb.
Youth*	12.9	12.1	13.0	Feb.
Adult*	5.8	5.8	5.6	Feb.
CPI inflation*	3.0	3.2	2.3	Jan.
Retail Sales (\$M)	23,662	0.9	5.1	Dec.
Housing Starts (000's)	156.1	-8.6	-7.4	Feb.
Trade Balance* (\$M)	5,848	4,412	2,697	Dec.
Exports	36,849	3.7	15.7	Dec.
Imports	31,001	-0.4	6.3	Dec.
M&E	10,692	0.0	13.8	Dec.
3-mth Corp. paper* (%)	4.87	5.29	5.31	Mar. 7
Long bond yield* (%)	5.61	5.72	5.83	Mar. 7
Canadian dollar* (US¢)	64.63	66.72	68.98	Mar. 9

*Data in levels only – % change not reported.

The "Monthly Economic Indicators" (MEI) provides a variety of economic analysis and data in a convenient format. The MEI does not interpret or evaluate government policies, and every attempt is made to present factual information in an informed and balanced manner consistent with generally accepted economic principles. It is available to all employees of Industry Canada in either hard or electronic copy, or can be accessed via the Internet at http://strategis.ic.gc.ca/sc_ecnmy/mera/engdoc/03.html.



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MONTHLY ECONOMIC INDICATORS

March 2001

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This report uses data available as of March 9, 2001. It has been prepared by Éric Chalifoux, Joe Macaluso, Arif Mahmud and Karen Smith of the Micro-Economic Analysis Directorate, under the direction of Raynald Létourneau and Shane Williamson. Translation has been provided by Lucie Larocque and Sue Hopf is responsible for production support. All information is taken from public sources, primarily Statistics Canada, the Bank of Canada and the Canada Mortgage and Housing Corporation. Please address comments to Shane Williamson at 613-995-8452 or through the Internet at williamson.shane@ic.gc.ca.



Output growth slows in the fourth quarter...

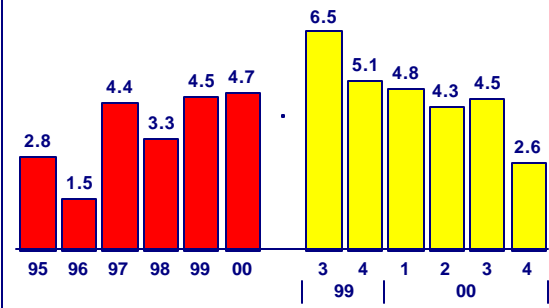
- Real GDP rose 2.6% (annual rate) in the fourth quarter of 2000, slowing significantly from the recent strong pace of growth. Overall growth for 2000 was 4.7%, up slightly from 1999.
- Final domestic demand was flat in the fourth quarter. Lower investment in M&E and housing was offset by increased consumer spending and non-residential construction.
- Real exports of goods and services rose 1.0% in the fourth quarter, the slowest advance in nearly two years. This reflects softening U.S. demand for automotive products and paper.

...but personal income and corporate profits continue to rise

- Growth in personal income was an annualized 6.3% in the fourth quarter, nearly twice the rate of the previous quarter. Solid gains in labour income, investment income, and government transfers all contributed to the advance. For the year as a whole, incomes were up 6.1%, the biggest increase in ten years.
- The personal saving rate edged up to 3.5% in the fourth quarter. The household debt-to-income ratio fell to 95.1%, down from a near-record 96.2% in the previous quarter.
- Corporate profits increased by 10.4% (annual rate) in the fourth quarter of 2000, resulting in a gain of 23% overall for the year. This is only slightly below the 24% gain registered in 1999.

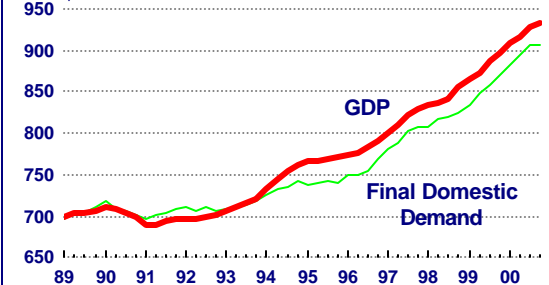
Growth in Real Gross Domestic Product

% change, SAAR



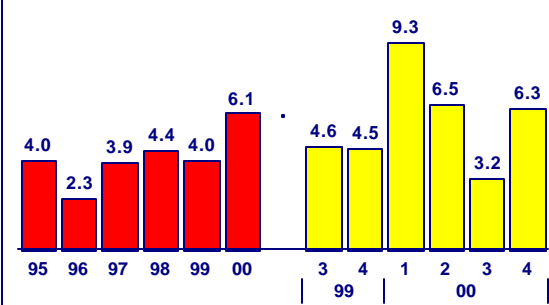
GDP and Final Domestic Demand

\$ Billions

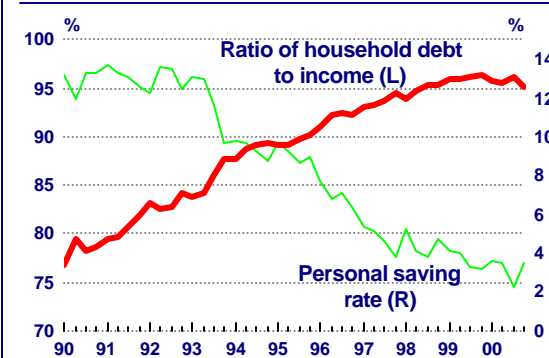


Growth in Personal Income

% change, SAAR



Personal Debt and Saving Rate





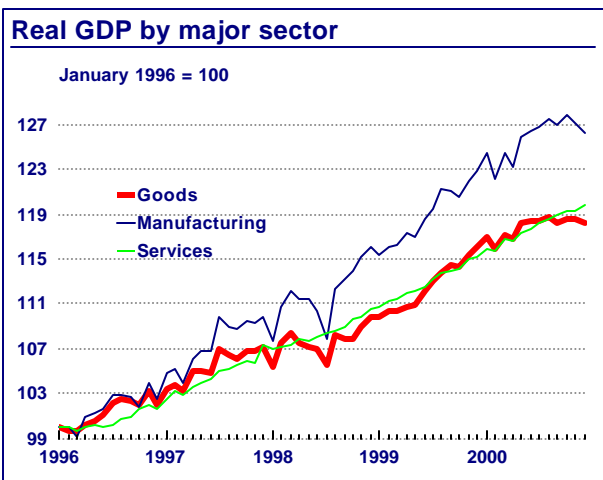
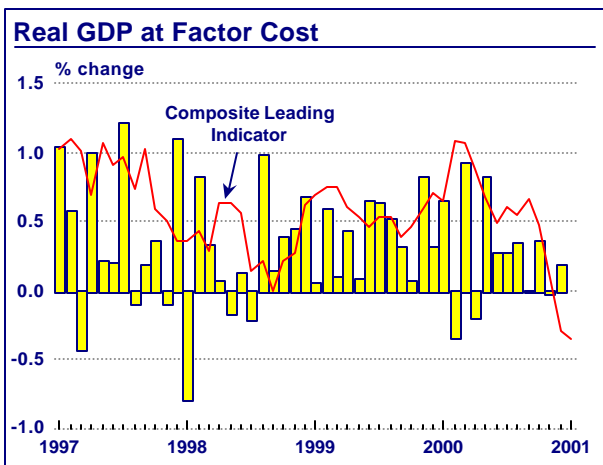
Real GDP by Industry

Output rebounds slightly in December...

- After pausing in November, real GDP at factor cost advanced 0.2% in December. The composite leading indicator fell for the second month in a row in January, pointing to continued weakness in the economy.

... but the Goods sector remains weak

- Output in the Goods sector decreased 0.2% in December. Continuing weakness in the North American auto industry affected production in not only the motor vehicle industry, but related areas such as primary metals and rubber products. Manufacturers of telecommunication equipment lowered output for the third time in four months, but cold temperatures and strong U.S. demand resulted in higher output for utilities.
- Activity in the Services sector increased 0.4% in December. Higher sales of wheat and natural gas led to a strong increase for the Transportation & Storage Industry. Retail Trade excluding autos was strong, while computer sales boosted wholesalers and high stock market activity led to increased output in the Finance industry.



Real GDP at Factor Cost (1992 dollars)

December 2000

	\$ millions	monthly change	% Change since last month	% Change since last year
Total Economy	796,227	1,500	0.2	3.3
Business sector	666,045	1,240	0.2	3.6
Goods	258,452	-454	-0.2	2.0
Agriculture	12,758	49	0.4	-5.0
Fishing & Trapping	690	24	3.6	-0.3
Logging & Forestry	4,046	-173	-4.1	-14.8
Mining*	27,494	-17	-0.1	3.0
Manufacturing	143,655	-1,003	-0.7	2.7
Construction	42,623	134	0.3	0.6
Other Utilities	27,186	532	2.0	5.6
Services	537,775	1,954	0.4	4.0
Transport & Storage	37,397	570	1.5	4.8
Communications	30,620	-61	-0.2	6.6
Wholesale Trade	51,000	308	0.6	3.3
Retail Trade	51,853	456	0.9	5.3
Finance & Insurance	44,481	346	0.8	5.6
Real Estate & Ins. Agent	83,457	-43	-0.1	2.5
Business services	51,487	154	0.3	9.3
Government services	48,154	183	0.4	3.9
Education	41,079	103	0.3	0.8
Health & Social Services	46,422	-115	-0.2	0.2
Accommodation & Food	21,617	74	0.3	5.7
Other	30,208	-21	-0.1	1.9

*Includes Quarrying and Crude Petroleum & Natural Gas



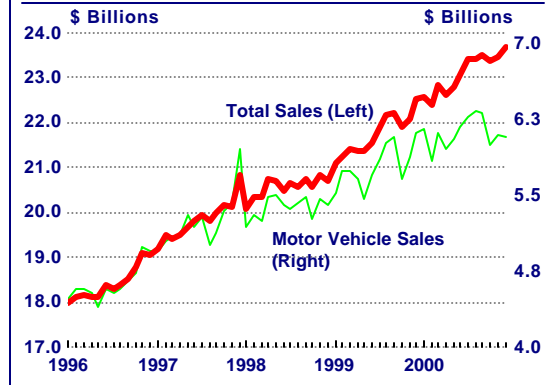
Consumer spending slows in the fourth quarter...

- Growth in consumer spending slowed to 2.3% (annual rate) in the fourth quarter, down from average growth of 4.3% since the beginning of 1999.
- While spending on services and non-durable goods advanced at a solid pace, purchases of consumer durables fell 6.8% (annualized) in the fourth quarter. Motor vehicle sales fell back after dealer incentives boosted growth in the third quarter.

...and the outlook for 2001 is uncertain

- Recent income gains have strengthened household finances and should support increased spending. In particular, personal disposable income rose 9.7% in the fourth quarter, significantly faster than spending. After adjusting for inflation, personal disposable income rose 3.6% overall in 2000.
- Labour market conditions have weakened early in the new year. Consumer confidence has also fallen, although it remains at a relatively high level. The impact of falling stock prices on consumer spending is uncertain.

Total Retail and Motor Vehicle Sales



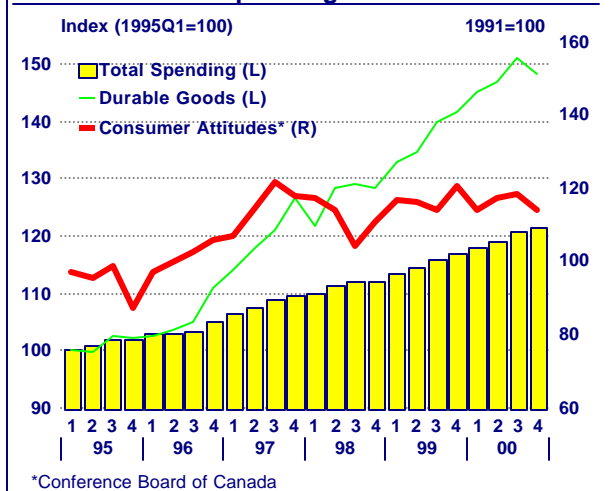
Retail Sales and Consumer Credit

	December 2000 \$ millions	% Change since	
		last month	last year
Total Retail Sales (S.A.)	23,662	0.9	5.1
Food	5,322	2.5	5.6
Drug Stores	1,151	-0.8	3.0
Clothing	1,273	-0.7	5.5
Furniture	1,289	0.1	8.0
Automotive	9,438	0.4	3.6
General Merch. Stores	2,688	2.4	8.3
All other Stores	2,502	0.1	5.6
Total ex. motor vehicles	17,594	1.3	7.2
Consumer Credit (unadjusted)	190	0.2	8.3

Real Consumer Spending and Household Finances

	\$ Millions, SAAR (unless otherwise noted)		2000 Q3	2000 Q4
	1999	2000		
Real Consumption (92\$)	504,763	524,911	528,476	531,548
% change	3.5	4.0	5.0	2.3
Durable Goods	71,859	77,426	79,096	77,712
% change	8.1	7.7	12.2	-6.8
Semi-Durable Goods	47,103	49,364	49,984	50,104
% change	3.0	4.8	9.5	1.0
Non-Durable Goods	123,344	125,881	126,028	127,140
% change	2.1	2.1	1.9	3.6
Services	262,457	272,240	273,368	276,592
% change	3.0	3.7	3.6	4.8
Disposable Income	590,608	623,720	624,276	638,944
% change	4.0	5.6	2.7	9.7
Saving Rate (%)	3.7	3.2	2.3	3.5
Debt-to-Income Ratio (%)	96.1	95.7	96.2	95.1

Real Consumer Spending and Attitudes



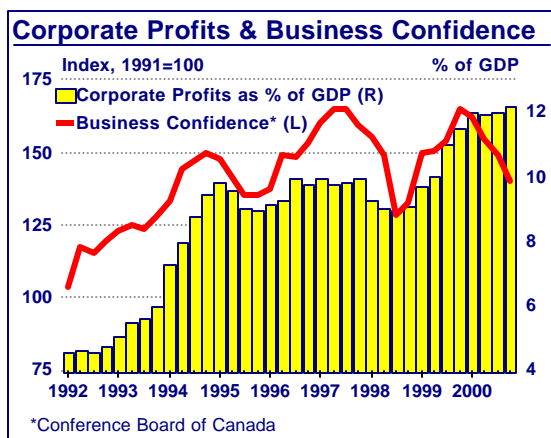
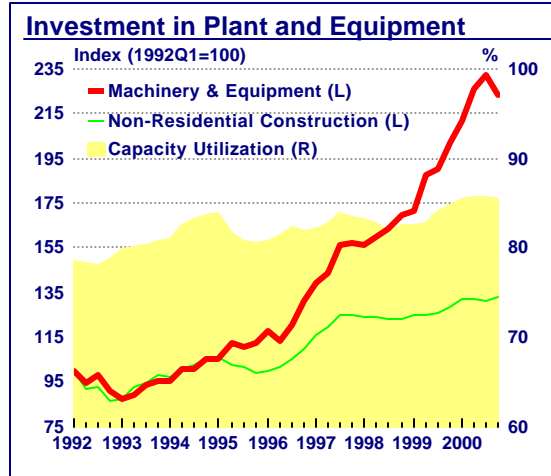


Business investment falls in the fourth quarter...

- After posting strong advances earlier in the year, business investment in M&E fell 15.0% (annual rate) in the fourth quarter. Most categories of M&E registered a decline, including the first drop in spending on computers in three years.
- Non-Residential Construction activity increased 4.4% in the fourth quarter after a slight downturn in the previous period. Gains were concentrated in the engineering component, as improved weather conditions boosted drilling and rigging activity in the oil patch.

...as confidence falls

- Business confidence has fallen steadily since peaking late in 1999. Slower profit growth and the worsening outlook for the North American economy have contributed to this drop.
- Still, operating profits rose strongly overall in 2000, and the February survey of investment intentions points to a modest rise in spending on plant and equipment in 2001.



Business Investment and Corporate Finances

\$ Millions, SAAR (unless otherwise noted)

	1999	2000	2000 Q1	2000 Q2	2000 Q3	2000 Q4
BUSINESS INVESTMENT						
Machinery & Equipment (1992\$)	75,557	89,846	85,060	91,024	93,512	89,788
% change	15.6	18.9	20.1	31.1	11.4	-15.0
Non-residential Construction (1992\$)	40,288	42,208	42,080	42,212	42,044	42,496
% change	2.0	4.8	10.5	1.3	-1.6	4.4
Capacity Utilization (% , Non-farm goods)	83.5	85.5	85.4	85.7	85.6	85.4
Capacity Utilization (Mfg. sector)	84.5	85.8	85.6	85.7	86.1	85.7
CORPORATE FINANCES & ATTITUDES						
Corporate Operating Profits	174,317	211,219	207,200	210,112	211,476	216,088
% change	22.5	21.2	42.1	5.7	2.6	9.0
Profits - Non-financial industries	123,372	147,490	141,936	145,944	149,132	152,948
% change	30.0	19.5	21.0	11.8	9.0	10.6
Profits - Financial industries	50,945	63,728	65,264	64,168	62,340	63,140
% change	7.5	25.1	106.2	-6.6	-10.9	5.2
Business Credit	734,357	787,030	764,718	783,002	793,017	807,385
% change	5.8	7.2	6.0	9.9	5.2	7.4



Activity in the housing sector pauses in the fourth quarter...

- Residential Construction activity paused in the fourth quarter. The slight decline in output was due mainly to a fall in new housing construction, as there was a slight gain in renovation activity.
- The housing sector was volatile in 2000, but advanced 1.6% overall.

...but lower mortgage rates may boost output in 2001

- Housing market indicators for the first quarter are mixed. Housing starts surged to a six-year high in January before falling back in February. Building permits also surged 22.0% in January, reaching the highest monthly level in eleven years.
- Canada Mortgage and Housing Corporation foresees increased housing market activity in 2001. While slower economic growth is expected to have some impact, declining mortgage rates, tax cuts, and the delayed effect of strong job creation and income growth in recent years should boost construction and the resale market.

Housing Activity



Monthly Housing Indicators

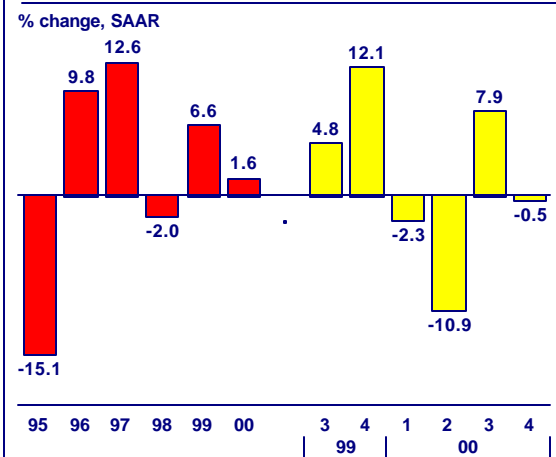
	levels	Change since	
		last month	last year
Residential Construction (1) (\$92M, factor cost basis)	13,841	-0.8%	-4.0%
Building Permits, \$M (2)	1,993	22.0%	13.2%
Sales of Existing Homes (2) (# of units)	20,987	2,234	
Housing Starts, # of units (3)	156,100	-14,600	-12,400
Newfoundland	800	0	-1,500
Prince Edward Island	200	-300	-300
Nova Scotia	3,300	-600	-300
New Brunswick	2,700	-300	700
Quebec	26,600	5,900	4,900
Ontario	68,000	-8,300	-11,100
Manitoba	1,700	100	900
Saskatchewan	1,300	-400	-300
Alberta	18,700	-5,500	0
British Columbia	13,700	-5,200	-900

1 - December data; 2 - January data; 3 - February data
Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association

Real Investment in Residential Structures

	\$92 Millions, SAAR (unless otherwise noted)			
	1999	2000	2000 Q3	2000 Q4
Residential Construction	44,259	44,936	45,052	44,988
% change	6.6	1.5	7.8	-0.6
Construction by Business sector	43,983	44,676	44,788	44,736
% change	6.6	1.6	7.9	-0.5
New Housing	22,258	22,144	22,036	21,980
% change	7.5	-0.5	5.7	-1.0
Alterations & Improvements	14,399	15,207	15,316	15,320
% change	5.6	5.6	5.7	0.1
Ownership & Transfer Costs	7,259	7,585	7,700	7,688
% change	1.1	4.5	18.8	-0.6

Growth in Real Residential Construction





Trade and Competitiveness

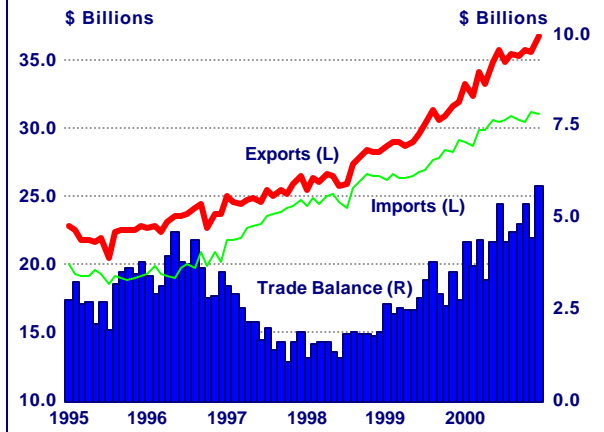
Strong export growth in December...

- Exports rose 3.7% in December, led by sharp increase in Energy Products, which were boosted by higher prices and strong U.S. demand for electricity and natural gas. Exports of M&E rose to a record level, due to higher shipments of telecommunications equipment, electronic hardware and aircraft. Lower automotive exports reflect soft U.S. demand for motor vehicles.
- Imports fell 0.4% in December, due mainly to lower imports of Industrial Goods & Materials.

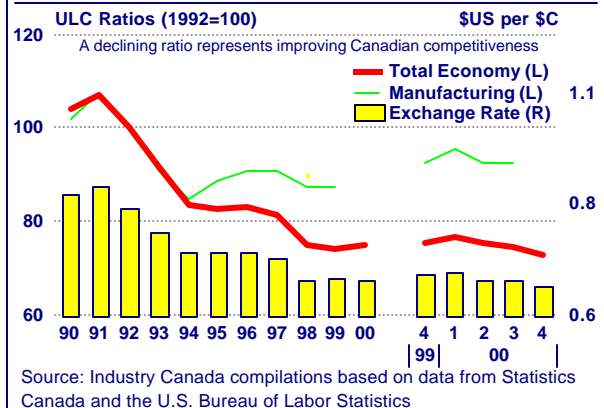
...leads to a record trade surplus

- On a monthly basis, Canada's merchandise trade surplus rose to an all-time high of \$5.8 billion in December.
- The trade surplus was \$54.5 billion for 2000 as a whole, also a record high and up nearly \$21 billion compared to 1999.

Merchandise Trade Flows and Balance



Canada-U.S. Unit Labour Cost Ratios



Merchandise Trade

December 2000	Levels (\$ millions)		Year-to-date (\$ millions)		Change (\$M)	% Change		
	November 2000	December 2000	1999 Jan-Dec.	2000 Jan-Dec.		Nov. to Dec. 2000	Nov. to Dec. 2000	Dec. 1999 to Dec. 2000
Exports	35,548	36,849	360,609	417,657	1,301	3.7	15.7	
to United States	30,984	31,876	309,395	359,630	892	2.9	17.0	
Imports	31,136	31,001	326,818	363,162	-135	-0.4	6.3	
from United States	22,678	22,631	249,324	267,579	-47	-0.2	3.3	
Trade Balance	4,412	5,848	33,791	54,495	1,436			
with United States	8,306	9,245	60,071	92,051	939			
Exports by Commodity								
Agriculture/Fishing Products	2,321	2,371	25,568	27,575	50	2.2	6.2	
Energy Products	4,549	6,402	29,721	52,539	1,853	40.7	123.5	
Forestry Products	3,433	3,230	39,116	41,379	-203	-5.9	-6.7	
Industrial Goods & Materials	5,500	5,322	57,431	64,611	-178	-3.2	4.0	
Machinery & Equipment	8,979	9,711	85,984	105,573	732	8.2	28.3	
Automotive Products	8,218	7,232	95,493	96,298	-986	-12.0	-12.8	
Other Consumer Goods	1,295	1,284	13,469	14,668	-11	-0.8	12.0	
Imports by Commodity								
Agriculture/Fishing Products	1,621	1,572	17,645	18,568	-49	-3.0	5.1	
Energy Products	1,724	1,670	10,709	17,753	-54	-3.1	34.6	
Forestry Products	263	261	2,741	3,064	-2	-0.8	7.4	
Industrial Goods & Materials	6,128	5,926	62,132	70,460	-202	-3.3	3.7	
Machinery & Equipment	10,689	10,692	108,168	122,740	3	0.0	13.8	
Automotive Products	6,111	6,199	75,917	77,406	88	1.4	-6.0	
Other Consumer Goods	3,524	3,522	36,955	40,079	-2	-0.1	7.1	

LABOUR MARKET TRENDS



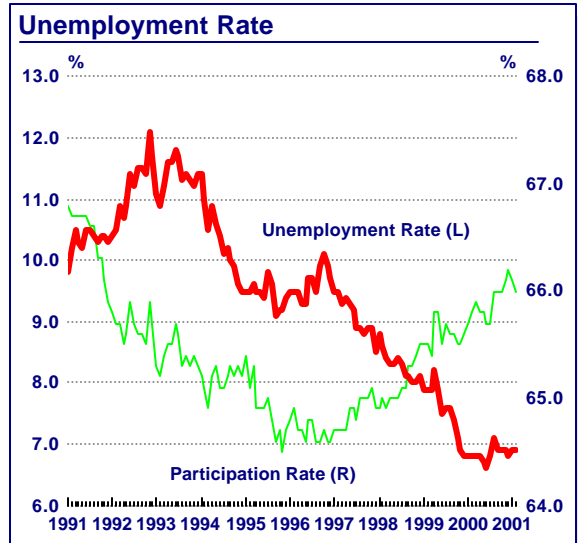
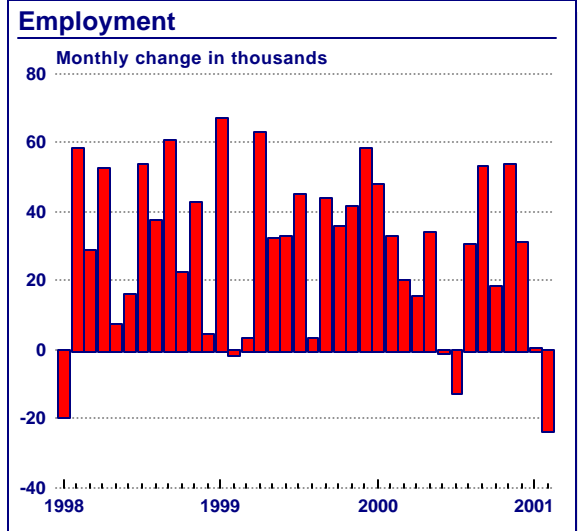
Employment and Unemployment

Employment falls in February...

- After pausing in January, employment fell by 24,000 in February. This decline, the largest monthly drop in four and a half years, suggests that economic activity has weakened further in 2001.
- February's job losses were concentrated in part-time work, as the number of full-time positions was little changed on the month.

...but the unemployment rate holds steady at 6.9%

- Although employment was lower in February, the number of job seekers also declined, leaving the national unemployment rate unchanged at 6.9%.
- Youth employment fell by 31,000, raising the youth unemployment rate 0.8 percentage points to 12.9%. The adult rate was unchanged at 5.8% in February.



Labour Force Trends

(in thousands)	Levels			Change since			% Change since	
	2000 February	2001 January	2001 February	last month	last year	year-to- date	last month	last year
Employment	14,822.6	15,067.4	15,043.9	-23.5	221.3	-22.8	-0.2	1.5
Full-time	12,146.7	12,339.2	12,335.2	-4.0	188.5	-22.3	-0.0	1.6
Part-time	2,675.9	2,728.3	2,708.8	-19.5	32.9	-0.4	-0.7	1.2
Youth 15-24	2,258.0	2,345.3	2,314.7	-30.6	56.7	-29.7	-1.3	2.5
Adult 25+	12,564.6	12,722.2	12,729.3	7.1	164.7	7.0	0.1	1.3
Self-employed	2,518.5	2,314.9	2,312.2	-2.7	-206.3	-51.6	-0.1	-8.2
Unemployment	1,082.1	1,113.2	1,123.0	9.8	40.9	19.7	0.9	3.8
Unemployment Rate	6.8	6.9	6.9	0.0	0.1	0.1		
Youth 15-24	13.0	12.1	12.9	0.8	-0.1	0.4		
Adult 25+	5.6	5.8	5.8	0.0	0.2	0.1		
Labour Force	15,904.7	16,180.6	16,166.9	-13.7	262.2	-3.1	-0.1	1.6
Participation Rate	65.8	66.1	66.0	-0.1	0.2	-0.2		
Employment Rate	61.4	61.6	61.4	-0.2	0.0	-0.3		



Industry Overview

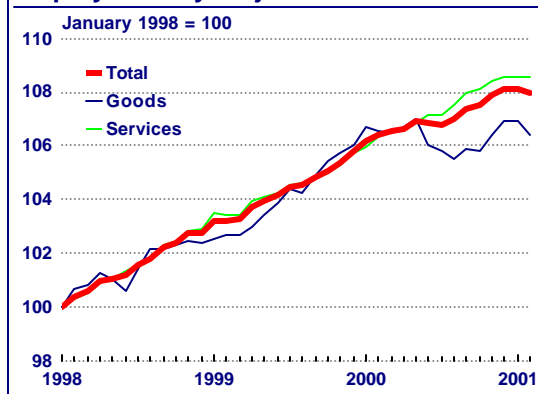
Job losses are concentrated in Manufacturing and Trade ...

- The softening labour market is most evident in the Goods sector, where employment was down 20,000 in February. Employment in Manufacturing fell for the second straight month, and job losses continued in Agriculture. Construction was a bright spot, posting its fourth straight increase in employment.
- Employment edged down in the Services-producing industries in February, with Trade (Wholesale & Retail) posting a sizeable loss. This was largely offset by a solid increase for Management, Administrative & Other Support Services, and continued growth in Professional, Scientific & Technical Services.

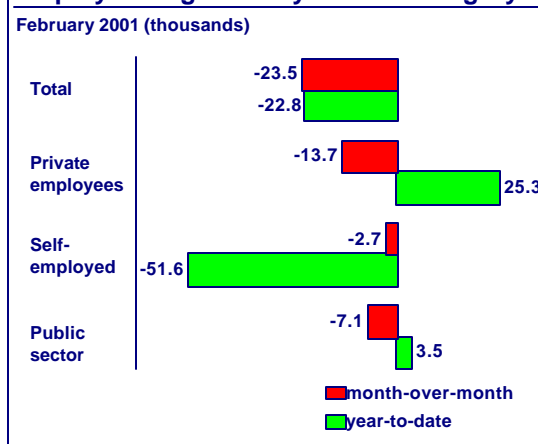
...with declines in the private and public sectors

- Paid employment in the private sector was lower in February, as was employment in the public sector.
- The level of self-employment was little changed, following the loss of 48,000 jobs in January.

Employment by major sector



Employment growth by worker category



Industrial Employment Trends

(in thousands)	Levels			Change since			% Change since	
	2000 February	2001 January	2001 February	last month	last year	year-to- date	last month	last year
Goods-producing	3,877.3	3,891.9	3,871.9	-20.0	-5.4	-18.5	-0.5	-0.1
Agriculture	398.3	345.7	334.8	-10.9	-63.5	-12.7	-3.2	-15.9
Natural Resources*	279.3	282.9	284.4	1.5	5.1	6.6	0.5	1.8
Utilities	116.8	122.4	122.5	0.1	5.7	4.8	0.1	4.9
Construction	820.1	821.6	833.3	11.7	13.2	14.5	1.4	1.6
Manufacturing	2,262.8	2,319.3	2,297.1	-22.2	34.3	-31.6	-1.0	1.5
Services-producing	10,945.3	11,175.6	11,172.0	-3.6	226.7	-4.2	-0.0	2.1
Trade	2,291.7	2,375.0	2,346.1	-28.9	54.4	-8.6	-1.2	2.4
Transportation	781.6	788.1	782.5	-5.6	0.9	-5.4	-0.7	0.1
FIRE*	861.2	869.6	879.7	10.1	18.5	-2.3	1.2	2.1
Professional/Scientific	910.8	994.1	1,006.5	12.4	95.7	17.8	1.2	10.5
Management/Administrative	518.3	530.8	557.0	26.2	38.7	-2.2	4.9	7.5
Educational Services	993.6	959.9	965.8	5.9	-27.8	13.6	0.6	-2.8
Health Care/Social Assistance	1,521.6	1,544.4	1,535.3	-9.1	13.7	11.4	-0.6	0.9
Information/Culture/Recreation	636.9	700.0	689.4	-10.6	52.5	-11.3	-1.5	8.2
Accommodation & Food	965.8	968.0	975.3	7.3	9.5	9.5	0.8	1.0
Other Services	699.2	685.8	680.1	-5.7	-19.1	-18.4	-0.8	-2.7
Public Administration	764.6	760.0	754.5	-5.5	-10.1	-8.0	-0.7	-1.3

*Natural Resources: Forestry, Fishing, Mining, Oil & Gas; Transportation includes warehousing; FIRE: Finance, Insurance, Real Estate & Leasing.



Provincial Overview

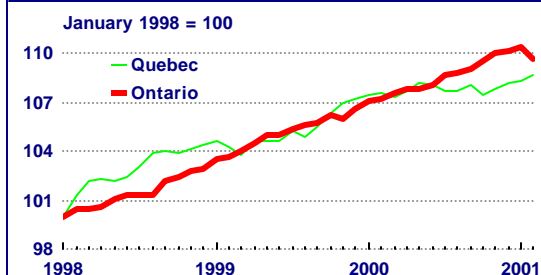
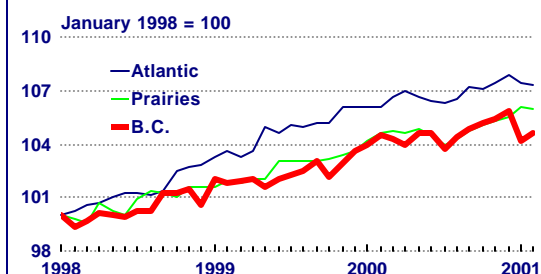
Ontario, New Brunswick and Saskatchewan register job losses...

- Losses in Manufacturing and Trade lowered Ontario employment by 38,000 in February, the biggest monthly drop since the early 1990s.
- Job losses totalled 8,000 in New Brunswick, raising its unemployment rate from 10.0% to 11.6%. This follows seven months of steady gains.
- Saskatchewan also registered job losses in February, leading to a slight 0.1 point increase in its unemployment rate.

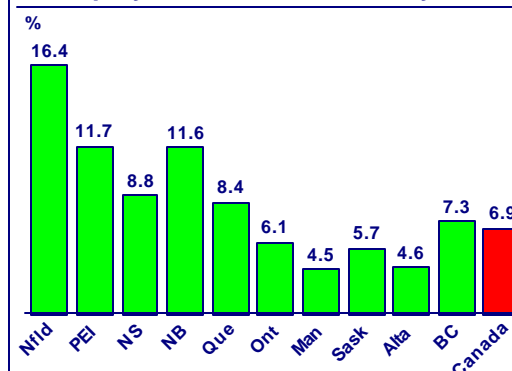
...but gains are led by Quebec, British Columbia and Nova Scotia

- In Quebec, employment was up by 11,000 in February, buoyed by gains in Professional, Scientific & Technical Services. Quebec's unemployment rate dipped 0.2 points to 8.4%.
- Employment increased by 7,000 in British Columbia, with gains concentrated in Accommodation & Food Services. Its unemployment rate edged down 0.1 points to 7.3%.
- Services were the key to job gains in Nova Scotia in February, with the unemployment rate falling 1.0 percentage points to 8.8%.

Regional employment patterns

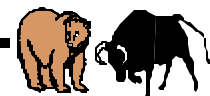


Unemployment Rates -- February 2001



Provincial Employment and Unemployment Trends

	Employment (thousands)						Unemployment rate (%)		
	Levels	Change since last month		Change since last year		Levels	Change since last month		last year
	2001 February	(000's)	%	(000's)	%				
Canada	15,043.9	-23.5	-0.2	221.3	1.5	6.9	0.0	0.1	
Newfoundland	206.4	-0.2	-0.1	2.6	1.3	16.4	0.1	-1.3	
P.E.I.	66.0	0.9	1.4	1.3	2.0	11.7	0.0	0.2	
Nova Scotia	422.8	6.4	1.5	5.5	1.3	8.8	-1.0	-0.9	
New Brunswick	333.4	-7.8	-2.3	2.4	0.7	11.6	1.6	1.8	
Quebec	3,468.0	10.7	0.3	36.4	1.1	8.4	-0.2	0.0	
Ontario	5,938.7	-37.7	-0.6	137.3	2.4	6.1	0.4	0.4	
Manitoba	557.4	-1.2	-0.2	7.1	1.3	4.5	-0.1	-0.8	
Saskatchewan	477.2	-6.2	-1.3	-12.8	-2.6	5.7	0.1	1.0	
Alberta	1,624.6	4.7	0.3	39.7	2.5	4.6	-0.4	-0.3	
B.C.	1,949.4	6.9	0.4	1.7	0.1	7.3	-0.1	0.3	



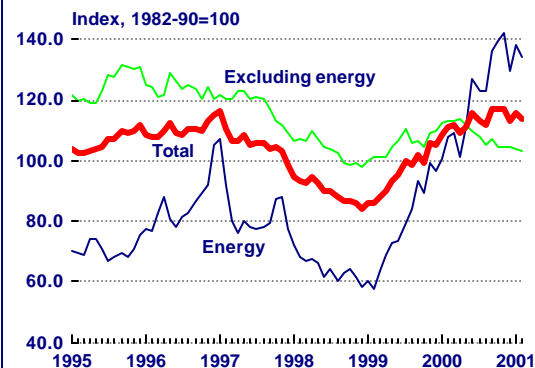
Headline inflation falls in January...

- The annual rate of CPI inflation fell to 3.0% in January. Higher energy prices accounted for close to one-third of the year-over-year rise in prices, but costs were also higher for mortgage interest, meat, food purchased from restaurants, and traveller accommodation.
- Lower prices for motor vehicles, computer equipment & supplies and child care put downward pressure on measured inflation. Rebates to offset higher natural gas prices contributed to lower inflation in Alberta.

...but the "core" rate rises to the mid-point of the official target range

- The "core" rate of inflation, which excludes energy, food and indirect taxes, edged up to 2.0% in January. This is the mid-point of the 1%-3% target range set jointly by the Bank of Canada and the Department of Finance.
- Commodity prices were up 2.4% in February compared to a year ago. Prices for Energy commodities surged 24.8%, while non-energy commodity prices decreased 9.0%.

Commodity Prices (\$U.S. basis)



Consumer Prices

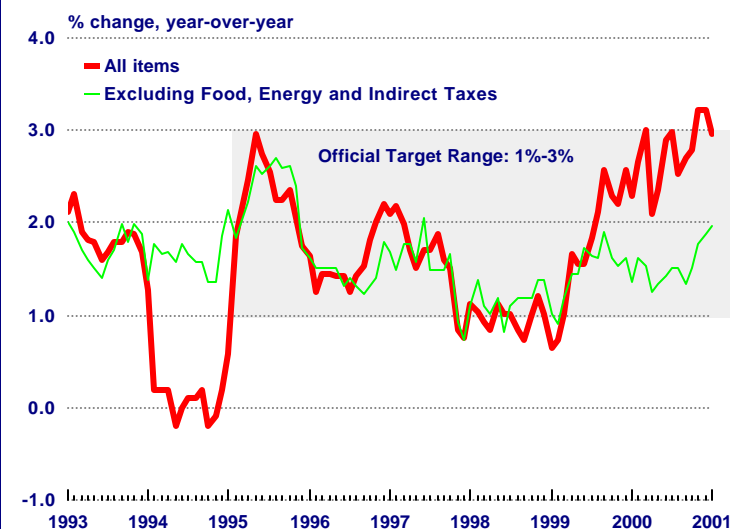
January 2001

	Index (1992=100)	% Change since	
		last month	last year
All items CPI	114.7	-0.3	3.0
Food	114.7	0.2	3.5
Shelter	111.0	-0.6	4.0
Household operations	110.5	0.0	1.7
Clothing & Footwear	104.8	-0.4	0.5
Transportation	131.2	-0.9	3.1
Health & Personal Care	113.1	0.3	1.9
Recreation, Educ. & Reading	121.4	-0.5	2.4
Alcohol & Tobacco	99.2	0.2	3.1
Excl. Food/Energy/Indirect Taxes	114.2	-0.2	2.0
Energy	130.9	-2.7	10.4

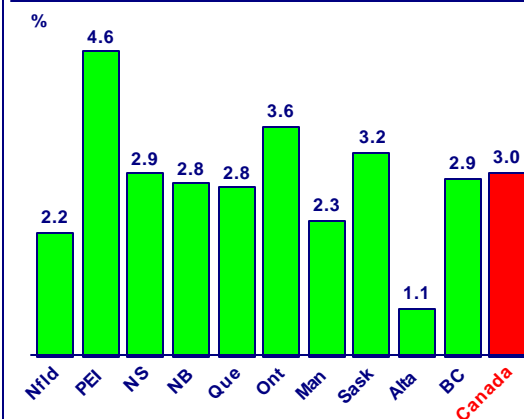
Commodity Prices (February)

Index, 1982-90=100	114.0	-1.5	2.4
Excluding Energy	103.2	-0.5	-9.0
Energy	134.2	-2.8	24.8

Consumer Price Index



Provincial CPI Inflation -- January 2001



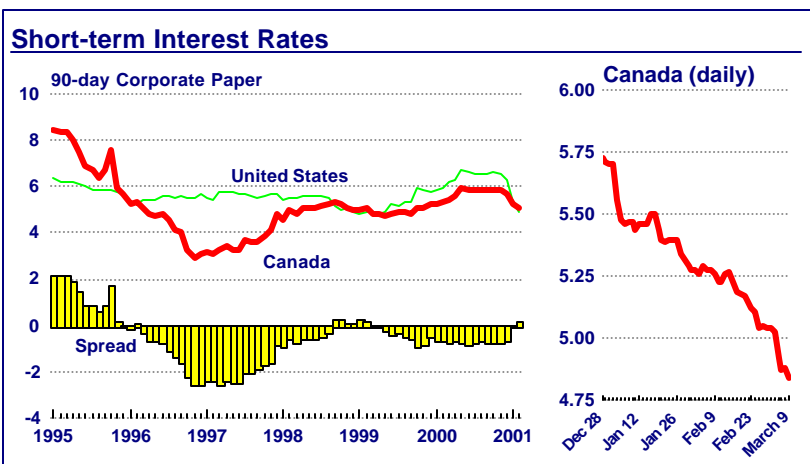


The Bank of Canada lowers short term interest rates...

- The Bank of Canada lowered its trend-setting Bank Rate by 50 basis points to 5.25% on March 6. This action was taken to provide a boost to the slowing economy, and follows a 25-point cut on January 23.
- In anticipation of the Bank's move, market-determined short-term rates fell throughout February and early March. This includes across-the-board cuts in mortgage rates, and a drop in the chartered banks' Prime Lending rate.

...but long-term yields rise

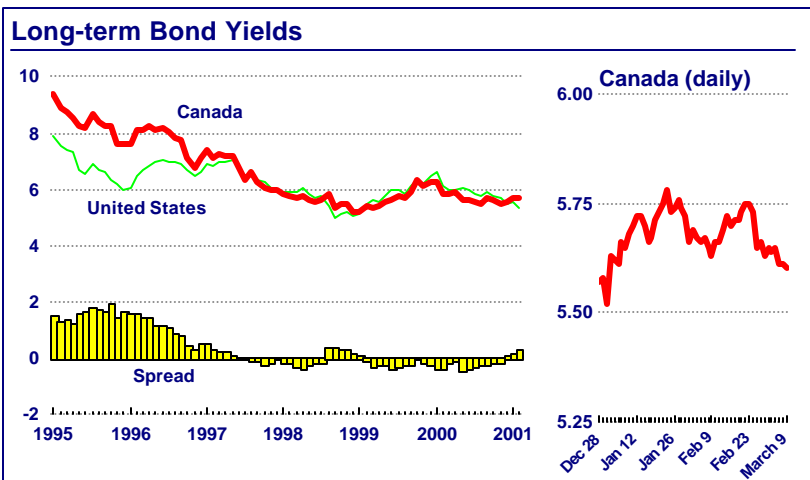
- Long-term bond yields rose through much of February, but fell back late in the month as stock market turmoil prompted investors to switch to the relative safety of bonds. The long rate was 5.61% on March 7, down 11 basis points compared to the end of January.
- The decline in long-term bond yields has been more pronounced in the U.S. Canadian yields had been below comparable U.S. rates for much of 1999 and 2000, but were 29 basis points above U.S. rates on March 7.



Key Money Market Rates

(end of period)	90-day Corporate Paper	spread against U.S.	Long Bond Yield	spread against U.S.
1998	5.02	0.09	5.23	0.14
1999	5.27	-0.49	6.23	-0.22
Sept 2000	5.83	-0.72	5.67	-0.23
Oct	5.85	-0.75	5.61	-0.14
Nov	5.89	-0.68	5.51	-0.15
Dec	5.71	-0.60	5.56	0.11
Jan 2001	5.29	-0.03	5.72	0.18
Feb	5.05	0.11	5.66	0.32
March 7	4.87	-0.14	5.61	0.29

A positive spread indicates that Canadian rates are above their U.S. counterparts.



Key Lending Rates

(end of period)	Bank Rate	Prime Lending Rate	Mortgage Rate 1 year	Mortgage Rate 5 year
1998	5.25	6.75	6.20	6.60
1999	5.00	6.50	7.35	8.25
Sept 2000	6.00	7.50	7.90	8.25
Oct	6.00	7.50	7.90	8.25
Nov	6.00	7.50	7.90	8.25
Dec	6.00	7.50	7.70	7.95
Jan 2001	5.75	7.25	7.40	7.75
Feb	5.75	7.25	7.20	7.75
March 7	5.25	6.75	7.05	7.50

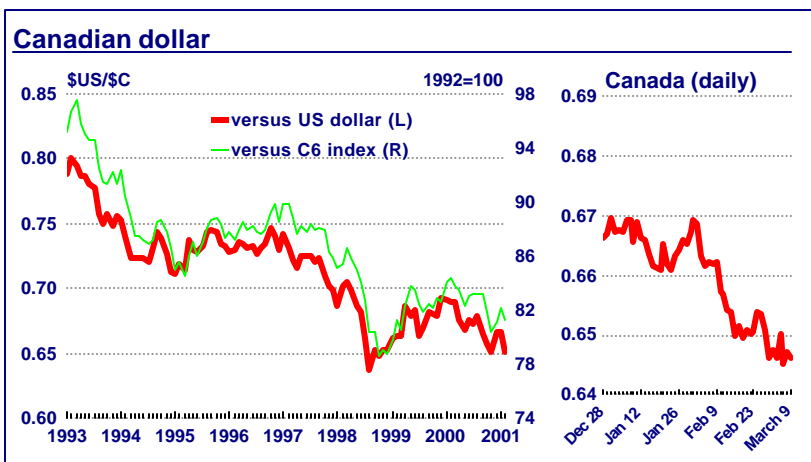


The dollar falls below US¢65...

- Like most major international currencies, the Canadian dollar lost ground against its U.S. counterpart in February, as growing concern over global economic conditions and stock market turmoil prompted a flight to "safe haven" U.S. dollar assets. Indications that domestic short-term interest rates were poised to once again drop below U.S. rates was also a factor behind the dollar's weakness.
- The dollar closed at US¢64.63 on March 9, edging toward the all-time low of US¢63.10 set during the Asian financial crisis in 1998.

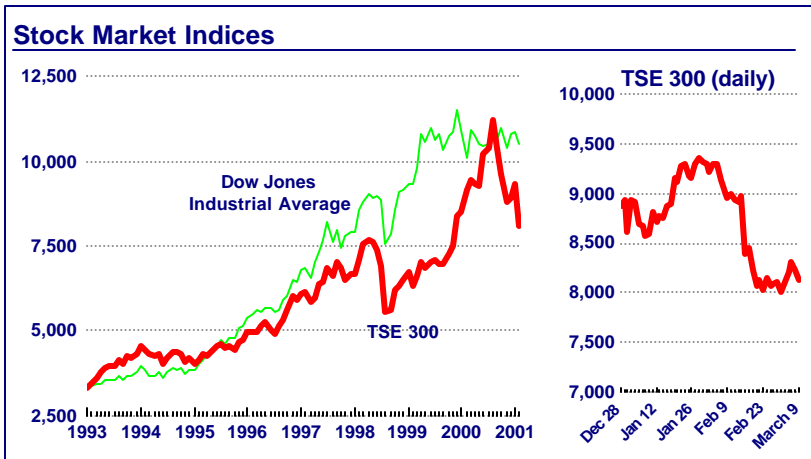
...and the TSE 300 ends February lower

- Growing concern about the economy's performance and profit warnings in the high-tech sector dragged down stock prices in February. The TSE300 index closed the month down 13.3%, but subsequently regained some its value at the beginning of March. Compared to the same period last year, the TSE300 has lost 11.5% of its value.
- The U.S. S&P 500 and Dow Jones indexes also posted losses in February.



The Canadian Dollar

(close)	\$US vs. \$Cdn	index vs. C-6 (92=100)	DM vs. \$Cdn	yen vs. \$Cdn
1998	0.6522	78.71	1.082	75.91
1999	0.6929	82.67	1.313	69.66
Sept 2000	0.6651	83.16	1.513	71.88
Oct	0.6568	81.87	1.517	71.70
Nov	0.6510	80.34	1.485	70.75
Dec	0.6669	81.19	1.433	73.64
Jan 2001	0.6672	82.15	1.387	77.67
Feb	0.6510	81.26	1.396	76.36
March 9	0.6463			



Key Stock Market Indexes

	February Close	% change from	
		last month	last year
TSE 300	8,079	-13.3	-11.5
Oil & Gas	8,558	7.2	55.7
Metals & Minerals	4,099	6.7	17.4
Utilities	14,874	-7.0	0.1
Paper & Forest	4,534	-0.1	-12.1
Merchandising	5,676	3.2	25.6
Financial Services	10,469	-3.6	48.5
Gold	4,360	6.8	3.2
Price-Earnings Ratio*	20.5	-3.2	-11.8
S&P 500	1,240	-9.2	-9.3
Dow Jones	10,495	-3.6	3.6

*columns 2 & 3 reflect change in levels



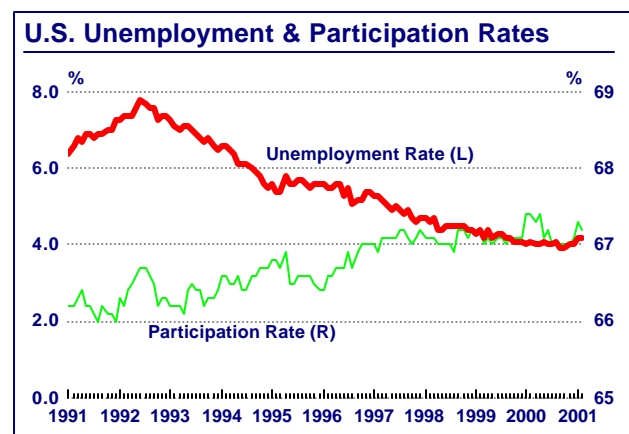
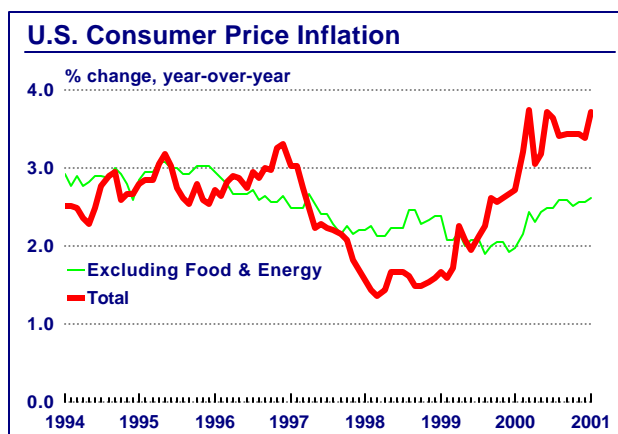
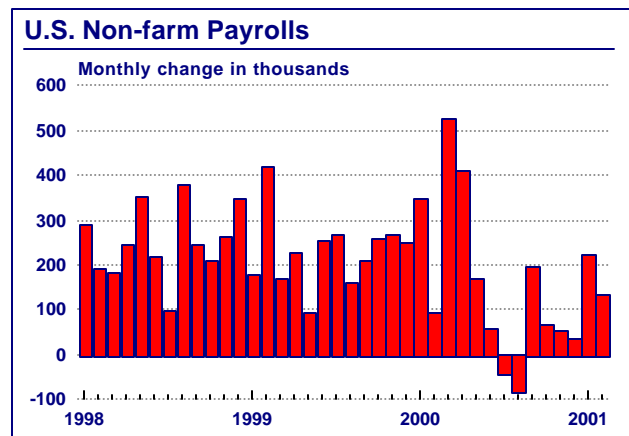
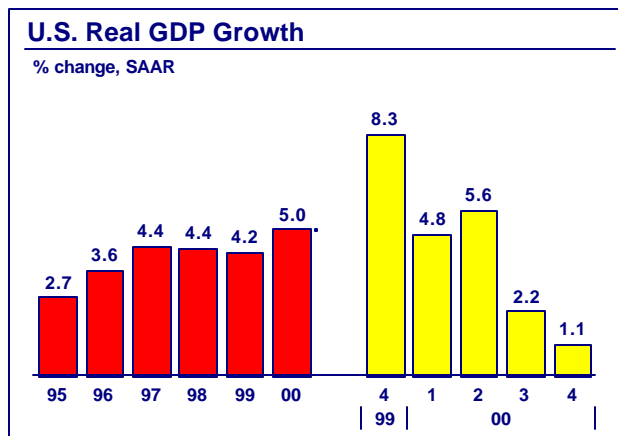
U.S. Economic Trends

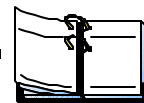
The U.S. economy cools in the fourth quarter...

- Preliminary estimates indicate that growth in U.S. real GDP slowed to 1.1% (annual rate) in the fourth quarter of 2000, the weakest rise since 1995. Consumer confidence fell to its lowest level in almost five years in February, but remains well above recession levels.
- U.S. employment increased modestly in February (+135,000), led by a gain of 95,000 in the Services industry. Lower employment in Manufacturing again held back overall employment growth. The unemployment rate was unchanged at 4.2% in February.
- The U.S. trade deficit increased to \$33.1 billion in December, bringing the total for 2000 to a record \$370 billion, up from \$265 billion in 1999.

...but inflation rises to 3.7%

- On a year-over-year basis, U.S. consumer prices were up 3.7% in January, while inflation excluding food and energy prices was 2.6%. Producer prices were up 4.8%, the highest year-over-year increase in ten years.
- Productivity in the non-farm business sector rose 2.2% (annual rate) in the fourth quarter of the year, and unit labor costs rose 4.3% in the fourth quarter.





CANADA

International Trade – January	March 20
Consumer Price Index – February	March 21
Survey of Manufacturing – January	March 23
GDP at factor cost – January	March 30
Labour Force Survey – March	April 6
Business Conditions Survey – April	May 4
National Economic & Financial Accounts – 1st Quarter 2001	May 31
Balance of International Payments – 1st Quarter 2001	May 31
Financial Statistics For Enterprises – 1st Quarter 2001	June 7
Capacity Utilization Rates – 1st Quarter 2001	June 11
Private and Public Investment Intentions – 2001 (revised)	July 18

UNITED STATES

International Trade – January	March 20
Federal Open Market Committee meeting	March 20
Consumer Price Index – February	March 21
GDP – 4th Quarter 2000, Final	March 29
Employment Situation – March	April 6

Note: the March MEI uses data available as of March 9, 2001