



The Daily

Statistics Canada

Monday, December 22, 1997

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MAJOR RELEASES

- **Canada's international transactions in securities, October 1997**
Foreign investors continued to load up on Canadian securities in October, buying \$5.8 billion of mainly money market paper and stocks. Meanwhile, Canadian investors bought a record amount of foreign bonds for a second consecutive month.

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- **Family incomes, 1996**
Average family income in 1996 was an estimated \$56,629, up slightly (+1.0%) from 1995, after adjusting for inflation. The proportion of Canadians below Statistics Canada's low income cut-offs was virtually unchanged at 17.9% of the population, or an estimated 5,294,000 people.

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MAJOR RELEASES

Canada's international transactions in securities

October 1997

Foreign investors continued to load up on Canadian securities in October, buying \$5.8 billion of mainly money market paper and stocks. Meanwhile, Canadian investors bought a record amount of foreign bonds for a second consecutive month.

Foreign investors rediscover Canadian money market paper

In October, foreign investors made their largest purchase of Canadian money market paper in 20 months, acquiring \$3.0 billion of federal treasury bills and corporate paper. U.S. investors were the sole buyers while Asian and European investors were sellers. The October increase in foreign holdings of federal treasury bills coincided with an increase in the issuance of those bills, an uncommon event in the last two years. During October, Canadian short-term interest rates rose by some 50 basis points while counterpart U.S. rates were unchanged. This caused the differential to narrow to 150 basis points, still favouring investment in U.S. paper.

Non-residents added \$0.9 billion to their Canadian bond holdings during October, after a two-month investment of near \$10 billion. New issues in foreign markets of \$4.7 billion, the highest of the year, were mostly offset by retirements and some disinvestment in the secondary market. Corporations floated a record \$3.4 billion of the new issues in foreign markets in October. British and Asian investors did the bulk of the buying of Canadian bonds.

Foreign buyers continued to acquire Canadian stocks

Foreign buyers continued to acquire Canadian stocks, buying \$1.9 billion in October. This brought their purchases since April 1997 to \$6.8 billion. Although down 2.8% in October, Canadian stocks (as measured by the TSE300 Index) climbed a robust 14.5% over this six-month period. October's buying continued to originate from the United States.

Related market information

Interest rates

Canadian short-term interest rates rose by some 50 basis points in October while their U.S. counterparts were unchanged. This caused the differential to narrow to 150 basis points, still favouring investment in U.S. paper. During the month, both Canadian and U.S. long-term federal government bond yields declined about a quarter. The differential was unchanged and continued to favour, by a small margin, investment in the United States.

Stock prices

During October, Canadian stock prices (as measured by the TSE 300 Index) declined 2.8% after climbing 6.5% in September. U.S. stock prices (as measured by Standard and Poor's Composite 500 Index) likewise fell 3.5% in October following a 5.3% gain in September.

Canadian dollar

The Canadian dollar closed October at US72.11 cents, virtually unchanged from September.

Canadian residents bought a record amount of foreign bonds

Canadian residents bought a record amount of foreign bonds for a second straight month. The \$2.2 billion of foreign bonds acquired in October was invested between U.S. treasury and other foreign bonds. With both U.S. and Canadian long-term federal government bond yields declining a quarter point in October, the differential remained unchanged, continuing to favour investment in the United States by a small margin.

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

The October 1997 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176) will be available in January. See *How to order publications*.

For further information on this release, contact Don Granger (613-951-1864), Balance of Payments Division. □

Canada's international transactions in securities

	July 1997	Aug. 1997	Sept. 1997	Oct. 1997	Jan. to Oct. 1996	Jan. to Oct. 1997
\$ millions						
Foreign investment in Canadian securities, total	286	8,157	4,147	5,842	20,233	24,262
Bonds (net)	-1,440	5,582	4,104	897	12,774	15,855
Outstanding	-1,437	4,553	4,432	-535	2,491	3,780
New issues	5,864	2,444	2,686	4,676	34,347	33,863
Retirements	-5,696	-1,765	-2,626	-3,618	-24,381	-22,346
Change in interest payable ¹	-170	350	-388	373	318	558
Money market paper (net)	-548	1,347	-309	3,026	446	2,770
Government of Canada	-793	1,863	-1,015	2,245	-1,135	-192
Other paper	245	-517	706	780	1,581	2,962
Stocks (net)	2,274	1,228	352	1,919	7,013	5,637
Outstanding (net)	2,141	1,109	-79	1,648	2,822	3,196
New issues (net)	133	120	430	271	4,191	2,441
Canadian investment in foreign securities, total	-1,089	154	-2,052	-2,264	-12,580	-9,604
Bonds (net)	-1,692	219	-2,116	-2,239	-409	-6,995
Stocks (net)	603	-65	64	-25	-12,171	-2,609

¹ Interest accrued less interest paid.

Note: A minus sign (-) indicates an outflow of money from Canada; for example, a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.

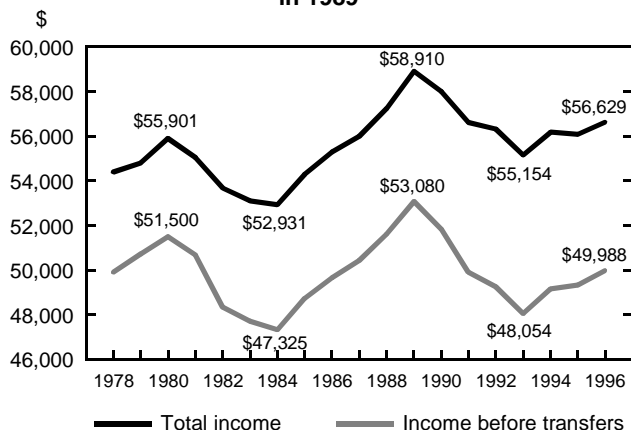


Family incomes

1996

Average family income in 1996 was an estimated \$56,629, up slightly (+1.0%) from 1995, after adjusting for inflation. This left 1996 average family income some \$2,300 (-3.9%) below the peak recorded in 1989, but about \$1,500 above the level recorded in 1993 following the recession of the early 1990s.

Average family income in 1996 below peak recorded in 1989



The proportion of Canadians below Statistics Canada's low income cut-offs was virtually unchanged at 17.9% of the population. This was an estimated 5,294,000 people, compared with 5,205,000 in 1995.

Note to readers

Estimates of the number of families and persons with low income are derived using Statistics Canada's Low income cut-offs (LICOs), 1992 base. These cut-offs were selected on the basis that families with incomes below these limits usually spend more than 54.7% of their income on food, shelter and clothing, and hence be considered to live in straitened circumstances.

Recently, there has been extensive and recurring media coverage of LICOs and their relationship to the measurement of poverty. At the heart of the debate is the use of the LICOs as poverty lines. Statistics Canada has emphasized, since their publication began over 25 years ago, that the LICOs are quite different from measures of poverty and that the agency does not endorse their use as such. LICOs reflect a consistent and well defined methodology that identifies those who are substantially worse off than the average. In the absence of an accepted definition of poverty, these statistics have been used by many analysts who wanted to study the characteristics of the relatively worse-off families in Canada. These measures have enabled Statistics Canada to report important trends such as the changing composition of this group over time.

"Income" refers to money receipts of families and individuals. Cash benefits from government programs are included in the income reported, but not income tax payments to the government. The after-tax situation of families and individuals will appear in the upcoming report, Income after tax, distributions by size in Canada, 1996 (13-210-XPB).

These estimates were prepared from data collected by the Survey of Consumer Finances, an annual supplement to the April Labour Force Survey. The sample of approximately 35,000 households excludes households in Yukon, Northwest Territories, and on Indian reserves.

In the near future, the Survey of Labour and Income Dynamics (SLID) will produce the annual cross-sectional income estimates, in addition to producing longitudinal labour and income data.

Integration of the cross-sectional and longitudinal income statistics programs will promote consistency among income estimates and will result in cost savings through more effective use of resources.

If you would like more information, contact the Dissemination Unit (613-951-7355; 1-888-297-7355; fax: 613-951-3012; Internet: income@statcan.ca), Households Survey Division.

An estimated 1,498,000 children under the age of 18 lived in low-income families in 1996. This represented 21.1% of all children, virtually unchanged from 21.0% in 1995. Children in female lone-parent families were five times as likely to be in a low-income situation as those in two-parent families.

**Family income before transfers, transfers, and total income
1978 to 1996**

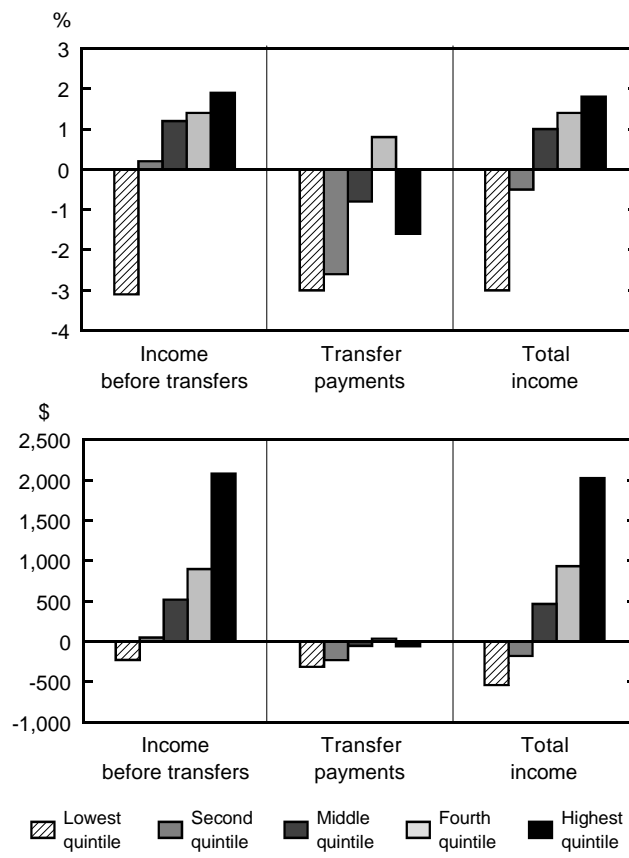
	Average income before transfers	Average transfers	Average total income
Constant (1996) dollars			
1978	49,901	4,500	54,401
1979	50,723	4,090	54,813
1980	51,500	4,401	55,901
1981	50,671	4,371	55,042
1982	48,337	5,340	53,677
1983	47,711	5,392	53,103
1984	47,325	5,606	52,931
1985	48,723	5,566	54,289
1986	49,667	5,627	55,294
1987	50,437	5,561	55,998
1988	51,613	5,614	57,227
1989	53,080	5,830	58,910
1990	51,842	6,163	58,005
1991	49,901	6,722	56,623
1992	49,247	7,065	56,312
1993	48,054	7,100	55,154
1994	49,159	7,029	56,188
1995	49,326	6,765	56,091
1996	49,988	6,641	56,629

Lower income families lost ground while higher income families registered gains

Although average family income was little changed overall, results varied considerably depending on where families were situated along the income spectrum. Lower income families experienced decreases while upper income families had increases.

For the 20% of families with the lowest incomes, or the lowest "quintile", average family income declined 3.0%, the result of both lower earnings and lower transfer payments. This group depends heavily on transfers (59% of their income). Female lone-parent families account for one in four families in this group.

Lower income families lost ground while higher income families registered gains between 1995 and 1996



Average income was basically unchanged for the second lowest 20% of families, or the second lowest quintile. Reduced earnings and transfers were countered by increases in other income, primarily private pensions and annuities. One in three families in this group are elderly.

For the middle quintile, the average increased 1.0%, as small reductions in earnings and transfers were more than offset by gains from other sources such as pensions and annuities.

At the top of the income distribution, improvements in earnings resulted in real income gains of 1.4% for the fourth quintile and 1.8% for the highest quintile of families.

The result of these income shifts is that income inequality grew in 1996 as it has during most of the 1990s, whether calculated on income before transfers or on total income. During this period, after-tax income inequality has remained stable. Whether or not this stability continued in 1996 will not be determined until

estimates of family income after-tax are compiled in the spring of 1998.

Labour market performance and lower transfer payments influence 1996 incomes

Generally, changes in family income can be attributed to labour market conditions, as almost 80% of total family income comes from employment. The Labour Force Survey indicates that employment grew by 1.3% in 1996, contrasting with the more robust growth of 2.1% in 1994, the last year of significant improvement in family income.

As well, only one-half of the employment growth in 1996 was full time. The trend to self-employment may have been a factor also, since self-employed persons tend to earn less, on average, than paid workers.

In addition, the earnings of many workers did not increase in 1996, while gains were generally small for others. The Survey of Employment, Payrolls and Hours reported that average weekly earnings grew by 0.6% in 1996 after adjustment for inflation.

In 1996, transfers continued to decline, particularly Employment Insurance and social assistance payments. As a result, 1996 was the third straight year that the proportion of family income from transfers decreased, to 11.7% of total income, from the peak of 12.9% in 1993. The decline in government transfer payments was of particular significance for lower income families since over half of their income comes from this source.

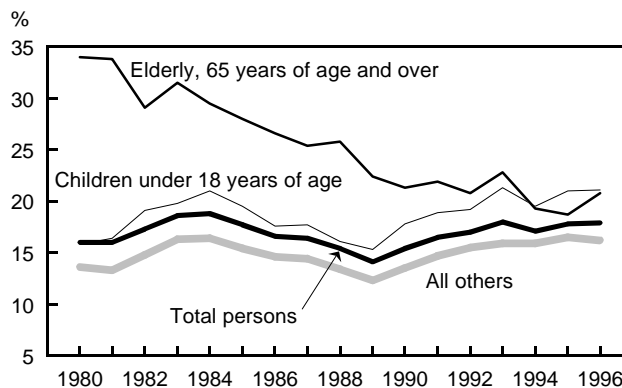
Low income rates stable

In 1996, the number of persons below the low income cut-offs was estimated at 5,294,000. As a result, the percentage of Canadians below the cut-offs was 17.9%, virtually unchanged from 17.8% in 1995. The rate previously had risen from an all-time low of 14.1% in 1989 to 18.0% in 1993, before dropping to 17.1% in 1994. The number of low income persons in 1996 was 40% more than in 1989. During the same period, the population grew by 11%.

Trend for the proportion of children in low income families reflects periods of recession and recovery

An estimated 1,498,000 children under age 18 lived in low income families in 1996. Consequently, the proportion of children living in low income families was 21.1% in 1996, little changed from 21.0% in 1995, but substantially above the low of 15.3% in 1989. The 1996 estimate was 47% more than in 1989. During the same period, the total number of children increased by 7%.

Trend for the proportion of children in low income families reflects periods of recession and recovery



Children in female lone-parent families have a higher probability of living in a low income situation. In 1996, they were five times more likely to be in a low income family than children in two-parent families (60.8% of female lone-parent families had low incomes compared with 11.8% for two-parent families).

In 1996, an estimated 722,000 elderly persons had low incomes. This represented 20.8% of the elderly population, up from the record low of 18.7% in 1995. A large percentage of the elderly have incomes near the low income cut-offs. Consequently, rates for seniors are particularly sensitive to small income shifts.

Since the early 1980s, the rate for seniors had been trending downward. While the elderly population grew by 59% between 1980 and 1996, the number of low income seniors decreased by 3% during the same period.

Young families at greatest risk for low income

While one in seven families overall (14.5%) had incomes below the low income cut-offs in 1996, the proportion for young families was two in five. Where the age of the reference person (a parent or the primary breadwinner) was less than 25 years of age, the percentage with low incomes was 42.1%. Their rate has followed an upward trend since 1980 when it was 20.4%.

Income distributions by size in Canada, 1996 (13-207-XPB, \$46) is now available. See *How to order publications*.

Microdata tapes containing data on the 1996 incomes of economic families and of individuals aged 15 years of age and over, along with socio-economic characteristics, will be released in the spring of 1998.

If you would like more information about the current survey results or planned changes to the

survey, contact the Dissemination Unit (613-951-7355 or 1 888 297-7355; fax: 613-951-3012; Internet: *income@statcan.ca*), Households Survey Division.

Estimated number of low income persons

	1989	1990	1991	1992	1993	1994	1995	1996
	thousands							
Total persons	3,770	4,179	4,543	4,757	5,143	4,941	5,205	5,294
Children less than 18 years	1,016	1,195	1,281	1,316	1,484	1,362	1,472	1,498
Elderly persons, age 65+	640	629	665	650	732	635	631	722
All others, ages 18 to 64	2,114	2,355	2,596	2,792	2,927	2,944	3,101	3,074

Low income rate

	1989	1990	1991	1992	1993	1994	1995	1996
	%							
Total persons	14.1	15.4	16.5	17.0	18.0	17.1	17.8	17.9
Children less than 18 years	15.3	17.8	18.9	19.2	21.3	19.5	21.0	21.1
Elderly persons, age 65+	22.4	21.3	21.9	20.8	22.8	19.3	18.7	20.8
All others, ages 18 to 64	12.3	13.5	14.7	15.5	15.9	15.9	16.5	16.2



OTHER RELEASES

Employment Insurance

October 1997 (preliminary)

The estimated number of Canadians who received regular Employment Insurance (EI) benefits in October declined by 0.6% to 589,540. Seven provinces and the territories recorded declines in October. The number of regular beneficiaries has remained flat throughout 1997.

Regular benefit payments declined 5.4% in October to \$644.9 million. All provinces and territories recorded declines. Since January 1997 regular benefit payments have generally declined.

In comparison with October 1996, both the number (seasonally adjusted) of beneficiaries and benefits paid showed large declines. The number of regular beneficiaries stood 13.2% lower and regular benefit payments were 12.7% less than the same month last year.

Number of beneficiaries receiving regular benefits

	Oct. 1997	Sept. 1997 to Oct. 1997
	seasonally adjusted	
		% change
Canada	589,540	-0.6
Newfoundland	31,920	1.4
Prince Edward Island	9,010	0.5
Nova Scotia	30,530	-0.8
New Brunswick	36,950	0.1
Quebec	207,920	-0.4
Ontario	143,020	-1.1
Manitoba	14,030	-2.1
Saskatchewan	10,980	-2.3
Alberta	29,610	-5.0
British Columbia	68,120	-0.6
Yukon	1,260	-5.3
Northwest Territories	1,070	-4.1

The number of individuals who applied for Employment Insurance benefits in October declined 2.3% to 217,000. Led by Ontario (-12.2%), applications declined in five provinces and the Yukon. Since March 1996, the number of people who have applied for Employment Insurance benefits has recorded an overall declining trend.

Employment Insurance statistics

	Sept. 1997	Oct. 1997	Sept. 1997 to Oct. 1997
	seasonally adjusted		
			% change
Reg. beneficiaries ('000)	593 ^P	590 ^P	-0.6
Reg. payments (\$ millions)	681.3	644.9	-5.4
Claims ('000)	222	217	-2.3
	Oct. 1996	Oct. 1997	Oct. 1996 to Sept. 1997
	unadjusted		
			% change
All beneficiaries ('000)	712	629 ^P	-13.1
Reg. beneficiaries ('000)	526	445 ^P	-15.4
Claims ('000)	280	247	-11.7
Payments (\$ millions)	851.4	739.6	-13.1
	Year-to-date (January to October)		
	1996	1997	1996 to 1997
			% change
Claims ('000)	2,383	2,170	-8.9
Payments (\$ millions)	11,249.2	10,130.9	-9.9

^P Preliminary figures.

Note: All beneficiaries includes all claimants paid regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness).

Note: The discrepancy between the estimated number of regular beneficiaries and regular payments series can be explained in part by differences in the reference periods. 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 regular benefit payments series measures the total of all monies received by individuals for the entire month.

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

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

Low income persons

1980 to 1996

Data for 1996 on low income persons by province are now available. These data from the latest Survey of Consumer Finances present detail beyond the national estimates that were released today in *Income distributions by size in Canada, 1996* (13-207-XPB, \$46).

The provincial tables in *Low income persons, 1980 to 1996* (13-569-XPB, \$32) present historical low income rates and estimates of the number of low income persons. The estimates are tabulated for all persons, males, females, children under 18 and under 16 years of age by family type (two-parent and lone-parent), persons aged 65 years and older, and other persons 18 to 64 years of age.

To order this publication or for further information about the data or the availability of custom tabulations, contact the Dissemination Unit (613-951-7355 or 1 888 297-7355; fax: 613-951-3012; Internet income@statcan.ca), Household Surveys Division. ■

Crushing statistics

November 1997

Canadian oilseed processors crushed 248,240 metric tonnes of canola in November. Oil production totalled 106,380 tonnes while meal production amounted to 152,884 tonnes.

The November crush decreased 4.8% from the October crush of 260,700 tonnes. In the first four

months of the 1997/98 crop year, processors crushed a record 1,021,839 tonnes of canola, up from 967,707 tonnes in the first four months of 1996/97.

Available on CANSIM: matrix 5687.

The November 1997 issue of *Cereals and oilseeds review* (22-007-XPB, \$15/\$149) will be released in February. See *How to order publications*.

For further information on this release, contact Ron Wonneck (204-983-3445) or Les Macartney (613-951-8714), Grain Marketing Unit, Agriculture Division. ■

Stocks of frozen meat products

December 1997

Total frozen meat in cold storage at the opening of the first business day of December totalled 40,725 tonnes, compared with 38,816 tonnes last month and 33,069 tonnes a year ago.

Available on CANSIM: matrices 87 and 9517-9525.

Available free on the Internet @ <http://www.statcan.ca>. The menu path is "Products and services," "Downloadable publications" and "Index of downloadable publications."

For further information on this release, contact Sandra Jarrett (613-951-3847; Internet: jarrsan@statcan.ca), Agriculture Division. ■

PUBLICATIONS RELEASED

Income distribution by size in Canada, 1996
Catalogue number 13-207-XPB
(Canada: \$46; outside Canada: US\$46).

Monthly Survey of Manufacturing, October 1997
Catalogue number 31-001-XPB
(Canada: \$20/\$196; outside Canada: US\$20/US\$196).

Oils and fats, October 1997
Catalogue number 32-006-XPB
(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Construction type plywood, October 1997
Catalogue number 35-001-XPB
(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

Sawmills and planing mills, October 1997
Catalogue number 35-003-XPB
(Canada: \$12/\$114; outside Canada: US\$12/US\$114).

Mineral wool including fibrous glass insulation,
November 1997
Catalogue number 44-004-XPB
(Canada: \$7/\$62; outside Canada: US\$7/US\$62).

All prices exclude sales tax.

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