



The Daily

Statistics Canada

Tuesday, February 23, 1999

For release at 8:30 a.m.

MAJOR RELEASES

- **Canada's international transactions in securities, December 1998 and Annual 1998** 2
 Canadian investors added a further \$4.4 billion to their holdings of foreign securities in December, topping November's record investment and bringing investment for the year to an unprecedented \$21.9 billion. Foreigners invested a similar amount in Canadian securities during 1998, with purchases of \$3.1 billion in December.
 - **Private and public investment, intentions 1999** 5
 Private and public investment including housing is expected to increase 0.2% in 1999, bringing total capital investment to \$161.6 billion.
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OTHER RELEASES

Employment Insurance, December 1998	9
Railway carloadings, ten-day period ending January 31, 1999	9
Construction industry data	10
Vending machine operators, 1996	10

PUBLICATIONS RELEASED	11
------------------------------	-----------



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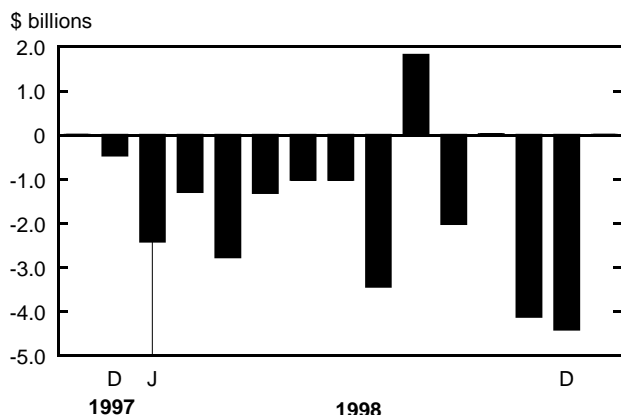
MAJOR RELEASES

Canada's international transactions in securities

December 1998 and Annual 1998

In December, Canadian investors added a further \$4.4 billion to their holdings of foreign securities, topping November's record investment and bringing investment for the year to an unprecedented \$21.9 billion. Foreigners invested a similar amount in Canadian securities over the year, with purchases of \$3.1 billion in December.

Canadian investment in foreign securities*



* Includes bonds and stocks.

Record Canadian investment in foreign stocks

Canadian investors plowed a record \$2.9 billion into foreign stocks in December, roughly split between U.S. and overseas shares. For 1998 as a whole, two-thirds of the equity investment went towards U.S. shares. The acquisition of \$14.9 billion in foreign stocks during 1998 was second only to the \$16.5 billion in 1996. Canadian mutual funds accounted for three-quarters of the total in 1998.

Canadian investors purchased \$1.5 billion of foreign bonds in December, mainly U.S. treasury securities, following a record \$2.4 billion purchased in November. This pushed investment in foreign bonds to a high of \$7.1 billion for 1998, up slightly from the previous year.

Related market information

Interest rates

In December, the differential on both short- and long-term government instruments continued to favour investment in Canada, but by a smaller margin than in November. On short-term instruments, the gap, which rose to some 70 basis points in October, narrowed to only 20 basis points in December. On long-term instruments, the pattern was similar; after rising to some 35 basis points in September, the gap narrowed to a mere 15 basis points in December.

Stock prices

In December, Canadian and U.S. stock prices continued to rebound from their August lows, with gains of 2.2% and 5.6% respectively. Since the sharp sell-off from May to August, Canadian stocks (as measured by the TSE 300 composite index) gained 17.3% from September to December. Over this same period, the gains in U.S. stock prices (as measured by the Standard and Poor's 500 index) have been a more pronounced 28.4%.

Canadian dollar

The Canadian dollar closed December at US65.22 cents, virtually unchanged from November. The Canadian dollar showed some strength against its U.S. counterpart early in 1998, rising to US71.23 cents in March. After March, the Canadian dollar drifted lower for most of 1998 to close the year at just over US65 cents. This represented a 7.2% decline from the close of 1997 but an improvement from the record low of just over US63 cents in August.

Foreign investors bought a substantial amount of Canadian debt securities

Foreign investors purchased \$2.2 billion of Canadian bonds in December, driven by acquisitions of outstanding federal issues. This resulted in an annual investment of \$10.7 billion, similar to 1997. However, this was still less than half of the average amount invested from 1988 to 1996. Underlying this relative weakness in the last two years was substantial foreign selling of Canadian government bonds. This was only partly offset by increased financing in foreign markets by domestic corporations.

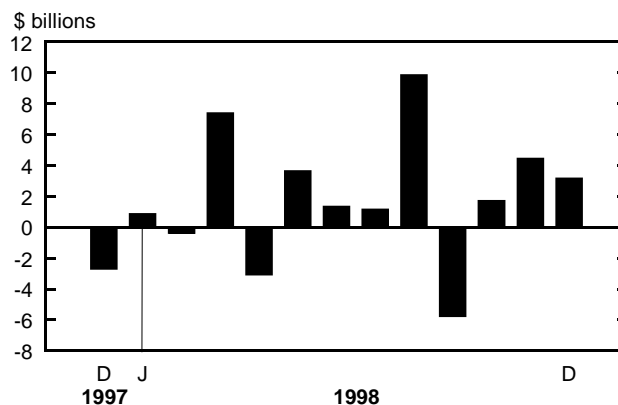
In December, foreigners invested \$0.9 billion in the Canadian money market, down somewhat from November. U.S. and Asian investors accounted for the bulk of December's activity, which was largely in the corporate paper market. At year-end, foreign investors' asset holdings of Canadian short-term paper were largely unchanged from 1997. At the start of 1998, the differential on short-term federal government treasury

bills was about 100 basis points in favour of investment in the United States. This shifted by year-end to 20 basis points in favour of Canada.

Although foreign investment in Canadian stocks was virtually non-existent in December, purchases for the year totalled \$13.8 billion. However, this activity was entirely driven by the issue of new Canadian corporate shares as part of the direct investment acquisitions of two major U.S. companies. Excluding these new special purpose issues, foreign investors actually divested in 1998.

The \$3.3 billion of shares sold in the secondary market was widespread geographically. Canadian stock prices (as measured by the TSE 300 composite index) opened 1998 on an upward trend, closing April at a record high. Following April, stock prices turned generally downward and closed the year 3.2% below the close for 1997.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

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

The December 1998 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176) will be available in March 1999. See *How to order publications*.

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

Canada's international transactions in securities

	Sept. 1998	Oct. 1998	Nov. 1998	Dec. 1998	1997	1998
	\$ millions					
Foreign investment in Canadian securities	-5,734	1,700	4,423	3,130	18,743	24,249
Bonds (net)	-5,103	3,566	-1,002	2,243	9,507	10,700
Outstanding	-1,583	-249	-2,700	3,077	-2,580	-8,879
New issues	1,868	5,098	7,278	2,594	42,160	52,148
Retirements	-5,058	-1,698	-6,341	-2,742	-30,635	-33,496
Change in interest payable ¹	-331	415	761	-687	562	927
Money market paper (net)	2,306	-639	1,318	886	1,594	-264
Government of Canada	1,937	-1,634	304	286	-2,978	-2,446
Other paper	369	995	1,014	600	4,572	2,182
Stocks (net)	-2,937	-1,227	4,107	1	7,642	13,813
Outstanding (net)	-2,959	-1,429	598	-253	3,525	-3,251
New issues (net)	23	203	3,508	254	4,118	17,063
Canadian investment in foreign securities	-2,012	17	-4,113	-4,406	-11,192	-21,927
Bonds (net)	-2,416	-350	-2,433	-1,492	-6,702	-7,068
Stocks (net)	404	367	-1,679	-2,913	-4,491	-14,858

¹ Interest accrued less interest paid.

Note: A minus sign indicates an outflow of money from Canada (i.e. a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.)

■

Private and public investment

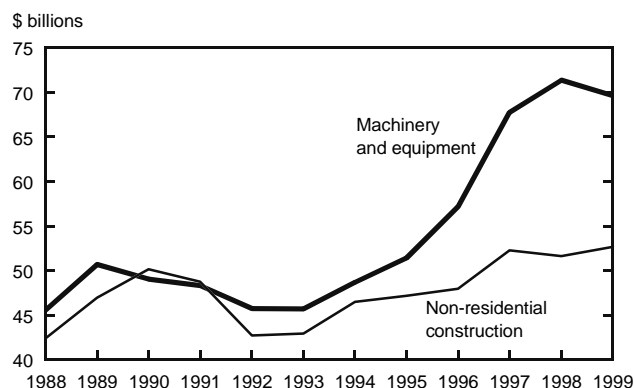
Intentions 1999

Private and public investment including housing is expected to increase 0.2% in 1999, bringing total capital investment to \$161.6 billion. Housing investment should increase for the fourth consecutive year to \$39.3 billion, up 2.4% from 1998, while investment in plant and equipment is expected to slip to \$122.3 billion, down 0.6% from 1998.

Investment in machinery and equipment is expected to decline 2.5% to \$69.6 billion in 1999, while non-residential construction is expected to increase 2.1% to \$52.7 billion. For plant and equipment, this is the first slowdown in a trend of increasing investment spending that has averaged 5.6% per year since 1994.

The decrease is largely due to a drop in the number of vehicles that leasing companies expect to acquire for lease in the coming year. This should not overshadow the investment made by the communications and manufacturing industries, which still appear to be plowing money into technology to meet new demand and improve efficiency. Improved manufacturing employment, a continuing upward trend in exports, and low interest rates suggest that the underlying factors that have been contributing to the steady increases in investment are still present.

Machinery and equipment dominates investment



Note: Actual 1988-1997.
Preliminary actual 1998.
Intentions 1999.

Largest decline expected from leasing companies

The single largest decline is coming from the consumer and business financing industries where most leasing companies are found. This decline of \$1.5 billion (-9.3%) to \$14.5 billion is concentrated in the

Note to readers

Investment intentions are based on a sample survey of 23,000 businesses, governments and institutions. The survey, conducted from October 1998 to January 1999, had a 78% response rate which covers 88% of the designed sample weight. The coefficient of variation, which measures the precision of the estimated data is 0.5% at the Canada level. Data in this release are in current dollars.

investment of machinery and equipment and reflects the sudden drop in automotive leasing as automakers refocus on selling vehicles.

Oil and gas continues plunge

The conventional crude oil and natural gas industry expects investment of \$11.5 billion in 1999, down 8.7% from 1998. Continued low oil prices explain the drop in investment as the comparable drops in well completions and metres drilled.

Government investment on the rise

The increase in government spending on capital, now at \$14.0 billion, is coming from the municipal and federal levels. Municipal governments plan an increase of 13.1% in capital spending to \$7.6 billion. Federal government departments foresee a spending increase of 4.6% to \$2.8 billion.

Electric power on course

Even after an exceptional 23.7% increase in 1998 due to the ice storm, the electric power industry still expects a significant increase in 1999 (+10.3%) to \$6.3 billion.

Manufacturing on cruise control

After six consecutive annual increases, manufacturing investment is expected to remain virtually unchanged in 1999 at \$19.5 billion. There are some significant variations in the investment pattern, the largest of which is a decline of 14.4% (-\$609 million) for 1999 in the transportation equipment industries due to completed projects in the motor vehicle and parts industries.

This decrease is offset by increases in 9 of the 22 major manufacturing groups, led by the primary metal industries with a \$626 million increase (+33.6%). This levelling off of the investment in machinery and equipment by manufacturers coincides with the recent

cooling off in capacity utilization experienced in the last two quarters.

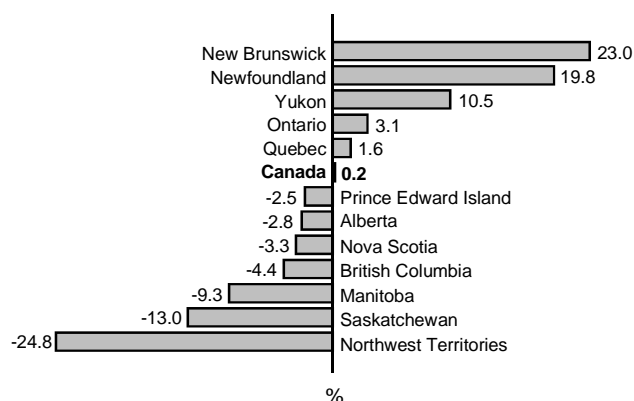
Housing investment up due to renovations

Investment in housing is expected to continue upward in 1999, with an increase of 2.4% to \$39.3 billion. The increase is mainly due to a 5.2% rise in renovation expenditures which are up to a record \$17.1 billion. The largest increases are expected in Ontario (+8.8%), followed by Quebec (+3.4%) and Nova Scotia (+7.1%).

Several regions expect increases

New Brunswick and Newfoundland are expected to outpace all other regions in investment percentage growth in 1999, with spending rising by 23.0% and 19.8% respectively. The Yukon (+10.5%), Ontario (+3.1%) and Quebec (+1.6%) also expect increases, while the Northwest Territories (-24.8%), Saskatchewan (-13.0%) and Manitoba (-9.3%) are expecting declines.

Growth highest in New Brunswick and Newfoundland



Available on CANSIM: matrices 3101-3130, 3134 and 3135.

Private and public investment in Canada, Intentions 1999 (61-205-XIB, \$35) is now available on the Internet. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Les Shinder (1-800-345-2294 ext. 122; 613-951-9815 ext. 122; shinder@statcan.ca), or Gilbert Paquette (1-800-571-0494; 613-951-9818; gilbert@statcan.ca), Investment and Capital Stock Division. □

Capital spending intentions of private and public organizations

		Capital expenditures				Actual 1997 to preliminary actual 1998
		Construction	Machinery and equipment	Total	Preliminary actual 1998 to intentions 1999	
		\$ millions			% change	
Canada ¹	1997	89,679.8	67,769.7	157,449.5		
	1998	89,952.2	71,374.8	161,327.1		
	1999	91,953.6	69,623.9	161,577.5	0.2	2.5
Newfoundland	1997	1,969.7	684.7	2,654.4		
	1998	1,970.1	744.8	2,714.8		
	1999	2,596.4	655.7	3,252.1	19.8	2.3
Prince Edward Island	1997	339.9	150.4	490.3		
	1998	272.3	176.4	448.7		
	1999	273.1	164.2	437.3	-2.5	-8.5
Nova Scotia	1997	1,835.7	2,156.6	3,992.3		
	1998	2,746.8	1,941.7	4,688.5		
	1999	2,820.6	1,711.2	4,531.7	-3.3	17.4
New Brunswick	1997	1,634.3	1,023.2	2,657.5		
	1998	1,607.6	1,224.4	2,832.0		
	1999	1,932.5	1,550.1	3,482.5	23.0	6.6
Quebec	1997	15,068.4	13,763.3	28,831.7		
	1998	17,157.6	13,950.0	31,107.6		
	1999	17,152.6	14,440.4	31,592.9	1.6	7.9
Ontario	1997	28,002.3	30,130.2	58,132.6		
	1998	27,504.4	31,954.3	59,458.7		
	1999	31,228.8	30,093.4	61,322.1	3.1	2.3
Manitoba	1997	2,465.1	2,153.7	4,618.8		
	1998	2,913.7	2,183.5	5,097.2		
	1999	2,465.4	2,156.2	4,621.6	-9.3	10.4
Saskatchewan	1997	4,461.0	2,622.5	7,083.5		
	1998	3,716.7	2,827.6	6,544.4		
	1999	3,081.1	2,609.4	5,690.5	-13.0	-7.6
Alberta	1997	19,187.4	8,172.5	27,359.9		
	1998	18,728.5	9,714.1	28,442.7		
	1999	18,181.8	9,474.8	27,656.6	-2.8	4.0
British Columbia	1997	13,974.2	6,762.2	20,736.4		
	1998	12,572.3	6,442.8	19,015.0		
	1999	11,563.0	6,614.8	18,177.9	-4.4	-8.3
Yukon	1997	188.0	47.5	235.5		
	1998	169.9	47.7	217.6		
	1999	197.6	42.8	240.4	10.5	-7.6
Northwest Territories	1997	553.7	103.0	656.7		
	1998	592.2	167.7	759.9		
	1999	460.7	111.1	571.8	-24.8	15.7

¹ Actual 1997, followed by Preliminary actual 1998, and then Intentions 1999.

Note: Figures may not add to totals due to rounding.

Capital spending intentions of private and public organizations

	Actual 1997	Preliminary actual 1998	Intentions 1999	Preliminary actual 1998 to intentions 1999	Actual 1997 to preliminary actual 1998
	\$ millions			% change	
Total	157,449.5	161,327.1	161,577.5	0.2	2.5
Plant and equipment	120,042.9	123,007.4	122,325.1	-0.6	2.5
Housing	37,406.6	38,319.7	39,252.4	2.4	2.4
Goods-producing industries	53,352.8	51,680.2	51,069.3	-1.2	-3.1
Services-producing industries	66,690.1	71,327.1	71,255.8	-0.1	7.0
Divisions					
Agriculture	4,312.3	4,209.4	4,255.5	1.1	-2.4
Fishing and trapping	100.5	101.7	103.1	1.4	1.2
Logging and forestry	305.8	286.7	299.4	4.4	-6.3
Mining, quarrying and oil wells	20,368.4	17,226.0	15,816.2	-8.2	-15.4
Manufacturing	19,341.2	19,464.5	19,488.4	0.1	0.6
Construction	2,171.9	2,302.9	2,419.2	5.1	6.0
Transportation and storage	7,117.4	9,599.6	9,803.4	2.1	34.9
Communication and other utilities	14,092.3	15,286.5	16,425.7	7.5	8.5
Wholesale trade	3,031.1	2,946.9	2,838.5	-3.7	-2.8
Retail trade	2,871.9	3,494.9	3,449.3	-1.3	21.7
Finance and insurance	17,950.3	18,741.5	17,486.9	-6.7	4.4
Real estate operators	2,262.5	2,616.6	2,468.4	-5.7	15.6
Business services	2,037.5	2,357.5	2,245.4	-4.8	15.7
Government	12,780.6	13,126.6	13,969.3	6.4	2.7
Educational	3,332.1	2,846.5	2,784.3	-2.2	-14.6
Health and social	2,001.7	2,107.2	2,270.8	7.8	5.3
Accommodation, food and beverage	1,061.1	1,174.7	1,161.4	-1.1	10.7
Other services	4,904.2	5,117.6	5,039.7	-1.5	4.4

Note: Figures may not add to totals due to rounding.



OTHER RELEASES

Employment Insurance

December 1998 (preliminary)

In December, an estimated 536,210 Canadians received regular Employment Insurance benefits, a 0.6% decrease from November. This is the fifth consecutive monthly decline. The largest decreases among the provinces and territories were in Nova Scotia (-6.9%) and Ontario (-3.7%). Small increases were reported only in Newfoundland, the Northwest Territories, Manitoba and Prince Edward Island. Regular benefit payments increased 2.1% in December to \$ 719.2 million.

Number of beneficiaries receiving regular benefits

	Dec. 1998	Nov. to Dec. 1998
	seasonally adjusted	
		% change
Canada	536,210	-0.6
Newfoundland	33,500	2.0
Prince Edward Island	9,020	0.5
Nova Scotia	28,640	-6.9
New Brunswick	34,870	-2.0
Quebec	181,090	-1.4
Ontario	116,080	-3.7
Manitoba	13,930	1.4
Saskatchewan	12,430	-2.3
Alberta	36,210	-0.3
British Columbia	67,870	-0.4
Yukon	1,330	-4.2
Northwest Territories	1,290	1.8

Note: Statistics on Employment Insurance claims were not released in today's Daily because of administrative changes to claimant reporting procedure. The discrepancy between the estimated number of regular beneficiaries and regular payments series can be explained in part by differences in their reference periods. The number of beneficiaries is a measure of all persons who received Employment Insurance 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.

Employment Insurance statistics

	Nov. 1998	Dec. 1998	Nov. 1998 to Dec. 1998
	seasonally adjusted		
			% change
Regular beneficiaries	539,720 ^P	536,210 ^P	-0.6
Regular payments (\$ millions)	704.3	719.2	2.1
	Dec. 1997	Dec. 1998	Dec. 1997 to Dec. 1998
	unadjusted		
			% change
All beneficiaries ('000)	798.6	770.4 ^P	-3.7
Regular beneficiaries ('000)	599.3	573.4 ^P	-4.2
Payments (\$ millions)	1,035.7	1,008.0	-2.7
	Year-to-date (January to December)		
	1997	1998	1997 to 1998
			% change
Payments (\$ millions)	11,996.4	11,668.4	-2.7

^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).

Available on CANSIM: matrices 26 (series 1.6), 5702-5717, 5735 and 5736.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Gilles Groleau, Labour Division (613-951-4090; fax: 613-951-4087; labour@statcan.ca) ■

Railway carloadings

Ten-day period ending January 31, 1999

Carloadings of freight (excluding intermodal traffic) during the ten-day period ending January 31, 1999, decreased 13.1% to 5.9 million tonnes from the same

period in 1998. The number of cars loaded decreased 11.6%.

Intermodal traffic (piggyback) tonnage totalled 511 000 tonnes, a 5.1% increase from the same period in 1998. The year-to-date figures show an increase 10.9%.

Total traffic (carloadings of freight and intermodal traffic) decreased 11.9% during the period. This brought the year-to-date total to 18.8 million tonnes, a decrease of 6.9% from 1998.

All year-to-date figures have been revised.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Robert Larocque (613-951-2486; fax: 613-951-0009; laroque@statcan.ca), Transportation Division. ■

Construction industry data

For businesses interested in the construction industry, the *Useful data for construction guide* is now available.

This comprehensive catalogue introduces you to Statistics Canada, outlines how to obtain data, and describes the numerous products of interest to the construction industry. Important information about the new survey on construction launched in the spring of 1998 complements the relevant products listed.

Examples include the Building and Demolition Permits Survey, and the Union Wage Rate Indexes for major construction trades. The summary of each product includes a brief description of the survey, the data available, the use it may have for individuals with construction related interests, and a contact name. Case studies also demonstrate how to use the data.

The *Useful data for construction guide* (64F0004XIE) is now available free on the Internet at www.statcan.ca, under Products and services, Downloadable publications (free).

For more information, contact Catherine Boies (613-951-3520; fax: 613-951-3522; boiecat@statcan.ca), Manufacturing, Construction, and Energy Division. ■

Vending machine operators

1996

Data are now available for sales from vending machines for 1996.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact the Client Services Unit (613-951-3549; 1-877 421-3067; logener@statcan.ca), Retail Trade Section, Distributive Trades Division. ■

PUBLICATIONS RELEASED

Private and public investment in Canada, Intentions 1999
Catalogue number 61-205-XIB
(Canada: \$35; outside Canada: US\$35).

Useful data for construction guide
Catalogue number 64F0004XIE
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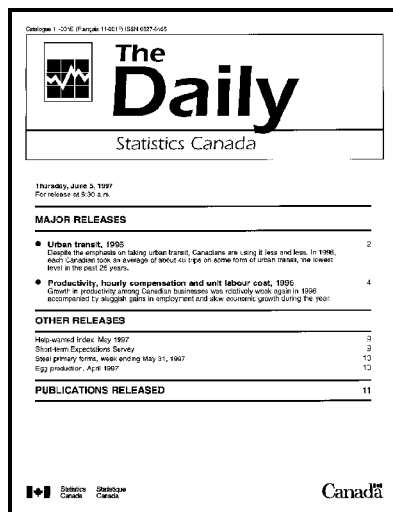
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