



The Daily

Statistics Canada

Thursday, June 10, 1999

For release at 8:30 a.m.

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MAJOR RELEASES

National economic and financial accounts

First quarter 1999

Real gross domestic product (GDP) rose 1.0% in the first quarter of 1999, maintaining the solid performance of the previous quarter. Strength in the domestic economy and international demand for Canadian products contributed to the advance.

Consumer spending showed renewed strength after two flat quarters, with gains throughout a number of categories and a notable advance in purchases of durable goods.

Housing investment advanced robustly, building on the turnaround in the previous quarter. This growth was led by new housing construction, with solid gains also in renovations and resale activity.

Business investment in machinery and equipment posted another healthy gain, more than offsetting a slight decline in non-residential construction activity. Computer purchases contributed a large part to the advance.

A robust U.S. economy fuelled demand for Canadian products, leading to a 2.1% increase in exports in the quarter. Advances in exports of autos, and machinery and equipment more than offset declines in agricultural and energy products.

GDP at 1992 Prices¹

	Change	Annualized change	Year-over-year change
		%	
First quarter 1998	0.7	2.8	4.0
Second quarter 1998	0.3	1.1	3.2
Third quarter 1998	0.6	2.6	2.4
Fourth quarter 1998	1.2	4.8	2.8
First quarter 1999	1.0	4.2	3.2

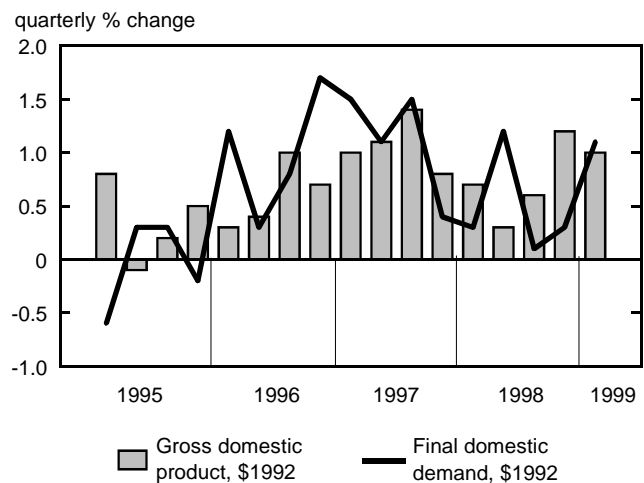
¹ The change is the growth rate from one period to the next. The annualized change is the growth rate compounded annually. The year-over-year change is the growth rate of a given quarter compared with the same quarter in the previous year.

Corporation profits before taxes continued their recovery from a period of weakness in the first half of 1998, growing 5.9% in nominal terms. Personal income increased moderately (+0.7%), a slight deceleration from the fourth quarter when labour income growth rebounded from work stoppages.

Note to readers

With this release, the Income and expenditure accounts, the Estimates of labour income and the Financial flow accounts for 1995 to 1998 have been revised. A parallel revision will occur in estimates of real gross domestic product at factor cost by industry with the release of the July estimates on September 30, 1999.

Economy maintains solid performance

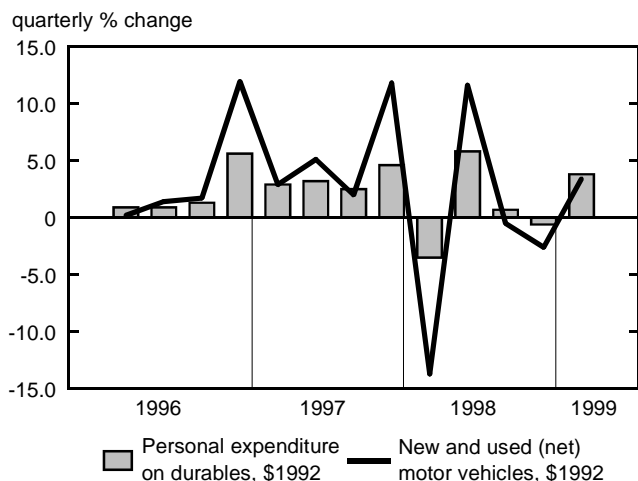


Consumer spending regains strength

Real consumer spending regained momentum after two weak quarters, growing 1.3%. Stable interest rates and recent employment gains boosted consumer confidence in the quarter. Growth picked up speed in virtually all categories of personal expenditure, with durable goods, notably new motor vehicles, leading the increase.

The late arrival of winter in many areas of Canada contributed to spending increases in a number of categories in the first quarter of 1999. Consumers spent more on home heating fuels, and caught up on purchases of items such as sporting goods, women's clothing and footwear, which had been postponed until colder weather arrived in the new year.

Consumers spend more on durable goods



Columbia after a number of quarterly declines. Sales of new homes, including land, accelerated to double-digit growth, with multiple-dwellings sales surging nearly 20%.

Growth in machinery and equipment investment continues

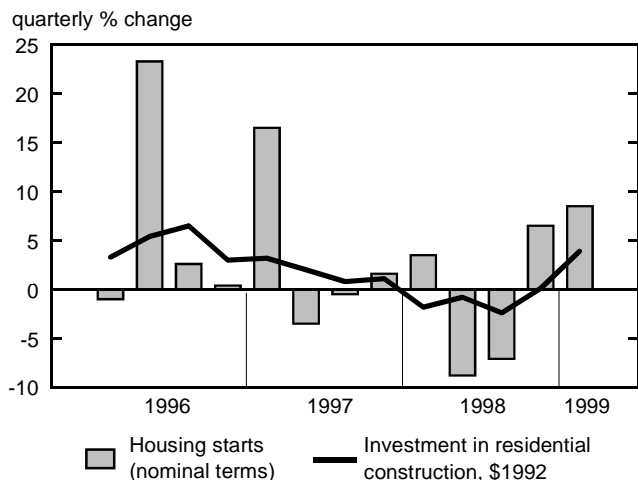
Business investment in machinery and equipment posted another healthy increase (+2.2%), with imports growing in tandem. Gains were spread throughout a number of categories, with computers and other office equipment contributing a large part of the advance. Tax incentives for small- and medium-sized businesses for updating hardware to ensure Year 2000 compliance may have contributed to the increase. These incentives were originally scheduled to expire at the end of June.

One weak spot in business investment was capital spending on agricultural machinery. It fell 11.1% in the quarter, in tandem with a drop in farm income.

Housing market heats up

Business investment in residential construction grew 3.9%, building on the strength of the previous quarter after notable weakness throughout most of 1998. The increase was led by new housing construction, but renovations and resale activity also posted solid increases. A parallel rise occurred in mortgage demand in the quarter.

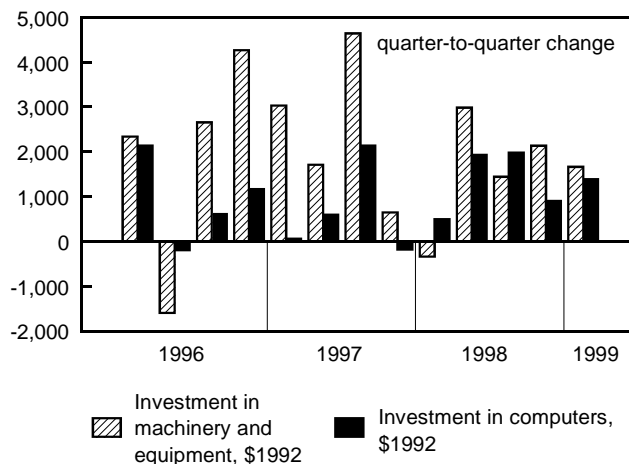
Momentum builds in housing construction



Urban housing starts soared in Ontario and the Atlantic region, and grew solidly in British

Another good quarter for machinery and equipment investment

\$ millions (1992 dollars)



Exports post solid growth

Exports of goods and services increased 2.1% as a robust American economy continued to sustain Canadian export demand. Automotive exports rose 5.6%, even after a surge in fourth quarter growth in the wake of the summer's General Motors strike.

Machinery and equipment exports were also a source of strength. Exports of computers and other office equipment bounced back from a decline in the fourth quarter, while numerous international

contracts awarded to Canadian manufacturers boosted shipments of new aircraft to Europe and the United States. Television and telecommunications equipment exports resumed growth after mid-year declines.

In contrast to strength elsewhere, exports of energy products, particularly crude petroleum and coal, showed notable weakness, declining 7.1%. Parallel decreases occurred in exports of drilling and mining machinery. Exports of agricultural and fish products also fell. Lumber exports dropped 4.3%, erasing a smaller increase in the previous quarter and resuming a downward trend that began toward the end of 1996.

Corporate incomes continue recovery

Growth in corporation profits before taxes accelerated to 5.9% in nominal terms in the first quarter. This gain recoups most of the losses incurred early in 1998, to approach the previous high in the fourth quarter of 1997. Gains were concentrated in non-financial industries, where the motor vehicle and other transportation equipment industries fared well, as did general services to business and consumer goods and services. Primary industries recovered somewhat, as prices for primary products began to recover from recent lows.

Moderate growth in personal income

Personal income increased a moderate 0.7% (nominal terms), a slight deceleration from the growth of the previous quarter, which included a rebound effect from labour unrest last summer. Personal disposable income increased at a slightly slower rate (+0.5%), as income taxes and contributions to social insurance

schemes grew somewhat faster than income. Falling farm income pulled down earnings of unincorporated businesses. Farm cash receipts suffered from weak or declining prices for many major grains and oilseeds, particularly canola.

Available on CANSIM: matrices 701-726, 728-735, 737-744, 748-750, 796, 797, 6520-6585, 6597-6624 and 8600-8629.

The first quarter 1999 issue of *National economic and financial accounts*, quarterly estimates (13-001-XPB, \$44/\$145) will be available shortly. See *How to order publications*.

Detailed printed tables of unadjusted and seasonally adjusted quarterly income and expenditure accounts (13-001-PPB, \$50/\$180), financial flow accounts (13-014-PPB, \$50/\$180) and estimates of labour income (13F0016XPB \$20/\$200), including supplementary analytical tables and charts are available immediately. At 8:30 a.m. on release day, the complete quarterly income and expenditure accounts, financial flow accounts, and monthly estimates of labour income data sets can be obtained on microcomputer diskette. The diskettes (13-001-XDB, 13-014-XDB and 13F0016XDB) can also be purchased at a lower cost seven days after the official release date. To purchase any of these products, contact the Client Services Officer (613-951-3810; iea-crd@statcan.ca), Income and Expenditure Accounts Division.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact the Information Officer (613-951-3640), Income and Expenditure Accounts Division. □

Gross domestic product, income-based

	1995	1996	1997	1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	Fourth quarter 1998 to first quarter 1999
					seasonally adjusted at annual rates			
					\$ millions			% change at quarterly rates
Wages, salaries and supplementary labour income ¹	418,825	428,743	453,681	471,975	471,744	476,624	480,304	0.8
Corporation profits before taxes	75,309	79,335	86,104	80,924	80,312	82,804	87,664	5.9
Government business enterprise profits before taxes	6,673	6,259	6,586	7,004	7,192	7,532	7,052	-6.4
Interest and miscellaneous investment income	50,925	50,621	48,187	44,186	43,900	43,868	43,428	-1.0
Accrued net income of farm operators from farm production	2,590	4,047	1,907	2,060	1,920	2,060	1,296	-37.1
Net income of non-farm unincorporated business, including rent	46,337	48,433	52,999	56,664	56,708	57,564	58,712	2.0
Inventory valuation adjustment ²	-2,473	-1,336	-1,514	-1,450	-3,252	-1,324	-164	1,160
Net domestic product at factor cost	598,186	616,102	647,950	661,363	658,524	669,128	678,292	1.4
Indirect taxes less subsidies	107,403	110,775	116,395	119,621	120,072	119,772	122,644	2.4
Capital consumption allowances	100,672	105,984	109,976	114,575	114,784	115,884	116,496	0.5
Statistical discrepancy ²	827	1,060	-374	145	308	-76	1,512	1,588
Gross domestic product at market prices	807,088	833,921	873,947	895,704	893,688	904,708	918,944	1.6

¹ Includes military pay and allowances.

² The change column reflects actual change in millions of dollars for these items.

Gross domestic product, expenditure-based

	1995	1996	1997	1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	Fourth quarter 1998 to first quarter 1999
seasonally adjusted at annual rates								
	\$ millions at current prices							% change at quarterly rates
Personal expenditure on consumer goods and services	462,865	482,054	511,158	530,339	533,960	535,840	543,120	1.4
Durable goods	56,169	59,443	67,966	71,604	73,020	72,200	74,812	3.6
Semi-durable goods	42,304	42,745	45,337	48,009	48,092	48,316	49,120	1.7
Non-durable goods	115,024	118,778	122,726	124,528	125,240	125,296	126,584	1.0
Services	249,368	261,088	275,129	286,198	287,608	290,028	292,604	0.9
Government current expenditure on goods and services	172,947	172,225	173,256	177,012	177,108	178,340	178,668	0.2
Government gross fixed capital formation	20,036	19,066	18,077	18,447	18,708	18,624	18,672	0.3
Government inventories ¹	30	-2	5	-27	-24	-20	76	96
Business gross fixed capital formation	117,291	124,978	147,082	152,730	151,852	154,920	157,296	1.5
Residential structures	36,136	39,584	45,068	44,905	44,060	44,720	46,640	4.3
Non-residential structures	34,669	36,360	42,192	43,227	43,032	43,380	43,312	-0.2
Machinery and equipment	46,486	49,034	59,822	64,598	64,760	66,820	67,344	0.8
Business investment in inventories ¹	8,883	3,067	8,817	4,704	-4,596	3,344	-3,076	-6,420
Non-farm ¹	8,705	2,304	9,855	4,950	-3,800	3,200	-3,272	-6,472
Farm ¹	178	763	-1,038	-246	-796	144	196	52
Exports of goods and services	302,480	320,988	345,060	369,985	372,448	389,540	395,452	1.5
Goods	265,334	279,892	301,383	322,263	325,208	340,248	346,080	1.7
Services	37,146	41,096	43,677	47,722	47,240	49,292	49,372	0.2
Deduct: Imports of goods and services	276,618	287,395	329,881	357,342	355,460	375,960	369,756	-1.7
Goods	229,938	237,918	277,707	303,401	302,488	320,396	315,292	-1.6
Services	46,680	49,477	52,174	53,941	52,972	55,564	54,464	-2.0
Statistical discrepancy ¹	-826	-1,060	373	-144	-308	80	-1,508	-1,588
Gross domestic product at market prices	807,088	833,921	873,947	895,704	893,688	904,708	918,944	1.6
Final domestic demand	773,139	798,323	849,573	878,528	881,628	887,724	897,756	1.1
\$ millions at 1992 prices								
Personal expenditure on consumer goods and services	442,941	453,990	472,867	485,906	488,156	488,144	494,300	1.3
Durable goods	52,979	55,455	62,823	66,801	68,048	67,652	70,192	3.8
Semi-durable goods	42,176	42,505	44,334	46,526	46,584	46,540	47,148	1.3
Non-durable goods	114,926	116,822	118,293	119,521	120,148	119,728	120,820	0.9
Services	232,860	239,208	247,417	253,058	253,376	254,224	256,140	0.8
Government current expenditure on goods and services	166,380	164,524	163,675	166,442	166,340	167,320	167,068	-0.2
Government gross fixed capital formation	19,243	18,652	17,668	18,528	18,908	18,952	19,080	0.7
Government inventories ¹	29	-2	3	-23	-20	-16	68	84
Business gross fixed capital formation	111,058	120,122	140,414	145,233	145,060	146,832	149,772	2.0
Residential structures	34,099	37,485	42,223	41,422	40,820	40,852	42,452	3.9
Non-residential structures	32,667	34,265	39,079	39,110	38,932	38,696	38,588	-0.3
Machinery and equipment	44,292	48,372	59,112	64,701	65,308	67,284	68,732	2.2
Business investment in inventories ¹	8,166	2,664	8,362	4,826	-3,104	3,920	1,500	-2,420
Non-farm ¹	7,629	1,969	8,495	4,459	-3,008	3,108	716	-2,392
Farm ¹	537	695	-133	367	-96	812	784	-28
Exports of goods and services	259,667	274,631	297,840	322,345	324,920	335,916	342,848	2.1
Goods	225,477	237,806	259,557	281,012	284,056	293,592	300,272	2.3
Services	34,190	36,825	38,283	41,333	40,864	42,324	42,576	0.6
Deduct: Imports of goods and services	237,606	251,438	288,135	304,849	300,952	312,288	315,516	1.0
Goods	199,456	211,755	247,591	265,586	262,852	273,076	276,612	1.3
Services	38,150	39,683	40,544	39,263	38,100	39,212	38,904	-0.8
Statistical discrepancy ¹	-796	-1,013	337	-143	-296	68	-1,408	-1,476
Gross domestic product at market prices	769,082	782,130	813,031	838,265	839,012	848,848	857,712	1.0
Final domestic demand	739,622	757,288	794,624	816,109	818,464	821,248	830,220	1.1

¹ The change column reflects actual change in millions of dollars for these items.

- Nil or zero.

National accounts price and volume indexes

	1995	1996	1997	1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	Fourth quarter 1998 to first quarter 1999
seasonally adjusted data								
	implicit price indexes, 1992=100							% change at quarterly rates
Personal expenditure on consumer goods and services	104.5	106.2	108.1	109.1	109.4	109.8	109.9	0.1
Government current expenditure on goods and services	103.9	104.7	105.9	106.4	106.5	106.6	106.9	0.3
Government gross fixed capital formation	104.1	102.2	102.3	99.6	98.9	98.3	97.9	-0.4
Business gross fixed capital formation	105.6	104.0	104.7	105.2	104.7	105.5	105.0	-0.5
Exports of goods and services	116.5	116.9	115.9	114.8	114.6	116.0	115.3	-0.6
Imports of goods and services	116.4	114.3	114.5	117.2	118.1	120.4	117.2	-2.7
Gross domestic product	104.9	106.6	107.5	106.9	106.5	106.6	107.1	0.5
Final domestic demand	104.5	105.4	106.9	107.6	107.7	108.1	108.1	—
	chain price indexes, 1992=100							
Personal expenditure on consumer goods and services	104.7	106.4	108.2	109.5	109.8	110.2	110.3	0.1
Government current expenditure on goods and services	104.2	105.0	106.2	106.5	106.6	106.7	106.9	0.2
Government gross fixed capital formation	105.1	105.7	106.6	106.2	105.6	105.5	105.7	0.2
Business gross fixed capital formation	106.3	106.1	107.0	108.7	108.9	109.6	109.4	-0.3
Exports of goods and services	117.8	118.6	118.4	118.7	121.3	121.2	120.4	-0.6
Imports of goods and services	117.8	116.8	117.9	122.5	124.5	126.6	124.0	-2.0
Gross domestic product	105.0	106.7	107.7	107.4	107.8	107.4	108.1	0.7
Final domestic demand	104.8	106.0	107.5	108.6	108.9	109.3	109.3	0.1
	chain Fisher volume indexes, 1992=100							
Personal expenditure on consumer goods and services	107.1	109.8	114.5	117.5	118.0	117.9	119.4	1.2
Government current expenditure on goods and services	98.2	97.1	96.6	98.3	98.4	98.9	98.8	-0.1
Government gross fixed capital formation	101.4	96.5	90.9	93.4	94.8	94.5	94.5	-0.0
Business gross fixed capital formation	102.3	109.4	127.7	130.4	129.5	131.0	133.0	1.5
Exports of goods and services	135.5	143.0	154.0	164.4	164.1	171.6	175.5	2.2
Imports of goods and services	122.8	128.9	146.8	153.4	150.5	156.7	157.4	0.5
Gross domestic product at market prices	110.0	111.9	116.2	119.3	119.4	121.2	122.7	1.3
Final domestic demand	104.1	106.4	111.7	114.3	114.5	114.8	115.9	1.0

— Nil or zero.

Financial market summary table

	1995	1996	1997	1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	Fourth quarter 1998 to first quarter 1999
seasonally adjusted at annual rates								
	\$ millions							actual change
Persons and unincorporated business	24,594	28,519	31,613	37,675	38,860	40,120	35,520	-4,600
Funds raised								
Consumer credit	6,718	7,465	9,069	10,029	10,652	10,488	9,932	-556
Bank loans	888	1,171	853	3,539	3,772	4,372	1,860	-2,512
Other loans	3,376	4,376	5,499	6,909	7,244	7,752	5,708	-2,044
Mortgages	13,612	15,507	16,192	17,198	17,192	17,508	18,020	512
Non-financial private corporations	25,143	33,171	53,268	66,430	63,888	76,840	48,528	-28,312
Funds raised								
Bank loans	1,980	-1,044	5,882	8,522	6,960	13,876	5,248	-8,628
Other loans	1,172	2,965	4,090	5,560	1,716	4,072	3,896	-176
Other short-term paper	2,041	3,624	5,086	7,031	8,556	5,592	7,576	1,984
Mortgages	-1,607	686	1,748	3,362	3,776	2,568	4,000	1,432
Bonds	11,212	6,514	13,433	13,816	16,272	13,212	11,312	-1,900
Shares	10,345	20,426	23,029	28,139	26,608	37,520	16,496	-21,024
Non-financial government enterprises	-1,818	-2,837	-1,816	-3,106	-4,860	-932	-3,260	-2,328
Funds raised								
Bank loans	-825	-716	-657	-31	660	-1,704	1,168	2,872
Other loans	-477	343	-246	-313	-748	672	-144	-816
Other short-term paper	-66	994	2,212	-468	480	2,940	-1,000	-3,940
Mortgages	-6	-2	5	-5	-	-	-	-
Bonds	-1,472	-3,455	-3,129	-2,285	-5,164	-2,656	-3,332	-676
Shares	1,028	-1	-1	-4	-88	-184	48	232
Federal government	25,427	12,366	-8,097	-13,990	-17,852	-19,564	-5,700	13,864
Funds raised								
Bank loans	-	-	-22	49	64	144	116	-28
Other loans	-	-	-	-	-	-	-	-
Canada short-term paper	-892	-20,777	-25,040	-19,370	-17,864	-13,240	-3,512	9,728
Canada Saving Bonds	-1,152	2,031	-3,103	-2,957	-1,292	-8,260	4,048	12,308
Marketable bonds	27,471	31,112	20,068	8,288	1,240	1,792	-6,352	-8,144
Other levels of government	16,340	7,977	7,072	10,308	14,936	5,232	14,608	9,376
Funds raised								
Bank loans	178	-106	145	155	1,108	-1,196	-816	380
Other loans	375	321	274	234	332	92	804	712
Other short-term paper	-1,594	-1,190	-1,664	1,105	2,504	-2,336	2,800	5,136
Mortgages	276	329	33	235	56	-12	-92	-80
Provincial bonds	16,494	8,016	7,797	8,525	10,368	8,896	12,284	3,388
Municipal bonds	676	692	441	-250	500	-1,212	-716	496
Other bonds	-65	-85	46	304	68	1,000	344	-656
Total funds raised by domestic non-financial sectors	89,686	79,196	82,040	97,317	94,972	101,696	89,696	-12,000
Consumer credit	6,718	7,465	9,069	10,029	10,652	10,488	9,932	-556
Bank loans	2,221	-695	6,201	12,234	12,564	15,492	7,576	-7,916
Other loans	4,446	8,005	9,617	12,390	8,544	12,588	10,264	-2,324
Canada short-term paper	-892	-20,777	-25,040	-19,370	-17,864	-13,240	-3,512	9,728
Other short-term paper	381	3,428	5,634	7,668	11,540	6,196	9,376	3,180
Mortgages	12,275	16,520	17,978	20,790	21,024	20,064	21,928	1,864
Bonds	53,164	44,825	35,553	25,441	21,992	12,772	17,588	4,816
Shares	11,373	20,425	23,028	28,135	26,520	37,336	16,544	-20,792

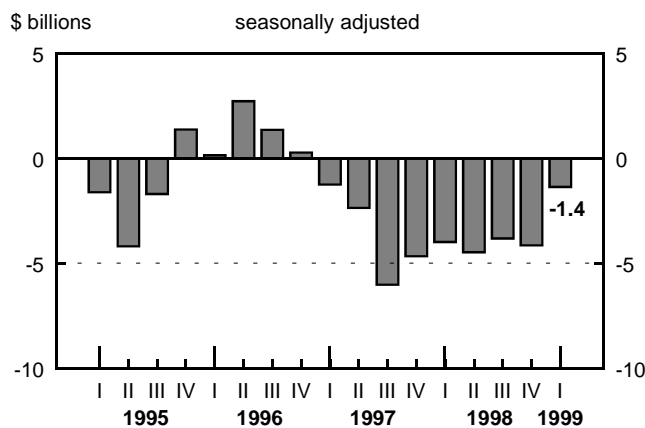
- Nil or zero.

Canada's balance of international payments

First quarter 1999

Canada's deficit on current account transactions (seasonally adjusted at quarterly rates) narrowed substantially to \$1.4 billion in the first quarter of 1999, down from the \$4 to \$6 billion range observed in the previous six quarters. This means that although Canadian residents continued to spend more than they earned from abroad on goods, services, investment income and current transfers, they did so at a considerably slower pace. The driving force behind the deficit reduction in the first quarter was a large increase in the goods surplus, as exports continued to advance while imports had the first significant quarterly decline since 1996.

Current account balance



Net transactions on the financial and capital account (unadjusted for seasonal variation) cancelled each other out, as both Canada's international assets and liabilities fell by roughly similar amounts. Canadian investors continued to acquire foreign securities, and the federal government increased its international reserves for a second consecutive quarter. However, there was a reduction in foreigners' holdings of Canadian securities, especially at the short end of the maturity spectrum. Direct investment activity was subdued in the quarter, with foreign direct investment in Canada largely offsetting Canadian investment abroad. As well, there were notable transactions by banks, which reduced their net deposit assets abroad.

Note to readers

In the first quarter of 1999, revisions have been incorporated to both the current account and the capital and financial account of Canada's Balance of International Payments statistics for 1995 through 1998. This restores the annual cycle of revising the statistics back four years at the time of the first quarter release.

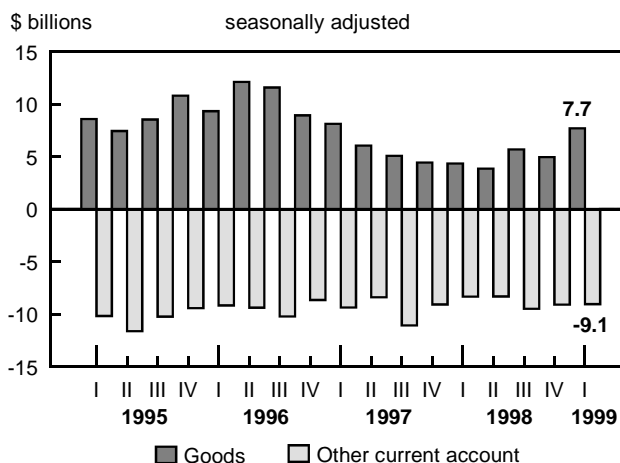
Current account (seasonally adjusted)

Goods surplus advanced strongly

Canada's surplus on goods expanded \$2.7 billion to \$7.7 billion during the first quarter of 1999. This substantial gain in the goods balance matched an increase of \$2.8 billion in the second quarter of 1996, which also saw a significant decline in imports.

Canadian firms experienced a moderate rise in exports, on the heels of strong growth in the two previous quarters. Imports declined by an equivalent amount, in contrast to the firm demand for foreign products evident in the fourth quarter. Nearly all of the increase in exports and the decline in imports took place in trade with the United States.

Goods and other current account balances



Most of the strength in exports over the first three months of the year centred on trucks and automobiles along with machinery and equipment, including aviation and telecommunications goods. This activity was tempered by some offsetting declines in exports of energy products, industrial and agricultural commodities and in motor vehicle parts. The drop in imports was more widespread than for exports,

and was led by industrial machinery and a range of industrial goods, particularly primary metals and ores.

Services deficit edged down, offset by a rise in the investment-income deficit

Led by a lower deficit on travel and, to a lesser extent, on commercial services, the deficit on services reached an 11-year low of \$1.5 billion in the first quarter. Notably, the travel deficit moved below \$0.2 billion for the first time in over 12 years, mainly due to record visitor spending from the United States, which increased for the third consecutive quarter.

The investment-income deficit edged up to \$7.9 billion in the first quarter. This modest rise mainly reflected lower profits on Canadian direct investment abroad, primarily in the energy and financial sectors.

Financial account (unadjusted for seasonal variation)

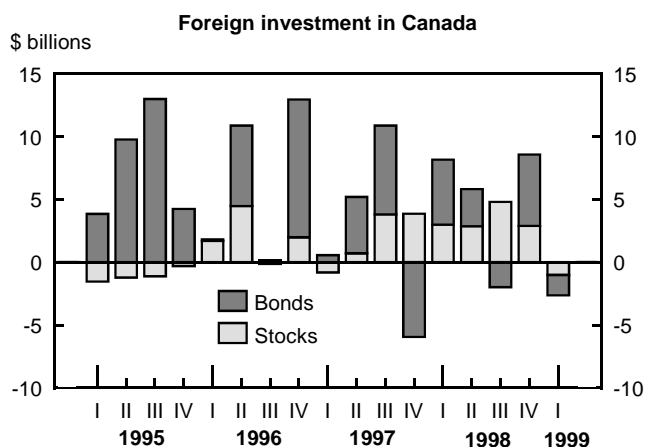
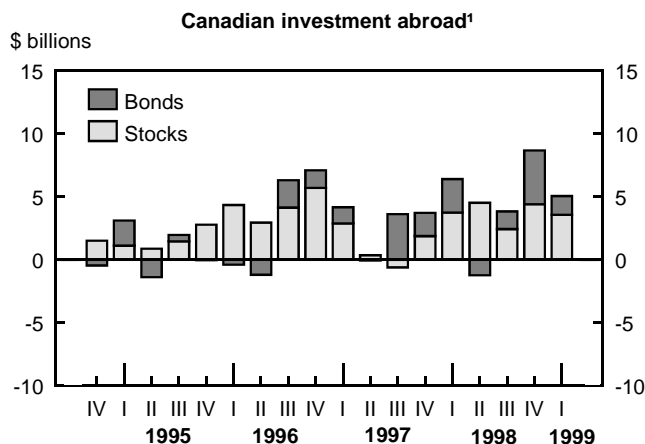
Canadian portfolio investment abroad slowed, while foreigners sold Canadian securities

Canadian portfolio investment in foreign securities was again substantial at \$5.1 billion, but stood at only 60% of the record fourth quarter investment. Most of the acquisition activity, led by mutual funds, was concentrated in foreign stocks. This represented the sixth consecutive quarterly investment in foreign stocks, amounting to over \$20 billion, of which 60% went to U.S. shares. Canadian investors also continued to increase their holdings of foreign bonds, mainly U.S. treasury bonds. Bond acquisitions totalled some \$7 billion over the last three quarters.

After six quarters of additions to their holdings of Canadian debt and equity instruments, foreign investors sold \$6.7 billion in Canadian securities. Most of this divestment was comprised of money market instruments, with the exception of Government of Canada Treasury bills. Foreign investors also reduced their holdings of Canadian stock, for the first time in about two years. However, excluding portfolio investment through new treasury shares (related to direct investment acquisitions), the level of foreign investment in Canadian equities has actually dropped almost \$9 billion over the last nine months. This decline was largely accounted for by U.S. residents. Canadian stock prices, although up marginally in

the quarter, have consistently lagged behind their American counterparts in recent years.

Portfolio investment, quarterly



¹ Reverse of balance-of-payments signs.

Direct investment activity moderates

Canadian companies continued to invest abroad, although at a considerably slower pace than the highs set in the two previous quarters. This was in line with much reduced acquisition activity in the quarter. Canadian direct investment went mainly to the United States and Asia, and was focussed in the finance and insurance industry.

Foreign companies similarly invested a moderate amount in Canada in the quarter. Acquisitions, which had been the driving force behind record inflows in 1998, were negligible. The direct investment came solely from the United States and was invested

in the other industry category, which includes communications, and electrical and electronic products.

Substantial activity between domestic and foreign deposit-taking institutions resulted in a net reduction of investment abroad

Canadian financial institutions, principally banks, channelled a record \$16.3 billion back to Canada, more than reversing the substantial outflow of the previous quarter. The reduction in foreign-currency denominated deposit assets abroad reflected mainly those booked with foreign affiliates, primarily branches located offshore as well as in the United States and Japan.

At the same time, a substantial \$10.1 billion flowed out of Canada, reducing Canadian deposit liabilities that had been built up by a similar amount in the previous quarter. The outflow was largely made up of foreign currency deposits through Canadian banking affiliates, although one-half of the smaller Canadian currency portion was accounted for by non-affiliated banks.

Official international reserves increased as the Canadian currency strengthened

Official international reserves rose for a second consecutive quarter, as the Canadian dollar closed higher against most major foreign currencies. The increase went largely to securities denominated in U.S. dollars, a change from the emphasis in the two previous quarters that saw increases in deposits and securities in denominations other than U.S. dollars.

Available on CANSIM: matrices 2325-2327, 2355, 2360-2377 and 3183.

The first quarter 1999 issue of *Canada's balance of international payments* (67-001-XPB, \$38/\$124) will be available shortly. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Patrick O'Hagan (613-951-1798), Balance of Payments and Financial Flows Division. □

Balance of payments

	First quarter 1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	1997	1998
	not seasonally adjusted						
	\$ millions						
Current account							
Receipts							
Goods and services	86,630	92,199	92,698	96,636	96,096	343,589	368,164
Goods	76,944	80,506	78,547	86,265	86,034	301,381	322,262
Services	9,687	11,693	14,151	10,371	10,062	42,207	45,901
Investment income	7,944	7,961	6,764	7,829	7,347	30,246	30,498
Direct investment	3,691	3,522	2,371	3,534	3,059	13,704	13,118
Portfolio investment	899	946	935	924	974	3,397	3,704
Other investment	3,354	3,494	3,457	3,372	3,314	13,145	13,676
Current transfers	1,385	1,099	1,148	1,336	1,478	4,954	4,968
Current account receipts	95,959	101,259	100,610	105,801	104,922	378,789	403,629
Payments							
Goods and services	86,873	90,325	85,845	93,213	92,400	328,978	356,256
Goods	73,421	77,120	72,614	80,245	78,718	277,708	303,400
Services	13,452	13,205	13,232	12,968	13,682	51,270	52,856
Investment income	15,168	14,714	14,713	15,003	15,822	59,925	59,597
Direct investment	4,078	3,736	3,528	3,638	4,607	17,029	14,981
Portfolio investment	7,350	7,467	7,767	7,867	7,572	29,077	30,451
Other investment	3,740	3,510	3,418	3,497	3,642	13,819	14,166
Current transfers	1,471	798	922	970	1,511	4,150	4,161
Current account payments	103,511	105,836	101,481	109,185	109,733	393,054	420,014
Balances							
Goods and services	-242	1,874	6,853	3,423	3,696	14,611	11,908
Goods	3,523	3,386	5,933	6,021	7,316	23,674	18,863
Services	-3,765	-1,512	919	-2,598	-3,620	-9,063	-6,955
Investment income	-7,224	-6,752	-7,950	-7,173	-8,475	-29,679	-29,100
Direct investment	-387	-215	-1,157	-105	-1,548	-3,325	-1,863
Portfolio investment	-6,451	-6,521	-6,832	-6,943	-6,598	-25,681	-26,747
Other investments	-387	-17	39	-125	-329	-673	-490
Current transfers	-86	301	226	366	-33	804	807
Current account balance	-7,552	-4,577	-871	-3,384	-4,811	-14,264	-16,385
Capital and financial account^{1,2}							
Capital account	1,215	1,350	1,440	972	1,087	7,541	4,976
Financial account	12,981	-6,494	3,074	-101	-433	10,550	9,460
Canadian assets, net flows							
Canadian direct investment abroad	-8,086	-6,265	-14,891	-10,171	-4,424	-30,531	-39,414
Portfolio investment	-6,401	-3,296	-3,849	-8,688	-5,053	-11,230	-22,233
Foreign bonds	-2,647	1,235	-1,396	-4,268	-1,474	-6,702	-7,075
Foreign stocks	-3,754	-4,531	-2,453	-4,420	-3,579	-4,529	-15,158
Other investment	3,527	2,911	8,964	-4,832	20,262	-18,573	10,570
Loans	5,091	-1,944	-527	10,758	5,416	-18,925	13,377
Deposits	-2,237	999	7,430	-11,070	16,295	-2,410	-4,878
Official international reserves	-6,422	3,518	1,228	-5,775	-2,986	3,389	-7,452
Other assets	7,095	338	833	1,256	1,537	-628	9,523
Total Canadian assets, net flows	-10,960	-6,650	-9,776	-23,691	10,785	-60,334	-51,077
Canadian liabilities, net flows							
Foreign direct investment in Canada	7,802	3,594	8,342	4,731	3,879	15,879	24,470
Portfolio investment	7,830	1,980	5,092	10,104	-6,654	16,407	25,006
Canadian bonds	5,161	2,945	-1,988	5,672	-1,624	6,127	11,790
Canadian stocks	2,977	2,849	4,787	2,867	-1,023	7,514	13,480
Canadian money market	-308	-3,815	2,293	1,565	-4,007	2,766	-264
Other investment	8,309	-5,418	-584	8,755	-8,443	38,597	11,062
Loans	817	5,840	-66	-1,735	978	1,851	4,856
Deposits	6,940	-11,694	-776	10,141	-10,058	34,110	4,611
Other liabilities	551	437	258	349	638	2,636	1,595
Total Canadian liabilities, net flows	23,941	157	12,850	23,590	-11,218	70,884	60,537
Total capital and financial account, net flows	14,195	-5,144	4,515	870	654	18,091	14,436
Statistical discrepancy	-6,643	9,721	-3,644	2,514	4,157	-3,827	1,948

¹ A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

² Transactions are recorded on a net basis.

Current account

	First quarter 1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999	1997	1998
	seasonally adjusted						
	\$ millions						
Receipts							
Goods and services							
Goods	77,610	78,287	81,301	85,064	86,520	301,381	322,262
Services	11,246	11,449	11,354	11,852	11,871	42,207	45,901
Travel	3,407	3,385	3,433	3,711	3,900	12,221	13,935
Transportation	2,181	2,179	2,188	2,258	2,235	8,370	8,806
Commercial services	5,428	5,651	5,495	5,635	5,500	20,688	22,209
Government services	229	235	238	248	236	929	951
Total	88,856	89,737	92,656	96,916	98,392	343,589	368,164
Investment income							
Direct investment	3,667	3,425	2,525	3,500	3,019	13,704	13,118
Interest	105	105	101	99	107	391	410
Profits	3,562	3,320	2,424	3,401	2,912	13,313	12,708
Portfolio investment	896	941	941	926	972	3,397	3,704
Interest	358	392	397	389	439	1,302	1,536
Dividends	539	549	543	537	533	2,095	2,168
Other investment	3,441	3,537	3,355	3,344	3,401	13,145	13,676
Total	8,004	7,903	6,821	7,771	7,391	30,246	30,498
Current transfers							
Private	581	549	595	548	587	1,997	2,272
Official	794	562	561	778	881	2,957	2,695
Total	1,375	1,111	1,156	1,326	1,468	4,954	4,968
Total receipts	98,235	98,750	100,632	106,013	107,251	378,789	403,629
Payments							
Goods and services							
Goods	73,251	74,429	75,623	80,097	78,823	277,708	303,400
Services	13,075	13,217	12,965	13,600	13,326	51,270	52,856
Travel	3,995	4,067	3,772	4,121	4,082	15,871	15,955
Transportation	2,908	2,929	3,009	2,972	2,996	11,521	11,818
Commercial services	6,013	6,062	6,025	6,349	6,089	23,245	24,449
Government services	159	159	159	157	159	633	634
Total	86,326	87,645	88,588	93,697	92,149	328,978	356,256
Investment income							
Direct investment	3,698	3,553	3,675	4,054	4,121	17,029	14,981
Interest	393	394	395	396	395	1,552	1,579
Profits	3,305	3,159	3,280	3,658	3,726	15,477	13,402
Portfolio investment	7,351	7,470	7,768	7,862	7,575	29,077	30,451
Interest	7,037	7,159	7,458	7,555	7,283	27,834	29,209
Dividends	314	310	311	307	291	1,243	1,242
Other investment	3,740	3,510	3,418	3,497	3,642	13,819	14,166
Total	14,790	14,533	14,862	15,413	15,338	59,925	59,597
Current transfers							
Private	515	516	505	515	519	1,933	2,050
Official	581	517	492	520	604	2,217	2,110
Total	1,096	1,033	997	1,035	1,122	4,150	4,161
Total payments	102,211	103,211	104,446	110,145	108,609	393,054	420,014
Balances							
Goods and services							
Goods	4,359	3,859	5,678	4,967	7,697	23,674	18,863
Services	-1,829	-1,768	-1,611	-1,748	-1,455	-9,063	-6,955
Travel	-588	-682	-339	-411	-182	-3,651	-2,020
Transportation	-727	-750	-821	-714	-760	-3,151	-3,012
Commercial services	-585	-411	-530	-714	-589	-2,556	-2,240
Government services	71	76	79	91	77	295	317
Total	2,530	2,091	4,068	3,219	6,243	14,611	11,908
Investment income							
Direct investment	-31	-128	-1,150	-554	-1,103	-3,325	-1,863
Interest	-288	-289	-294	-297	-288	-1,161	-1,168
Profits	257	161	-856	-257	-815	-2,164	-694
Portfolio investment	-6,455	-6,529	-6,828	-6,936	-6,603	-25,681	-26,747
Interest	-6,679	-6,768	-7,060	-7,166	-6,844	-26,532	-27,673
Dividends	224	239	233	230	241	852	926
Other investment	-300	27	-63	-153	-241	-673	-490
Total	-6,785	-6,630	-8,041	-7,643	-7,947	-29,679	-29,100
Current transfers							
Private	66	33	90	33	68	64	222
Official	213	45	69	258	278	740	585
Total	279	78	159	291	346	804	807
Current account	-3,977	-4,461	-3,814	-4,133	-1,358	-14,264	-16,385

OTHER RELEASES

New Housing Price Index

April 1999

In April, the New Housing Price Index increased 0.7% compared with the level in April 1998. On a month-to-month basis, this index of contractors' selling prices for new houses increased 0.1% between March and April.

The largest monthly increases were in Saskatoon (+1.0%), Windsor (+0.6%), Ottawa-Hull (+0.4%) and St. Catharines-Niagara (+0.4%) as builders passed on increases in construction costs to new home buyers. Smaller increases were also noted in several other Canadian cities. Monthly decreases were registered in Charlottetown (-0.4%), London (-0.4%), Edmonton (-0.2%) and Hamilton (-0.1%). Six of the 21 cities surveyed showed no monthly change in April.

Annual changes varied considerably among the cities surveyed. The largest annual increase was in the active Calgary market (+5.5%). The largest annual decreases were in Victoria (-5.1%) and Vancouver (-4.2%), where market conditions remain poor.

New housing price indexes

(1992=100)

	April 1999	April 1998 to April 1999	March to April 1999
	% change		
Canada total	100.6	0.7	0.1
House only	101.3	1.1	0.1
Land only	102.0	0.3	-
St. John's	96.3	-0.2	-
Halifax	110.1	1.5	-
Charlottetown	103.1	1.7	-0.4
Saint John-Moncton-Fredericton	93.6	-0.2	-
Quebec City	100.4	1.6	-
Montréal	103.9	1.4	0.1
Ottawa-Hull	99.0	2.0	0.4
Toronto	103.4	1.9	0.1
Hamilton	102.4	0.2	-0.1
St. Catharines-Niagara	101.1	1.8	0.4
Kitchener-Waterloo	101.2	1.5	0.3
London	98.2	0.5	-0.4
Windsor	105.8	0.5	0.6
Sudbury-Thunder Bay	99.8	-0.6	-
Winnipeg	112.6	0.6	0.2
Regina	127.4	3.3	0.2
Saskatoon	114.2	1.5	1.0
Calgary	128.3	5.5	0.2
Edmonton	108.8	1.5	-0.2
Vancouver	84.5	-4.2	-
Victoria	76.2	-5.1	0.1

- Nil or zero.

Note: The total New Housing Price Index for April has fallen below the level of its two components, the House-only Index and the Land-only Index. (This situation has happened in several previous months.) This occurred because the component index series is derived and linked independently. Linking, in particular, creates total indexes that are not averages of their sub-indexes in a strict sense.

Available on CANSIM: matrix 9921.

The second quarter 1999 issue of *Construction price statistics* (62-007-XPB,\$24/\$79) will be available in September. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Louise Chaîné (613-951-3350; fax: 613-951-1539; infounit@statcan.ca), Client Services Unit, Prices Division. ■

Steel primary forms

Week ending June 5, 1999 (preliminary)

Steel primary forms production for the week ending June 5, 1999, totalled 318 840 tonnes, down 0.3% from the week-earlier 319 909 tonnes and up 1.4% from the year-earlier 314 345 tonnes. The cumulative total at the end of the week was 6 816 273 tonnes, a 2.8% decrease compared with 7 011 990 tonnes for the same period in 1998.

For more information, or to enquire about the concepts, methods, or data quality of this release, contact Greg Milsom (613-951-7093; milsomg@statcan.ca), Manufacturing, Construction and Energy Division. ■

Railway carloadings

Seven-day period ending May 21, 1999

Non-intermodal traffic loaded during the seven-day period ending May 21, 1999, increased 10.7% to 4.8 million tonnes compared with the same period last year. The number of cars loaded increased 12.0%.

Intermodal traffic tonnage totalled 360 000 tonnes, a 15.2% increase from the same period of 1998. The year-to-date figures increased 12.1%.

Total traffic increased 11.0% during the period. This brought the year-to-date total to 98.6 million tonnes, a decrease of 2.7% from the previous year.

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. ■

For-hire trucking (commodity origin and destination)

Third and fourth quarter 1998 and annual 1998 (preliminary)

Canada-based, long-distance for-hire carriers transported over 233 million tonnes of freight in 1998, an increase of almost 5% from 1997.

Although domestic activities accounted for 76% of the total tonnage and 80% of the total shipments,

transborder movements generated 42% of the total revenues earned and 44% of the total tonne-kilometres for these carriers.

Preliminary data for the third and fourth quarters of 1998 are now available from the For-hire Trucking (Commodity Origin and Destination) Survey

Available on CANSIM: matrix 143.

Data for 1998 will appear in an upcoming issue of the *Surface and marine transport service bulletin* (50-002-XIB, \$10/\$62). See *How to order publications*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Robert Larocque (613-951-2486; laroque@statcan.ca) or John Nicoletta (613-951-0520; fax: 613-951-0579; nicojoh@statcan.ca), Trucking Section, Transportation Division. ■

PUBLICATIONS RELEASED

Imports: merchandise trade, 1998, vols. 1 and 2
Catalogue number 65-203-XMB
(Canada: \$103; outside Canada: US\$103).

Imports: merchandise trade, 1998, vols. 1 and 2
Catalogue number 65-203-XPB
(Canada: \$258; outside Canada: US\$258).

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Statistics Canada

Thursday, June 9, 1999
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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 4.5 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1995, accompanied by sluggish gains in employment and slow increases in growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
Short-term Expectations Survey
- **Steel primary forms, week ending May 31, 1997** 13
Frag production, April 1997

PUBLICATIONS RELEASED

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