



The Daily

Statistics Canada

Monday, August 23, 1999

For release at 8:30 a.m.

MAJOR RELEASES

- **Canada's international transactions in securities, June 1999** 2
In June, Canadian investors added a further \$1.7 billion to their holdings of foreign securities, bringing their investment to almost \$6 billion through the first half of 1999. For their part, foreign investors reduced their holdings of Canadian securities, exclusively short-term paper. This followed two months of major investments totalling \$9 billion.

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Canada's international transactions in securities

June 1999

In June, Canadian investors added a further \$1.7 billion to their holdings of foreign securities, bringing their investment to almost \$6 billion through the first half of 1999. This six-month investment was, however, just over half that for the same period of 1998. For their part, foreign investors reduced their holdings of Canadian securities, exclusively short-term paper. This followed two months of major investments totalling \$9 billion.

Canadian investors demand for foreign stocks continues

Canadian investors bought a further \$2.0 billion of foreign stocks in June, two-thirds directed to overseas stocks. The total of \$7.4 billion invested in foreign equities in the first half of 1999 was roughly split between U.S. and overseas shares, and was largely driven by investment from Canadian mutual funds.

Related market information

Interest rates

In June, the differential on short-term government instruments favoured investment in the United States for the second consecutive month. During the month, the difference did decline to zero before rising back to 25 basis points in favour of investing in the United States. The differential on long-term government instruments, which continued to favour investment in United States, rose marginally to the 30-35 basis points range.

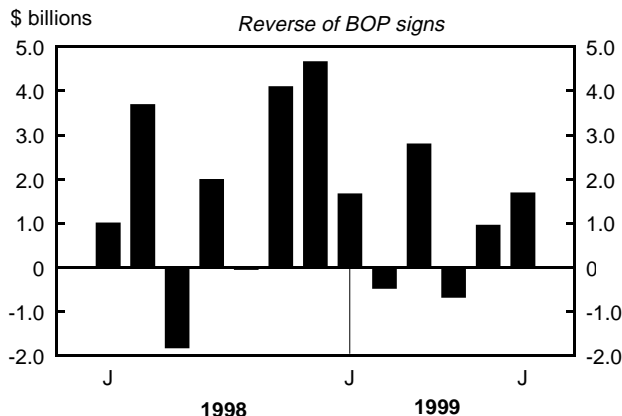
Stock prices

In June, Canadian stock prices (TSE 300 composite index) regained the 2.5% they lost in May. After losing a similar amount in May, U.S. stock prices (Standard and Poor's 500 index) shot back with a much stronger 5.4% gain in June. Up to June of this year, Canadian stock prices (+8.1%) trailed U.S. stock prices (+11.7%).

Canadian dollar

The Canadian dollar resumed its upward trend in June, which has seen it climb five cents against the U.S. dollar since August 1998. June's half-cent gain recouped most of its loss in May, closing at 68.35 U.S. cents.

Canadian investment in foreign securities*



* Includes bonds and stocks.

At the same time, residents reduced their holdings of foreign bonds by a small amount. In the first six months of 1999, residents have sold \$1.5 billion of foreign bonds, mostly U.S. treasuries, in contrast to the first half of 1998 when they purchased a similar amount of foreign bonds.

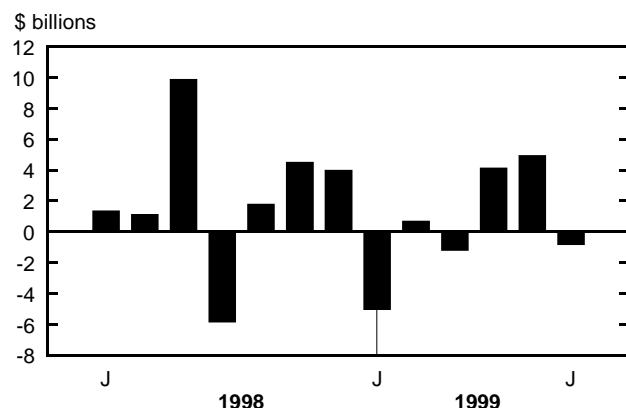
Foreigners sharply reduce their holdings of Canadian short-term paper, but continue to acquire Canadian stocks

Foreign investors reduced their holdings of Canadian money market paper by \$3.0 billion in June, bringing their year-to-date divestment to nearly \$8 billion. June's selling was concentrated in corporate and other government paper, as it has been for most of the year. The differential on short-term government instruments continued to marginally favour investment in the United States for a second consecutive month.

However, foreigners continued to buy Canadian stocks, some \$2 billion in June. This brought to \$6.8 billion their investment in the latest three months, a record quarterly investment. U.S. investors have accounted for all the buying of Canadian stocks in the latest three-month buying spree, led by investment in resource industry shares. Strong foreign demand for Canadian corporate shares coincided with generally

rising Canadian stock prices (TSE 300 composite index), which have risen 8.1% so far this year.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

Foreign investment in Canadian bonds was flat in June after the \$4.1 billion investment in May. Contributing significantly to the reduced investment was a sharply lower level of new offerings in foreign markets, largely corporate bonds. The differential on long-term government instruments, which continued to favour investment in the United States, rose marginally to the 30-35 basis points range.

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

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

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

Canada's international transactions in securities

	March 1999	April 1999	May 1999	June 1999	January to June 1998	January to June 1999
\$ millions						
Foreign investment in Canadian securities	-1,163	4,085	4,883	-781	9,810	2,671
Bonds (net)	-39	1,163	4,057	139	8,107	4,568
Outstanding	842	917	1,218	592	-2,909	3,408
New Issues	3,532	1,645	4,075	1,476	25,474	16,984
Retirements	-4,185	-1,693	-1,957	-913	-14,609	-15,710
Change in interest payable ¹	-229	294	722	-1,016	150	-114
Money market paper (net)	-402	-136	-804	-3,003	-4,123	-7,884
Government of Canada	1,842	-966	-686	-301	-3,465	-1,781
Other paper	-2,244	830	-119	-2,702	-657	-6,103
Stocks (net)	-722	3,058	1,631	2,083	5,826	5,988
Outstanding (including retirements)	-1,055	2,455	1,355	2,070	3,796	4,452
New Issues	333	603	276	13	2,030	1,536
Canadian investment in foreign securities	-2,776	656	-941	-1,670	-9,697	-5,928
Bonds (net)	-526	1,261	-74	323	-1,411	1,470
Stocks (net)	-2,250	-604	-867	-1,993	-8,285	-7,398

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.

OTHER RELEASES

National Construction Industry Wage Rate Survey 1999

Data from the National Construction Industry Wage Rate Survey 1999, which was sponsored by Human Resources Development Canada, are now available for New Brunswick.

For further information, or to enquire about the concepts, methodology and quality of the data of this release, contact Penny Basset, (613-951-3217; basspen@statcan.ca), Small Business and Special Surveys Division. ■

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Statistics Canada	
Thursday, June 3, 1997 For release at 9:30 a.m.	
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• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses was initially weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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Editor: Dan Smythe (613-951-1103, smytdan@statcan.ca)

Head of Official Release: Chantal Prévost (613-951-1088), prevcha@statcan.ca

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