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Statistics Canada

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MAJOR RELEASES

- **Retail trade, December 1999 and 1999** 2
 Retailers ended a strong year with a bang, as sales advanced 2.0% in December. This strengthened the overall sales results of 1999, which were 5.8% higher than in 1998.

- **Private and public investment, 2000 intentions** 7
 Private and public investment including housing is expected to increase by 1.3% in 2000, bringing total capital investment to \$176.6 billion. Housing investment will increase for a fifth year in a row, rising to \$43.0 billion. Investment in plant and equipment is expected rise slightly to \$133.6 billion.

- **Canada's international transactions in securities, December 1999** 11
 In December, foreign investors reduced their holdings of Canadian securities. This divestment helped to cut overall foreign investment in Canadian securities in 1999 to its lowest level in 25 years. Canadian investors, meanwhile, added to their holdings of foreign securities in December. This helped to produce a second consecutive annual record investment in foreign securities of \$23 billion.

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Employment Insurance, December 1999 14

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MAJOR RELEASES

Retail trade

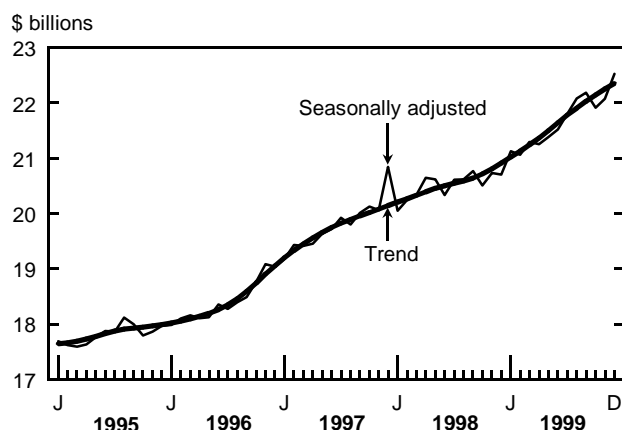
December 1999 and 1999 (preliminary)

Retailers ended a strong year with a bang, as retail sales advanced 2.0% in December. This strengthened the overall sales results of 1999, which were 5.8% higher than in 1998.

In December, retailers sold \$22.5 billion worth of goods and services for a total of \$260.4 billion in 1999. December's widespread increases followed a 0.7% gain in November's sales that came mostly from the automotive sector.

Retailers have experienced rising sales since the fall of 1998 after weaker gains that spring and summer. Prior to this slowdown, retail sales had generally been increasing since early 1996.

Retailers ended 1999 with strong sales



Most retailers reported higher sales in December

In December, consumers increased spending in five of the seven retail sectors and in all provinces, except Newfoundland (-0.2%). British Columbia (+3.8%) led the sales increases, and was followed by each of the three Prairie provinces, which posted sales advances of 2.7% or more.

For a second consecutive month, retailers in the automotive sector led the way, with a 3.7% gain in December following an equally impressive 3.3% sales advance in November. Concern over Y2K problems as well as millennium festivities may have helped food stores post December's second largest monthly increase (+2.1%). In November, food stores reported a 0.7% sales increase.

Note to readers

At the end of every calendar year, seasonally adjusted figures are revised to equal the sum of the unadjusted estimates. Revisions for the 1999 calendar year will be released this April. In order to present provincial analysis by sector, all annual comparisons in this release use the sum of unadjusted estimates. As usual, the rest of the analysis is based on seasonally adjusted estimates. The commodity distribution by sectors mentioned in this release came from the Quarterly Retail Commodity Survey using data for the first three quarters of 1999.

Sales in general merchandise stores bounced back in December (+1.5%) from the 4.8% decline in November, which was mostly attributable to the closure of Eaton's. Consumers came back to furniture stores in December and increased their purchases by 1.0% after staying away in November (-1.9%). Clothing stores had a marginal increase in sales (+0.3%), following a 1.9% reduction in November.

Drug stores (-1.1%) and stores classified as "other retail" (-0.5%) posted the only sales declines in December. The "other retail" category includes retailers such as liquor stores, sporting goods stores, hardware stores and book stores.

1999: Retailers enjoyed an excellent year

Retailers reported their third best year of the decade in 1999 (+5.8%) after the strong performances of 1997 (+7.6%) and 1994 (+7.0%). Retail sales rose in all sectors, with furniture stores, stores in the automotive sector, general merchandise stores and stores classified as "other retail" reporting above average increases. The total retail sales advance in 1999 followed an increase of 3.6% in 1998.

In 1999, higher prices made up about a third of the annual sales gain, whereas prices remained essentially unchanged in 1998. Excluding the effect of prices, retail sales advanced 4.0% in 1999, whereas the annual percentage change remained at 3.6% in 1998.

Consumer credit continued to be a major stimulant for retail sales in 1999. For the first 11 months of the year (the most recent period for which data are available), consumer credit (+7.2%) advanced at nearly twice the rate of total personal income (+3.8%).

Big-ticket items were in high demand during 1999

In 1999, for a second consecutive year, furniture stores (+9.1%) posted the largest increase in sales.

This sector is an important user of credit incentives. The strength observed in the last few years in furniture stores has arisen, in part, from consumer confidence and a willingness to accept further debt. Sales in furniture stores have been continuously on the rise since the spring of 1996.

After a disappointing year in 1998 (+1.5%), retailers in the automotive sector enjoyed a 7.5% sales gain in 1999. This advance was led by strong consumer demand for motor vehicles and price-induced increases in sales by gasoline service stations. In 1999, the increase in sales of used vehicles was more than twice the gain for new vehicles. Consumers have been pumping money into the automotive sector since the fall of 1998 after a period of moderate spending that started in the spring of 1997.

Retailers selling a wide variety of product lines gained ground in 1999

Even with restructuring in the general merchandise sector, these stores posted a 7.1% increase in sales during 1999. General merchandise stores gained market share last year from more specialized retailers on items such as clothing, shoes and health and personal care products. Sales in general merchandise stores have been advancing since early 1996 despite periods of declines in the spring of 1998 and the fall of 1999.

In 1999, sales by liquor, wine and beer stores (+11.4%) pushed up sales in retail stores classified as "other retail" (+6.4%). Retail stores classified in this category have been experiencing strong sales since the start of 1997.

Sales in drug stores were up 3.8% in 1999 compared with 1998. Drug stores continued to lose market share of their main product lines, such as health and personal care products, to food stores and general merchandise stores. Sales in drug stores have been advancing since the start of 1999 after declining in the last half of 1998.

Clothing stores posted a 3.1% increase in sales in 1999. Within this sector, the category of other clothing stores (+6.7%), which includes family clothing, was the only type of clothing store to show a significant sales gain. Women's clothing stores showed a 1.9% increase, while sales decreased in shoe stores (-2.6%) and men's clothing stores (-2.3%). Despite some periods of weak advances, sales in clothing stores have been increasing since early 1996.

Sales in food stores (+2.4%) were also on the rise in 1999 compared with 1998. However, food stores were able to show an increase partly because of higher sales in non-food items, which represent about 20% of all sales by food stores. Sales in food stores have generally been increasing since the spring of 1996.

Retail sales by sector

	1998	1999	1998 to 1999
	\$ millions		% change
Furniture	12,536	13,672	9.1
Automotive	94,501	101,628	7.5
General merchandise	27,956	29,950	7.1
Other	26,643	28,353	6.4
Total, all stores	246,161	260,426	5.8
Drug	12,944	13,431	3.8
Clothing	13,917	14,344	3.1
Food	57,664	59,048	2.4

Higher retail sales across Canada in 1999

All provinces and territories posted higher retail sales in 1999. However, sales increases were much larger in Central and Eastern Canada.

Overall in 1999, consumers in Atlantic Canada increased spending by 7.0%. Prince Edward Island (+10.5%), New Brunswick (+8.5%) and Newfoundland (+6.9%) all reported increases above the national average, while the sales increase for Nova Scotia (+5.4%) was slightly below it.

In Prince Edward Island, which had the strongest provincial performance in 1999, sales advanced in all retail sectors except drug stores. The arrival of several new retailers in the province may have helped to keep consumers on the island in 1999. Retail sales in the province have generally been increasing since the start of 1999 after a period of diminishing sales in the last half of 1998.

Retailers in Ontario enjoyed a record year in 1999, posting their best sales increase (+7.8%) of the decade. Sales advances in furniture stores and in the automotive sector reached levels greater than 10.0%. The remaining sectors also posted strong increases. Retail sales in Ontario have been surging forward since the summer of 1996.

In Quebec, retail sales advanced 6.0% in 1999 led by the automotive (+9.6%) and furniture (+9.0%) sectors. Clothing stores reported a 0.5% increase in sales, whereas drug stores posted a drop (-1.8%). Retailers in Quebec have experienced rising sales since the summer of 1998, despite a sales slowdown during the first half of 1999.

Weak sales in the automotive sector held the overall gain in retail sales to 3.7% in the Prairie provinces. Consumers in Alberta (+4.5%) spent more in stores than their neighbours in Manitoba (+3.0%) and Saskatchewan (+1.5%). A reinvigorated oil industry may have fuelled the recent retail sales gains in Alberta, while low grain prices limited consumer spending in Manitoba and Saskatchewan. Sales gains in all three

Prairie provinces were more robust in the second half of 1999.

In 1999, retailers in British Columbia posted a 1.8% gain in sales. This followed a 2.0% decline in 1998. Consumers in British Columbia stayed away from auto dealers' showrooms in 1999, as retail sales in the automotive sector remained virtually unchanged. The retail industry in British Columbia has been gaining strength since the fall of 1998 after a year of general declines. In fact, sales in December 1999 were 7.9% higher than the low observed in October 1998.

Retail sales by province and territory

	1998	1999	1998 to 1999
	\$ millions		% change
Prince Edward Island	1,044	1,153	10.5
Northwest Territories and Nunavut ¹	511	560	9.5
New Brunswick	5,958	6,466	8.5
Ontario	92,376	99,612	7.8
Newfoundland	3,883	4,150	6.9
Quebec	56,926	60,353	6.0
Canada	246,161	260,426	5.8
Yukon	312	329	5.5
Nova Scotia	7,648	8,061	5.4
Alberta	28,065	29,325	4.5
Manitoba	8,772	9,031	3.0
British Columbia	33,045	33,654	1.8
Saskatchewan	7,621	7,732	1.5

¹ These territories were combined because separate data have only been available since January 1999. Total retail sales in 1999 reached \$386 million in the Northwest Territories and \$174 million in Nunavut.

Related indicators for January

In January, total employment (+0.3%) continued its strong upward movement that started three years ago. On the down side, sources in the auto industry indicated a sharp decline in the number of new vehicles sold in January. Housing starts were down 7.8% in January, marking the largest monthly decline in more than a year.

Available on CANSIM: main matrices 2399 and 2400, 2299, 2397, 2398, 2401-2416 and 2418-2420.

The December 1999 issue of *Retail trade* (63-005-XPB, \$21/\$206; 63-005-XIB, \$16/\$155) will be available shortly. See *How to order publications*.

To order data, or for general information, contact Client Services (613-951-3549; 1 877 421-3067; retailinfo@statcan.ca). For analytical information, or to enquire about the concepts, methods and data quality of this release, contact Paul Gratton (613-951-3541; gratpau@statcan.ca), Retail Trade Section, Distributive Trades Division. □

Retail sales

	Dec. 1998	Sept. 1999 ^r	Oct. 1999 ^r	Nov. 1999 ^r	Dec. 1999 ^p	Nov. to Dec. 1999	Dec. to Dec. 1999
seasonally adjusted							
	\$ millions				% change		
Food	4,817	4,930	4,944	4,976	5,081	2.1	5.5
Supermarkets and grocery stores	4,458	4,562	4,576	4,604	4,707	2.2	5.6
All other food stores	359	368	367	372	374	0.4	4.2
Drug and patent medicine stores	1,070	1,126	1,125	1,140	1,128	-1.1	5.4
Clothing	1,148	1,171	1,219	1,196	1,199	0.3	4.5
Shoe stores	139	129	140	128	136	6.0	-2.5
Men's clothing stores	129	127	133	130	128	-1.2	-0.5
Women's clothing stores	362	361	378	381	377	-1.2	4.1
Other clothing stores	518	553	567	557	559	0.4	7.9
Furniture	1,089	1,142	1,201	1,179	1,191	1.0	9.3
Household furniture and appliance stores	882	929	978	946	968	2.3	9.8
Household furnishings stores	208	213	223	232	223	-4.2	7.3
Automotive	7,968	8,865	8,460	8,736	9,058	3.7	13.7
Motor and recreational vehicle dealers	5,465	6,079	5,661	5,889	6,134	4.2	12.3
Gasoline service stations	1,277	1,527	1,547	1,557	1,607	3.2	25.9
Automotive parts, accessories and services	1,227	1,259	1,253	1,291	1,316	2.0	7.3
General merchandise stores	2,370	2,578	2,561	2,438	2,473	1.5	4.4
Retail stores not elsewhere classified	2,241	2,377	2,404	2,410	2,398	-0.5	7.0
Other semi-durable goods stores	689	709	716	715	680	-4.9	-1.2
Other durable goods stores	567	582	590	581	586	0.9	3.3
All other retail stores not elsewhere classified	985	1,085	1,098	1,114	1,132	1.6	15.0
Total, retail sales	20,703	22,188	21,915	22,076	22,528	2.0	8.8
Total excluding motor and recreational vehicle dealers	15,238	16,109	16,254	16,187	16,394	1.3	7.6
Provinces and territories							
Newfoundland	323	353	347	354	353	-0.2	9.2
Prince Edward Island	86	100	99	100	101	1.1	17.8
Nova Scotia	651	681	682	685	697	1.7	7.0
New Brunswick	494	551	546	550	561	2.1	13.7
Quebec	4,823	5,098	5,034	5,087	5,180	1.8	7.4
Ontario	7,775	8,483	8,441	8,478	8,588	1.3	10.5
Manitoba	737	774	737	756	782	3.5	6.1
Saskatchewan	630	657	632	656	674	2.7	7.0
Alberta	2,360	2,566	2,497	2,509	2,580	2.8	9.3
British Columbia	2,752	2,849	2,826	2,825	2,933	3.8	6.6
Yukon	26	28	27	28	29	4.0	9.2
Northwest Territories	..	33	34	34	36	5.6	..
Nunavut	..	15	15	15	14	-2.8	..

^r Revised figures.

^p Preliminary figures.

.. Figures not available.

Retail sales

	Dec. 1998	Nov. 1999 ^r	Dec. 1999 ^p	Dec. 1998 to Dec. 1999
unadjusted				
	\$ millions			% change
Food	5,183	4,675	5,593	7.9
Supermarkets and grocery stores	4,740	4,325	5,124	8.1
All other food stores	443	351	469	5.8
Drug and patent medicine stores	1,342	1,121	1,425	6.2
Clothing	1,915	1,323	2,019	5.4
Shoe stores	177	140	177	0.1
Men's clothing stores	262	157	262	-0.1
Women's clothing stores	584	409	608	4.1
Other clothing stores	893	617	973	9.0
Furniture	1,571	1,307	1,740	10.8
Household furniture and appliance stores	1,307	1,046	1,456	11.4
Household furnishings stores	264	261	284	7.7
Automotive	7,343	8,468	8,473	15.4
Motor and recreational vehicle dealers	4,732	5,513	5,392	13.9
Gasoline service stations	1,261	1,523	1,617	28.2
Automotive parts, accessories and services	1,350	1,432	1,464	8.5
General merchandise stores	3,953	2,961	4,145	4.9
Retail stores not elsewhere classified	3,509	2,361	3,813	8.7
Other semi-durable goods stores	1,073	768	1,062	-1.1
Other durable goods stores	1,070	554	1,128	5.4
All other retail stores not elsewhere classified	1,366	1,039	1,623	18.8
Total, retail sales	24,816	22,215	27,207	9.6
Total excluding motor and recreational vehicle dealers	20,084	16,703	21,816	8.6
Provinces and territories				
Newfoundland	395	371	428	8.6
Prince Edward Island	103	97	120	16.6
Nova Scotia	788	700	856	8.5
New Brunswick	591	557	673	13.9
Quebec	5,432	5,027	5,870	8.1
Ontario	9,605	8,661	10,675	11.1
Manitoba	898	761	968	7.8
Saskatchewan	760	667	820	8.0
Alberta	2,873	2,542	3,177	10.6
British Columbia	3,293	2,762	3,531	7.2
Yukon	28	25	31	11.3
Northwest Territories	..	31	41	..
Nunavut	..	14	17	..

^r Revised figures.

^p Preliminary figures.

.. Figures not available.

Private and public investment

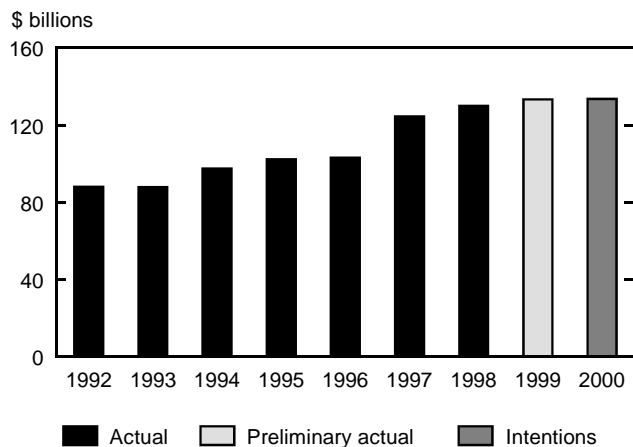
2000 intentions

In 2000, private and public investment including housing is expected to increase by 1.3%, bringing total capital investment to \$176.6 billion. Housing investment will increase for a fifth year in a row, rising 5.1% to \$43.0 billion. Investment in plant and equipment is expected to reach \$133.6 billion, a slight 0.1% increase from 1999.

The leveling off for plant and equipment is in some part due to the completion of large capital projects over the last few years. Though flat, this investment does follow six consecutive increases, and it is accompanied by record high capacity use rates. Investment in machinery and equipment is expected to decline 3.7% to \$71.8 billion in 2000, whereas spending on non-residential construction is expected to increase 5.0% to \$61.8 billion.

Plant and equipment spending in 2000 will remain almost unchanged despite a huge resurgence in spending by the oil and gas industries. This resurgence mirrors the recovery in oil prices since the fourth quarter of 1999. Offsetting this rebound are an expected decline in pipeline construction (due to the completion of several large projects) and a continuing decline in the number of vehicles acquired by leasing companies for the coming year.

Plant and equipment spending levels off



Largest increase expected from oil and gas

The single largest investment increase is coming from oil and gas extraction industries, where the recovery in oil prices has doubled the drilling activity compared with the same period in 1999. Investment

Note to readers

Investment intentions are based on a sample survey of 27,000 businesses, governments and institutions. The survey was conducted from October 1999 to the end of January 2000. It had a 72% response rate that covered 81% 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 calendarized and expressed in current dollars.

in oil and gas wells reflects this increase, rising 17.3% to \$17.8 billion.

Government investment on the increase

The increase in government spending on capital, now at \$14.4 billion, is coming from the municipal level. Local governments plan to boost their capital spending by 12.5% to \$8.4 billion. This increase will largely be concentrated in transportation infrastructure.

Pipeline projects wind down

The winding down of several pipeline projects across the country means lower investment intentions for the pipeline industry in 2000. Spending will drop 47.0% as a result of these completions, down to \$2.2 billion.

Leasing continues to lose its appeal

Automotive leasing companies continue to post lower expectations for vehicle leasing. Their investment in machinery and equipment for lease is expected to decline 11.4% in 2000, a drop of \$1.3 billion. This marks the second consecutive year of lower expectations, and it coincides with the upward trend in auto sales.

Manufacturing upholds previous level

Manufacturing investment appears flat again in 2000; however, this follows a period of unprecedented investment in machinery and equipment between 1994 and 1998. This platform of technologically up-to-date capacity may help explain the overall optimistic outlook of manufacturers that was expressed in the latest Business Conditions Survey. Within this context, the capital spending intentions of motor vehicle manufacturers are off 36.3%, as retooling for new models is wound up at several plants. Chemical manufacturers' spending intentions are down 27.1% due to the completion of plant expansions. Meanwhile, increases are expected at refineries (+40.0%) and at paper manufacturing plants (+21.0%). These gains, along with spending increases in 10 other industries,

leave manufacturers' total investment intentions for 2000 unchanged.

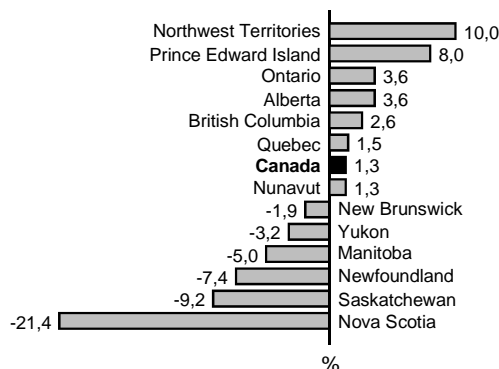
New housing on the rise

Investment in residential housing is expected to continue to climb in 2000 by rising 5.1% to \$43.0 billion. With mortgage rates at reasonable levels and a generally favourable economic environment, that increase will be mainly due to 6.1% higher spending for new housing, up to \$19.1 billion. The largest gain is expected in Ontario, where an increase of \$1.2 billion is expected. Quebec and Alberta follow, with respective increases of \$474.1 million and \$144.6 million.

Several regions expect increases

The Northwest Territories and Prince Edward Island are expected to lead all other regions in investment percentage growth in 2000, with spending rising by 10.0% and 8.0% respectively. Ontario and Alberta are expecting increases of 3.6% each. The largest decline is expected in Nova Scotia (-21.4%).

Northwest Territories and Prince Edward Island expect to outpace other regions in spending increases



Available on CANSIM: matrices 11500-11537.

Private and public investment in Canada, Intentions 2000 (61-205-XIB, \$35) will be available shortly. See *How to order publications*.

For further information, or to enquire about the concepts, methods or data quality of this release, contact Les Shinder (1 877 338-2368; 613-951-2030; 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 organisations

	Year ¹	Capital expenditures			1999 preliminary actual to 2000 intentions	1998 actual to 1999 preliminary actual
		Construction	Machinery and equipment	Total		
\$ millions						
Canada ¹	1998	95,445.7	71,931.2	167,376.9	1.3	4.2
	1999	99,773.7	74,559.1	174,332.8		
	2000	104,775.4	71,776.7	176,552.1		
Newfoundland	1998	2,012.8	761.4	2,774.2	-7.4	21.0
	1999	2,594.2	763.6	3,357.8		
	2000	2,373.8	735.4	3,109.2		
Prince Edward Island	1998	262.9	199.4	462.3	8.0	-1.4
	1999	273.1	182.9	455.9		
	2000	304.0	188.2	492.2		
Nova Scotia	1998	2,807.6	1,497.1	4,304.7	-21.4	19.0
	1999	3,374.0	1,750.5	5,124.4		
	2000	2,465.8	1,564.2	4,029.9		
New Brunswick	1998	1,750.7	1,295.4	3,046.1	-1.9	20.9
	1999	2,309.0	1,373.9	3,682.9		
	2000	2,312.0	1,301.8	3,613.8		
Quebec	1998	16,986.9	14,298.4	31,285.3	1.5	7.7
	1999	18,516.2	15,180.2	33,696.4		
	2000	19,072.0	15,126.9	34,198.9		
Ontario	1998	29,406.7	30,980.2	60,386.8	3.6	5.1
	1999	31,970.0	31,509.8	63,479.7		
	2000	34,746.1	30,987.2	65,733.3		
Manitoba	1998	2,799.0	2,191.6	4,990.6	-5.0	3.2
	1999	2,714.0	2,438.8	5,152.8		
	2000	2,511.6	2,382.2	4,893.8		
Saskatchewan	1998	4,097.9	2,505.2	6,603.1	-9.2	2.2
	1999	3,984.0	2,767.4	6,751.3		
	2000	3,786.3	2,347.1	6,133.3		
Alberta	1998	21,598.3	10,685.9	32,284.2	3.6	-3.1
	1999	20,729.8	10,561.9	31,291.7		
	2000	23,126.1	9,304.7	32,430.8		
British Columbia	1998	12,786.5	7,268.8	20,055.2	2.6	1.4
	1999	12,575.7	7,759.6	20,335.3		
	2000	13,303.5	7,559.3	20,862.8		
Yukon	1998	140.5	71.1	211.6	-3.2	18.1
	1999	170.7	79.2	249.9		
	2000	165.6	76.4	242.0		
Northwest Territories	1998	795.9	176.8	972.7	10.0	-43.8
	1999	414.2	132.0	546.2		
	2000	458.7	142.1	600.8		
Nunavut	1998	1.3	...
	1999	149.0	59.6	208.6		
	2000	149.8	61.4	211.2		

¹ 1998 actual, followed by 1999 preliminary actual, and then 2000 intentions.

... Figures not appropriate or not applicable.

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

Capital spending intentions of private and public organisations

	1998 actual	1999 preliminary actual	2000 intentions	1999 preliminary actual to 2000 intentions	1998 actual to 1999 preliminary actual
	\$ millions			% change	
Total	167,376.9	174,332.8	176,552.1	1.3	4.2
Plant and equipment	129,962.3	133,423.3	133,565.9	0.1	2.7
Housing	37,414.6	40,909.5	42,986.2	5.1	9.3
NAICS sectors					
Agriculture, forestry, fishing and hunting	4,709.0	4,643.4	4,709.3	1.4	-1.4
Mining and oil and gas extraction	20,146.7	18,217.7	20,938.1	14.9	-9.6
Utilities	7,903.3	8,122.4	7,973.9	-1.8	2.8
Construction	3,077.3	3,268.0	3,425.0	4.8	6.2
Manufacturing	20,413.6	20,252.3	20,068.2	-0.9	-0.8
Wholesale trade	2,883.3	2,674.3	2,653.5	-0.8	-7.2
Retail trade	3,931.9	4,037.0	4,044.3	0.2	2.7
Transportation and warehousing	12,676.7	13,762.7	11,674.3	-15.2	8.6
Information and cultural industries	8,160.8	8,832.4	9,110.5	3.1	8.2
Finance and insurance	12,909.0	13,827.7	12,739.7	-7.9	7.1
Real estate and rental and leasing	8,241.4	8,984.1	8,673.1	-3.5	9.0
Professional, scientific and technical services	3,058.7	3,306.6	3,353.2	1.4	8.1
Management of companies and enterprises	207.0	184.4	191.2	3.7	-10.9
Administration, support, waste management and remediation services	612.7	584.8	503.0	-14.0	-4.6
Educational services	3,063.4	2,855.4	2,981.8	4.4	-6.8
Health care and social assistance	2,171.8	2,866.0	3,032.2	5.8	32.0
Arts, entertainment and recreation	820.0	941.6	740.0	-21.4	14.8
Accommodation and food services	1,489.2	1,333.6	1,252.8	-6.1	-10.4
Other services (except public administration)	1,243.4	1,146.6	1,128.9	-1.5	-7.8
Public administration	12,243.1	13,582.3	14,372.5	5.8	10.9

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

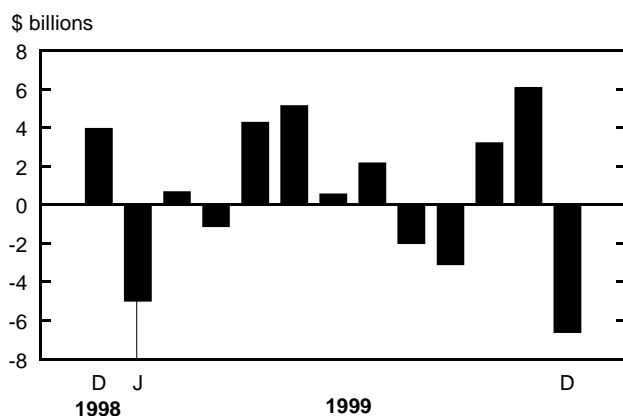


Canada's international transactions in securities

December 1999

In December, foreign investors reduced their holdings of Canadian securities by \$6.6 billion, more than reversing their \$6.1 billion investment in November. Both months were dominated by activity in Canadian bonds. December's divestment helped to cut overall foreign investment in Canadian securities in 1999 to its lowest level in 25 years.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

Canadian investors, meanwhile, added a further \$2.5 billion to their holdings of foreign securities in December. More than four-fifths of it went into foreign stocks. This helped to produce a second consecutive annual record investment in foreign securities of \$23 billion, up slightly from 1998.

Foreigners sell off a large amount of Canadian bonds

Foreign investors cut their holdings of Canadian bonds by \$7.1 billion in December, reversing a \$6 billion investment in November. An erratic monthly pattern over much of 1999 resulted in an annual investment of only \$3.5 billion—a level not seen since the early 1970s.

In 1999, a total of \$31.8 billion of new Canadian bonds were floated in foreign markets—the lowest since 1990. Retirement of foreign-held Canadian bonds reached a record \$36.5 billion. Foreigners did purchase \$7.8 billion of outstanding bonds in 1999, mainly federal issues in the secondary market. It was their first annual investment in that market since 1996.

Related market information

Interest rates

In December, short-term interest rates rose faster in the United States than they did in Canada, so the differential favouring investment in the United States climbed above 50 basis points. The differential was in the 50-60 basis points range—the largest since March 1998, when it was descending from a mid-1997 peak above 200 basis points. The differential on long-term government instruments, which drifted in favour of Canada by a small margin for part of October and November, shifted back to favouring investment in the United States in December by 20 basis points.

Stock prices

Canadian stock prices (TSE 300 composite index) closed out 1999 with an amazing 11.8% gain in December, adding to a 3.7% gain in November. The year-end surge in Canadian stock prices was good enough to outperform their U.S. counterparts (Standard & Poor's 500 index) by a two-to-one margin over the last two months of 1999. Until October, both Canadian and U.S. stock prices recorded similar gains (11.9% versus 10.9%).

Canadian dollar

The Canadian dollar rose in 1999, gaining a full four cents against the U.S. dollar. A 1.5 cent gain in late December pushed the dollar to close at 69.29 U.S. cents, the highest since April 1998.

The decreased foreign investment in Canadian bonds occurred against a backdrop of lower borrowing requirements at most levels of government. As well, most of last year, the differential on long-term government instruments favoured investment in the United States.

Foreigners continue to accumulate Canadian stocks and reduce money market holdings

Foreigners closed out the year by accumulating a further \$0.7 billion worth of Canadian shares in December. This buying took place against a backdrop of rising stock prices, as the TSE 300 composite posted a 29.7% gain in 1999. December's buying was enough to push the foreign investment in Canadian stocks for the year to a record \$14.2 billion, marginally surpassing the previous high in 1998. Although the majority (\$8 billion) came from new issues sold in foreign markets, foreigners also acquired \$6.1 billion of outstanding shares during 1999. U.S. investors accounted for all of the foreign buying in 1999 (\$17.0 billion), whereas other foreign investors reduced their holdings (\$2.8 billion).

As for Canadian money market paper, negligible foreign selling in December capped a year in which foreign investors reduced their holdings in 10 of 12 months—down a record \$13.4 billion for

the year. This divestment was spread over the money market instruments, most notably federal Treasury bills (\$6.5 billion) and corporate paper (\$4.1 billion). The selling originated from all geographic areas and was led by the United States, Europe and Asia. The differential between Canadian and U.S. short-term interest rates, which favoured investment in Canada by 30 basis points early in 1999, shifted by year-end to some 50 basis points in favour of investing in the United States.

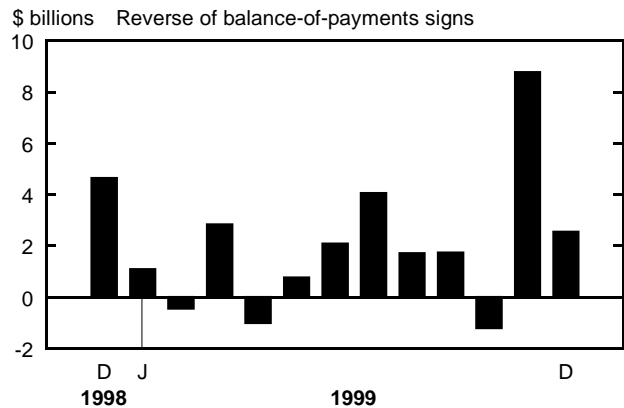
Second consecutive record year for Canadian investment in foreign securities

Canadian investors pumped another \$2.5 billion into foreign securities in December, for a record annual accumulation last year of \$23 billion. Their buying in December was directed mainly to shares of stock.

Canadian investment in foreign stocks accounted for \$20.5 billion of these outflows during 1999. That activity was heavily influenced by Canadian investors receiving treasury shares in foreign companies involved in direct investment acquisitions of Canadian companies. Some two-thirds of the investment for the year went into U.S. shares, with the balance being invested in shares on overseas markets.

Canadians purchased \$0.4 billion of foreign bonds in December, bringing their annual investment to \$2.4 billion, roughly split between U.S. Treasuries and overseas bonds.

Canadian investment in foreign securities*



* Includes bonds and stocks.

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

The December 1999 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176; 67-002-XIB, \$14/\$132) will be available in March. See *How to order publications*.

For further information, or to enquire about the concepts, methods on 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. 1999	Oct. 1999	Nov. 1999	Dec. 1999	1998	1999
	\$ millions					
Foreign investment in Canadian securities	-3,071	3,180	6,054	-6,578	25,006	4,199
Bonds (net)	-1,689	2,464	6,047	-7,114	11,790	3,474
Outstanding	948	2,668	3,135	-3,431	-8,879	7,789
New Issues	3,526	1,049	3,511	1,189	52,728	31,792
Retirements	-5,990	-1,752	-1,269	-3,881	-32,937	-36,451
Change in interest payable ¹	-173	499	669	-991	878	344
Money market paper (net)	-2,418	-982	-571	-209	-264	-13,439
Government of Canada	-2,497	-2,023	-173	393	-2,446	-6,485
Other paper	79	1,040	-397	-602	2,182	-6,954
Stocks (net)	1,037	1,699	578	745	13,480	14,164
Outstanding (includes retirements)	785	-528	-1,657	692	-3,583	6,137
New issues	251	2,226	2,234	53	17,063	8,027
Canadian investment in foreign securities	-1,740	1,200	-8,778	-2,542	-22,233	-22,947
Bonds (net)	-1,989	1,419	-2,861	-437	-7,075	-2,405
Stocks (net)	249	-219	-5,917	-2,106	-15,158	-20,541

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).



OTHER RELEASES

Employment Insurance

December 1999 (preliminary)

An estimated 489,220 Canadians received the regular type of Employment Insurance (EI) benefit in December, down from November by 2.4%. After a relatively stable first half of 1999, the number of regular beneficiaries has shown four consecutive months of decline. Led by Ontario (-6.5%) and the Yukon (-9.4%), most provinces and territories recorded a decrease in December. Only Newfoundland and Saskatchewan reported an increase the number of beneficiaries. Compared with December 1998, the number of beneficiaries receiving the regular benefit this December was down 8.1%.

Number receiving regular EI benefits

	Dec. 1999 ^P	Nov. 1999 to Dec. 1999	Dec. 1998 to Dec. 1999
	seasonally adjusted		
		% change	
Canada	489,220	-2.4	-8.1
Newfoundland	34,200	2.9	3.2
Prince Edward Island	8,080	-1.2	-7.8
Nova Scotia	28,220	-4.2	0.6
New Brunswick	32,930	-0.2	-3.6
Quebec	172,050	-1.1	-3.9
Ontario	99,250	-6.5	-14.4
Manitoba	12,950	-0.5	-7.1
Saskatchewan	11,020	1.4	-10.6
Alberta	28,720	-5.1	-18.8
British Columbia	56,740	-3.5	-14.7
Yukon Territory	960	-9.4	-17.2
Northwest Territories and Nunavut	1,200	-2.4	-4.0
	unadjusted		
Northwest Territories	1,020	10.6	..
Nunavut	260	3.1	..

^P Preliminary figures.

.. Figures not available.

The amount paid out as regular benefits increased from November to December by 8.6% to \$652.0 million. Meanwhile, the number of claims for EI filed by the jobless increased 14.0% from November to stand at 234,080 claims.

Note: The number of beneficiaries is all persons who received EI benefits for the week containing the 8th day of the month. Regular benefit payments are the total of all monies received by individuals for the entire month. Readers should bear in mind these two different

reference periods when making comparisons between the two data series. The Employment Insurance Act allows each province or administrative region of Human Resource Development Canada a degree of administrative autonomy regarding renewal claims. Data users are cautioned that month-to-month changes in renewal claims levels may be affected by these different administrative procedures.

Employment Insurance statistics

	Dec. 1998	Nov. 1999	Dec. 1999	Nov. to Dec. 1999	Dec. to Dec. 1999
	seasonally adjusted				
				% change	
Regular beneficiaries	532,490	501,159 ^P	489,220 ^P	-2.4	-8.1
Regular benefits paid (\$ millions)	719.1	600.6	652.0	8.6	-9.3
Claims received ('000)	242.2	205.4	234.1	14.0	-3.3
	unadjusted				
				% change	
All beneficiaries ('000) ¹	769.1	623.2 ^P	713.8 ^P	14.5	-7.2
Regular beneficiaries ('000)	570.4	438.5 ^P	523.6 ^P	19.4	-8.2
Claims received ('000)	319.8	285.7	284.6	-0.4	-11.0
Payments (\$ millions)	1,008.0	897.4	989.1	10.2	-1.9
	Year-to-date (January to December)				
				1998	1998 to 1999
				1998	1999
				% change	
Claims received ('000)			2,842.3	2,625.0	-7.6
Payments (\$ millions)			11,668.4	11,830.1	1.4

^P Preliminary figures.¹ All beneficiaries includes all claimants receiving regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness). To some extent, the increase in December reflects earlier processing changes by Human Resources Development Canada to avoid potential problems associated with Y2K.

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

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

PUBLICATIONS RELEASED

Farming facts, Statistical insights on Canadian agriculture, 1999
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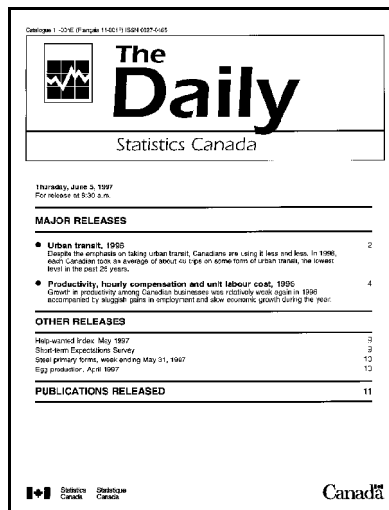
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