

The Daily

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Thursday, March 23, 2000

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In January, foreign investors acquired \$4.8 billion worth of Canadian securities, after divesting \$6.6 billion in December. At the same time, Canadian investors continued to accumulate foreign securities (\$2.3 billion) for the third straight month.

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Canadian economic observer

March 2000

The March issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, analyses current economic conditions, summarizes the major economic events that occurred in February, and presents a feature article on advanced technology use in manufacturing during the 1990s. A separate statistical summary presents the principal economic indicators for Canada, the provinces and the major industrial nations.

The March issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available. See *How to order publications*. For more information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.



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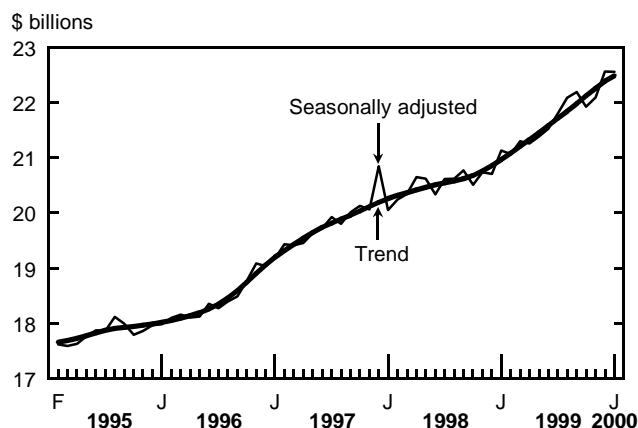
MAJOR RELEASES

Retail trade

January 2000

Retail sales totalled \$22.6 billion in January, unchanged from December 1999. Sales had advanced 2.1% in December from November. January receipts were 6.7% greater than those of January 1999.

Retail sales were unchanged in January



Strong gains in general merchandise and clothing stores offset large declines in stores that may have had their December sales buoyed by millennial festivities or Y2K concerns.

Retail sales have generally been advancing strongly since early 1996, except for a period of weaker gains in the spring and summer of 1998.

Sales down in January following Y2K transition

Concern over potential Y2K problems and millennial festivities were partly responsible for advances in several retail industries in December and subsequent retreats in January. The largest January declines were in food stores (-4.0%), liquor, wine and beer stores (-5.9%) and automotive parts, accessories and service stores (-2.7%).

January's drop in food store sales followed a 2.0% advance in December. Supermarkets and grocery stores lost more ground than did specialized food stores (-4.2% and -2.6%, respectively). Despite these setbacks, food store sales have been increasing since the spring of 1996.

After posting large advances in the last three months of 1999, sales in liquor, wine and beer stores fell sharply

in January (-5.9%). However, sales in liquor, wine and beer stores have been rising since the summer of 1996.

General merchandise stores post large increase

The general merchandise sector posted its largest increase in 12 months in January, up 3.8%. Strong advances were observed both in department stores (+5.0%) and in other general merchandise stores (+2.2%). This brought sales in general merchandise stores to a level slightly higher than the previous peak in September 1999, before the store closures resulting from restructuring in the department store industry. However, department store sales remained 3.5% below the peak observed in August 1999.

With the exception of a pause in the spring of 1998, sales in general merchandise stores rose constantly from early 1996 until the closing of Eaton's stores in the fall of 1999.

Sales in clothing stores were stronger in January (+2.7%), following a smaller advance in December (+0.8%). Although erratic through most of 1999, clothing store sales have generally been rising since the start of 1996.

Furniture store sales continued to advance in January (+2.1%). This followed a 1.2% increase in December. Consumers have been increasing their spending in furniture stores since the spring of 1996.

Advancing sales by motor and recreational vehicle dealers (+0.5%) and gasoline service stations (+0.3%) offset the declines posted by automotive parts, accessories and service stores, leaving the automotive sector unchanged. Sales in this sector have been rising since the spring of 1997, and more strongly since the fall of 1998.

Drug stores posted marginal increases in January (+0.3%). Spending in drug stores has generally been rising since the spring of 1997.

Sales advance in few provinces

Increasing sales in Newfoundland (+1.3%), Quebec (+0.8%) and New Brunswick (+0.6%) and a marginal improvement in Ontario (+0.1%) offset declines in all other provinces.

Quebec posted the largest dollar-value increase in sales in January, with advances in all sectors except food and clothing stores. Retail sales in Quebec have been rising since the summer of 1998, except for a slowdown in the first half of 1999. Recent strength in retail sales has come from advances in the automotive and furniture sectors.

The declining sales in the four western provinces followed strong advances in December. Setbacks in all of these provinces were largely a result of lower sales in food stores. Sales in all of these provinces have generally been increasing for most of 1999; Alberta has seen the strongest gains.

Related indicators

In February, total employment rose 0.2%, continuing the advance that began three years ago. Early indicators suggest a decline in the number of new motor vehicles sold in February. The number of housing starts rose 11.9% in February.

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

The January 2000 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 or data quality of this release, contact Greg Peterson (613-951-3592; petegre@statcan.ca), Retail Trade Section, Distributive Trades Division. □

Retail sales

	Jan. 1999	Oct. 1999 ^r	Nov. 1999 ^r	Dec. 1999 ^r	Jan. 2000 ^p	Dec. 1999 to Jan. 2000	Jan. 1999 to Jan. 2000
seasonally adjusted							
	\$ millions				% change		
Food	4,852	4,934	4,962	5,060	4,856	-4.0	0.1
Supermarkets and grocery stores	4,495	4,567	4,590	4,681	4,486	-4.2	-0.2
All other food stores	357	367	372	379	369	-2.6	3.4
Drug and patent medicine stores	1,102	1,125	1,140	1,127	1,130	0.3	2.6
Clothing	1,171	1,219	1,199	1,209	1,242	2.7	6.1
Shoe stores	139	139	127	137	139	1.2	-0.3
Men's clothing stores	126	133	130	128	127	-0.4	1.1
Women's clothing stores	375	379	382	379	387	2.0	3.3
Other clothing stores	531	568	560	565	589	4.2	10.9
Furniture	1,094	1,201	1,179	1,193	1,218	2.1	11.4
Household furniture and appliance stores	889	979	946	971	993	2.3	11.7
Household furnishings stores	205	223	232	223	225	1.3	10.0
Automotive	8,085	8,462	8,747	9,067	9,067	0.0	12.2
Motor and recreational vehicle dealers	5,544	5,666	5,904	6,152	6,183	0.5	11.5
Gasoline service stations	1,287	1,546	1,556	1,604	1,609	0.3	25.0
Automotive parts, accessories and services	1,253	1,250	1,287	1,310	1,275	-2.7	1.8
General merchandise stores	2,491	2,567	2,444	2,488	2,582	3.8	3.7
Retail stores not elsewhere classified	2,331	2,410	2,419	2,412	2,455	1.8	5.3
Other semi-durable goods stores	707	719	720	681	740	8.6	4.6
Other durable goods stores	616	593	585	595	607	2.1	-1.5
All other retail stores not elsewhere classified	1,008	1,098	1,115	1,136	1,108	-2.5	9.9
Total, retail sales	21,125	21,919	22,088	22,557	22,550	0.0	6.7
Total excluding motor and recreational vehicle dealers	15,581	16,253	16,184	16,405	16,366	-0.2	5.0
Provinces and territories							
Newfoundland	334	347	354	356	360	1.3	8.0
Prince Edward Island	89	98	100	101	99	-1.7	10.8
Nova Scotia	654	681	684	694	682	-1.7	4.2
New Brunswick	509	546	550	563	566	0.6	11.2
Quebec	4,966	5,038	5,093	5,187	5,228	0.8	5.3
Ontario	7,960	8,440	8,482	8,600	8,610	0.1	8.2
Manitoba	751	736	756	783	773	-1.3	3.0
Saskatchewan	635	632	655	673	664	-1.5	4.4
Alberta	2,374	2,498	2,511	2,582	2,579	-0.1	8.6
British Columbia	2,781	2,827	2,827	2,940	2,909	-1.0	4.6
Yukon	26	27	28	29	28	-2.3	7.0
Northwest Territories	31	34	34	36	36	0.0	18.3
Nunavut	14	15	15	14	15	2.3	2.9

^r Revised figures.

^p Preliminary figures.

Retail sales

	Jan. 1999	Dec. 1999 ^r	Jan. 2000 ^p	Jan. 1999 to Jan. 2000
unadjusted				
	\$ millions			% change
Food	4,801	5,573	4,622	-3.7
Supermarkets and grocery stores	4,479	5,096	4,301	-4.0
All other food stores	322	477	321	-0.2
Drug and patent medicine stores	1,063	1,424	1,074	1.0
Clothing	869	2,019	907	4.3
Shoe stores	108	178	106	-2.5
Men's clothing stores	99	261	98	-1.0
Women's clothing stores	274	611	275	0.3
Other clothing stores	387	968	428	10.5
Furniture	902	1,737	1,003	11.2
Household furniture and appliance stores	744	1,453	830	11.6
Household furnishings stores	158	284	173	9.1
Automotive	6,419	8,460	7,160	11.5
Motor and recreational vehicle dealers	4,193	5,383	4,645	10.8
Gasoline service stations	1,184	1,615	1,466	23.9
Automotive parts, accessories and services	1,043	1,462	1,049	0.6
General merchandise stores	1,816	4,147	1,924	6.0
Retail stores not elsewhere classified	1,791	3,814	1,863	4.0
Other semi-durable goods stores	513	1,063	539	5.0
Other durable goods stores	478	1,129	487	1.9
All other retail stores not elsewhere classified	800	1,622	838	4.7
Total, retail sales	17,661	27,173	18,553	5.1
Total excluding motor and recreational vehicle dealers	13,468	21,790	13,908	3.3
Provinces and territories				
Newfoundland	263	428	277	5.5
Prince Edward Island	69	120	74	7.4
Nova Scotia	538	851	549	2.0
New Brunswick	403	673	438	8.6
Quebec	4,072	5,856	4,225	3.8
Ontario	6,646	10,665	7,040	5.9
Manitoba	635	968	645	1.5
Saskatchewan	551	819	564	2.3
Alberta	2,015	3,170	2,178	8.1
British Columbia	2,411	3,534	2,497	3.6
Yukon	20	31	22	6.5
Northwest Territories	26	41	31	19.6
Nunavut	12	17	13	4.9

^r Revised figures.

^p Preliminary figures.

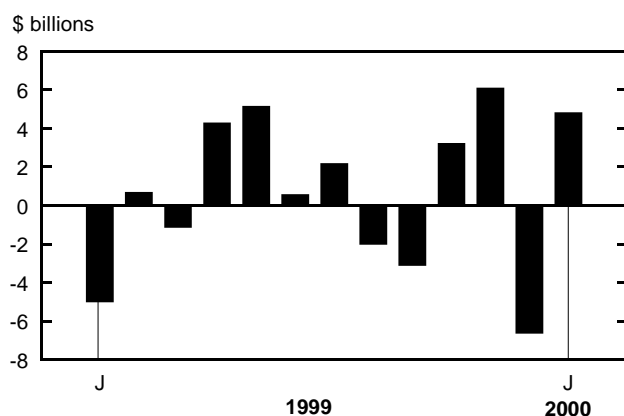


Canada's international transactions in securities

January 2000

In January, foreign investors acquired \$4.8 billion in Canadian securities, after divesting \$6.6 billion worth in December. Monthly foreign portfolio investment in Canada has fluctuated widely since the second half of 1999. While most of the foreign portfolio acquisitions in January were investments in stocks, foreign holdings of money market paper increased for the first time in five months.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

At the same time, Canadian investors continued to accumulate foreign securities (\$2.3 billion) for the third straight month. January activity comprised a sizable investment in foreign stocks, which was partly offset by a reduction in holdings of foreign bonds.

Major acquisition of an American firm drives increase in foreign holdings of Canadian shares

Foreign investors increased their holdings of Canadian stocks by a massive \$4.7 billion during January; much of it is accounted for by a share exchange that was part of a high-profile acquisition of an American company by a Canadian firm. In addition, foreign investors continued to buy shares in the secondary market (\$0.8 billion). Although Canadian stock prices recorded only a 0.8% gain in January, they still managed to outperform their American counterparts for a third straight month.

Related market information

Interest rates

With short-term interest rates moving over a narrow range in both the United States and Canada in January, the differential favouring investment in the United States remained unchanged at about 50 basis points. The differential on long-term government instruments, also favouring investment in the United States, fluctuated in the 10- to 30-point range, settling back to where it began the month at the lower end of this range.

Stock prices

After putting on one of the best annual performances in recent years, rising 30% in 1999, Canadian stock prices, as measured by the TSE 300 Composite Index, took a breather in January, gaining less than 1%. In contrast, U.S. stock prices, as measured by the Standard & Poor's 500 Index, fell 5.1% in January, after having risen 20% in 1999.

Canadian dollar

After a strong performance in December, the Canadian dollar closed marginally lower against the U.S. dollar in January, at just over US69 cents. In 1999, the Canadian dollar gained a full four cents against its American counterpart.

Foreign investors acquire Canadian short-term paper for the first time in five months

For the first time since August 1999, foreign investors bought Canadian money market instruments, acquiring \$1.3 billion in January. This increase was accounted for by roughly equal amounts of non-federal government and corporate paper, which was partly offset with declines in their holdings of federal government Treasury bills. The investment came almost exclusively from American investors. The differential between Canadian and U.S. short-term interest rates, which continued to favour investment in the United States, has remained at the 50-basis-point level for a second consecutive month.

Foreign investors continue to reduce their holdings of Canadian bonds

Foreign holdings of Canadian bonds continued to decline in January (\$1.2 billion), though at a slower pace than in December. The activity was driven by foreign dispositions on the secondary market, and was broadly based geographically, led by American and European investors.

Third straight month of substantial Canadian investment in foreign securities

Canadian investors directed a further \$2.9 billion into foreign stock in January, following an investment

of \$8 billion over November and December of 1999. Two-thirds of the investment in January was in American companies; the balance was in overseas firms.

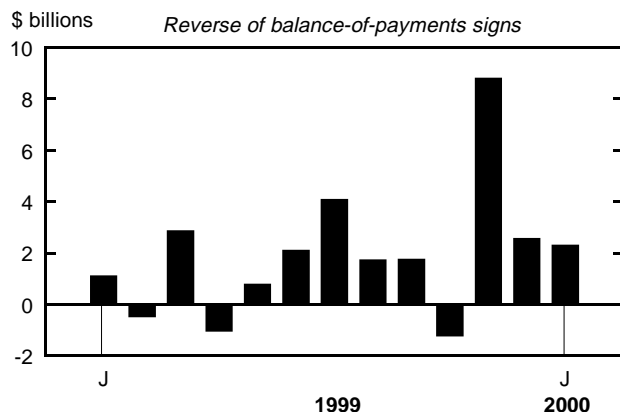
At the same time, Canadian holdings of foreign bonds — mainly U.S. government Treasury bills — declined (\$0.6 billion). This contrasted with the activity in the two previous months, when Canadian investment in foreign bonds totalled \$3.3 billion.

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

The January 2000 issue of *Canada's international transactions in securities* (67-002-XPB, \$18/\$176; 67-002-XIB, \$14/\$132) will be available in April. 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.

Canadian investment in foreign securities*



* Includes bonds and stocks.

Canada's international transactions in securities

	Oct. 1999	Nov. 1999	Dec. 1999	Jan. 2000	1998	1999
	\$ millions					
Foreign investment in Canadian securities	3,180	6,054	-6,578	4,768	25,006	4,199
Bonds (net)	2,464	6,047	-7,114	-1,247	11,790	3,474
Outstanding	2,668	3,135	-3,431	-1,499	-8,879	7,789
New Issues	1,049	3,511	1,189	1,552	52,728	31,792
Retirements	-1,752	-1,269	-3,881	-1,502	-32,937	-36,451
Change in interest payable ¹	499	669	-991	202	878	344
Money market paper (net)	-982	-571	-209	1,291	-264	-13,439
Government of Canada	-2,023	-173	393	-496	-2,446	-6,485
Other paper	1,040	-397	-602	1,787	2,182	-6,954
Stocks (net)	1,699	578	745	4,724	13,480	14,164
Outstanding (including retirements)	-528	-1,657	692	767	-3,583	6,137
New Issues	2,226	2,234	53	3,957	17,063	8,027
Canadian investment in foreign securities	1,200	-8,778	-2,542	-2,283	-22,233	-22,947
Bonds (net)	1,419	-2,861	-437	570	-7,075	-2,405
Stocks (net)	-219	-5,917	-2,106	-2,853	-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

Aquaculture statistics

1998

Canada's fish farmers generated more than half a billion dollars in 1998 in the wake of higher sales of shellfish and finfish. The single most important product was salmon.

According to data from the 1998 Unified Enterprise Survey, the aquaculture industry's output reached \$553 million. Of this figure, sales represented \$507 million, a 14% increase from 1997, while rising inventories represented \$25 million.

Aquaculture is the managed production of finfish and shellfish. In Canada, the fish farming industry is dominated by the production of finfish, primarily salmon, off the coasts of British Columbia and New Brunswick. The smaller shellfish industry is based primarily in Prince Edward Island and British Columbia.

Fish farmers in British Columbia and New Brunswick alone accounted for 85% of all aquaculture revenues. Aquaculture farms in British Columbia, which account for over half of the national production, recorded sales of \$264 million, up 17% from 1997. Sales in New Brunswick rose a more modest 7% to \$173 million, as disease problems affected production.

In 1998, the industry's net contribution to the economy — its value added — amounted to \$213 million, which is the difference between gross output (revenues and inventories) and product expenses. This is a 17% increase from 1997.

Fish farming operations incurred product expenses of \$342 million in 1998. Feed accounted for about \$140 million (41%) of this total. Product expenses refer to products and services purchased from other businesses, but do not include capital and labour costs.

Aquaculture producers paid out \$75 million in salaries and benefits. Depreciation charges were \$24 million, and interest costs reached \$14 million.

Previous data on 1998 aquaculture production released in August 1999 showed that the

industry expanded substantially during the 1990s. From 1992 to 1998, production almost doubled. At the same time, the value of exports soared to \$363 million, driven by salmon exports to the United States.

Note: Aquaculture Financial Statistics result from the Unified Enterprise Survey (UES), which incorporates several annual business surveys into an integrated framework; 1998 was the second year of the survey. The goal of the UES is to ensure that Statistics Canada receives consistent and integrated data from many types and sizes of businesses, with enough detail to produce accurate provincial statistics. For more information on the UES, contact Les Graham (613-951-6566, Les.Graham@statcan.ca).

For the aquaculture industry, a sample of 209 producers reported their financial transactions for the fiscal year ending in 1998. This sample covered businesses representing 77% of revenues in the industry. The sample survey along with tax data and administrative data was used to produce these estimates.

Available on CANSIM: matrices 8500-8535.

Data will be available in the updates to the *Agriculture economic statistics* (21-603-UPE) or the *Livestock statistics* (23-603-UPE). See *How to order publications*.

Preliminary estimates of value added for 1999, production data and exports for the aquaculture industry will be released on August 23, 2000.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bernadette Alain (902-893-7251; stctruro@ns.sympatico.ca), Truro Agricultural Statistics Office or Mark Elward (613-951-8715 Mark.Elward@statcan.ca). □

(22-007-XPB, \$15/\$149) which will be available in May.
See *How to order publications*.

For further information, or to enquire about
the concepts, methods, or data quality of this

release, contact Susan Anderson (613-951-3859;
sue.anderson@statcan.ca), Grain Marketing Unit,
Agriculture Division. ■

PUBLICATIONS RELEASED

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Pulpwood and wood residue statistics, January 2000
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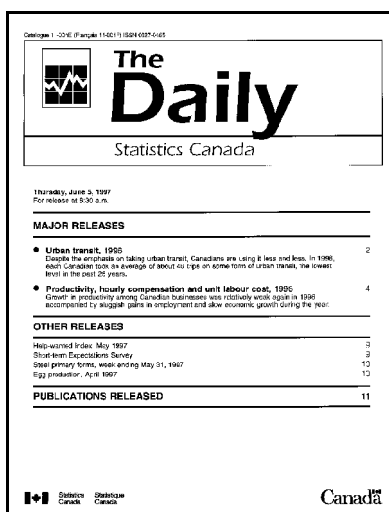
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