



The Daily

Statistics Canada

Wednesday, October 24, 2001

Released at 8:30 a.m. Eastern time

MAJOR RELEASES

- **Composite Index, September 2001**

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- **Canada's international transactions in securities, August 2001**

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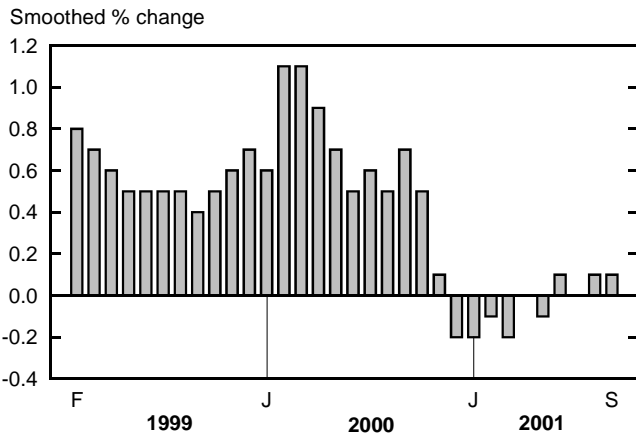
MAJOR RELEASES

Composite Index

September 2001

The leading indicator edged up 0.1% in September after an upward revision resulted in a 0.1% gain in August. Household demand continued to offset weak business spending, although the effects of the September 11 attack on the United States have not yet been registered in most data. Six components rose and four fell.

Composite Index



The three components linked to household demand all buttressed the overall index. The housing index rose less rapidly (+0.2%) in September than in August (+1.6%), as housing starts slowed in Ontario after vacancy rates edged up over the summer. House sales remained high. Elsewhere, outlays for durable goods picked up, especially for furniture and appliances.

There was no respite in the weakness of business demand. In manufacturing, new orders continued to shrink. Employment in business services again fell rapidly, their largest three-month retreat since 1991. The TSE 300 tumbled again in September, on top of its 34% year-over-year drop from its peak in August 2000.

As in Canada, the U.S. leading indicator went a fourth straight month without a decrease. Of the four components rising, initial claims for unemployment insurance and consumer confidence will feel the full effects of the terrorist attack in the next reference month. The other two components on the rise reflected the accommodative stance of monetary policy.

Available on CANSIM: table 3770003.

For more information on the economy, the October 2001 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Francine Roy (613-951-3627), Current Economic Analysis Group. □

Composite Index

	April 2001	May 2001	June 2001	July 2001	August 2001	September 2001	Last month of data available % change
Composite leading indicator (1992=100)	166.2	166.0	166.1	166.1	166.3	166.4	0.1
Housing index (1992=100) ¹	103.9	106.4	107.5	107.5	109.2	109.4	0.2
Business and personal services employment ('000)	2,503	2,500	2,500	2,493	2,484	2,475	-0.4
TSE 300 stock price index (1975=1,000)	8,378	8,223	7,906	7,829	7,787	7,565	-2.9
Money supply, M1 (\$ millions, 1992) ²	96,355	96,390	96,929	96,929	96,992	97,378	0.4
U.S. composite leading indicator (1992=100) ³	107.1	107.0	107.1	107.2	107.4	107.6	0.2
Manufacturing							
Average work week (hours)	38.9	38.9	38.9	38.9	39.0	39.1	0.3
New orders, durables (\$ millions, 1992) ⁴	22,971	22,624	22,393	22,135	22,066	21,831	-1.1
Shipments/inventories of finished goods ⁴	1.81	1.78	1.77	1.75	1.72	1.71	-0.01 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	1,581	1,598	1,611	1,618	1,620	1,628	0.5
Other durable goods sales (\$ millions, 1992) ⁴	7,062	7,081	7,140	7,176	7,177	7,206	0.4
Unsmoothed composite	165.7	164.8	167.0	167.1	166.8	166.5	-0.2

¹ Composite index of housing starts (units) and house sales (multiple listing service).

² Deflated by the Consumer Price Index for all items.

³ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.

⁴ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for two preceding months.

⁵ Difference from previous month.



Canada's international transactions in securities

August 2001

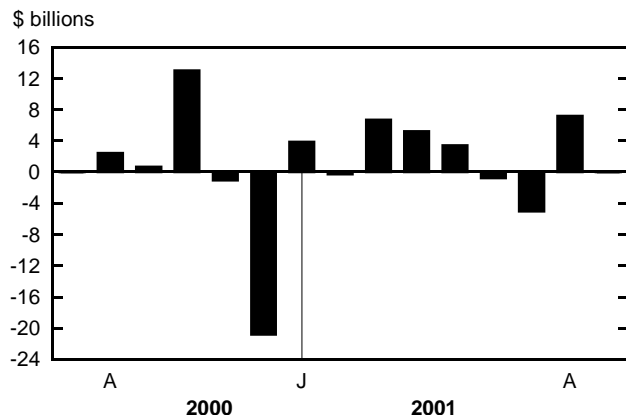
Foreign investors increased their holdings of Canadian securities by \$7.2 billion in August, as they invested heavily in Canadian bonds. Conversely, non-residents divested some of their holdings of money market paper for a third consecutive month.

For their part, Canadian investors resumed acquiring foreign securities in August with a modest investment of \$1.4 billion in foreign stocks.

Foreign investors returned to Canadian bonds with sizeable investment

The \$7.8-billion increase in the foreign holdings of Canadian bonds in August was the largest monthly increase since September 1993. New issues of Canadian bonds outpaced retirements by \$4.0 billion, led by \$4.9 billion worth of new corporate bonds sold in foreign markets.

Foreign investment in Canadian securities¹



¹Includes bonds, stocks and money market paper

The nearly \$32 billion worth of new corporate bonds floated in foreign markets in the first eight months of 2001 already exceeds the previous annual record of \$26.3 billion, set in 1998. As well, the secondary market saw a \$3.2-billion foreign investment in August, mainly in federal government issues—it was the largest investment in that market in 16 months. By region, American and British investors together accounted for more than 90% of the investment, but some buying also came from Japan. The United States was the market of

Related market information

Interest rates

In August, a slightly larger decline in Canadian short-term rates over that for U.S. rates reduced the differential to 47 basis points from 59 in July. This differential, which has favoured investment in Canada since March of this year, peaked at 83 basis points in June before declining 36 basis points over the past two months. A roughly similar one-quarter-percentage-point drop in both Canadian and U.S. long-term rates caused the differential to decline slightly to 31 basis points in August, continuing to favour investment in Canada.

Stock prices

Canadian stock prices (measured by the TSE 300 Composite Index) fell 3.8% in August to their lowest monthly closing of this year (7,399.2). The index, which has declined 9.3% in the past three months, has now lost one-third of its value since August 2000's record close. The 6.4% decline in U.S. stock prices (measured by the Standard & Poor's Index) in August brought the decline in the last three months to 9.7%. The latest close represents a one-quarter loss in value since its record close in August 2000.

Canadian dollar

Continuing its roller coaster ride against the U.S. dollar this year, the Canadian dollar slipped 0.77 U.S. cents in August, following a similar decline in July. The Canadian dollar is now about one cent above its low for the year and a full two and one-quarter cents below its high for 2001.

choice for the placement of much of the new corporate bonds, but British investors bought the largest portion of the secondary market bonds.

Foreign investors acquired a small amount of Canadian stocks—\$0.5 billion worth—in August, after reducing their holdings by \$3.8 billion in July. That divestment was due to an acquisition of a Canadian company where foreign portfolio investors sold their shares to a foreign direct investor. In the first eight months of 2001, total foreign investment in Canadian stocks amounted to \$4.3 billion, a fraction of the \$40.0 billion invested in the same period of 2000. In August, Canadian stock prices (measured by the TSE 300 Composite Index) fell 3.8% to their lowest monthly closing of the year.

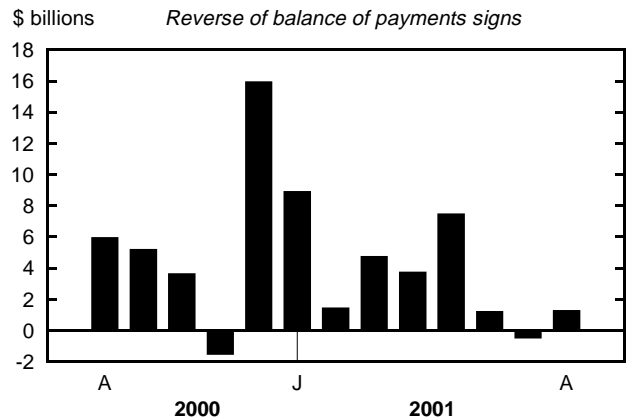
Foreign investors reduced their holdings of Canadian money market paper by a further \$1.1 billion in August, the third consecutive month of reductions totalling \$4.3 billion. In the first eight months of 2001, foreign investors reduced their holdings of Canadian money market paper by \$7.7 billion. Foreign holdings of Canadian paper have declined steadily in recent years

to the point where total foreign indebtedness by this means, \$23.6 billion at the end of June 2001, is less than half what it was at its peak. August's foreign divestment consisted solely of federal treasury bills, whereas for the year-to-date, the divestment was split—two-thirds federal treasury bills and one-third other money market paper. The federal government has steadily reduced its dependence on financing through treasury bills over the last several years.

Canadian investors resumed buying foreign equities

After July's negligible investment, in August Canadian investors bought \$1.4 billion worth of foreign stocks. Residents sold a small amount of foreign bonds for the third consecutive month. Nearly all of August's foreign equity investment went to U.S. shares, but the \$27.8 billion invested in the first eight months of 2001 was split between U.S. and overseas shares.

Canadian investment in foreign securities¹



¹ Includes bonds and stocks.

Available on CANSIM: tables 3760018-3760029 and 3760042.

The August 2001 issue of *Canada's international transactions in securities* (67-002-XIB, \$14/\$132; 67-002-XPB, \$18/\$176) will be available in November. See *How to order products*.

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

Canada's international transactions in securities

	May 2001	June 2001	July 2001	August 2001	January to August 2000	January to August 2001
	\$ millions					
Foreign investment in Canadian securities	3,419	-792	-5,043	7,197	27,811	20,247
Bonds (net)	5,131	-3,725	291	7,826	-11,739	23,667
Outstanding	-338	223	-1,035	3,190	-1,902	8,200
New issues	10,909	4,741	2,920	5,930	17,115	44,672
Retirements	-6,307	-7,472	-1,763	-1,885	-27,294	-30,205
Change in interest payable ¹	867	-1,217	170	590	343	999
Money market paper (net)	847	-1,682	-1,509	-1,085	-444	-7,735
Government of Canada	-106	-657	-952	-1,109	-625	-4,814
Other	953	-1,024	-557	24	180	-2,921
Stocks (net)	-2,558	4,615	-3,825	457	39,994	4,315
Outstanding	269	670	-415	318	23,998	2,460
Other transactions	-2,828	3,944	-3,410	139	15,996	1,855
Canadian investment in foreign securities	-7,435	-1,167	437	-1,237	-39,513	-28,055
Bonds (net)	-977	822	468	139	-4,588	-271
Stocks (net)	-6,458	-1,989	-31	-1,375	-34,924	-27,784

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

Production and disposition of tobacco products

September 2001

Tobacco product manufacturers edged up production of cigarettes in September, but their sales declined. Production exceeded shipments, and inventories grew slightly.

Cigarette production was boosted to 3.8 billion in September, up 7% from 3.5 billion in August. However, September production was down 7% from September 2000. Year-to-date production to the end of September was 33.1 billion cigarettes, down 3% from the same period of 2000.

Sales totalled 3.4 billion cigarettes in September, down 6% from August and down 15% from September 2000. Year-to-date sales amounted to 33.1 billion cigarettes, down 4% from the same period in 2000.

At the end of September, closing inventories totalled 4.3 billion cigarettes, up 6% from August and up 16% from September 2000.

Available on CANSIM: table 3030007.

The September 2001 issue of *Production and disposition of tobacco products*, Vol. 30 no. 9 (32-022-XIB, \$5/\$47) is now available. See *How to order products*.

For general information or to order data, please contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Peter Zylstra (613-951-3511; peter.zylstra@statcan.ca), Manufacturing, Construction and Energy Division. ■

Asphalt roofing

September 2001

Production of asphalt shingles totalled 3 611 378 metric bundles in September, up 13.6% from 3 179 663 metric bundles produced in September 2000.

Year-to-date production amounted to 29 644 120 metric bundles, down 8.2%

from 32 292 093 metric bundles produced during the same period in 2000.

Available on CANSIM: table 3030006.

The September 2001 issue of *Asphalt roofing*, Vol. 53, no. 9 (45-001-XIB, \$5/\$47) is now available. See *How to order products*.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca). To enquire about the concepts, methods, and data quality of this release, contact Sara Breen (613-951-3521; sara.breen@statcan.ca), Manufacturing, Construction and Energy Division. ■

Deliveries of major grains

September 2001

Data on September grain deliveries are now available.

Available on CANSIM: table 10001.

The September 2001 issue of the *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) will be available in December. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; sue.anderson@statcan.ca), Agriculture Division. ■

Origin and destination of commodities for railways

1999

The 1999 statistics on origin and destination of commodities for railways are now available.

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

NEW PRODUCTS

Monthly Survey of Manufacturing, August 2001
Catalogue number **31-001-XIB** (\$15/\$147).

Production and disposition of tobacco products,
Vol. 30, no. 9, September 2001
Catalogue number **32-022-XIB** (\$5/\$47).

Asphalt roofing, Vol. 53, no. 9, September 2001
Catalogue number **45-001-XIB** (\$5/\$47).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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How to order products

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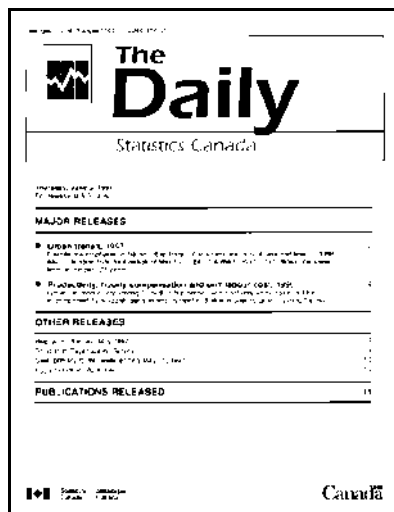
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Statistics Canada's official release bulletin

Catalogue 11-001E.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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