



The Daily

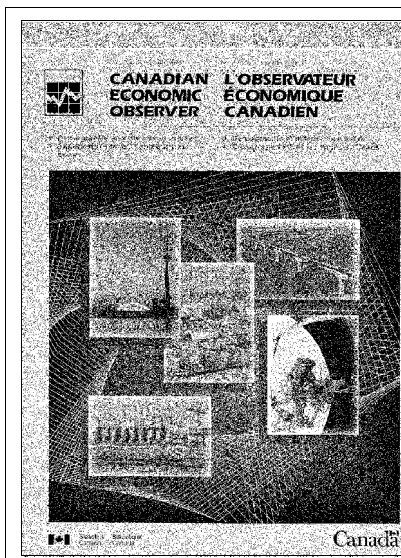
Statistics Canada

Thursday, March 22, 2001
For release at 8:30 a.m.

MAJOR RELEASES

- **Composite Index, February 2001** 3
The leading indicator edged up by 0.1% in February, after revisions moderated the declines in December and January to 0.1% and 0.2%, respectively.
- **Canada's international transactions in securities, January 2001** 5
Armed with a higher foreign content limit for their registered pension plans, Canadians invested a massive \$8.9 billion in foreign securities, mainly stocks, in January. Meanwhile, foreign investors made sizeable purchases of Canadian securities, investing \$3.7 billion in stocks and bonds while selling some of their money market holdings.

(continued on page 2)



Canadian economic observer March 2001

The March issue of Statistics Canada's flagship publication for economic statistics, *Canadian economic observer*, analyses current economic conditions, summarizes the major economic events that occurred in February and presents two feature articles on demography and the labour market, and expenditure on gross domestic product and the business cycle. A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The March 2001 issue of *Canadian economic observer* (11-010-XPB, \$23/\$227) is now available. See *How to order products*. For more information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.

OTHER RELEASES

Employment Insurance, January 2001	7
Steel primary forms, week ending March 17, 2001	7
Deliveries of major grains, February 2001	8

NEW PRODUCTS

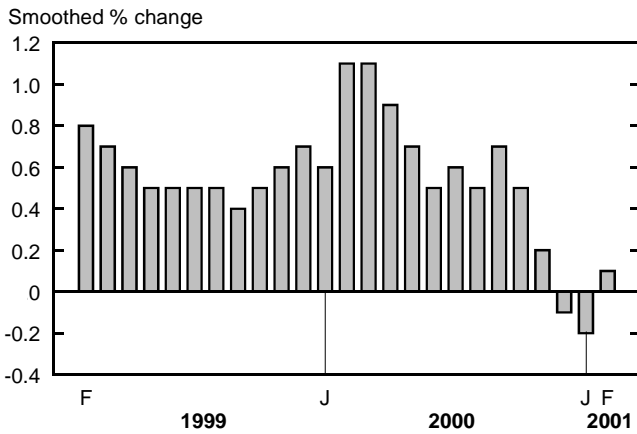
MAJOR RELEASES

Composite Index

February 2001

The leading indicator edged up by 0.1% in February, after revisions moderated the declines in December and January to 0.1% and 0.2%, respectively. Half of the ten components rose, four fell and one was unchanged, the same distribution as in the previous two months. In February, a firming in housing and in services outweighed continued losses in the stock market and in manufacturing.

Composite Index



Housing posted the largest gain of any component, as single-family starts increased again and sales hit their highest level in four years. Housing at the end of 2000 was stunted by poor weather. February's upturn in housing gave a boost to furniture and appliances.

Business spending was mixed. Employment in business services continued to expand, led by Alberta, where demand remains vigorous. With the worsening of the stock market retreat, capital goods joined autos in pulling down new orders for durable manufactured goods. Manufacturing employment fell sharply in January and February.

Stock markets continued to be a source of weakness in the overall index, reflecting heavy losses in both the Canadian and American indices. The bear market returned in February, and drops continued into March.

Available on CANSIM: matrix 193.

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

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

	September 2000	October 2000	November 2000	December 2000	January 2001	February 2001	Last month of data available % change
Composite leading indicator (1992=100)	166.4	167.2	167.5	167.3	167.0	167.1	0.1
Housing index (1992=100) ¹	97.6	99.6	101.3	99.5	102.0	103.0	1.0
Business and personal services employment ('000)	2,448	2,464	2,477	2,486	2,497	2,503	0.2
TSE 300 stock price index (1975=1,000)	10,296	10,373	10,098	9,804	9,419	8,959	-4.9
Money supply, M1 (\$ millions, 1992) ²	91,794	93,126	93,757	94,081	94,240	94,711	0.5
U.S. composite leading indicator (1992=100) ³	108.3	108.2	108.1	107.9	107.6	107.5	-0.1
Manufacturing							
Average work week (hours)	39.0	39.0	38.9	38.8	38.8	38.9	0.3
New orders, durables (\$ millions, 1992) ⁴	23,273	23,337	23,484	23,608	23,573	23,374	-0.8
Shipments/inventories of finished goods ⁴	1.93	1.92	1.91	1.91	1.88	1.88	0.00 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	1,506	1,514	1,523	1,531	1,538	1,546	0.5
Other durable goods sales (\$ millions, 1992) ⁴	6,947	6,998	7,078	7,093	7,094	7,069	-0.4
Unsmoothed composite	168.0	167.8	165.9	166.7	166.7	168.3	1.0

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

January 2001

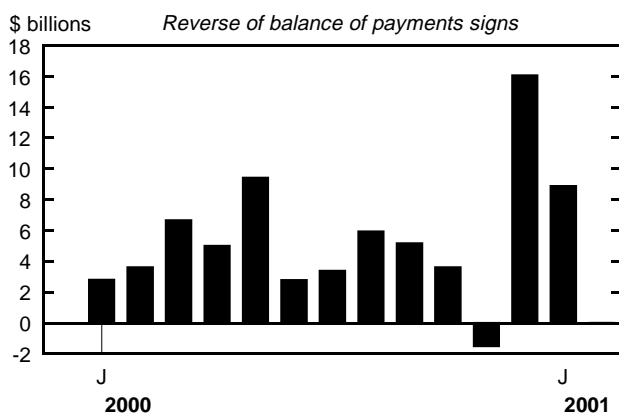
Armed with a higher foreign content limit for their pension plans, Canadians invested a massive \$8.9 billion in foreign securities in January. The investment went mostly to foreign stocks, but also included a significant amount of foreign bonds.

Meanwhile, foreign investors made sizeable purchases of Canadian securities in January. They invested \$3.7 billion in Canadian stocks and bonds while selling some of their money market holdings.

Canadian investors bought record amount of outstanding foreign stocks

In January, the \$6.7 billion purchase of outstanding foreign shares was a record for Canadian investors. Just over half went to U.S. shares and the remainder went to overseas stocks. A major contributing factor was the increase to 30% (from 25%) to the foreign content limit for registered pension plans (Registered Retirement Savings Plans, Registered Pension Plans and the Canada Pension Plan), that took effect January 1. While the acquisition of new foreign treasury shares, issued as part of foreign acquisitions of Canadian companies, has played a major role in recent large increases in foreign stock holdings, there was no such activity in January.

Canadian investment in foreign securities¹



¹ Includes bonds and stocks.

Canadian investors substantially increased their holdings of foreign bonds, up \$2.2 billion, after two

Note to readers

Change in presentation for transactions in Canadian stock

The published series on transactions in Canadian stock with non-residents have been revised historically. In the accompanying table, the total for the series, "Foreign investment in Canadian Stock (net)" is not affected by these changes. However the components change as follows.

"Outstanding Canadian stocks" is sales less purchases of existing shares trading in the secondary market. It now excludes both retirements and withdrawals from the market due to activities such as takeovers.

"New issues" have been combined with "retirements" to form "Other transactions." The change brings all transactions that add or remove stocks from the pool available for active trading into a single series.

Related market information

Interest rates

In January, Canadian and U.S. short-term interest rates both declined and converged, as the differential between those rates disappeared. The differential, which had favoured investment in the United States for most of 2000 by as much as 70 basis points, has declined since November.

Both Canadian and U.S. long-term rates advanced somewhat during January. The differential between those rates favoured investment in Canada for a second straight month (by 18 basis points). For 13 months prior to December, long-term rates had favoured investment in the United States.

Stock prices

After declining for three of the last four months of 2000, Canadian stock prices rebounded for a second consecutive month. The TSE 300 Composite Index gained 4.3% in January to go with a smaller 1.3% addition in December. Canadian share prices held onto a 6.2% gain for 2000, after having given back most of the growth of the first eight months. U.S. stock prices (Standard & Poor's 500 Index) also rose similarly over December and January, with a slightly lower two-month gain of 3.9%. U.S. stock prices did not fare as well in 2000, declining 10.1%.

Canadian dollar

In January, the Canadian dollar was virtually unchanged against the American dollar, closing at just under 67 cents U.S. In 2000, the Canadian dollar lost more than two and a half cents.

months of reductions. The investment in January went entirely to U.S. government bonds.

Foreign investors bought Canadian equities and bonds

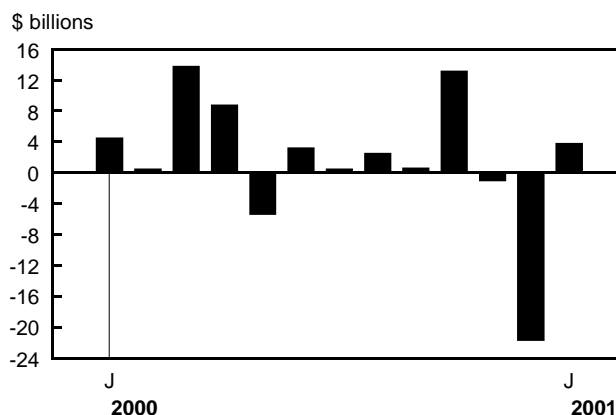
In January, foreign investors increased their holdings of Canadian equities by \$2.6 billion. They bought \$1.7 billion worth of existing Canadian shares and acquired \$0.9 billion worth of new shares, mainly

treasury shares issued by Canadian companies that bought foreign firms in January. Canadian stock prices rebounded for a second consecutive month, after declining for most of the last third of 2000.

Foreign investors acquired \$2.0 billion worth of Canadian bonds in January, the first major investment of any size since April 2000. For the fifth consecutive month, foreign investors bought Canadian bonds in the secondary market. While retirements continued to outpace new issues, the gap narrowed in January, leading to a net acquisition of Canadian bonds. The foreign buying was concentrated in federal and provincial government bonds by investors from the United States and Europe.

January saw foreign holdings of Canadian money market paper fall by \$0.8 billion, after December's increase. This continued the seesaw pattern of foreign investment in Canadian money market paper observed in 2000. The foreign divestment was concentrated in corporate paper, as short-term rates on both sides of the border declined and reached parity, ending a seven month differential that had favoured investing in the United States.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

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

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

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

Canada's international transactions in securities

	October 2000	November 2000	December 2000	January 2001	1999	2000
	\$ millions					
Foreign investment in Canadian securities	13,070	-959	-21,616	3,730	5,290	18,873
Bonds (net)	-379	787	-4,274	1,958	4,643	-17,454
Outstanding	1,160	1,027	1,977	2,214	7,789	3,851
New issues	413	804	212	1,874	31,925	20,077
Retirements	-2,392	-1,558	-5,364	-2,302	-35,151	-41,491
Change in interest payable ¹	440	513	-1,098	171	80	110
Money market paper (net)	1,061	-149	1,487	-835	-13,415	1,118
Government of Canada	271	-804	830	-193	-6,485	-1,134
Other paper	790	655	658	-642	-6,931	2,252
Stocks (net)	12,388	-1,597	-18,829	2,607	14,063	35,209
Outstanding	-1,678	-2,666	2,580	1,739	9,753	24,664
Other transactions	14,066	1,069	-21,409	868	4,309	10,545
Canadian investment in foreign securities	-3,603	1,493	-16,059	-8,870	-22,898	-62,857
Bonds (net)	-617	2,857	99	-2,203	-2,362	-4,002
Stocks (net)	-2,986	-1,364	-16,158	-6,667	-20,536	-58,855

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

January 2001 (preliminary)

The estimated number of Canadians (unadjusted for seasonal trends) who received regular Employment Insurance benefits was 640,760 in January, a decrease of 4.3% from January 2000. All provinces and territories recorded a decrease in the number of regular beneficiaries compared with January 2000 except Ontario, which recorded a slight rise of 0.4%.

Number of beneficiaries receiving regular benefits

	Jan. 2000	Jan. 2001 ^P	Jan. 2000 to Jan. 2001	% change
unadjusted for seasonality				
Canada	669,440	640,760		-4.3
Newfoundland	45,740	44,640		-2.4
Prince Edward Island	12,510	12,300		-1.7
Nova Scotia	39,240	38,430		-2.1
New Brunswick	47,080	46,880		-0.4
Quebec	238,280	226,450		-5.0
Ontario	135,730	136,290		0.4
Manitoba	19,160	16,570		-13.5
Saskatchewan	16,400	15,510		-5.4
Alberta	36,740	31,890		-13.2
British Columbia	75,530	69,240		-8.3
Yukon	1,520	1,370		-9.9
Northwest Territories	1,100	830		-24.5
Nunavut	330	310		-6.1

^P Preliminary figures.

Compared with January 2000, regular benefit payments (adjusted for seasonal trends) were up 0.9% to \$604.3 million.

Note: The number of beneficiaries of Employment Insurance from January 1997 to April 2000 were understated. Consequently, Statistics Canada and Human Resources Development Canada have taken measures to correct the underestimation and conduct an historical revision of the data series. The revised data are scheduled to be released June 21. Until then, the December 2000 and January 2001 preliminary data for the number of beneficiaries are only available at the aggregated provincial level and are unadjusted for seasonal trends.

Users are cautioned against making any analytical comparisons between these data and any monthly or historical data previously released in *The Daily* and on CANSIM.

Employment Insurance statistics

	Jan. 2000	Dec. 2000	Jan. 2001	Dec. 2000 to Jan. 2001	Jan. 2000 to Jan. 2001
seasonally adjusted					
				% change	
Regular benefits paid (\$ millions)	599.1	592.3 ^P	604.3 ^P	2.0	0.9
Claims received ('000)	200.2	226.5 ^P	229.3 ^P	1.2	14.5
unadjusted for seasonality					
				% change	
All beneficiaries ('000)	850.5	689.0 ^P	826.8 ^P	20.0	-2.8
Regular beneficiaries ('000)	669.4	501.7 ^P	640.8 ^P	27.7	-4.3
Claims received ('000)	301.4	284.3	348.3	22.5	15.6
Payments (\$ millions)	1,184.3	891.9	1,351.5	51.5	14.1
year-to-date (January to January)					
					2000 to 2001
					% change
Claims received ('000)			301.4	348.3	15.6
Payments (\$ millions)			1,184.3	1,351.5	14.1

^P Preliminary figures.

Note: All beneficiaries includes all claimants receiving regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness).

Available on CANSIM: matrices 5700-5704 and 5707.

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

Steel primary forms

Week ending March 17, 2001 (preliminary)

Steel primary forms production for the week ending March 17 totalled 291 887 metric tonnes, up 0.6% from 290 242 tonnes a week earlier but down 12.0% from 331 527 tonnes in the same week of 2000. The year-to-date total on March 17 was 2 997 131 tonnes, a 15.8% decrease compared with 3 560 691 tonnes for the same period in 2000.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Julie Mayer (613-951-5370; julie.mayer@statcan.ca), Manufacturing, Construction and Energy Division. ■

Deliveries of major grains

February 2001

Data on February grain deliveries are now available.

Available on CANSIM: matrices 976-981.

The February 2001 issue of *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) will be available in May. 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. ■

NEW PRODUCTS

Canadian economic observer, March 2001
Catalogue number 11-010-XPB (\$23/\$227).

Quarterly financial statistics for enterprises, Fourth quarter 2000
Catalogue number 61-008-XIE (\$26/\$86).

Canada's balance of international payments, Fourth quarter 2000
Catalogue number 67-001-XIB (\$29/\$93).

Canada's balance of international payments, Fourth quarter 2000
Catalogue number 67-001-XPB (\$38/\$124).

Employment, earnings and hours, December 2000
Catalogue number 72-002-XPB (\$32/\$320).

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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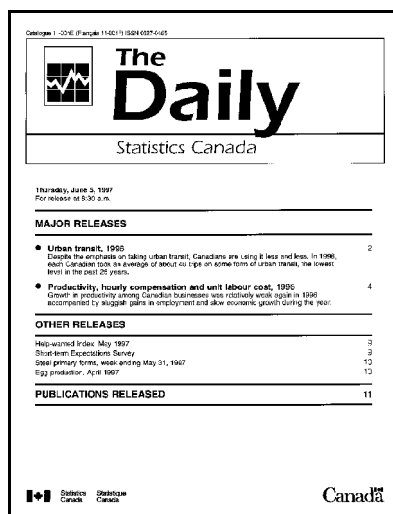
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