



The Daily

Statistics Canada

Thursday, May 24, 2001
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Foreign investors bought \$6.2 billion worth of Canadian bonds in March, their largest investment in almost seven years.
- **Composite Index, April 2001** 5
The leading indicator was unchanged in April after a downward-revised drop of 0.2% in March and no change in February.

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Canadian economic observer

May 2001

The May 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 April and presents a feature article on the duration of low income. 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 May 2001 issue of *Canadian economic observer*, Vol. 14, no. 5 (11-010-XPB, \$23/\$227) is now available. See *How to order products*.

For more information, contact Francine Roy (613-951-3627; ceo@statcan.ca), Current Economic Analysis Group.



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MAJOR RELEASES

Canada's international transactions in securities

March 2001

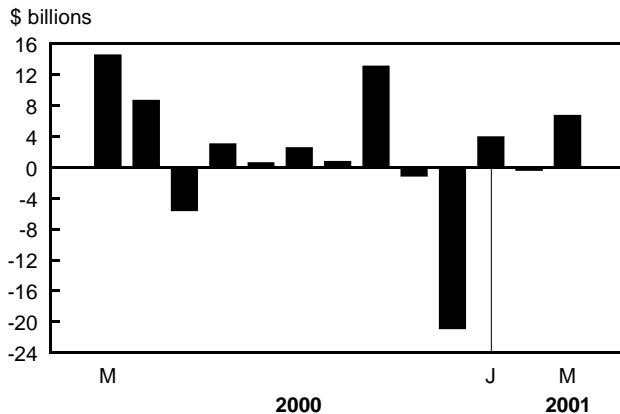
Foreign investors bought \$6.2 billion worth of Canadian bonds in March, their largest investment in almost seven years. They also continued to add to their holdings of Canadian stocks, but again reduced their holdings of money market paper.

Meanwhile, Canadians continued to diversify their investments abroad by adding a further \$3.4 billion to their holdings of foreign securities.

Foreign investment in Canadian bonds largest in almost seven years

In March, foreign investors made their largest investment in Canadian bonds since July 1994, bringing their accumulation over the first three months of 2001 to \$8.9 billion. The investors, almost all of them American, were active in both the primary and secondary markets. Canadian corporations raised three-quarters of the \$6.7 billion in new issues in foreign markets, only partly offset by \$3.5 billion in retirements, three-quarters of which were issues of Canadian governments and their enterprises. In addition, foreign investors purchased \$3.0 billion of mainly federal issues in the secondary market.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

Foreign investors increased their holdings of Canadian equities for the third consecutive month,

Related market information

Interest rates

U.S. short-term interest rates fell more sharply than did Canadian rates in March, pushing the differential to 36 basis points in favour of investment in Canada, a level not seen since October 1998. March's differential represents a 92-basis-point swing since November 2000, when the differential favoured investment in the United States by 56 basis points. A similar small rise in both U.S. and Canadian long-term rates in March resulted in the 32-basis-point differential favouring investment in Canada.

Stock prices

Both Canadian and U.S. stock prices declined further in March, adding to the heavy losses they sustained in February. March's decline of 5.8%, added to February's 13.3% loss, returned Canadian stock prices (measured by the TSE 300 Composite Index) to November 1999 levels, when they were on their ascent to the record closing in August 2000. Following a similar pattern, U.S. stock prices declined 6.4% after declining 9.2% in February. March's drop returned U.S. stock prices (Standard & Poor's 500 Index) to levels not seen since October 1998.

Canadian dollar

The Canadian dollar lost 1.66 U.S. cents in March, matching February's loss. This left the Canadian dollar at 63.44 U.S. cents, surpassing the previous record low close established in August 1998.

adding \$1.5 billion in March. Unlike February's investment, which went to newly issued treasury shares, March's foreign investment, like January's, went to existing shares in the secondary market. Although the investment in the first quarter of 2001 came mainly from Americans, in March Europeans acquired one-third of the shares. Both Canadian and U.S. stock prices declined further in March, adding to the heavy losses they sustained in February.

Foreign investors reduced their holdings of Canadian money market paper by \$1.1 billion in March, for a total first-quarter reduction of \$4.9 billion. The foreign divestment in March was mainly in corporate paper; over the first quarter it was split between corporate and government paper. The reduction in holdings for the quarter was lead by Americans (\$3.6 billion) followed by Europeans (\$0.9 billion) and Asians (\$0.4 billion). U.S. short-term interest rates fell more sharply than did Canadian rates in March, pushing the differential to 36 basis points in favour of investment in Canada, a level not seen since October 1998.

Canadian investors continue to buy foreign stocks and bonds

In March, Canadians continued to diversify their investments abroad by purchasing \$2.1 billion worth of foreign stocks and \$1.3 billion worth of foreign bonds. The accumulation of \$12.4 billion of foreign stocks in the first quarter of 2001 was a continuation of the massive build-up in 2000 (\$58.7 billion). The equity investment in the first quarter was split between U.S. and overseas shares, continuing the pattern seen in 2000.

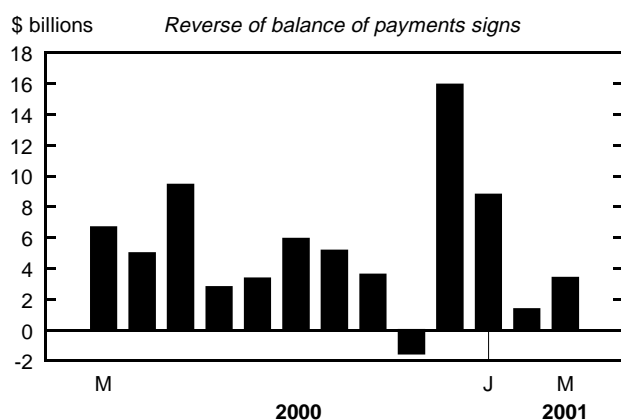
The increase of \$1.3 billion in Canadian holdings of foreign bonds in March was again concentrated in U.S. treasury bonds.

Available on CANSIM: tables 3760018-3760029 and 3760042 and matrices 2328-2330, 2378-2380 and 4195.

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

Canadian investment in foreign securities¹



¹ Includes bonds and stocks.

Canada's international transactions in securities

	December 2000	January 2001	February 2001	March 2001	January to March 2000	January to March 2001
	\$ millions					
Foreign investment in Canadian securities	-20,824	3,848	-288	6,624	18,861	10,184
Bonds (net)	-4,148	2,626	67	6,215	-6,793	8,908
Outstanding	1,977	2,214	-2,066	3,022	-2,296	3,170
New issues	317	2,277	5,445	6,683	7,042	14,405
Retirements	-5,315	-2,151	-3,262	-3,488	-11,643	-8,901
Change in interest payable ¹	-1,127	286	-50	-2	104	235
Money market paper (net)	2,140	-710	-3,116	-1,069	3,118	-4,896
Government of Canada	830	-203	-1,053	-25	1,379	-1,281
Other paper	1,310	-507	-2,063	-1,044	1,740	-3,614
Stocks (net)	-18,816	1,932	2,761	1,479	22,535	6,172
Outstanding	2,593	1,737	-338	1,395	10,672	2,794
Other transactions	-21,409	195	3,099	83	11,864	3,378
Canadian investment in foreign securities	-15,907	-8,790	-1,349	-3,378	-13,048	-13,517
Bonds (net)	100	-2,202	2,432	-1,303	-1,885	-1,073
Stocks (net)	-16,007	-6,587	-3,781	-2,075	-11,163	-12,443

¹ Interest accrued less interest paid.

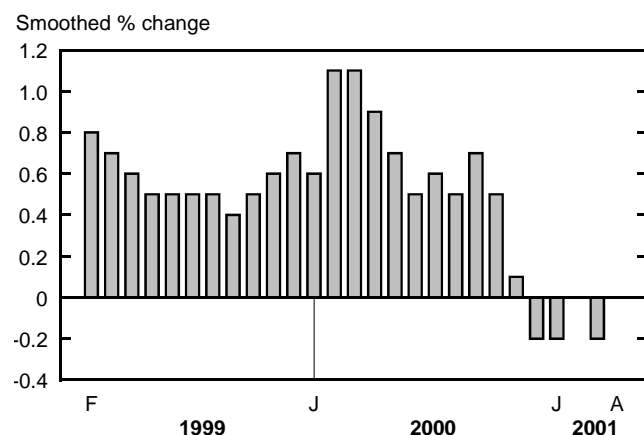
Note: A minus sign (-) indicates an outflow of money from Canada, i.e., a withdrawal of foreign investment from Canada or an increase in Canadian investment abroad.

Composite Index

April 2001

The leading indicator was unchanged in April after a downward-revised drop of 0.2% in March and no change in February. This was the fifth straight month without growth. The slack in April originated in weakness in the stock market and manufacturing; household demand remained a source of strength. Five of the components fell, and five increased.

Composite Index



While the stock market was the major source of weakness, manufacturing chipped in with additional losses. The ratio of shipments to stocks fell for the sixth time in seven months, as firms continued to struggle to cut stocks as fast as U.S. exports were falling, notably for autos and electronics. The downward trend of the U.S. leading indicator over the past eight months suggests a turnaround in exports is unlikely soon.

Household spending remained firm, in contrast with the slack in exports. Furniture and appliance sales rose steadily, after house sales hit a four-year high. Gains in the personal sector also supported the 0.2% growth in services employment.

Available on CANSIM: table 3770003 and matrix 193.

For more information on the economy, the May 2001 issue of *Canadian economic observer*, Vol. 14, no. 5 (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

	November 2000	December 2000	January 2001	February 2001	March 2001	April 2001	Last month of data available % change
Composite leading indicator (1992=100)	167.4	167.1	166.7	166.7	166.4	166.4	0.0
Housing index (1992=100) ¹	101.4	99.6	102.0	102.9	102.6	101.8	-0.8
Business and personal services employment ('000)	2,476	2,485	2,496	2,501	2,503	2,508	0.2
TSE 300 stock price index (1975=1,000)	10,098	9,804	9,419	8,959	8,552	8,378	-2.0
Money supply, M1 (\$ millions, 1992) ²	93,757	94,081	94,240	94,953	95,544	96,359	0.9
U.S. composite leading indicator (1992=100) ³	108.1	107.9	107.6	107.5	107.3	107.1	-0.2
Manufacturing							
Average work week (hours)	38.8	38.8	38.8	38.9	38.9	39.0	0.3
New orders, durables (\$ millions, 1992) ⁴	23,459	23,551	23,562	23,290	22,972	23,290	1.4
Shipments/inventories of finished goods ⁴	1.91	1.89	1.87	1.86	1.84	1.81	-0.03 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	1,522	1,530	1,537	1,545	1,569	1,583	0.9
Other durable goods sales (\$ millions, 1992) ⁴	7,072	7,095	7,094	7,071	7,076	7,060	-0.2
Unsmoothed composite	165.3	166.2	166.3	167.7	166.4	165.3	-0.7

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.

OTHER RELEASES

Employment Insurance

March 2001 (preliminary)

The estimated number of Canadians (unadjusted for seasonal trends) who received regular Employment Insurance benefits in March remained virtually unchanged from March 2000 at 643,530. While most provinces and territories recorded decreases in the number of regular beneficiaries from 12 months previous, Ontario saw a large rise and Nova Scotia and New Brunswick saw smaller increases.

Number of beneficiaries receiving regular benefits

	March 2000	March 2001 ^P	March 2000 to March 2001	% change
Unadjusted for seasonality				
Canada	643,590	643,530		0.0
Newfoundland	44,770	44,670		-0.2
Prince Edward Island	12,540	11,810		-5.8
Nova Scotia	39,210	39,910		1.8
New Brunswick	47,020	47,540		1.1
Quebec	219,660	215,410		-1.9
Ontario	142,000	157,550		11.0
Manitoba	17,990	16,070		-10.7
Saskatchewan	16,000	14,860		-7.1
Alberta	34,040	29,030		-14.7
British Columbia	67,610	64,350		-4.8
Yukon	1,370	1,270		-7.3
Northwest Territories	1,000	720		-28.0
Nunavut	340	290		-14.7

^P Preliminary figures.

In March, regular benefit payments (adjusted for seasonal trends) increased 0.9% over February's level, to reach \$620.0 million. The number of claims received decreased 2.1% to 229,760.

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 a historical revision of the data series. The revised data are planned to be released on June 21. Until then, the February and March 2001 preliminary data for the number of beneficiaries are only available at the aggregated provincial level and are unadjusted for seasonal trends.

Employment Insurance statistics

	March 2000	Feb. 2001	March 2001	Feb. to March 2001	March 2000 to March 2001
Seasonally adjusted					
	% change				
Regular benefits paid (\$ millions)	614.4	614.4 ^P	620.0 ^P	0.9	0.9
Claims received ('000)	214.4	234.8 ^P	229.8 ^P	-2.1	7.2
Unadjusted for seasonality					
	% change				
All beneficiaries ('000)	833.3	839.8 ^P	845.3 ^P	0.7	1.4
Regular beneficiaries ('000)	643.6	641.0 ^P	643.5 ^P	0.4	0.0
Claims received ('000)	186.8	193.7	195.7	1.0	4.8
Payments (\$ millions)	1,101.6	1,096.4	1,133.0	3.3	2.9
Year-to-date (January to March)					
	2000		2001		2000 to 2001
	% change				
Claims received ('000)			668.6	737.6	10.3
Payments (\$ millions)			3,439.9	3,581.0	4.1

^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).

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.

Available on CANSIM: tables 2760003-2760005 and 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. ■

Pulpwood and wood residue statistics

March 2001

Pulpwood receipts in March totalled 3 240 842 cubic metres, down 0.1% from 3 244 410 cubic metres in

March 2000. Wood residue receipts were 7 672 523 cubic metres in March, down 1.2%, from 7 767 064 cubic metres in March 2000. Consumption of pulpwood and wood residue totalled 10 073 935 cubic metres, down 1.9% from 10 269 751 cubic metres in March 2000.

The closing inventory of pulpwood and wood residue increased 1.4% to 16 110 760 cubic metres, up from 15 892 337 cubic metres in March 2000.

Data for 2000 have been revised.

Available on CANSIM: table 3030008 and matrix 54.

The March 2001 issue of *Pulpwood and wood residue statistics*, Vol. 44, no. 3 (25-001-XIB, \$6/\$55) 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 Sara Breen (613-951-3521; sara.breen@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Canadian economic observer, May 2001, Vol. 14,
no. 5
Catalogue number 11-010-XPB (\$23/\$227).

Pulpwood and wood residue statistics, March 2001,
Vol. 44, no. 3
Catalogue number 25-001-XIB (\$6/\$55).

Monthly Survey of Manufacturing, March 2001,
Vol. 55, no. 3
Catalogue number 31-001-XIB (\$15/\$147).

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

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

- **Urban transit, 1995** 2
Changes in the number of people taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of 800 less trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1995 accompanied by sluggish gains in employment and slow economic growth during the year.

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PUBLICATIONS RELEASED

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