



# The Daily

Statistics Canada

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 Foreign investors reduced their holdings of Canadian securities by \$5.1 billion in July. Meanwhile, Canadian investors halted their recent string of large acquisitions of foreign securities.
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## MAJOR RELEASES

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### Canada's international transactions in securities

July 2001

Foreign investors reduced their holdings of Canadian securities by \$5.1 billion in July, their largest monthly reduction of the year. Most of this divestment was related to the foreign acquisition of a Canadian company whose foreign-owned shares were redeemed for cash.

Meanwhile, Canadian investors halted their recent string of large acquisitions of foreign securities in July; a small investment in foreign stocks was more than offset by a slight reduction in holdings of foreign bonds.

#### Foreign investors reduced holdings of Canadian stocks and short-term paper

Foreign investors reduced their holdings of Canadian stocks by \$3.9 billion in July, largely reversing an increase of a similar size in June. July's reduction was mostly attributable to the acquisition of a major Canadian company. Shares in this company, including those held by foreign portfolio investors, were purchased for cash by a foreign direct investor. Foreigners sold off a small \$0.4 billion worth of existing shares in the secondary market after making minor investments in the previous two months. In the first seven months of this year, foreigners invested \$2.1 billion in secondary market shares, only one-tenth of the \$20.7 billion they invested in that market over the same period of 2000. In July, Canadian stock prices (measured by the TSE 300 Composite Index) declined less than 1.0%, after a 5.2% drop in June.

Foreign investors reduced their holdings of Canadian money market paper by \$1.5 billion in July, an amount similar to their divestment in June. Foreign investors have shed \$6.7 billion from their holdings of Canadian money market paper in the first seven months of 2001, consisting of federal treasury bills (\$3.7 billion), provincial paper (\$1.4 billion), and corporate paper (\$1.3 billion). By region, American investors accounted for about one-half of the reduction so far this year; Europeans and Asians shared the

#### Related market information

##### Interest rates

*In July, a drop of nearly one-quarter of a percent in Canadian short-term interest rates, coupled with virtually no change in comparable U.S. rates, reduced the differential to 59 basis points from 83 basis points in June. This differential has favoured investment in Canada since March of this year. A marginal increase in Canadian long-term rates and a small decline in U.S. rates pushed up the differential to 36 basis points in July from 27 basis points in June, favouring investment in Canada.*

##### Stock prices

*Canadian stock prices (measured by the TSE 300 Composite Index) declined 0.6% in July, following a 5.2% drop in June. The index has fallen precipitously since August 2000's record closing and is now about 100 basis points, or 1.0%, off its lowest closing for the year (7,608.0). The 1.1% decline in U.S. stock prices (measured by the Standard & Poor's Index) in July was combined with the 2.5% decline in June.*

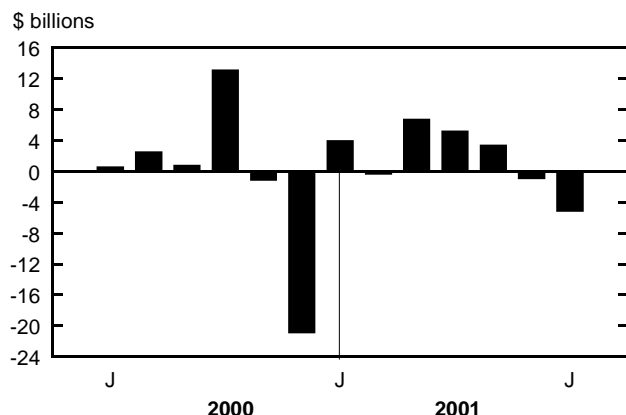
##### Canadian dollar

*The Canadian dollar slipped in July, closing down 80 basis points to US65.25 cents, after recording strong gains against the U.S. dollar in two of the three previous months. July's closing sits roughly in the middle of the high and low closing range for 2001.*

balance. In July, a drop of nearly one-quarter percent in Canadian short-term interest rates—while comparable U.S. rates were virtually unchanged—reduced the differential to 59 basis points from 83 basis points in June.

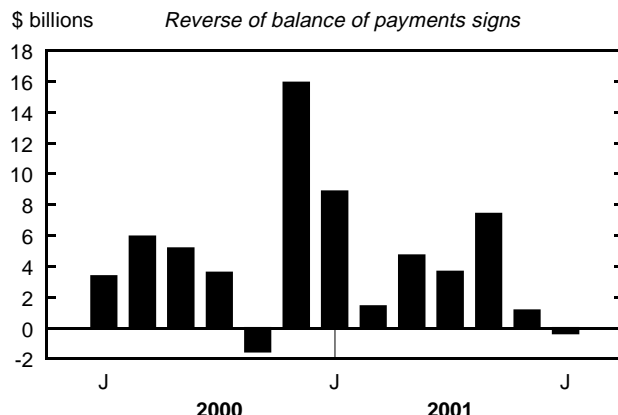
Foreign investors made a small investment in Canadian bonds of \$0.3 billion in July, after cutting back their holdings by \$3.9 billion in June, the first reduction of the year. New Canadian bond issues and retirements in foreign markets were down sharply in July, producing a foreign investment of \$1.2 billion in the primary market. This was mostly offset by foreign selling of \$1.0 billion worth of secondary market bonds, mainly federal issues. In the first seven months of 2001, foreign investors added \$15.7 billion to their holdings of Canadian bonds; in the same period of 2000, they reduced their holdings by \$10.8 billion.

**Foreign investment in Canadian securities<sup>1</sup>**



<sup>1</sup> Includes bonds, stocks and money market paper.

**Canadian investment in foreign securities<sup>1</sup>**



<sup>1</sup> Includes bonds and stocks.

**Canadian investors halted rapid acquisition of foreign equities**

The acquisition of foreign equities by Canadian investors slowed sharply to \$0.2 billion in July, following a \$26.3-billion accumulation over the first six months of the year. Offsetting this was a divestment of \$0.5 billion worth of foreign bonds by Canadian residents. In July, Canadian investors sold \$0.2 billion of U.S. equities and bought \$0.4 billion worth of overseas equities. The reduction in foreign bonds was spread between U.S. treasuries and U.S. corporate bonds.

Available on CANSIM: tables 3760018-3760029 and 3760042.

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

	April 2001	May 2001	June 2001	July 2001	January to July 2000	January to July 2001
\$ millions						
<b>Foreign investment in Canadian securities</b>	<b>5,141</b>	<b>3,293</b>	<b>-844</b>	<b>-5,090</b>	<b>25,367</b>	<b>12,774</b>
Bonds (net)	5,587	5,126	-3,858	305	-10,841	15,687
Outstanding	2,980	-338	223	-1,035	1,415	5,010
New issues	5,575	10,909	4,741	2,920	13,141	38,742
Retirements	-3,393	-6,307	-7,605	-1,763	-25,105	-28,488
Change in interest payable <sup>1</sup>	425	862	-1,216	184	-292	423
Money market paper (net)	568	726	-1,600	-1,471	174	-6,672
Government of Canada	-708	-106	-657	-952	389	-3,705
Other	1,277	832	-943	-519	-215	-2,968
Stocks (net)	-1,014	-2,558	4,615	-3,925	36,033	3,759
Outstanding	-1,176	269	670	-415	20,749	2,143
Other transactions	161	-2,828	3,944	-3,510	15,284	1,616
<b>Canadian investment in foreign securities</b>	<b>-3,644</b>	<b>-7,406</b>	<b>-1,140</b>	<b>319</b>	<b>-33,589</b>	<b>-26,842</b>
Bonds (net)	335	-977	822	469	-1,908	-409
Stocks (net)	-3,979	-6,429	-1,961	-151	-31,681	-26,433

<sup>1</sup> 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

### Farm Product Price Index

July 2001

Prices farmers received for their agricultural commodities increased 5.9% in July compared with July 2000, according to data from the Farm Product Price Index (FPPI). This follows a revised year-over-year increase of 4.9% in June, and continues the monthly year-over-year increases that began in September 2000.

Prices farmers received for all livestock and animal products climbed 8.8% from July 2000; crop prices rose 1.6%.

The FPPI (1997=100) stood at 99.5 in July, down 1.2% from a revised 100.7 in June.

On a month-to-month basis, the livestock index was down 0.6% from June. The cattle and calves and hog sub-indexes led this decrease; the dairy index rose slightly in July.

The hog index was 108.7, down slightly from June but still strong on a year-to-year basis—up 10.1% from July 2000. Hog prices began to slide in the fall of 1997, and bottomed out in December 1998, when the index stood at 30.0. Strong demand for pork both in Canada and abroad has helped prices recover. Until July, the hog index had climbed every month since January 2001.

The cattle and calves index, like the hog index, dropped less than 1.0% in July from June. Cattle and calf prices remained high compared with July 2000, up 11.4% due to continued strong international and domestic demand for beef. Led by increases in both slaughter and feeder prices, the cattle and calves index has shown year-over-year growth each month since January 1997.

The crop index fell 1.4% from June to July—the sub-indexes for vegetables, grains and specialty crops were lower. However, the oilseed, potato and fruit indexes all saw month-to-month increases.

The oilseed index (+8.9%) posted the largest month-to-month gain among the crop sub-indexes, bringing it closer to mid-1999 levels. On a year-over-year basis, the oilseed index rose 31.1%. At 81.0, this index was at its highest since April 1999. It has gradually gained strength since January 2001.

### Farm Product Price Index

(1997=100)

	July 2000	June 2001 <sup>r</sup>	July 2001 <sup>p</sup>	July 2000 to July 2001	June to July 2001
				% change	
Grains	80.1	81.1	79.8	-0.4	-1.6
Oilseeds	61.8	74.4	81.0	31.1	8.9
Specialty crops	85.6	95.1	94.5	10.4	-0.6
Fruit	101.4	91.6	91.8	-9.5	0.2
Vegetables	99.7	107.2	103.0	3.3	-3.9
Potatoes	138.8	126.7	135.5	-2.4	6.9
Total crops	83.4	85.9	84.7	1.6	-1.4
Cattle and calves	115.2	129.5	128.3	11.4	-0.9
Hogs	98.7	109.5	108.7	10.1	-0.7
Poultry	90.5	91.2	91.2	0.8	0.0
Eggs	93.7	103.3	103.3	10.2	0.0
Dairy	103.3	108.5	109.1	5.6	0.6
Total livestock and animal products	104.6	114.5	113.8	8.8	-0.6
<b>Total index</b>	<b>94.0</b>	<b>100.7</b>	<b>99.5</b>	<b>5.9</b>	<b>-1.2</b>

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.

**Available on CANSIM: table 20021.**

The July 2001 issue of the *Farm Product Price Index*, Vol. 1, no. 7 (21-007-XIB, free) is available on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)). On the *Products and Services* page, choose *Free Publications*, then *Agriculture*.

To order data, or for general information, call 1-800-465-1991. To enquire about the concepts, methods or data quality of this release, contact Bernie Rosien (613-951-2441; fax: 613-951-3868; [bernie.rosien@statcan.ca](mailto:bernie.rosien@statcan.ca)) Agriculture Division. ■

### Natural gas sales

July 2001 (preliminary)

Natural gas sales totalled 3 757 million cubic metres in July, down 4.2% from July 2000. All three sectors (residential, commercial and industrial) recorded lower sales.

Year-to-date sales dropped 6.3% from the same period in 2000. Lower demand by the industrial sector (including direct sales) led to a 7.4% decline compared with the same period last year. Sales to both residential and commercial dropped 5.5% and 3.2%, respectively.

## Natural gas sales

	July 2001 <sup>P</sup>	July 2000	July 2000 to July 2001
	thousands of cubic metres		% change
<b>Natural gas sales</b>	<b>3 756 919</b>	<b>3 920 596</b>	<b>-4.2</b>
Residential	354 151	419 784	-15.6
Commercial	277 443	318 342	-12.8
Industrial	1,457 358	1 708 043	-1.8
Direct	1 667 967	1 474 427	
Year-to-date			
	2001 <sup>P</sup>	2000	2000 to 2001
	thousands of cubic metres		% change
<b>Natural gas sales</b>	<b>40 830 105</b>	<b>43 585 754</b>	<b>-6.3</b>
Residential	8 946 273	9 466 297	-5.5
Commercial	6 409 007	6 618 534	-3.2
Industrial	11 210 475	12 955 852	-7.4
Direct	14 264 350	14 545 071	

<sup>P</sup> Preliminary figures.

**Available on CANSIM: tables 1290001-1290004.**

The July 2001 issue of *Natural gas transportation and distribution* (55-002-XIB, \$13/\$125) will be available in October. See *How to order products*.

To order data, or for general information, contact the dissemination officer (1-866-873-8789; 613-951-9497; [energ@statcan.ca](mailto:energ@statcan.ca)). For analytical information, or to enquire about the concepts, methods and data quality of this release, contact John Svab at (613) 951-7382; ([john.svab@statcan.ca](mailto:john.svab@statcan.ca)) or Tom Lewis (613-951-3596; [tom.lewis@statcan.ca](mailto:tom.lewis@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## Deliveries of major grains

August 2001

Data on August grain deliveries are now available.

**Available on CANSIM: table 10001.**

The August 2001 issue of *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) 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, contact Karen Gray (204-983-2856; [karen.gray@statcan.ca](mailto:karen.gray@statcan.ca)), Agriculture Division. ■

## Steel primary forms

July 2001

Steel primary forms production was 1 323 894 metric tonnes in July, down 6.6% from 1 417 288 tonnes in July 2000.

Year-to-date production reached 8 809 625 tonnes, down 11.6% from 9 969 850 tonnes in the same period of 2000.

**Available on CANSIM: table 3030010.**

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; [manufact@statcan.ca](mailto:manufact@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Dragos Ifrim (613-951-3527; [ifridra@statcan.ca](mailto:ifridra@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## Shipments of rolled steel

July 2001

Rolled steel shipments totalled 1 142 000 metric tonnes in July, down 7.6% from 1 235 408 tonnes in June and up 10.1% from 1 037 166 tonnes (revised) in July 2000.

Year-to-date shipments at the end of July totalled 8 389 321 tonnes, down 5.4% from 8 868 363 tonnes (revised) in the same period of 2000.

**Available on CANSIM: table 3030010.**

For general information or to order data, contact the Dissemination Officer (1-866-873-8789; 613-951-9497; [manufact@statcan.ca](mailto:manufact@statcan.ca)). To enquire about the concepts, methods, or data quality of this release, contact Dragos Ifrim (613-951-3527; [ifridra@statcan.ca](mailto:ifridra@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## Employer pension plans (trusteed pension funds)

First quarter 2001

The market value of the assets of employer-sponsored pension plans continued to decline over the first quarter to \$580.2 billion, down 2.5% from the fourth quarter of 2000. This is a total reduction of 4.9% from the third-quarter peak of \$610.0 billion, a result of falling stock prices. The TSE 300 Composite Index lost 26.7% between September 2000 and March 2001.

For the first time since data by sector became available (in 1991), private sector fund managers

reported a negative cash flow. Overall, however, total net income for all trustee pension funds was \$3.6 billion, down 80.6% from the fourth quarter of 2000. Revenues were \$12.8 billion and expenditures were \$9.3 billion.

Net income was very high throughout 2000. These high net income levels were the direct result of large profits made from the sale of stocks at a time when the market value of stocks was much higher than the price the funds originally paid for them. The greatly reduced net income registered in the first quarter is primarily the result of reduced profits on the sale of stocks. These reduced profits are likely the result of a switch from a profit-taking strategy to one of buy and hold.

This publication provides data on the revenues, expenditures and assets of employer-sponsored pension plans as of March 31. It also contains a time

series and analysis relating changes in the data to financial indicators.

**Available on CANSIM: table 2800001.**

The first quarter 2001 issue of *Quarterly estimates of trustee pension funds*, Vol. 29, no. 1 (74-001-XIB, \$14/\$47; 74-001-XPB, \$19/\$62) is now available. See *How to order products*.

For more information about the current survey results and related products and services, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-888-297-7355; 613-951-7355; fax: 613 951-3012; [income@statcan.ca](mailto:income@statcan.ca)), Income Statistics Division. ■

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## NEW PRODUCTS

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**Farm product price index**, Vol. 1, no. 7, July 2001  
**Catalogue number 21-007-XIB**  
(free).

**Monthly Survey of Manufacturing**, Vol. 55, no. 7,  
July 2001  
**Catalogue number 31-001-XIB** (\$15/\$147).

**Primary iron and steel**, July 2001, Vol. 56, no. 7  
**Catalogue number 41-001-XIB** (\$5/\$47).

**Industry price indexes**, Vol. 27, no. 7, July 2001  
**Catalogue number 62-011-XPB** (\$22/\$217).

**Canadian international merchandise trade**, Vol. 55,  
no. 7, July 2001  
**Catalogue number 65-001-XIB** (\$14/\$141).

**Canadian international merchandise trade**, Vol. 55,  
no. 7, July 2001  
**Catalogue number 65-001-XPB** (\$19/\$188).

**Quarterly estimates of trustee pension funds**,  
Vol. 29, no. 1, First quarter 2001  
**Catalogue number 74-001-XIB** (\$14/\$47).

**Quarterly estimates of trustee pension funds**,  
Vol. 29, no. 1, First quarter 2001  
**Catalogue number 74-001-XPB** (\$19/\$62).

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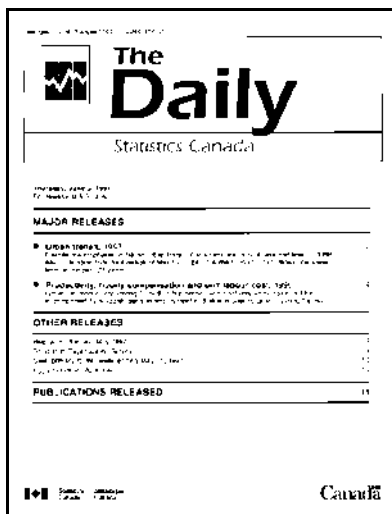
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