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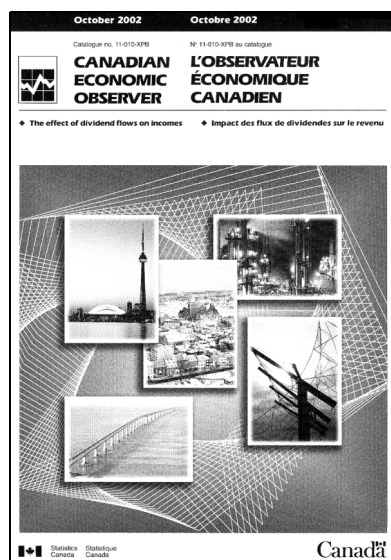
Statistics Canada

Thursday, October 24, 2002
Released at 8:30 am Eastern time

MAJOR RELEASES

- **Canada's international transactions in securities, August 2002** 3
Foreign investors turned their attention to Canadian bonds in August, buying \$2.6 billion worth, mainly outstanding federal issues. Canadian investors' demand for foreign securities abated, as a small investment in foreign stocks was completely erased by a reduction in their holdings of foreign bonds.
- **Composite Index, September 2002** 6
The leading indicator continued to rise gradually for the fourteenth straight month with a 0.2% gain in September.

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Canadian economic observer October 2002

The October 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 September and presents a feature article on the effect of dividend flows on incomes. 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 October 2002 issue of *Canadian economic observer*, Vol. 15, no. 10 (11-010-XPB, \$23/\$227) is now available. Visit the *Canadian economic observer's* page on Statistics Canada's Web site (www.statcan.ca). From the *Canadian Statistics* page, choose *Economic conditions*, and on that page see the banner ad for *Canadian economic observer*. On the *Canadian economic observer's* page, you can also read the October feature article on the effect of dividend flows on Canadian incomes in PDF format. 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

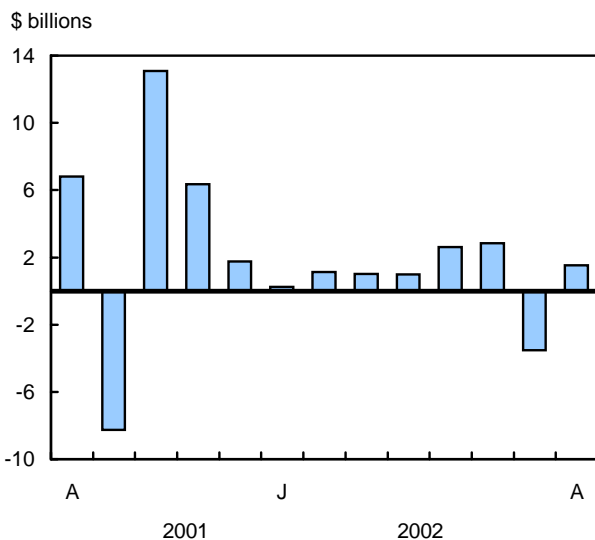
August 2002

Foreign investors turned their attention to Canadian bonds in August, buying \$2.6 billion worth, mainly outstanding federal issues. Canadian investors' demand for foreign securities abated, as a small investment in foreign stocks was completely erased by a reduction in their holdings of foreign bonds.

Foreign investors turn their attention to Canadian bonds, while selling money market paper

Foreign investors bought \$2.6 billion worth of Canadian bonds in August, after reducing their holdings by a total of \$2.0 billion over June and July. Underlying August's investment was the largest purchase of existing bonds in the secondary market since April 2000. The secondary market investment (\$3.5 billion) was focussed mainly on federal issues. The investment in Canadian bonds came mainly from European investors, followed by US investors.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

New bonds sold in foreign markets in August shrank to \$1.0 billion, their lowest level since December 2000. This was offset by \$2.4 billion of retiring foreign-held Canadian bonds in August, the third month in a row that

Related market information

For the third consecutive month, the combination of rising Canadian short-term **interest rates** matched with falling comparable US rates pushed up the differential to the highest level in recent years. In August, a 15 basis-point rise in Canada compared with a 6 basis-point decline in the United States pushed the differential to 134 basis point continuing to favour investment in Canada. This represents the tenth consecutive rise in the differential, which started in November 2001.

On the long-term side, a larger decline in US rates (29 basis points) versus a 9-point drop in Canadian rates pushed up the differential to 92 basis points, its largest gap in favour of Canada in recent years.

The four-month slide in Canadian **stock prices** came to halt in August. After losing a total of 1,246 points (S&P/TSX composite index) representing 15.9% of their value from April to July 2002, the index managed to squeak out a small gain in August. American stock prices (Standard & Poor's composite 500 index) lost an even larger 20.5% over the same four month period and also registered a small gain in August.

After losing almost three full cents, or 4.2% of its value, against the US dollar in July, the **Canadian dollar** rebounded somewhat in August, gaining back about a third of that loss. August's close of US 64.15 cents raised the dollar almost one and three-quarter cents above its record low closing of US 62.44 in February 2002.

Definitions

The data series on international security transactions cover portfolio transactions in stocks and bonds (both Canadian and foreign issues) and Canadian money market instruments (or paper).

Stocks include common and preferred equities, as well as warrants.

Debt securities include bonds and money market instruments.

Bonds have an original term to maturity of more than one year.

Money market instruments have an original term to maturity of one year or less. **Government of Canada paper** includes treasury bills and US-dollar Canada bills. **Other money market instruments** include treasury bills and other paper issued by other Canadian governments or their enterprises, bankers' acceptances, bearer demand notes of banks, commercial paper and other short-term paper.

retirements exceeded the amount of new issues sold abroad.

In August, foreign investors made their first significant divestment in 2002 of Canadian money market paper, at \$1.3 billion. The reduction in August lowered their accumulated investment in this market so far this year to a negligible \$0.6 billion. This contrasts with the same period of 2001, when foreign investors reduced their holdings of Canadian money market paper by \$7.8 billion.

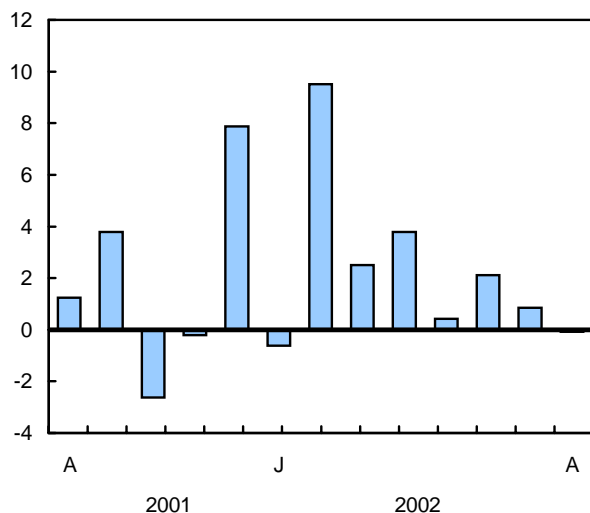
For the third consecutive month, in August, the combination of rising Canadian short-term rates and falling comparable US rates pushed up the differential to the highest level in recent years (134 basis points).

After selling off a near-record \$3.5 billion in Canadian stocks in July, foreign investment was negligible in August. Underlying this, however, was continued heavy selling of existing shares in the secondary market (\$1.4 billion in August, totalling \$6.9 billion so far in 2002), offset by a large issuance of new treasury shares in foreign markets by a major Canadian corporation.

Canadian investment in foreign securities¹

\$ billions

Reverse of balance of payments signs



¹ Includes bonds and stocks.

US investors did most of the selling of existing shares in August, as well as the bulk of the buying of the newly issued Canadian shares abroad. The four-month

slide in Canadian stock prices came to a halt in August. After losing a total of 1,246 points (S&P/TSX composite index), representing 15.9% of their value from April to July 2002, the index managed to squeak out a small gain in August.

Canadian investors continue to buy foreign stocks, but sell bonds

Canadian investors continued to add to their holdings of foreign stocks in August, but at a much slower pace than earlier in 2002. The investments of \$0.7 billion in August and \$0.4 billion in July were well below the \$2.2 billion average monthly accumulation in the first six months of 2002.

Three-quarters of the \$14.0 billion invested in foreign stocks so far in 2002 went to US equities, with the balance going to overseas shares.

Canadian investors reduced their holdings of foreign bonds by \$0.7 billion in August, their first divestment since March 2002. In August, they acquired \$0.9 billion worth of overseas bonds but sold off a larger \$1.8 billion in US treasuries.

Available on CANSIM: tables 376-0018 to 376-0029 and 376-0042.

Information on methods and data quality available in the Integrated Meta Data Base: survey numbers, including related surveys, 1532, 1534, 1535 and 1537.

The August 2002 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, contact Donald Granger (613-951-1864), Balance of Payments Division. □

Canada's international transactions in securities

	May 2002	June 2002	July 2002	August 2002	January to August 2001	January to August 2002
\$ millions						
Foreign investment in Canadian securities	2,601	2,854	-3,522	1,525	17,930	6,804
Bonds (net)	2,063	-1,774	-198	2,642	21,663	9,173
Outstanding	-116	516	1,661	3,474	8,200	7,577
New issues	5,392	6,466	4,360	978	46,453	30,226
Retirements	-3,961	-7,134	-6,224	-2,374	-33,742	-29,620
Change in interest payable ¹	749	-1,622	5	564	751	990
Money market paper (net)	50	397	223	-1,261	-7,818	611
Government of Canada	483	681	384	-337	-4,820	767
Other	-433	-284	-161	-924	-2,998	-156
Stocks (net)	488	4,231	-3,547	144	4,085	-2,980
Outstanding	140	865	-3,778	-1,381	1,742	-6,891
Other transactions	348	3,366	231	1,525	2,343	3,911
Canadian investment in foreign securities	-430	-2,106	-859	78	-28,888	-18,491
Bonds (net)	-57	-476	-496	742	-253	-4,479
Stocks (net)	-373	-1,629	-363	-664	-28,635	-14,012

¹ Interest accrued less interest paid.

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



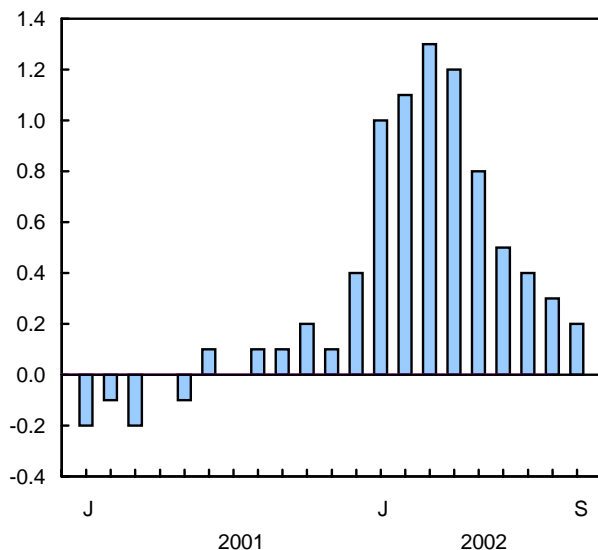
Composite Index

September 2002

The leading indicator continued to rise gradually for the fourteenth straight month with a 0.2% gain in September. A return to growth in housing and further gains in manufacturing outweighed further losses in the stock market. Excluding the stock market, the index increased 0.5%, the same as it has posted since June.

Composite Index

Smoothed % change



Housing and sales of related goods continued to benefit from strong household demand. The housing

index edged up 0.5% in September when existing home sales turned up. Starts of single-family dwellings continued to rise, nearly equalling the 12-year high set in May. Purchases of household goods have expanded steadily since early in 2000.

The strength of household demand reverberated in manufacturing, contributing to a sixth consecutive increase in new orders for durable goods. However, neither the average workweek nor employment rose in manufacturing. The growth in shipments accompanied another dip in inventories, boosting their ratio to the highest level since early in 2001. Elsewhere, business services employment firmed and an upturn in non-residential building permits occurred over the summer, an encouraging sign for business investment.

The US leading indicator was unchanged for the second month in a row, after a revision nullified a drop in August. As in Canada, the stock market remained the principal source of weakness, helping to pull down consumer confidence in the process.

Available on CANSIM: table 377-0003.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 1601.

For more information on the economy, the October 2002 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

	April 2002	May 2002	June 2002	July 2002	August 2002	September 2002	Last month of data available % change
Composite leading indicator (1992=100)	175.2	176.6	177.5	178.2	178.7	179.1	0.2
Housing index (1992=100) ¹	131.2	132.1	128.0	126.5	126.1	126.7	0.5
Business and personal services employment ('000)	2,534	2,541	2,544	2,544	2,542	2,543	0.0
S&P/TSX stock price index (1975=1,000)	7,697	7,691	7,591	7,384	7,136	6,840	-4.1
Money supply, M1 (\$ millions, 1992) ²	107,423	107,312	107,434	108,162	109,207	110,182	0.9
US composite leading indicator (1992=100) ³	109.7	110.0	110.2	110.3	110.3	110.3	0.0
Manufacturing							
Average workweek (hours)	39.0	39.1	39.1	39.1	39.2	39.2	0.0
New orders, durables (\$ millions, 1992) ⁴	20,368	20,859	21,329	21,745	22,014	22,042	0.1
Shipments/inventories of finished goods ⁴	1.68	1.70	1.74	1.77	1.79	1.81	0.02 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	1,730	1,750	1,767	1,773	1,778	1,782	0.2
Other durable goods sales (\$ millions, 1992) ⁴	7,668	7,755	7,780	7,750	7,713	7,683	-0.4
Unsmoothed composite	177.7	177.4	179.6	179.1	179.6	179.6	0.0

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 the second preceding month.

⁵ Difference from previous month.



OTHER RELEASES

Steel primary forms

Week ending October 19, 2002 (preliminary)

Steel primary forms production for the week ending October 19 totalled 273 636 metric tonnes, down 10.2% from 304 847 tonnes a week earlier and 12.1% from 311 301 tonnes in the same week of 2001.

The year-to-date total as of October 19 was 12 826 670 tonnes, up 4.9% from 12 228 177 tonnes in the same period of 2001.

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

Mineral wool including fibrous glass insulation

September 2002

Manufacturers shipped 3 322 286 square metres of R12 factor (RSI 2.1) mineral wool batts in September, up 39.8% from 2 376 018 square metres in August and 24.0% from 2 679 757 square metres in September 2001.

Year-to-date shipments at the end of September totalled 23 739 132 square metres, up 2.9% from the same period of 2001.

Available on CANSIM: table 303-0004.

The September 2002 issue of *Mineral wool including fibrous glass insulation*, Vol. 54, no. 9 (44-004-XIB, \$5/\$47) 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 the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca). Manufacturing, Construction and Energy Division. ■

Particleboard, oriented strandboard and fibreboard

August 2002

Oriented strandboard production in August totalled 643 601 cubic metres, up 0.7% from 638 947 cubic metres in August 2001. Particleboard production reached 279 165 cubic metres, an increase of 20.0% from 232 644 cubic metres in August 2001. Fibreboard production totalled 78 093 cubic metres, down 3.9% from 81 293 cubic metres in August 2001.

Year-to-date production of oriented strandboard at the end of August totalled 5 545 142 cubic metres, a 6.5% increase from 5 204 355 cubic metres in the same period of 2001. Particleboard production reached 1 977 144 cubic metres, up 3.0% from 1 918 441 cubic metres in the same period of 2001. Year-to-date fibreboard production reached 668 166 cubic metres, down 2.0% from 681 567 cubic metres in the same period of 2001.

Available on CANSIM: table 303-0002.

The August 2002 issue of *Particleboard, oriented strandboard and fibreboard*, Vol. 38, no. 8 (36-003-XIB, \$5/\$47), 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 the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Population estimates by age and sex

July 1, 2002

The preliminary postcensal estimates by age and sex at July 1, 2002, the updated postcensal figures at July 1, 2001 and 2000 as well as the final estimates at July 1, 1998 and 1999 are now available. The corresponding components of population growth are also available.

Available on CANSIM: tables 051-0001, 051-0002, 051-0011 and 051-0012.

Annual Demographic Statistics, 2002 (91-213-XIB, \$56; 91-213-XPB, \$125) will be available in March 2003. See *How to order products*.

To order data, contact your nearest Statistics Canada Regional Reference Centre or Colette O'Meara (613-951-2320; fax: 613-951-2307;

colette.o'meara@statcan.ca. For more information, or to enquire about the concepts, methods or data quality of this release, contact Daniel Larrivée (613-951-0694; fax: (613-951-2307; daniel.larrivee@statcan.ca), Demography Division. ■

NEW PRODUCTS

Canadian economic observer, October 2002, Vol. 15, no. 10
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Thursday, June 3, 1997
For release at 9:30 a.m.



MAJOR RELEASES

- **Urban transit, 1995** 2
Changes in the number of people taking urban transit. Canadians are using it less and less. In 1996, each Canadian took an average of about six 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 noticeably weak again in 1996, accompanied by sluggish gains in employment and slow moderate growth during the year.

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 Statistics Canada 

Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

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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