



The Daily

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- **Canada's international transactions in securities, June 2002**

Foreign investors continued to acquire Canadian securities in June, but switched their buying to stocks from bonds. Meanwhile, Canadian investors resumed their investment in foreign securities, mainly through purchases of equities.

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- **Farm cash receipts, January to June 2002**

Many Canadian farmers faced difficulties during the first half of 2002, as cash receipts from crops, livestock and program payments declined. Crop receipts dropped to a seven-year low, while livestock receipts fell after three consecutive years of increase for this period.

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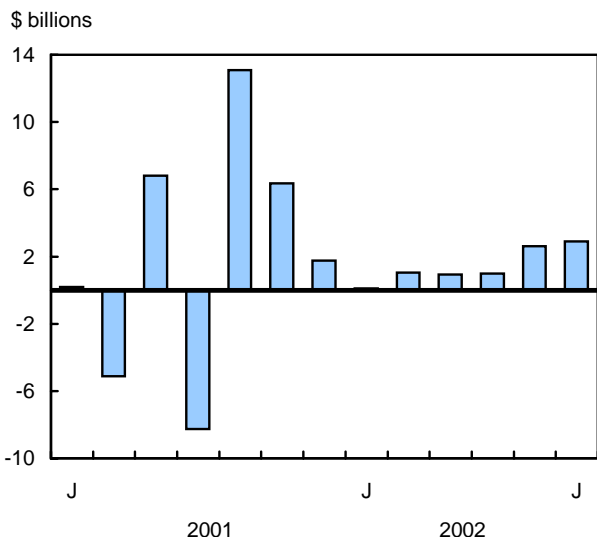
Canada's international transactions in securities

June 2002

Foreign investors continued to acquire Canadian securities in June, but switched their buying to stocks from bonds. The \$4.0 billion addition to foreign holdings of Canadian stocks was the first increase of any size in 2002 and the largest in a year.

Meanwhile, Canadian investors resumed their investment in foreign securities, mainly through purchases of equities.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

Canadian corporations raise funds from foreign investors through new share offerings

Canadian corporations raised \$3.1 billion from issuing new shares to foreign investors in June. This was the largest monthly issuance of new shares to foreigners, outside of merger and acquisition activity. These new shares were concentrated in two public offerings in the US market and the conversion of a bond issue to equity.

In total, foreign investors acquired \$4.0 billion of Canadian shares in June. In addition to the new shares mentioned above, they purchased \$0.9 billion in the

Related market information

A marginal rise in Canadian short-term **interest rates** versus a small decline in comparable US rates pushed up the differential from 87 to an even 100 basis points in June. This is the largest gap favouring investment in Canada since the differential moved in Canada's favour in March 2001.

On the long-term side, a small decline in the Canadian 10-year government bond rate compared with a much larger 36 basis points drop in the comparable US rate pushed up the differential by a quarter point to 62 basis points in June, continuing to favour investment in Canada.

Canadian **stock prices** suffered a 6.7% setback in June returning prices to a level not seen since October 2001. The S&P/TSX composite index which had fluctuated within a roughly 400-point range from November 2001 to May 2002 fell over 500 points in June. American stock prices (Standard and Poor's composite 500 index) suffered the same fate in June, losing 7.2% and closing the month below the 1000 mark on the index, a level not witnessed since August 1998.

The meteoric rise of the **Canadian dollar** that started in March continued into June gaining another half cent against the US dollar. The dollar which added an astounding three and a half cents over this four-month-period closed June at US 65.95, a closing level not witnessed since June of 2001. Over this one-year period, the Canadian dollar took eight months to slide as low as US 62.42 cents in February 2002 only to recover all it lost in the March to June period of 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.

secondary market. A large offering of privately held stock in conjunction with one of the public offerings of new stock contributed to this secondary market activity. Canadian stock prices declined 6.7% in June (S&P/TSX composite index), returning share prices to the level of October 2001.

In the bond market, the holdings of foreign investors declined by \$1.5 billion in June. Retirements were close to a record high, with a large amount of provincial government and enterprises debt coming to maturity

and the previously mentioned conversion of a corporate bond to equity. Conversely, companies continued to raise funds through new issues in foreign markets, bolstered by a large issue of asset-backed securities by a government enterprise.

Foreign investors made a small \$0.4 billion investment in Canadian money market paper in June, mostly in federal treasury bills. In the first half of 2002, the accumulated foreign investment of \$1.6 billion in Canadian money market paper has gone to paper of governments and their enterprises. This is in sharp contrast to the same six-month period of 2001, when foreign investors reduced their holdings by \$5.2 billion. A marginal rise in Canadian short-term rates versus a small decline in comparable US rates pushed up the differential from 87 to an even 100 basis points in June, continuing to favour investment in Canada.

Canadian investors step up their purchases of foreign securities

After making a small investment in foreign securities in May, Canadian investors stepped up their purchases with a much larger \$2.1 billion investment in June. Three-quarters of the investment in June went to equities and the remainder went to bonds. The accumulated investment of \$17.7 billion in foreign securities for the first half of 2002 is well below the \$27.2 billion invested in the same period of 2001.

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

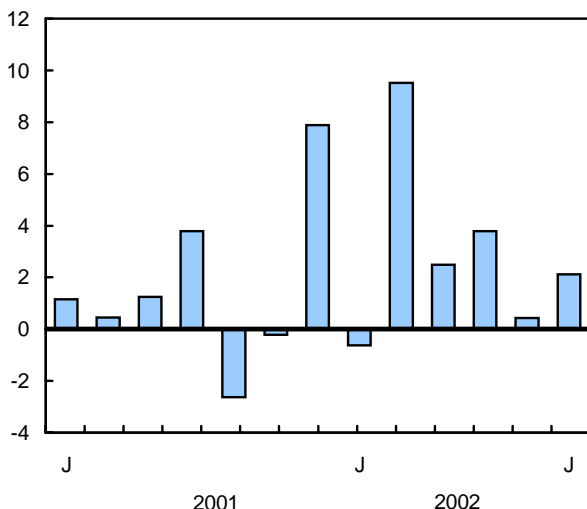
The June 2002 issue of *Canada's international transactions in securities*, (67-002-XIB, \$14/\$132; 67-002-XPB, \$18/\$176) will be available in September. See *How to order products*.

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

\$ billions

Reverse of balance of payments signs



¹ Includes bonds and stocks.

Canada's international transactions in securities

	March 2002	April 2002	May 2002	June 2002	January to June 2001	January to June 2002
\$ millions						
Foreign investment in Canadian securities	936	997	2,599	2,896	16,235	8,568
Bonds (net)	3,283	1,344	2,062	-1,482	14,195	6,746
Outstanding	124	1,063	-116	516	6,046	2,441
New issues	4,607	3,801	5,376	6,613	36,521	24,668
Retirements	-1,705	-4,021	-3,961	-7,033	-28,461	-20,921
Change in interest payable ¹	257	501	763	-1,578	89	557
Money market paper (net)	1,244	-103	50	397	-5,218	1,649
Government of Canada	450	-274	483	681	-2,753	720
Other	794	171	-433	-284	-2,465	929
Stocks (net)	-3,591	-244	488	3,981	7,258	173
Outstanding	-2,701	-413	140	865	2,133	-1,733
Other transactions	-890	169	348	3,116	5,126	1,906
Canadian investment in foreign securities	-2,497	-3,792	-431	-2,115	-27,200	-17,719
Bonds (net)	318	-1,756	-57	-482	-850	-4,730
Stocks (net)	-2,815	-2,036	-374	-1,633	-26,350	-12,990

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.



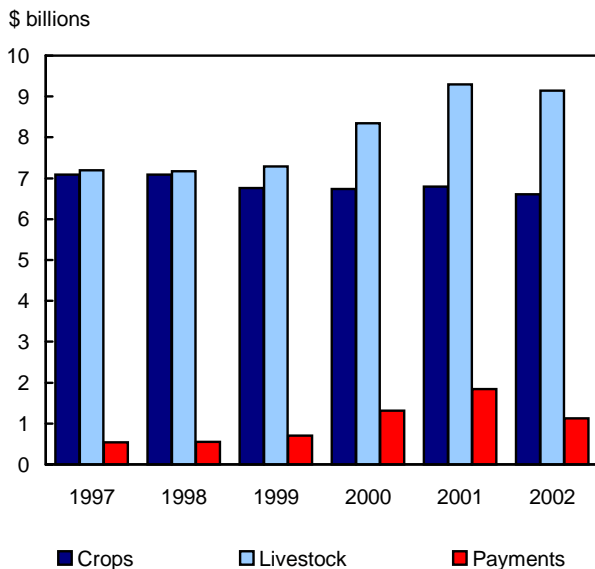
Farm cash receipts

January to June 2002

Many Canadian farmers faced difficulties during the first half of 2002, as cash receipts from crops, livestock and program payments declined. Crop receipts dropped to a seven-year low, while livestock receipts fell after three consecutive years of increase for this period.

Farm cash receipts released today take into account the impact of the poor weather conditions experienced in many parts of Canada in 2001. The financial outcome that may result from the extreme weather seen on farms during the 2002 growing season are not reflected in the cash receipts released here. The effect of this year's crop production and marketings will be shown in the second half of 2002 and the first half of 2003. Cash receipts for the first six months of 2002 may not be indicative of the final results for this year. Statistics Canada published information on 2002 field crop production on August 23.

Farm cash receipts, January to June



During the first six months of 2002, crop receipts were at their lowest since the first half of 1995, down 2.7% from the same period in 2001. Lower deliveries for most of the major grains and oilseeds more than offset the increase in prices for all of them. At \$6.6 billion, crop receipts remained 4.1% below the previous five-year average (1997 to 2001).

Livestock receipts fell for the first time since 1998 for the January-to-June period, as prices for the major

Note to readers

Statistics Canada does not forecast farm cash receipts. These data are based on survey and administrative data from a wide variety of sources.

Farm cash receipts measure the gross revenue of farm businesses in current dollars. They include sales of crops and livestock products (except sales between farms in the same province) and program payments. Receipts are recorded when the money is paid to farmers before any expenses are paid.

Deferments represent sales from grains and oilseeds delivered by western producers, for which payments were deferred until the next year. Because these receipts are based on physical deliveries, any deferred payments are deducted from the farm cash receipts of the current calendar year and included when they are liquidated (see "liquidations of deferments" in the farm cash receipts table).

Program payments include payments tied to current agricultural production and paid directly to farmers. Examples of these payments come under the Net Income Stabilization Account (NISA), the Crop Insurance Act, provincial stabilization programs and the Canadian Dairy Commission Act. The program payments series does not attempt to cover all payments made to farmers nor does it represent total government expenditure under all assistance programs.

commodities slumped after peaking in 2001. Receipts for livestock stood at \$9.1 billion, down 1.7% from the same period of 2001, but up 16.3% from the previous five-year average for the period.

Program payments decreased for the first time since 1997, falling 38.8% to \$1.1 billion in the first six months of 2002. Despite this significant reduction, program payments remained above the previous five-year average of \$990 million. Most of this decrease was attributed to the completion of one-time emergency assistance payments coupled with lower payments delivered through income disaster and provincial stabilization programs.

Canadian farmers received \$16.9 billion from agricultural commodities and program payments in the first half of 2002, down \$1.1 billion from the same period of 2001 and the first decrease since 1999.

However, this total, a 5.9% decrease from January-to-June 2001, tells only half the story. Cash receipts provide an overall measure of farm businesses' gross revenue. They do not account for expenses incurred by farmers. As well, cash receipts can vary widely from farm to farm because of several factors, including commodities, prices and weather.

The largest percentage declines in cash receipts were in Saskatchewan (-12.3%) and Manitoba (-10.2%). Increases in cash receipts occurred in New Brunswick (+10.8%) and Prince Edward Island (+3.8%), mainly because of rising potato prices, and in British Columbia (+1.2%).

Crop receipts down as a result of declines in deliveries

Farm stocks of major grains and oilseeds dwindled to low levels by the end of 2001, primarily as a result of the drought in the summer of 2001. In turn, this led to reduced deliveries in the first half of 2002. At the end of June, on-farm stocks stood 28.5% below the previous five-year average for this period.

Canola producers experienced the largest decline in receipts. Revenues reached \$639 million during the first half of 2002, down 30.5% from the same period of 2001. Despite an increase in prices of more than 25%, marketings dropped 45.4%. The decrease in deliveries was mainly the result of lower exports to China. After buying large quantities of canola during the early part of 2001 rather than in its normal summer and fall period, China's purchases returned to a more traditional pattern in the first half of 2002.

The next largest decrease was wheat (excluding durum), as lower payments from the Canadian Wheat Board (CWB) and lower deliveries offset an 18.6% increase in prices. The timing of the final CWB payment — January 2001 for the prior crop year and December 2001 for last crop year — accounted for the decline in CWB payments in the first half of 2002. A slight recovery in prices during the last months of 2001 encouraged farmers to sell the major part of their crop during the fall. As a result, low stocks led to reduced deliveries in the first six months of 2002. Receipts were \$954 million, down 18.5% from the same period of 2001.

Barley receipts fell one-third to \$253 million and receipts for durum decreased 20.0% to \$296 million. As in the case of wheat (excluding durum), the timing of final CWB payments, along with low stocks at the end of 2001, contributed to these drops. The low stocks led to reduced deliveries in the first half of 2002.

Though prices for soybeans increased 6.6%, a 37.5% decrease in deliveries led receipts to fall to \$197 million. This represented a drop of 33.2% compared with the first six months of 2001. The decrease in deliveries came largely from a major decline in production stemming from the drought in 2001.

The decrease in receipts for most of the major grains and oilseeds was partly softened by higher liquidations of deferments. In anticipation of reduced returns in early 2002, farmers deferred a larger portion of their crop receipts in 2001. As a result, liquidations were up 35.9% to \$761 million during the first half of 2002, the highest value in three years for this period.

Higher prices led to a 35.9% increase in potato receipts. After two consecutive years of decline,

receipts reached a record \$464 million. The increase in prices can be attributed to the large decline in potato production in 2001, which placed strong upward pressure on growers' prices.

Livestock receipts drop as prices fall

Cattle and calf receipts fell to \$3.8 billion in the January-to-June period, after five consecutive years of increases for this period. This was down 1.2% from the first six months of 2001, as increases in total marketings could not offset falling prices. The decrease in receipts for cattle and calves was largely because of a 4.7% decrease in slaughter cattle receipts as prices declined. However, cash receipts for international exports of cattle continued to grow, as the number of head sold abroad increased 21.1%. Dry conditions in portions of the Prairies may have had an impact on farmers' decisions to ship more cattle south of the border for feeding, finishing and slaughter. Favourable exchange rates, as well as general growth in the American demand for beef and strong prices in 2001, also contributed to the sale of cattle abroad.

Hog receipts fell 7.5% to \$1.8 billion in the first six months of 2002 as prices slumped, reaching levels lower than the previous five-year average. The majority of the decline was the result of a decrease in slaughter hog receipts, as falling prices more than offset a rise in marketings. The softening of prices resulted from an abundant supply of pigs on the North American market, along with the fear of the impact of 2002's drought on the cost of production, as feed grain prices continued to rise. However, gains were made in the international sales of hogs as the number sold increased by 16.9%.

Receipts in the supply-managed sectors rose during the first half of 2002. Total revenue from milk and cream rose slightly to \$2.1 billion, the result of higher prices. Poultry receipts advanced 1.0% to \$859 million because of increased marketings of chickens and higher prices for turkeys.

Program payments decrease for the first time in five years

Farmers received \$1.1 billion from program payments in the first six months of 2002. Despite this considerable decrease from 2001's near-record level, program payments still remained above the previous five-year average.

Program payments increased dramatically in 2001, mainly because of additional federal and provincial support that was delivered through one-time emergency assistance programs designed to address the challenges facing the farming sector. The

majority of these programs were to be completed by the end of 2001. Program payments declined by approximately \$500 million in 2002 in the absence of this additional assistance. Disbursements from federal and provincial farm aid packages announced in the past two months will begin to be reflected in the numbers released for the second half of 2002.

Crop insurance payments climbed 62.2% to \$399 million in the first six months of 2002, the highest level since 1993 and more than triple the previous five-year average. This increase was in response to poor growing conditions and to an increase in the acreage of crops insured.

Payments for income disaster programs decreased to \$175 million in the first six months of 2002, down 54.7% from the same period in 2001. Most of this decrease was the result of the larger payments that were delivered through the Agricultural Income Disaster Assistance program (AIDA) during the first quarter of 2001.

Gross payments under provincial stabilization programs fell to \$208 million for January-to-June 2002,

down 46.5% from near-record levels set during the same period in 2001. This was the lowest level since 1997 and 25.6% below the previous five-year average.

Farmers withdrew \$230 million from the government portion of the Net Income Stabilization Account (NISA) during the first six months of 2002, up 16.8% from the same period in 2001.

Available on CANSIM: table 002-0002.

The January–June 2002 issue of *Farm cash receipts*, Vol. 63, no. 2 (21-001-XIB, \$15/\$48) is now available. See *How to order products*.

For more information on farm cash receipts, or to enquire about the concepts, methods or data quality of this release, contact Kimberley Boyuk (613-951-2510; kimberley.boyuk@statcan.ca) or Paul Murray (613-951-0065; paul.murray@statcan.ca), Agriculture Division. □

Provincial farm cash receipts

	January to June 2001	January to June 2002 ^P	January-June 2001 to January-June 2002	April to June 2001	April to June 2002 ^P	April-June 2001 to April-June 2002
	\$ millions		% change	\$ millions		% change
Canada	17,934	16,880	-5.9	9,105	8,151	-10.5
Newfoundland and Labrador	39	39	-	20	20	-
Prince Edward Island	184	191	3.8	97	98	1.0
Nova Scotia	193	186	-3.6	93	87	-6.5
New Brunswick	195	216	10.8	102	104	2.0
Quebec	2,821	2,738	-2.9	1,635	1,475	-9.8
Ontario	4,151	3,897	-6.1	2,250	2,007	-10.8
Manitoba	1,891	1,699	-10.2	919	782	-14.9
Saskatchewan	3,297	2,893	-12.3	1,393	1,117	-19.8
Alberta	4,045	3,890	-3.8	1,969	1,834	-6.9
British Columbia	1,117	1,130	1.2	624	627	0.5

^P Preliminary data.

- Nil or zero.

Note: Figures may not add to totals because of rounding.

Farm cash receipts

	January to June 2001	January to June 2002 ^P	January-June 2001 to January-June 2002	April to June 2001	April to June 2002 ^P	April-June 2001 to April-June 2002
	\$ millions		% change	\$ millions		% change
Canada	17,934	16,880	-5.9	9,105	8,151	-10.5
All wheat ¹	1,539	1,249	-18.8	748	658	-12.0
Wheat excluding durum ¹	1,170	954	-18.5	573	488	-14.8
Durum wheat ¹	370	296	-20.0	175	170	-2.9
Barley ¹	378	253	-33.1	175	132	-24.6
Deferments	-163	-141	-13.5	-72	-68	-5.6
Liquidations of deferments	560	761	35.9	24	10	-58.3
Canola	920	639	-30.5	354	319	-9.9
Soybeans	295	197	-33.2	153	84	-45.1
Corn	238	323	35.7	103	151	46.6
Other cereals and oilseeds	142	181	27.5	65	90	38.5
Special crops	259	260	0.4	99	113	14.1
Other crops	2,623	2,888	10.1	1,653	1,790	8.3
Total crops	6,791	6,610	-2.7	3,302	3,279	-0.7
Cattle and calves	3,832	3,787	-1.2	1,948	1,905	-2.2
Hogs	1,924	1,779	-7.5	1,039	832	-19.9
Dairy products	2,057	2,068	0.5	1,045	1,022	-2.2
Poultry and eggs	1,151	1,170	1.7	597	601	0.7
Other livestock	333	335	0.6	125	119	-4.8
Total livestock	9,297	9,140	-1.7	4,754	4,478	-5.8
Net Income Stabilisation Account	197	230	16.8	93	125	34.4
Crop insurance	246	399	62.2	49	13	-73.5
Income disaster assistance programs	386	175	-54.7	116	51	-56.0
Provincial stabilization	389	208	-46.5	309	137	-55.7
Dairy subsidy	25	9	-64.0	8	2	-75.0
Other programs	602	109	-81.9	475	66	-86.1
Total payments	1,845	1,130	-38.8	1,049	393	-62.5

^P preliminary data.

¹ Includes Canadian Wheat Board payments

- Nil or zero.

Note: Figures may not add to totals because of rounding.

OTHER RELEASES

Construction type plywood

June 2002

Firms produced 192 195 cubic metres of construction-type plywood in June, up 8.5% from 177 192 cubic metres produced in June 2001.

Year-to-date production at the end of June totalled 1 097 279 cubic metres, up 6.1% from 1 034 583 in the same period of 2001.

Available on CANSIM: table 303-0005.

The June 2002 issue of *Construction type plywood*, Vol. 50, no. 6 (35-001-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), Manufacturing, Construction and Energy Division. ■

Pulpwood and wood residue statistics

June 2002

Pulpwood receipts in June totalled 1 803 143 cubic metres, down 4.1% from 1 881 089 cubic metres in June 2001. Wood residue receipts fell 2.1%, from 7 212 495 cubic metres in June 2001 to 7 063 692 cubic metres in June 2002. Consumption of pulpwood and wood residue totalled 9 220 169 cubic metres, up 4.3% from 8 843 732 cubic metres in June 2001.

The closing inventory of pulpwood and wood residue totalled 11 674 307 cubic metres, down 17.6% from 14 165 142 cubic metres in June 2001. Year-to-date consumption of pulpwood and wood residue at the end

of June was 56 355 538 cubic metres, down 3.3% from 58 275 017 cubic metres in the same period of 2001.

Available on CANSIM: table 303-0008.

The June 2002 issue of *Pulpwood and wood residue statistics*, Vol. 45, no. 6 (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 the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Footwear statistics

June 2002

For the six-month period ending June 30, 2002, manufacturers produced 3,738,462 pairs of footwear, down 18.2% from the 4,570,370 pairs produced during the same period of 2001.

Available on CANSIM: table 303-0011

The June 2002 issue of *Footwear statistics*, Vol. 77, no. 1 (33-002-XIB, \$6/\$11) 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. ■

NEW PRODUCTS

Farm cash receipts, January–June 2002, Vol. 63, no. 2
Catalogue number 21-001-XIB (\$15/\$48).

Pulpwood and wood residue statistics, June 2002,
Vol. 45, no. 6
Catalogue number 25-001-XIB (\$6/\$55).

Footwear statistics, period ending June 2002, Vol. 77,
no. 1
Catalogue number 33-002-XIB (\$6/\$11).

Construction type plywood, June 2002, Vol. 50, no. 6
Catalogue number 35-001-XIB (\$5/\$47).

Canadian international merchandise trade,
June 2002, Vol. 56, no. 6
Catalogue number 65-001-XIB (\$14/\$141).

Canadian international merchandise trade,
June 2002, Vol. 56, no. 6
Catalogue number 65-001-XPB (\$19/\$188).

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

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
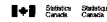

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MAJOR RELEASES	
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• Productivity, hourly compensation and unit labour cost, 1996 Growth in productivity among Canadian businesses was modestly weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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Statistics Canada's official release bulletin

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