



The Daily

Statistics Canada

Thursday, January 23, 2003
Released at 8:30 am Eastern time

MAJOR RELEASES

- **Retail trade, November 2002** 3
Retail sales declined 0.6% in November to \$25.8 billion, following a 1.6% gain in October. Automobile and clothing purchases were reduced in November, after a spending spree in the previous month.
- **Canada's international transactions in securities, November 2002** 7
Foreign investors bought \$5.0 billion of Canadian securities in November, their largest investment in a year. At the same time, Canadian investors bought heavily into both foreign bonds and stocks.

(continued on page 2)



Canadian economic observer January 2003

The January 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 December and presents a feature article on the divergences between the Canadian and the US labour market this decade. 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 January 2003 issue of *Canadian economic observer*, Vol. 16, no. 1 (11-010-XPB, \$23/\$227) is now available. Visit the *Canadian economic observer's* page on Statistics Canada's website (www.statcan.ca). From the *Canadian statistics* page, choose *Economic conditions*, and on that page see the banner ad for *Canadian economic observer*. For more information, contact Francine Roy (613-951-3627; ceo@statcan.ca), Current Economic Analysis Group.



OTHER RELEASES

Steel primary forms — weekly data, week ending January 18, 2003 10

NEW PRODUCTS 11

MAJOR RELEASES

Retail trade

November 2002

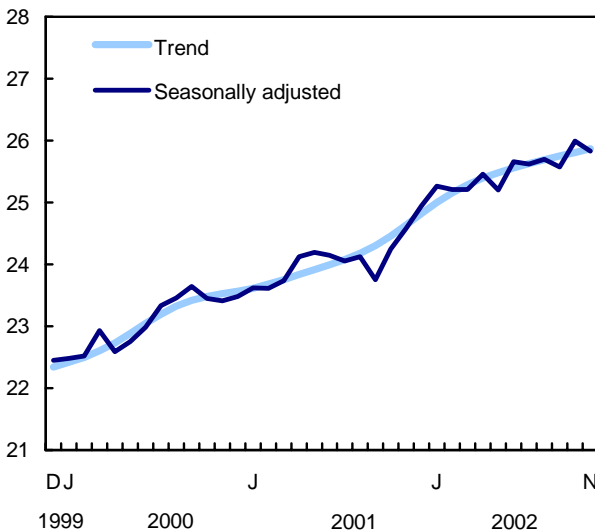
Retail sales declined 0.6% in November to \$25.8 billion, following a 1.6% gain in October. Automobile and clothing purchases declined in November, after a spending spree in the previous month. Excluding sales by motor and recreational vehicle dealers, retail sales remained essentially unchanged in November (+0.1%), after advancing rapidly in October (+1.4%).

Despite little growth since the start of 2002, the level of consumer spending in retail stores was exceptionally strong in the first 11 months of the year. Retail sales rose 2.2% from January to November, the weakest growth in the first 11 months of the year since 1995. Nevertheless, cumulative sales for the first 11 months of 2002 were 6.3% above those in the same period of 2001, thanks to the strong gains observed from October 2001 to January 2002. Sales jumped 6.4% in this four-month period alone.

In constant dollars, retail sales fell 1.1% in November, after rising 1.5% in October. Although gasoline prices fell in November, it was not enough to offset higher prices for automobiles and some fresh food products.

Retail sales fall in November after strong a gain in October

\$ billions



Retailers in the automotive (-1.7%) and clothing (-1.0%) sectors posted significant sales declines in

Note to readers

Estimates from the Monthly Retail Trade Survey are classified according to the 1980 Standard Industrial Classification.

November, but furniture stores enjoyed a 1.3% gain. Sales in the remaining retail sectors changed little in November.

Auto dealers suffer largest sales decline in 14 months

In November, motor and recreational vehicle dealers posted a 2.7% decline in sales, reflecting a drop in the number of new motor vehicles sold in that month (-4.7%). This follows a 2.2% increase in their overall sales in October. Prior to October, sales had remained essentially flat since April 2002, but were still at historically high levels. Year-to-date sales at the end of November stood 9.1% above those for the same period of 2001, the largest 11-month year-to-date gain in five years.

Sales down in clothing stores but remain steady for general merchandisers

Lower spending in women's, men's and shoe stores led to a 1.0% sales decline in the clothing sector in November. This follows a 4.5% sales gain in October, which ended three months of depressed sales in this sector. Warmer-than-usual weather in August and September may have led some consumers to postpone their back-to-school clothing purchases to October. Clothing stores showed little growth over the first 11 months of 2002. Year-to-date sales were 3.1% higher than in the same 11-month period of 2001, the weakest gain of the last six years.

General merchandise stores showed essentially no change in sales in November (-0.1%), after reporting a 1.5% increase in October. October's increase, partly stimulated by spending on clothing, ended three consecutive monthly declines. Within this sector, increasing sales by department stores in November (+0.3%) were offset by a 0.5% sales decline in other general merchandise stores. After posting strong sales gains in December 2001 and January 2002, general merchandisers showed little progress in sales from January to November 2002 (+1.3%). Nevertheless, year-to-date sales stood 5.0% above those in the same period of 2001.

Furniture stores still benefit from strong consumer demand

Sales in furniture stores advanced 1.3% in November, a fourth consecutive monthly gain. In the first 11 months of 2002, purchases in furniture stores exceeded total spending in the same period of 2001 by 12.0%. So far in 2002, furniture stores have shown the best sales growth performance of the last 15 years. Furthermore, cumulative furniture store sales in the first 11 months of each year have grown by at least 7.0% since 1997.

Weak November sales across the provinces

Retail sales were weak in all provinces in November. Consumers reduced their retail purchases in eight provinces, and spent about the same amount in Newfoundland and Labrador and British Columbia.

Year-to-date retail sales performance was strongest in the Prairies (+8.0%) and weakest in the Atlantic provinces (+4.2%). Retail sales growth in the first 11 months of 2002 compared with the same period of 2001 fluctuated around the national average in Quebec (+6.6%), British Columbia (+5.9%) and Ontario (+5.7%).

Related indicators for December

Total employment advanced 0.4% in December, continuing the period of strong growth observed since the start of 2002. Preliminary results from the automotive industry indicate that strong new car sales led to a significant gain in the number of new motor vehicles sold in December. Housing starts in December were 6.7% below November's level, a second consecutive monthly decline.

Available on CANSIM: tables 080-0001 to 080-0005.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2406.

The November 2002 issue of *Retail trade* (63-005-XIB, \$16/\$155) will be available soon. See *How to order products*.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, or to enquire about the concepts, methods or data quality of this release, contact Paul Gratton (613-951-3541; paul.gratton@statcan.ca), Distributive Trades Division.

The Daily, January 23, 2003

Retail sales

	November 2001	August 2002 ^r	September 2002 ^r	October 2002 ^r	November 2002 ^p	October to November 2002	November 2001 to November 2002
Seasonally adjusted							
	\$ millions					% change	
Food	5,363	5,610	5,606	5,667	5,657	-0.2	5.5
Supermarkets and grocery stores	4,957	5,202	5,202	5,271	5,252	-0.4	5.9
All other food stores	406	408	404	397	406	2.3	0.0
Drug and patent medicine stores	1,236	1,307	1,304	1,309	1,312	0.2	6.2
Clothing	1,347	1,355	1,325	1,385	1,371	-1.0	1.8
Shoe stores	152	150	145	156	153	-1.8	0.3
Men's clothing stores	116	114	111	113	111	-2.0	-4.8
Women's clothing stores	397	398	390	399	388	-2.8	-2.3
Other clothing stores	682	693	679	718	720	0.3	5.6
Furniture	1,422	1,522	1,533	1,540	1,559	1.3	9.7
Household furniture and appliance stores	1,149	1,227	1,230	1,235	1,253	1.4	9.0
Household furnishings stores	273	295	303	304	307	0.7	12.4
Automotive	9,880	10,350	10,277	10,512	10,337	-1.7	4.6
Motor and recreational vehicle dealers	6,808	6,844	6,837	6,988	6,799	-2.7	-0.1
Gasoline service stations	1,670	2,036	1,991	2,052	2,074	1.1	24.2
Automotive parts, accessories and services	1,402	1,470	1,448	1,472	1,465	-0.5	4.4
General merchandise stores	2,689	2,829	2,791	2,831	2,830	-0.1	5.2
Retail stores not elsewhere classified	2,646	2,726	2,740	2,749	2,759	0.4	4.3
Other semi-durable goods stores	770	793	797	810	809	-0.2	5.0
Other durable goods stores	637	664	664	669	672	0.5	5.5
All other retail stores not elsewhere classified	1,238	1,269	1,279	1,270	1,278	0.6	3.2
Total, retail sales	24,583	25,700	25,576	25,994	25,827	-0.6	5.1
Total excluding motor and recreational vehicle dealers	17,775	18,856	18,739	19,006	19,028	0.1	7.1
Provinces and territories							
Newfoundland and Labrador	424	423	438	423	424	0.1	0.0
Prince Edward Island	109	110	110	112	111	-0.7	2.0
Nova Scotia	748	766	771	774	763	-1.5	2.0
New Brunswick	603	608	606	607	597	-1.6	-0.9
Quebec	5,558	5,888	5,864	5,967	5,917	-0.8	6.5
Ontario	9,270	9,695	9,603	9,785	9,717	-0.7	4.8
Manitoba	861	898	878	893	887	-0.7	3.0
Saskatchewan	715	756	743	761	754	-0.9	5.5
Alberta	2,984	3,121	3,125	3,185	3,169	-0.5	6.2
British Columbia	3,223	3,341	3,342	3,390	3,391	0.0	5.2
Yukon	35	34	33	34	34	-2.7	-4.0
Northwest Territories	38	42	43	43	44	3.0	16.4
Nunavut	16	18	18	17	19	9.5	16.1

^r Revised figures.

^p Preliminary figures.

Retail sales

	November 2001	October 2002 ^r	November 2002 ^p	November 2001 to November 2002
Unadjusted				
	\$ millions			% change
Food	5,298	5,673	5,683	7.3
Supermarkets and grocery stores	4,912	5,284	5,285	7.6
All other food stores	386	389	398	3.1
Drug and patent medicine stores	1,250	1,310	1,312	4.9
Clothing	1,527	1,482	1,573	3.0
Shoe stores	167	173	174	4.1
Men's clothing stores	143	117	135	-5.5
Women's clothing stores	438	419	429	-2.1
Other clothing stores	778	773	834	7.2
Furniture	1,587	1,562	1,747	10.0
Household furniture and appliance stores	1,267	1,239	1,385	9.4
Household furnishings stores	321	323	361	12.7
Automotive	9,601	10,369	9,775	1.8
Motor and recreational vehicle dealers	6,381	6,690	6,147	-3.7
Gasoline service stations	1,646	2,135	2,012	22.2
Automotive parts, accessories and services	1,574	1,544	1,616	2.7
General merchandise stores	3,233	2,941	3,396	5.0
Retail stores not elsewhere classified	2,686	2,623	2,812	4.7
Other semi-durable goods stores	833	785	882	5.8
Other durable goods stores	623	591	655	5.2
All other retail stores not elsewhere classified	1,230	1,247	1,275	3.6
Total, retail sales	25,183	25,960	26,297	4.4
Total excluding motor and recreational vehicle dealers	18,803	19,270	20,150	7.2
Provinces and territories				
Newfoundland and Labrador	451	419	449	-0.5
Prince Edward Island	108	108	109	1.4
Nova Scotia	787	760	795	1.0
New Brunswick	624	610	616	-1.3
Quebec	5,599	6,020	5,838	4.3
Ontario	9,662	9,756	10,123	4.8
Manitoba	885	893	906	2.3
Saskatchewan	732	781	768	4.9
Alberta	3,050	3,194	3,242	6.3
British Columbia	3,201	3,326	3,359	4.9
Yukon	32	33	31	-3.9
Northwest Territories	35	42	42	18.4
Nunavut	16	18	19	15.7

^r Revised figures.

^p Preliminary figures.



Canada's international transactions in securities

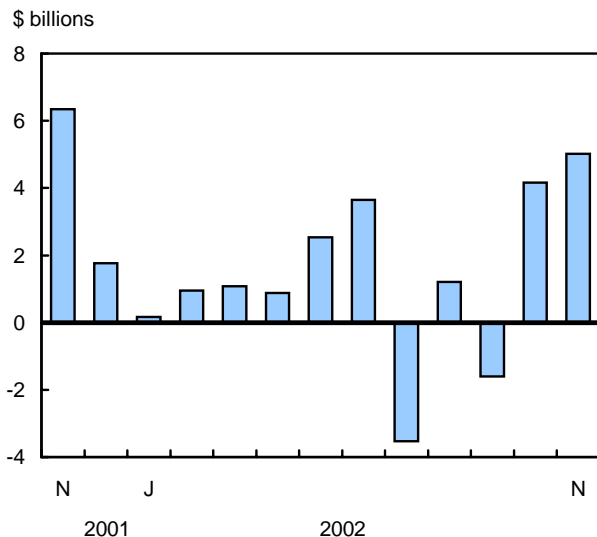
November 2002

Foreign investors bought \$5.0 billion of Canadian securities in November, their largest investment in a year. They added to their holdings of both debt securities and equities. At the same time, Canadian investors bought heavily into both foreign bonds and stocks. The \$5.7 billion invested in foreign securities in November was the second highest of 2002.

Foreign investors increase their holdings of bonds and money market paper

After making their largest investment so far this year in Canadian bonds in October (\$4.3 billion), foreign investors added a further \$1.8 billion to their holdings in November. This brought the cumulative foreign investment in Canadian bonds for the first 11 months of 2002 to \$14.9 billion, well below the \$35.6 billion invested in the same eleven-month period of 2001.

Foreign investment in Canadian securities¹



¹ Includes bonds, stocks and money market paper.

The investment in Canadian bonds in November was again mainly in secondary market bonds issued by the Government of Canada; this has been the case so far throughout the second half of 2002. In the first half of the year (January through June), foreign investment came from the primary market (new issues less retirements), as Canadian companies borrowed heavily in foreign markets. November's investment was

Related market information

In November, a larger decline in US **short-term interest rates** than Canadian rates pushed the gap to 148 basis points from 115 basis points in October. Continuing to favour investment in Canada, US short-term rates fell to their lowest level in recent years at 1.23% compared with 2.71% for Canadian short-term rates.

For **long-term interest rates**, the differential favouring investment in Canada retreated to 92 basis points from 117 points in October, the high of recent years. This happened when Canadian rates rose by a small amount compared with a much larger 27-basis point jump in American rates. In general, the gap favouring investment in Canada has grown since late 2000.

Canadian **stock prices** recorded a 5.1% gain in November, the best monthly gain since November 2001. This 322-point advance in the S&P/TSX composite index in November 2002 was a partial turnaround for stock prices that had declined 1,440 points in the first 10 months of 2002.

In comparison, American stock prices (Standard & Poor's composite 500 index) rose 5.7% in November, following the stronger 8.6% rise in October. This latest two-month recovery of 14.8% in American stock prices by far outpaces the 6.3% gain in Canadian prices over the same two-month period.

After posting a strong gain of US1.20 cents against the US dollar in October, the **Canadian dollar** gave back one-quarter of that gain in November, closing at US63.90 cents. November's close drifted into the lower half of the range of monthly closes in 2002, reaching a high of US65.95 cents in June compared with the low point in February of US62.42 cents.

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** includes 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.

spread between European (\$1.0 billion) and American (\$0.7 billion) investors. This was a change from October, when the investment came from European and Asian investors and when American investors were sellers for the first time in over a year.

In November, foreign investors made their largest investment in 2002 in Canadian money market paper; this was only the second significant investment so

far this year. November's \$2.2 billion investment was spread over paper issued by federal enterprises, federal treasury bills and corporate paper; geographically, it came from American, European and Asian investors. For the first 11 months of 2002, the \$2.5 billion foreign investment contrasted sharply with a divestment of almost \$10 billion for the same period of 2001. Coinciding with November's investment was a Canada–United States short-term rate differential, which stood at its highest point in recent years in favour of investment in Canada. In November, US short-term rates declined more than their Canadian counterparts, widening the gap to 148 basis points from 115 basis points in October.

Foreign investors stop selling Canadian stocks

Foreign investors increased their holdings of Canadian stocks by \$1.0 billion in November, ending two months of reductions totalling \$1.5 billion. In fact, after selling a large \$7.6 billion of secondary market shares over four months from July to October, foreign investors returned with a small \$0.5 billion investment in November. Added to November's investment was a similar \$0.5 billion investment in new corporate shares sold in foreign markets. Canadian stock prices recorded a 5.1% gain in November, the best monthly gain since November 2001. This 322-point advance in the S&P/TSX composite index in November 2002 was a partial turnaround for stock prices that have declined 1,440 points in the first 10 months of 2002.

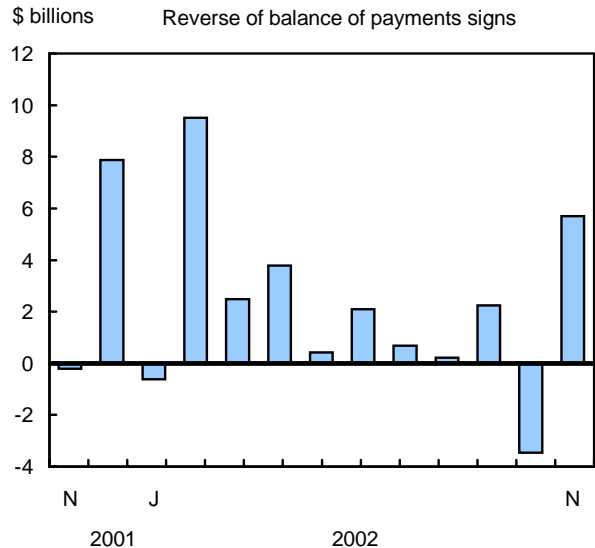
Canadian investors resume their investments in both foreign bonds and stocks

Canadian demand for foreign securities strengthened in November; the \$5.7 billion investment was the second highest so far in 2002. After selling a near-record \$2.8 billion of mainly US treasury bonds in October, Canadians invested heavily in US treasuries in November with purchases of \$3.3 billion. With the erratic investment pattern in foreign bonds, Canadian investors have accumulated \$6.6 billion over the first eleven months of 2002. This compares with a small divestment of \$1.4 billion over the same 11-month period of 2001.

Canadian investors made their largest investment in foreign stocks in eight months with a \$2.4 billion

investment in November. However, year-to-date investment in foreign equities at the end of November (\$16.5 billion) was just half that for the same period of 2001. November's investment was directed over 90% to US equities, where stock prices (Standard & Poor's composite 500 index) gained 5.7% in November added to the 8.6% rise in October.

Canadian investment in foreign securities¹



¹ Includes bonds and stocks.

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 November 2002 issue of *Canada's international transactions in securities* (67-002-XIE, \$14/\$132) will be available in soon. 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

	August 2002	September 2002	October 2002	November 2002	January to November 2001	January to November 2002
	\$ millions					
Foreign investment in Canadian securities	1,211	-1,604	4,162	5,019	29,109	14,523
Bonds (net)	2,219	101	4,276	1,757	35,592	14,944
Outstanding	3,474	106	4,463	2,014	10,582	14,160
New issues	978	4,822	2,536	2,270	73,304	39,753
Retirements	-2,721	-5,025	-3,157	-2,601	-50,240	-40,453
Change in interest payable ¹	489	198	433	75	1,946	1,484
Money market paper (net)	-1,261	-753	436	2,246	-9,672	2,540
Government of Canada	-337	-176	22	544	-5,780	1,155
Other	-924	-576	414	1,702	-3,892	1,385
Stocks (net)	253	-952	-549	1,016	3,188	-2,961
Outstanding	-1,406	-1,399	-1,003	488	1,523	-8,737
Other transactions	1,659	447	453	528	1,664	5,776
Canadian investment in foreign securities	-219	-2,250	3,454	-5,707	-29,836	-23,107
Bonds (net)	800	-1,752	2,825	-3,263	1,354	-6,620
Stocks (net)	-1,018	-498	628	-2,443	-31,189	-16,487

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.



OTHER RELEASES

Steel primary forms — weekly data

Week ending January 18, 2003 (preliminary)

Steel primary forms production for the week ending January 18 totaled 314 119 metric tonnes, up 11.0% from 282 903 tonnes a week earlier and 12.5% from 279 179 tonnes in the same week of 2002.

The year-to-date total as of January 18 was 739 087 tonnes, up 3.8% from 711 786 tonnes in the same period of 2002.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2131.

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

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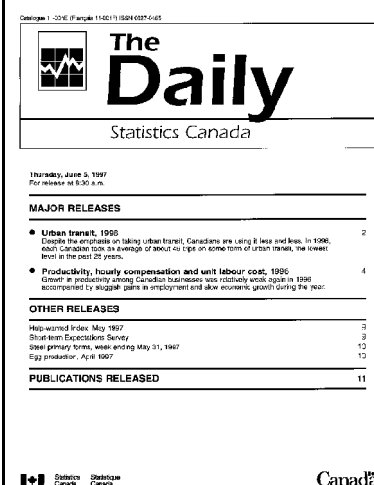
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Thursday, June 3, 1997
For release at 9:30 a.m.

MAJOR RELEASES

- **Urban transit, 1995** 2
Discusses the importance of taking urban transit. Canadians are using it less and less. In 1996, about Canadian took an average of about 40 trips on some form of urban transit, the lowest level in the past 27 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Highways Index, May 1997** 3
- **Statcan Expeditions Survey** 10
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 11

PUBLICATIONS RELEASED 11

Statistics Canada logo and "Canada" text at the bottom.

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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