



The Daily

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- **Canada's international transactions in securities, May 2003** 2
Foreign investors added a further \$4.7 billion to their holdings of Canadian securities in May, a fourth straight month of large investment. Meanwhile, Canadian investors resumed their purchases of foreign equities after a five-month absence.

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MAJOR RELEASES

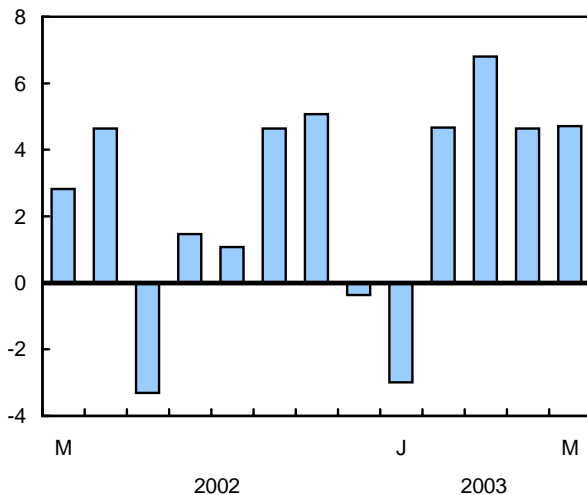
Canada's international transactions in securities

May 2003

Foreign investors added a further \$4.7 billion to their holdings of Canadian securities in May, a fourth straight month of large investment. They invested in both bonds and equities, marking the first significant acquisition of equities in 2003. Meanwhile, Canadian investors resumed their purchases of foreign equities after a five-month absence.

Foreign investment in Canadian securities¹

\$ billions



¹ Includes bonds, stocks and money market paper.

Yet another strong foreign investment in Canadian bonds

With the Canadian dollar surging so far in 2003, foreign portfolio investors once again invested strongly in Canadian bonds. A \$3.4 billion addition in May brought the four-month total from February to an even \$20.0 billion. Most of May's investment went to outstanding Government of Canada bonds and net new issues of the provinces.

Roughly half of May's investment from foreign investors was denominated in Canadian dollars. From mid-1993 to mid-2002, foreign investment in Canadian bonds was channelled into foreign currency-denominated issues, mostly

Related market information

In May, a 3-point drop in Canadian short-term **interest rates** compared to a 6-point drop in comparable US rates pushed up the differential between the two countries to 209 basis points, continuing to favour investment in Canada. Canadian rates closed May at 3.16%, some 121 basis points above its recent low of 1.95% in December 2001. In contrast, US rates have been on a consistent downward trend closing May at a recent historical low of just 1.07%.

On the long-term side, the gap in favour of Canada rose 5-basis points to 106 basis points in May. A sharp 40 basis-point drop in Canadian rates to 4.50% in May was more than matched by a 45 basis-point decline to 3.44% in comparable American rates.

Canadian **stock prices** recorded their first back-to-back gains of the year in May, adding 4.2% to the 3.8% gain in April. May's close of 6,859.8 (S&P/TSX composite index) was a level not seen since June 2002. American stock prices likewise had a robust 5.1% gain in May adding to their rise of 8.1% in April and bringing the Standard & Poor's composite 500 index back to the level of June 2002.

The **Canadian dollar** shot up a surprising three and a third cents against the US dollar in May, bringing the cumulated gain to almost ten full cents or 15.3% since the beginning of the year. May's close of 73.07 US cents was a level not witnessed since February 1997.

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.

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.

in US dollars. Foreign investment switched to Canadian-dollar bonds in the second half of 2002, as non-residents acquired \$12.4 billion of these bonds and sold \$3.6 billion of those denominated in foreign currencies. This trend accelerated in the first five months of 2003, as foreign investors added a further \$16.1 billion in Canadian-dollar bonds but only marginally increased their holdings of foreign-currency Canadian bonds (\$0.8 billion).

Geographically, most of the demand for Canadian bonds came from Asian investors, mainly Japanese, who have been more active in April and May. European and American investors had led the way in the three months preceding May.

Foreign holdings of Canadian money market instruments fell by \$0.9 billion in May, bringing the year-to-date reduction to \$1.3 billion. May's reduction was spread across foreign holdings of federal enterprise paper, Canadian government treasury bills and some corporate paper. In May, Canadian short rates fell marginally; a larger drop in comparable US rates pushed the differential up further above two percentage points, continuing to favour investing in Canada.

Foreign investors return to purchasing Canadian stocks

Foreign investors purchased \$2.2 billion of Canadian stocks in May, their first major investment in 2003. Most of their investment was in secondary-market equities, accounting for \$1.3 billion; this was the largest investment in that market in over two years. The remaining \$0.8 billion came primarily from a takeover involving a share-exchange. The buying came from American investors and occurred against a backdrop of rising Canadian stock prices, which recorded their first back-to-back gains of 2003, adding 4.2% in May to the 3.8% gain in April.

Canadian investors return to foreign equities and continue buying foreign bonds

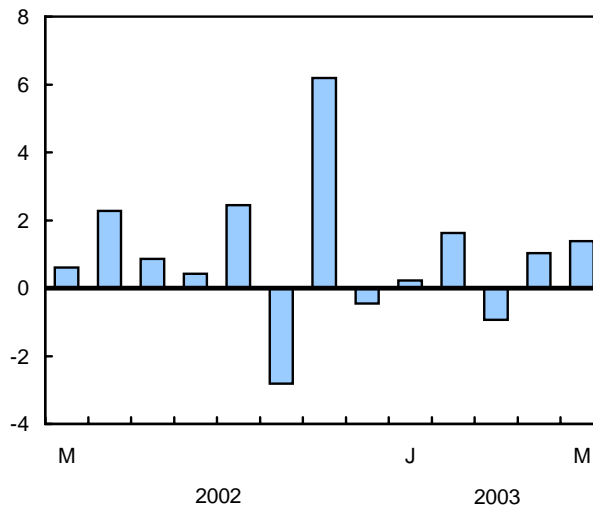
After selling off \$3.4 billion of foreign equities in the previous five months, Canadian investors acquired \$1.0 billion of shares in May. The investment was placed in US shares and came largely from mutual funds, despite the net withdrawals that continue to plague the Canadian mutual fund industry.

Canadian investors bought foreign bonds for a fifth consecutive month, adding \$0.4 billion in May and bringing the investment to \$5.7 billion in 2003. The

Canadian investment in May went to US corporate bonds.

Canadian investment in foreign securities¹

\$ billions Reverse of balance of payments signs



¹ Includes bonds and stocks.

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

Definitions, data sources and methods: survey numbers, including related surveys, 1532, 1534, 1535 and 1537.

The May 2003 issue of *Canada's international transactions in securities* (67-002-XIE, \$14/\$132) will be available soon. 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

	February 2003	March 2003	April 2003	May 2003	January to May 2002	January to May 2003
	\$ millions					
Foreign investment in Canadian securities	4,664	6,809	4,645	4,710	7,846	17,840
Bonds (net)	5,125	7,895	3,544	3,422	10,138	16,857
Outstanding	5,251	1,902	1,761	1,886	1,926	12,250
New issues	5,407	7,720	4,733	3,909	19,408	22,665
Retirements	-5,555	-1,845	-3,432	-3,140	-12,983	-19,954
Change in interest payable ¹	21	118	481	767	1,788	1,896
Money market paper (net)	-1,219	-704	665	-867	1,252	-1,340
Government of Canada	-697	299	1,125	-204	39	-29
Other	-522	-1,003	-460	-663	1,213	-1,310
Stocks (net)	758	-382	436	2,156	-3,544	2,323
Outstanding	712	-387	587	1,336	-2,333	1,601
Other transactions	46	4	-151	821	-1,210	722
Canadian investment in foreign securities	-1,619	930	-1,025	-1,382	-16,018	-3,322
Bonds (net)	-1,691	-1,272	-1,670	-380	-4,260	-5,654
Stocks (net)	71	2,202	645	-1,002	-11,758	2,332

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

Travel between Canada and other countries May 2003

Canadian travel to the United States bounced back in May, as many Canadian residents took advantage of an increase in the value of the Canadian dollar. Travel to Canada from the United States, however, dropped for a fifth straight month, as the severe acute respiratory syndrome (SARS) continued to take its toll.

Travel from overseas countries to Canada also dropped for the sixth consecutive month in May. While visits from the United States declined another 4.1% in May, the number of visitors from overseas plunged 13.4% from April. (Unless otherwise specified, data are seasonally adjusted.)

The number of visitors from the United States stood at 2.7 million in May, down from 2.8 million in April. An estimated 239,000 people arrived in Canada from countries other than the United States, compared with 275,000 in April. May numbers for overseas travellers have dropped 32.3% since the beginning of the year. The seven-day travel advisory issued by the World Health Organization after Toronto was declared a SARS-affected area was lifted on April 29. Concerns over bovine spongiform encephalopathy (BSE) or mad cow disease, also appeared in newspapers on May 21.

All but one of Canada's top 12 overseas markets saw declines in both same-day and overnight trips. Travel from Japan plunged 34.5%, followed closely by a 31.5% decline for Mexico and a 26.2% decline for Hong Kong. Only Australia posted an increase (+10.9%).

Hardest hit in May was travel from Asia to Canada, which fell 25.3% from April. The level in May was 56.5% below the level in December, and 42.9% below the level in September 2001.

Visits from Taiwan suffered the worst decline since December, dropping a massive 84.9% over the period. Other Asian countries that saw significant declines since December were Japan (-64.7%), China (-61.8%), Hong Kong (-58.4%) and South Korea (-44.0%). All of these countries were part of Canada's top 12 overseas markets in December.

Ontario continued to experience significant declines in the number of overseas visitors. An estimated 83,000 overseas visitors entered the province in May, down 21.6% from April and 43.0% from December.

Quebec and British Columbia both saw declines of 5.0% from April, although the number of overseas visitors to British Columbia was still 28.9% lower than in December. The Prairies (-25.2%) and the Atlantic

provinces (-21.0%) also experienced noticeable monthly drops in May. However, these two regions receive less than 10% of all arrivals in Canada.

Canadian travel to overseas nations also declined in May. About 354,000 Canadian residents made trips to overseas countries in May, down 5.0% from April and 16.0% from December.

Despite the 4.1% decline in the number of visitors from the United States registered in May, overnight travel from the United States to Canada actually increased 1.4%. Overnight air travel increased 1.0% and overnight car travel went up 1.3%. Same-day car trips by Americans to Canada slipped 1.4% in May.

Every region had fewer US visitors in May than in April except the Prairies, which remained unchanged (+0.1%). Ontario experienced the largest drop (-5.5%), followed by the Atlantic provinces with a 5.0% decline. Quebec and British Columbia had 2.6% and 0.7% fewer visitors, respectively.

Travel to the United States increased, as an estimated 2.7 million Canadians travelled south of the border in May, up 6.1% from April. The number of overnight trips by Canadians to the United States was up 3.7% from April.

Same day car travel by Canadians also increased. More than 1.6 million Canadians made trips to the United States in May, up 7.3% from April. This coincided with a 5.3% increase in the value of the Canadian dollar, from an April average of US\$0.686 to US\$0.722 in May.

Overall, the number of visitors to Canada fell 4.9% from April while the number of Canadian residents heading for the United States and overseas nations increased 4.6%. This was the first time in almost 5 years that more Canadian residents travelled abroad than international visitors came to Canada.

Available on CANSIM: tables 427-0001 to 427-0006.

Definitions, data sources and methods: survey number 5005.

The May 2003 issue of *International travel, advance information*, Vol. 19, no. 5 (66-001-PIE, \$6/\$55) is now available. See *How to order products*.

For more information or to order data, contact Client Services (1-800-307-3382; 613-951-7608; fax: 613-951-9040; cult.tourstats@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Frances Kremarik (613-951-4240; frances.kremarik@statcan.ca), Culture, Tourism and the Centre for Education Statistics. □

Non-resident travellers to Canada by region of entry

	December 2002 ^f	April 2003 ^f	May 2003 ^p	April to May 2003	December 2002 to May 2003	May 2003	May 2002 to May 2003
	Seasonally adjusted				Unadjusted		
	'000		% change		'000	% change	
Atlantic provinces							
Non-resident travellers	205	211	199	-5.5	-3.0	185	-6.7
From the United States	197	204	194	-5.0	-1.7	179	-6.4
From other countries	8	7	5	-21.0	-34.9	6	-16.8
Quebec							
Non-resident travellers	384	322	313	-3.0	-18.6	315	-14.5
From the United States	326	271	264	-2.6	-19.0	272	-14.3
From other countries	59	51	49	-5.0	-16.8	43	-15.3
Ontario							
Non-resident travellers	2,378	1,837	1,719	-6.5	-27.7	1824	-24.3
From the United States	2,232	1,731	1,635	-5.5	-26.7	1739	-23.5
From other countries	146	106	83	-21.6	-43.0	85	-37.1
Prairies							
Non-resident travellers	158	150	144	-3.8	-8.9	141	-3.8
From the United States	136	127	127	0.1	-6.6	123	-2.5
From other countries	22	23	17	-25.2	-22.6	18	-12.3
British Columbia							
Non-resident travellers	685	576	568	-1.4	-17.1	611	-13.9
From the United States	569	489	485	-0.7	-14.7	521	-10.3
From other countries	116	87	82	-5.0	-28.9	90	-29.9

Travel between Canada and other countries

	December 2002 ^r	April 2003 ^r	May 2003 ^p	April to May 2003	December 2002 to May 2003	May 2003	May 2002 to May 2003
	Seasonally adjusted				Unadjusted		
	'000			% change	'000		% change
Canadian trips abroad¹	3,393	2,880	3,013	4.6	-11.2	3,148	-5.1
to the United States	2,971	2,507	2,659	6.1	-10.5	2,821	-4.8
to Other Countries	421	373	354	-5.0	-16.0	327	-8.0
Same-day car trips to the United States	1,786	1,535	1,647	7.3	-7.8	1,774	-1.8
Total trips, one or more nights	1,555	1,311	1,326	1.2	-14.7	1,332	-8.6
United States ²	1,134	938	972	3.7	-14.3	1,005	-8.8
Car	690	546	577	5.8	-16.3	570	-8.8
Plane	350	324	320	-1.2	-8.3	339	-6.2
Other modes of transportation	95	68	74	9.9	-21.3	97	-17.1
Other countries ³	421	373	354	-5.0	-16.0	327	-8.0
Travel to Canada¹	3,837	3,120	2,967	-4.9	-22.7	3,098	-19.6
from the United States	3,484	2,845	2,728	-4.1	-21.7	2,854	-18.7
from Other Countries	353	275	239	-13.4	-32.3	243	-29.2
Same-day car trips from the United States	1,981	1,576	1,554	-1.4	-21.6	1,649	-16.0
Total trips, one or more nights	1,700	1,313	1,295	-1.4	-23.8	1,293	-23.2
United States ²	1,363	1,051	1,066	1.4	-21.8	1,058	-21.7
Car	902	696	705	1.3	-21.9	687	-20.2
Plane	320	249	252	1.0	-21.3	243	-22.3
Other modes of transportation	142	106	110	3.6	-22.4	128	-28.0
Other countries ³	336	263	229	-12.7	-31.9	235	-29.2
Most important Overseas markets⁴							
United Kingdom	70	66	55	-17.1	-21.7	59	-13.3
France	28	25	21	-13.4	-23.8	17	-17.0
Germany	27	22	21	-5.1	-22.9	25	-17.2
Japan	42	22	15	-34.5	-64.7	14	-61.3
Australia	16	12	13	10.9	-17.4	17	0.8
Mexico	15	15	10	-31.5	-34.0	9	-25.0
Netherlands	10	9	8	-4.3	-14.6	10	-7.2
South Korea	15	9	8	-10.2	-44.0	9	-36.9
Switzerland	8	7	6	-0.5	-13.6	6	-10.9
Italy	10	6	5	-24.5	-51.8	3	-46.5
Israel	6	5	4	-19.1	-32.8	4	-33.4
Hong Kong	10	6	4	-26.2	-58.4	4	-58.7

^r Revised figures.

^p Preliminary figures.

¹ Totals exceed the sum of "same-day car trips" and "total trips, one or more nights" because they include all of the same-day trips.

² Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.

³ Figures for other countries exclude same-day entries by land only, via the United States.

⁴ Includes same-day and one or more night trips.

Construction Union Wage Rate Index

June 2003

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in June compared with the May level of 127.8 (1992=100). The composite index increased 2.3% compared with June 2002.

Union wage rates are published for 16 trades in 20 metropolitan areas for the basic rates and rates including selected supplementary payments. Indexes (1992=100) are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

Available on CANSIM: tables 327-0003 and 327-0004.

Definitions, data sources and methods: survey number 2307.

The second quarter 2003 issue of *Capital expenditure price statistics* (62-007-XPB, \$24/\$79) will be available in September. See *How to order products*.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Rebecca McDougall (613-951-3357;

infounit@statcan.ca, fax: 613-951-1539), Prices
Division. ■

Steel pipe and tubing

May 2003

Data on production and shipments of steel pipe and tubing are now available for May.

Available on CANSIM: table 303-0003.

Definitions, data sources and methods: survey number 2105.

The May 2003 issue of *Production and shipments of steel pipe and tubing*, Vol. 27, no. 5 (41-011-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. ■

Steel primary forms — weekly data

Week ending July 12, 2003 (preliminary)

Steel primary forms production for the week ending July 12 totalled 284 431 metric tonnes, down 0.7% from 286 478 tonnes a week earlier but up 0.5% from 283 096 tonnes in the same week of 2002.

The year-to-date total as of July 12 was 8 432 210 tonnes, down 3.2% from 8 712 984 tonnes in the same period of 2002.

Definitions, data sources and methods: 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

Monthly Survey of Manufacturing, May 2003, Vol. 57, no. 5
Catalogue number **31-001-XIE** (\$15/\$147).

Production and shipments of steel pipe and tubing, May 2003, Vol. 27, no. 5
Catalogue number **41-011-XIB** (\$5/\$47).

Industry price indexes, May 2003, Vol. 29, no. 5
Catalogue number **62-011-XIE** (\$17/\$163).

International travel, advance information, May 2003, Vol. 19, no. 5
Catalogue number **66-001-PIE** (\$6/\$55).

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

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MAJOR RELEASES

- **Urban transit, 1996** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six rides 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 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Map-warmed Index, May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, Apr 8, 1997** 12

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