



# The Daily

Statistics Canada

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Foreign investors increased their holdings of Canadian securities by \$5.6 billion in November, more than doubling their acquisitions of Canadian bonds and stocks. Canadian investors continued their purchases of foreign stocks, but their holdings of foreign bonds went almost unchanged for a second consecutive month.

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## NEW PRODUCTS

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## MAJOR RELEASES

### Canada's international transactions in securities

November 2003

Foreign investors increased their holdings of Canadian securities by \$5.6 billion in November, more than doubling their acquisitions of Canadian bonds and stocks.

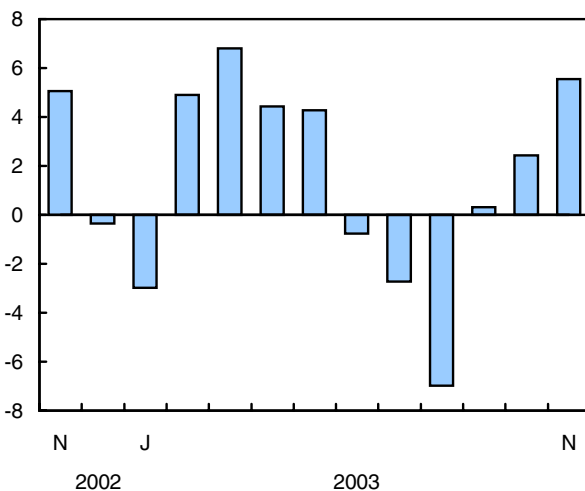
Canadian investors continued their purchases of foreign stocks, but their holdings of foreign bonds went almost unchanged for a second consecutive month.

#### Foreign investors add to their holdings of new and existing Canadian bonds

Foreign investors added \$3.8 billion to their holdings of Canadian bonds in November, their largest investment in eight months. November's investment was roughly split between net new issues (new issues less retirements) and existing bonds. The new bonds were sold almost exclusively in the American market and denominated in US dollars, whereas the investment in existing bonds was in bonds denominated in Canadian dollars. This was the first investment in Canadian-dollar bonds since May 2003.

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

\$ billions



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

#### Related market information

In November, the gap between Canadian and US **short-term interest rates** increased marginally to 174 basis points. From June to September 2003, the differential between the two countries fell from 215 basis points to 164 basis points. In the past two months, however, the gap has widened by 10 basis points, continuing to favour investment in Canada.

Both Canadian and American **long-term interest rates** fell by 6 basis points in November, leaving the differential between the two unchanged at 54 basis points.

Canadian **stock prices** advanced a further 1.1%, in November, closing higher in seven of the past eight months. The cumulative gain since the low recorded in March 2003 is now 23.9%, bringing the S&P/TSX composite index to 7,859.4, a close last recorded in May 2001.

Likewise, American stock prices rose 0.7% in November, closing higher in eight of the past nine months. The Standard & Poor's composite 500 index closed November at 1,058.3, a level last recorded in May 2002.

The **Canadian dollar** continued its climb against the US dollar, adding a further 1.14 US cents in November and closing the month at 76.98 US cents. November's decade-high close represents a 21.4% gain since the beginning of the year.

#### 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.

Almost two-thirds of foreign acquisitions were bonds issued by the corporate sector; the remainder consisted of bonds issued by governments, mainly the federal government. American investors accounted for the investment in November.

Foreign holdings of Canadian money market paper were little changed for a second consecutive month. Foreign investors have reduced their holdings of money market paper by \$3.9 billion over the first 11 months of 2003, in contrast to the \$2.5 billion they invested in

the same period of 2002. The year-to-date divestment in 2003 has occurred in paper other than federal treasury bills.

During October and November, the gap between Canadian and US short-term interest rates increased by 10 points to 174 basis points, continuing to favour investment in Canada. However, in the previous four months, that gap between the two was reduced by 51 basis points.

### Foreign holdings of Canadian stock up because of a takeover

Foreign investment in Canadian stocks rose by \$2.0 billion in November, predominantly the result of new treasury shares issued by a Canadian company to acquire a foreign company. Foreign investment in outstanding shares was virtually flat in November. However, in the seven preceding months, over 80% of the \$8.8 billion foreign investment in Canadian shares was in outstanding shares.

Canadian stock prices climbed 22.5% from March to October 2003, averaging 3.2% per month over this period. Stock prices continued to climb in November but at a slower 1.1%.

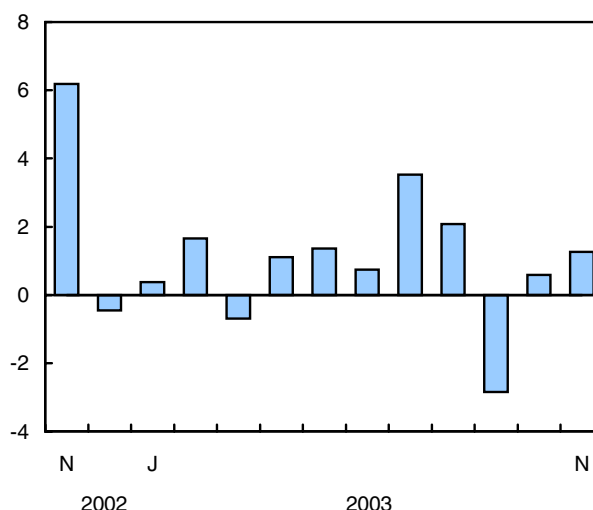
### Canadians continue to accumulate foreign stocks

Canadian investors added a further \$1.2 billion to their holdings of foreign stock in November, bringing to \$3.2 billion their accumulation in the first 11 months of 2003. This is well below the \$18.8 billion they accumulated in the same period of 2002.

In November, Canadian holdings of foreign bonds were little changed for the second consecutive month. However, on a year-to-date basis, Canadians have invested \$5.9 billion in foreign bonds, only \$700 million less than in the same period of 2002.

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

\$ billions      Reverse of balance of payments signs



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

Available on CANSIM: tables 376-0018 to 376-0029 and 376-0058.

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

The November 2003 issue of *Canada's International Transactions in Securities* (67-002-XIE, \$15/\$142) will be available soon. See *How to order products*.

Data on Canada's international transactions in securities for December 2003 will be released on February 18.

For general information or to order data, contact Client Services (613-951-1855; [infobalance@statcan.ca](mailto:infobalance@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Donald Granger (613-951-1864), Balance of Payments Division.

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## Canada's international transactions in securities

	August 2003	September 2003	October 2003	November 2003	January to November 2002	January to November 2003
\$ millions						
<b>Foreign investment in Canadian securities</b>	<b>-6,990</b>	<b>319</b>	<b>2,439</b>	<b>5,556</b>	<b>21,419</b>	<b>15,269</b>
Bonds (net)	-7,680	-586	1,266	3,827	21,266	8,642
Outstanding	-7,591	985	-1,217	1,751	14,160	804
New issues	1,977	3,231	3,679	4,977	43,300	48,870
Retirements	-2,630	-4,660	-1,878	-3,079	-37,969	-42,892
Change in interest payable <sup>1</sup>	563	-142	682	178	1,774	1,860
Money market paper (net)	-613	-1,214	351	-282	2,539	-3,908
Government of Canada	-89	410	-12	-592	1,154	-13
Other	-524	-1,624	363	310	1,385	-3,895
Stocks (net)	1,303	2,119	822	2,010	-2,386	10,536
Outstanding	1,279	1,994	278	-79	-8,636	6,989
Other transactions	25	125	544	2,089	6,251	3,546
<b>Canadian investment in foreign securities</b>	<b>-2,075</b>	<b>2,843</b>	<b>-590</b>	<b>-1,268</b>	<b>-25,408</b>	<b>-9,174</b>
Bonds (net)	-334	2,720	287	-81	-6,648	-5,948
Stocks (net)	-1,741	123	-877	-1,187	-18,760	-3,226

<sup>1</sup> 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.



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## OTHER RELEASES

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### Study: Technological change in the private sector

2000 to 2002

Four out of 10 Canadian companies introduced technological changes between 2000 and 2002, suggesting that the lure of change is strong and not dependent upon external influences, such as preparations for the year 2000, according to a new working paper.

The paper, one in a series examining technological change in the Canadian economy, suggests private sector companies are actively engaged in technological change, with large firms leading the way.

Based on data from the 2002 Survey of Electronic Commerce and Technology, the paper examines the acquisition of significantly improved technologies in the private sector. It classifies the private sector and its two major sub-sectors, the goods producing and services producing sectors, by employment size groups. It also provides technological change rates by major sector.

The paper suggests that larger firms can more readily absorb costs associated with technological change, which includes more than the initial layout for technological acquisition. Larger firms can also provide resources for training and cope with work interruptions caused by installation, as well as with potential short-term loss of productivity.

Among goods-producing firms, about one-half of manufacturing firms underwent a technological change, and utilities showed a marked inclination towards it. Among services, leaders included retail and wholesale trade, and information and cultural industries.

**Definitions, data sources and methods: survey number 4225.**

The working paper *Starting the New Century: Technological Change in the Canadian Private Sector, 2000-2002* (88F0006XIE2004001, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Science and technology*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Louise Earl (613-951-2880), Science, Innovation and Electronic Information Division. ■

### Telecommunications statistics

Third quarter 2003

Operating profits for the telecommunications services industry jumped 24.5% in the third quarter compared with the third quarter of 2002, mainly as a result of the ongoing solid performance of the wireless segment.

Operating profits in the wireless segment reached \$543.0 million, up 68.9% from the third quarter of 2002. In contrast, operating profits of the wireline segment improved a more modest 8.3% to \$1.1 billion.

The wireless segment is on the road to exceeding the record profit levels it achieved in 2002. Its robust third-quarter financial performance was driven by substantial increases of 11.0% in subscriptions and 13.4% in revenues.

Revenue per subscriber was 2.2% higher in the third quarter of 2003 than in the same quarter of 2002, the fourth consecutive year-over-year increase. This suggests the industry is attracting customers to higher value packages and new applications.

The operating revenues of the wireline segment were down 4.0% in the third quarter compared with the third quarter of 2002, continuing a trend that began in the first quarter of 2002. Factors putting downward pressure on wireline revenues include price competition and loss of business resulting from technology substitution.

Despite this pressure, the wireline segment has improved its profit margin by containing its costs. The segment's profit margin was 18.7% in the third quarter, up from 16.5% in the third quarter of 2002.

The telecommunications services industry continued to cut its capital expenditures in the third quarter, although not as much as in the recent past. These expenditures amounted to \$1.2 billion, down 9.5% from the third quarter of 2002. In comparison, the year-over-year decline was 31.4% in the second quarter and 36.0% in the first quarter.

Both the wireline and the wireless segments made cutbacks in capital expenditures in 2003, but the wireless sector was hardest hit.

The \$802 million spent to upgrade the wireless network in the first nine months of 2003 was down 36.0% from the amount spent in the first nine months of 2002. The wireline segment spent \$2.3 billion, down 21.5%.

**Definitions, data sources and methods: survey number 2721.**

The third quarter 2003 issues of *Quarterly Telecommunications Statistics* (56-002-XIE, \$23/\$43) will be available soon. See *How to order products*.

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For more information, or to enquire about the concepts, methods or data quality of this release, contact Cimeron McDonald (613-951-2741) or Jo Anne Lambert (613-951-6673), Science, Innovation and Electronic Information Division. ■

## **Construction Union Wage Rate Index**

December 2003

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in December compared with the November level of 128.2 (1992=100). The Composite index increased 2.1% compared with the December 2002 index.

Union wage rates are published for 16 trades in 20 metropolitan areas for both 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 fourth quarter 2003 issue of *Capital Expenditure Price Statistics* (62-007-XPB, \$26/\$85) will be available in April. 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; fax: 613-951-1539; [infounit@statcan.ca](mailto:infounit@statcan.ca)), Prices Division. ■

## **Pipeline transportation of crude oil and refined petroleum products**

June 2003

Data on the net receipts of crude oil and equivalent hydrocarbons, liquefied petroleum gases and refined

petroleum products, pipeline exports of crude oil and deliveries of crude oil by pipeline to Canadian refineries are now available for June 2003.

**Available on CANSIM: tables 133-0001 to 133-0005.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2148 and 2191.**

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; [energ@statcan.ca](mailto:energ@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## **Steel wire and specified wire products**

November 2003

Data on steel wire and specified wire products production are now available for November.

**Available on CANSIM: table 303-0010.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2106, 2116 and 2184.**

The November 2003 issue of *Steel Wire and Specified Wire Products*, Vol. 58, no. 11 (41-006-XIB, \$6/\$51) 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](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## NEW PRODUCTS

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Catalogue number 41-006-XIB (\$6/\$51).

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

**Science, Innovation and Electronic Information  
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Technological Change in the Canadian Private  
sector, 2000–2002,** no. 1  
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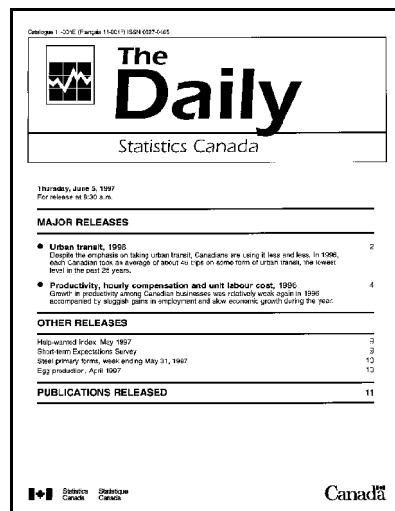
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