



The Daily

Statistics Canada

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MAJOR RELEASES

- **Canada's international transactions in securities, August 2004** 2
 Foreign investors increased their holdings of Canadian securities in August by \$897 million. While foreign investors continued to invest in Canadian bonds and stocks, they sold off a substantial amount of money market paper. Canadian investors meanwhile sold off \$1.1 billion in foreign securities, as they divested roughly an equal amount of foreign stocks and bonds.
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OTHER RELEASES

- Study: Neighbourhood Influences on health in Montréal, 2000/01 5
 - Monthly Survey of Large Retailers, August 2004 5
 - Construction Union Wage Rate Index, September 2004 6
 - Refined petroleum products, August 2004 7
-

NEW PRODUCTS 8



MAJOR RELEASES

Canada's international transactions in securities

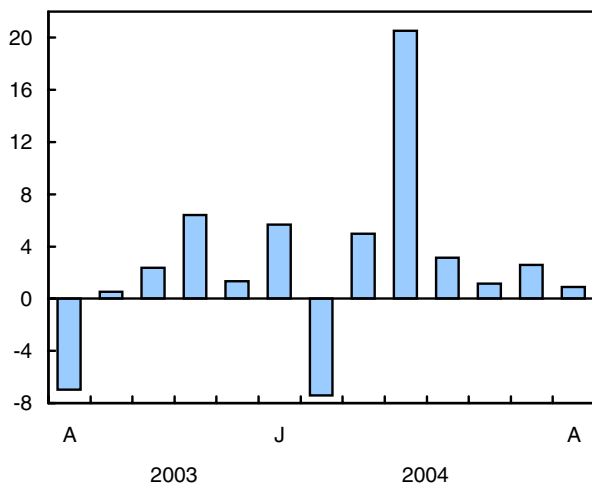
August 2004

Foreign investors increased their holdings of Canadian securities in August by \$897 million. While foreign investors continued to invest in Canadian bonds and stocks, they sold off a substantial amount of money market paper.

Meanwhile, Canadian investors sold off \$1.1 billion in foreign securities as they divested roughly an equal amount of foreign stocks and bonds.

Foreign investment in Canadian securities*

\$ billions



* Includes bonds, stocks and money market paper.

Foreign investors reduce their holdings of Canadian money market paper

For the second consecutive month, foreign investors reduced their holdings of Canadian money market paper. The foreign divestment in August totalled \$1.9 billion, the largest sell-off of Canadian money market paper since February 2001. Sales occurred almost exclusively in federal paper (\$1.6 billion), both commercial paper issued by federal enterprises and Government of Canada treasury bills. US investors were the leading sellers in August, offloading \$1.8 billion worth of Canadian money market paper—their largest divestment since February 2001. The gap between

Related market information

In August, Canadian short term **interest rates** increased 5 basis points to 2.13% while US short term rates increased 15 basis points to 1.48%. The resulting differential between the two countries favouring investment in Canada fell to 0.65%, its lowest level since April of 2002.

Canadian long term rates fell in August to 4.68% from 4.82% the month before while US rates dropped to 4.26% from 4.61%. This caused the differential between the two countries to double to 0.42%.

For the second month in a row, Canadian **stock prices** fell 1% with the S&P/TSX Composite index ending August at 8,377. Meanwhile, American stocks remained stagnant with the Standard and Poor's Composite Index rising marginally and finishing the month at 1,104.

For the fourth straight month the **Canadian dollar** rose against its US counterpart. The dollar climbed 0.95 US cents closing August at 76.16 US 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.

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.

Canadian and US short-term interest rates narrowed to 0.65% in August—its lowest level in almost two and a half years.

Meanwhile, foreign investors continued to purchase Canadian bonds. In August, foreign investors purchased \$2.2 billion worth. As in July, corporate bonds were the favoured investment (\$2.1 billion), with most of the purchases being in new issues of US dollar bonds issued in the US market.

August marked the second straight month of significant buying of Canadian bonds by non-resident investors. Indeed, the year thus far has seen relatively strong purchases. From January to August of this year, foreign investors have picked up \$10.5 billion worth of Canadian bonds. This compares with only \$3.7 billion purchased over the same period of 2003.

Holdings of Canadian stocks increase

Purchases of Canadian stocks in August were little changed from that of July. Foreign investors bought \$587 million in Canadian stocks compared with \$640 million the month before. However, whereas in the previous month total transactions in Canadian stocks were almost entirely driven by the secondary market, new issues dominated the August data. In August, foreign investors purchased \$660 million in new issues while they sold \$73 million in outstanding shares. Most of August's new issues were placed in the US market.

Canadian investors buy overseas bonds but sell overseas stocks

Canadian investors reduced their holdings of foreign bonds by \$601 million in August. The reduction was entirely in US treasuries as Canadian investors sold off \$1.7 billion. Mostly offsetting this however was the purchase of \$1.1 billion in overseas bonds—the biggest one-month investment in overseas bonds ever.

In contrast to Canadian investors' strong interest in overseas bonds was their continued selling of overseas stocks. They sold off a further \$882 million worth in August. They did however purchase \$374 million in US equities resulting in net sales of \$509 million in foreign equities.

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.

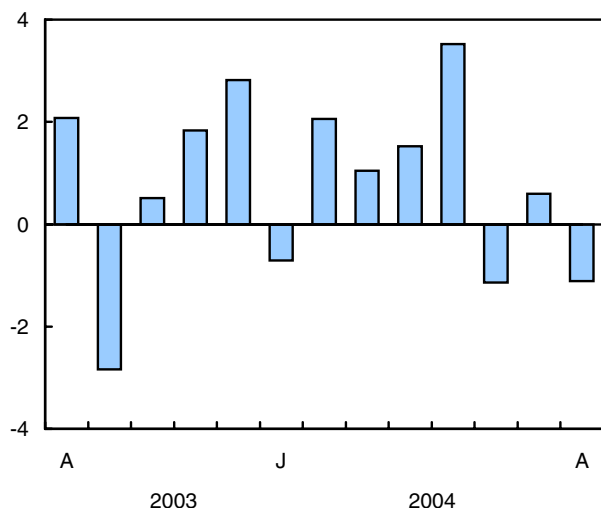
The August 2004 issue of *Canada's International Transactions in Securities* (67-002-XIE, \$15/\$142) will soon be available.

Data on Canada's international transactions in securities for September 2004 will be released on November 18.

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

Canadian investment in foreign securities*

\$ billions Reverse of balance of payments signs



* Includes bonds and stocks.

Canada's international transactions in securities

	May 2004	June 2004	July 2004	August 2004	January to August 2003	January to August 2004
\$ millions						
Foreign investment in Canadian securities	3,135	1,146	2,579	897	7,823	31,534
Bonds (net)	3,248	-91	2,571	2,188	3,652	10,518
Outstanding	-369	3,470	-207	-663	-716	4,151
New issues	4,484	4,912	5,058	3,592	36,897	28,053
Retirements	-1,465	-7,312	-2,340	-1,311	-33,606	-22,879
Change in interest payable ¹	598	-1,162	60	570	1,076	1,193
Money market paper (net)	1,599	1,637	-632	-1,879	-1,415	-3,442
Government of Canada	573	585	-858	-583	670	-3,155
Other	1,026	1,052	226	-1,295	-2,084	-288
Stocks (net)	-1,712	-400	640	587	5,585	24,458
Outstanding	-1,819	-346	588	-73	4,796	6,420
Other transactions	107	-54	52	660	789	18,038
Canadian investment in foreign securities	-3,519	1,138	-593	1,109	-10,200	-5,777
Bonds (net)	-2,113	404	-465	601	-8,890	-5,534
Stocks (net)	-1,406	735	-128	509	-1,310	-243

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

Study: Neighbourhood Influences on health in Montréal

2000/01

The neighbourhood you live in can affect your health, according to a recent study of neighbourhoods in Montréal.

This study of the Montréal health region showed that neighbourhood had an impact on health over and above the impact of individual risk factors. These include smoking, obesity, high stress, and low sense of belonging to the community, all of which have significant negative effects on health. Household income is also associated with health—the lower the income group, the worse their health.

Such studies are important because of increasing evidence that social structures within neighbourhoods can affect educational attainment, employment success, or social connectedness, which in turn can influence individual health.

These results are consistent with other Canadian studies that show that the effect of neighbourhood is relatively small.

This study is one of the few studies to examine the effects of neighbourhoods on health in Canada. Many studies have shown that neighbourhoods affect health in the United States and the United Kingdom. But the few Canadian studies conducted to date suggest that neighbourhood effects in Canada are much smaller, possibly as a result of policies and programs that aim to reduce economic and health disparities.

The study used 2000/01 Canadian Community Health Survey data for the Montréal health region.

This study is unique in using "naturally" defined neighbourhoods defined by local government and real estate boards as the unit of analysis.

Definitions, data sources and methods: survey number 3226.

The study "Neighbourhood Influences on Health in Montréal," Canada published recently in *Social Science and Medicine* is a collaboration of Statistics Canada and researchers at the Department of Geography at McGill University. The abstract is available in English through PubMed at (<http://www.ncbi.nlm.nih.gov/entrez>).

For more information, or to enquire about the concepts, methods or data quality of the study or to obtain a copy, contact Dr. Nancy Ross (1-514-398-4307; nancy.ross@mcgill.ca), McGill University or Jean-Marie Berthelot (613-951-3760; berthel@statcan.ca), Health Analysis and Measurement Group. ■

Monthly Survey of Large Retailers

August 2004

Sales by large retailers cooled in August, falling 1.6% and partly offsetting July's substantial 1.9% gain. After rebounding strongly from a weak December, large retailers have seen monthly increases throughout most of 2004. In 2003, growth in sales was steady between April and November, after having been more volatile in late 2002 and early 2003.

Six of eight major commodity groups posted decreases for the group of large retailers in August. The sharpest drops were seen in sporting and leisure goods, and clothing, footwear and accessory sales. Although declining in August, food and beverage and hardware, lawn and garden product sales remained above June levels. During the month, shoppers continued to warm to purchases of housewares, and furniture, home furnishings and electronics.

In an otherwise slow month for many large retailers, vendors of home furnishings and electronics fared somewhat better. Furniture sales increased by 1.3% in August and were up 10.6% compared with a year earlier. Home electronic sales such as televisions and audio-video equipment were also 1.3% higher compared with July, continuing a trend of gains seen throughout the year.

As in the second quarter, unseasonable weather in August across much of Central Canada and the Prairies likely hurt sales of certain products at large retailers. Sporting and leisure good sales tailed off sharply, dropping 7.6% from July. Sporting good sales such as hunting, fishing and camping equipment were hurt, with sales off more than 11%. Sales of leisure goods such as toys, games and hobby supplies also suffered during the month.

Clothing, footwear and accessory sales may also have been hurt by a cooler than normal month. Women's clothing led the drop, declining 4.8% compared with July. Men's clothing and children's clothing sales also declined, although to a slightly lesser extent. Footwear sales decreased as well in August, down 3.4%.

Weather may have been a factor for hardware, lawn and garden product sales, which also dipped in August. Although hardware and home renovation product sales did gain (+1.1%), sales of lawn and garden products, equipment and plants fell sharply, losing 4.9% compared with July.

Sales by commodity for the group of large retailers

	August 2003	July 2004 ^r	August 2004 ^p	July to August 2004	August 2003 to August 2004
seasonally adjusted					
	\$ millions		% change		
Commodity					
Food and beverages	2,360	2,500	2,486	-0.6	5.3
Health and personal care products	707	765	758	-0.9	7.2
Clothing, footwear and accessories	1,296	1,393	1,333	-4.3	2.9
Furniture, home furnishings and electronics	1,103	1,173	1,181	0.7	7.1
Housewares	338	344	346	0.4	2.2
Hardware, lawn and garden products	292	313	307	-2.0	5.1
Sporting and leisure goods	395	424	392	-7.6	-1.0
All other goods and services	846	888	875	-1.5	3.4
Total	7,338	7,801	7,678	-1.6	4.6

^r Revised figures.

^p Preliminary figures.

Sales by commodity for the group of large retailers

	July 2004 ^r	August 2003	August 2004 ^p	August 2003 to August 2004
unadjusted				
	\$ millions		% change	
Commodity				
Food and beverages	2,636	2,410	2,370	-1.7
Health and personal care products	759	702	725	3.3
Clothing, footwear and accessories	1,267	1,335	1,324	-0.8
Furniture, home furnishings and electronics	1,148	1,115	1,174	5.3
Housewares	352	363	363	0.0
Hardware, lawn and garden products	398	267	280	5.0
Sporting and leisure goods	417	360	344	-4.4
All other goods and services	947	924	923	-0.1
Total	7,924	7,475	7,502	0.4

^r Revised figures.

^p Preliminary figures.

Note: This survey includes large retailers—mainly in the food, clothing, home furnishings, electronics, sporting goods, and general merchandise sectors. These retailers represent approximately 26% of total annual retail sales, or 35% excluding recreational and motor vehicle dealers.

All data in this release are adjusted for seasonality and all percentages are month-to-month changes unless otherwise indicated. Results from The Monthly Survey of Large Retailers are classified according to the 2002 North American Industrial Classification System.

Available on CANSIM: table 080-0009.

Definitions, data sources and methods: survey number 5027.

A data table is also available in the *Canadian statistics* module online.

Data for the group of large retailers for September 2004 will be released on November 19.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Elton Cryderman (613-951-0669), Distributive Trades Division. ■

Construction Union Wage Rate Index September 2004

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in September compared with the August level of 128.3 (1992=100). The Composite index increased 0.1% compared with the September 2003 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 on a 1992=100 time base 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 third quarter 2004 issue of *Capital Expenditure Price Statistics* (62-007-XPB, \$26/\$85) will be available in December.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Client Services Unit (613-951-9606; fax: 613-951-1539; infounit@statcan.ca), or Louise Chagné (613-951-3393), Prices Division. ■

Refined petroleum products

August 2004 (preliminary)

Data on the production, inventories and domestic sales of refined petroleum products are now available for August 2004. Other selected data about these products are also available.

Definitions, data sources and methods: survey number 2150.

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), Energy, Manufacturing, Construction and Energy Division. ■

Catalogue numbers with an -XWE, -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette and -XCB or -XCE are electronic versions on compact disc.

How to order products

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MAJOR RELEASES

● Urban transit, 1995

Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, 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

Growth in productivity among Canadian businesses was routinely weak again in 1995 accompanied by sluggish gains in employment and slow increases in unit labour cost.

OTHER RELEASES

- Help-wanted index, May 1997
- Short-term Expectations Survey
- Steel primary forms, week ending May 31, 1997
- Egg production, April 1997

PUBLICATIONS RELEASED

Statistics
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