



The Daily

Statistics Canada

Monday, July 19, 2004

Released at 8:30 a.m. Eastern time

MAJOR RELEASES

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In May, foreign investors increased their holdings of Canadian securities by \$1.3 billion. Meanwhile, Canadian investors continued to invest in foreign securities with bonds leading the way.

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MAJOR RELEASES

Canada's International Transactions in Securities

May 2004

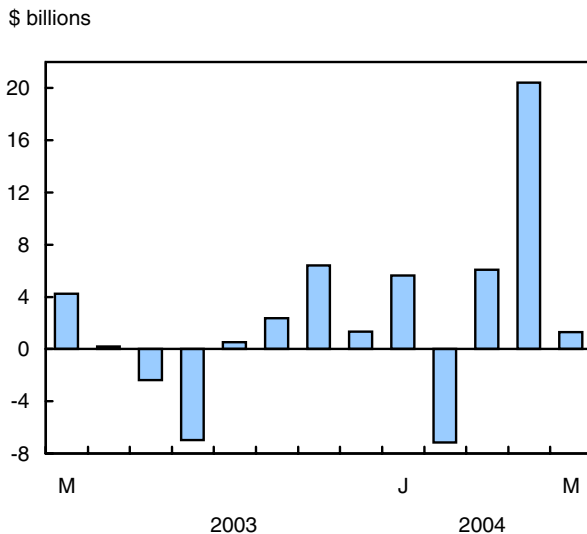
Foreign investors increased their holdings of Canadian securities in May by \$1.3 billion. Foreign investment went into debt securities as non-residents sold off existing issues of Canadian shares for the first time in 14 months.

Canadian investors continued to invest in foreign securities with bonds leading the way; however, there was a significant increase in the purchase of foreign equities by Canadian investors.

Foreign holdings of Canadian stocks drop

A month after the largest Canadian takeover of a foreign company in history caused foreign holdings of Canadian equities to jump by \$20.8 billion, shares flowed back to Canada, especially those in the financial sector. In May, foreign holdings of Canadian stocks fell \$1.8 billion with virtually all the divestment occurring in the secondary market. This marked the first time in 14 months that foreign investors sold off existing issues of Canadian shares.

Foreign investment in Canadian securities*



* Includes bonds, stocks and money market paper.

Note to readers

Related market information

Interest rates

In May, Canadian short-term interest rates increased three basis points to 1.98% and US rates rose eight basis points to 1.02%. While still favouring investment in Canada, the differential between the two countries fell to 0.96% from 1.01% the month before.

Canadian long-term interest rates climbed six basis points to 4.77% while US rates increased 17 basis points to 4.67%. As a result, the differential between the two countries fell to 10 basis points, its lowest level since November 2000.

Stock prices

After two months of declines, the S&P/TSX composite index climbed 2.1% ending May at 8,417.3. Meanwhile, American stock prices rose 1.2% also ending two months of declines. The Standard and Poor's Composite Index finished the month off at 1,120.7.

The Canadian dollar

After declining by 3.38 US cents in April, the Canadian dollar regained some ground rising 0.47 US cents to end May at 73.35 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.

Despite May's decline, foreign investors have been net buyers of existing Canadian shares, with purchases totalling \$6.3 billion since the beginning of this year. Including transactions such as last month's takeover, foreign holdings are up \$23.3 billion over the same period.

Strong investment in Canadian debt

Foreign holdings of Canadian bonds grew in May by \$1.5 billion, the third straight month of investment. Most of the increase was in bonds denominated in US dollars and went to federal and provincial government issues. For the year thus far, foreign investors have increased their holdings of Canadian

bonds by \$5.6 billion, about a third of the amount recorded over the same five months of 2003. So far, American investors have been the principal buyers of Canadian bonds in 2004 adding \$6.8 billion to their holdings, while the combined holdings of all other foreign investors fell by \$1.2 billion.

After selling \$4.2 billion worth of Canadian money market paper in the first four months of the year, foreign investors purchased \$1.6 billion worth in May, the largest increase since November 2002. The lion's share of May's investment came from American investors and was concentrated in corporate paper and Government of Canada treasury bills.

Canadians invest heavily abroad

Canadian portfolio investment abroad surged in May reaching \$3.5 billion for the month, an amount not seen since July 2003. Although bonds remained the primary foreign investment vehicle for Canadian investors (totalling \$2.1 billion), purchases of foreign stocks increased substantially. Canadians bought \$1.4 billion for the month, up from \$304 million the month before and the largest investment in foreign shares in six months. Nearly all of the equity investment was in US shares.

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.

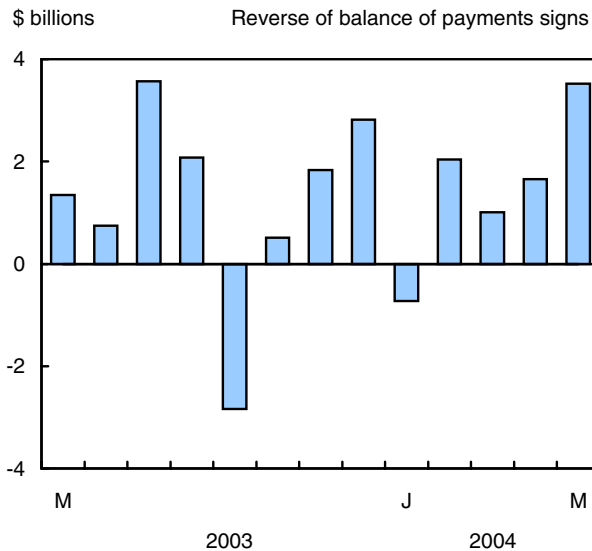
The May 2004 issue of *Canada's International Transactions in Securities* (67-002-XIE, \$15/\$142) will soon be available.

Data on Canada's international transactions in securities for June 2004 will be released on August 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*



* Includes bonds and stocks.

Canada's international transactions in securities

	February 2004	March 2004	April 2004	May 2004	January to May 2003	January to May 2004
	\$ millions					
Foreign investment in Canadian securities	-7,160	6,097	20,421	1,317	16,978	26,315
Bonds (net)	-3,692	2,236	1,034	1,495	15,622	5,575
Outstanding	-4,341	-67	1,341	-369	12,267	1,551
New issues	2,097	3,821	2,385	2,704	22,931	12,545
Retirements	-1,587	-1,561	-3,047	-1,465	-21,430	-10,263
Change in interest payable ¹	138	43	356	625	1,855	1,742
Money market paper (net)	-1,602	270	-1,395	1,599	-595	-2,569
Government of Canada	-1,639	839	-995	573	581	-2,299
Other	37	-569	-400	1,026	-1,176	-270
Stocks (net)	-1,866	3,591	20,782	-1,777	1,950	23,309
Outstanding	1,306	3,215	2,460	-1,793	1,224	6,296
Other transactions	-3,172	376	18,322	16	726	17,013
Canadian investment in foreign securities	-2,044	-1,012	-1,654	-3,524	-3,809	-7,509
Bonds (net)	-1,228	-1,023	-1,350	-2,094	-5,540	-6,056
Stocks (net)	-817	12	-304	-1,430	1,731	-1,453

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

Monthly Survey of Large Retailers May 2004

Following a slight increase in April, sales for the group of large retailers advanced 0.1% in May, to a seasonally adjusted \$7.65 billion. After a robust first quarter, large retailers have so far seen a slower second quarter.

The eight major commodity groups saw mixed results in May, with an even split between the number increasing and declining. The strongest sales growth was in food and beverages, while hardware, lawn and garden products posted the sharpest decrease.

Food and beverage sales increased 0.9% in May. Alcoholic beverage sales posted stronger growth, gaining 1.8%, while the rate of growth for food and non-alcoholic beverage sales was around 0.8%. Despite fluctuating back and forth, sales of food and beverages have not exceeded the peak reached in January. Sales in May were up 4.5% from a year earlier.

Furniture, home furnishing and electronic sales posted the second largest increase in May, although on the back of some mixed results. After racking up four consecutive months of significant gains, sales of household appliances by the group of large retailers posted a sharp 3.9% decrease. The decline in appliance sales was more than offset by gains hovering around 2.0% for both home electronic and home furnishing sales. Home furnishing products includes items such as artwork, bedding, draperies and floor coverings.

Sales of automotive fuel, oils and additives, which increased 3.6%, propelled the other goods and services category higher in May. The price of gasoline was a major factor in this jump; its 13.6% increase was the largest monthly gain in over 20 years. Tobacco sales were up as well in May, with a 1.1% rise in price also playing a role in the increased value of sales.

Hardware, lawn and garden products saw the sharpest decline in May, with sales dropping 4.7% for the group of large retailers. Sales of these products had been on a tear throughout 2003 and the first quarter of 2004, but have since tapered off sharply. Retailers are believed to have brought their seasonal goods to the shelves earlier this year, possibly taking sales from later months. May was also a cool and damp month across much of the country, which may have had an impact on seasonal sales. Lawn and garden product sales fell 7.0%, while hardware and home renovation product sales declined 2.2%.

Sales by commodity for the group of large retailers

Commodity	May 2003 ^r	April 2004 ^r	May 2004 ^p	April to May 2004	May 2003 to May 2004
	seasonally adjusted				
	\$ millions		% change		
Commodity					
Food and beverages	2,347	2,433	2,454	0.9	4.5
Health and personal care products	694	742	745	0.4	7.4
Clothing, footwear and accessories	1,323	1,346	1,340	-0.4	1.3
Furniture, home furnishings and electronics	1,072	1,156	1,162	0.5	8.4
Housewares	336	343	340	-1.0	1.1
Hardware, lawn and garden products	282	313	299	-4.7	5.8
Sporting and leisure goods	386	422	419	-0.9	8.5
All other goods and services	823	889	893	0.4	8.5
Total	7,263	7,645	7,651	0.1	5.3

^r Revised figures.

^p Preliminary figures.

Sales by commodity for the group of large retailers

Commodity	April 2004 ^r	May 2003 ^r	May 2004 ^p	May 2003 to May 2004
	unadjusted			
	\$ millions		% change	
Commodity				
Food and beverages	2,483	2,500	2,487	-0.5
Health and personal care products	717	720	746	3.6
Clothing, footwear and accessories	1,267	1,351	1,358	0.6
Furniture, home furnishings and electronics	966	933	992	6.3
Housewares	318	328	321	-2.3
Hardware, lawn and garden products	384	566	579	2.4
Sporting and leisure goods	369	360	375	3.9
All other goods and services	858	859	917	6.8
Total	7,362	7,616	7,774	2.1

^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 June 2004 will be released on August 18.

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. ■

Research and development in the health field

1988 to 2003 (preliminary)

Spending on research and development in the field of health is representing more and more of the total research and development spending in Canada, according to a new report.

Between 1996 and 2000, research and development spending on health represented about 18% of total research and development spending. By 2001, this proportion had jumped to 20%. By 2002, it was up to 22% and last year it reached 23%.

According to preliminary estimates, in 2003, total spending on research and development in the health field amounted to \$5.1 billion nationally, up 7% over 2002.

Research and development in the health field has gained importance in Canada in the past several years. In 1996, \$84 per capita was spent on research in the health field. Preliminary estimates for 2003 put the figure at \$161 per capita.

The higher education sector was responsible for almost 80% of the total increase in research and development spending on health last year, while

businesses accounted for almost one-fifth of the increase.

The education sector spent more than \$2.9 billion in research and development in health, up 10.0% from 2002. Businesses spent more than \$1.9 billion, up 3.3%.

The major funder of research and development spending was the business enterprise sector, which contributed \$1.5 billion. It was followed by the higher education sector, which contributed \$1.3 billion, and the government sector with \$1.2 billion.

Definitions, data sources and methods: survey numbers, including related surveys, 4201, 4204 and 4212.

The service bulletin *Science Statistics: Estimates of Total Spending on Research and Development in the Health Field in Canada, 1988 to 2003*, Vol. 28, no. 8 (88-001-XIE, \$7/\$64) is now available. See *How to order products*. A related working paper entitled *Estimates of Total Spending on Research and Development in the Health Field in Canada, 1988 to 2003* (88F0006XIE2004014, free), which elaborates information provided in the service bulletin is also available.

For more information, or to enquire about the methods, concepts or data quality of this release, contact Janet Thompson (613-951-2580; janet.thompson@statcan.ca) or Lorraine Chapman (613-951-0047; lorraine.chapman@statcan.ca), Science, Innovation and Electronic Information Division. ■

Biotechnology expenditures by the federal government

2002/03

Federal government spending on biotechnology increased to \$695.1 million in 2002/03, an increase of \$138 million over 2001/02.

Biotechnology expenditures represented about 9% of all federal spending on science and technology.

Virtually all (95%) of this biotechnology spending was devoted to research and development.

Four federal departments and agencies accounted for the gain in spending. The Canadian Institutes of Health Research increased their spending by \$56 million; the Canada Foundation for Innovation added \$39 million; Health Canada added \$23 million, and Genome Canada added \$16 million.

In 2002/03, nearly 64% of biotechnology science and technology activities was performed outside the federal government. The largest recipient was the higher education sector, which received \$340 million, or 49% of the total federal government spending.

A total of 1,888 full-time equivalent person-years was devoted to biotechnology science and technology activities in the federal government in 2002/03, represented 6% of the total federal science and technology person-years.

Definitions, data sources and methods: survey number 4212.

The service bulletin *Science Statistics: Biotechnology Scientific Activities in Selected Federal Government Departments and Agencies, 2002/03*, Vol. 28, no. 7 (88-001-XIE, \$7/\$64) is now available. See *How to order products*.

For more information, or to enquire about the methods, concepts or data quality of this release, contact Lloyd Lizotte (613-951-2188; lloyd.lizotte@statcan.ca) or Antoine Rose (613-951-9919; antoine.rose@statcan.ca), Science, Innovation and Electronic Information Division. ■

Construction Union Wage Rate Index

June 2004

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in June compared with the May level of 128.3 (1992=100). The composite index increased 0.1% compared with the revised June 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 second quarter 2004 issue of *Capital Expenditure Price Statistics* (62-007-XPB, \$26/\$85) will be available in September 2004.

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

NEW PRODUCTS

Science, Innovation and Electronic Information Division Working Papers: Estimates of Total Expenditures on Research and Development in the Health Field in Canada, 1988 to 2003, no. 14
Catalogue number 88F0006XIE2004014 (free).

Science Statistics: Biotechnology Scientific Activities in Selected Federal Government Departments and Agencies, 2002/03, Vol. 28, no. 7
Catalogue number 88-001-XIE (\$7/\$64).

Science Statistics: Estimates of Total Spending on Research and Development in the Health Field in Canada, 1988 to 2003, Vol. 28, no. 8
Catalogue number 88-001-XIE (\$7/\$64).

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Catalogue 11-001-XIE (Printed 11/02/03) ISBN 0973-5445



Statistics Canada

Thursday, June 9, 1997
For release at 8:30 a.m.



MAJOR RELEASES

- **Urban transit, 1995** 2
Changes in expenditure 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** 4
Growth in productivity among Canadian businesses was relatively weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

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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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