



The Daily

Statistics Canada

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MAJOR RELEASES

- **Canada's international transactions in securities, July 2004** 3
Foreign investors increased their holdings of Canadian securities by \$3.7 billion in July. Nearly all of the increase occurred in Canadian bonds because of a surge in net new issues. Meanwhile, after divesting their holdings of foreign securities in June, Canadians resumed investing in foreign securities by purchasing \$587 million worth in July.
- **National balance sheet accounts, second quarter, 2004** 6
National net worth reached \$4.2 trillion by the end of the second quarter, or \$131,100 per capita.
(continued on page 2)

Canadian economic accounts

The *Canadian Economic Accounts Quarterly Review* has the most up-to-date data and analysis on the economy and Canada's transactions with the rest of the world.

The section on GDP by income and expenditure provides information on topics such as consumer spending and business investment, and of course, the overall state of the economy. To find out which industries are booming, see the section on GDP by industry.

The section on labour productivity includes hours worked by Canadians, their wages and productivity for different industries.

In the balance of international payments section, you can find investment flows between residents of Canada and non-residents, and exports and imports.

The international investment position gives you, for instance, Canada's indebtedness to the rest of the world and how much Canadians have invested in other countries.

Find out more about the wealth of Canadian households, businesses and governments with detail on assets and liabilities in the national balance sheet accounts section.

The second quarter 2004 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 3, no. 2 (13-010-XIE, free), is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

For more information, contact the information officer (613-951-3640, iead-info-dcrrd@statcan.ca), Income and Expenditure Accounts Division.



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OTHER RELEASES

Study: Neighbourhood Characteristics and the Distribution of Crime in Winnipeg, 2001	8
Construction Union Wage Rate Index, August 2004	8
Footwear statistics, semi-annual period ending June 2004	9

NEW PRODUCTS

MAJOR RELEASES

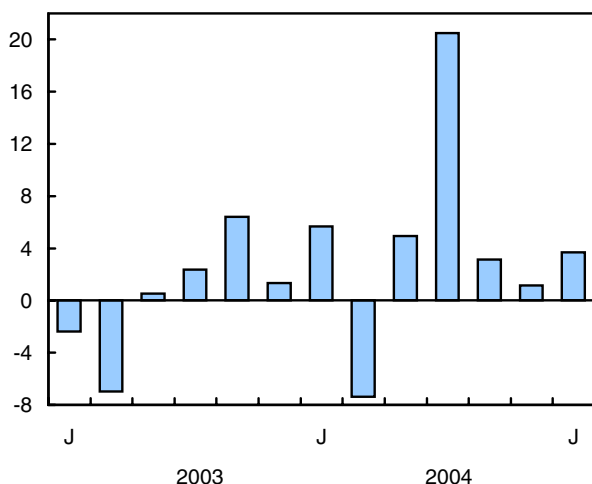
Canada's international transactions in securities

July 2004

Foreign investors increased their holdings of Canadian securities by \$3.7 billion in July. Nearly all of the increase occurred in Canadian bonds because of a surge in net new issues.

Foreign investment in Canadian securities*

\$ billions



* Includes bonds, stocks and money market paper.

Meanwhile, after divesting their holdings of foreign securities in June, Canadians resumed investing in foreign securities by purchasing \$587 million worth in July.

Investment in Canadian bonds returns with a surge in new issues

After remaining virtually unchanged in June, foreign investors increased their holdings of Canadian bonds by \$3.7 billion in July. The increase was driven by a surge in net new issues (new issues less retirements) which totalled \$3.8 billion dollars, most of which were denominated in US dollars.

Led by a number of corporations which issued debt in the US market to finance corporate takeovers there, July's net new issues were the largest since March 2003. Corporations had \$2.8 billion in net new issues followed by provincial governments with \$1.1 billion.

Note to readers

Related market information

In July, Canadian short-term **interest rates** increased 7 basis points to 2.08% while US short-term rates increased 6 basis points to 1.33%. This left the differential between the two countries at 0.75%, virtually unchanged from the month before.

Both Canadian and US long-term interest rates fell marginally in July to 4.82% and 4.61% respectively. The resulting differential between the two countries remained at 0.21%, in favour of investing in Canada.

Canadian and US **stock prices** both fell for the first time since April of this year. The S&P/TSX Composite index fell 1.0% to 8,458.1 while the Standard and Poor's Composite index fell 3.4% to 1,101.7.

The **Canadian dollar** rose 0.24 US cents in July closing the month at 75.22 US cents. This marked the third straight monthly increase.

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.

Meanwhile, foreign investors reduced their holdings of Canadian money market paper by \$632 million following two months of exceptionally heavy buying totalling \$3.2 billion. Asian investors were the principal sellers of money market paper in July—a reversal from June when they were the biggest buyers. The bulk of July's divestment occurred in federal government issues.

Foreign holdings of Canadian equities increase

Non-residents returned to Canadian stocks by purchasing \$640 million in July, more than offsetting the \$400 million sold off in June. The buying in July was primarily in outstanding shares with American investors doing the bulk of the investing as has been the case since the beginning of the year.

Canadians resume investing in foreign securities

June notwithstanding, Canadian investors once again purchased foreign bonds in July (\$465 million), continuing a trend that began in December 2003. Since then, Canadian investors have purchased \$8.4 billion in foreign bonds with almost half in US treasuries.

Canadian investors also purchased \$122 million of foreign equities in July, partially offsetting the \$740 million divested in June. Investing solely in US securities in July, Canadian investors continued to move away from overseas equities. Since January of this year, Canadian investors have divested \$4.7 billion of overseas 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.

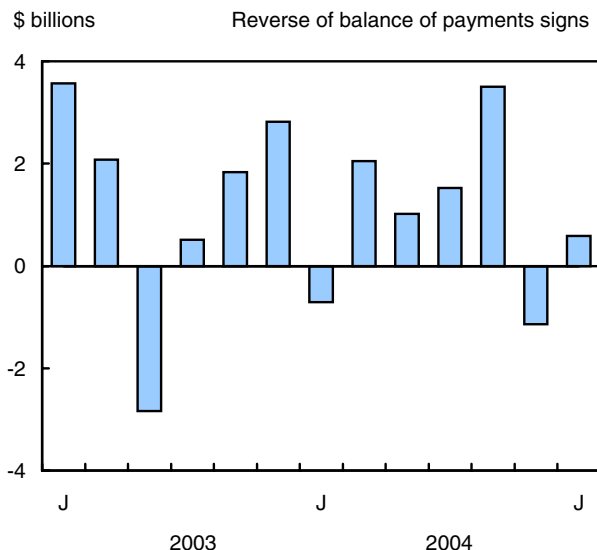
The July 2004 issue of *Canada's International Transactions in Securities* (67-002-XIE, \$15/\$142) will soon be available.

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

	April 2004	May 2004	June 2004	July 2004	January to July 2003	January to July 2004
	\$ millions					
Foreign investment in Canadian securities	20,489	3,145	1,144	3,707	14,788	31,738
Bonds (net)	893	3,258	-93	3,699	11,318	9,431
Outstanding	1,341	-369	3,470	-207	6,874	4,815
New issues	2,385	4,484	4,897	6,186	34,892	25,544
Retirements	-3,188	-1,465	-7,299	-2,340	-30,956	-21,553
Change in interest payable ¹	355	608	-1,162	60	508	626
Money market paper (net)	-1,395	1,599	1,637	-632	-812	-1,564
Government of Canada	-995	573	585	-858	901	-2,571
Other	-400	1,026	1,052	226	-1,713	1,008
Stocks (net)	20,992	-1,712	-400	640	4,282	23,871
Outstanding	2,441	-1,819	-346	588	3,518	6,492
Other transactions	18,551	107	-54	52	764	17,379
Canadian investment in foreign securities	-1,520	-3,506	1,144	-587	-8,120	-6,834
Bonds (net)	-1,347	-2,113	404	-465	-8,550	-6,134
Stocks (net)	-173	-1,393	740	-122	430	-700

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.



National balance sheet accounts

Second quarter, 2004

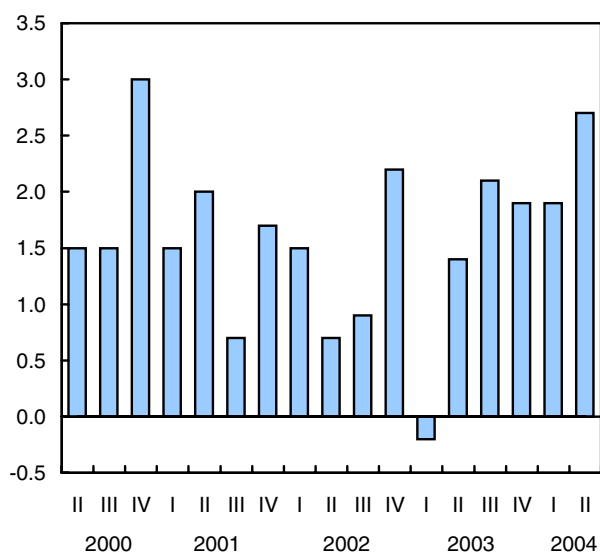
National net worth reached \$4.2 trillion by the end of the second quarter, or \$131,100 per capita.

Growth in net worth accelerated

National net worth grew 2.7% in the second quarter, the largest increase in over three years. The increase in national net worth resulted from a sharp reduction in net foreign debt and stronger growth in national wealth.

National net worth

% change, not seasonally adjusted



Canadians' net indebtedness to non-residents continued to fall in the second quarter, as Canadians increased both their direct and portfolio investment assets abroad by more than their liabilities to non-residents. The gain in Canadian direct investment was driven by the acquisition of a large U.S. firm.

The acceleration in growth of national wealth from 1.1% in the first quarter to 1.9% in the second quarter (1.7% seasonally adjusted) contributed to the gain in net worth. Despite an easing of domestic

Note to readers

The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. **National wealth** is the sum of non-financial assets (produced assets, land surrounding structures and agricultural land) in all sectors of the economy. National net worth is wealth less net foreign liabilities (i.e., what is owed to non-residents less what non-residents owe to Canadians). Alternatively, it is the sum of the net worth of persons, corporations and governments. Quarterly series run from the first quarter of 1990.

Market value estimates have been available since June 2004. For more information, consult the publication Balance sheet estimates at market value.

An annual measure of national wealth that includes selected natural resources is also available (CANSIM table 378-0005). The estimates of natural resources are updated annually at the time of the fourth quarter.

spending, price increases and investment in residential real estate assets largely accounted for the increase in wealth.

Household net worth outpaced debt

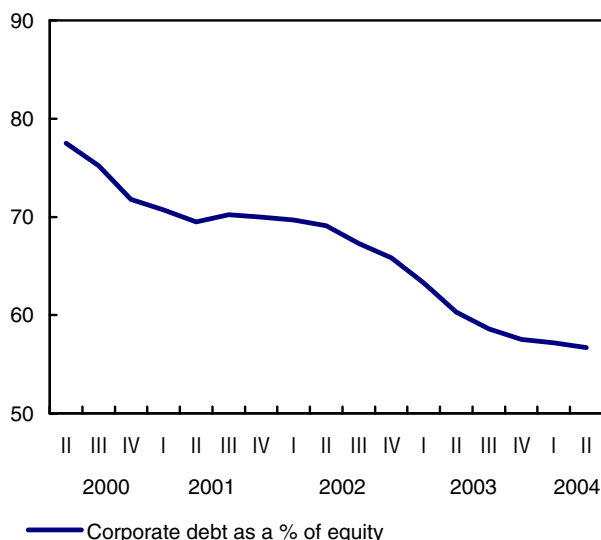
Household's net worth at market value grew at a faster rate than the previous quarter in both non-financial assets and net financial assets (total financial assets less total financial liabilities). Although the demand for funds grew in the quarter, the ratio of household debt to net worth declined with a strong increase in net worth (+3.0%). Households had \$103.0 in debt (consumer credit and mortgages) for every \$100 of their disposable income, against a backdrop of stable interest rates.

Corporations' finances continued to improve

For more than four years on a quarterly basis, corporations have generated more funds from their internal operations than has been required for non-financial capital acquisition. Because of this record string of surpluses, corporations have been a net supplier of funds to the rest of the economy and have substantially restructured their balance sheets. As a result, corporate debt to equity continued its downward trend, reaching a new low in the second quarter.

Corporate leverage continued to slide

as a % of equity, unadjusted data



Government net debt declined

Net government debt on a book value basis declined (total government financial assets minus total government financial liabilities) reflecting a surplus position in the second quarter. Net government debt has fallen in 8 of the last 10 quarters. Net government

debt as a percentage of GDP continued to fall and has now reached levels last seen in the mid-1980s.

Available on CANSIM: tables 378-0006 to 378-0010.

Definitions, data sources and methods: survey number 1806.

The second quarter 2004 issue of *National Balance Sheet Accounts, Quarterly Estimates* Vol. 2, no. 2 (13-214-XIE, \$23/\$49) is now available. See *How to order products*.

The second quarter 2004 issue of *Canadian Economic Accounts Quarterly Review*, Vol. 3, no. 2 (13-010-XIE, free), is available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

At 8:30 a.m. on release day, the complete national balance sheet accounts can be obtained on computer diskette. The diskettes (13-214-DDB, \$321/\$1,284) can also be purchased at a lower cost seven business days after the official release date (13-214-XDB, \$65/\$257). To purchase any of these products, contact the client services officer (613-951-3810; mail to iead-info-dcrrd@statcan.ca), Income and Expenditure Accounts Division.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the information officer (613-951-3640), Income and Expenditure Accounts Division.

National balance sheet accounts¹

	First quarter 2003	Second quarter 2003	Third quarter 2003	Fourth quarter 2003	First quarter 2004	Second quarter 2004	2002	2003
Market value, not seasonally adjusted, billions of dollars								
National net worth								
National wealth	4,013	4,075	4,133	4,182	4,228	4,307	3,978	4,182
	0.9	1.5	1.4	1.2	1.1	1.9	6.1	5.1
Net foreign debt	-224	-232	-209	-183	-155	-122	-180	-183

National net worth	3,789	3,843	3,924	3,999	4,073	4,185	3,797	3,999
	-0.2	1.4	2.1	1.9	1.9	2.7	5.3	5.3
National net worth per capita (dollars)	120,100	121,500	123,700	125,900	128,000	131,100	120,600	125,900
	-0.4	1.2	1.8	1.8	1.7	2.4	4.3	4.4
Book value, seasonally adjusted, billions of dollars								
Net worth								
Personal sector	3,568	3,622	3,663	3,704	3,773	3,846	3,576	3,704
	-0.2	1.5	1.1	1.1	1.9	1.9	5.2	3.6
+ Corporate sector	533	519	530	557	564	576	545	557
	-2.2	-2.6	2.1	5.1	1.3	2.1	8.1	2.2
+ Government sector	-195	-191	-182	-175	-169	-161	-215	-175

= National net worth	3,906	3,951	4,010	4,086	4,168	4,261	3,906	4,086
	0.0	1.2	1.5	1.9	2.0	2.2	6.5	4.6

1. The first line is the series itself expressed in billions of dollars. The second line is the period-to-period percentage change.

... Not applicable.

OTHER RELEASES

Study: Neighbourhood Characteristics and the Distribution of Crime in Winnipeg

2001

The demonstration study *Neighbourhood Characteristics and the Distribution of Crime in Winnipeg*, is Statistics Canada's first to examine crime data at a neighbourhood level through a combination of statistical analyses and crime mapping based on Geographic Information System technology.

The study, funded by the National Crime Prevention Centre at Public Safety and Emergency Preparedness Canada, used demographic and socio-economic information from the Census, zoning data from the City of Winnipeg and police-reported crime data for 2001 to investigate neighbourhood-level crime patterns.

The analytic approach examines such questions as how police-reported crimes are distributed across city neighbourhoods, and whether the crime rate in a given neighbourhood is associated with factors specific to that neighbourhood, such as housing, land use or socio-economic characteristics.

In Winnipeg's case, findings indicate that crime was not randomly distributed across the city in 2001, but rather was concentrated in the city centre and highly correlated to the distribution of socio-economic and land-use characteristics.

About 1,100 incidents per square kilometre were reported within a two-kilometre radius of the geographic centre of the city. About six kilometres out from the centre, the density of reported incidents fell dramatically to about 150 incidents per square kilometre.

There were also differences in the level of concentration for violent and property crimes. About 30% of reported violent crime incidents occurred in 3% of neighbourhoods. Although there was a wider distribution of property crime incidents, about 30% of reported property crime occurred in 7% of neighbourhoods.

The Winnipeg Police Service reported more than 66,000 incidents in 2001. The vast majority (83%) were property crimes, while 15% were violent offences and about 2% were other offences such as prostitution, drugs or weapons.

After taking into account the available factors, the study showed that the factor most strongly associated with the highest neighbourhood rates of both violent

and property crime was the level of socio-economic disadvantage of the residents.

Second in importance was the condition of housing in the neighbourhood, indicated by the proportion of dwellings in need of major repair. The third important factor was land use. With respect to violent crime, multiple family zoning, and to a lesser extent, commercial zoning, such as hotels and restaurants were associated with higher neighbourhood rates.

Commercial zoning was the only factor apart from socio-economic disadvantage and the condition of housing that contributed significantly to the explanation of higher rates of property crime.

The implication of these findings is that high-crime neighbourhoods exhibit distinct characteristics that are quite different from low-crime neighbourhoods. They are characterized by residential populations with smaller shares of social and economic resources, and by land-use patterns that may increase opportunity for crime.

The report *Neighbourhood Characteristics and the Distribution of Crime in Winnipeg* no. 4, which is part of the Crime and Justice Research Paper Series (85-561-MIE2004004, free) is now available online. From the *Our products and services* page, under *Browse our internet publications*, choose *Free*, then *Justice*.

For more information, or to enquire about the concepts or methods of this release, contact Client Services (1-800-387-2231; 613-951-9023) at the Canadian Centre for Justice Statistics. ■

Construction Union Wage Rate Index August 2004

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in August compared with the July level of 128.3 (1992=100). The Composite Index increased 0.1% compared with the revised August 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, Prices Division (613-951-9606); fax: (613-951-1539), infounit@statcan.ca, or Louise Chaîné (613-951-3393). ■

Footwear statistics

Semi-annual period ending June 2004

Data on footwear are now available for June.

Available on CANSIM: table 303-0045.

Definitions, data sources and methods: survey number 2119.

Note: CANSIM table 303-0045 replaces CANSIM table 303-0011 beginning with this new reference period.

The publication *Footwear Statistics* (33-002-XIB) has been discontinued.

For more information, 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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Monthly Survey of Manufacturing, July 2004, Vol. 58,
no. 7
Catalogue number 31-001-XIE (\$17/\$158).

Imports by Commodity, July 2004, Vol. 61, no. 7
Catalogue number 65-007-XMB (\$40/\$387).

Imports by Commodity, July 2004, Vol. 61, no. 7
Catalogue number 65-007-XPB (\$84/\$828).

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(free).

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
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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 21 trips on some form of urban transit, the lowest level in the past 25 years.	2
• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses was modestly weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.	4
OTHER RELEASES	
Help-wanted index, May 1997	3
Short-term Expectations Survey	2
Steel primary forms, steel ending May 31, 1997	12
Egg production, Apr. 1997	13
PUBLICATIONS RELEASED	11
 	

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