



The Daily

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Releases

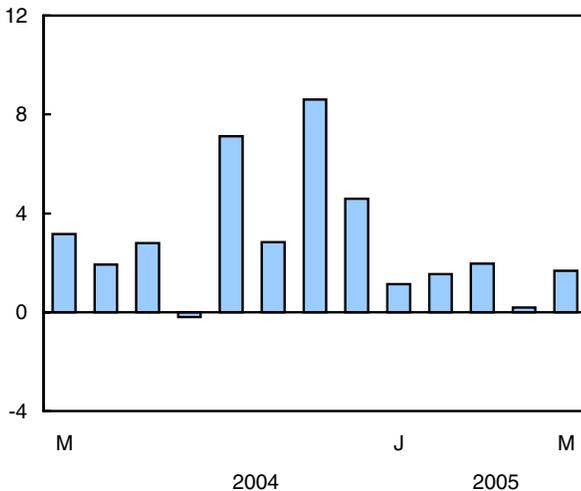
Canada's international transactions in securities

May 2005

After a relatively quiet April, foreign investment in Canadian securities surged in May with non-residents purchasing \$1.7 billion worth. Investment for the month occurred entirely in debt securities as foreign investors reduced their holdings of Canadian shares.

Foreign portfolio investment in Canadian securities*

\$ billions



* Includes bonds, stocks and money market paper.

Meanwhile, Canadians continued to increase their holdings of foreign securities but by only \$305 million, substantially less than in the previous three months. Canadians invested in foreign bonds and stocks but sold off some of their holdings of foreign money market paper.

Investment in Canadian debt instruments surges

After a number of months of lacklustre activity in the sector, foreign investment in Canadian bonds surged in May with non-residents purchasing \$2.6 billion worth. Most sectors experienced an increase in holdings with purchases of corporate (\$2.1 billion) and provincial government issues (\$1.4 billion) leading the way.

Related market information

US short-term **interest rates** rose to their highest level since August 2001, increasing 6 basis points to 2.84%. Meanwhile, Canadian interest rates were largely unchanged, up only 1 basis point to 2.46%. Favouring investment in the United States, the resulting differential increased to 38 basis points.

Both Canadian and US long-term interest rates fell in May by 12 and 17 basis points respectively. Canadian interest rates ended the month at 4.02% while US rates stood at 4.08% with the resulting differential between the two countries falling to six basis points.

Erasing its losses in April, the S&P/TSX Composite Index increased by 2.5% in May finishing the month at 9,607.3. US **stock prices** also rose for the month with the Standard and Poor's Composite Index closing May at 1,191.5, an increase of 3.0%

The **Canadian dollar** remained relatively flat in May against its American counterpart as it rose 0.21 cents to close at 79.67 US cents.

Definitions

The data series on international security transactions cover portfolio transactions in stocks, bonds and money market instruments (both Canadian and foreign issues).

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.

However, foreign investors continued to reduce their holdings of federal government bonds for a fourth consecutive month, selling off \$950 million. Over the last six months, non-residents have sold off \$6.9 billion of federal government bonds.

Foreign investment in Canadian bonds was driven completely by net new issues (new issues less retirements) totalling \$3.0 billion for the month, the largest amount since May 2004. Net new issues consisted entirely of corporate and provincial government debt with nearly all issues being placed in the US market and denominated in US dollars.

Meanwhile, foreign investors purchased \$1.1 billion in Canadian money market paper in May after purchasing \$285 million in April. The bulk of the investment occurred in federal treasury bills as non-resident investors picked up \$1.2 billion worth, the

largest investment in that sector since December 2001. Other than corporate, all other sectors experienced a decline in foreign holdings.

Foreign investors reduce their holdings of Canadian equities

For the first time in almost a year, foreign investors sold off some of their holdings of Canadian equities in May. Sales of \$2.1 billion worth occurred entirely in outstanding issues as there was little in the way of new issues or activity related to acquisitions during the month. Foreign sales of Canadian outstanding shares in May reached their highest level since July 2002. It also marked the third consecutive month that non-resident investors have divested some of their holdings, wiping out all net foreign investment in the secondary market since the beginning of the year.

Overall, American investors did most of the selling in May as they sold off \$1.3 billion worth, their largest divestment in Canadian equities in 12 months. They were followed by investors out of the United Kingdom, who sold \$672 million of Canadian stocks.

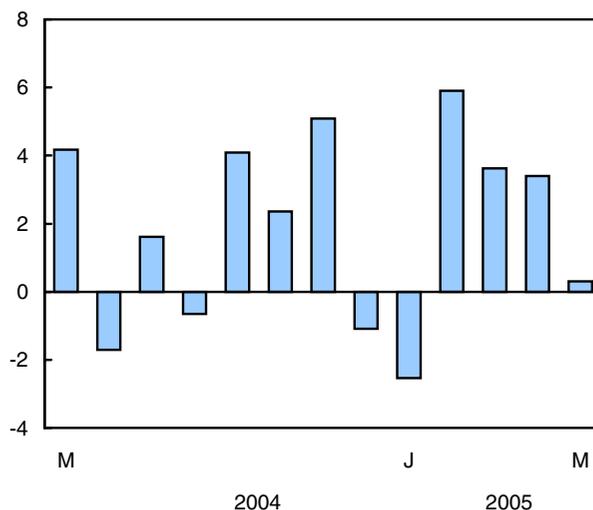
Canadians continue to invest in foreign securities but at a reduced pace

While Canadians continued to invest in foreign securities, it was at a much reduced pace from previous months, as they purchased only \$305 million in foreign securities in May. This compares to an average of \$4.3 billion purchased from February to April.

Canadian investors took a break in their acquisition of foreign bonds and invested just \$139 million in May, their smallest investment in the sector since August of last year. They divested some of their holdings of US treasuries but increased their holdings of US corporate and other foreign issues. They also purchased \$703 million worth of foreign stocks consisting entirely of US shares (\$1.6 billion) but selling \$927 million of overseas equities. Meanwhile, Canadians divested some \$537 million of foreign money market paper. They sold US government and corporate paper but continued to purchase overseas paper.

Canadian portfolio investment in foreign securities*

\$ billions Reverse of balance of payments signs



* Includes bonds, stocks and money market paper.

Available on CANSIM: tables 376-0018 to 376-0029, 376-0042, 376-0058 and 376-0063.

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

The May 2005 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 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.

□

Canada's international transactions in securities

	February 2005	March 2005	April 2005	May 2005	January to May 2004	January to May 2005
	\$ millions					
Foreign investment in Canadian securities	1,532	1,962	187	1,677	27,795	6,494
Bonds (net)	-90	412	-200	2,624	5,956	3,346
Outstanding	-1,270	-1,925	-491	-774	1,551	-2,851
New issues	5,292	4,382	831	3,849	14,825	14,511
Retirements	-4,168	-2,029	-973	-890	-12,130	-9,909
Change in interest payable ¹	57	-16	433	439	1,710	1,595
Money market paper (net)	-486	-616	285	1,114	-1,807	331
Government of Canada	-103	638	-284	1,177	-2,363	1,054
Other	-383	-1,255	569	-63	556	-723
Stocks (net)	2,108	2,166	101	-2,061	23,646	2,818
Outstanding	2,725	-406	-118	-2,145	6,250	-402
Other transactions	-617	2,571	219	84	17,396	3,220
Canadian investment in foreign securities	-5,900	-3,626	-3,399	-305	-8,836	-10,696
Bonds (net)	-1,983	-2,856	-2,373	-139	-6,073	-8,077
Stocks (net)	-3,560	-517	-1,088	-703	-1,844	-2,830
Money market paper (net)	-357	-253	62	537	-919	211

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.



Monthly Survey of Large Retailers

May 2005

Sales at large retailers cooled slightly in May, slipping 0.3% from April. This was the first decline in sales at large retailers in 2005. In 2004, sales were weak in the final few months, but prior to this, sales had generally been increasing.

Half of the major commodity groups saw their sales fall in May, with the sharpest decline in the sales of clothing, footwear and accessories. Hardware, lawn and garden products, and sporting and leisure goods also posted sizeable decreases. The strongest sales growth in May was in the food and beverages commodity group.

Clothing, footwear and accessories decreased by 4.5% and erased all of the sales gains since January. Women's clothing sales in particular were hard hit, plummeting 6.7% after four months of gains. This was the most severe sales decrease in three years for women's clothing. However, other commodities in this group did not fare much better. Men's clothing, children's clothing, footwear, as well as accessories such as jewellery and watches, and luggage and leather goods also declined in May at large retailers.

Hardware, lawn and garden sales declined 3.3% in May. Sales of this commodity group decreased in four of the past five months at large retailers. Most of the decline in May was due to a 5.1% drop in the sale of lawn and garden products.

Another area of weakening sales at large retailers was sporting and leisure goods, which contracted 3.1% in May. In particular, sporting good sales were hard hit, dropping by 7.1%. Sales of sporting goods have moved downward in three of the past four months after an 8.6% jump in January. Toy and hobby supply sales also declined in May, losing 2.9%. Prior to this decrease, toy sales had been strong since the start of 2005, with four consecutive months of growth.

Food and beverage sales were the primary area of strength for large retailers in May, up 2.4%. Sales of both alcoholic and non-alcoholic beverages were up strongly, regaining ground lost after large declines the previous month. Food sales were also up in May, continuing a trend of gradually accelerating growth that started in 2002.

Sales by commodity for the group of large retailers

	May 2004	April 2005 ^r	May 2005 ^p	April to May 2005	May to May 2004
seasonally adjusted					
	\$ millions		% change		
Commodity					
Food and beverages	2,515	2,683	2,748	2.4	9.3
Health and personal care products	757	801	792	-1.1	4.7
Clothing, footwear and accessories	1,339	1,421	1,356	-4.6	1.3
Furniture, home furnishings and electronics	1,158	1,203	1,205	0.1	4.0
Housewares	345	355	356	0.4	3.1
Hardware, lawn and garden products	302	330	320	-3.3	5.8
Sporting and leisure goods	407	429	415	-3.1	2.0
All other goods and services	891	937	945	0.9	6.1
Total	7,714	8,159	8,138	-0.3	5.5

^r Revised figures.

^p Preliminary figures.

Sales by commodity for the group of large retailers

	April 2005 ^r	May 2004	May 2005 ^p	May 2004 to May 2005
unadjusted				
	\$ millions		% change	
Commodity				
Food and beverages	2,675	2,537	2,695	6.2
Health and personal care products	783	754	777	3.0
Clothing, footwear and accessories	1,359	1,360	1,327	-2.4
Furniture, home furnishings and electronics	1,028	989	1,016	2.7
Housewares	330	324	330	1.8
Hardware, lawn and garden products	409	583	579	-0.8
Sporting and leisure goods	360	371	367	-1.0
All other goods and services	909	911	951	4.3
Total	7,853	7,829	8,042	2.7

^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 27% 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 will be released on August 17.

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. ■

Particleboard, oriented strandboard and fibreboard

May 2005

Data on particleboard, oriented strandboard and fibreboard are now available for May.

Available on CANSIM: table 303-0058.

Definitions, data sources and methods: survey number 2141.

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 wire and specified wire products

May 2005

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

Available on CANSIM: table 303-0047.

Definitions, data sources and methods: survey number 2106.

The May 2005 issue of *Steel, Tubular Products and Steel Wire* (41-019-XIE, \$6/\$51), will soon be available.

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

New Motor Vehicle Sales, May 2005, Vol. 77, no. 5
Catalogue number 63-007-XIE (\$14/\$133).

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

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.

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Statistics Canada

Thursday, June 5, 1997
For release at 9:30 a.m.

MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using 8 less automobiles in 1995. Each Canadian took an average of about 19.8 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

- **Manufactured 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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