

Monday, September 19, 2005
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## Releases

Canada's international transactions in securities, July 2005
Canadians continued to make substantial purchases of foreign securities by investing $\$ 3.7$ billion in July, following a $\$ 5.6$ billion investment in June. After selling off $\$ 2.4$ billion of Canadian securities in June, foreign investors returned with their largest investment of the year in July, buying $\$ 3.3$ billion worth.

Monthly Survey of Large Retailers, July 2005 5
Canadian Trends in Biotechnology 6
Particleboard, oriented strandboard and fibreboard, July 2005 6
Construction type plywood, July 2005 6
Primary iron and steel, July 2005 6
New products

## Releases

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## Strong Canadian demand continues for foreign securities

Canadians continued to invest heavily in foreign securities for the sixth consecutive month. Although down from the $\$ 5.6$ billion purchased the month before, Canadians invested a sizeable $\$ 3.7$ billion in July.

The investment went mainly to foreign stocks and bonds ( $\$ 1.7$ billion and $\$ 1.6$ billion respectively) with the remainder going to foreign money market paper.

Canadian investors continued to favour US stocks over overseas equities in July ( $\$ 973$ million versus $\$ 689$ million). The $\$ 689$ million purchase of overseas equities in July marked the largest investment Canadians have made in overseas shares since

## Related market information

Canadian short-term interest rates moved up by 11 basis points to $2.59 \%$ while US rates increased by 25 basis points to $3.22 \%$. With rates still favouring investment in the United States, the resulting differential increased to 63 basis points.

Long-term interest rates moved in a similar manner. Canadian rates increased by 10 basis points to $3.91 \%$ with US rates moving up 28 basis points to $4.27 \%$. The resulting differential of 36 basis points in favour of the United States is double that of the previous month.

Canadian stock prices surged by $5.3 \%$ in July with the S\&P/TSX Composite Index ending the month at 10,422.9, a level last seen in September 2000. US stock prices, measured by the Standard and Poor's Composite Index, rose $3.6 \%$, the highest level since May 2001.

The Canadian dollar rose for the third straight month, albeit slightly, ending the month at 81.69 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.

November 2003. This more than offset the divestment over the first half of 2005. Almost $\$ 6$ billion has been invested in US stocks so far this year compared to just $\$ 221$ million in overseas shares.

Canadians purchased $\$ 1.6$ billion worth of foreign bonds in July, the $11^{\text {th }}$ straight month of accumulation which is a record in terms of continuous investment in the sector. Over this period of time, Canadians purchased $\$ 21.7$ billion of foreign bonds with nearly four-fifths going into US issues (roughly split between US treasuries and corporate bonds).

In July, Canadians also invested $\$ 406$ million in foreign money market paper, the bulk of which went into US treasury bills (\$341 million). They also made minor purchases of overseas paper while divesting some of their holdings of US corporate paper.

## Largest investment by non-residents in Canadian stocks this year

After three consecutive months of selling Canadian stocks, foreign investors purchased $\$ 2.7$ billion worth in

July, the largest monthly investment in Canadian stocks in 2005. The purchases in July occurred entirely in outstanding issues, more than offsetting the net foreign divestment in Canadian outstanding shares over the first half of the year.

Shares of Canadian firms in the natural resource sector continued to experience some of the heaviest foreign purchases in July. This sector has been a major factor in the $5.3 \%$ upsurge in the S\&P/TSX Composite index over the month, which ended July at 10,422.9, a level not seen since September 2000.

## Muted foreign demand for Canadian debt instruments

Foreign investors acquired only $\$ 0.6$ billion of Canadian debt securities in July, after having reduced their holdings by $\$ 1.9$ billion in June. July continued the trend of lacklustre foreign activity in the Canadian bond market over the year thus far. Foreign investors have increased their holdings of Canadian bonds by less than $\$ 1$ billion so far in 2005 compared to $\$ 9.5$ billion over the same period in 2004.

This is partly due to a significant reduction in new issues, especially new corporate bonds. There has been $\$ 7.1$ billion of new issues of corporate bonds so far this year, which is less than half the value over the same period in 2004.

Foreign portfolio investment in Canadian securities


Another contributing factor was the $\$ 2.9$ billion of outstanding federal government and federal enterprise issues formerly held abroad that were bought back by Canadian investors over the first seven months of the year.

Foreign investors purchased $\$ 436$ million of Canadian money market paper in July, more than offsetting the $\$ 410$ million they divested in June. Purchases during the month occurred in federal government and corporate paper where non-residents bought $\$ 502$ million and $\$ 264$ million respectively.

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 July 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 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 Filiplic (613-951-1864), Balance of Payments Division.

## The Daily, September 19, 2005

## Canada's international transactions in securities

|  | $\begin{aligned} & \text { April } \\ & 2005 \end{aligned}$ | $\begin{array}{r} \text { May } \\ 2005 \end{array}$ | $\begin{aligned} & \text { June } \\ & 2005 \end{aligned}$ | $\begin{array}{r} \text { July } \\ 2005 \end{array}$ | January <br> to <br> July <br> 2004 | January <br> to <br> July <br> 2005 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | \$ millions |  |  |  |  |  |
| Foreign investment in Canadian securities | -363 | 1,375 | -2,367 | 3,343 | 32,524 | 5,010 |
| Bonds (net) | -266 | 2,372 | -1,512 | 182 | 9,470 | 958 |
| Outstanding | -557 | -1,015 | 403 | 1,893 | 4,815 | -861 |
| New issues | 831 | 3,883 | 3,490 | 622 | 26,234 | 18,657 |
| Retirements | -973 | -938 | -4,269 | -2,500 | -22,155 | -17,467 |
| Change in interest payable ${ }^{1}$ | 432 | 442 | -1,135 | 167 | 576 | 629 |
| Money market paper (net) | 284 | 1,103 | -410 | 436 | -829 | -525 |
| Government of Canada | -284 | 1,177 | -684 | 502 | -2,631 | 872 |
| Other | 568 | -74 | 274 | -66 | 1,802 | -1,397 |
| Stocks (net) | -381 | -2,100 | -446 | 2,726 | 23,883 | 4,578 |
| Outstanding | -154 | -2,183 | -150 | 2,632 | 6,485 | 2,006 |
| Other transactions | -227 | 84 | -296 | 94 | 17,399 | 2,572 |
| Canadian investment in foreign securities | -3,322 | -329 | -5,550 | -3,713 | -8,737 | -19,793 |
| Bonds (net) | -2,365 | -97 | -2,303 | -1,645 | -6,131 | -11,975 |
| Stocks (net) | -1,026 | -788 | -1,546 | -1,662 | -1,516 | -6,131 |
| Money market paper (net) | 69 | 555 | -1,702 | -406 | -1,090 | -1,687 |

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

July 2005
Sales at large retailers moved ahead $0.8 \%$ in July, marking two consecutive months of moderately strong growth. Other than slight declines in April and May, sales have increased steadily throughout 2005. In 2004, sales increased rapidly at the beginning of the year and decelerated in the final few months.

Most of the major commodity groups saw their sales climb in July. The strongest sales growth was recorded in the other goods and services category (which includes products such as tobacco, automotive fuels, oils and additives, stationery and pet food), followed by sporting and leisure goods and food and beverages. Slight sales declines were seen among health and personal care products, as well as hardware, lawn and garden products.

Sales of automotive fuels, oils and additives were the driving force behind the sales gain in the other goods and services commodity group, accounting for over three-quarters of its growth. According to the Consumer Price Index, gasoline prices at the pump increased $4.0 \%$ in July, helping push fuel sales $5.9 \%$ higher. Automotive fuel, oil and additive sales at large retailers have accelerated since January, consistent with rising gasoline prices, which increased in six of the last seven months.

## Sales by commodity for the group of large retailers

|  | July <br> 2004 | June <br> $2005^{r}$ | July <br> $2005^{p}$ | June <br> to <br> July <br> 2005 | July <br> 2004 <br> to <br> July <br> 2005 |
| :--- | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  | seasonally adjusted |  |

${ }_{p}$ Revised figures.
$p$ Preliminary figures.
Sporting and leisure goods were strong in July, buoyed by an $11.5 \%$ leap in the sales of books, newspapers, and periodicals, the second largest
monthly increase since the beginning of the series in 1997. Sales of books, newspapers and periodicals tend to peak when highly anticipated books are released. Sporting good sales also did well for large retailers in July, advancing $1.9 \%$ compared to June. Toys, games and hobby supplies had a somewhat deleterious effect on overall sporting and leisure good sales, declining by $0.8 \%$.

Health and personal care products declined for the second time in three months, with sales down $0.5 \%$. Most of the decline was due to a $0.8 \%$ drop in drug sales (which includes prescription and over-the-counter drugs). Drug sales at large retailers have increased steadily since the introduction of this survey, as supermarkets and department stores expanded into the pharmaceutical market. However, since the beginning of 2005, the growth in drug sales has levelled out at large retailers.

Sales by commodity for the group of large retailers

|  | $\begin{aligned} & \text { June } \\ & 2005^{r} \end{aligned}$ | $\begin{array}{r} \text { July } \\ 2004 \end{array}$ | $\begin{gathered} \text { July } \\ 2005^{\text {p }} \end{gathered}$ | $\begin{array}{r} \text { July } \\ 2004 \\ \text { to } \\ \text { July } \\ 2005 \\ \hline \end{array}$ |
| :---: | :---: | :---: | :---: | :---: |
|  | Unadjusted |  |  |  |
|  | \$ millions |  |  | \% change |
| Commodity Food and beverages | 2,738 | 2,679 | 2,904 | 8.4 |
| Health and personal care products | 773 | 768 | 775 | 0.9 |
| Clothing, footwear and accessories | 1,420 | 1,272 | 1,274 | 0.2 |
| Furniture, home furnishings and electronics | 1,106 | 1,152 | 1,208 | 4.8 |
| Housewares | 326 | 356 | 358 | 0.5 |
| Hardware, lawn and garden products | 568 | 404 | 413 | 2.3 |
| Sporting and leisure goods | 419 | 415 | 432 | 4.0 |
| All other goods and services | 965 | 950 | 1,024 | 7.7 |
| Total | 8,314 | 7,998 | 8,388 | 4.9 |
| ${ }^{r}$ Revised figures. <br> $p$ 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 $35 \%$ when recreational and motor vehicle dealers are excluded.

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 August will be released on October 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.

## Canadian Trends in Biotechnology

A new compendium entitled Canadian Trends in Biotechnology is now available. It updates an earlier version of the document released in 1999, which was based on Statistics Canada's first available data on biotechnology.

This compendium provides an overview of biotechnology activities in Canada from 1997 to 2004.

It includes information on federal government spending for scientific and technological activities in biotechnology, as well as a portrait of the evolution of innovative Canadian biotechnology firms. The compendium provides information on financial profile, human resources, business relations and spin-off firms, along with the number of biotechnology products and processes at each stage of development.

This publication also uses data from the Organisation for Economic Cooperation and Development and places biotechnology activity in Canada in an international context. Some comparisons are provided on the number of biotechnology firms, patent activity and public sector investment in biotechnology research and development.

Definitions, data sources and methods: survey numbers, including related surveys, 4212 and 4226.

The publication Trends in Canadian Biotechnology Activity, $2^{\text {nd }}$ edition (free) is now available on the Canadian Biotechnology Secretariat Web site (http://bioportal.gc.ca/trends). The paper version is available upon request.

For more information or to enquire about the concepts, methods or data quality, contact Hélène Maheux (613-951-6892;
helene.maheux@statcan.ca) or Chuck McNiven (613-951-1233; chuck.mcniven@statcan.ca), Science, Innovation and Electronic Information Division.

## Particleboard, oriented strandboard and fibreboard

July 2005
Data on particleboard, oriented strandboard and fibreboard are now available for July.

## 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.

## Construction type plywood

July 2005
Data on construction type plywood are now available for July.

Available on CANSIM: tables 303-0056 and 303-0057.
Definitions, data sources and methods: survey number 2138.

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.

## Primary iron and steel

July 2005
Data on primary iron and steel are now available for July.
Available on CANSIM: tables 303-0048 to 303-0051.
Definitions, data sources and methods: survey numbers, including related surveys, 2116 and 2184.

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

For more information, or to enquire officer (1-866-873-8789; 613-951-9497; about the concepts, methods or data quality manufact@statcan.ca) Manufacturing, Construction of this release, contact the dissemination and Energy Division.

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