



The Daily

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Releases

Canada's international transactions in securities

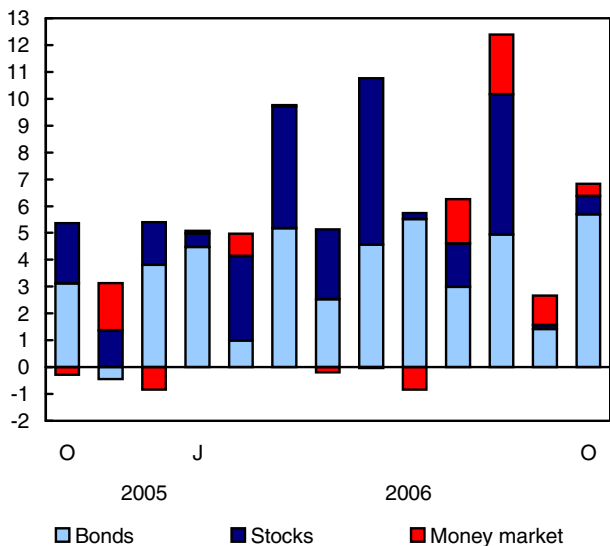
October 2006

October again saw strong acquisitions of foreign securities by Canadian investors, a continuation of a trend dating back to February 2005. They bought \$6.8 billion worth over the month, with foreign bonds accounting for over 80% of the value. So far in 2006, purchases of foreign securities have amounted to \$68.5 billion, easily surpassing the record annual purchase of \$63.9 billion in 2000.

Canadian portfolio investment in foreign securities

\$ billions

Reverse of balance of payments signs



Following a \$2.9 billion sell-off in September, foreign investors reduced their holdings of Canadian securities by \$5.0 billion in October. However, transactions this month were dominated by a large foreign takeover of a Canadian company whose foreign portfolio shareholders exchanged their shares for cash.

Maple bonds fuel the purchases of foreign bonds

Canadians bought a record \$5.7 billion worth of foreign bonds in October, continuing a string of record purchases over the first three quarters of 2006. Purchases were almost equally split between overseas bonds and US bonds.

Related market information

In October, Canadian short-term **interest rates** increased by only a single basis point to 4.16% while US short-term rates increased 11 basis points to 4.92%. The resulting differential rose to 0.76%, favouring investment in the United States.

Both Canadian and US long-term rates increased in October. Canadian rates increased 19 basis points to 4.17% while US rates increased 18 basis points to 4.78%, leaving the differential between the two countries at 0.61%.

Canadian **stock prices** rebounded in October as the S&P/TSX composite index increased 5.0%, ending the month at 8,668.3. US stock prices rose for the fifth month with the Standard and Poor's composite index moving up 3.2% to finish the month at 1,377.9.

After two consecutive months of appreciation against the US dollar, the **Canadian dollar** retreated 1 US cent by month's end to close at 88.6 US cents.

Definitions

The data series on international security transactions cover portfolio transactions in stocks, bonds and money market instruments for 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.

Nearly half of October's purchases went to buy maple bonds, the Canadian-dollar denominated foreign bonds. Of all the maple bonds bought over the month (\$2.7 billion worth), over 80% were issued by overseas issuers, with the remainder by US corporations.

Heavy acquisition of US corporate paper continues

After buying a record \$5.0 billion worth in the third quarter, Canadians purchased \$458 million of foreign money market paper in October, led by Canadian-dollar denominated paper. Canadian-dollar foreign paper has accounted for nearly 50% of all foreign paper acquired so far in 2006.

In October, Canadian investment in US corporate paper remained strong at \$662 million. Meanwhile, Canadians also bought \$148 million of overseas paper while selling off \$353 million of US treasury bills.

Canadians buy US shares but sell overseas shares

Canadians purchased foreign shares for the 21st consecutive month, amounting to \$676 million

in October. While acquisitions of US shares remained strong, totalling \$2.3 billion, Canadians sold off \$1.6 billion of overseas shares during the month.

Foreign takeovers drive the divestment in Canadian stocks

Following a \$2.7 billion divestment in September, foreign portfolio investors sold a further \$5.4 billion of their holdings of Canadian shares in October, the second highest divestment on record.

While sales of outstanding Canadian shares dominated September's activity, October's divestment was driven by foreign takeovers of Canadian companies whose foreign shareholders relinquished \$8.7 billion worth of portfolio shares.

In fact, non-resident investors actually invested \$3.3 billion in outstanding Canadian stocks over the month. This echoed the 5% rebound in Canadian stock prices as measured by the S&P/TSX composite. Shares of communication equipment manufacturing firms, mining and refinery firms, and financial intermediaries topped the investment list.

Non-residents buy Canadian bonds but sell Canadian money market paper

Non-residents increased their holdings of Canadian bonds by \$757 million in October, driven by a \$1.7 billion purchase of outstanding issues. This came after two consecutive months of divestment totalling \$1.3 billion.

Foreign investment over the month was mainly in provincial government bonds, totalling \$1.4 billion. October was a relatively quiet month for foreign investment in federal government (\$226 million) and government enterprise bonds (\$272 million). However, non-residents decreased their holdings of Canadian corporate bonds by \$1.2 billion, largely due to retirements.

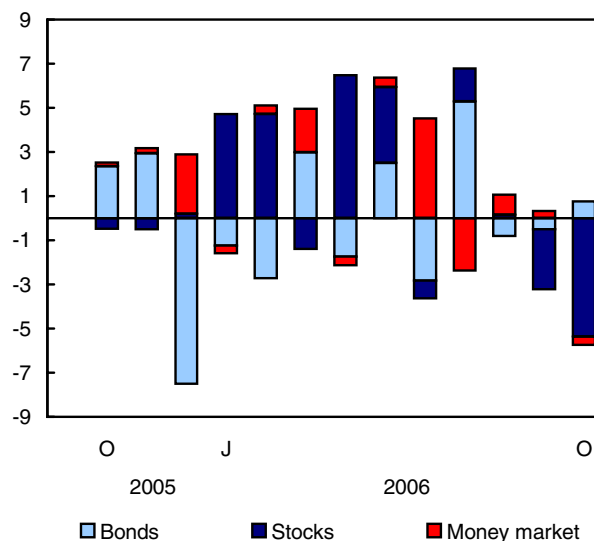
Geographically, there was a \$3.3 billion divestment by American investors that was more than made up by overseas investors. This overseas investment came from Europe and emerging markets. On a currency basis, \$2.1 billion worth was invested in Canadian-dollar denominated bonds. While some US-dollar denominated bonds retired in October, contributing to a \$2.3 billion decline of foreign holdings, there was \$883 million worth of buying in bonds denominated in other foreign currencies.

Meanwhile, non-residents sold off \$399 million Canadian money market paper in October, after two

consecutive months of buying totalling \$1.2 billion. October saw foreign investors sell \$1.0 billion worth of Canadian government t-bills and paper of its enterprises but acquire Canadian corporate paper for the third consecutive month (\$626 million in October). On a regional basis, European and American investors sold off \$598 million and \$345 million respectively, which was partly offset with buying by emerging economies.

Foreign portfolio investment in Canadian securities

\$ billions



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

Definitions, data sources and methods: survey number 1535.

The October 2006 issue of *Canada's International Transactions in Securities* (67-002-XWE, free) will soon be available.

Data on Canada's international transactions in securities for November will be released on January 18, 2007.

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 Yiling Zhang (613-951-2057), Balance of Payments Division

□

Canada's international transactions in securities

	July 2006	August 2006	September 2006	October 2006	January to October 2005	January to October 2006
\$ millions						
Foreign investment in Canadian securities	4,388	256	-2,905	-5,001	10,421	17,366
Bonds (net)	5,282	-809	-492	757	3,375	1,691
Outstanding	1,054	-1,070	-154	1,733	2,227	4,595
New issues	5,373	1,472	3,363	2,454	29,775	28,318
Retirements	-1,432	-2,001	-3,421	-3,795	-30,106	-32,395
Change in interest payable ¹	287	790	-280	366	1,479	1,172
Money market paper (net)	-2,400	915	334	-399	-2,405	5,013
Government of Canada	-1,362	656	181	-398	37	3,687
Other	-1,038	259	153	-1	-2,442	1,326
Stocks (net)	1,506	149	-2,746	-5,360	9,451	10,662
Outstanding	1,558	370	-2,940	3,291	10,102	20,739
Other transactions	-52	-221	194	-8,651	-650	-10,077
Canadian investment in foreign securities	-6,266	-12,394	-2,668	-6,828	-44,411	-68,495
Bonds (net)	-2,989	-4,932	-1,406	-5,695	-24,239	-38,228
Stocks (net)	-1,613	-5,231	-154	-676	-19,004	-24,931
Money market paper (net)	-1,664	-2,231	-1,108	-458	-1,168	-5,336

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.



Leading indicators

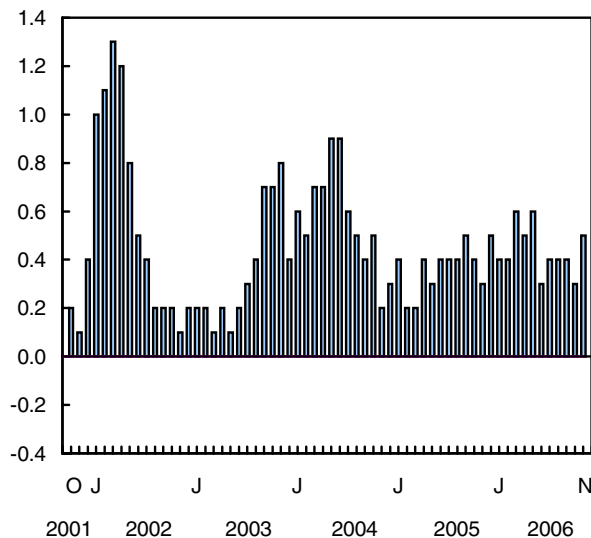
November 2006

The composite leading index rose 0.5% in November, nearly double its upward-revised gain in October. This is the strongest sign yet that the recent slowdown in growth should not be prolonged.

Only 2 of the 10 components fell in November, the fewest since May. Growth was led by a buoyant stock market and strong consumer spending, while the slump in US demand for Canada's manufactured goods eased after five straight declines.

Composite leading indicator

Smoothed percentage change



The stock market hit a record high in November. Unlike recent months, growth diversified away from

the energy and mining sectors, with investors leaving income trusts to search for dividend yields. High stock market prices and continued gains in housing prices kept household wealth growing at a healthy pace in the third quarter.

With solid gains in employment and wealth, consumer spending remained robust. Stronger sales of furniture and appliances as well as electronic goods offset slower auto sales. The housing index dipped for an eighth straight month, although higher starts of multiple units helped brake the rate of decline. Construction of multiples was particularly strong in Alberta, where housing is in short supply.

The most encouraging development was an improvement in US demand for manufactured goods. The US leading indicator edged up 0.1%, its first gain since May. This was reflected in an upturn in new orders for Canada's manufactured goods. However, the turnaround in orders was not yet reflected in shipments, where the worsening slump in the lumber and auto industries overtook the ability of firms to cut output. As a result, inventories rose for the first time in over a year, aggravating the drop in the ratio of shipments to inventories. The average workweek in manufacturing rebounded from a dip in October.

Available on CANSIM: table 377-0003.

Definitions, data sources and methods: survey number 1601.

For more information on the economy, consult the December 2006 issue of *Canadian Economic Observer*, Vol. 19, no. 12 (11-010-XWB, free) from the *Publications* module of our website. A printed version is also available (11-010-XPB, \$25/\$243). See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group. □

Leading indicators

	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	Last month of data available % change
Composite leading indicator (1992=100)	216.1	217.0	217.9	218.7	219.3	220.5	0.5
Housing index (1992=100) ¹	147.3	145.9	142.4	141.3	140.4	139.3	-0.8
Business and personal services employment ('000)	2,707	2,719	2,733	2,746	2,755	2,768	0.5
S&P/TSX stock price index (1975=1,000)	11,872	11,901	11,893	11,810	11,930	12,158	1.9
Money supply, M1 (\$ millions, 1992) ²	149,097	150,303	150,907	151,629	153,439	155,081	1.1
US Conference Board leading indicator (1992=100) ³	127.4	127.2	127.1	126.8	126.7	126.8	0.1
Manufacturing							
Average workweek (hours)	38.0	38.1	38.3	38.4	38.4	38.5	0.3
New orders, durables (\$ millions, 1992) ⁴	26,611	26,282	26,128	26,029	25,681	25,916	0.9
Shipments/inventories of finished goods ⁴	1.87	1.86	1.86	1.87	1.87	1.85	-0.02 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	2,495	2,522	2,535	2,551	2,570	2,593	0.9
Other durable goods sales (\$ millions, 1992) ⁴	8,361	8,447	8,477	8,588	8,682	8,724	0.5
Unsmoothed composite leading indicator	217.0	219.5	219.8	219.0	221.4	222.7	0.6

1. Composite index of housing starts (units) and house sales (multiple listing service).
2. Deflated by the Consumer Price Index for all items.
3. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.
4. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.
5. Difference from previous month.



Internet service providers

2005

The nation's Internet service providers (ISP), excluding cable and wireless Internet access providers, grew more profitable in 2005.

According to new data from the Survey of Internet Service Providers for 2005, earned operating revenues for the industry amounted to \$1.9 billion, up 9% from 2004.

As well, the industry's operating profit margin was 19%, up from 17% in the previous year. Much of this improvement was due to the strong performance of the industry's largest firms.

The ISP industry is highly concentrated, with the largest 20 firms accounting for nearly 90% of the industry's total operating revenues. This segment, enjoying economies of scale, was significantly more profitable than the rest of the industry.

Revenues from the residential subscribers (households) constituted \$6 out of every \$10 earned by the industry, double the proportion generated from business sector clients. Governments and public institutions accounted for less than one-tenth of the industry's revenues.

Revenues earned from the provision of Internet access accounted for 77% of total operating revenues, compared to 80% in the previous year. This proportion has been declining in recent years as the industry generates more revenues from related activities, such as the sale of online advertising space, and consulting services.

Consumers continued their rapid shift from narrowband (dial-up) to broadband (high-speed) services. In 2005, three-quarters (76%) of Internet access revenues were generated from the provision of broadband access, compared with 70% in 2004 and 60% in 2003. Internet access revenues from narrowband services matched those from broadband as recently as 2002.

The dominance of broadband connectivity becomes more evident when taking into account that this survey does not include Internet access provided through cable and wireless services, all of which fall under the broadband category.

According to data from the Canadian Internet Use Survey, released in *The Daily* on August 15, 2006, about half of those who accessed the Internet at home in 2005 did so using a cable connection. Only 18% of all home users of Internet did not use a high-speed connection.

Industry operating expenses increased 6% to \$1.5 billion. Salaries, wages and benefits

accounted for 29% of operating expenses, while telecommunications expenses, including leased line charges from upstream providers, accounted for 27%.

Note: The Survey of Internet Service Providers covers firms classified to 518111 (Internet Service Providers), in the North American Industry Classification System (NAICS). It excludes firms coded to wireless telecommunications carriers (NAICS 5172) and cable and other program distribution industry (NAICS 5175). Additionally, some firms in the telecommunications industry that, despite offering Internet access services do not have distinct establishments related to their ISP activity are not covered by this survey.

Available on CANSIM: table 354-0006.

Definitions, data sources and methods: survey number 4303.

Results from the 2005 Annual Survey of Internet Service Providers and Related Services are now available for Canada. Included are summary statistics for operating revenue, operating expenses, salaries and benefits, number of firms and number of employees. Also available are data for revenues earned by type of service provided and data for detailed operating expense items.

To order a copy of the data release package, contact Denyse Brazeau (613-951-5634; fax: 613-951-6696; denyse.brazeau@statcan.ca), Service Industries Division.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kyoomars Haghandish (613-951-6304; fax 613-951-6696; kyoomars.haghandish@statcan.ca) or Conrad Ogrodnik (613-951-3496; fax 613-951-6696; conrad.ogrodnik@statcan.ca), Service Industries Division. ■

Large urban transit

October 2006 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 2.7% higher in October than it was for the same month in 2005.

Approximately 119.7 million passenger trips were taken on these transit systems in October. These systems account for about 80% of total urban transit in Canada.

The trips generated \$180.2 million in revenue in October (excluding subsidies), a 1.7% increase over October 2005.

Available on CANSIM: table 408-0004.

Definitions, data sources and methods: survey number 2745.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Dissemination Unit (toll-free 1-866-500-8400; fax: 613-951-0009; transportationstatistics@statcan.ca), Transportation Division. ■

Pipeline transportation of crude oil and refined petroleum products

September 2006

Data on the net receipts of crude oil and equivalent hydrocarbons, liquefied petroleum gases and refined petroleum products, pipeline exports of crude oil and deliveries of crude oil by pipeline to Canadian refineries are now available for September.

Available on CANSIM: tables 133-0001 to 133-0005.

Definitions, data sources and methods: survey numbers, including related surveys, 2148 and 2191.

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

Primary iron and steel

October 2006

Data on primary iron and steel are now available for October.

Available on CANSIM: tables 303-0048 to 303-0051.

Definitions, data sources and methods: survey numbers, including related surveys, 2116 and 2184.

The October 2006 issue of *Steel, Tubular Products and Steel Wire* (41-019-XWE, free) will soon be available.

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

Monthly Survey of Large Retailers

October 2006

Data for the monthly survey of large retailers are now available for October.

Available on CANSIM: table 080-0009.

Definitions, data sources and methods: survey number 5027.

A data table is also available from the *Summary tables* module of our website.

For general information or to order data, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Abdul Mohammed (613-951-7719), Distributive Trades Division. ■

New products

Canada's International Investment Position, Third quarter 2006, Vol. 4, no. 3
Catalogue number 67-202-XWE
(free).

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; -XCB or -XCE are electronic versions on compact disc and -XBB or -XBE a database.

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Catalogue 11-001-XIE (if single) 11-001-XIE/04-057-6-05



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 and less, in 1996, each Canadian took the average of about 181 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 1996 accompanied by sluggish gains in employment and slow economic growth (GDP) in 1996.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, sales ending May 31, 1997** 12
- **Egg production, Apr. 1997** 12

PUBLICATIONS RELEASED 11

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