



# The Daily

Statistics Canada

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## Releases

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Canada's current account surplus with the rest of the world, on a seasonally adjusted basis, increased \$2.2 billion in the second quarter to \$8.4 billion. In the capital and financial account (not seasonally adjusted), the growth in Canada's foreign assets significantly outpaced that in international liabilities.	
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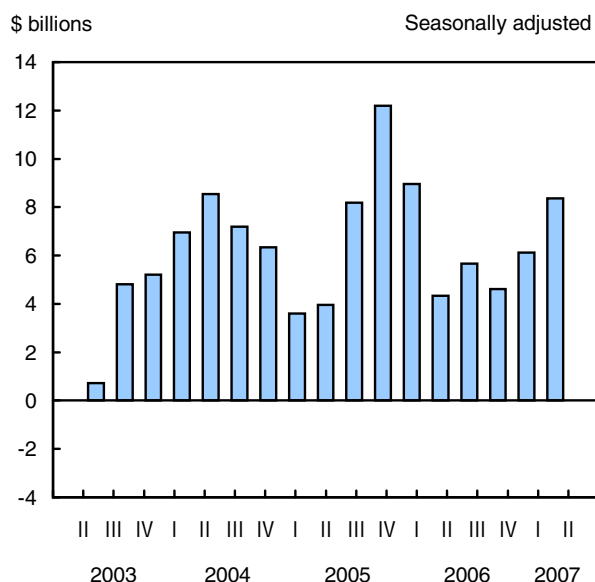
## Releases

### Canada's balance of international payments

Second quarter 2007

Canada's current account surplus with the rest of the world, on a seasonally adjusted basis, increased \$2.2 billion in the second quarter to \$8.4 billion. Most of the gain came from a third consecutive improvement of the trade-in-goods surplus, as imports declined slightly in the second quarter.

#### Current account balance



In the capital and financial account (not seasonally adjusted), the growth in Canada's foreign assets significantly outpaced that in international liabilities. Canadian portfolio investment in foreign securities continued to be the driving force behind the increase in foreign assets.

#### Current account

#### Goods surplus increases again

The surplus on trade in goods went up for the third consecutive quarter, reaching its highest level since the fourth quarter of 2005. The \$1.6 billion increase pushed the surplus to \$16.3 billion in the second quarter as imports declined by \$2.0 billion.

#### Note to readers

The **balance of payments** covers all economic transactions between Canadian residents and non-residents. It includes the current account and the capital and financial account.

The **current account** covers transactions on goods, services, investment income and current transfers. Transactions in exports and interest income are examples of receipts, while imports and interest expenses are payments. The balance from these transactions determines if Canada's current account is in **surplus** or **deficit**.

The **capital and financial account** is mainly composed of transactions in financial instruments. Financial assets and liabilities with non-residents are presented under three functional classes: direct investment, portfolio investment and other investment. These investments belong either to Canadian residents (Canadian assets) or to foreign residents (Canadian liabilities). Transactions resulting in a capital inflow are presented as positive values while capital outflows from Canada are shown as negative values.

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the **statistical discrepancy** is the net unobserved inflow or outflow needed to balance the accounts.

After recording a record level during the first quarter, imports shrank by \$2.0 billion to \$102.8 billion in the second quarter. Imports of machinery and equipment, automotive products and consumer goods all fell, largely due to lower prices. Energy products were the exception, with imports increasing by \$1.1 billion from the previous quarter.

Of the \$1.3 billion drop in automotive products imports, \$1.0 billion was related to motor vehicle parts, which are usually closely related to the exports of cars.

Exports of industrial materials increased by \$1.4 billion, registering its seventh consecutive record high (\$27.4 billion). This was offset by declines in exports of other goods, leaving total exports at virtually the same level as in the first quarter.

Once again, the increase in exports of industrial materials was mainly due to higher prices. Most of the increase was driven by inorganic chemicals, including uranium, and nickel and copper components, where prices rose, on average, by almost 30% in the second quarter.

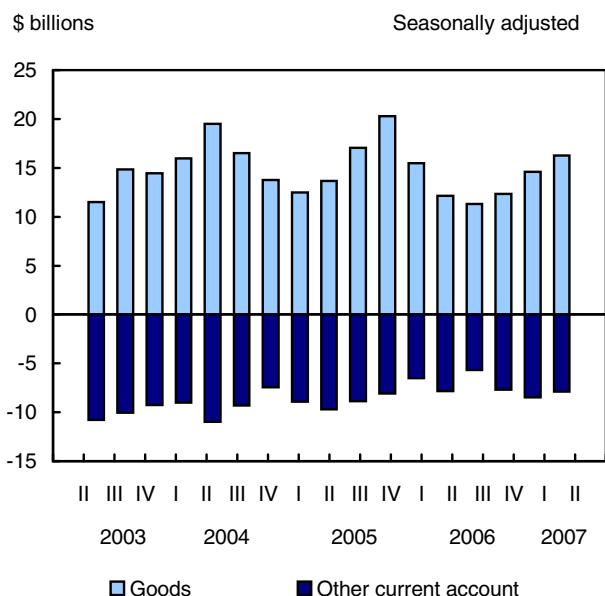
Exports of energy products rose \$0.6 billion, due to increased volume and higher prices for petroleum products and coal products. However, crude petroleum

exports fell half a billion dollars during the second quarter.

These increases were offset by lower exports of automotive products, and machinery and equipment. Exports of cars, trucks and parts declined \$1.5 billion to \$19.4 billion. There has been persistent weakness in automotive exports recently. In fact, the five lowest levels since the end of 1998 have been registered during the last five quarters.

Forestry products exports continued their downward trend. In the last three years, exports of forestry products have declined by more than 25%, as the soft US housing market and the strong Canadian dollar have led to reduced export volumes as well as lower prices for Canadian producers.

### Goods and other current account balances



### Small improvement in the services deficit

For the second consecutive quarter, the services deficit declined slightly but remained near its record high.

For the second consecutive quarter, the travel deficit edged down \$0.1 billion. There were more travellers from the United States visiting Canada for both same-day trips and longer trips in the second quarter, resulting in a 4% increase in expenditures by visitors from the US.

Canadian travel expenditure in the United States declined 3% in the second quarter, despite an increase in the number of Canadians traveling south of the border. The increased number of travellers to the United States was mostly due to same-day trips. Although, in general, these travellers represent 60% of all Canadians going to the United States, their expenses account for only around 10% of all Canadian travel expenses in that country.

The transportation deficit also shrank by \$0.1 billion, largely because of passenger fares. At the same time, the deficit in commercial services increased slightly, maintaining its highest level since the fourth quarter of 2004, as a higher deficit in financial services was partially offset by a lower deficit on transactions in royalties and license fees.

### Investment income deficit remains stable

As both receipts and payments barely changed in the second quarter, the deficit on investment income stood at \$4.1 billion.

Profits earned by foreign direct investors in Canada increased \$0.4 billion to \$8.5 billion, just a few million dollars shy of the record observed in the third quarter of 2005. This was offset in part by slightly lower payments of interest, notably on corporate and provincial enterprise bonds as both sectors count on a large share of bonds issued in US dollars.

Profits from Canadian direct investment abroad dropped slightly by \$0.1 billion to \$7.5 billion, but still remained historically high.

Interest earnings on foreign bonds continued to grow, gaining another \$0.1 billion in the second quarter. Canadians have made substantial acquisitions of foreign bonds in recent years.

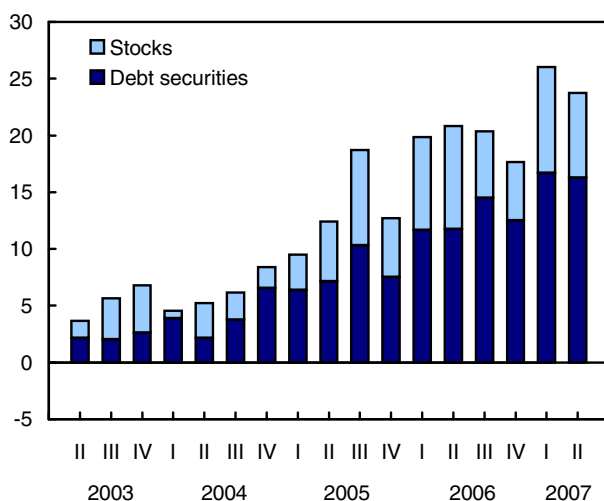
### Financial Account

#### Strong Canadian investment persists in foreign securities

Following a record investment of \$26.0 billion in the previous quarter, Canadian investment in foreign securities maintained its torrid pace in the second quarter. Continuing a well-established trend, the bulk of the \$23.8 billion of acquisitions was in foreign bonds with most of the remaining investment in foreign stocks.

### Canadian portfolio investment abroad<sup>1</sup>

\$ billions



1. Reverse of balance of payments signs.

Investment in foreign bonds remained robust in the second quarter as Canadian investors acquired \$16.0 billion worth, nearly matching the record investment of \$16.5 billion set in the first quarter. Some \$10 billion worth of the investment in foreign bonds was denominated in Canadian dollars (maple bonds), bringing the year-to-date total to \$22.8 billion.

Canadians bought a further \$7.5 billion of foreign stocks in the second quarter after purchasing \$9.3 billion worth in the first quarter. Almost two-thirds (\$4.9 billion) went to non-US stocks, the largest quarterly investment in non-US stocks since the second quarter of 2001.

Investment in foreign money market paper totalled \$239 million for the quarter with purchases mainly focused on issues of US corporations. However, these acquisitions were largely offset by a substantial divestment of US treasury bills. Over the quarter, the interest rate gap between Canada and the US on treasury bills continued to narrow in Canada's favour.

### Direct investment abroad slides to its lowest level in five quarters

Direct investment abroad amounted to \$9.8 billion in the second quarter, a significant slowdown after four very strong quarters, where investment averaged \$15.7 billion.

This quarter's investment was largely explained by additional capital injected into existing foreign affiliates, mainly reinvested earnings. Direct investment

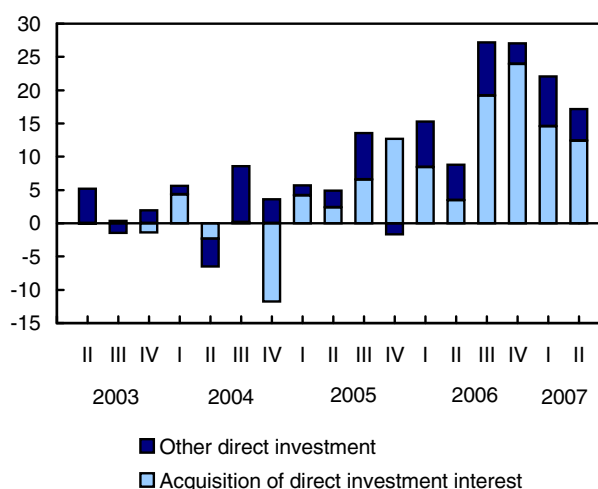
abroad was almost entirely directed to the finance and insurance industry (\$9.4 billion) and mainly targeted the US economy (52%).

### Acquisitions boost foreign direct investment in Canada

Foreign direct investors added another \$17.1 billion into the Canadian economy during the second quarter, bringing the total investment so far this year to \$39.2 billion. This was the second highest investment ever for the first six months of a year.

### Foreign direct investment in Canada

\$ billions



The bulk of the foreign injections in the second quarter were explained by acquisitions (\$12.4 billion). Over the last four quarters, foreign acquisitions in the Canadian economy have totalled \$70.1 billion, representing three-quarters of all the money injected by foreign direct investors during this period.

European investors dominated in the second quarter with investments totalling \$9.4 billion, followed by US investors (\$4.9 billion). Energy and metallic minerals continued to be a sector that attracted the attention of foreign direct investors as they invested in this sector for a 10th consecutive quarter (\$9.2 billion).

### Foreign investors sell some of their holdings of Canadian securities

Foreign investors sold \$4.8 billion worth from their holdings of Canadian securities over the second quarter, their first divestment in two years. The quarter's

divestment occurred almost entirely in Canadian bonds with only a slight reduction in holdings of Canadian stocks. These were partially offset by non-residents' investments in Canadian money market paper.

Non-residents withdrew \$4.9 billion worth of Canadian bonds from their investment portfolios, entirely due to a divestment of \$6.0 billion in outstanding government issues, mostly issues of the Government of Canada. It was the largest foreign divestment in Canadian bonds in nearly four years and reversed a trend of strong foreign investment in these instruments observed since the third quarter of 2006.

Non-resident holdings of Canadian equities were reduced by \$899 million over the second quarter. Foreign investment in outstanding shares (\$3.3 billion) was overwhelmed by net retirements (\$4.2 billion), mainly due to foreign takeover activity. Over the last three quarters, this activity has reduced foreign portfolio holdings by \$16.0 billion despite investment in outstanding shares totalling \$9.3 billion. The Standard and Poor's/Toronto Stock Exchange index rose 5.6% between March and June 2007.

Non-residents bought \$1.0 billion worth of Canadian money market paper during the second quarter. Investment was focused on Canadian corporate paper as foreign investors acquired \$961 million worth.

#### **Transactions in deposits, loans and reserves assets**

The other investment category of the financial account, which comprises international loans, deposits

and reserves, recorded a net inflow of \$9.4 billion in the second quarter. This was up from a net inflow of \$2.5 billion in the first quarter, and was essentially due to sizable inflows of international deposits for a second consecutive quarter, which more than offset increases in Canadian assets. The Canadian dollar made significant gains during the quarter against all major currencies, closing the quarter at 93.9 US cents, an increase of over 7 cents on the American dollar.

**Available on CANSIM: tables 376-0001 to 376-0017 and 376-0035.**

**Definitions, data sources and methods: survey numbers, including related surveys, 1534, 1535, 1536 and 1537.**

The second quarter 2007 issue of *Canada's Balance of International Payments* (67-001-XWE, free) will be available soon.

The balance of international payments data for the third quarter will be released on November 29.

For more information, contact Client Services (613-951-1855; [infobalance@statcan.ca](mailto:infobalance@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Arthur Berger (613-951-3619), Balance of Payments Division.

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**Balance of payments**

	Second quarter 2006	Third quarter 2006	Fourth quarter 2006	First quarter 2007	Second quarter 2007	2005	2006
	Not seasonally adjusted						
	\$ millions						
<b>Current account</b>							
Receipts							
Goods and services	132,405	131,426	130,643	134,856	138,815	518,762	522,926
Goods	115,548	111,946	115,070	119,120	121,799	451,783	455,696
Services	16,857	19,480	15,573	15,736	17,016	66,979	67,230
Investment income	14,748	16,492	17,050	15,519	16,587	48,213	61,599
Direct investment	7,609	8,677	9,523	7,523	8,026	26,017	32,600
Portfolio investment	4,202	4,262	4,682	5,215	5,420	12,380	16,867
Other investment	2,937	3,554	2,844	2,781	3,140	9,816	12,131
Current transfers	2,021	1,920	2,704	2,871	2,140	8,176	9,682
<b>Current account receipts</b>	<b>149,174</b>	<b>149,838</b>	<b>150,397</b>	<b>153,245</b>	<b>157,542</b>	<b>575,151</b>	<b>594,207</b>
Payments							
Goods and services	125,310	121,328	122,453	126,159	128,053	467,423	486,789
Goods	104,860	100,300	102,246	104,382	107,063	388,282	404,395
Services	20,450	21,028	20,207	21,776	20,990	79,141	82,394
Investment income	18,108	18,006	19,888	21,122	20,108	70,735	73,446
Direct investment	8,145	7,608	8,573	8,986	9,137	34,212	31,091
Portfolio investment	6,602	6,783	7,129	7,049	6,940	27,897	27,094
Other investment	3,361	3,616	4,186	5,087	4,031	8,625	15,260
Current transfers	1,781	2,090	2,859	3,541	1,875	9,051	10,394
<b>Current account payments</b>	<b>145,199</b>	<b>141,423</b>	<b>145,200</b>	<b>150,822</b>	<b>150,036</b>	<b>547,208</b>	<b>570,629</b>
<b>Current account balance</b>	<b>3,975</b>	<b>8,415</b>	<b>5,197</b>	<b>2,424</b>	<b>7,506</b>	<b>27,943</b>	<b>23,578</b>
<b>Capital and financial account<sup>1, 2</sup></b>							
<b>Capital account</b>	<b>1,076</b>	<b>993</b>	<b>951</b>	<b>1,247</b>	<b>1,165</b>	<b>5,940</b>	<b>4,201</b>
<b>Financial account</b>	<b>-5,769</b>	<b>-7,587</b>	<b>-1,164</b>	<b>-11,434</b>	<b>-11,705</b>	<b>-38,287</b>	<b>-22,741</b>
Canadian assets, net flows							
Canadian direct investment abroad	-15,787	-13,245	-17,046	-16,618	-9,780	-40,645	-51,322
Portfolio investment	-20,808	-20,372	-17,637	-26,015	-23,756	-53,279	-78,693
Foreign bonds	-12,689	-9,533	-10,767	-16,450	-16,016	-29,238	-43,602
Foreign stocks	-9,055	-5,892	-5,142	-9,333	-7,502	-21,951	-28,291
Foreign money market	936	-4,946	-1,728	-232	-239	-2,089	-6,800
Other investment	-20,938	-12,939	19,796	-21,215	-14,921	-22,157	-35,325
Loans	-4,317	-6,377	429	-4,524	4,300	8,217	-12,201
Deposits	-16,742	-4,069	25,901	-6,126	-9,068	-15,817	-8,183
Official international reserves	909	52	1,662	-4,722	-366	-1,653	-1,013
Other assets	-788	-2,545	-8,195	-5,843	-9,787	-12,903	-13,927
<b>Total Canadian assets, net flows</b>	<b>-57,533</b>	<b>-46,555</b>	<b>-14,887</b>	<b>-63,848</b>	<b>-48,457</b>	<b>-116,081</b>	<b>-165,339</b>
Canadian liabilities, net flows							
Foreign direct investment in Canada	8,784	27,223	27,047	22,050	17,145	35,046	78,317
Portfolio investment	12,849	4,166	5,328	6,673	-4,751	9,577	32,544
Canadian bonds	-843	6,351	12,341	7,906	-4,858	-78	18,015
Canadian stocks	9,091	-1,034	-5,264	-532	-899	9,133	10,814
Canadian money market	4,602	-1,151	-1,749	-702	1,006	522	3,715
Other investment	30,131	7,579	-18,653	23,690	24,358	33,171	31,737
Loans	3,226	7,048	716	1,177	1,975	3,496	11,873
Deposits	27,046	657	-18,032	21,844	22,329	28,951	20,724
Other liabilities	-141	-126	-1,337	669	54	723	-860
<b>Total Canadian liabilities, net flows</b>	<b>51,764</b>	<b>38,968</b>	<b>13,723</b>	<b>52,414</b>	<b>36,752</b>	<b>77,793</b>	<b>142,598</b>
<b>Total capital and financial account, net flows</b>	<b>-4,694</b>	<b>-6,593</b>	<b>-213</b>	<b>-10,187</b>	<b>-10,541</b>	<b>-32,347</b>	<b>-18,540</b>
Statistical discrepancy	719	-1,821	-4,984	7,764	3,035	4,404	-5,038

1. A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or from a decrease in liabilities to non-residents.  
 2. Transactions are recorded on a net basis.

**Current account**

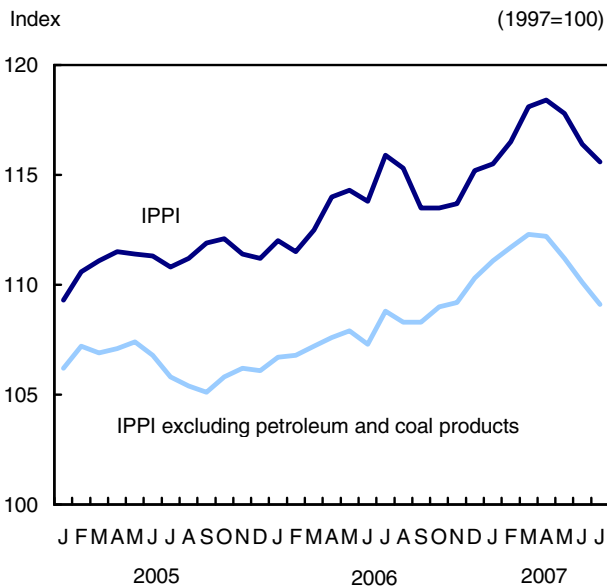
	Second quarter 2006	Third quarter 2006	Fourth quarter 2006	First quarter 2007	Second quarter 2007	2005	2006
	Seasonally adjusted						
	\$ millions						
<b>Receipts</b>							
Goods and services	129,186	131,187	132,338	136,433	136,066	518,762	522,926
Goods	112,282	114,294	115,506	119,365	119,029	451,783	455,696
Services	16,904	16,893	16,832	17,068	17,037	66,979	67,230
Travel	4,213	4,178	4,124	4,106	4,191	16,674	16,598
Transportation	2,965	3,049	3,111	3,240	3,241	11,750	12,129
Commercial services	9,290	9,224	9,140	9,257	9,143	36,888	36,708
Government services	436	443	457	465	462	1,666	1,795
Investment income	14,323	16,498	16,885	16,060	15,995	48,213	61,599
Direct investment	7,407	8,716	9,150	7,942	7,738	26,017	32,600
Interest	398	434	276	379	272	1,045	1,380
Profits	7,009	8,282	8,874	7,562	7,467	24,971	31,220
Portfolio investment	4,129	4,295	4,741	5,239	5,271	12,380	16,867
Interest	1,480	1,582	1,838	2,033	2,163	3,652	6,189
Dividends	2,649	2,712	2,903	3,206	3,108	8,728	10,679
Other investment	2,787	3,488	2,995	2,880	2,985	9,816	12,131
Current transfers	2,282	2,252	2,521	2,437	2,419	8,176	9,682
Private	644	673	623	664	653	2,697	2,680
Official	1,638	1,579	1,897	1,773	1,766	5,479	7,002
<b>Total receipts</b>	<b>145,791</b>	<b>149,938</b>	<b>151,744</b>	<b>154,929</b>	<b>154,480</b>	<b>575,151</b>	<b>594,207</b>
<b>Payments</b>							
Goods and services	120,562	123,701	124,297	125,889	123,739	467,423	486,789
Goods	100,128	102,968	103,175	104,757	102,774	388,282	404,395
Services	20,434	20,732	21,122	21,133	20,966	79,141	82,394
Travel	5,685	5,874	6,081	5,964	5,918	22,059	23,311
Transportation	4,721	4,823	5,058	5,035	4,943	17,566	19,194
Commercial services	9,773	9,779	9,726	9,884	9,849	38,503	38,865
Government services	255	255	256	250	255	1,013	1,024
Investment income	18,760	18,259	19,848	20,101	20,123	70,735	73,446
Direct investment	8,584	7,555	8,569	8,456	8,900	34,212	31,091
Interest	365	365	370	356	360	1,501	1,465
Profits	8,219	7,190	8,199	8,100	8,541	32,711	29,626
Portfolio investment	6,584	6,797	7,175	7,004	6,928	27,897	27,094
Interest	5,448	5,624	5,819	5,883	5,734	23,369	22,324
Dividends	1,136	1,173	1,355	1,120	1,195	4,528	4,770
Other investment	3,592	3,908	4,105	4,642	4,294	8,625	15,260
Current transfers	2,139	2,313	2,977	2,826	2,256	9,051	10,394
Private	1,330	1,417	2,129	1,915	1,409	5,172	6,913
Official	809	896	849	911	847	3,879	3,481
<b>Total payments</b>	<b>141,462</b>	<b>144,273</b>	<b>147,123</b>	<b>148,817</b>	<b>146,118</b>	<b>547,208</b>	<b>570,629</b>
<b>Balances</b>							
Goods and services	8,624	7,487	8,041	10,544	12,327	51,340	36,137
Goods	12,154	11,325	12,331	14,609	16,256	63,501	51,302
Services	-3,530	-3,839	-4,290	-4,065	-3,928	-12,162	-15,165
Travel	-1,472	-1,696	-1,957	-1,859	-1,727	-5,385	-6,713
Transportation	-1,757	-1,775	-1,948	-1,795	-1,702	-5,815	-7,065
Commercial services	-482	-556	-587	-627	-706	-1,615	-2,157
Government services	181	188	202	215	207	653	770
Investment income	-4,437	-1,761	-2,963	-4,041	-4,128	-22,522	-11,847
Direct investment	-1,176	1,161	581	-514	-1,162	-8,195	1,509
Interest	34	69	-94	24	-88	-455	-85
Profits	-1,210	1,092	674	-538	-1,074	-7,740	1,594
Portfolio investment	-2,455	-2,502	-2,434	-1,765	-1,657	-15,518	-10,227
Interest	-3,968	-4,042	-3,982	-3,851	-3,571	-19,718	-16,135
Dividends	1,513	1,540	1,548	2,086	1,913	4,200	5,908
Other investment	-806	-420	-1,110	-1,762	-1,309	1,191	-3,129
Current transfers	143	-61	-457	-390	163	-875	-712
Private	-686	-744	-1,505	-1,251	-756	-2,475	-4,233
Official	829	683	1,049	861	919	1,600	3,521
<b>Current account</b>	<b>4,330</b>	<b>5,665</b>	<b>4,622</b>	<b>6,113</b>	<b>8,362</b>	<b>27,943</b>	<b>23,578</b>

## Industrial product and raw materials price indexes

July 2007

In July, falling prices for metals and the strength of the Canadian dollar drove the prices of manufactured products down for a third consecutive month, while a jump in crude oil prices pushed raw materials prices upward.

### Prices for manufactured goods decrease again



From June to July, prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), fell 0.7% following two consecutive monthly declines. The drop in prices essentially reflects lower prices for primary metal products, motor vehicles and other transportation equipment, as well as chemical products. However, higher prices for petroleum and coal products, and lumber and other wood products tempered the decline in the IPPI.

On a 12-month basis, the IPPI edged down 0.3%, its first decrease after 22 consecutive advances. The most significant declines were in motor vehicles and other transportation equipment, and petroleum and coal products. The downward movement was slowed by a rise in prices for chemical products, fruit, vegetables and feed products, and tobacco and tobacco products, among others.

The Raw Materials Price Index (RMPI) rose 3.9% from June to July, led almost exclusively by a jump in the prices of mineral fuels. The largest price decreases were

### Note to readers

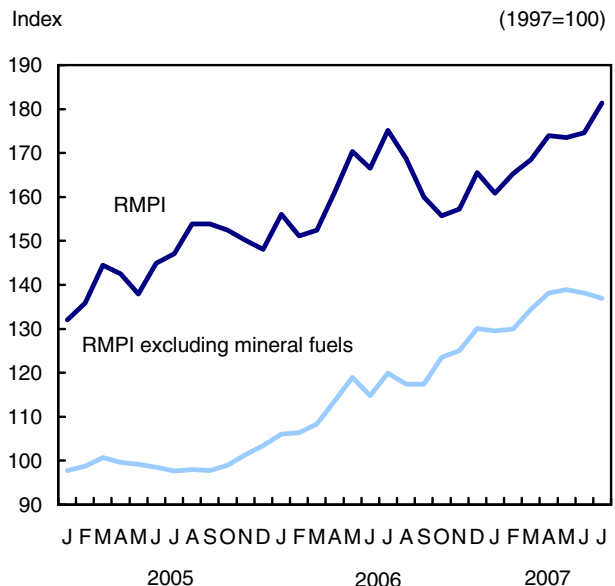
The **Industrial Product Price Index (IPPI)** reflects the prices that producers in Canada receive as the goods leave the plant gate. It does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time a good leaves the plant and the time the final user takes possession of it, including the transportation, wholesale, and retail costs.

Canadian producers export many goods. They often quote their prices in foreign currencies, particularly for motor vehicles, pulp, paper, and wood products. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI.

The **Raw Materials Price Index (RMPI)** reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in a world market. Unlike the IPPI, the RMPI includes goods not produced in Canada.

in animals and animal products, non-ferrous metals and wood.

### Raw materials prices increase again



Compared with July 2006, raw materials cost plants 3.5% more, a lower year-over-year rate of increase than the 4.9% recorded in June. The rise in the index was mainly due to prices for non-ferrous metals, while it was slowed by prices for mineral fuels.

In July, the IPPI was 115.6 (1997=100), down from June's revised level of 116.4. The RMPI was 181.4 (1997=100), up from June's revised level of 174.6.



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### **IPPI: Primary metal products lead decline in industrial prices**

Month over month, manufacturers' prices were pulled downward mainly by falling prices for primary metal products and, to a lesser extent, for motor vehicles and other transportation equipment, and chemical products. However, the decline in the overall index was slowed by higher prices for petroleum and coal products, and lumber and other wood products.

Prices for primary metal products dropped 3.9% in July after two consecutive monthly decreases. The index has fallen 10.9% since reaching a record high in April. Nickel products plummeted 21.0% in July, following a similar decline in June (-22.2%). Nickel prices are returning to more realistic levels as a result of high inventories and production cuts in the steel industry. Other decreases in metal prices had less effect on the movement of the primary metal products index, in particular, aluminum products (-1.9%) and iron and steel products (-0.9%). The price reductions for those metals reflect the slowdown of economic activity in the United States and high levels of inventories. The decline in the primary metals index was partly offset by a 2.5% increase in the prices of copper and copper alloys, due to lower production in Africa and Latin America and low inventories.

Prices for motor vehicles fell 0.8%, their sixth consecutive month-over-month decline. Prices for motor vehicles are still affected by the rise in the Canadian dollar's value against the US currency.

Prices for chemical products were down 1.6%, following a 0.1% dip in June. They were led by declines in prices for ammonia and urea-based fertilizer, both of which fell 18.3%. These two products were affected by weaker demand.

The IPPI's decline was moderated by petroleum and coal products, which advanced 0.8% after a 2.6% drop in June. If the prices for petroleum and coal products had been excluded, the IPPI would have decreased 0.9% instead of 0.7%.

Prices for lumber and other wood products rose 0.9% in July following a 0.6% gain in June. Lumber prices are still below the levels observed in previous years; specifically, they are 2.2% lower than the average observed for 2006. In July, the only products that registered significant price increases were particleboard (+17.4%), and veneer and plywood (+6.1%).

### **IPPI: First decrease in the 12-month change after 22 consecutive advances**

The IPPI edged down 0.3% from July 2006 to July 2007, its first decline after 22 months of increases. The IPPI was pulled downward mainly by motor

vehicles and other transportation equipment, as well as petroleum and coal products. Prices were also down for pulp and paper products, primary metals, and electrical and communication products. The IPPI excluding petroleum and coal grew 0.3%, a slower pace than in preceding months.

Motor vehicle prices fell 4.5% compared with July 2006, a larger decrease than the one observed in June (-2.8%). Petroleum and coal prices also picked up their downward pace, declining 5.0% compared with the 0.6% drop in the previous month. Prices for primary metals registered their first decrease (-1.8%) since November 2005, led by copper and copper alloys (-10.8%), aluminum products (-8.4%) and iron and steel products (-3.1%).

The IPPI's downward movement was moderated by higher prices for chemical products (+3.5%), fruit, vegetables and feed products (+3.8%), tobacco and tobacco products (+14.7%) and meat, fish and dairy products (+2.0%).

### **RMPI: Soaring prices for mineral fuels drive up raw materials prices**

Prices for raw materials rose 3.9% in July, a higher rate of increase than in the first six months of 2007. The RMPI was led by a sharp increase in prices for mineral fuels. On the other hand, lower prices for animals and animal products, non-ferrous metals and wood dampened the advance in the overall RMPI.

Mineral fuels jumped 9.5% as a result of a sharp increase in the price of crude oil (+11.9%). Without mineral fuels, the RMPI would have declined 0.9% from June instead of rising 3.9%.

Prices for animals and animal products dropped 1.9%, mainly because of lower prices for cattle for slaughter (-4.0%). An increase in feed costs resulted in an oversupply of slaughter animals.

There was a 0.6% decline in prices for non-ferrous metals, notably radioactive concentrates (-3.6%), zinc concentrates (-4.7%) and nickel concentrates (-21.0%). In contrast, lead prices soared 29.1% due to strong international demand, offsetting much of the decrease in other metal prices.

On a 12-month basis, raw materials prices rose 3.5% in July, down from the 4.9% rate of increase in June. Prices for raw materials were propelled mainly by a 28.2% jump in prices for non-ferrous metals, which was dampened by a 5.8% drop in mineral fuels. Without mineral fuels, the RMPI would have increased 14.2% instead of 3.5%.

Non-ferrous metals accounted for most of the 12-month increase, with prices rising 28.2%, mainly on the strength of year-over-year advances in the prices of radioactive concentrates and lead concentrates.

Prices were also up from the previous year in the case of vegetable products (+15.3%), wood (+10.5%) and animals and animal products (+1.6%).

### Impact of the exchange rate

The value of the Canadian dollar against the US dollar rose 1.4% from June to July. Consequently, without the effect of the exchange rate, the change in the IPPI would have been a 0.3% decline instead of a 0.7% decline.

On a 12-month basis, the value of the Canadian dollar increased 7.6% against the US dollar. If the impact of the exchange rate had been excluded, producer prices would have risen 1.7% instead of falling 0.3% between July 2006 and July 2007.

### Prices for intermediate goods decline for a third consecutive month

Prices for intermediate goods fell 0.8% between June and July, their third straight month-over-month decline. The reduction in prices was spread across all product categories except petroleum and coal products, and lumber and other wood products. The biggest contributors to the decrease were primary metal products, chemical products, and pulp and paper products.

Producers of intermediate goods received 0.5% more for their products in July 2007 than in July 2006. The majority of the increase was due to chemical products, fruit, vegetables and feed products, and meat, fish and dairy products. However, the year-over-year advance was slowed by lower prices for petroleum and coal products, pulp and paper products, primary metal products, lumber, motor vehicles, and electrical and communication products.

### Prices for finished products pulled down by motor vehicle prices

From June to July, prices for finished products edged down 0.4%, their fourth consecutive monthly decrease. The decline was led by lower prices for motor vehicles, petroleum and coal products, machinery and equipment, and electrical and communication products. Motor vehicles, and electrical and communication products are more sensitive to exchange rate changes. The few products that posted price increases, such as knitted products and clothing, and lumber and other wood products, had little impact on the monthly price decline of finished goods.

Since July 2006, prices for finished products have fallen 1.5%, the first decrease in eight months. Prices were down for motor vehicles, petroleum and coal products, and machinery and equipment. The index's decline was moderated by higher prices for tobacco and tobacco products, chemical products as well as meat, fish and dairy products.

**Available on CANSIM: tables 329-0038 to 329-0049 and 330-0006.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2306 and 2318.**

The July 2007 issue of *Industry Price Indexes* (62-011-XWE, free) will soon be available.

The industrial product and raw material price indexes for August will be released on September 28.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-9606, fax: 613-951-1539, [prices-prix@statcan.ca](mailto:prices-prix@statcan.ca)) or Danielle Gouin (613-951-3375, [danielle.gouin@statcan.ca](mailto:danielle.gouin@statcan.ca)), Prices Division.

□

## Industrial product price indexes (1997=100)

	Relative importance	July 2006	June 2007 <sup>r</sup>	July 2007 <sup>p</sup>	July 2006 to July 2007 % change	June to July 2007
<b>Industrial product price index (IPPI)</b>	<b>100.00</b>	<b>115.9</b>	<b>116.4</b>	<b>115.6</b>	<b>-0.3</b>	<b>-0.7</b>
<b>IPPI excluding petroleum and coal products</b>	<b>94.32</b>	<b>108.8</b>	<b>110.1</b>	<b>109.1</b>	<b>0.3</b>	<b>-0.9</b>
<b>Aggregation by commodities</b>						
Meat, fish and dairy products	5.78	109.0	111.1	111.2	2.0	0.1
Fruit, vegetables, feeds and other food products	5.99	104.6	108.5	108.6	3.8	0.1
Beverages	1.57	122.5	124.5	124.5	1.6	0.0
Tobacco and tobacco products	0.63	188.9	216.7	216.7	14.7	0.0
Rubber, leather and plastic fabricated products	3.30	118.2	116.1	115.9	-1.9	-0.2
Textile products	1.58	100.4	100.2	100.2	-0.2	0.0
Knitted products and clothing	1.51	104.9	104.6	104.9	0.0	0.3
Lumber and other wood products	6.30	86.4	84.5	85.3	-1.3	0.9
Furniture and fixtures	1.59	118.6	120.0	120.2	1.3	0.2
Pulp and paper products	7.23	105.6	103.1	102.4	-3.0	-0.7
Printing and publishing	1.70	115.3	116.0	116.1	0.7	0.1
Primary metal products	7.80	146.3	149.5	143.7	-1.8	-3.9
Metal fabricated products	4.11	124.0	125.2	124.9	0.7	-0.2
Machinery and equipment	5.48	107.3	105.5	105.0	-2.1	-0.5
Motor vehicles and other transport equipment	22.16	92.1	88.7	88.0	-4.5	-0.8
Electrical and communications products	5.77	94.2	91.7	91.2	-3.2	-0.5
Non-metallic mineral products	1.98	120.0	122.8	122.8	2.3	0.0
Petroleum and coal products <sup>1</sup>	5.68	247.2	232.9	234.8	-5.0	0.8
Chemicals and chemical products	7.07	122.1	128.4	126.4	3.5	-1.6
Miscellaneous manufactured products	2.40	113.5	113.3	113.1	-0.4	-0.2
Miscellaneous non-manufactured products	0.38	238.5	576.3	558.2	134.0	-3.1
<b>Intermediate goods<sup>2</sup></b>	<b>60.14</b>	<b>120.1</b>	<b>121.7</b>	<b>120.7</b>	<b>0.5</b>	<b>-0.8</b>
First-stage intermediate goods <sup>3</sup>	7.71	147.6	164.3	158.7	7.5	-3.4
Second-stage intermediate goods <sup>4</sup>	52.43	115.9	115.3	115.0	-0.8	-0.3
<b>Finished goods<sup>5</sup></b>	<b>39.86</b>	<b>109.7</b>	<b>108.4</b>	<b>108.0</b>	<b>-1.5</b>	<b>-0.4</b>
Finished foods and feeds	8.50	114.1	115.7	115.7	1.4	0.0
Capital equipment	11.73	100.1	97.9	97.3	-2.8	-0.6
All other finished goods	19.63	113.5	111.6	111.0	-2.2	-0.5

<sup>r</sup> revised

<sup>p</sup> preliminary

1. This index is estimated for the current month.

2. Intermediate goods are goods used principally to produce other goods.

3. First-stage intermediate goods are items used most frequently to produce other intermediate goods.

4. Second-stage intermediate goods are items most commonly used to produce final goods.

5. Finished goods are goods most commonly used for immediate consumption or for capital investment.

## Raw materials price indexes (1997=100)

	Relative importance	July 2006	June 2007 <sup>r</sup>	July 2007 <sup>p</sup>	July 2006 to July 2007 % change	June to July 2007
<b>Raw materials price index (RMPI)</b>	<b>100.00</b>	<b>175.2</b>	<b>174.6</b>	<b>181.4</b>	<b>3.5</b>	<b>3.9</b>
Mineral fuels	35.16	294.8	253.7	277.7	-5.8	9.5
Vegetable products	10.28	85.8	98.5	98.9	15.3	0.4
Animals and animal products	20.30	104.6	108.4	106.3	1.6	-1.9
Wood	15.60	78.0	87.4	86.2	10.5	-1.4
Ferrous materials	3.36	132.4	131.6	132.0	-0.3	0.3
Non-ferrous metals	12.93	207.4	267.3	265.8	28.2	-0.6
Non-metallic minerals	2.38	141.1	147.9	148.0	4.9	0.1
<b>RMPI excluding mineral fuels</b>	<b>64.84</b>	<b>119.9</b>	<b>138.1</b>	<b>136.9</b>	<b>14.2</b>	<b>-0.9</b>

<sup>r</sup> revised

<sup>p</sup> preliminary

## Public sector employment

Second quarter 2007 (preliminary)

Public sector employment continues to increase, although its relative importance in the total employed labour force remains constant.

The public sector includes federal, provincial, territorial and local governments as well as government business enterprises.

Public sector employment totalled 3.2 million in the second quarter of 2007, up 0.9% from the same period in 2006.

Public sector employment had reached a low of just under 2.7 million on average in the third quarter of 1999. Since then, public sector employment has grown approximately 2.2% per year from 2000 to 2006.

However, employment in the public sector as a share of the total employed labour force has remained relatively constant. Since 2000, public sector employees have represented about 19% of the total employed labour force.

Within the general government (federal, provincial and territorial as well as local governments, excluding health and educational institutions), only the federal component decreased. There were around 390,000 employees on average in the second quarter, down 3.7% from the same quarter of 2006, when a large number of temporary employees had been hired for the 2006 Census. The decrease was partly offset by an increase in Canadian military employment, up 2.3% from the second quarter of 2006.

Provincial and territorial general government employment grew to just over 360,000 employees, up 1.7% from the same quarter in 2006. Local general government also increased, reaching an estimated 395,000 employees, up 2.3% from the second quarter in 2006.

The distribution of public sector employment by component has remained stable over the past 10 years, including the second quarter of 2007, when it was essentially unchanged compared with the second quarter of 2006.

During the second quarter of 2007, the three levels of general government (federal, provincial/territorial and local) accounted for 35.2% of total public sector employment. Educational institutions accounted for 32.1%, health and social service institutions, 24.6%, and government business enterprises, 8.1%.

The share of wages and salaries by component has changed slightly over the past 10 years, including the second quarter of 2007. From 1997 to 2006, health and social service institutions' share of total public sector wages and salaries increased from 19.9% to 22.5%,

while the federal government's share rose from 14.3% to 16.4% and educational institutions' share advanced from 9.2% to 10.2%.

In contrast, over the same period, government business enterprises' proportion of total public sector wages and salaries decreased from 10.9% to 8.7%, as did that of provincial/territorial general governments (from 13.5% to 12.4%), as well as that of local general governments (from 12.1% to 11.4%).

### Public sector employment<sup>1</sup>

	First quarter 2006	Second quarter 2006	First quarter 2007	Second quarter 2007
	thousands			
<b>Public sector</b>	<b>3,146</b>	<b>3,221</b>	<b>3,198</b>	<b>3,249</b>
General government	1,085	1,145	1,104	1,145
Federal	375	405	382	390
Provincial and territorial	340	354	343	360
Local	370	386	378	395
Educational institutions	1,032	1,030	1,050	1,042
Universities and colleges <sup>2</sup>	354	339	357	340
School boards	678	692	693	702
Health and social services institutions	768	781	783	798
Government business enterprises	261	265	261	265

1. Numbers may not add up to totals due to rounding.
2. Includes vocational and trade institutions.

Estimates of public sector employment and aggregate public sector wages and salaries for the second quarter of 2007 are now available. The data for the first quarter have been revised.

**Note:** The public sector includes all economic entities controlled by government. It is comprised of four major components: federal government (ministries, departments, agencies and non-autonomous funds, and autonomous funds and organizations); provincial and territorial government (ministries, departments, agencies and non-autonomous funds, autonomous funds and organizations, universities and colleges, and health and social service institutions); local government (municipalities and non-autonomous funds, autonomous funds and organizations, and school boards); and government business enterprises (at the federal, provincial/territorial and local levels).

**Available on CANSIM: tables 183-0002 and 183-0004.**

**Definitions, data sources and methods: survey number 1713.**

Data tables on public sector employment are also available online in the *Summary tables* module of our website.

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For a more detailed description of how public sector employment is defined and reconciled with other information sources, consult the document, *Reconciliation of Public Sector Employment Estimates from Multiple Information Sources*, at the link: 1713.

For more information or to order data, contact Client Services (613-951-0767; [pid-dipinfo@statcan.ca](mailto:pid-dipinfo@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Peter Elliott (613-951-4551; [peter.elliott@statcan.ca](mailto:peter.elliott@statcan.ca)), Public Institutions Division. ■

## Public school indicators

1998/1999 to 2004/2005

The report "Summary Public School Indicators for the Provinces and Territories", released today, provides a comprehensive examination of public school indicators for the provinces and territories during the academic years from 1998/1999 to 2004/2005.

It examines trends in enrolment and the number of educators in public elementary and secondary schools, as well as basic financial statistics, such as total spending on education and spending per student.

Between 1998/1999 and 2004/2005, enrolment in public elementary and secondary schools declined 1.9% to just under 5.3 million students.

All provinces except Alberta and Ontario reported lower enrolment during this time. In Alberta, a total of 551,000 students were enrolled in public schools in 2004/2005, up 1.4% from 1998/1999. In Ontario, enrolment edged up 0.6% to 2.1 million.

The largest decline in enrolment occurred in Newfoundland and Labrador, where the number of students has fallen 18.5% since 1998/1999. This is consistent with population estimates showing that the school-age population in Newfoundland and Labrador has also declined nearly 18.5% during this period, largely the result of continued migration to other Canadian provinces.

Elsewhere, decreases in enrolment ranged from 10.5% in the Yukon to 1.4% in Quebec. These declines can be attributed to an aging population. The children of baby boomers are now starting their post-secondary education, contributing to the increased post-secondary enrolment in recent years.

Total spending on public elementary and secondary education increased at a faster rate than inflation, as measured by the Consumer Price Index.

In 1998/1999, total spending amounted to \$35.7 billion. By 2004/2005, it had risen 24.6% to \$44.5 billion, well above the 15% increase in inflation.

Nationally, in 1998/1999, it cost on average \$7,077 (current dollars) to educate a student in Canada. Six years later, this cost had increased 28% to \$9,040.

Among the provinces, the annual cost per student in 2004/2005 ranged from \$7,600 in Prince Edward Island to \$9,200 in Ontario, Manitoba and Alberta.

There were just under 310,000 educators in Canadian public schools in 2004/2005, up 1.3% from six years earlier (based on full-time equivalents). The number increased in eight jurisdictions and declined in five.

Among the provinces, the biggest increases in the number of educators occurred in Alberta, Prince Edward Island and Ontario.

**Note:** The term "educator" refers not only to teachers, but to all employees in the public school system who are required to have teaching certification as a condition of their employment. This definition generally includes principals, vice-principals and professional non-teaching staff.

**Definitions, data sources and methods: survey number 5102.**

The report "Summary Public School Indicators for the Provinces and Territories, 1998/1999 to 2004/2005", part of the *Culture, Tourism and the Centre for Education Statistics - Research Papers* (81-595-MIE2007050, free) is now available online. From the *Publications* module, under *Free Internet publications*, choose *Education, then Culture, Tourism and the Centre for Education Statistics - Research Papers*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-307-3382; 613-951-7608; fax: 613-951-4441; [educationstats@statcan.ca](mailto:educationstats@statcan.ca)), Culture, Tourism and the Centre for Education Statistics. ■

## Computer and peripherals price indexes

June 2007

In June, the index for commercial computers decreased 0.6% from May to 34.7 (2001=100). The index for consumer computers also declined, down 1.4% to 14.3.

In the case of computer peripherals, monitor prices decreased 2.7% to 51.1, while printer prices also fell, down 0.2% to 47.7.

These indexes are available at the Canada level only.

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**Available on CANSIM: tables 331-0001 and 331-0002.**

**Definitions, data sources and methods: survey number 5032.**

For more information on these indexes, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; [prices-prix@statcan.ca](mailto:prices-prix@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Neil Killips (613-951-5722; [neil.killips@statcan.ca](mailto:neil.killips@statcan.ca)), Prices Division. ■

## **Poultry and eggs**

2007 (preliminary)

During the first six months of 2007, egg production totalled 288.3 million dozen, a small decrease of 0.4% from the same period in 2006. In June, egg production was down 1.4% compared with June 2006.

**Available on CANSIM: tables 003-0020, 003-0022 to 003-0024, 003-0038 and 003-0039.**

**Definitions, data sources and methods: survey numbers, including related surveys, 3425 and 5039.**

The August 2007 issue of *Poultry and Egg Statistics*, Vol. 4, no. 2 (23-015-XWE, free) is now available online. From the *Publications* module, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this

release, contact Bernadette Alain (902-893-7251; [bernadette.alain@statcan.ca](mailto:bernadette.alain@statcan.ca)), or Client Services (toll-free 1-800-465-1991), Agriculture Division. ■

## **Couriers and Messengers Services Price Index**

July 2007

The Couriers and Messengers Services Price Index (CMSPI) is a monthly price index measuring the change over time in prices for courier and messenger services provided by long and short distance delivery companies to Canadian-based business clients.

The CMSPI increased 0.1% to 125.7 (2003=100) in July. The courier portion advanced 0.1% on a monthly basis, while the local messengers component fell 0.3%.

These indexes are available at the Canada level only.

**Available on CANSIM: table 329-0053.**

**Definitions, data sources and methods: survey number 5064.**

For more information, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; [prices-prix@statcan.ca](mailto:prices-prix@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Perry Kirkpatrick (613-951-1930; [perry.kirkpatrick@statcan.ca](mailto:perry.kirkpatrick@statcan.ca)), Prices Division. ■

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## New products

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**Poultry and Egg Statistics**, April to June 2007, Vol. 4,  
no. 2  
**Catalogue number 23-015-XWE**  
(free).

**Employment, Earnings and Hours**, June 2007,  
Vol. 85, no. 6  
**Catalogue number 72-002-XIB**  
(free).

**Culture, Tourism and the Centre for Education  
Statistics - Research Papers : "Summary  
Public School Indicators for the Provinces and  
Territories, 1998/1999 to 2004/2005"**, no. 50  
**Catalogue number 81-595-MIE2007050**  
(free).

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Statistics Canada

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



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- **Urban transit, 1996** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six rides on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4  
Growth in productivity among Canadian businesses and relatively weak wages in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

**OTHER RELEASES**

- Map-based index, May 1997 3
- Short-term Expectations Survey 9
- Steel primary forms, week ending May 31, 1997 12
- Egg production, Apr. 8, 1997 12

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