



The Daily

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DATA AVAILABILITY ANNOUNCEMENT

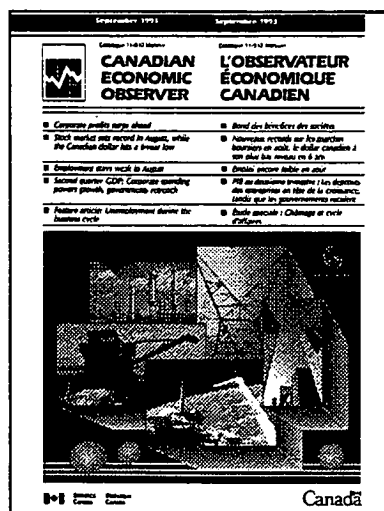
Steel Primary Forms, Week Ending September 18, 1993 (Preliminary)	SEP 23 1993	7
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Canadian Economic Observer September 1993

The September issue of *Canadian Economic Observer*, Statistics Canada's flagship publication for economic statistics, introduces a new two-part format and presents a monthly summary of the economy, the major economic events in August and a feature article on unemployment over the business cycle. A more extensive statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and major industrial nations.

Canadian Economic Observer (11-010, \$22/\$220) can now be ordered from Publication Sales. See "How to Order Publications". For more information, call Cindy Bloskie (613-951-3634), Current Analysis Group.



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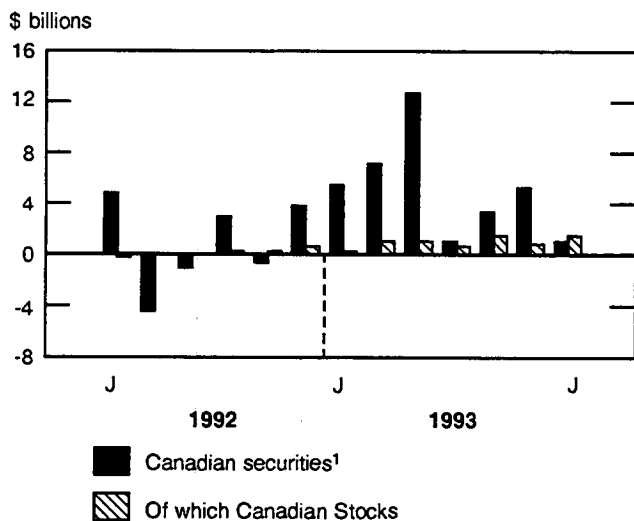
MAJOR RELEASES

Canada's International Transactions in Securities

July 1993

In July 1993, non-residents purchased, on a net basis, \$1.0 billion of Canadian securities, their lowest monthly net investment since November 1992. While reducing their holdings of money market paper by \$0.7 billion and investing only marginally in Canadian bonds, non-residents continued to acquire substantial amounts (\$1.4 billion) of Canadian stocks.

Non-resident Net Transactions in Canadian Securities



¹ Canadian securities comprise Canadian bonds, stocks and money market paper.

Canadian Stocks

In July, the \$1.4 billion net foreign investment in Canadian stocks brought to 10 the string of consecutive monthly net investments, which totalled \$7.6 billion. Residents of the United States have consistently accounted for the bulk of this net investment, mainly in existing shares.

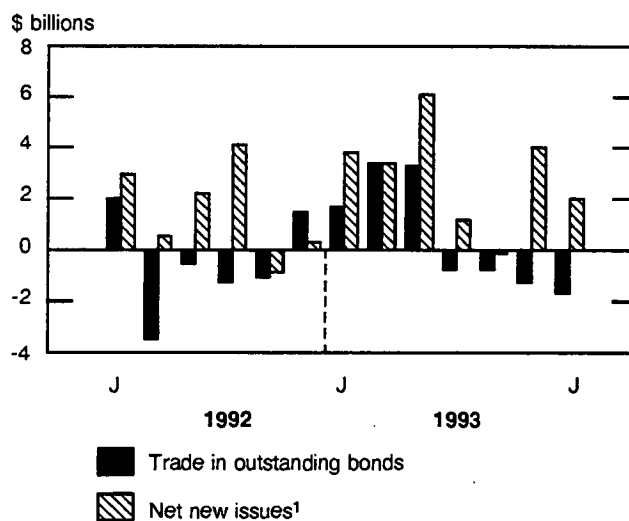
The gross value of trading in Canadian equities with non-residents remained significant, at \$5.5 billion, slightly lower than the seven-year high of \$5.7 billion reached the previous month.

Canadian stock prices as measured by the TSE 300 Index came under selling pressure in July 1993, dipping some 3.0% by mid-July but recovering in the latter part of July to close unchanged from June.

Canadian Bonds

Non-residents purchased a negligible net \$0.3 billion of Canadian bonds in July. They acquired \$2.0 billion of net new issues, but sold off \$1.7 billion of existing bonds. As of the end of July, non-residents had purchased a net \$24.0 billion of Canadian bonds in 1993, 90% in the first three months, surpassing all their previous annual investments except for the \$25.2 billion of 1991.

Non-resident Net Transactions in Canadian Bonds



¹ Net new issues are new issues less retirements.

The \$2.0 billion of net new issues were made up of \$4.5 billion of gross new issues and \$2.5 billion of retirements. The provinces, which accounted for virtually all the net new issue activity, raised 80% through four issues floated in the U.S. market. By currency of issue, gross new bonds were 60% U.S. and 40% Canadian dollars, in line with the pattern of the first six months of 1993.

The \$1.7 billion net sell-off of existing bonds by non-residents in July was the fourth in a row, bringing to \$4.3 billion their net disinvestment since April 1993. The net sell-off over that period was largely in Government of Canada issues and came primarily from Japanese (\$2.5 billion) and European (\$2.1 billion) residents with some small net buying by U.S. investors (\$0.3 billion). Non-residents largely sold shorter-term issues (one to three years), where the interest rate differential favouring investment in Canada narrowed markedly. On a net basis, however, they purchased longer-term issues. Gross trading in the secondary market rose 25% to \$59 billion, a level second only to the record \$71 billion in March 1993.

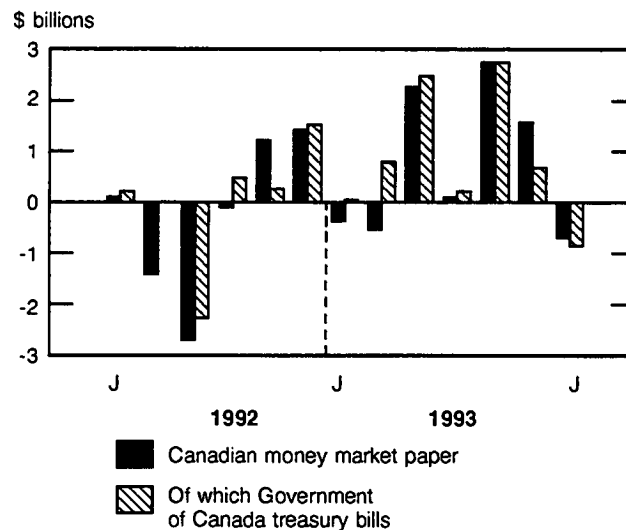
Canadian Money Market

Non-residents reduced their holdings of Canadian money market paper by \$0.7 billion in July after four consecutive months of net investments that totalled \$6.7 billion. In July, the net foreign disinvestment was directed exclusively to Government of Canada treasury bills (\$0.8 billion), offset by some small net buying in other paper (\$0.1 billion). Geographically, the net selling was widespread. Total gross trading of \$47.5 billion was the high for the year. Differentials in rates favouring Canadian over U.S. treasury bills steadily declined from a high of 500 basis points in November 1992 to only 100 basis points in July.

Foreign Securities

In July, residents purchased on a net basis a negligible \$0.1 billion of foreign securities, down from \$0.8 billion in June. The net investment in July was directed solely to foreign stocks. For the second consecutive month, residents were net buyers of overseas stocks while selling U.S. stocks, a pattern led by Canadian mutual and pension fund investors.

Non-resident Net Transactions in Canadian Money Market Paper



Available on CANSIM: matrix 2330.

The July 1993 issue of *Canada's International Transactions in Securities* (67-002, \$15.80/\$158) will be available in October. See "How to Order Publications".

For further information in this release, contact Don Granger (613-951-1864), Balance of Payments Division. □

Canada's International Transactions in Securities

	July 1993	June 1993	May 1993	April 1993	March 1993	February 1993	January 1993	January 1992 to July 1992	January 1993 to July 1993
\$ millions									
Canadian Securities Total	1,038	5,193	3,373	1,072	12,678	7,217	5,396	21,009	36,049
Bonds (net)	295	2,770	-891	424	9,461	6,751	5,457	14,368	24,276
Outstanding bonds	-1,686	-1,221	-736	-709	3,315	3,404	1,671	3,137	4,047
New Issues	4,490	5,759	2,788	3,524	7,918	5,843	4,774	26,990	35,097
Retirements	-2,509	-1,768	-2,943	-2,392	-1,772	-2,497	-988	-15,758	-14,868
Money Market Paper (net)	-694	1,574	2,758	117	2,263	-520	-366	6,485	5,132
Government of Canada	-840	662	2,716	217	2,482	795	73	3,179	6,106
Other money market paper	145	912	42	-100	-220	-1,315	-439	3,306	-975
Stocks (net)	1,438	848	1,505	531	954	986	305	155	6,642
Outstanding stocks (net)	1,221	779	1,386	500	867	945	286	-264	6,059
New issues (net)	217	69	119	31	87	41	19	419	583
Foreign Securities Total	-143	-785	-879	-323	-715	-377	-109	-6,653	-3,470
Bonds (net)	-18	-598	-312	45	-185	437	-90	-1,987	-696
Stocks (net)	-126	-187	-567	-367	-530	-814	-19	-4,665	-2,774

Note: Net is the "sales to" less the "purchases from" non-residents.

A minus sign indicates the purchase of securities from non-residents, i.e., an outflow of capital from Canada.

The Duration of Unemployment During Boom and Bust

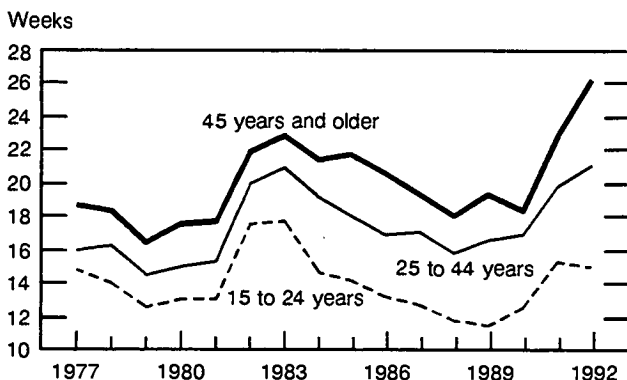
Few people would feel so threatened by unemployment if they were certain that it would last only a few weeks. However, not only can the average duration of an unemployment spell be quite long, it also increases substantially during recessions. This is as true today as it was during the 1981-82 recession. Even though the unemployment rate was higher during the 1981-82 recession (it peaked at 11.8% in 1983, but at 11.3% in 1992), the average duration of a completed spell of unemployment was about the same, 19.6 weeks.

Nevertheless, the two recessions display some important differences: there is much more long-term unemployment in the 1990s, and the brunt of the burden is being felt by those older than 45 years of age, as well as by those living in Ontario. The accompanying table presents a comparison of the average length of unemployment for those years, corresponding to peaks and troughs in the unemployment rate.

Older unemployed individuals (those 25 and above but particularly those 45 years and older) suffered much longer spells of unemployment during the recent recession, while younger unemployed individuals (15 to 24 year-olds) experienced substantially shorter spells. Although the young are subject to much higher unemployment rates (during 1992 the average unemployment rate for 15 to 24 year-olds was 17.8% but only 9.9 for those older than 25), the length of their unemployment spells is not nearly as great and is diminishing (see Chart 1).

Chart 1

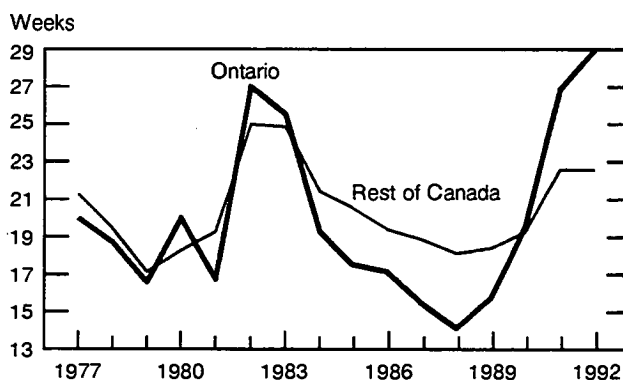
Average Completed Duration of Unemployment by Age Group



The most dramatic changes in the recent history of the Canadian labour market occurred in Ontario. The average duration of unemployment for someone permanently laid off in Ontario during 1992 was 29 weeks, an 85% increase from 15.7 weeks in 1989. For the rest of Canada, the increase was only 23%, from 18.4 weeks in 1989 to 22.6 weeks in 1992. By contrast, the 1981-82 recession did not display significant inter-regional differences (see Chart 2).

Chart 2

Average Completed Duration of Unemployment for those Permanently Laid-off



It is always the case that the longer an individual has been unemployed the lower the chance that he or she will leave unemployment. For example, someone just becoming unemployed in 1992 experienced a 33% chance of leaving unemployment within one month, but the same probability for someone already unemployed for one year was only 8%. These exit rates, however, were much more "polarized" in the 1990s than they were in the early 1980s. During the recession of the 1990s, the shorter-term unemployed (those unemployed for less than three months) had probabilities of leaving unemployment that were as much as 20% higher than a decade ago. The longer-term unemployed fared worse, with probabilities of leaving unemployment that were as much as 10% lower.

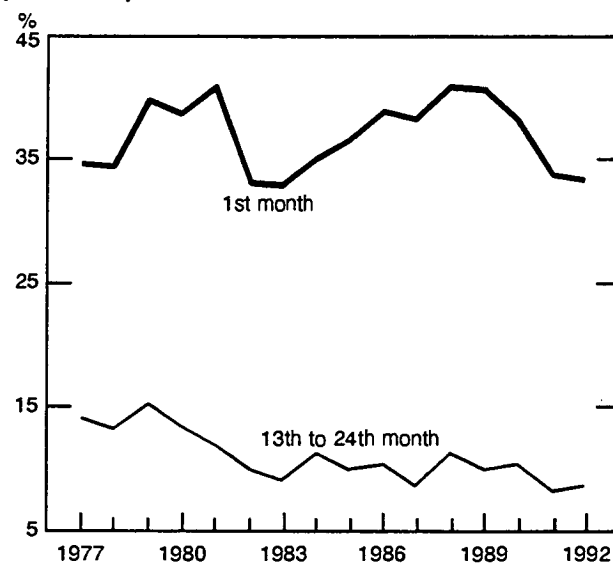
Furthermore, while recessions appear to lower the chances of leaving unemployment for both the shorter-term and the longer-term unemployed, economic growth disproportionately favours the former group. Chart 3 illustrates this pattern by comparing developments in the exit rate of those unemployed for only one month with those unemployed for one year. These developments suggest that individuals are hired off the unemployment queue according to a "last in, first out" pattern. This pattern has contributed to the rise in the proportion of longer-term unemployed that first became apparent during the aftermath of the 1981-82 recession, and that continued into the more recent recession. As a result, the unemployment rate may now be more resistant to falling, even as economic growth continues.

These findings are based upon a new measure of the duration of unemployment that is released by Statistics Canada for the first time today.

More details and analysis are featured in the article, "The Duration of Unemployment During Boom and Bust", which appears in the September 1993 issue of *Canadian Economic Observer* (11-010, \$22/\$220), now available. See "How to Order Publications".

Chart 3

Probability of Leaving Unemployment (exit rates)



For further information, contact Miles Corak (613-951-9047), Business and Labour Market Analysis Group.

Average Completed Duration of Unemployment

	1980	1983	1989	1992
	weeks			
Canada	14.1	19.5	14.8	19.6
15 to 24 years	12.9	17.7	11.3	14.8
25 to 44 years	14.8	20.8	16.5	21.1
45 years and older	17.4	22.8	19.2	26.2
Ontario	14.0	18.4	12.5	21.6
Rest of Canada	14.3	20.2	15.8	18.6
Ontario, permanent layoffs*	20.0	25.5	15.7	29.0
Rest of Canada, permanent layoffs*	18.3	24.9	18.4	22.6
Job losers	14.7	20.0	15.1	20.3
Permanent layoffs*	18.4	24.9	17.6	24.3
Job leavers	16.4	26.1	18.0	24.4
Labour force entrants	12.5	16.9	12.4	16.8
	percent			
Canada-wide unemployment rate	7.5	11.8	7.5	11.3

* Permanent layoffs refers to all job losers that are not temporarily laid off.

DATA AVAILABILITY ANNOUNCEMENT

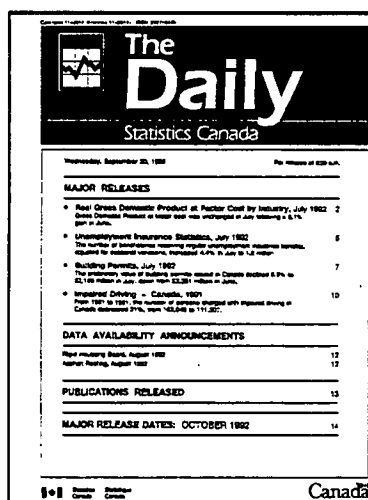
Steel Primary Forms

Week Ending September 18, 1993 (Preliminary)

Steel primary forms production for the week ending September 18, 1993 totalled 272 001 tonnes, down 0.4% from the week-earlier 272 996 tonnes and down 2.8% from the year-earlier 279 973 tonnes. The

cumulative total at the end of the week was 10 297 755 tonnes, a 5.5% increase from 9 758 626 tonnes for the same period in 1992.

For more detailed information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■



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**Canned and Frozen Fruits and Vegetables -
Monthly**, July 1993.

Catalogue number 32-011

(Canada: \$5/\$50; United States: US\$6/US\$60;
Other Countries: US\$7/US\$70).

Pack of Processed Asparagus, 1993.

Catalogue number 32-233

(Canada: \$13; United States: US\$16;
Other Countries: US\$18).

Air Carrier Traffic at Canadian Airports,
July-September 1992.

Catalogue number 51-005

(Canada: \$30.50/\$122; United States:
US\$36.50/US\$146; Other Countries:
US\$42.75/US\$171).

Building Permits, July 1993.

Catalogue number 64-001

(Canada: \$22.10/\$221; United States:
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