Catalogue 11-001-XIE (Français 11-001-XIF) ISSN 1205-9137

The Daily

Statistics Canada

Thursday, November 29, 2007
Released at 8:30 a.m. Eastern time

Releases

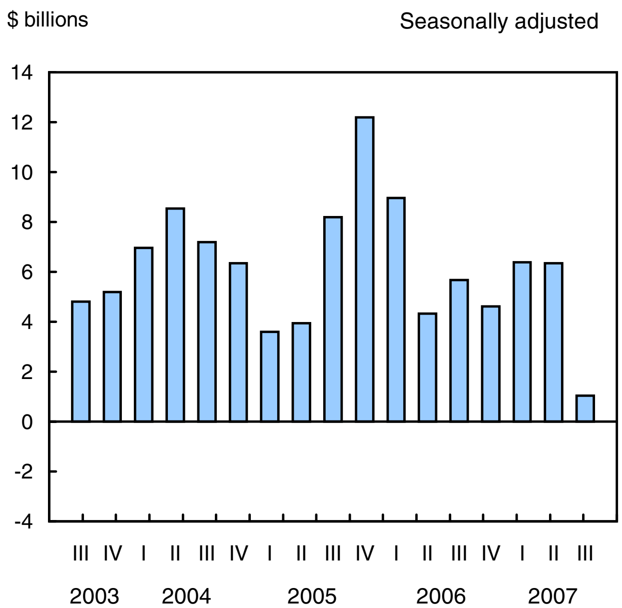
Releases

Canada's balance of international payments

Third quarter 2007

Canada's current account surplus with the rest of the world (on a seasonally adjusted basis) decreased $5.3 billion in the third quarter of 2007 to $1.0 billion. The lowest current account surplus since the second quarter of 2003 resulted mostly from a large drop in the goods surplus.

Current account balance



In the capital and financial account (not seasonally adjusted), both outward and inward investment flows slowed appreciably in the third quarter of 2007. Nevertheless, Canada's net foreign assets advanced by almost twice the pace of its net international liabilities, despite the first quarterly reduction in Canadian holdings of foreign securities in over 12 years and large foreign takeovers of Canadian companies.

Note to readers

*The **balance of payments** covers all economic transactions between Canadian residents and non-residents, in two accounts—the current account and the capital and financial account.*

*The **current account** covers transactions in goods, services, investment income and current transfers. Exports and interest income are examples of receipts, while imports and interest expense are payments. The overall balance of receipts and payments is Canada's current account **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 in three functional classes: direct investment, portfolio investment and all other types of investment. These flows arise from financial activities of either Canadian residents (foreign assets of Canadian investors) or non-residents (Canadian liabilities to foreign investors). Transactions resulting in capital inflows to Canada are presented as positive values while those giving rise to capital outflows from Canada are shown as negative values.*

*In principle, a current account surplus corresponds to an equivalent net outflow in the capital and financial account; and, a current account deficit corresponds to an equivalent net inflow in the capital and financial account. In other words, the two accounts should add to zero. In practice, as data are compiled from multiple sources, this is rarely the case and gives rise to measurement error. The **statistical discrepancy** is the unobserved net inflow or outflow.*

Current account

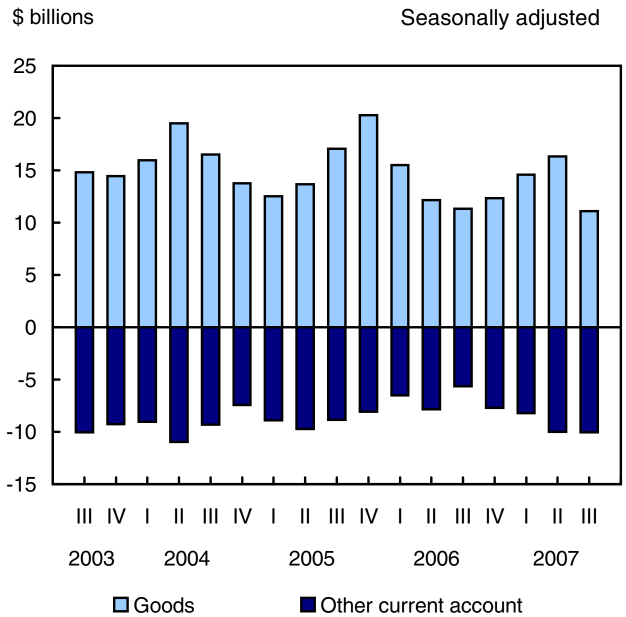
Large drop in the goods surplus, as some commodity prices fall

The surplus on trade in goods plunged $5.3 billion to reach $11.1 billion in the third quarter, the lowest level since the second quarter of 1999. Goods exports dropped 2.7% to $116.0 billion while imports rebounded after a drop in the second quarter. The $3.2 billion decline in exports was widespread, affecting almost all the major categories of products.

Exports of energy products fell $0.8 billion in the third quarter, due to a 15% drop in the price of natural gas. Higher export volumes for natural gas and crude petroleum, as well as higher prices for crude petroleum, were not enough to offset the effect of falling natural gas prices. Lower volumes and prices of other energy products also contributed to the decline in the third quarter.

After increasing for seven consecutive quarters, exports of industrial materials fell $0.6 billion during the third quarter. Prices of industrial materials were down slightly, on average, but remained close to historical highs. The largest price decreases were for nickel ores, nickel and alloys, and inorganic chemicals (including uranium), after strong price increases in the second quarter. These declines were largely offset by higher prices for other industrial materials.

Goods and other current account balances



Exports of machinery and equipment were also down $0.6 billion, with the largest decrease occurring in aircraft and other non-automotive transportation equipment. Automotive products fell again, but not as steeply as in the second quarter.

Forestry product exports continued their decline in the third quarter, losing $0.5 billion, mostly in lumber and newsprint. Since the end of 2005, exports of forestry products have declined 23% due to lower volumes and prices.

A rebound in imports also pulls down goods surplus

After falling back in the second quarter, imports of goods resumed an upward trend, increasing $2.0 billion to a record $104.9 billion, just slightly higher than the first quarter level. Most of the gains were reflected in a turnaround in both automotive products and in machinery and equipment.

Imports of automotive products increased $0.8 billion due mainly to stronger imports of passenger motor vehicles, which, at $7.0 billion, reached their second highest level ever. The $0.6-billion increase in machinery and equipment reflected record imports of aircraft, engines and parts, which reached $3.0 billion for the first time.

Energy product imports were flat in the third quarter as higher imports of crude petroleum were offset by a reduction in other energy products.

Services deficit narrows, despite record travel deficit

The services deficit narrowed slightly in the third quarter. The record deficit in travel was outweighed by a sharp decline in the deficit for commercial services. Nonetheless, the $4.6 billion overall services deficit was the second largest ever.

The travel deficit increased $0.3 billion to a peak of $2.5 billion. As the value of the Canadian dollar continued to rise in the third quarter, the number of Canadian travellers going to United States increased 5.5% and their spending reached almost $3.9 billion, a 10.3% increase over the second quarter and, by far, the largest level ever recorded. As spending by US travellers in Canada remained unchanged from the second quarter, the travel deficit with the United States was $1.8 billion, the highest since the end of 1991.

The higher travel deficit was more than offset by a much reduced deficit in commercial services. The $0.3 billion deficit was the lowest since the end of 2005 and was mainly due to lower payments for financial services and, to a lesser extent, royalties. The drop in financial services imports reflected a more typical volume of transactions in foreign stocks, after two exceptionally strong quarters, and a reduction in new Canadian bonds issued abroad.

The deficit on transportation services was close to $2.0 billion in the third quarter as payments on passenger fares reached another record.

Investment income deficit widens marginally

The investment income deficit widened by $0.2 billion to $5.6 billion during the third quarter as the increase in payments outpaced the increase in receipts.

Profits earned by foreign direct investors in Canada increased $0.8 billion to a high of $9.8 billion. The energy sector remained the largest source of profits for foreign direct investors, despite a decline in the third quarter.

Interest income received by Canadian portfolio investors declined for the first time since the second quarter of 2005. Receipts totalled $2.1 billion in the third quarter, a decline of $95 million from the high reached in the previous quarter.

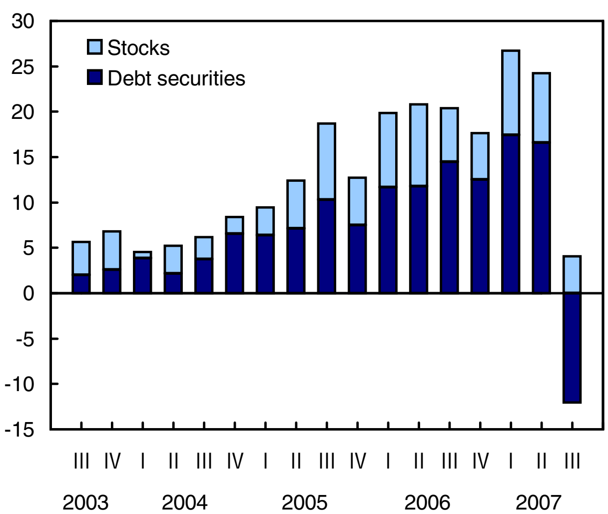
Financial account

Rare divestment in foreign securities, led by money market instruments

Canadian residents divested $8.0 billion worth of foreign securities in the third quarter, all in debt instruments, following record investments over the past two quarters. The first quarterly divestment of foreign securities in over 12 years coincided with the recent global meltdown in the asset-backed commercial paper market.

Canadian portfolio investment abroad[1]

$ billions



1. Reverse of balance of payments signs.

Canadian investments in foreign money market instruments plunged by a record $10.4 billion over the quarter, eliminating more than one-half of those holdings. Three-quarters of the reduction was in non-US corporate paper, mainly issues of European banks. Meanwhile, Canadian investors acquired $506 million worth of safer US government treasury bills.

Canadian investors also reduced their holdings of foreign bonds by $1.7 billion in the third quarter, interrupting nearly four years of exceptionally heavy investment in foreign long-term debt. In contrast to the money market, this divestment was concentrated in US government bonds ($4.8 billion). Canadians continued to acquire US corporate and non-US bonds ($3.1 billion), but at a slower pace than in the first two quarters of 2007.

Investment in foreign stocks remained robust in the third quarter at $4.1 billion, evenly split between US and non-US equities.

Direct investment abroad slows down for a third consecutive quarter

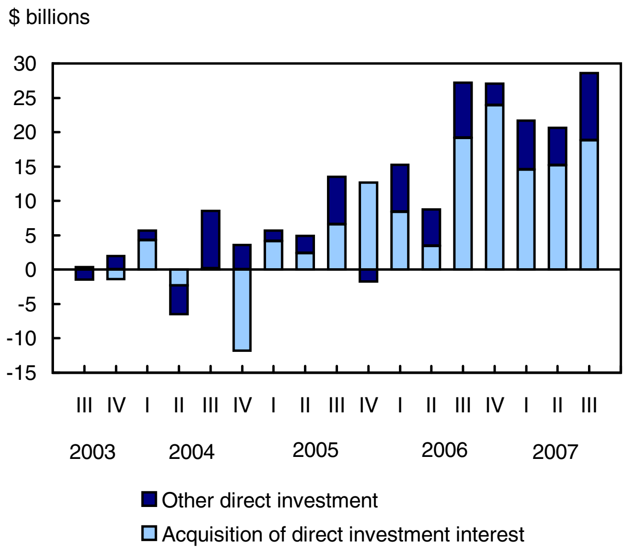
Canadian direct investment abroad amounted to $8.7 billion in the third quarter, its lowest level in six quarters. Over half of these outflows ($4.8 billion) resulted from acquisitions.

Direct investment in the energy and metallic minerals sector rebounded to $5.7 billion. This occurred against the backdrop of a global economy characterized by rising oil prices and a depreciating US dollar. On the other hand, investment in the finance and insurance sector slowed down significantly from previous quarters to $2.2 billion. The United States received the bulk of the investment from Canadian direct investors ($4.0 billion).

Large foreign direct investment in the Canadian economy driven by acquisitions

Capital flows into the Canadian economy by foreign direct investors surpassed the $20-billion mark for the fifth consecutive quarter, reaching $28.6 billion in the third quarter of 2007. This was the highest quarter of foreign direct investment inflows since the tech bubble in 2000. Most of the inflows served to acquire Canadian firms ($18.8 billion).

Foreign direct investment in Canada



Direct investors from the European Union were the most active, with investments totalling $17.9 billion during the quarter. The two sectors of the Canadian economy obtaining the bulk of the financing from abroad were the energy and metallic minerals sector ($10.6 billion) and the finance and insurance sector ($9.3 billion).

The trend of heavy direct investment into Canada started in the third quarter of 2006 and has totalled $125.2 billion since then. Direct investment activity during this period has been driven to a large extent by the high level of acquisitions of Canadian firms ($91.7 billion).

Foreign takeovers lead to a record foreign portfolio divestment in Canadian securities

Foreign portfolio holdings of Canadian securities fell $9.9 billion in the third quarter, led by equities and marking the largest ever quarterly decline. The bulk of the $8.5 billion divestment of Canadian equities during the third quarter was due to foreign takeovers of Canadian companies and the resulting retirement of foreign-held portfolio shares. In addition, foreign investors sold $2.3 billion worth of portfolio shares at a time when Canadian equity prices were up slightly for the quarter (+1.4%).

Foreign holdings of Canadian bonds were largely unchanged in the third quarter (-$189 million). Non-resident investors purchased $6.0 billion worth of outstanding issues, but this was more than offset by substantial net retirements (retirements less new issues), mostly in federal and provincial government issues.

Non-residents sold $1.2 billion of Canadian money market paper in the third quarter. All the foreign divestment was in federal and provincial issues. Investment in government enterprise paper ($1.0 billion) was completely offset by divestment in other corporate paper.

Transactions in deposits, loans and reserves assets

The other investment account recorded a significant net outflow of $26.2 billion over the quarter. The outflow was mostly related to strong growth in both deposit and loan assets. A large reduction in Canadian short-term loans from abroad in the form of repurchase agreements also added to the outflow on the quarter. The Canadian dollar finally broke parity with the US dollar closing the third quarter at just over 100 US cents, an increase of 6.6 US cents from the previous quarter's close. The Canadian dollar was also up against most other major currencies.

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 third 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 fourth quarter of 2007 will be released on February 29, 2008.

For general information or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-1855; *infobalance@statcan.ca*), Balance of Payments Division.

□

Balance of payments

	Third quarter 2006	Fourth quarter 2006	First quarter 2007	Second quarter 2007	Third quarter 2007	2005	2006
	Not seasonally adjusted						
	$ millions						
Current account							
Receipts							
Goods and services	131,426	130,643	134,906	139,510	131,501	518,762	522,926
Goods	111,946	115,070	119,327	122,584	112,139	451,783	455,696
Services	19,480	15,573	15,579	16,926	19,363	66,979	67,230
Investment income	16,492	17,050	15,035	16,076	15,850	48,213	61,599
Direct investment	8,677	9,523	7,032	7,571	7,878	26,017	32,600
Portfolio investment	4,262	4,682	5,228	5,458	5,108	12,380	16,867
Other investment	3,554	2,844	2,775	3,047	2,864	9,816	12,131
Current transfers	1,920	2,704	2,942	2,127	2,172	8,176	9,682
Current account receipts	**149,838**	**150,397**	**152,883**	**157,713**	**149,524**	**575,151**	**594,207**
Payments							
Goods and services	121,328	122,453	126,199	128,839	123,580	467,423	486,789
Goods	100,300	102,246	104,419	107,016	101,982	388,282	404,395
Services	21,028	20,207	21,780	21,823	21,598	79,141	82,394
Investment income	18,006	19,888	20,016	20,546	21,177	70,735	73,446
Direct investment	7,608	8,573	7,924	9,294	10,327	34,212	31,091
Portfolio investment	6,783	7,129	7,011	6,906	6,748	27,897	27,094
Other investment	3,616	4,186	5,081	4,347	4,102	8,625	15,260
Current transfers	2,090	2,859	3,542	1,897	2,173	9,051	10,394
Current account payments	**141,423**	**145,200**	**149,758**	**151,282**	**146,930**	**547,208**	**570,629**
Balances							
Goods and services	10,099	8,190	8,707	10,671	7,922	51,340	36,137
Goods	11,646	12,824	14,909	15,569	10,157	63,501	51,302
Services	-1,548	-4,635	-6,201	-4,897	-2,235	-12,162	-15,165
Investment income	-1,514	-2,839	-4,981	-4,470	-5,327	-22,522	-11,847
Direct investment	1,069	951	-892	-1,723	-2,448	-8,195	1,509
Portfolio investment	-2,521	-2,447	-1,784	-1,447	-1,640	-15,518	-10,227
Other investment	-62	-1,342	-2,305	-1,300	-1,238	1,191	-3,129
Current transfers	-170	-154	-600	231	-1	-875	-712
Current account balance	**8,415**	**5,197**	**3,126**	**6,432**	**2,593**	**27,943**	**23,578**
Capital and financial account[1,2]							
Capital account	**993**	**951**	**1,246**	**1,018**	**1,046**	**5,940**	**4,201**
Financial account	**-7,587**	**-1,164**	**-8,908**	**-7,157**	**-8,230**	**-38,287**	**-22,741**
Canadian assets, net flows							
Canadian direct investment abroad	-13,245	-17,046	-15,767	-10,719	-8,731	-40,645	-51,322
Portfolio investment	-20,372	-17,637	-26,749	-24,266	7,982	-53,279	-78,693
Foreign bonds	-9,533	-10,767	-17,186	-16,336	1,688	-29,238	-43,602
Foreign stocks	-5,892	-5,142	-9,331	-7,691	-4,079	-21,951	-28,291
Foreign money market	-4,946	-1,728	-232	-239	10,373	-2,089	-6,800
Other investment	-12,939	19,796	-20,873	-15,193	-22,184	-22,157	-35,325
Loans	-6,377	429	-5,009	2,582	-9,151	8,217	-12,201
Deposits	-4,069	25,901	-6,103	-11,748	-18,140	-15,817	-8,183
Official international reserves	52	1,662	-4,722	-366	-144	-1,653	-1,013
Other assets	-2,545	-8,195	-5,038	-5,661	5,251	-12,903	-13,927
Total Canadian assets, net flows	**-46,555**	**-14,887**	**-63,389**	**-50,179**	**-22,932**	**-116,081**	**-165,339**
Canadian liabilities, net flows							
Foreign direct investment in Canada	27,223	27,047	21,667	20,644	28,613	35,046	78,317
Portfolio investment	4,166	5,328	6,888	-3,329	-9,874	9,577	32,544
Canadian bonds	6,351	12,341	8,122	-3,435	-189	-78	18,015
Canadian stocks	-1,034	-5,264	-532	-899	-8,524	9,133	10,814
Canadian money market	-1,151	-1,749	-702	1,006	-1,160	522	3,715
Other investment	7,579	-18,653	25,925	25,706	-4,038	33,171	31,737
Loans	7,048	716	3,012	2,809	-4,434	3,496	11,873
Deposits	657	-18,032	21,844	22,329	-37	28,951	20,724
Other liabilities	-126	-1,337	1,069	568	434	723	-860
Total Canadian liabilities, net flows	**38,968**	**13,723**	**54,480**	**43,022**	**14,702**	**77,793**	**142,598**
Total capital and financial account, net flows	**-6,593**	**-213**	**-7,662**	**-6,139**	**-7,185**	**-32,347**	**-18,540**
Statistical discrepancy	-1,821	-4,984	4,536	-293	4,591	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

	Third quarter 2006	Fourth quarter 2006	First quarter 2007	Second quarter 2007	Third quarter 2007	2005	2006
	Seasonally adjusted						
	$ millions						
Receipts							
Goods and services	131,187	132,338	136,427	136,168	132,835	518,762	522,926
Goods	114,294	115,506	119,481	119,208	115,989	451,783	455,696
Services	16,893	16,832	16,946	16,960	16,846	66,979	67,230
Travel	4,178	4,124	4,149	4,207	4,241	16,674	16,598
Transportation	3,049	3,111	3,229	3,214	3,082	11,750	12,129
Commercial services	9,224	9,140	9,115	9,094	9,068	36,888	36,708
Government services	443	457	453	446	454	1,666	1,795
Investment income	16,498	16,885	15,622	15,474	15,806	48,213	61,599
Direct investment	8,716	9,150	7,495	7,344	7,845	26,017	32,600
Interest	434	276	414	483	305	1,045	1,380
Profits	8,282	8,874	7,081	6,861	7,540	24,971	31,220
Portfolio investment	4,295	4,741	5,239	5,285	5,195	12,380	16,867
Interest	1,582	1,838	2,034	2,180	2,095	3,652	6,189
Dividends	2,712	2,903	3,205	3,104	3,101	8,728	10,679
Other investment	3,488	2,995	2,887	2,845	2,766	9,816	12,131
Current transfers	2,252	2,521	2,506	2,444	2,605	8,176	9,682
Private	673	623	735	640	660	2,697	2,680
Official	1,579	1,897	1,771	1,804	1,945	5,479	7,002
Total receipts	**149,938**	**151,744**	**154,555**	**154,086**	**151,245**	**575,151**	**594,207**
Payments							
Goods and services	123,701	124,297	126,040	124,546	126,333	467,423	486,789
Goods	102,968	103,175	104,877	102,868	104,911	388,282	404,395
Services	20,732	21,122	21,163	21,678	21,423	79,141	82,394
Travel	5,874	6,081	6,076	6,396	6,711	22,059	23,311
Transportation	4,823	5,058	5,025	5,084	5,058	17,566	19,194
Commercial services	9,779	9,726	9,811	9,942	9,396	38,503	38,865
Government services	255	256	250	255	257	1,013	1,024
Investment income	18,259	19,848	19,305	20,903	21,446	70,735	73,446
Direct investment	7,555	8,569	7,697	9,378	10,177	34,212	31,091
Interest	365	370	356	365	365	1,501	1,465
Profits	7,190	8,199	7,341	9,013	9,812	32,711	29,626
Portfolio investment	6,797	7,175	6,966	6,894	6,767	27,897	27,094
Interest	5,624	5,819	5,846	5,700	5,580	23,369	22,324
Dividends	1,173	1,355	1,120	1,194	1,187	4,528	4,770
Other investment	3,908	4,105	4,642	4,631	4,502	8,625	15,260
Current transfers	2,313	2,977	2,822	2,287	2,426	9,051	10,394
Private	1,417	2,129	1,917	1,427	1,412	5,172	6,913
Official	896	849	905	860	1,015	3,879	3,481
Total payments	**144,273**	**147,123**	**148,167**	**147,736**	**150,206**	**547,208**	**570,629**
Balances							
Goods and services	7,487	8,041	10,387	11,622	6,501	51,340	36,137
Goods	11,325	12,331	14,604	16,340	11,078	63,501	51,302
Services	-3,839	-4,290	-4,217	-4,718	-4,577	-12,162	-15,165
Travel	-1,696	-1,957	-1,927	-2,189	-2,470	-5,385	-6,713
Transportation	-1,775	-1,948	-1,795	-1,870	-1,977	-5,815	-7,065
Commercial services	-556	-587	-697	-848	-328	-1,615	-2,157
Government services	188	202	202	190	198	653	770
Investment income	-1,761	-2,963	-3,683	-5,429	-5,641	-22,522	-11,847
Direct investment	1,161	581	-202	-2,034	-2,332	-8,195	1,509
Interest	69	-94	59	118	-60	-455	-85
Profits	1,092	674	-260	-2,152	-2,272	-7,740	1,594
Portfolio investment	-2,502	-2,434	-1,727	-1,610	-1,572	-15,518	-10,227
Interest	-4,042	-3,982	-3,812	-3,520	-3,485	-19,718	-16,135
Dividends	1,540	1,548	2,085	1,910	1,914	4,200	5,908
Other investment	-420	-1,110	-1,755	-1,786	-1,737	1,191	-3,129
Current transfers	-61	-457	-315	157	179	-875	-712
Private	-744	-1,505	-1,181	-787	-751	-2,475	-4,233
Official	683	1,049	866	944	930	1,600	3,521
Current account	**5,665**	**4,622**	**6,388**	**6,350**	**1,039**	**27,943**	**23,578**

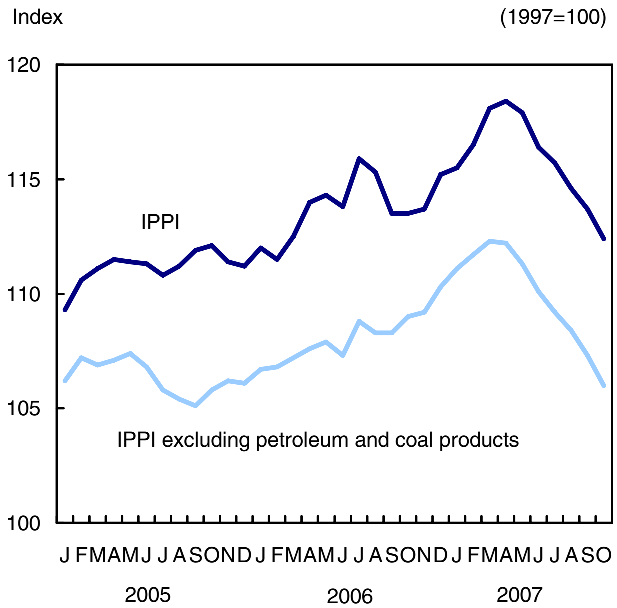
■

Industrial product and raw materials price indexes

October 2007

In October, prices for manufactured products fell for a sixth consecutive month, with price declines in almost all major product groups. Prices for raw materials rose slightly, led by crude oil.

Prices for manufactured goods continue to decline



From September to October, prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), fell 1.1%, more steeply than the previous month (-0.8%). The IPPI registered its sixth straight monthly decrease since the historical peak reached in April 2007. The reduction in the index essentially represents a decrease in prices for motor vehicles and most other product categories except fruit, vegetables and feed products.

On a 12-month basis, the IPPI declined 1.0%, reinforcing the downward movement of prices. Declines in the prices for motor vehicles and other transportation equipment, primary metal products and pulp and paper products were much stronger than the increase in prices for petroleum and coal products.

The exchange rate, reflecting the ongoing effect of a strong Canadian dollar in relation to its US counterpart, played a major role in the price declines. If the exchange rate that is used to convert these prices had remained unchanged from the previous month, the IPPI would have risen 0.2% compared with September instead of dropping 1.1%, and on a 12-month basis, the IPPI would have risen 2.9% rather than falling 1.0%.

The Raw Materials Price Index (RMPI) rose 0.3% from September to October, a slight increase compared with the marked declines of the previous two months. In October, the RMPI was pushed up primarily by the rise in prices for crude oil and vegetable products, while declines in prices for animals and animal products, ferrous materials and wood moderated its rise.

Compared with October 2006, raw materials cost plants 12.5% more. The increase in the index was caused mainly by higher prices for mineral fuels and vegetable products.

In October, the IPPI was 112.4 (1997=100), down from September's revised level of 113.7. The RMPI was 175.2 (1997=100), up from September's revised level of 174.7.

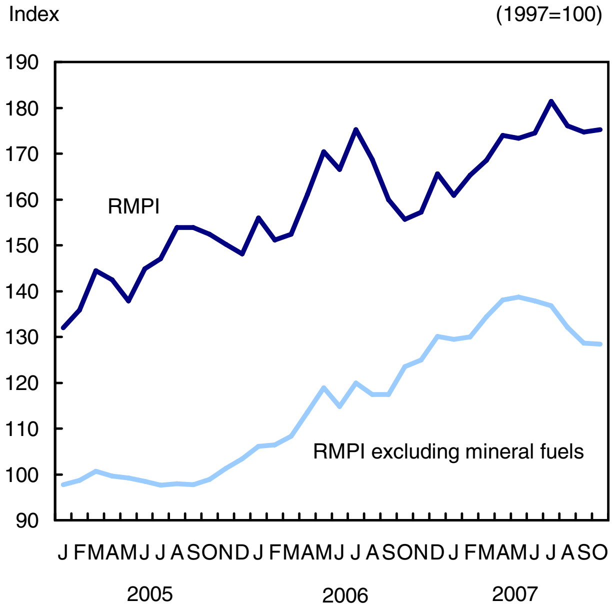
Note to readers

*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 and paper products, and wood products. Determining the full effect of fluctuating exchange rates on the IPPI is a difficult analytical task. However, it should be noted that many prices collected to calculate the IPPI are quoted in US dollars and then converted into Canadian dollars. 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.*

Raw materials prices increase



IPPI: Sixth consecutive decline in industrial price index

Month over month, manufacturers' prices were pulled down mainly by the continuing decline of prices for motor vehicles and other transportation equipment. In addition to this product group, all others registered a decrease with the exception of fruit, vegetables and feed products.

In October, prices for motor vehicles fell 3.1%, owing largely to the strong appreciation of the Canadian dollar against its US counterpart. Manufacturers continued to offer rebates to liquidate old inventories, and some introduced new 2008 models. Prices of motor vehicles continued their downward trend that began in January 2007.

Prices for pulp and paper products fell 1.9% compared with September. In particular, prices for newsprint and other paper for printing fell 4.2%. The downward movement of pulp and paper products that began in March 2007 continued, with prices having fallen 8.3% since the peak reached in February 2007. In addition to overall conditions affecting the forest industry and weak demand for newsprint, prices in October were also affected by the appreciation of the Canadian dollar.

The decrease in prices for other manufacturing products contributed less to the drop in the IPPI, while their decline was related both to the strength of the Canadian dollar against its US counterpart and to excess supply. Prices for meat, fish and dairy products fell 1.7%, owing in particular to an excess supply of beef and pork products. Prices for lumber and other wood products fell 1.9%, led by the price for softwood lumber, which fell 3.3%, pulled down by the decrease in construction activity in the United States.

Price declines were also observed for electrical and communication products (-1.8%), petroleum and coal products (-0.6%), primary metal products (-0.7%) and machinery and equipment (-1.1%). Among primary metal products, prices for aluminum products fell 4.0% due to the depreciation of the US dollar, whereas on the world market the price for aluminum had risen 2.0%, affected by a decline in inventories.

Excluding the prices for petroleum and coal, the IPPI would have decreased 1.2% rather than 1.1%, registering a seventh consecutive monthly decline.

IPPI: 12-month change shows downward price trend strengthening

The IPPI fell 1.0% from October 2006 to October 2007, after posting a modest 0.2% increase in September and decreases in both July (-0.2%) and August (-0.6%). The 12-month decline in the value of the US dollar against its Canadian counterpart—a 13.6% drop from October 2006 to October 2007—had a major effect on how prices evolved in the IPPI. Lower prices for motor vehicles, primary metal products and pulp and paper products more than offset higher prices for petroleum and coal products.

Motor vehicle prices fell 8.6%, their seventh consecutive year-over-year decline. Prices for primary metals fell 8.1%. This drop exceeds the 3.9% declines observed in both August and September and is the steepest on record. Prices decreased 20.0% for nickel products, 13.2% for aluminum products, 8.9% for copper and copper alloy products and 2.8% for iron and steel products. Prices for pulp and paper products fell 6.6%, led by the price for newsprint and other paper for printing (-18.3%).

Price reductions were also observed for electrical and communication products (-4.9%), machinery and equipment (-3.5%) and lumber and other wood products (-3.0%).

The drop in the IPPI was moderated mainly by prices for petroleum and coal products, which rose 17.4%, a second consecutive increase. If petroleum and coal had been excluded, the IPPI would have fallen 2.8% instead of 1.0%. Among other price increases, prices for fruit, vegetables and feed products rose 5.1% and prices for tobacco and tobacco products jumped 13.3%; however, their relative contribution was more modest.

RMPI: Prices for raw materials up slightly

Prices for raw materials rose 0.3% in October after two consecutive monthly declines. The RMPI was pushed up by higher crude oil prices, which registered a second consecutive monthly increase, and by the continuing strength in prices for vegetable products. However, decreases in the prices for animal products, ferrous materials and wood moderated the advance of the RMPI.

Prices for mineral fuels rose 0.7%, the result of a 0.9% increase for crude oil. Since July 2007, the crude oil price index has remained at a high level compared with the first half of 2007. In October, the index was 16.3% higher than its average for the first six months of 2007. This increase is attributable to several factors, including geopolitical tensions on the international scene, excess demand for crude oil and lower inventories. If mineral fuels had been excluded, the RMPI would have declined 0.2% from September instead of rising 0.3%, and it would thus have registered a fifth consecutive decrease.

Prices for vegetable products rose 5.0%, following a 6.5% increase in September. Grain prices jumped 10.1%, led by prices for wheat (+16.7%) and barley (+13.5%). The price for wheat registered robust growth for a second consecutive month, pushing it to a historical peak in October, 81.7% higher than the average recorded in 2006. This boom in the price for wheat is the result of strong world demand and unfavourable weather conditions in Australia, Europe and the United States.

Prices for animals and animal products fell 2.1%, primarily owing to the prices for cattle and hogs for slaughter, which fell 7.9% and 9.5%, respectively, due to excess supply. Price declines were also observed for ferrous materials (-3.3%) and wood (-0.7%), especially logs and bolts, softwood (-1.0%).

On a 12-month basis, raw materials prices rose 12.5% in October, the strongest growth rate since July 2006. Raw materials prices were mainly propelled by price increases for mineral fuels and, to a lesser extent, vegetable products. Mineral fuels jumped 22.6% on the strength of a 29.0% year-over-year increase in the price for crude oil. Without mineral fuels, the RMPI would have risen by 4.0% instead of 12.5%.

All major categories of raw materials posted gains except the prices for animal products, which declined 1.9% compared with October 2006. Prices were down for slaughter animals, especially cattle (-10.0%) and hogs (-12.7%).

Prices for intermediate goods fall, a similar decline to September's

From September to October, prices for intermediate goods fell 0.8%, the same rate as in September and their sixth straight month-over-month decline. The reduction in prices affected almost all products. The biggest contributors to the decrease were pulp and paper products, motor vehicles, lumber and other wood products, primary metal products and meat, fish and dairy products.

Prices for intermediate goods declined 0.4% from October 2006 to October 2007, their second decrease for 2007. Most of the decrease was due to primary metal products, pulp and paper products and motor vehicles.

On the other hand, increases in the prices for petroleum and coal products and for fruit, vegetables and feed products tempered the year-over-year decline in the intermediate goods index.

Prices for finished products pulled down by lower prices for motor vehicles

From September to October, prices for finished products fell 1.7%, the largest decline since November 2004. The finished products index registered a seventh straight month-over-month decline, with a drop of 5.1% in October compared with the peak attained in March 2007. Most of the decrease is attributable to lower prices for motor vehicles and, to a lesser extent, petroleum and coal products, machinery and equipment, and electrical and communication products. Apart from a slight increase in prices for fruit, vegetables and feed products, no other product group was up compared with the previous month.

Since October 2006, prices for finished products have fallen 1.9%, a stronger decrease than the 0.3% decline recorded in September. Prices for finished products were mainly pulled down by motor vehicle prices. On the other hand, the reduction in prices for finished products was slowed by an increase in prices for petroleum and coal products, tobacco products and food 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 October 2007 issue of *Industry Price Indexes* (62-011-XWE, free) will soon be available.

The industrial product and raw material price indexes for November 2007 will be released on January 4, 2008.

For more information, or to inquire about the concepts, methods or data quality of this release, contact Client Services (613-951-9606,

fax: 613-951-1539, *prices-prix@statcan.ca*) or Danielle Gouin (613-951-3375, *danielle.gouin@statcan.ca*), Prices Division.

Industrial product price indexes

(1997=100)

	Relative importance	October 2006	September 2007[r]	October 2007[p]	October 2006 to October 2007	September to October 2007
					% change	
Industrial product price index (IPPI)	**100.00**	**113.5**	**113.7**	**112.4**	**-1.0**	**-1.1**
IPPI excluding petroleum and coal products	**94.32**	**109.0**	**107.3**	**106.0**	**-2.8**	**-1.2**
Aggregation by commodities						
Meat, fish and dairy products	5.78	107.4	109.4	107.5	0.1	-1.7
Fruit, vegetables, feeds and other food products	5.99	105.1	109.8	110.5	5.1	0.6
Beverages	1.57	122.8	125.5	125.4	2.1	-0.1
Tobacco and tobacco products	0.63	192.8	218.4	218.4	13.3	0.0
Rubber, leather and plastic fabricated products	3.30	118.4	116.0	115.7	-2.3	-0.3
Textile products	1.58	100.3	99.3	99.1	-1.2	-0.2
Knitted products and clothing	1.51	104.3	104.9	104.6	0.3	-0.3
Lumber and other wood products	6.30	84.4	83.5	81.9	-3.0	-1.9
Furniture and fixtures	1.59	119.0	120.2	120.2	1.0	0.0
Pulp and paper products	7.23	106.8	101.7	99.8	-6.6	-1.9
Printing and publishing	1.70	115.4	116.1	115.4	0.0	-0.6
Primary metal products	7.80	147.5	136.4	135.5	-8.1	-0.7
Metal fabricated products	4.11	123.7	124.0	124.0	0.2	0.0
Machinery and equipment	5.48	106.9	104.4	103.2	-3.5	-1.1
Motor vehicles and other transport equipment	22.16	92.3	87.1	84.4	-8.6	-3.1
Electrical and communications products	5.77	93.8	90.8	89.2	-4.9	-1.8
Non-metallic mineral products	1.98	120.0	123.0	122.9	2.4	-0.1
Petroleum and coal products[1]	5.68	196.9	232.6	231.1	17.4	-0.6
Chemicals and chemical products	7.07	122.9	124.2	124.0	0.9	-0.2
Miscellaneous manufactured products	2.40	112.6	113.0	112.5	-0.1	-0.4
Miscellaneous non-manufactured products	0.38	279.8	397.8	383.5	37.1	-3.6
Intermediate goods[2]	**60.14**	**117.8**	**118.3**	**117.3**	**-0.4**	**-0.8**
First-stage intermediate goods[3]	7.71	150.5	146.9	145.1	-3.6	-1.2
Second-stage intermediate goods[4]	52.43	112.9	113.9	113.1	0.2	-0.7
Finished goods[5]	**39.86**	**107.1**	**106.9**	**105.1**	**-1.9**	**-1.7**
Finished foods and feeds	8.50	113.8	115.6	115.1	1.1	-0.4
Capital equipment	11.73	100.1	96.4	94.4	-5.7	-2.1
All other finished goods	19.63	108.4	109.4	107.1	-1.2	-2.1

r *revised*
p *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	October 2006	September 2007[r]	October 2007[p]	October 2006 to October 2007	September to October 2007
					% change	
Raw materials price index (RMPI)	**100.00**	**155.7**	**174.7**	**175.2**	**12.5**	**0.3**
Mineral fuels	35.16	225.3	274.4	276.2	22.6	0.7
Vegetable products	10.28	86.0	105.5	110.8	28.8	5.0
Animals and animal products	20.30	104.2	104.4	102.2	-1.9	-2.1
Wood	15.60	81.3	84.3	83.7	3.0	-0.7
Ferrous materials	3.36	122.2	134.4	129.9	6.3	-3.3
Non-ferrous metals	12.93	223.9	225.0	225.3	0.6	0.1
Non-metallic minerals	2.38	141.0	148.8	149.1	5.7	0.2
RMPI excluding mineral fuels	**64.84**	**123.5**	**128.6**	**128.4**	**4.0**	**-0.2**

[r] *revised*
[p] *preliminary*

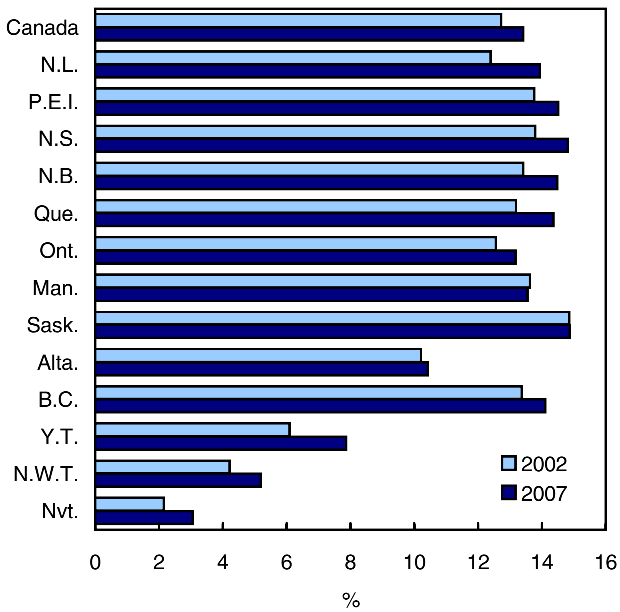
■

Canada's population by age and sex
As of July 1, 2007 (preliminary)

Canada's population continues to age, but it is still one of the youngest of the world's developed nations, according to new preliminary estimates.

As of July 1, 2007, the population's median age was estimated at 39.0 years. In 2002, it was 37.6 years.

Proportion of seniors (65+) by province and territory, 2002 and 2007



Nationally, 13.4% of Canada's population was comprised of seniors aged 65 and over, up from 12.7% in 2002. At the other end of the age scale, the proportion of children aged 14 and under fell from 18.6% to 17.0% during this five-year period.

Even so, Canada is one of the youngest of the 30 developed countries that are members of the Organization for Economic Co-operation and Development (OECD). Canada's proportion of seniors ranks in 22nd place, and it is still far behind Japan, which has the OECD's oldest population. One-fifth of Japan's population is aged 65 and over.

As of July 1, 2007, Canada had an estimated 4,423,400 seniors, 100,800 more than on July 1, 2006. (These current estimates are based on the 2001 Census, adjusted for net undercoverage.)

Between July 1, 2007, and July 1, 2008, nearly 300,000 people will turn 65 in Canada, the highest annual level on record. This number should increase for another 20 years, when people born during the peak of the baby-boom generation reach retirement age. At that time, more than half a million will turn 65 each year.

Regionally, Canada's population is older east of Ontario, where all provinces had a median age over 40 and where the proportions of seniors are among the highest in the country. In the West and the North, the population is generally younger.

Newfoundland and Labrador had the highest median age (42.0 years) and the lowest proportion of youth (15.1%) in the country, as of July 1. Saskatchewan still had the highest proportion of seniors (14.9%), but the Eastern provinces are gradually closing the gap.

Because of its strong fertility, the population of Nunavut is very young. The territory has an age structure similar to many developing countries. While seniors accounted for only 3.1% of its population, children aged 14 and under represented one-third (33.2%).

Alberta had the lowest median age among the provinces (35.4 years), as well as the lowest proportion of seniors (10.4%). At 18.7%, its proportion of children aged 14 and under is the third highest among the provinces, behind Manitoba and Saskatchewan.

The provinces and territories are aging at different speeds. The population's median age is increasing faster in the East than in the rest of the country. Newfoundland and Labrador, in fact, is getting older faster than any other jurisdiction of the country. Over the last five years, its median age grew by 3.2 years, more than twice the country's increase of 1.4 years.

Alberta's population is aging at the slowest pace. Over the last five years, its median age rose by only 0.5 years. The province's ageing process was slowed notably by strong inflows of young migrants from other regions in Canada. Between 2002 and 2007, Alberta had a net inflow of 153,900 from other provinces, 43% of its total growth. The median of Alberta's interprovincial in-migrants age was 26.4 years.

Available on CANSIM: tables 051-0001, 051-0002 and 051-0011 to 051-0013.

Definitions, data sources and methods: survey number 3604.

Data will appear in the *Annual Demographic Statistics Compendium, 2006/2007* CD-ROM, to be released in March 2008.

For more information, to obtain additional data, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-767-5611 or 613-951-2320; fax: 613-951-2307; *demography@statcan.ca*), Demography Division. □

Median age, by province and territory

	Median age		Difference
	July 1, 2002	July 1, 2007	July 1, 2002 to July 1, 2007
Canada	**37.6**	**39.0**	**1.4**
Newfoundland and Labrador	38.8	42.0	3.2
Prince Edward Island	38.1	40.3	2.2
Nova Scotia	39.0	41.5	2.5
New Brunswick	38.7	41.4	2.7
Quebec	38.9	40.7	1.8
Ontario	37.0	38.5	1.5
Manitoba	36.7	37.4	0.7
Saskatchewan	36.7	37.7	1.0
Alberta	34.9	35.4	0.5
British Columbia	38.4	40.0	1.6
Yukon	36.3	38.7	2.4
Northwest Territories	30.2	31.1	0.9
Nunavut	22.7	23.5	0.8

Population and age distribution by province and territory, as of July 1, 2007

	Population	0 to 14 years	15 to 64 years	65 years and over
	number	%		
Canada	**32,976,026**	**17.0**	**69.6**	**13.4**
Newfoundland and Labrador	506,275	15.1	70.9	13.9
Prince Edward Island	138,627	16.9	68.6	14.5
Nova Scotia	934,147	15.5	69.7	14.8
New Brunswick	749,782	15.4	70.1	14.5
Quebec	7,700,807	16.0	69.7	14.4
Ontario	12,803,861	17.5	69.3	13.2
Manitoba	1,186,679	19.2	67.3	13.6
Saskatchewan	996,869	19.1	66.1	14.9
Alberta	3,473,984	18.7	70.9	10.4
British Columbia	4,380,256	15.7	70.2	14.1
Yukon	30,989	17.3	74.8	7.9
Northwest Territories	42,637	23.6	71.2	5.2
Nunavut	31,113	33.2	63.8	3.1

Proportion of population aged 65 years and over, selected countries

Country and rank	2005	2050
	%	
1- Japan	20.0	39.6
2- Italy	19.6	33.7
3- Germany	18.9	29.6
22- Canada	13.1	26.3
23- Australia	13.1	25.7
24- United States	12.4	20.6
25- New Zealand	12.1	26.2
28- Korea	9.1	38.2
29- Turkey	5.9	17.0
30- Mexico	5.3	21.1

Source: *OECD Factbook 2007: Economic, Environmental and Social Statistics - ISBN 92-64-02946-X - © OECD 2007.*

■

Poultry and eggs

2007 (preliminary)

During the first nine months of 2007, egg production totalled 432.0 million dozen, a decrease of 0.7% from the same period in 2006. It was down 1.6% in September 2007 compared with September of 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 November 2007 issue of *Poultry and Egg Statistics*, Vol. 4, no. 3 (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*), or call the information line (toll-free 1-800-465-1991), Agriculture Division. ■

Couriers and Messengers Services Price Index

October 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 decreased 0.2% to 125.2 (2003=100) in October. The courier portion also fell 0.2% on a monthly basis, similarly the local messengers component was down 0.2%.

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, or to enquire about the concepts, methods or data quality of this release, contact the Client Services Section (613-951-9606; fax: 613-951-1539; *prices-prix@statcan.ca*), Prices Division. ■

Farm operating revenues and expenses

2006 (preliminary)

Data for farm operating revenues and expenses for 2006 are now available.

Definitions, data sources and methods: survey number 3447.

The survey was conducted to produce estimates for agricultural expenses and was based on taxation records.

For custom data requests, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; *agriculture@statcan.ca*), Agriculture Division. ■

New products

Poultry and Egg Statistics, July to September 2007, Vol. 4, no. 3
Catalogue number 23-015-XWE
(free).

A Profile of Canadian Exporters
Catalogue number 65-506-XIE
(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; -XVB or -XVE are electronic versions on DVD and -XBB or -XBE a database.

How to order products

To order by phone, please refer to:

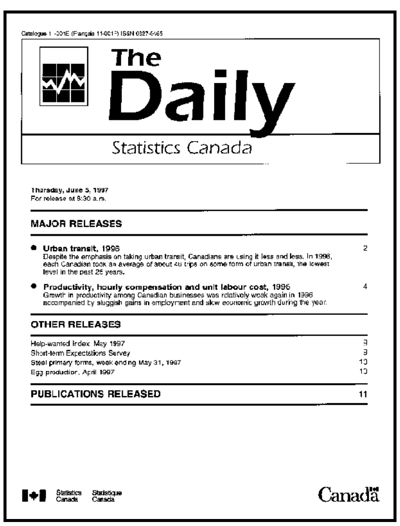
- The title
- The catalogue number
- The volume number
- The issue number
- Your credit card number.

From Canada and the United States, call:	**1-800-267-6677**
From other countries, call:	**1-613-951-2800**
To fax your order, call:	**1-877-287-4369**
For address changes or account inquiries, call:	**1-877-591-6963**

To order by mail, write to: Statistics Canada, Finance, 6th floor, R.H. Coats Bldg., Ottawa, K1A 0T6.
Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 6% GST and applicable PST.

To order by Internet, write to: *infostats@statcan.ca* or download an electronic version by accessing Statistics Canada's website *(www.statcan.ca)*. From the *Our products and services* page, under *Browse our Internet publications*, choose *For sale*.

Authorized agents and bookstores also carry Statistics Canada's catalogued publications.


Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

MAJOR RELEASES

- **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 46 trips 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 was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

Help-wanted Index, May 1997	9
Short-term Expectations Survey	9
Steel primary forms, week ending May 31, 1997	10
Egg production, April 1997	10

PUBLICATIONS RELEASED 11

Statistics Canada Statistique Canada

Canada

Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications and library Services Division, Statistics Canada, 10G, R.H. Coats Building, 100 Tunney's Pasture Driveway, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at *http://www.statcan.ca*. To receive *The Daily* each morning by e-mail, send an e-mail message to *listproc@statcan.ca*. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".