



The Daily

Statistics Canada

Friday, February 29, 2008

Released at 8:30 a.m. Eastern time

Releases

Canada's balance of international payments, fourth quarter 2007 2

Canada's balance of international payments on current transactions in the fourth quarter of 2007 slipped into its first deficit since 1999 (negative \$513 million seasonally adjusted). This was led by a further narrowing of the surplus on goods and a deterioration of the deficit on international travel. On the financial side of the ledger, non-residents' total investments in Canada, led by direct investment takeover activity, exceeded Canadian investments abroad in the fourth quarter.

Industrial product and raw materials price indexes, January 2008 8

Prices for manufactured products continued moving upward in January, similar to the pace set in December, led by primary metal products and refined petroleum products. Prices for raw materials surged on the strength of rebounding prices for crude oil.

Study: Innovative exporters and intellectual property regimes in selected service industries, 2003 12

Food services and drinking places, December 2007 12

Computer and peripherals price indexes, January 2008 14

Commercial Software Price Index, January 2008 14

New products 15

Release dates: March 2008 17



Statistics
Canada

Statistique
Canada

Canada

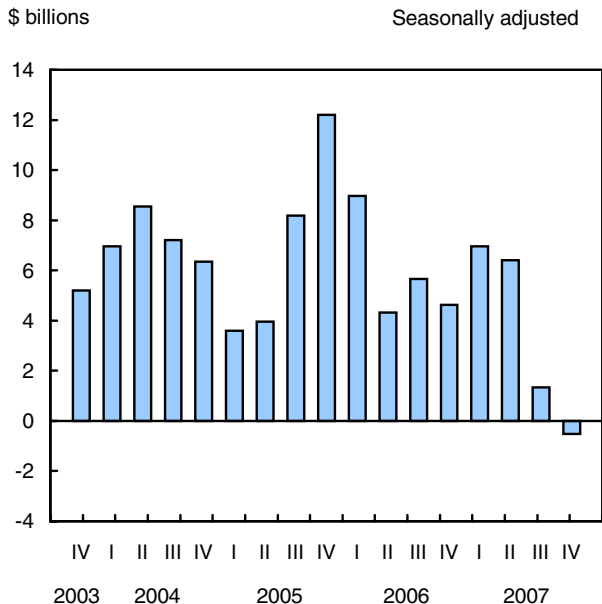
Releases

Canada's balance of international payments

Fourth quarter 2007

For the first time since the second quarter of 1999, the current account balance with the rest of the world was in deficit. The balance deteriorated \$1.8 billion from the previous quarter to negative \$513 million in the fourth quarter (on a seasonally adjusted basis). A lower goods surplus, and record travel deficit, contributed significantly to the emergence of this small deficit.

Current account balance



For 2007 as a whole, the current account surplus narrowed to \$14.2 billion, down sharply from the 2006 surplus of \$23.6 billion. This was led by a wider deficit on travel and higher profits earned by foreign direct investors. This narrowing surplus occurred against the backdrop of a Canadian dollar that made strong gains against major foreign currencies in 2007, particularly the American dollar and the British pound. This generally made Canada's exports more expensive and its imports cheaper, with consequence for the current account balance.

In the capital and financial account (not seasonally adjusted), robust foreign direct investment acquisitions led to near record direct investment flows into Canada.

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.

In the context of debt market reaction to the recent credit crisis, Canadian portfolio investors continued to shed large amounts of foreign debt while purchasing foreign equities for a second consecutive quarter.

Current account

Lowest goods surplus in more than eight years

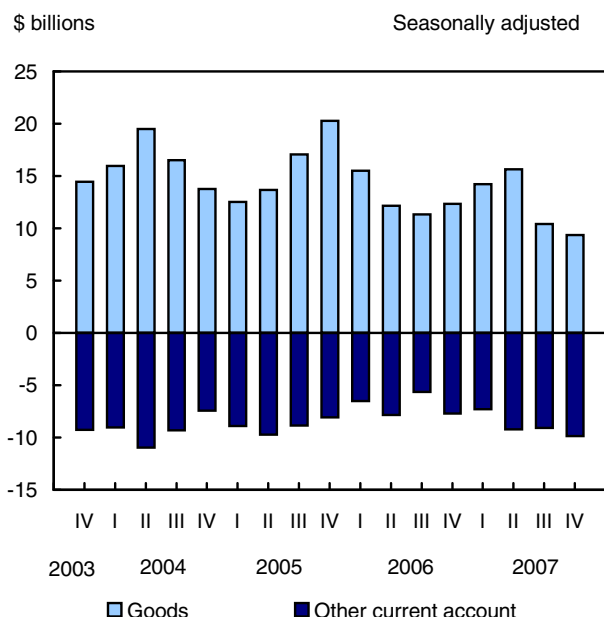
The goods surplus narrowed to \$9.3 billion in the fourth quarter, below the \$10-billion mark for the first time this decade, as exports fell more than imports. Nevertheless, the \$1.1 billion reduction in the goods surplus was smaller than that of the previous quarter when imports advanced.

Goods exports weakened further in the fourth quarter, down \$4.0 billion from the previous quarter to \$111.4 billion. This was the third consecutive drop in sales of goods to non-residents. The largest decline was in industrial goods which fell \$1.8 billion, mostly due to lower prices. Export values for nickel ores and nickel alloys were down by a combined \$1.2 billion on both lower volumes and prices.

The exports of machinery and equipment and automotive products continued to soften in the fourth

quarter. Machinery and equipment exports were off \$1.1 billion from the previous quarter, with the largest reduction being recorded in telecommunication products. Exports of automotive products fell \$1.0 billion in the fourth quarter recording foreign sales of \$18.0 billion, the lowest level since the second quarter of 1998. The weakness was evident in automobiles, trucks, and parts, which all showed their lowest sales levels in several years.

Goods and other current account balances



Forestry products rounded out the weakness in exports in the fourth quarter, posting an eighth consecutive decline. Energy product exports comprised the only category that posted gains in the fourth quarter, up \$1.0 billion. This was led by higher prices of crude petroleum exports. The sales of crude petroleum more than offset the reduced sales of natural gas, where prices declined in the quarter.

Import of goods declined \$3.0 billion in the fourth quarter to \$102.1 billion. For their part, imports of automotive products were down \$1.2 billion. In particular, vehicle parts lost more than 10% to reach \$8.1 billion — the lowest level since the end of 1996. Both industrial goods and machinery and equipment posted \$0.8 billion reductions in the fourth quarter. Lower prices were responsible for these declines as volumes improved for both major categories.

For 2007 as a whole, the surplus on goods continued to shrink. The goods balance was down \$1.7 billion as imports rose more than exports. On the export side, large gains were recorded for industrial goods

and energy products while automotive products and forestry products were down. The strengthening of imports during 2007 was more evenly distributed between almost all major categories of goods, except for automotive products, which remained flat due to low imports of vehicle parts.

Services deficit continues to widen

In the fourth quarter, the deficit on services set another record at \$5.8 billion, up \$0.8 billion from the previous quarter. That larger deficit was led by the third consecutive record for the travel deficit. The deficit on transportation also expanded, while that of commercial services was largely unchanged.

The travel deficit reached \$3.6 billion during the fourth quarter, as payments continued to grow while receipts remained stable. The stronger buying power of the Canadian dollar was an important factor as Canadian travellers to the United States increased their spending by 16.7%. The number of same-day travellers was up 8.9%, while the number of Canadians travelling by car and staying at least one night in United States was up 15.8%. Expenses by Canadians on overseas trips were also up marginally.

The transportation services deficit widened (\$0.3 billion) to a record \$2.1 billion in the fourth quarter. This was due, in part, to higher payments for passenger fares. However, the deficit on commercial services edged down (\$0.2 billion) as receipts rose and payments were largely unchanged.

Deficit on investment income remains stable

The deficit on investment income narrowed marginally (\$0.2 billion), as the decline in payments exceeded that of receipts. Payments on investment income were down, as interest paid on Canadian bonds reached a new low of \$5.2 billion. On the receipts side, profits on Canadian direct investment abroad declined. Interest received on foreign portfolio investment was also down, reflecting lower yields.

Financial account

Foreign direct investors close 2007 with record investment

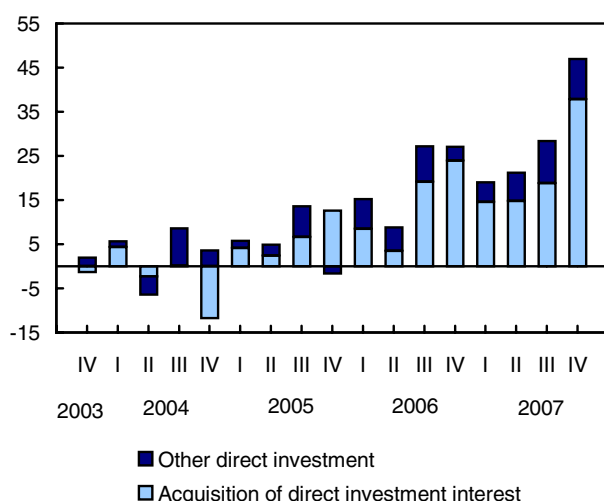
In the fourth quarter of 2007, direct investment flows into Canada surged to \$47.0 billion. Once again this was driven by foreign acquisitions of Canadian firms, a trend that has dominated 2007. Foreign direct investment was concentrated in the energy and metallic minerals sector of the Canadian economy (\$35.2 billion) in the fourth quarter. On a geographical basis, most of the foreign

financing came from British (\$27.4 billion) and American (\$17.2 billion) firms.

The year 2007 as a whole produced an unprecedented \$115.4 billion of foreign direct investment flows into Canada, surpassing the wave of inward investment realized during the tech bubble of 2000. Cross-border mergers and acquisitions were the driving force behind foreign direct investment in Canada in 2007, reflecting consolidation of some sectors on a worldwide scale.

Foreign direct investment in Canada

\$ billions



Non-resident holdings of Canadian portfolio shares drop sharply

Foreign portfolio investors reduced their holdings of Canadian securities by a record \$28.0 billion during the fourth quarter, mainly equities. The sizable inflow of foreign direct investment capital used to acquire Canadian firms in the fourth quarter was partly offset by the relinquishing of significant quantities of shares formerly held by foreign portfolio investors. Foreign holdings of Canadian equities fell sharply (\$31.9 billion), mainly related to takeovers.

Non-resident investors picked up \$4.4 billion worth of Canadian bonds during the fourth quarter of 2007,

after bond investment fell in the second quarter and remained flat in the third. Purchases were concentrated in federal government enterprise bonds, reflecting record new issues in foreign markets over the quarter. Foreign investors purchased \$9.5 billion of Canadian bonds in 2007, the majority in US dollar-denominated Canadian bonds, a reversal from 2006 when Canadian dollar issues were favoured.

Non-residents continued to shy away from Canadian money market paper in the fourth quarter, removing a further \$568 million worth from their portfolios. Divestment was entirely in federal government and federal government enterprise paper.

Canadian direct investment abroad advances steadily

Canadian direct investment abroad reached \$13.4 billion in the fourth quarter, up marginally from the third quarter and equivalent to the average quarterly investment for the year. The bulk of the investment in the fourth quarter (\$10.1 billion) was the result of additional working capital provided to foreign affiliates. Continuing the pattern of previous quarters of 2007, most of the investment (\$8.0 billion) in the fourth quarter was in the finance and insurance industry and was directed to the US economy (\$6.0 billion).

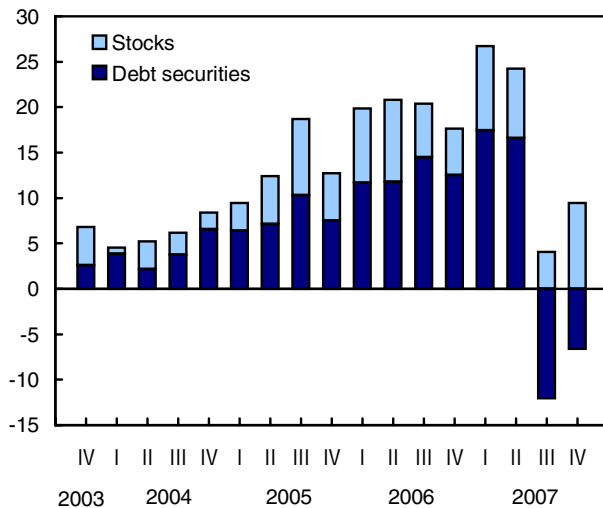
Canadian direct investors placed \$53.1 billion into foreign economies in 2007. The solid pace of investment observed in 2007 was sizable by historical standards (fourth largest). The Canadian dollar appreciated by over US 15 cents in 2007 to slightly exceed parity with the US dollar at year-end.

Canadian investors demand for foreign securities rebounds

After an atypical decline in the third quarter, Canadian investors demand for foreign securities rebounded in the fourth quarter, with investment in equity markets dominating. The \$2.8 billion invested in the fourth quarter brought the total for the year to \$45.9 billion, well below the \$78.7 billion worth of foreign securities acquired in 2006.

Canadian portfolio investment abroad¹

\$ billions



1. Reverse of Balance of Payments signs.

Canadians invested \$9.5 billion in foreign equities during the quarter, the largest amount in over six years. Investments were focused primarily in US stocks (\$7.8 billion), as has been the case for the entire year. The \$30.6 billion in purchases of foreign shares in 2007 were up 8.0% over 2006, amounting to the highest foreign equity activity since 2001.

In a marked turnaround from the first half of the year in which Canadians invested record amounts

in foreign bonds, they divested a sizable \$6.8 billion worth during the second half of the year, with most (\$5.1 billion) over the fourth quarter. Canadian investors bought \$26.7 billion of foreign bonds in 2007, down from the 2006 high of \$43.6 billion.

Following a record divestment of \$10.4 billion in the third quarter, Canadians offloaded a further \$1.5 billion of their holdings of foreign short-term market paper in the fourth quarter, the bulk in non-US paper. In a year characterized by instability in the short-term debt market, Canadians more than halved their holdings of foreign money market instruments in 2007.

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 fourth 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 first quarter of 2008 will be released on May 29.

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

	Fourth quarter 2006	First quarter 2007	Second quarter 2007	Third quarter 2007	Fourth quarter 2007	2006	2007
	Not seasonally adjusted						
	\$ millions						
Current account							
Receipts							
Goods and services	130,643	134,763	139,480	131,108	127,340	522,926	532,690
Goods	115,070	119,387	122,368	112,038	111,439	455,696	465,232
Services	15,573	15,376	17,113	19,070	15,900	67,230	67,458
Investment income	17,050	15,041	15,980	17,083	15,575	61,599	63,679
Direct investment	9,523	7,032	7,571	8,848	7,329	32,600	30,780
Portfolio investment	4,682	5,228	5,458	5,169	5,003	16,867	20,858
Other investment	2,844	2,781	2,951	3,066	3,243	12,131	12,041
Current transfers	2,704	2,538	2,147	2,161	2,719	9,682	9,564
Current account receipts	150,397	152,342	157,607	150,351	145,633	594,207	605,933
Payments							
Goods and services	122,453	126,133	128,973	123,812	123,592	486,789	502,509
Goods	102,246	104,485	107,128	102,095	101,891	404,395	415,599
Services	20,207	21,648	21,844	21,717	21,701	82,394	86,910
Investment income	19,888	18,452	20,304	20,463	20,139	73,446	79,358
Direct investment	8,573	6,721	9,176	9,721	9,571	31,091	35,189
Portfolio investment	7,129	7,020	6,915	6,791	6,565	27,094	27,291
Other investment	4,186	4,711	4,213	3,951	4,003	15,260	16,878
Current transfers	2,859	3,529	1,885	2,174	2,296	10,394	9,884
Current account payments	145,200	148,114	151,162	146,449	146,027	570,629	591,751
Balances							
Goods and services	8,190	8,630	10,507	7,296	3,748	36,137	30,181
Goods	12,824	14,903	15,239	9,943	9,548	51,302	49,633
Services	-4,635	-6,272	-4,732	-2,647	-5,801	-15,165	-19,452
Investment income	-2,839	-3,411	-4,324	-3,379	-4,564	-11,847	-15,678
Direct investment	951	311	-1,605	-873	-2,242	1,509	-4,410
Portfolio investment	-2,447	-1,792	-1,457	-1,622	-1,562	-10,227	-6,432
Other investment	-1,342	-1,930	-1,262	-885	-760	-3,129	-4,836
Current transfers	-154	-992	262	-14	423	-712	-320
Current account balance	5,197	4,228	6,445	3,903	-394	23,578	14,183
Capital and financial account^{1, 2}							
Capital account	951	1,241	1,014	1,037	988	4,201	4,280
Financial account	-1,164	-10,533	-7,845	-10,266	6,002	-22,741	-22,642
Canadian assets, net flows							
Canadian direct investment abroad	-17,046	-16,410	-10,626	-12,702	-13,392	-51,322	-53,130
Portfolio investment	-17,637	-26,749	-24,266	7,979	-2,837	-78,693	-45,873
Foreign bonds	-10,767	-17,186	-16,336	1,688	5,103	-43,602	-26,732
Foreign stocks	-5,142	-9,331	-7,691	-4,082	-9,458	-28,291	-30,563
Foreign money market	-1,728	-232	-239	10,373	1,518	-6,800	11,422
Other investment	19,796	-20,447	-16,621	-20,725	-6,972	-35,325	-64,765
Loans	429	-5,009	2,582	-9,161	1,753	-12,201	-9,835
Deposits	25,901	-6,103	-13,168	-16,689	-3,234	-8,183	-39,195
Official international reserves	1,662	-4,722	-366	-144	588	-1,013	-4,644
Other assets	-8,195	-4,613	-5,668	5,269	-6,079	-13,927	-11,091
Total Canadian assets, net flows	-14,887	-63,606	-51,512	-25,448	-23,201	-165,339	-163,768
Canadian liabilities, net flows							
Foreign direct investment in Canada	27,047	18,971	21,154	28,327	46,955	78,317	115,407
Portfolio investment	5,328	7,088	-3,175	-9,648	-28,020	32,544	-33,754
Canadian bonds	12,341	8,321	-3,281	37	4,400	18,015	9,477
Canadian stocks	-5,264	-532	-899	-8,524	-31,853	10,814	-41,808
Canadian money market	-1,749	-702	1,006	-1,160	-568	3,715	-1,424
Other investment	-18,653	27,014	25,688	-3,497	10,268	31,737	59,473
Loans	716	3,286	2,808	-4,415	6,610	11,873	8,290
Deposits	-18,032	21,844	22,334	-21	4,400	20,724	48,556
Other liabilities	-1,337	1,885	546	938	-742	-860	2,627
Total Canadian liabilities, net flows	13,723	53,073	43,667	15,182	29,204	142,598	141,125
Total capital and financial account, net flows	-213	-9,292	-6,832	-9,229	6,990	-18,540	-18,363
Statistical discrepancy	-4,984	5,064	386	5,326	-6,596	-5,038	4,180

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

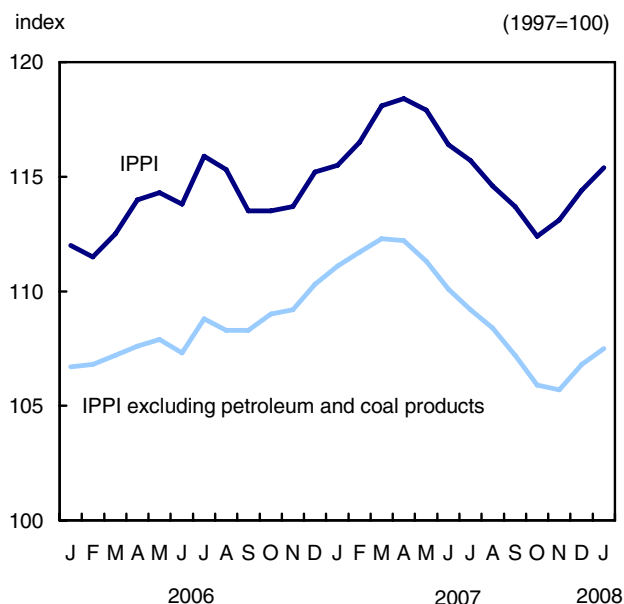
	Fourth quarter 2006	First quarter 2007	Second quarter 2007	Third quarter 2007	Fourth quarter 2007	2006	2007
	Seasonally adjusted						
	\$ millions						
Receipts							
Goods and services	132,338	136,420	135,893	132,059	128,318	522,926	532,690
Goods	115,506	119,566	118,839	115,425	111,403	455,696	465,232
Services	16,832	16,854	17,054	16,634	16,916	67,230	67,458
Travel	4,124	4,128	4,212	4,141	4,164	16,598	16,645
Transportation	3,111	3,199	3,167	3,054	3,065	12,129	12,486
Commercial services	9,140	9,065	9,220	8,995	9,217	36,708	36,496
Government services	457	462	456	445	469	1,795	1,832
Investment income	16,885	15,464	15,419	16,662	16,133	61,599	63,679
Direct investment	9,150	7,366	7,287	8,451	7,676	32,600	30,780
Interest	276	421	485	324	354	1,380	1,583
Profits	8,874	6,946	6,802	8,127	7,321	31,220	29,197
Portfolio investment	4,741	5,233	5,283	5,244	5,098	16,867	20,858
Interest	1,838	2,030	2,180	2,134	1,880	6,189	8,224
Dividends	2,903	3,203	3,103	3,111	3,217	10,679	12,634
Other investment	2,995	2,865	2,850	2,967	3,360	12,131	12,041
Current transfers	2,521	2,227	2,396	2,517	2,424	9,682	9,564
Private	623	735	640	673	608	2,680	2,656
Official	1,897	1,491	1,756	1,844	1,816	7,002	6,907
Total receipts	151,744	154,111	153,708	151,239	146,876	594,207	605,933
Payments							
Goods and services	124,297	126,335	124,769	126,620	124,786	486,789	502,509
Goods	103,175	105,333	103,205	105,007	102,054	404,395	415,599
Services	21,122	21,002	21,564	21,613	22,732	82,394	86,910
Travel	6,081	6,015	6,224	6,934	7,743	23,311	26,916
Transportation	5,058	5,034	5,072	4,914	5,197	19,194	20,217
Commercial services	9,726	9,703	10,013	9,508	9,535	38,865	38,758
Government services	256	250	255	257	257	1,024	1,019
Investment income	19,848	18,016	20,274	20,879	20,189	73,446	79,358
Direct investment	8,569	6,654	8,966	9,830	9,739	31,091	35,189
Interest	370	360	370	370	371	1,465	1,471
Profits	8,199	6,294	8,597	9,460	9,367	29,626	33,718
Portfolio investment	7,175	6,980	6,910	6,807	6,594	27,094	27,291
Interest	5,819	5,854	5,710	5,591	5,402	22,324	22,557
Dividends	1,355	1,126	1,200	1,216	1,192	4,770	4,734
Other investment	4,105	4,382	4,397	4,242	3,856	15,260	16,878
Current transfers	2,977	2,800	2,265	2,405	2,414	10,394	9,884
Private	2,129	1,905	1,417	1,413	1,462	6,913	6,197
Official	849	895	849	991	951	3,481	3,686
Total payments	147,123	147,151	147,308	149,903	147,389	570,629	591,751
Balances							
Goods and services	8,041	10,085	11,125	5,440	3,532	36,137	30,181
Goods	12,331	14,233	15,634	10,418	9,348	51,302	49,633
Services	-4,290	-4,148	-4,510	-4,978	-5,816	-15,165	-19,452
Travel	-1,957	-1,887	-2,012	-2,794	-3,578	-6,713	-10,271
Transportation	-1,948	-1,835	-1,905	-1,860	-2,132	-7,065	-7,731
Commercial services	-587	-638	-793	-513	-318	-2,157	-2,262
Government services	202	212	200	188	212	770	813
Investment income	-2,963	-2,552	-4,855	-4,217	-4,056	-11,847	-15,678
Direct investment	581	712	-1,680	-1,379	-2,063	1,509	-4,410
Interest	-94	61	115	-47	-17	-85	112
Profits	674	652	-1,795	-1,333	-2,046	1,594	-4,521
Portfolio investment	-2,434	-1,747	-1,627	-1,562	-1,496	-10,227	-6,432
Interest	-3,982	-3,824	-3,530	-3,457	-3,521	-16,135	-14,333
Dividends	1,548	2,077	1,903	1,895	2,025	5,908	7,900
Other investment	-1,110	-1,517	-1,548	-1,275	-496	-3,129	-4,836
Current transfers	-457	-573	130	113	10	-712	-320
Private	-1,505	-1,169	-777	-740	-855	-4,233	-3,541
Official	1,049	596	907	853	865	3,521	3,221
Current account	4,622	6,960	6,400	1,335	-513	23,578	14,183

Industrial product and raw materials price indexes

January 2008

Prices for manufactured products continued moving upward in January, similar to the pace set in December, led by primary metal products and refined petroleum products. Prices for raw materials surged on the strength of rebounding prices for crude oil.

Prices for manufactured goods continue to rise



From December to January, prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), rose 0.9%, which is comparable with the average increase for November and December. The rise in the index was caused by a strong rebound in prices for primary metal products and a rise in prices for petroleum and coal products. Except for lumber and other wood products, which registered a decline in prices, all major product groups posted an increase.

The IPPI edged down 0.1% on a 12-month basis, its fourth consecutive decline. Decreases in the prices for motor vehicles and other transport equipment and

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.

primary metal products were tempered by a strong increase in prices for petroleum and coal products.

The exchange rate, reflecting the ongoing effect of the Canadian dollar's strength in relation to its US counterpart, had less of an impact on the increase in prices than in December. In January, the Canadian dollar lost 0.8% of its value in relation to the US dollar. If the exchange rate that is used to convert these prices had remained unchanged from the previous month, the IPPI would have risen 0.6% compared with December instead of 0.9%, and on a 12-month basis, the IPPI would have risen 3.9% rather than falling 0.1%.

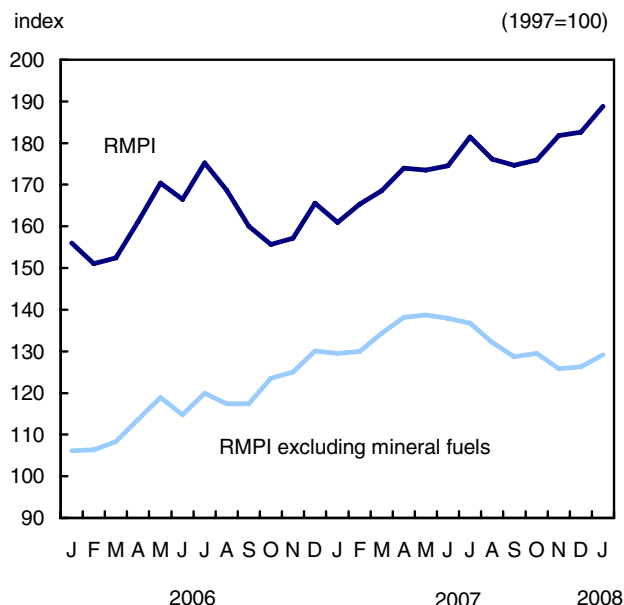
The Raw Materials Price Index (RMPI) jumped 3.4% from December to January, a much higher rate of increase than the 0.4% gain recorded in December. In January, the RMPI was pushed up primarily by the rise in prices for mineral fuels and, to a lesser extent, vegetable products and non-ferrous metals.

Compared with January 2007, raw materials cost plants 17.3% more. The increase in the index was driven primarily by higher prices for mineral fuels and vegetable products.

In January, the IPPI was 115.4 (1997=100), up from December's revised level of 114.4. The RMPI

was 188.8 (1997=100), up from December's revised level of 182.6.

Raw materials prices increase again



IPPI: Third consecutive monthly increase

Month over month, manufacturers' prices were mainly propelled by higher prices for primary metal products, petroleum and coal products and, to a lesser extent, fruit, vegetables and feed products.

In January, prices for primary metal products rebounded 3.5% after eight consecutive monthly declines. All major groups of primary metal products registered increases. In response to inflation fears in the United States, combined with the weakening of the US dollar in relation to other currencies, prices for precious metal have surged since October. Prices for copper and nickel products rose as a result of reduced supply as well as a decline in global inventories.

Prices for petroleum and coal products continued to rise at a moderate 2.0%, identical to December's rate. If the prices for petroleum and coal products were excluded, the IPPI would have risen 0.7% instead of 0.9%, down slightly from the 1.0% increase registered in December.

Among the other price increases that contributed the most to the rise in the IPPI were a 1.4% gain for

fruit, vegetables and feed products, pushed up by higher prices for canola oils and prepared animal feeds.

By contrast, prices for lumber and other wood products declined 0.6% in January, led by softwood lumber, which declined 1.1% after rebounding 1.6% in December.

IPPI: 12-month change shows that the decline in the IPPI was tempered by higher petroleum prices

The IPPI declined 0.1% from January 2007 to January 2008, after posting three consecutive decreases. Lower prices for motor vehicles and other transport equipment, primary metal products and pulp and paper products were almost offset by a jump in the prices for petroleum and coal products.

Prices for motor vehicles and other transport equipment fell 9.1%, a 10th consecutive price decline. During the same period, the US dollar lost 14.0% of its value against the Canadian dollar.

Primary metal prices continued their downward movement, registering a decrease of 9.3%. With the exception of copper products, all of the major primary metal groups lost ground from January 2007 to January 2008. In particular, the price for nickel products dropped 32.7% and the price for aluminum products fell 16.3%.

Prices also decreased for pulp and paper products, lumber and other wood products, as well as electrical and communication products.

The drop in the IPPI was mainly moderated by higher prices for petroleum and coal products, which jumped 31.5%, a fifth straight increase. If petroleum and coal products were excluded, the IPPI would have fallen 3.2% instead of 0.1%.

RMPI: Prices for raw materials rebound

Prices for raw materials jumped 3.4% in January, after increases of 3.4% in November and 0.4% in December. Raw material prices were pushed up by higher prices for mineral fuels and, to a lesser extent, by increased prices for vegetable products, non-ferrous metals and ferrous materials. However, prices for animals and animal products and wood slowed the rise in the RMPI.

Prices for mineral fuels rose 4.4% in January, led by the price for crude oil, which jumped 5.2% after a 0.6% rise in December. Excluding mineral fuels, the RMPI would have increased 2.3%, a lower rate than the 3.4% gain registered by the total RMPI.

Prices for vegetable products rose a hefty 7.8% after an 8.7% gain in December. In January, the prices for both wheat and canola continued to reflect conditions of limited supply and strong growth in demand. The price for wheat surged 12.6% in January, while the price for canola rose 14.6%.

Non-ferrous metal prices increased 2.2% in January, following two consecutive monthly declines. The increase for non-ferrous metals was mainly due to higher prices for copper concentrates and precious metals.

On a 12-month basis, prices for raw materials rose 17.3%. This strengthens the upward trend and was the highest rate since July 2006. Raw material prices were mainly pushed up by the 47.1% jump in the price of crude oil and, to a lesser extent, the 33.5% increase for vegetable products. If mineral fuels were excluded, the RMPI would have declined 0.2% instead of rising 17.3%.

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 January 2008 issue of *Industry Price Indexes* (62-011-XWE, free) will soon be available.

The Industrial product and raw material price indexes for February will be released on April 1.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Client Services Unit (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	January 2007	December 2007 ^r	January 2008 ^p	January 2007 to January 2008	December 2007 to January 2008
					% change	
Industrial Product Price Index (IPPI)	100.00	115.5	114.4	115.4	-0.1	0.9
IPPI excluding petroleum and coal products	94.32	111.1	106.8	107.5	-3.2	0.7
Aggregation by commodities						
Meat, fish and dairy products	5.78	109.0	108.2	108.2	-0.7	0.0
Fruit, vegetables, feeds and other food products	5.99	107.4	112.9	114.5	6.6	1.4
Beverages	1.57	124.1	125.5	125.5	1.1	0.0
Tobacco and tobacco products	0.63	203.5	218.4	218.4	7.3	0.0
Rubber, leather and plastic fabricated products	3.30	117.1	116.2	116.1	-0.9	-0.1
Textile products	1.58	100.9	99.2	99.4	-1.5	0.2
Knitted products and clothing	1.51	104.4	104.6	104.7	0.3	0.1
Lumber and other wood products	6.30	87.7	81.4	80.9	-7.8	-0.6
Furniture and fixtures	1.59	119.3	120.5	120.8	1.3	0.2
Pulp and paper products	7.23	108.8	101.5	102.3	-6.0	0.8
Printing and publishing	1.70	117.7	116.0	116.1	-1.4	0.1
Primary metal products	7.80	149.8	131.2	135.8	-9.3	3.5
Metal fabricated products	4.11	123.8	123.3	123.5	-0.2	0.2
Machinery and equipment	5.48	108.2	103.8	104.0	-3.9	0.2
Motor vehicles and other transport equipment	22.16	94.6	85.7	86.0	-9.1	0.4
Electrical and communications products	5.77	95.6	89.6	89.8	-6.1	0.2
Non-metallic mineral products	1.98	122.0	123.6	124.3	1.9	0.6
Petroleum and coal products ¹	5.68	197.3	254.4	259.4	31.5	2.0
Chemicals and chemical products	7.07	124.2	129.5	130.3	4.9	0.6
Miscellaneous manufactured products	2.40	114.6	113.8	115.3	0.6	1.3
Miscellaneous non-manufactured products	0.38	345.8	418.4	407.9	18.0	-2.5
Intermediate goods²	60.14	120.0	119.4	120.6	0.5	1.0
First-stage intermediate goods ³	7.71	157.2	147.4	149.4	-5.0	1.4
Second-stage intermediate goods ⁴	52.43	114.4	115.2	116.3	1.7	1.0
Finished goods⁵	39.86	108.8	106.9	107.5	-1.2	0.6
Finished foods and feeds	8.50	114.6	115.7	115.9	1.1	0.2
Capital equipment	11.73	102.1	95.3	95.6	-6.4	0.3
All other finished goods	19.63	110.3	110.0	110.9	0.5	0.8

^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	January 2007	December 2007 ^r	January 2008 ^p	January 2007 to January 2008	December 2007 to January 2008
					% change	
Raw Materials Price Index (RMPI)	100.00	160.9	182.6	188.8	17.3	3.4
Mineral fuels	35.16	229.0	304.5	317.9	38.8	4.4
Vegetable products	10.28	96.7	119.8	129.1	33.5	7.8
Animals and animal products	20.30	106.5	103.3	102.8	-3.5	-0.5
Wood	15.60	83.4	82.5	82.4	-1.2	-0.1
Ferrous materials	3.36	134.8	128.3	135.9	0.8	5.9
Non-ferrous metals	12.93	234.3	207.8	212.4	-9.3	2.2
Non-metallic minerals	2.38	146.9	150.7	154.5	5.2	2.5
RMPI excluding mineral fuels	64.84	129.5	126.3	129.2	-0.2	2.3

^r revised

^p preliminary

Study: Innovative exporters and intellectual property regimes in selected service industries

2003

The changing composition of the Organisation for Economic Co-operation and Development economies, and the rapid growth of trade in services have placed the role of services and services innovation into policy debates on innovation. Despite the increasing importance of the service sector, empirical evidence and theoretical frameworks of innovation in the service sector remains largely underdeveloped.

The study "Innovative exporters and intellectual property regimes in selected service industries: Evidence from the Canadian Survey of Innovation 2003," examines the relationship between intellectual property rights and the performance of firms in service industry sectors. It uses innovative exporting firms as the unit of analysis for two dynamic service industry sectors: information and communication technologies and selected professional scientific and technical.

The empirical analysis in this study is based on data from the Survey of Innovation 2003. The study compares innovative exporters that used formal and informal intellectual property regimes. Formal regimes include patents, trademarks and registration of industrial design; informal methods include secrecy, complexity of design and lead-time advantage on competitors.

This study found that significant differences exist between innovative exporters using formal intellectual property regimes and those using informal regimes.

In the most general terms, innovative exporters with formal regimes had a greater commitment to research and development (R&D) activities and to export activities.

In terms of R&D, they are more likely to have R&D personnel, to carry out both internal and external R&D activities, and to use R&D staff as a source of information.

In terms of export activities, exporters with formal intellectual property regimes are more likely to obtain more than 50% of their revenues from exports. They are more likely to consider the development of export markets as an important factor in the success of their firm.

Exporters using formal intellectual property regimes are more likely to have more novel innovative products than those with informal regimes. This can perhaps be explained by the greater investment in R&D. This could improve the competitive advantage of the firm in the global marketplace.

Definitions, data sources and methods: survey number 4218.

The article "Innovative exporters and intellectual property regimes in selected service industries: Evidence from the Canadian Survey of Innovation 2003" is now available as part of the *Science, Innovation and Electronic Information Division Working Paper Series: Science, Innovation and Electronic Information Division* (88F0006XWE2008001, free) from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Frances Anderson (613-951-6307; frances.anderson@statcan.ca), Science, Innovation and Electronic Information Division. ■

Food services and drinking places

December 2007 (preliminary)

The total seasonally adjusted sales for the food services and drinking places industry was estimated at \$3.8 billion in December, down 1.2% compared with November.

All sectors of the industry posted lower sales relative to November. Sales for full-service restaurants fell 0.9% and sales for limited-service eating places were down 1.7%. These two sectors accounted for over 86% of the sales for the industry in December. Sales in the special food services sector, which includes food service contractors, caterers and mobile food services, declined 0.5%. Sales in the drinking places sector also fell 0.5%.

All provinces except Quebec saw lower sales between November and December. The largest sales decreases were in Nova Scotia (-5.3%), Newfoundland and Labrador (-4.7%), and British Columbia (-3.0%). Quebec recorded a small sales increase of 0.2%.

Available on CANSIM: table 355-0006.

Definitions, data sources and methods: survey number 2419.

For more information, to enquire about the concepts, methods or data quality of this release, or to obtain more information about the redesign of the Monthly Survey of Food Services and Drinking Places, contact Marc Racette (613-951-2924; fax: 613-951-6696; marc.racette@statcan.ca) or Pierre Felix (613-951-0075; pierre.felix@statcan.ca), Service Industries Division. □

Food services and drinking places

	December 2006	October 2007 ^r	November 2007 ^r	December 2007 ^p	November to December 2007
Seasonally adjusted					
	\$ thousands				% change
Total, food services sales	3,872,685	3,889,317	3,909,568	3,863,594	-1.2
Full-service restaurants	1,781,483	1,793,746	1,816,920	1,799,980	-0.9
Limited-service eating places	1,554,510	1,584,120	1,583,679	1,557,151	-1.7
Special food services	324,174	317,945	319,240	317,630	-0.5
Drinking places	212,518	193,506	189,729	188,833	-0.5
Provinces and territories					
Newfoundland and Labrador	44,372	45,041	44,154	42,097	-4.7
Prince Edward Island	14,007	12,542	12,650	12,627	-0.2
Nova Scotia	94,072	94,500	99,076	93,852	-5.3
New Brunswick	69,214	67,549	67,651	66,130	-2.2
Quebec	790,566	784,689	777,559	778,848	0.2
Ontario	1,470,617	1,459,996	1,470,493	1,459,160	-0.8
Manitoba	110,535	109,696	110,483	109,012	-1.3
Saskatchewan	95,818	105,693	105,883	104,679	-1.1
Alberta	543,825	545,528	543,380	538,210	-1.0
British Columbia	628,571	652,990	666,757	647,061	-3.0
Yukon	3,502	3,374	3,772	3,801	0.8
Northwest Territories	7,010	7,154	7,110	7,513	5.7
Nunavut	576	565	600	604	0.7

^r revised

^p preliminary

Note: Figures may not add up to totals due to rounding.

Food services and drinking places

	December 2006	October 2007 ^r	November 2007 ^r	December 2007 ^p	December 2006 to December 2007
Not seasonally adjusted					
	\$ thousands				% change
Total, food services sales	3,994,976	3,947,324	3,875,387	3,932,499	-1.6
Full-service restaurants	1,825,613	1,791,679	1,779,075	1,824,982	0.0
Limited-service eating places	1,584,693	1,616,527	1,564,778	1,565,179	-1.2
Special food services	356,022	344,565	338,967	344,516	-3.2
Drinking places	228,648	194,553	192,567	197,822	-13.5
Provinces and territories					
Newfoundland and Labrador	49,136	45,304	44,323	45,727	-6.9
Prince Edward Island	12,880	12,623	11,482	11,260	-12.6
Nova Scotia	96,610	98,885	94,930	93,939	-2.8
New Brunswick	74,522	69,884	68,739	68,191	-8.5
Quebec	807,426	796,477	757,182	786,798	-2.6
Ontario	1,513,532	1,508,738	1,500,559	1,492,696	-1.4
Manitoba	118,819	113,724	112,198	116,340	-2.1
Saskatchewan	95,154	104,396	101,524	103,552	8.8
Alberta	567,320	545,262	538,883	549,835	-3.1
British Columbia	649,707	641,141	635,033	653,435	0.6
Yukon	3,183	3,204	3,206	3,423	7.5
Northwest Territories	6,205	7,079	6,759	6,786	9.4
Nunavut	482	606	570	517	7.3

^r revised

^p preliminary

Note: Figures may not add up to totals due to rounding.

Computer and peripherals price indexes

January 2008

The index for commercial computers decreased 0.08% from December to 35.44 (2002=100). The index for consumer computers also declined, falling 1.48% to 22.67.

In the case of computer peripherals, monitor prices increased 0.09% to 52.90, while printer prices fell 0.76% to 47.18.

These indexes are available at the Canada level only.

Note: Effective today, the computer and peripheral price indexes have been converted from a 2001 reference year to a 2002 reference year. Previously, these indexes were computed with weights that were updated quarterly. The weights will now be updated annually. Also, these indexes will now be published with two decimal places.

CANSIM tables 331-0001 and 331-0002 are terminated and are replaced by tables 331-0004 and 331-0005. The new tables have been recalculated back to January 2002.

Available on CANSIM: tables 331-0004 and 331-0005.

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). To enquire

about the concepts, methods or data quality of this release, contact Neil Killips (613-951-5722; neil.killips@statcan.ca), Prices Division. ■

Commercial Software Price Index

January 2008

The Commercial Software Price Index (CSPI) is a monthly series measuring the change in the purchase price of pre-packaged software typically bought by businesses and governments. The CSPI for January was 66.62 (2002=100), up 1.51% from December.

This index is available at the Canada level only.

Note: Effective today, the Commercial Software Price Index has been converted from a 2001 reference year to a 2002 reference year. As well, this index is now published with two decimal places.

The index has been arithmetically rebased so relative price changes will not be affected.

Available on CANSIM: table 331-0003.

Definitions, data sources and methods: survey number 5068.

For more information on these indexes, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; 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), Prices Division. ■

New products

Statistics on Income of Farm Families, 2005
Catalogue number 21-207-XWE
(free).

Capital Expenditure Price Statistics, July to
September 2007, Vol. 23, no. 3
Catalogue number 62-007-XWE
(free).

Income Research Paper Series: "Content of the
Survey of Labour and Income Dynamics Part B:
Income and Wealth Content", no. 1
Catalogue number 75F0002MIE1992001
(free).

Income Research Paper Series: "Survey of Labour
and Income Dynamics: Possible Interview Dates",
no. 2
Catalogue number 75F0002MIE1992002
(free).

Income Research Paper Series: "Sample Rotation
for the Survey of Labour and Income Dynamics",
no. 3
Catalogue number 75F0002MIE1992003
(free).

Income Research Paper Series: "The Measurement
of Job Search and Unemployment in a Retrospective
Setting", no. 4
Catalogue number 75F0002MIE1992004
(free).

Income Research Paper Series: "Dealing with the
Seam Problem for the Survey of Labour and Income
Dynamics", no. 5
Catalogue number 75F0002MIE1992005
(free).

Income Research Paper Series: "Labour Force
Classification in SLID", no. 6
Catalogue number 75F0002MIE1992006
(free).

Income Research Paper Series: "Objectives and
Content of the Preliminary Interview", no. 7
Catalogue number 75F0002MIE1992007
(free).

Income Research Paper Series: "Self/Proxy
Respondent Rules and Data Quality", no. 8
Catalogue number 75F0002MIE1992008
(free).

Income Research Paper Series: "Explaining the
Rise in Self-employment: A Search Theoretic
Approach", 2001, no. 5
Catalogue number 75F0002MIE2001005
(free).

Income Research Paper Series: "Human Capital and
Labour Force Transitions of Older Workers", 2001,
no. 6
Catalogue number 75F0002MIE2001006
(free).

Science, Innovation and Electronic Information
Division Working Papers: "Innovative Exporters
and Intellectual Property Regimes in Selected
Service Industries: Evidence from the Canadian
Survey of Innovation 2003", no. 1
Catalogue number 88F0006XWE2008001
(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 5% 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.

Designs 1-2296 (F) pages 11402/115024 0397-0405

Thursday, June 3, 1997
For release at 9:30 a.m.

MAJOR RELEASES

- **Urban transit, 1995** 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 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 9
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

PUBLICATIONS RELEASED 11

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 lstproc@statcan.ca. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2008. All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

Release dates: March 2008

(Release dates are subject to change.)

Release date	Title	Reference period
3	National economic and financial accounts	Fourth quarter 2007
3	Gross domestic product by industry	December 2007
4	2006 Census: Labour market activities, industry, occupation, education, language of work, place of work and mode of transportation	Census 2006
6	Building permits	January 2008
7	Labour Force Survey	February 2008
10	Study: Income security and stability during retirement in Canada	
10	Survey of Suppliers of Business Financing	December 31, 2006
11	Canadian international merchandise trade	January 2008
11	New Housing Price Index	January 2008
12	Infrastructure capital: What is it? Where is it? How much of it is there?	
13	Industrial capacity utilization rates	Fourth quarter 2007
13	Canada's international investment position	Fourth quarter 2007
14	Labour productivity, hourly compensation and unit labour cost	Fourth quarter 2007
14	National balance sheet accounts	Fourth quarter 2007
17	Monthly Survey of Manufacturing	January 2008
17	New motor vehicle sales	January 2008
18	Consumer Price Index	February 2008
18	Labour market activity, industry, occupation, education, language of work, place of work: Remaining profiles	Census year 2006
19	Wholesale trade	January 2008
19	Health Reports	
20	Canada's international transactions in securities	January 2008
20	Annual Wholesale Trade Survey	Annual 2006
20	Travel between Canada and other countries	January 2008
20	Leading indicators	February 2008
25	Annual retail store and annual retail chain surveys	2006
25	Retail trade	January 2008
25	Employment Insurance	January 2008
26	Heritage institutions	
26	Income of Canadians	2006
27	National tourism indicators	Fourth quarter 2007
27	Envirostats	2005
28	Canadian agriculture at a glance	2006
31	Gross domestic product by industry	January 2008
31	Payroll employment, earnings and hours	January 2008